

Estimate change



TP change



Rating change



Bloomberg	MRPL IN
Equity Shares (m)	3630
M.Cap.(INRb)/(USDb)	306.5 / 3.7
52-Week Range (INR)	186 / 49
1, 6, 12 Rel. Per (%)	39/94/182
12M Avg Val (INR M)	752

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	874	955	970
EBITDA	69	63	62
Adj. PAT	31	25	25
Adj. EPS (INR)	17.6	14.4	14.1
EPS Gr. (%)	16.5	-17.8	-2.2
BV/Sh.(INR)	69.6	80.6	91.4

Ratios

Net D:E	1.0	0.7	0.5
RoE (%)	27.9	19.2	16.4
RoCE (%)	14.4	12.4	11.7
Payout (%)	23.4	23.4	23.4

Valuation

P/E (x)	10.0	12.1	12.4
P/BV (x)	2.5	2.2	1.9
EV/EBITDA (x)	6.3	6.5	6.3
Div. Yield (%)	2.0	1.6	1.6
FCF Yield (%)	15.4	12.6	13.4

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	88.6	88.6	88.6
DII	1.6	1.1	0.3
FII	2.6	1.5	1.1
Others	7.3	9.6	10.1

FII Includes depository receipts

CMP: INR175
TP: INR135 (-23%)
Downgrade to SELL

Downgrade to sell amid volatile performance

- MRPL missed our EBITDA and PAT estimates due to lower-than-estimated reported GRM of USD5/bbl in 3QFY24. Refining throughput was in line with our estimate at 4.4mmt.
- Phase 3 units and Hydrocracker Unit 1 safely restarted during the quarter post mandatory maintenance shutdown for 45 days in 2QFY24. Opex also moderated during the quarter after being adversely impacted in 2Q because of the shutdown and reduced throughput.
- MRPL clocked its highest ever monthly gross crude input of 1558tmt/month in Dec'23. During the quarter, the company also procured and processed 20tmt of High Sulphur Fuel Oil for the first time.
- SG GRM has rebounded to USD7.2/bbl during 4QFY24'td after declining 42% QoQ to USD5.5/bbl in 3QFY24. The SG GRM trend highlights that a sustained good performance remains a concern, given the highly volatile macro environment. We forecast a GRM of USD8/bbl from 4QFY24 onwards, which is on the higher side compared to the company's historical performance.
- Considering the underperformance in 3QFY24, we cut our EBITDA/PAT estimates by 7%/11% for FY24 and **downgrade the stock to sell**. The stock is currently trading at FY25E P/BV of 2.2x, which is significantly above its long-term average of ~1.3x. Additionally, the dividend yield is expected to be at a meagre 2% in FY24 at the current price.

Miss due to lower-than-estimated GRM

- Refining throughput was in line with our est. at 4.4mmt (down 1% YoY)
- Reported GRM came in below our est. at USD5/bbl (vs. our est. of USD8.3/bbl)
- Resultant EBITDA was below our est. at INR11.9b (vs. est. EBITDA of INR16.6b)
- PAT was also below our est. at INR3.9b (vs. our est. of INR7.3b) due to lower-than-estimated other income.
- Total borrowings for MRPL increased to INR140.1b at the end of 3QFY24 from INR139.8b at the end of 2QFY24.
- There was a decrease in the Domestic Refinery transfer Price (RTP) for MRPL because of SAED and RIC (Road and Infrastructure Cess) imposed by the Government in July'22.
- The estimated windfall tax implication on RTP was INR2.5b, while the actual windfall tax paid on exports was INR1.9b in 3QFY24.
- The company has declared an interim dividend of INR1/share during the quarter.
- For 9MFY24**, EBITDA stood at INR54.9b (vs. INR44.4b in 9MFY24), with PAT at INR24.6b (vs. PAT of INR7.3b in 9MFY23).
- Refining throughput was down 6% YoY at 12mmt.
- Reported GRM at USD10.6/bbl, up 34% YoY.

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Valuation and view – downgrade to SELL

- MRPL aspires to capture the domestic retail market to the tune of 1mmtpa. The company has already initiated advertising for 1,800 retail outlets, which are expected to be completed soon. Additionally, MRPL expects to add 500 outlets over the next three years. In Phase 1, the focus will be on South India, followed by expansion into West and North India in Phase II.
- The stock is currently trading at an FY25E P/BV of 2.2x, well above its long-term average of ~1.3x. Additionally, the dividend yield is expected to be at a meagre 2% in FY24 at the current price. Our GRM assumption of USD8/bbl from 4QFY24 onwards is also on the higher side compared to the company's historical performance.
- We value the stock at 5.5x Dec'25E EBITDA of INR62b to arrive at our TP of INR135. **We downgrade the stock to SELL.**

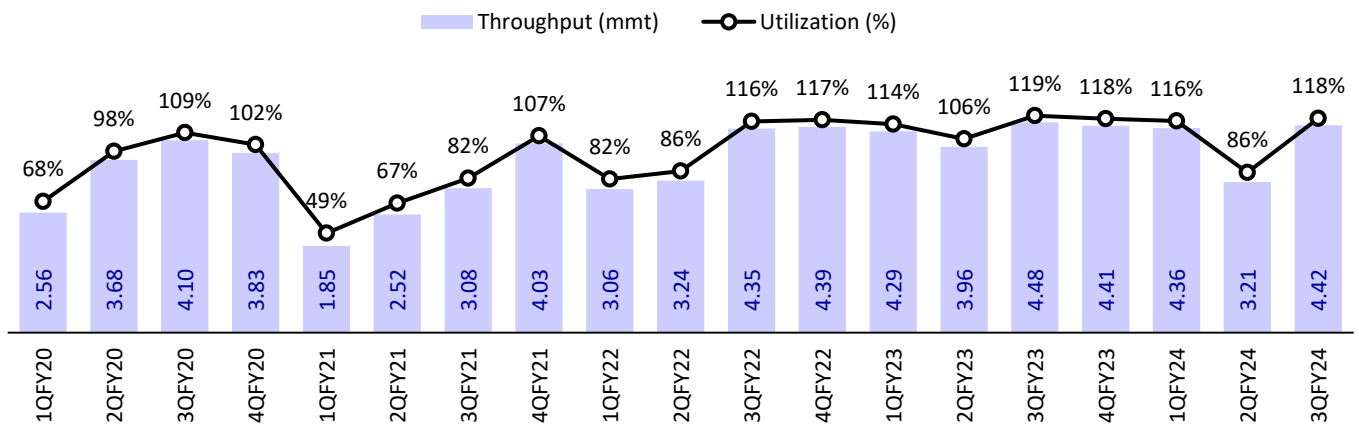
Standalone - Quarterly Earnings

Y/E March	FY23				FY24				FY23	FY24E	FY24	(INR b)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var. (%)
Net Sales	322.9	246.1	265.6	254.0	211.7	192.3	246.8	223.6	1,088.6	874.4	234.3	5%
YoY Change (%)	185.8	85.0	30.1	2.4	-34.4	-21.9	-7.1	-12.0	56.1	-19.7	-11.8	
EBITDA	54.4	-15.3	5.4	33.9	20.6	22.4	11.8	14.1	78.3	69.0	16.6	-29%
Margin (%)	16.8	-6.2	2.0	13.4	9.7	11.7	4.8	6.3	7.2	7.9	7.1	
Depreciation	3.0	3.0	3.0	3.0	2.9	3.0	3.3	3.1	11.9	12.3	3.2	
Forex loss	7.2	4.6	2.5	-1.0	-0.1	1.0	0.2	0.0	13.4	1.2	0.3	
Interest	3.0	3.2	3.4	3.3	2.7	3.1	2.7	2.2	12.9	10.7	2.7	
Other Income	0.4	0.3	0.6	0.9	0.5	0.7	0.4	0.5	2.1	2.2	0.6	
PBT before EO expense	41.5	-25.8	-2.9	29.5	15.6	16.1	5.9	9.4	42.4	46.9	11.0	-46%
PBT	41.5	-25.8	-2.9	29.5	15.6	16.1	5.9	9.4	42.4	46.9	11.0	-46%
Tax	14.5	-7.9	-1.0	10.4	5.5	5.5	2.0	3.2	16.0	16.2	3.7	
Rate (%)	34.8	30.5	34.8	35.3	35.0	34.0	34.5	34.0	37.8	34.4	34.0	
Reported PAT	27.1	-17.9	-1.9	19.1	10.1	10.6	3.9	6.2	26.4	30.8	7.3	-47%
YoY Change (%)	LP	Loss	PL	-37.4	-62.6	LP	LP	-67.6	-11.8	16.7	LP	
Margin (%)	8.4	-7.3	-0.7	7.5	4.8	5.5	1.6	2.8	2.4	3.5	3.1	
Key Assumptions												
Refining throughput (mmt)	4.3	4.0	4.5	4.4	4.4	3.2	4.4	4.0	17.1	16.0	4.3	3%
Reported GRM (USD/bbl)	24.5	-4.5	3.9	15.1	9.8	17.1	5.0	8.0	9.7	10.0	8.3	-40%

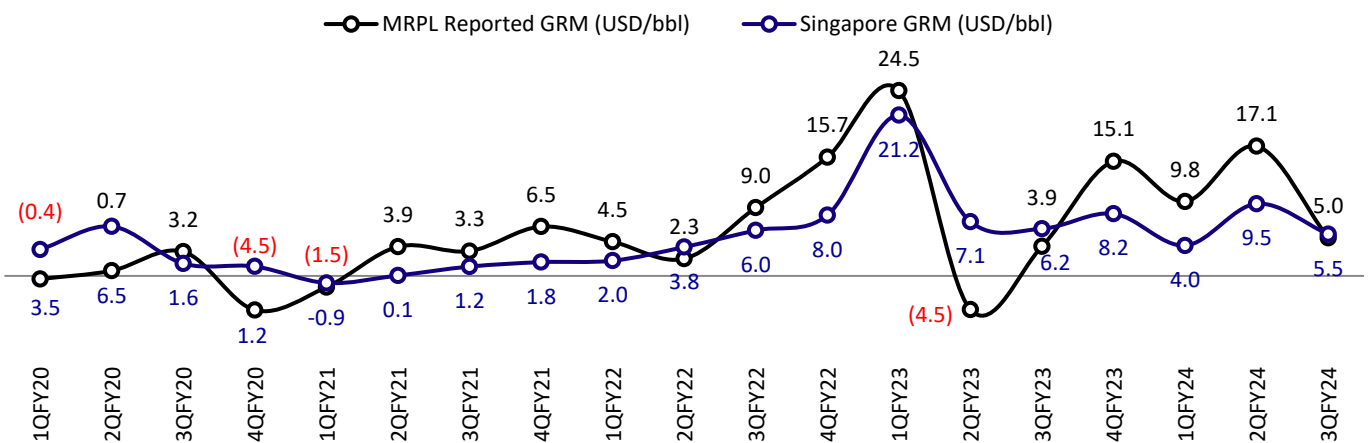
Exhibit 1: Major assumptions in MRPL

Year-end: March (INRm)	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E
Exchange Rate (USD/INR)	70.0	70.9	74.3	74.5	80.4	83.1	84.6	86.0
Brent Crude (USD/bbl)	70.1	61.2	44.4	80.5	96.1	83.4	85.0	85.0
Capacity (mmt)	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Throughput (mmt)	16.4	14.2	11.5	14.9	17.2	16.0	17.0	17.0
Utilization (%)	110%	94%	77%	99%	115%	107%	113%	113%
MRPL Core GRM (USD/bbl)	3.4	2.2	0.7	4.3	11.3	9.3	8.0	8.0
Singapore	4.9	3.2	0.5	5.0	10.7	6.3	6.0	6.0
Premium/discount	(1.4)	(1.0)	0.1	(0.6)	0.7	3.0	2.0	2.0
EPS	2.1	(23.6)	(4.3)	17.0	15.1	17.6	14.4	14.1

Source: Company, MOFSL

Exhibit 2: Throughput stood at 4.42mmt in 3QFY24, implying 118% capacity utilization

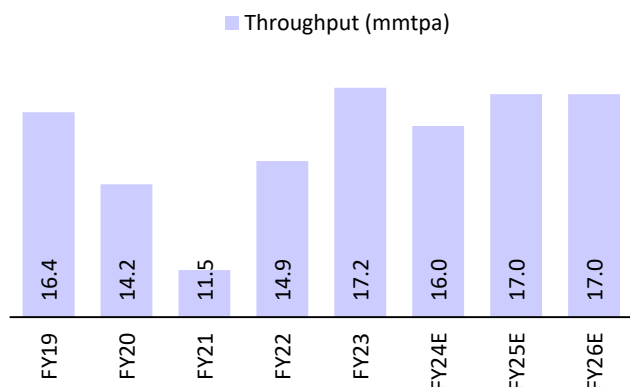
Source: Company, MOFSL

Exhibit 3: Reported GRM stood at USD5/bbl in 3QFY24 vs. USD17.1/bbl in 3QFY24

Source: Company, MOFSL

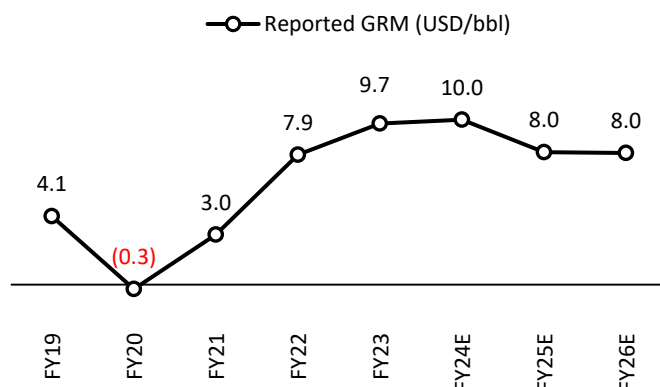
Story in charts

Exhibit 4: Expect throughput of ~17mmt...



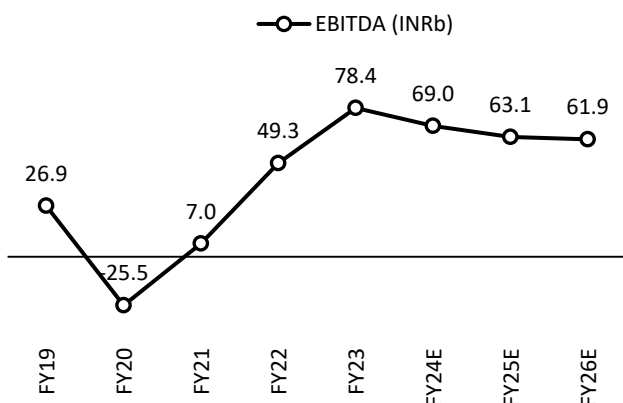
Source: Company, MOFSL

Exhibit 5: ...with reported GRM of ~USD8bbl during FY25-26



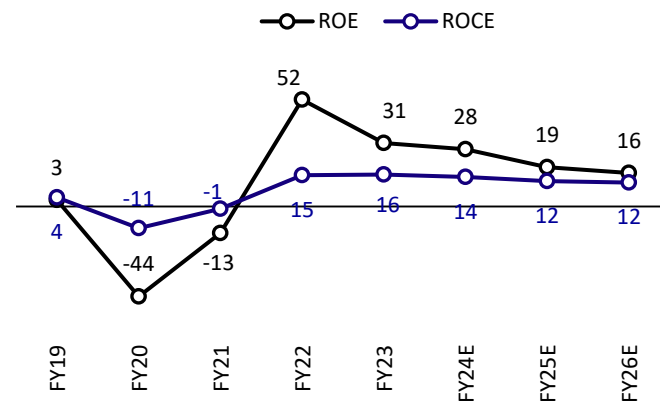
Source: Company, MOFSL

Exhibit 6: Expect EBITDA at ~INR60-65b in FY25-26



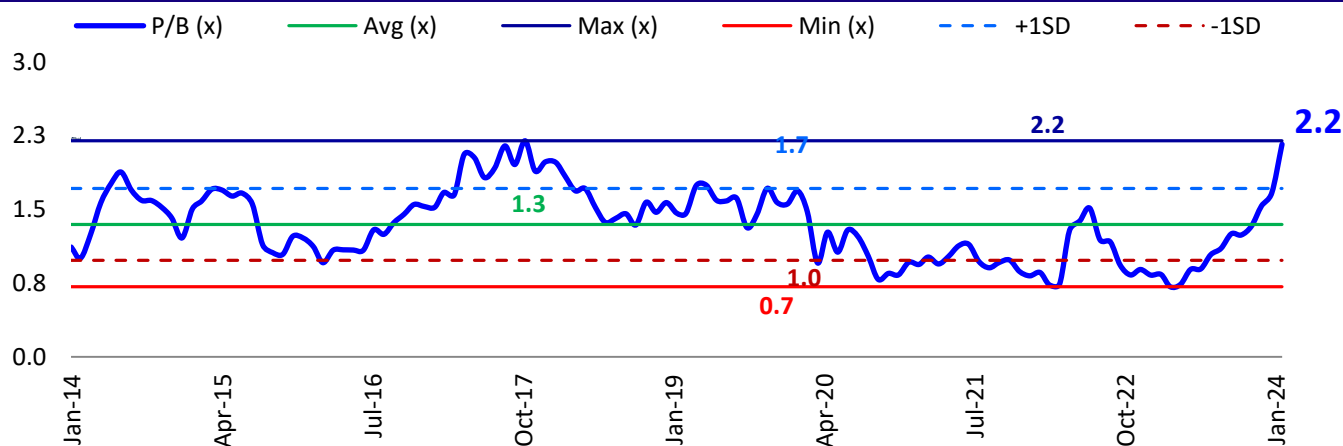
Source: Company, MOFSL

Exhibit 7: RoE/RoCE profiles of MRPL



Source: Company, MOFSL

Exhibit 8: One-year forward P/B trades at 2.2x, at a 70% premium to its long-term average



Source: MOFSL, Company

Financials and valuations

Standalone - Income Statement

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total Income from Operations	704.2	559.6	319.6	697.3	1,088.6	874.4	954.8	969.6
Change (%)	30%	-21%	-43%	118%	56%	-20%	9%	2%
EBITDA	26.9	-25.5	7.0	49.3	78.4	69.0	63.1	61.9
Depreciation	10.5	10.9	11.6	10.9	11.9	12.3	14.5	15.9
EBIT	16.4	-36.4	-4.6	38.4	66.5	56.7	48.6	45.9
Forex loss	2.9	6.9	0.0	0.0	13.4	1.2	0.0	0.0
Int. and Finance Charges	10.4	12.6	5.5	12.1	12.9	10.7	12.5	11.1
Other Income	3.6	1.1	1.0	1.0	2.1	2.2	2.2	2.6
PBT bef. EO Exp.	6.7	-54.7	-9.2	27.3	42.4	46.9	38.3	37.5
EO Items	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT after EO Exp.	6.5	-54.7	-9.2	27.3	42.4	46.9	38.3	37.5
Total Tax	3.0	-13.3	-1.5	-2.5	16.0	16.2	13.0	12.7
Tax Rate (%)	45.8	24.3	16.8	-9.0	37.7	34.4	34.0	34.0
Reported PAT	3.5	-41.4	-7.6	29.8	26.4	30.8	25.3	24.7
Adjusted PAT	3.6	-41.4	-7.6	29.8	26.4	30.8	25.3	24.7

Standalone - Balance Sheet

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	38.8	43.0	17.5	17.5	17.5	17.5	17.5	17.5
Total Reserves	74.8	32.0	24.9	54.4	80.8	104.4	123.8	142.7
Net Worth	113.6	75.0	42.4	72.0	98.3	121.9	141.3	160.2
Total Loans	145.6	169.7	238.3	210.9	167.1	147.9	130.9	115.8
Deferred Tax Liabilities	13.2	4.4	-13.8	-21.0	-12.4	0.0	0.0	0.0
Capital Employed	272.4	249.1	266.9	261.8	253.0	269.8	272.2	276.1
Gross Block	286.4	293.9	297.9	326.9	329.0	339.0	349.0	359.0
Less: Accum. Deprn.	90.2	98.0	109.6	120.5	132.3	144.6	159.1	175.0
Net Fixed Assets	196.2	195.9	188.3	206.4	196.6	194.3	189.9	184.0
Capital WIP	10.0	17.5	23.4	1.7	4.7	12.1	12.1	12.1
Total Investments	15.0	21.8	0.2	0.2	0.2	0.2	0.2	0.2
Curr. Assets, Loans, and Adv.	128.3	86.9	113.9	163.9	129.9	127.9	141.1	152.1
Inventory	63.3	41.8	71.0	104.9	67.8	50.1	55.5	56.5
Account Receivables	26.8	11.2	24.5	43.3	44.7	35.9	39.2	39.8
Cash and Bank Balance	4.9	0.3	0.5	0.4	0.4	23.0	26.1	35.2
Loans and Advances	33.3	33.7	17.8	15.3	17.0	18.8	20.3	20.6
Curr. Liability and Prov.	77.1	77.7	66.5	117.8	85.7	64.6	71.1	72.3
Account Payables	71.7	74.7	59.6	111.4	81.1	60.0	66.4	67.6
Provisions	5.4	2.9	6.9	6.4	4.6	4.6	4.6	4.6
Net Current Assets	51.2	9.3	47.4	46.1	44.1	63.2	70.1	79.9
Appl. of Funds	272.4	249.1	266.9	261.8	253.0	269.8	272.2	276.1

Financials and valuations

Ratios

Y/E March (INR)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)								
EPS	1.0	-11.4	-2.0	6.9	15.1	17.6	14.4	14.1
Cash EPS	3.9	-8.4	1.0	9.5	21.8	24.6	22.7	23.2
BV/Share	31.3	20.6	10.9	16.7	56.1	69.6	80.6	91.4
DPS	1.8	0.0	0.0	0.0	3.0	3.5	2.9	2.8
Payout (%)	226.2	0.0	0.0	0.0	23.4	23.4	23.4	23.4
Valuation (x)								
P/E	175.1	-15.3	-89.2	25.2	11.6	10.0	12.1	12.4
Cash P/E	45.0	-20.8	171.1	18.5	8.0	7.1	7.7	7.5
P/BV	5.6	8.5	16.0	10.4	3.1	2.5	2.2	1.9
EV/Sales	1.2	1.6	1.7	0.7	0.4	0.5	0.4	0.4
EV/EBITDA	30.5	-36.1	78.2	10.5	6.0	6.3	6.5	6.3
Dividend Yield (%)	1.0	0.0	0.0	0.0	1.7	2.0	1.6	1.6
FCF per share	0.7	-2.8	-21.2	23.3	32.3	27.0	22.0	23.4
Return Ratios (%)								
RoE	3.2	-44.0	-13.0	52.1	31.0	27.9	19.2	16.4
RoCE	4.4	-10.6	-1.1	15.3	15.6	14.4	12.4	11.7
RoIC	3.9	-12.2	-1.7	16.7	16.3	15.4	13.7	13.1
Working Capital Ratios								
Fixed Asset Turnover (x)	2.5	1.9	1.1	2.1	3.3	3.3	3.3	3.3
Asset Turnover (x)	2.6	2.2	1.2	2.7	4.3	4.3	4.3	4.3
Inventory (Days)	33	27	81	55	23	23	23	23
Debtor (Days)	14	7	28	23	15	15	15	15
Creditor (Days)	37	49	68	58	27	27	27	27
Leverage Ratio (x)								
Current Ratio	1.7	1.1	1.7	1.4	1.5	2.0	2.0	2.1
Interest Coverage Ratio	1.6	-2.9	-0.8	3.2	5.2	5.3	3.9	4.1
Net Debt/Equity ratio	1.2	2.3	5.6	2.9	1.7	1.0	0.7	0.5

Standalone - Cash Flow Statement

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	6.0	-53.6	-9.2	27.1	42.4	46.9	38.3	37.5
Depreciation	10.5	10.9	11.6	10.9	11.9	12.3	14.5	15.9
Interest and Finance Charges	4.7	7.4	5.5	12.1	12.9	10.7	12.5	11.1
Direct Taxes Paid	-0.5	-0.9	0.1	-2.6	-7.7	-16.2	-13.0	-12.7
(Inc.)/Dec. in WC	-11.0	27.6	-34.3	-1.9	3.1	3.5	-3.8	-0.7
CF from Operations	12.3	2.7	-28.2	46.9	63.6	57.3	48.5	51.1
(Inc.)/Dec. in FA	-9.6	-14.9	-9.0	-6.1	-7.0	-10.0	-10.0	-10.0
Free Cash Flow	2.6	-12.2	-37.2	40.8	56.6	47.3	38.5	41.1
Others	-0.4	-2.1	-12.0	0.2	0.3	12.4	0.0	0.0
CF from Investments	-10.1	-17.0	-21.0	-5.9	-6.7	2.4	-10.0	-10.0
Inc./(Dec.) in Debt	2.7	44.7	56.6	-31.1	-45.4	-19.2	-17.0	-15.0
Interest Paid	-5.0	-7.1	-6.8	-9.8	-11.2	-10.7	-12.5	-11.1
Dividend Paid	-6.3	-2.1	0.0	0.0	0.0	-7.2	-5.9	-5.8
Others	0.0	-30.8	-0.3	-0.2	-0.3	0.0	0.0	0.0
CF from Fin. Activity	-5.7	9.7	49.4	-41.2	-56.9	-37.1	-35.5	-31.9
Inc./Dec. in Cash	-3.4	-4.6	0.2	-0.2	0.0	22.6	3.1	9.1
Opening Balance	8.3	4.9	0.3	0.3	0.1	0.1	22.7	25.8
Closing Balance	4.9	0.3	0.5	0.1	0.1	22.7	25.8	34.9

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BUY	>=15%
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UNDER REVIEW	Rating may undergo a change
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