चेन्नै पेट्रोलियम कॉर्पोरेशन लिमिटेड
(भारत सरकार का उद्यम और आईओसीएल की समूह कंपनी)
Chennai Petroleum Corporation Limited
(A Government of India Enterprise and Group Company of IOCL)

सी पी सी एल
CPCL

CS:01:100/24-25 03rd May, 2024

The Secretary
BSE Ltd.
Phiroze Jeejeeboy Towers
25th Floor, Dalal Street
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No.C/1, G-Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051

BSE Scrip Code: **500110**
ISIN: **INE178A01016**

NSE Trading Symbol: **CHENNPETRO**

Dear Sir,

Sub: TRANSCRIPTS OF THE CALL ON EARNINGS ON 29.04.2024 CONDUCTED AFTER THE MEETING OF BOARD OF DIRECTORS HELD ON APRIL 24, 2024

Please find enclosed the transcripts of the earnings call / investors concall conducted on 29.04.2024 after the Board meeting held on April 24th, 2024.This information is also hosted on the Company's website, at https://cpcl.co.in/investors/financials/exchange-intimations/.

The above information is for your information and dissemination please.

Thanking you,

Yours faithfully,
for ***Chennai Petroleum Corporation Limited***

PARAMESWARAN SHANKAR
Digitally signed by PARAMESWARAN SHANKAR
Date: 2024.05.03 19:58:00 +05'30'

P.Shankar
Company Secretary

Encl: a/a

"Chennai Petroleum Corporation Limited

Q4 FY '24 Results Conference Call"

April 29, 2024

CHENNAI PETROLEUM CORPORATION LIMITED

Management: **Mr. Rohit Kumar Agrawala – Director Finance**
Mr. Venkateswaran – Chief General Manager, Finance
Mr. Anil Sahni – Chief General Manager, Technical Services
Mr. V. Srikanth – Chief General Manager, Technical
Mr. B. Jagadeesan – Chief Manager, Finance

Moderator: **Mr. Gagan Dixit – Elara Securities**

Moderator: Ladies and gentlemen, good day and welcome to Chennai Petroleum Corporation Limited Q4 FY24 Conference Call hosted by Elara Securities Private Limited. As a reminder, all participant lines will be in 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 star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Gagan Dixit from Elara Securities. Thank you and over to you, sir.

Gagan Dixit: Thank you. A very warm welcome to everyone to discuss Chennai Petroleum Q4 FY24 Results. It is our pleasure to be able to bring to you the management of Chennai Petroleum Corporation Limited which is led by Shri. Rohit Kumar Agrawala, Director Finance, Shri. Venkateswaran, Chief General Manager Finance, Shri. Anil Sahni, Chief General Manager, Technical Services, Shri. V. Srikanth, CGM Technical and Mr. B. Jagadeesan, Chief Manager, Finance. We would also like to take this opportunity to congratulate the management on its excellent set of numbers.

So, with these words, I would now hand over the conference to the Chennai Petroleum Management. Over to you, sir.

Rohit Agrawala: Thank you, Gagan. I hope I am audible

Moderator: Yes, sir.

Rohit Agrawala: Good afternoon, everyone. I am Rohit Agrawala, Director Finance, Chennai Petroleum. Thank you for joining this call today. On behalf of the CPCL team, I welcome you all to this post-Quarter 4 Results Con-Call. Before we begin, let me start with the disclaimer that some of the statements we would be making during this Con-Call are based on our assessment of the matter and we believe that these statements are reasonable. However, the actual results could be different depending on uncertainties and actual events.

Our results of Quarter 4, 2023-2024 are with you for quite some time. I will not go into the details of the same. However, if you have any queries on this, we will surely take them up during our Q&A session on this Con-Call. It is worthwhile to mention that in the financial year 2022-23, the physical performance of CPCL was the best ever. And CPCL was bestowed by MOPNG & CHT the Best Refinery Performance Improvement 2023 award in the large refining capacity, more than 9 million, which constitutes almost all PSU and private refineries. And the year 2023-2024 is even a better year in terms of physical performance than the previous year , that is 2022-2023.

So, you would understand the point that this improvement is happening over a large base, a significant improvement which had already happened last year. So, let me bring some highlights of performance during 2023-2024. CPCL achieved highest ever crude throughput of 11.64 million metric tons (which is 111% of installed capacity i.e 10.5 million) as against previous best of 11.32 MMT, that is 2022-2023. And this is attributed to efficient operations coupled with enhanced reliability. Just to mention, we have crossed 1K, 1000 TMT crude throughput in 8 of the 12 months. So, consistently this performance has been achieved.

This reflects our agility to scale new heights during the period of healthy margins by encashing the available opportunities. (Line interrupted for 04 Mins and then the concall resumed)

The lowest ever Energy Intensity Index registered during the year further underlines the optimized energy utilization. And the next point was the highest ever annual production and dispatch of petroleum products, like MS and HSD, and niche products like LOBS, HXN, MTO. Even in the RLNG space, CPCL processed highest ever RLNG of 441 TMT during 2023-2024, and the previous best was only 270 TMT. Again, this is considering economics and environmental sustainability.

During the financial year, CPCL processed 61.5% high sulphur crude, and we kept our crude sourcing basket to be flexible, wherein about 50% were long-term agreements. Further , we took advantage of the spot depending on the price and the crude grade to capitalize on price economics. CPCL is committed to developing a new scheme on energy efficiency, fuel & loss reduction, and also develop enhanced production of value-added products.

So, our fuel and loss and energy parameter, whatever significant achievement we have done, we have a roadmap to further improve it and further harness value for the stakeholders. On the financial performance part, the gross refining margin, GRM, for FY full year, 2023-2024, was $8.64 per barrel. If you benchmark it against Singapore GRM, which was $6.61 per barrel. The previous year, we achieved $11.91 per barrel against the Singapore GRM benchmark of $8.96 per barrel. The point to highlight is, we have been beating the benchmarks by our efforts.

The GRM for Q4, 2023-2024, was $7.71 per barrel against the Singapore benchmark of $7.32/bbl. The previous year's same quarter, Q4, we clocked $12.48/bbl against the Singapore benchmark of $8.10/bbl. We all know that in the International market, the cracks have lowered, but still our efficiency and our efforts were continuing to beat them. Our current GRMs have been at a premium to Singapore GRM, as explained, over the past two years, mainly on account of continuous optimization of refinery production, product distribution, crude procurement, and efficient handling of processing capabilities. On the financial position, our leverage position has considerably reduced.

As on March 31, 2024, it is 0.32 times as compared to 0.67 times previous year end. Borrowing stands at INR2,762 crores as against INR4,235 crores in the previous year end. Our closing net worth in the present year end, March 31, 2024, is at INR8,593 crores as compared to previous year, INR6,281 crores.

As we have embarked on this consistent and robust profitable journey, our disciplined and healthy dividend payment framework continues. Our Board recommended highest ever dividend of INR55 per equity share, i.e., 550%, on a face value of INR10 for the current year, i.e., 2023-2024, certainly which is subject to approval of shareholders in the AGM, and this is against a net profit of INR2,711 crores posted in the current year. On the capex front, one of the important projects that was being undertaken by CPCL in a JV with its parent, IOCL, was Cauvery Basin Refinery Petrochemicals Limited.

Again, the revised costs have been approved by both the Boards in February and March, and the revised capital structure has also been approved. We are awaiting CCEA approval. We are corresponding with the Ministry and we now feel this project will go on a faster pace towards implementation.

On the governance side, it may be noted that last year, CPCL reported its first integrated report in the journey of disclosing our ESG profile. CPCL is continuously focused on mitigating its environmental and social risks. Some of our key initiatives include investment in BSVI compliant fuel, high usage of RLNG, and installing renewable energy plants.

Our governance structure is characterized by agility in its Board's composition to its timely decisions, healthy investor-grievance redressal, and extensive disclosure. CPCL understands the importance of ESG among investors and lenders and is focused on enhancing its disclosure practices and will be closely monitoring the best practices in this field. We reiterate that CPCL is committed to the ESG principles that enhance the stakeholders' confidence given our overall debt and access to both domestic and foreign capital markets.

The global uncertainties are anticipated to continue and which may result in volatility of crude oil and product prices in the coming time. While these are broader factors that drive volatility, we remain focused on operating our refinery in an efficient, safe, reliable, environmentally responsible manner and continue to focus on the key metrics that control operating costs, as well as profits, by taking care of short-term as well as long-term goals of our shareholders. To wrap up, I can say that we continue to deliver resilient operational and financial performance and see the momentum to continue in the new financial year as well.

Thank you once again. Now we are open for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Tejas Shah from Laser Securities. Please go ahead.

Tejas Shah: Hi. Can you just throw the light, what is the stock's profit this time being the oil price differential? And right now, what is the carry cost of the oil quarter ended this March?

Rohit Agrawala: I suppose you asked inventory gain. So in the full year, '23-'24, the inventory gains are $0.43 per barrel. And if you want in rupee terms, it is INR300 crores affecting the profits.

Tejas Shah: Okay. What is the current debt on the books?

Rohit Agrawala: It's INR2,700 crores down from INR4,200 crores in previous year.

Tejas Shah: Okay. Any plans of repaying, means we are doling out healthy dividends but then why we are not using it to just repay the debt?

Rohit Agrawala: As you would notice, already INR4,200 crores has become INR2,700 crores. You would also appreciate some of these are long-term loans, which are at very reasonable cost. And certainly we would like to employ them and take advantage for the shareholders.

Tejas Shah: Okay. Thank you.

Moderator: Next question is from the line of Sangeeta Purushottam from Cogito Advisors LLC.

Andrey Purushottam: Yes, this is the partner, Andrey Purushottam speaking. I have two questions. The first question is that in your other expenses, you have a significant cost, I think, coming from forex gains and losses, right? And this creates a fair amount of volatility in your earnings that you report. So I want to know as to what is your hedging policy and do you see this factor smoothing out in the future or it will continue to have an up and down feel to it?

Rohit Agrawala: So, you want to understand the forex impact on our profit. So last year this was significant, little over INR500 crores loss on our P&L. This time it is around INR70-odd crores as the rupee remained stable. So that way these profits are not impacted by forex significantly.

With the help of our parent, we take active measures so that this impact is kept to the minimum. The way RTP is calculated, the forex factor is already inbuilt in it and hence the natural hedge exist. So we take into consideration the natural hedge and then wherever there is an opportunity to lower the impact, we do that.

Andrey Purushottam: So is it reasonable to assume that this sharp volatility in foreign exchange gains and losses will reduce in the near future?

Rohit Agrawala: My guess will not be very different from your guess about future forex volatility. After the last year's sharp volatility in rupee-dollar, it's more or less stable now. I guess, no one can predict it very precisely.

Andrey Purushottam: Right. And as refining margins, the outlook for the next 6 months to 12 months, you expect them to be stable at the level that they are. What are the factors which determine this margin? And if you could explain to us what you're thinking on those factors, we could get an assessment of the refining margins themselves?

Rohit Agrawala: Yes, a pertinent question. Again, the way we deliberated about forex, even the commodity prices are more volatile than forex. Further, it is contributed by a lot of factors, geopolitical, demand-supply, unplanned shutdowns at other places, so many factors.

And even when we see the last one year that has gone by, there were periods when MS cracks were two or close to zero, it revived to 10, 12. Similarly, the HSD cracks and ATF cracks swing very widely. But what we have seen in the last one year, is that overall, it has remained reasonable compared to the long-term history.

If you compare the 10-year history, they have remained reasonable. So again, I would not like to guess something for the future. As an operating company, efficient company, our attempt is, in the given context, we act towards taking the best out of the given environment

Andrey Purushottam: Thank you, sir, and congratulations for a great set of numbers.

Moderator: Next question is from the line of Sunil from KOPL. Please go ahead.

Sunil: Yes, so my question was a couple of things. One was, like, since the distillate cracks are great, which are the product cracks which are resulting in the EBITDA margin falling?

Rohit Agrawala: Again, as we recall, this windfall tax, was introduced w.e.f 1st July 2022. So first quarter, the cracks were, in excess of 30. So, last year, if you see, 9 months was under the Windfall tax, which was there 12 months in the current year.

However, these annual numbers are average numbers, including the first quarter of last year, that is how, the last year looks to be higher. Otherwise, if you compare 9 months, last three quarters of previous year, and then the current year, then you will not find much of a difference.

Sunil: Okay, thanks. The other question was regarding the cost of RLNG. Last year, why was it so high because it was secured from IOCL?

Rohit Agrawala: It is not about securing. See, your refinery has to be ready to process RLNG. So, CPCL was working on its units and, it was making itself enabled so that we can process RLNG. The second factor is price. So, first, we enabled ourselves so that we are able to process RLNG in all our critical areas and get the right price. And we took advantage of the right blend of short-term and long-term prices in the last year, especially the last two quarters, and we processed more RLNG. So, it is first, readiness, and second, market condition.

Sunil: And also, what was the shortfall in revenue due to the windfall taxes over the financial year?

Rohit Agrawala: Actually, if you see, there is no shortfall in revenue. The whole reductions is due to prices. If you remember, last year at the beginning, the crude prices were $ 100 plus/bbl. So averages were much higher. Quantity-wise, volume-wise, that is positive. On an annual basis, the volumes are 5% up. So, quantity variation is positive, and the price variation is negative.

Moderator: Next question is from the line of Kirtan Mehta from BOB Capital Market. Please go ahead.

Kirtan Mehta: Thank you, sir, for giving this opportunity. You had indicated earlier about the FY '24 inventory gain at 0.43 per barrel. Would you be able to also share with us what was it during the Q4 and Q3?

Rohit Agrawala: Q4 current year, that is '23 '24, was a loss of $ 0.59/bbl, and that translates to INR112 crores.

Kirtan Mehta: And is it also possible to share for Q3 as well?

Rohit Agrawala: Q3 was $ 0.35/bbl gain, and again it will translate to some INR80, INR90 crores.

Kirtan Mehta: Right, sir. The second question was about the joint venture refinery that we are implementing with IOCL. Could you share with us the current physical progress, the milestone that has been achieved and milestones which are targeted for the next year?

Rohit Agrawala: Yes. Sure. So, if I combine everything and give you a single number, then you can put the physical progress to be around 9.8%. And if I go into details, land has been acquired 100%. All four EPCMs were awarded. As I said, revised cost and revised capital structure, approval of both the Boards obtained, and it is at the final stage of ministry approval. Most of the LSTK jobs and other jobs have been kept ready so that it can be awarded on fast track.

And the revised schedule we are looking at is 36 plus 3. 36 mechanical completion plus 3 months of commissioning from the date of CCEA approval. We have reduced the timelines for completion from earlier 45 months.

Kirtan Mehta: Right, sir. One more question if I can squeeze in. You mentioned about the RLNG increase usage. So, could you also give us some more indication about what sort of the longer-term contract that we have tied up? And what is the maximum that we can use within the system? And in terms of the dollar per barrel terms, how much additional refining benefit it can translate to? Some indication in terms of the differentials.

Rohit Agrawala: Yes. So, actually we had a long term contract of 1.08. The unit was MMSCD which now we have revised upwards to 1.3. But I must tell you, even though my new long-term arrangement is 1.3, I have been using more than 2.0 MMSCD. So, if the economics permits, then RLNG usage can further increase.

As regards the benefit per dollar or something, I will not be able to give you a concrete number. Because every month, the delta between long term and spot is widely fluctuating. But do trust, it is based on economics as well.

Kirtan Mehta: Right, sir. Thank you for this clarification.

Moderator: Next question is from the line of Ajay Vora from Nomura. Please go ahead.

Ajay Vora: Yes. Hi, sir. Just a couple of questions. Where do you see our overall debt levels over the next two, three years? Meaning, post the expansion also kicking in. How do you see your debt levels by end of next two years?

Rohit Agrawala: You might have seen CPCL's debt level at more than INR7,000 crores. Last year INR4,200 crores, now INR2,700 crores. But, the way we see, long term debt is one of the parameters that we look at. We also look at what are the profitable schemes that are available where margins can be enhanced.

Say, I have 12%, 13% IRR based projects with me, then I would like to utilize them at the right opportune so that I keep a balance between debt equity, as well as returns. And I must tell you that the team is actively evaluating multiple small, medium projects, which are high yielding. So, immediately there is no requirement of debt. Going forward, we are also looking at significant capex to improve our profitability.

Ajay Vora: What kind of numbers should we work with in terms of when you say significant capex? Over the next three years, what kind of capex are we envisaging?

Rohit Agrawala: So, I'll tell you what is certain. At this point of time, the CBRPL capex is INR3,000 crores, out of which INR1,000 crores we have already spent. So, balance INR2,000 crores will happen over a two, three-year period. But beyond this, the other profitable projects that I told, those are under evaluation at various stages. Those projects individually will run between INR200 crores, INR300 crores to INR500, INR700 crores, and one of them being INR1700 crores. But all those will depend on the approval and then the opportunity and the certainty. So, all these are now at various stages of approval.

Ajay Vora: So, all these new projects put together, can we assume that it can be somewhere close to INR2500 crores? Incremental?

Rohit Agrawala: See, INR2000 crores over two, three years period is only CBRPL additional capex.

Rohit Agrawala: Normal maintenance capex as such for me is INR200 crores per year. What I am hinting at is, there may be another, annually INR300, INR400 crores or INR500 crores, but that depends only on profitable projects. So, if I get a profitable project, certainly we will not hesitate to maintain our debt level, retain the debt level and then go for enhanced profitability.

Ajay Vora: So, sir, in terms of, whatever capex which is going on right now, versus the current capacity, what kind of volume growth do we expect from the capex when it kicks in and how do we expect that to start?

Rohit Agrawala: So, CPCL, the installed capacity is 10.5 million metric tons. Last year we clocked 11.6 MMTPA. And there is no plan of adding a crude unit because there will be, other restrictions here. And the new 9 MMTPA refinery that is coming, will add 9 MMTPA capacity, which we talked about CBRPL.

It will take 39 months to complete. Besides that, whatever new projects I am talking about, those will be value-added projects. So, it will be some secondary adjustment, some niche product formulation, some sustainability CAPEX with profitability. So, per se, the crude intake may not go up because of these projects, other than the CBRPL which will add 9 MMTPA, but that is in a JV.

Ajay Vora: But that JV also, that will come into play only after three years.

Rohit Agrawala: CBRPL will come into play only after three years.

Ajay Vora: So, from now till over next two, three years, we are looking at more or less similar volume of around 11 to 12 types, right?

Rohit Agrawala: Yes.

Ajay Vora: And there can be profitability improvement because of many other things that we are doing.

Rohit Agrawala: Yes.

Ajay Vora: So, versus this year's GRM, what kind of improvement are we envisaging for FY '25?

Rohit Agrawala: As I have told, the GRM depends on lot many factors, including the crack that is available in the market. Only we can target, fuel and loss and energy parameters which are purely operational. So, I think it will not be prudent to give a number on GRM because that's mostly dependent on factors which are given in the market.

Ajay Vora: Understood. And how has the cracks been so far, meaning too early to say, but for the current month, how has that been versus the last quarter's average?

Rohit Agrawala: MS cracks have improved, which throughout last year was less than 10, it became lower than 10, now it's 12. HSD cracks have fallen. But again, last year, if you see month by month, they were not consistent.

MS was 2, so there is a large volatility. And as you said rightly, it is too early, or rather, it is very difficult to predict in a volatile environment what would be the crack or what is the GRM for the full year.

Ajay Vora: Okay. Great. Thank you very much and all the best, sir.

Rohit Agrawala: Thank you.

Moderator: Thank you. Next question is from the line of Rwibhu Aon from UBS. Please go ahead.

Rwibhu Aon: Hi, sir. Thanks for the opportunity and congrats on a great set of numbers. So, maybe continuing on the discussion around capex. So, as you mentioned, sir, maybe INR 2000 Crore, over the next two, three years, goes towards the CBR refinery project and we are looking at other capex options. So, first thing is, can you elaborate as to what kind of projects we are considering? And secondly, will we consider these projects after maintaining our dividend payout of 30%, which we saw in FY '24?

Rohit Agrawala: So, first on kind of capex, so, one of the project is LOBS, grade 2, grade 3 LOBS project, which will help us move in the value chain from petroleum liquid fuels to lube-based, products. So, that is one that we are looking into. Others are like de-bottlenecking, some addition in propylene capacity and again, some niche products, those are the items on radar.

Second on dividend, even if I am paying 30%, I am retaining 70%. And with requisite debt, I don't think there needs to be a, swap between dividend and profit, but as you would know, we are a PSU. We are covered by DIPAM guidelines. We take care of the financial requirements. So, after taking care of both, the policy, the interest of the shareholders, minority shareholders, and as well as the capital requirement for their, overall future well-being, a right decision would be taken.

Rwibhu Aon: I understand, sir. So, broadly, sir, what should be the capex number we should think about for FY '25 total capex?

Rohit Agrawala: I think the budget is around INR600 to INR650 crores.

Rwibhu Aon: Okay, but sir, like this can only go to the CBR project. That's the equity contribution, right?

Rohit Agrawala: Rather, otherwise, see, CBRPL is INR3,000 crores. We have already spent INR1,000 crores. So, immediately, our outflow to CBRPL will not go. It will come from the parent. It will go mostly to other projects.

Rwibhu Aon: Okay. Got it, sir. And secondly, sir, can you please share for this year what was our total distillate yield? It would be great if you can give us a breakup of the key product. And secondly, if we see some improvement going into FY '25, and also the same thing for the fuel and loss percentage?

Rohit Agrawala: Yes. So, I'll tell you, the full year distillate yield is 76.2.

Rwibhu Aon: Okay.

Rohit Agrawala: 23-24 full year distillate yield is 76.2, and that is over 76 in the previous year. And our attempt would be to maintain and improve this, but that depends on a lot of factors, including plant shutdowns and other factors. And one more factor, I think it will be interesting, and worthwhile to note, that this distillate yield is also dependent on type of crude mix.

Suppose we get some advantage in crude mix, price-wise, then, even if we compromise a little bit on distillate yield, still the overall profit will be higher. So, all economics will be taken into consideration, and effectively that will be improvised.

Rwibhu Aon: Okay, sir. And on the fuel and loss side, what was the F&L for this year?

Rohit Agrawala: Fuel and loss?

Rwibhu Aon: Yes.

Rohit Agrawala: Fuel and loss current year is 8.81% But if there are no M&I shutdowns, we can maintain or improve it, but depending on the shutdown, that element has to be factored in.

Rwibhu Aon: Okay, sir. And one last question, if I may. Can you please share the quantity of crude from Russia that we processed over FY'24, and do we foresee any kind of material changes to that quantity in FY'25?

Rohit Agrawala: Again, broadly we have maintained it around 30%, because there are term crudes, there are other opportunity crudes, so we have to make a balance between all this. And except for M&I shutdown, we do not see a major change, unless the economics changes significantly. You know, if we get more opportunity crude elsewhere, certainly our attempt will be to maximize profits and margins.

Rwibhu Aon: Sir, our understanding is that the discount on this Russian crude has gone down over the last 3-4 months. Is that understanding correct?

Rwibhu Aon: Yes.

Rwibhu Aon: Okay, sir. Thank you so much, sir. All the best.

Moderator: Thank you. Next question is from the line of Hardik from ICICI Securities. Please go ahead.

Hardik: Yes. Hi, thanks for the opportunity. So, the first question is regarding the windfall tax. So, what was the windfall tax in terms of $ per barrel impact for the full year this year?

Rohit Agrawala: If I theoretically calculate the impact of windfall tax, it will be around INR900 crores this year, and INR900 crores which will translate to about $1.5 per barrel.

Hardik: Okay and this windfall tax is applied on the entire volume which we produce?

Rohit Agrawala: No. See, windfall tax is notified by government periodically, fortnightly. And it is actually calculated based on that volume at the fortnight's rate. And it is product-wise. So, at times MS is nil, ATF is nil. So, it's product-wise, period-wise.

Hardik: Right. So, I just want to say that whatever… So, it would be the 100%… So, whenever there is a rate, if it's INR2.5 rupees per litre, so it would be on our entire volume during that period?

Rohit Agrawala: Yes, INR900 crores is on the entire volume for calculating dollar per barrel,.

Hardik: Okay. And on the new refinery project which we are talking about, can you just help us understand how much part of it would be towards the propylene? Because I just want to understand in terms of how much additional GRM benefit we can get from the value addition.

Rohit Agrawala: If I heard correct, you wanted to know about the petrochemical intensity.

Rohit Agrawala: 6%. In CBRPL, the petrochemical intensity is 6%. And that's PP. One unit of polypropylene is coming with which the petrochemical intensity would be 6%.

Hardik: Okay, Thanks for the opportunity.

Moderator: Thank you. Next question is from the line of Falguni Datta from Mansura Financials. Please go ahead. Ms. Dutta, your line has been unmuted.

Falguni Datta: Hello?

Moderator: Yes.

Falguni Datta: Yes, sorry sir, my question has already been answered. Thank you.

Rohit Agrawala: Thank you.

Moderator: Thank you. Next question is from the line of Tejas Shah from Laser Securities. Please go ahead.

Tejas Shah: Hi. In continuation, can you share what would be the cost of the government imposition of additional tax that we are talking about for this quarter only? And now again they have raised it, I think, two times. So will that impact be much severe?

Rohit Agrawala: The way I know it, SAED right now is nil. I think you might be talking about crude. But crude will not impact us. In our case, only SAED on products will impact us. And for the quarter 4, that was not significant. Hardly INR40 crores was the impact.

Tejas Shah: Okay, so even in this current quarter also we are not getting impacted on that, correct?

Rohit Agrawala: It's nil.

Tejas Shah: Okay. And can you give us the reasons why this time the GRM was less or the spread between the Singapore GRM and our GRM was not that high? Because what you have said there is a pretty good difference like 8.10 to 12.48/bbl and all. But this quarter it is only 7.32 to 7.71/bbl. So why the spread between Singapore and our GRM was this time less?

Rohit Agrawala: First thing, we will be finding that consistently CPCL is beating Singapore GRM. Second, Singapore GRM is a theoretical GRM where the configuration is more petrol driven. Depending on the Refineries' configuration, the delta will not be same. Singapore GRM is used as a benchmark in the industry.

Tejas Shah: Okay, fine. Thank you.

Moderator: Thank you. Next question is from the line of Roshani from Argus Group. Please go ahead.

Roshani: Earlier I remember that the deadline for the Chennai refinery expansion was supposed to be 2025 December. Is there a new timeline for this project?

Rohit Agrawala: This project requires CCEA approval and it involves acquisition of land. So, the earlier deadline was with respect to that. Now, the revised deadline is from 39 months from CCEA approval which is 36 months for mechanical completion and 3 months for commissioning. If you remember, the original deadline was 45 months. So because land has been acquired, some of the pre-feasibility work has been done, that is how this project was in a position to reduce the deadline from the start date.

Roshani: Okay. So is the new deadline still 2025 or has it been shifted to like end of 2026?

Rohit Agrawala: We are in 2024, so 39 months.

Roshani: Okay, so by end of 2027 you can expect it?

Rohit Agrawala: Yes.

Roshni: Okay, and just one addition. The CPCL Manali refinery, has it been under maintenance in April this month?

Rohit Agrawala: This month we are not in maintenance. Maybe during the middle of the year, we have a scheduled M&I maintenance.

Roshani: Okay, so around June it is expected to go for maintenance.

Rohit Agrawala: Maybe July, August. But as you know, the exact date depends on so many other small factors.

Roshani: Okay, but any amount, the duration for how long it will be under maintenance?

Rohit Agrawala: Broadly you can say a month.

Roshani: A month, okay. Thank you, sir.

Moderator: Thank you. Next question is from the line of Somaiya V from Avendus Spark. Please go ahead.

Somaiya V: Thanks for the opportunity, sir. First question is on the Nagapattinam refinery. The revised cost what would be our share of equity? What would be the debt for the project and what is the level of equity that we have spent and what we need to spend in the next couple of years?

Rohit Agrawala: So the revised project cost is INR36,354 crores. CPCL share is 25%. Debt is 2:1. So , total equity will be INR12,000 Crore, 25% of that is INR3,000 crores. That is CPCL's contribution. As I said a little while ago that the land is 100% acquired.

All EPCM contract has been awarded. All other projects activities are kept ready for award and as soon as we receive CCEA approval we should be in a position to award the project field activities related contracts. Thus, the project takes 39 months from CCEA approval which is 36 months for mechanical completion and 3 months for commissioning.

Somaiya V: So, of this INR3,000 crores of our equity contribution how much have we spent so far and what is the expectation?

Rohit Agrawala: INR 1,000 crores has been spent so far.

Somaiya V: And in this current year capex of INR600 crores, INR650 crores, what would be the equity contribution? Is this included in the INR650 crores or is it outside?

Rohit Agrawala: Not very significant because CPCL has already funded about INR1,000 crores upfront. So significant equity will not flow in the current year, but yes subsequent year or later part of the subsequent year the balance money will be contributed.

Somaiya V: Understood, sir. And also any kind of government benefit that is expected for this refinery either in form of tax breaks or anything that is expected?

Rohit Agrawala: Yes. So last time state government had given a package, incentive package that is the stranded taxes and the GST portion for the petrochemical, those will continue. We have signed a non-binding MOU in the last GIM, Global Investor Meet. And we are handling the administrative process and hope that notification will come soon.

Somaiya V: Okay, got it, sir. Sir also this INR600 crores, INR650 crores of capex that we have planned for this year, how much would be maintenance and how much would be for new projects and what would it be?

Rohit Agrawala: Not significant part will be for CBRPL. So maybe around INR200 crores, INR300 crores in maintenance capex and some we have kept provision for profitable projects as well.

Somaiya V: Got it, sir. And also on the crude sourcing mix, can you just help us out broadly, I mean, the regions of crude sourcing and also how the premiums and discounts from these places have been for us, how things are currently, let us say, last quarter?

Rohit Agrawala: So broadly, the crude baskets Middle East is around 47%, Indigenous 13%, African, West African 9% to 10% and balance 30%-odd we look at spot including Russian opportunity crude. So that is it.

In a different perspective, long-term would be around 60% i.e long-term plus the domestic crude. The balance is available for spot depending on economics and depending on opportunity available in the market.

Somaiya V: Got it, sir. And anything on the premiums and discounts for these crudes how you have seen things moving vis-à-vis last quarter?

Rohit Agrawala: Yes, I can tell you the premium and discount. The Arab mix last quarter Q423-24 the premium was 1.81 $/bbl as compared to 1.53 $/bbl of the corresponding quarter of previous year. But if you compare with Q3 it has come down. Q3 Arab mix premium was 3.5 $/bbl. Q4 was 1.81$/bbl. If I compare year-on-year, full year 22-23 Arab mix premium was 5.1$/bbl and 23-24 Arab mix premium reduced to 2.5$/bbl. Same is the case for Basra Medium. On a full year basis, Basra Medium 22-23 was 2.8$/bbl and 23-24 full year was 0.5$/bbl.

Somaiya V: Got it. And currently these numbers, how are they trending?

Rohit Agrawala: Currently. See from March to April we have not seen a significant change, but it is still too early when we look at the full year.

Somaiya V: Understood. And also on the product slate you did give the distillate yield 76%, but possible to share at a individual product level what would be the product slate say for FY24? And any meaningful change that you expect after this smaller project that you are referring to in terms of product slate change?

Rohit Agrawala: If you are looking at FY 24-25, we are not expecting a significant change in product slate, because as you know this depends on design and also the value-added products which are not significant and hence it will not change the overall product portfolio significantly. But yes, once we do implement a project like LOBS which will take 2 years, 3 years, then maybe 2%, 3% change we can expect in some of the products.

Somaiya V: Sir, is it possible to share in FY24 what would have been our, I mean, individual product level like petrol, diesel, jet fuel?

Rohit Agrawala: FY24-25 the product slate is not likely to be very different than the present year that is 23-24, except for impact of any M&I setup.

Somaiya V: Got it, sir. Very helpful. Thank you.

Moderator: Thank you. Next question is from the line of Mayank Maheshwaeri from Morgan Stanley. Please go ahead.

Mayank Maheshwaeri: Hi, sir. Just wanted to talk about a bit on the capital allocation and the debt side. You have seen obviously a big reduction in your net debt over the last few years. How are you seeing that kind of play out now into fiscal 25 and what are the kind of dividend payouts that you are thinking about in the light of the capex you are doing on the new refinery?

Rohit Agrawala: On the debt side, if you see 2 years, 3 years back the debt equity was as high as 7 or rather it crossed 7. Now, consistently for the last 2 years it is managed well within 0.5. Further, we have profitable projects so that gives us some cushion to take advantage of the profitable opportunities, margin enhancement opportunities. So, in this light, we see there is no trade-off at this point of time between dividend and projects or debt levels because debt levels are already within manageable limits or rather benign. It is hardly 2,700 crores at this point of time.

Mayank Maheshwaeri: So, in light of this new capex that you are doing, you think this number kind of peaks out at a certain level after which you would be getting a bit worried around the debt levels or you think it is very much manageable despite that?

Rohit Agrawala: One of the things that we talked about is investment in CBRPL project which is INR3,000 crores. Out of that, 1,000 crores is already spent and that is part of the present balances. Immediately in this year, there is no fresh fund requirement in CBRPL from CPCL and the balance INR2,000 crores will spread over 2 years, 3 years.

Further, there will be earnings which will lead to Internal accruals resulting reduced debt levels. Hence, we do not see any reason at this point of time for any increase in the debt levels.

Mayank Maheshwaeri: Got it. And sir the last question just on dividends considering I think you have paid a dividend in fiscal 24, you think that can be now sustainable going forward?

Rohit Agrawala: Again, on dividends as we said we are a Government company, DPE guidelines, DIPAM guidelines are applicable to us. So it is a stated policy, we have put that policy in our website. And the only other consideration we see is financial stability and future growth and future profitability and we need to balance both of these. And we have been balancing if you see last year we had robust profit, but we felt some profit needs to be harnessed at that point of time, we harnessed it.

This year back to back there was excellent results, good physical and financial performance. And accordingly we acted and we distributed. Looking into the future profitability and future growth capex availability requirement , we will again do a balance between retention and distribution, keeping the overall interest of the shareholders and stakeholders.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Gagan Dixit from Elara Securities. Over to you, sir.

Gagan Dixit: Yes, thanks for all the participants and special thanks to Rohit Kumar Agrawala and his team for their views on the company's fourth quarter performance. And again, congratulate them for the excellent set of numbers. Any closing comments sir and then you can conclude.

Rohit Agrawala: Thank you, Gagan. I think I would like to end with only one statement that CPCL is very focused and very committed to operational performance. We will continue to do this so that whenever the market gives that opportunity, the opportunity will be harnessed for the benefit of shareholders.

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

Rohit Agrawala: Yes, thank you.