

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	MRPL IN
Equity Shares (m)	1753
M.Cap.(INRb)/(USD\$)	401.4 / 4.8
52-Week Range (INR)	289 / 61
1, 6, 12 Rel. Per (%)	-4/94/251
12M Avg Val (INR M)	1283

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	904	946	959
EBITDA	78	62	61
Adj. PAT	36	25	24
Adj. EPS (INR)	20.5	14.0	13.6
EPS Gr. (%)	36.6	-31.6	-3.5
BV/Sh.(INR)	75.6	82.6	93.0

Ratios

Net D:E	0.9	0.7	0.5
RoE (%)	31.2	18.2	15.4
RoCE (%)	16.9	12.0	11.2
Payout (%)	14.6	23.4	23.4

Valuation

P/E (x)	11.3	16.6	17.2
P/BV (x)	3.1	2.8	2.5
EV/EBITDA (x)	6.8	8.3	8.2
Div. Yield (%)	1.3	1.2	1.2
FCF Yield (%)	13.4	8.5	8.6

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	88.6	88.6	88.6
DII	1.5	1.6	0.3
FII	2.7	2.6	1.1
Others	7.2	7.3	10.1

FII Includes depository receipts

CMP: INR229 TP: INR175 (-24%) SELL

Earnings start to peak out; reiterate Sell

- While MRPL delivered a solid beat vs. our estimates, we believe its earnings are set to decline from 1QFY25 amid weaker SG GRM QoQ. We are building in a GRM of USD8/bbl in FY25/26, leading to an RoE of 18.2%/15.4%. Further, we are modeling a throughput of 17mmt in FY25/FY26, in line with the company guidance.
- We like its strong FCF generation of INR34.8b/INR35.2b in FY25/26 and reduction in debt, resulting in a declining Net Debt/Equity ratio of 0.5x by the end of FY26 (vs. 0.94x currently). MRPL guided INR80b of capex over the next five years towards:
 - increasing petchem integration from 10.0% to 12.5%,
 - increasing total retail outlets to 1,000 by FY27 (from 100 currently), and
 - launching Isobutyl-benzene, with a pilot plant already awarded.
- However, at 2.5x FY26E P/B, we believe the valuations remain expensive; especially, given its FY26E RoE of 15.4% as per our calculation.
- As such, **we reiterate our Sell rating with a TP of INR175**, implying 24% potential downside from current levels.

Beat led by higher-than-expected GRM

- The refining throughput was in line with our est. of 4.6mmt (up 4% YoY) in 4QFY24. Reported GRM was USD11.4/bbl (vs. our est. of USD7.9/bbl). Core GRM was USD10.4/bbl with an inventory gain of USD1/bbl.
- Resultant EBITDA stood at INR23.4b (vs. our est. of INR15.1b). PAT came in at INR11.4b (vs. our est. of INR6.2b).
- Total borrowings increased to INR148b at the end of 4Q from INR140b at the end of 3Q.
- There was a decrease in the domestic refinery transfer price for MRPL because of SAED and RIC (Road and Infrastructure Cess) imposed by the government in Jul'22.
 - The estimated windfall tax implication on RTP was INR360m, while the actual windfall tax paid on exports was INR80m in 4QFY24.
- MRPL's 4Q earnings included an exceptional item amounting to INR83m.
 - MRPL settled certain arbitrage cases pertaining to previous years, for which expenses of INR543m were recognized.
 - A provision of INR460m for the purchase of renewable energy certificates, which was created to meet the compliance requirement of the renewable purchase obligation, was reversed in 4QFY24.
- The company changed its accounting policy regarding de-recognition of PPE, resulting in an increase in PBT by INR99m in 4Q. As a result of the change in accounting policy, inventory of scrap material generated from discarded PPE has now been discontinued. Hence, the opening stock of scrap material amounting to INR122m has now been adjusted against the sale of scrap under other operating revenue. The above changes resulted in a reduction in PBT by INR197m.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **For FY24**, EBITDA stood at INR78.3b (same as in FY23), while PAT increased 36% YoY to INR36b (vs. INR26.4b in FY23). Refining throughput was down 3% YoY to 16.6mmt. Reported GRM stood at USD10.8/bbl, up 11% YoY.
- The Board declared a final dividend of INR2/share (20% of FV).

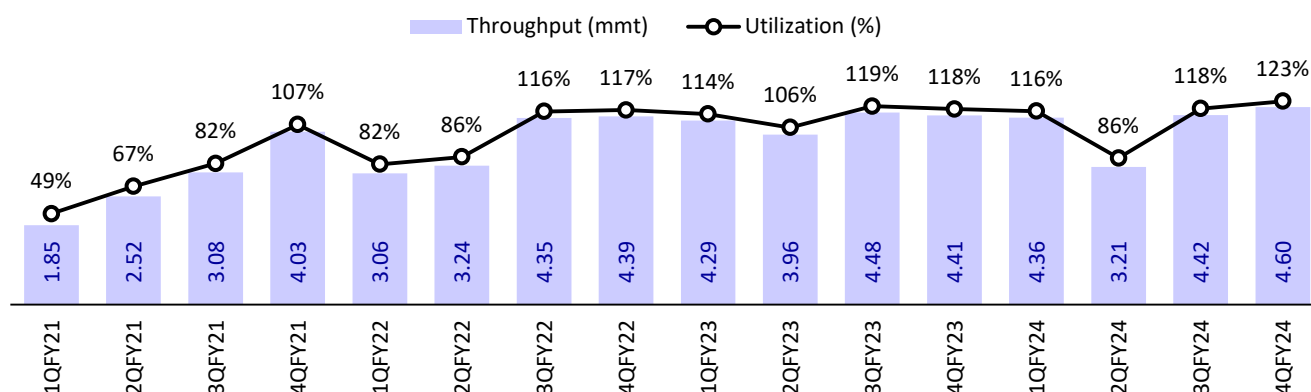
Valuation and view

- The stock is currently trading at FY26E EV/EBITDA of 8.2x, which is significantly above its long-term average of ~7x. Additionally, the dividend yield is expected to be a meager 1.2% (each) in FY25 and FY26 at the current price. Our GRM assumption of USD8/bbl from 1QFY25 onwards is also at the higher end of what the company has delivered historically.
- We value the stock at 6.5x FY26E EBITDA of INR61b to arrive at our TP of INR175. **We reiterate our SELL rating.**

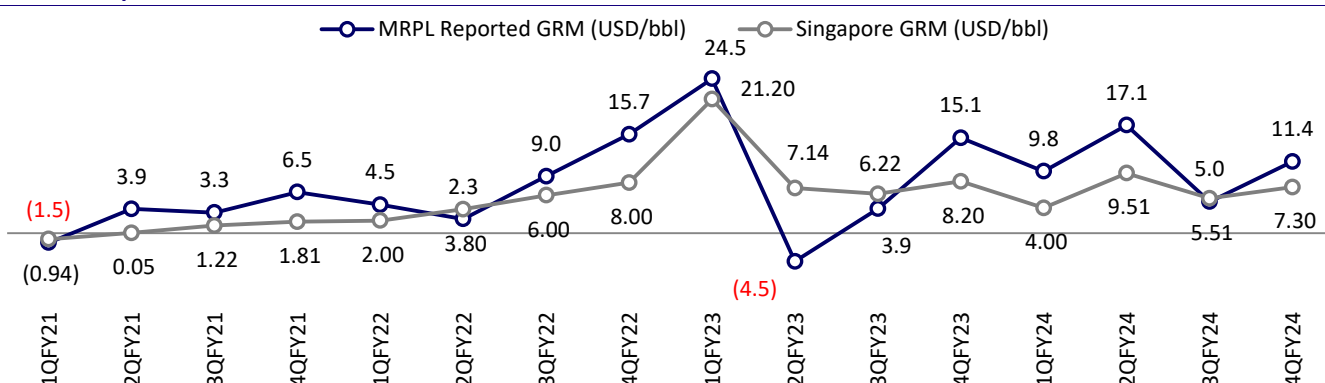
Standalone - Quarterly Earnings Model

												(INR b)
Y/E March	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	322.9	246.1	265.6	253.7	211.7	192.3	246.7	253.3	1,088.2	904.0	242.4	5%
YoY Change (%)	185.8	85.0	30.1	2.3	-34.4	-21.9	-7.1	-0.1	56.1	-16.9	-4.6	
EBITDA	54.4	-15.3	5.4	33.9	20.6	22.4	11.8	23.4	78.3	78.3	15.1	55%
Margin (%)	16.8	-6.2	2.0	13.4	9.7	11.7	4.8	9.2	7.2	8.7	6.2	
Depreciation	3.0	3.0	3.0	3.0	2.9	3.0	3.3	3.3	11.9	12.6	3.3	
Forex loss	7.2	4.6	2.5	-1.0	-0.1	1.0	0.2	0.1	13.4	1.3	0.0	
Interest	3.0	3.2	3.4	3.3	2.7	3.1	2.7	2.6	12.9	11.1	2.8	
Other Income	0.4	0.3	0.6	0.9	0.5	0.7	0.4	0.4	2.1	2.1	0.5	
PBT before EO expense	41.5	-25.8	-2.9	29.5	15.6	16.1	5.9	17.7	42.4	55.3	9.3	90%
PBT	41.5	-25.8	-2.9	29.5	15.6	16.1	5.9	17.7	42.4	55.2	9.3	89%
Tax	14.5	-7.9	-1.0	10.4	5.5	5.5	2.0	6.3	16.0	19.3	3.2	
Rate (%)	34.8	30.5	34.8	35.3	35.0	34.0	34.5	35.6	37.8	34.9	34.0	
Reported PAT	27.1	-17.9	-1.9	19.1	10.1	10.6	3.9	11.4	26.4	36.0	6.2	85%
YoY Change (%)	LP	Loss	PL	-37.4	-62.6	LP	LP	-40.1	-11.8	36.6	-67.7	
Margin (%)	8.4	-7.3	-0.7	7.5	4.8	5.5	1.6	4.5	2.4	4.0	2.5	
Key Assumptions												
Refining throughput (mmt)	4.3	4.0	4.5	4.4	4.4	3.2	4.4	4.6	17.1	16.6	4.5	2%
Reported GRM (USD/bbl)	24.5	-4.5	3.9	15.1	9.8	17.1	5.0	11.4	9.7	10.8	7.9	44%
Core GRM (USD/bbl)	19.8	1.1	7.8	16.8	11.3	15.0	7.5	10.4	11.3	11.0	5.9	74%

Year-end: March (INRm)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Exchange Rate (USD/INR)	70.0	70.9	74.3	74.5	80.4	82.8	83.9	85.0
Brent Crude (USD/bbl)	70.1	61.2	44.4	80.5	96.1	83.0	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's Core GRM (USD/bbl)	4.1	(0.3)	3.0	7.9	9.7	10.8	8.0	8.0
Singapore	4.9	3.2	0.5	5.0	10.7	6.6	6.0	6.0
Premium/discount	(0.7)	(3.5)	2.5	2.9	(0.9)	4.2	2.0	2.0
EPS	2.1	(23.6)	(4.3)	17.0	15.0	20.5	14.0	13.6

Exhibit 1: Throughput stood at 4.6mmt in 4QFY24, implying 123% capacity utilization

Source: Company, MOFSL

Exhibit 2: Reported GRM stood at USD5.0/bbl in 4QFY24 vs. USD17.1/bbl in 3QFY24

Source: Company, MOFSL

Management Concall Highlights

Strong quarter driven by high GRM:

- MRPL delivered a strong result as GRM for 4QFY24 stood at USD11.4/bbl, a significant improvement from 3QFY24, supported by high throughput and strong gasoline margins.

Debt reduction:

- The company successfully reduced its debt-equity ratio from 1.7x at end Mar'23 to 0.9x in Mar'24, through loan repayments totaling INR50.6b.

Healthy operational performance:

- 4QFY24 saw the highest ever quarterly crude throughput at 4.6mmt. FY24 throughput reached 16.6mmt, despite a planned shutdown in 2QFY24.
- MRPL achieved its highest ever distillate yield of 79.3% in 4QFY24. The annual distillate yield for FY24 also reached a high of 78.8%.
- Fuel loss figures improved YoY, reaching 10.46% for 4QFY24 and 11% for the full year.

Crude diversification:

- The company processed three new crudes during the year, including Siberian Light from Russia, KG-D6 from Reliance's KG-D6 block, and KG-D98 from ONGC's East Coast block.

Strategic investments and initiatives:

- MRPL plans to invest around INR80b over the next five years to enhance its petchem intensity from 10% to 12% and boost GRMs. The capex will be funded via internal accruals. Annual capex shall be around INR20b every year.
- MRPL is in the process of tying up additional RLNG and will be increasing intake to 0.65mmscmd over the medium term from 0.4mmscmd in FY24, depending on RLNG prices.
- MRPL is committed to achieving net-zero emissions by FY38 and is actively exploring green initiatives like using LNG as feed and importing green power.
- The company has started manufacturing and marketing Mineral Turpentine Oil (MTO), a key raw material in the paint industry.

Throughput target:

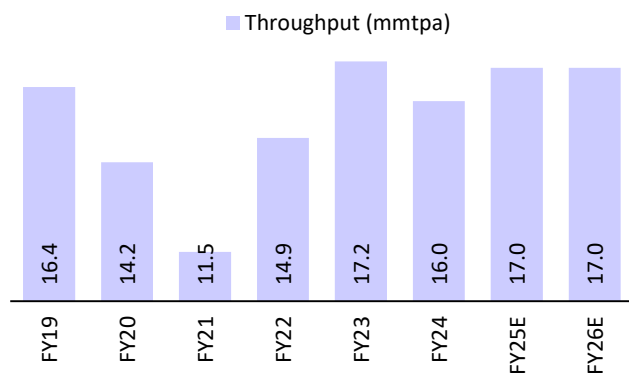
- MRPL aims for a throughput exceeding 17mmt in the next year with no planned shutdowns.

Retail Expansion:

- MRPL achieved the milestone of 100 retail outlets in FY24 and remained committed to its retail expansion plan, targeting 1,000 outlets by FY27.

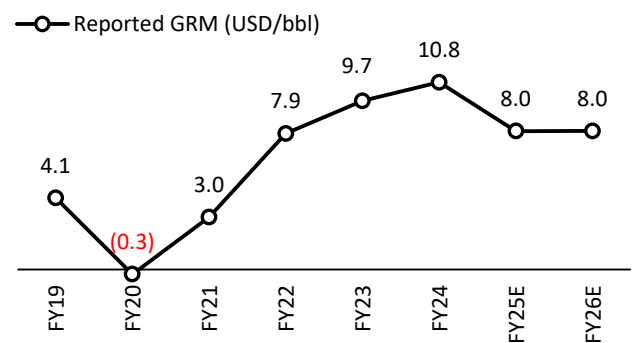
Story in charts

Exhibit 3: Expect throughput of ~17mmt...



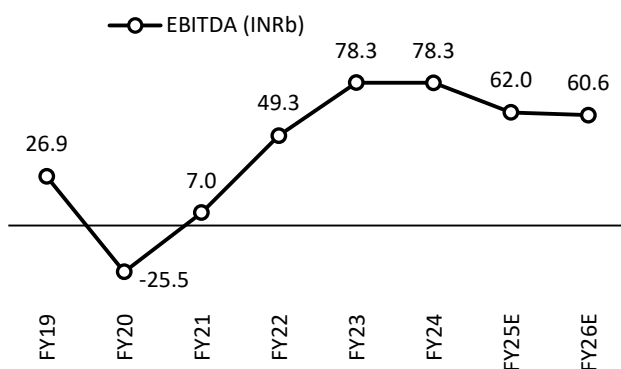
Source: Company, MOFSL

Exhibit 4: ...with reported GRM of ~USD8/bbl during FY25-26



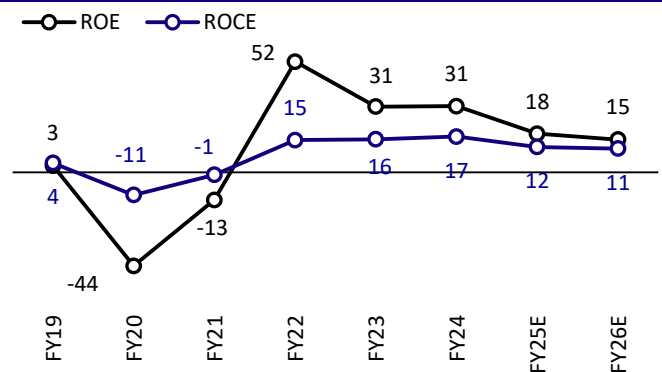
Source: Company, MOFSL

Exhibit 5: Expect EBITDA at ~INR60-65b in FY25-26



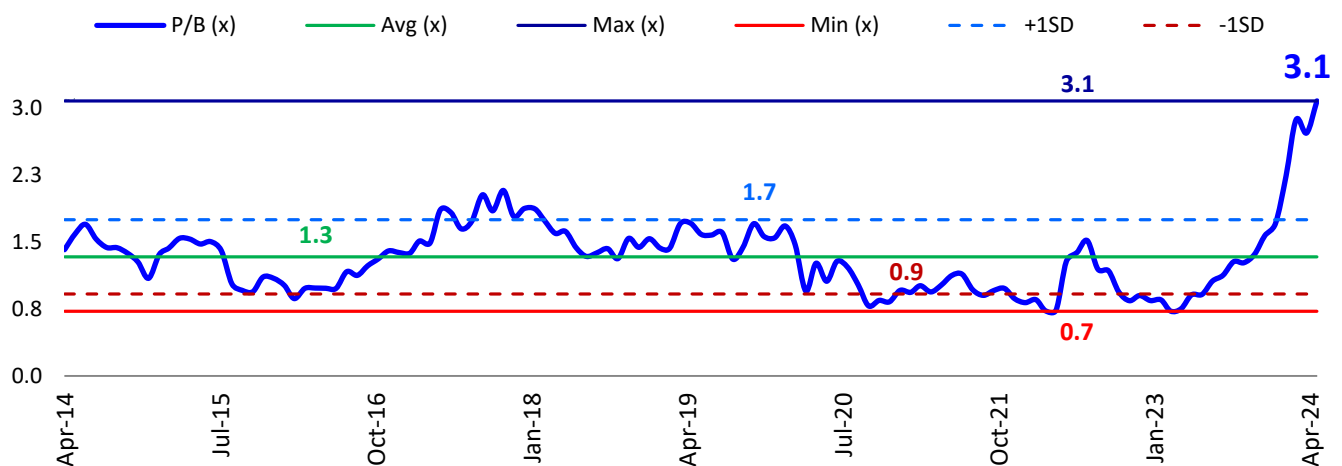
Source: Company, MOFSL

Exhibit 6: RoE/RoCE profiles of MRPL



Source: Company, MOFSL

Exhibit 7: One-year forward P/B trades at 3.1x, at a 130% 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	FY24	FY25E	FY26E
Total Income from Operations	704.2	559.6	319.6	697.3	1,088.2	904.0	946.2	958.8
Change (%)	30%	-21%	-43%	118%	56%	-17%	5%	1%
EBITDA	26.9	-25.5	7.0	49.3	78.3	78.3	62.0	60.6
Depreciation	10.5	10.9	11.6	10.9	11.9	12.6	14.5	15.9
EBIT	16.4	-36.4	-4.6	38.4	66.5	65.7	47.5	44.6
Forex loss	2.9	6.9	0.0	0.0	13.4	1.3	0.0	0.0
Int. and Finance Charges	10.4	12.6	5.5	12.1	12.9	11.1	10.6	9.3
Other Income	3.6	1.1	1.0	1.0	2.1	2.1	2.3	2.5
PBT bef. EO Exp.	6.7	-54.7	-9.2	27.3	42.4	55.3	37.3	36.0
EO Items	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0	0.0
PBT after EO Exp.	6.5	-54.7	-9.2	27.3	42.4	55.2	37.3	36.0
Total Tax	3.0	-13.3	-1.5	-2.5	16.0	19.3	12.7	12.2
Tax Rate (%)	45.8	24.3	16.8	-9.0	37.8	34.9	34.0	34.0
Reported PAT	3.5	-41.4	-7.6	29.8	26.4	36.0	24.6	23.8
Adjusted PAT	3.6	-41.4	-7.6	29.8	26.4	36.0	24.6	23.8

Standalone - Balance Sheet

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	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	115.0	127.2	145.4
Net Worth	113.6	75.0	42.4	72.0	98.3	132.5	144.8	163.0
Total Loans	145.6	169.7	238.3	210.9	167.1	124.5	110.2	97.5
Deferred Tax Liabilities	13.2	4.4	-13.8	-21.0	-12.4	-2.8	0.0	0.0
Capital Employed	272.4	249.1	266.9	261.8	253.0	254.2	275.6	278.8
Gross Block	286.4	293.9	297.9	326.9	329.0	341.9	354.0	369.0
Less: Accum. Deprn.	90.2	98.0	109.6	120.5	132.3	144.9	159.4	175.3
Net Fixed Assets	196.2	195.9	188.3	206.4	196.6	197.0	194.6	193.6
Capital WIP	10.0	17.5	23.4	1.7	4.7	7.4	17.6	17.6
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	138.6	139.3	144.5
Inventory	63.3	41.8	71.0	104.9	67.8	83.1	55.1	55.9
Account Receivables	26.8	11.2	24.5	43.3	44.7	38.6	38.9	39.4
Cash and Bank Balance	4.9	0.3	0.5	0.4	0.4	0.4	25.2	28.7
Loans and Advances	0.0	0.0	0.3	0.1	0.1	0.1	24.9	28.4
Curr. Liability and Prov.	0.0	0.0	0.3	0.4	0.3	0.3	0.3	0.3
Account Payables	33.3	33.7	17.8	15.3	17.0	16.6	20.3	20.6
Provisions	77.1	77.7	66.5	117.8	85.7	96.2	70.1	71.1
Net Current Assets	71.7	74.7	59.6	111.4	81.1	92.0	65.9	66.9
Appl. of Funds	5.4	2.9	6.9	6.4	4.6	4.2	4.2	4.2

Financials and valuations

Ratios

Y/E March (INR)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)								
EPS	1.0	-11.4	-2.0	6.9	15.0	20.5	14.0	13.6
Cash EPS	3.9	-8.4	1.0	9.5	21.8	27.7	22.3	22.6
BV/Share	31.3	20.6	10.9	16.7	56.1	75.6	82.6	93.0
DPS	0.9	0.0	0.0	0.0	0.0	3.0	2.8	2.7
Payout (%)	109.2	0.0	0.0	0.0	0.0	14.6	23.4	23.4
Valuation (x)								
P/E	233.1	-20.4	-118.8	33.6	15.5	11.3	16.6	17.2
Cash P/E	60.0	-27.7	227.8	24.6	10.7	8.4	10.4	10.3
P/BV	7.4	11.3	21.3	13.9	4.2	3.1	2.8	2.5
EV/Sales	1.5	2.1	2.0	0.9	0.5	0.6	0.5	0.5
EV/EBITDA	38.8	-45.9	92.7	12.5	7.3	6.8	8.3	8.2
Dividend Yield (%)	0.4	0.0	0.0	0.0	0.0	1.3	1.2	1.2
FCF per share	0.7	-2.8	-21.2	23.3	32.3	31.3	19.9	20.1
Return Ratios (%)								
RoE	3.2	-44.0	-13.0	52.1	31.0	31.2	18.2	15.4
RoCE	4.4	-10.6	-1.1	15.3	15.6	16.9	12.0	11.2
RoIC	3.9	-12.2	-1.7	16.7	16.3	17.3	13.2	12.4
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	1.4	2.0	2.0
Interest Coverage Ratio	1.6	-2.9	-0.8	3.2	5.2	5.9	4.5	4.8
Net Debt/Equity ratio	1.2	2.3	5.6	2.9	1.7	0.9	0.7	0.5

Standalone - Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
(INR b)								
OP/(Loss) before Tax	6.0	-53.6	-9.2	27.1	42.4	55.2	37.3	36.0
Depreciation	10.5	10.9	11.6	10.9	11.9	12.6	14.5	15.9
Interest and Finance Charges	4.7	7.4	5.5	12.1	12.9	11.1	10.6	9.3
Direct Taxes Paid	-0.5	-0.9	0.1	-2.6	-7.7	-9.5	-12.7	-12.2
(Inc.)/Dec. in WC	-11.0	27.6	-34.3	-1.9	3.1	1.1	-1.8	-0.6
CF from Operations	12.3	2.7	-28.2	46.9	63.6	70.5	49.8	50.2
(Inc.)/Dec. in FA	-9.6	-14.9	-9.0	-6.1	-7.0	-15.6	-15.0	-15.0
Free Cash Flow	2.6	-12.2	-37.2	40.8	56.6	54.9	34.8	35.2
Others	-0.4	-2.1	-12.0	0.2	0.3	0.4	2.8	0.0
CF from Investments	-10.1	-17.0	-21.0	-5.9	-6.7	-15.2	-12.2	-15.0
Inc./(Dec.) in Debt	2.7	44.7	56.6	-31.1	-45.4	-49.5	-14.3	-12.7
Interest Paid	-5.0	-7.1	-6.8	-9.8	-11.2	-10.2	-10.6	-9.3
Dividend Paid	-6.3	-2.1	0.0	0.0	0.0	-1.8	-5.8	-5.6
Others	0.0	-30.8	-0.3	-0.2	-0.3	6.2	0.0	0.0
CF from Fin. Activity	-5.7	9.7	49.4	-41.2	-56.9	-55.2	-35.3	-31.7
Inc./Dec. in Cash	-3.4	-4.6	0.2	-0.2	0.0	0.0	-0.5	3.5
Opening Balance	8.3	4.9	0.3	0.3	0.1	0.1	0.1	24.9
Closing Balance	4.9	0.3	0.5	0.1	0.1	0.1	24.9	28.4

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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