

January 21, 2025

Q3FY25 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		ACCUMULATE	
Target Price	137		168	
Sales (Rs. m)	834	841	834	841
% Chng.	-	-	-	-
EBITDA (Rs. m)	56	56	56	56
% Chng.	-	-	-	-
EPS (Rs.)	13.2	13.2	13.1	13.1
% Chng.	0.7	0.8	-	-

Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. bn)	904	903	834	841
EBITDA (Rs. bn)	77	19	56	56
Margin (%)	8.5	2.1	6.7	6.7
PAT (Rs. bn)	36	(2)	23	23
EPS (Rs.)	20.5	(1.1)	13.2	13.2
Gr. (%)	36.3	(105.2)	(1,326.6)	(0.1)
DPS (Rs.)	3.0	-	2.6	2.6
Yield (%)	2.1	-	1.8	1.8
RoE (%)	31.2	(1.4)	16.6	14.7
RoCE (%)	24.6	2.0	14.6	14.4
EV/Sales (x)	0.4	0.4	0.4	0.4
EV/EBITDA (x)	4.9	19.3	6.1	5.7
PE (x)	7.0	(133.6)	10.9	10.9
P/BV (x)	1.9	1.9	1.7	1.5

Key Data

MRPL.BO | MRPL IN

52-W High / Low	Rs.289 / Rs.133
Sensex / Nifty	77,073 / 23,345
Market Cap	Rs.251bn/ \$ 2,905m
Shares Outstanding	1,753m
3M Avg. Daily Value	Rs.602m

Shareholding Pattern (%)

Promoter's	88.58
Foreign	1.69
Domestic Institution	1.48
Public & Others	8.25
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.9	(33.6)	(18.0)
Relative	2.2	(30.6)	(24.0)

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Strong GRM drives earnings

Quick Pointers:

- Core GRM at US\$6.18/bbl with inventory gain of US\$0.03/bbl
- Board approves acquisition of shares of Mangalore SEZ from IL&FS at a cash consideration of Rs656.6mn

Mangalore Refinery & Petrochemicals (MRPL) reported better-than-estimated results with an EBITDA of Rs10.3bn in Q3FY25 (vs EBITDA loss of Rs4.7bn in Q2, PLe: Rs4.1bn, BBGe: Rs8.1bn). PAT came in at Rs3bn (vs net loss of Rs6.8bn in Q2; PLe Net Loss:Rs1.1bn, BBGe PAT:Rs1.7bn). Reported GRM stood at US\$6.2/bbl with an inventory gain of US\$0.03/bbl. Throughput came in flat QoQ at 4.6mmt. Average Singapore GRM in Q4FY25-TD has softened to ~US\$3/bbl amid decline in product cracks. While near-term weakness persists, we believe GRMs will rebound to US\$5-7/bbl in the long term. Accordingly, we build in a GRM of US\$4.1/7.5/7.5/bbl for FY25/26/27E. The stock is currently trading at 10.9x/10.9x FY26/27 EPS and 6.1x/5.7x FY26/27E EV/EBITDA. Factoring in the near-term weakness we downgrade our rating from 'Accumulate' to 'Hold' with a TP of Rs137 based on 5x FY27 EV/EBITDA and adding the option value of Rs45 to its chemicals foray.

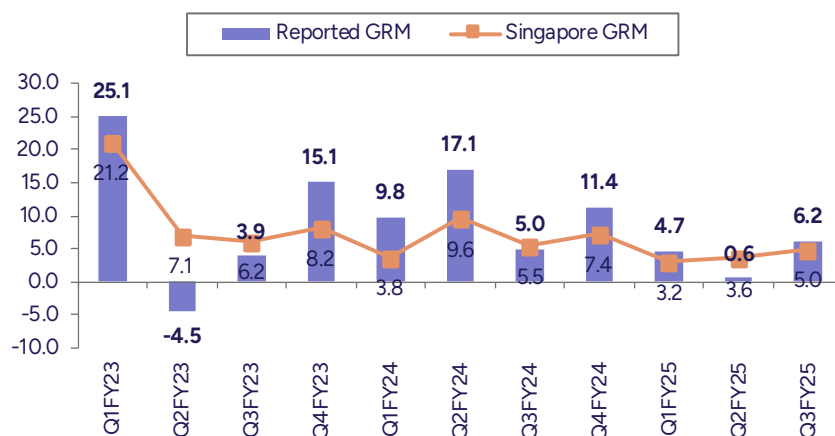
- Operating performance improves sequentially:** MRPL reported an EBITDA of Rs10.3bn vs EBITDA loss of Rs4.7bn in Q2. The sharp improvement in performance was on account of stronger GRMs. PAT stood at Rs3bn vs net loss of Rs6.8bn in Q2. EBITDA for 9MFY25 came in at Rs11.6bn, down 78.8% YoY. Consequently, net loss for the period stood at Rs3.1bn (vs PAT of Rs24.6bn in 9MFY24).
- Quarterly GRMs decline sequentially and annually:** Reported GRM stood at US\$6.2/bbl, up by ~US\$5.7/bbl QoQ (PLe: US\$4.1/bbl). Core GRM came in at US\$6.18/bbl with an inventory gain of US\$0.03/bbl. On a YoY basis, GRMs rose by US\$1.2/bbl. In Q4FY25-TD, Singapore GRM has weakened amid decline in product cracks, averaging ~US\$3/bbl. We expect Singapore GRM to remain rangebound between its long term average of US\$5-7/bbl. Factoring in this, we build in a GRM of US\$4.1/7.5/7.5/bbl for FY25/26/27E.
- Throughput remains flat sequentially:** In Q3FY25, refining throughput came in at 4.6mmt, flat QoQ. Capacity utilization came in at 108%. On a YoY basis, throughput grew 4%. Merey-16 crude from Venezuela (API-15.69) was processed for the first time in November 2024. Highest ever atf and benzene production was reported at 763.1mt and 60.6mt, respectively during the quarter. Going ahead, we build in a throughput of 17.8/17/17mmt for FY25/26/27E.
- MRPL to increase stake in MSEZ to 27.92%:** The Board has approved the acquisition of 1,34,80,000 equity shares of Mangalore SEZ Limited (MSEZ) from IL&FS at a cash consideration of Rs656.6mn. Indicative time period for completion of acquisition is one year. Post this acquisition, MRPL's stake in the company will rise from 0.96% to 27.92%.

Exhibit 1: Q3FY25 Result Overview (Rs bn)

Y/e March	Q3FY25	Q2FY25	QoQ gr.	Q3FY25E	Var%	Q3FY24	YoY gr.	9MFY25	9MFY24	YoY gr.
Net Sales	218.7	249.7	-12.4%	208.8	4.7%	246.7	-11.3%	700.9	650.7	7.7%
YoY Change (%)	-11.3	29.8		-15.3		-7.1				
Total Expenditure	208.4	254.4	-18.1%	204.7	1.8%	234.8	-11.3%	689.2	595.8	15.7%
EBITDA	10.3	-4.7	NA	4.1	148.7%	11.8	-12.9%	11.6	54.9	-78.8%
Margins (%)	5%	-2%		2%		5%				
Depreciation	3.3	3.4	-3.2%	3.4	-3.7%	3.3	-0.8%	10.1	9.2	9.2%
Interest	2.6	2.8	-7.4%	2.7	-2.3%	2.7	-3.7%	7.6	8.5	-10.5%
Other Income	0.3	0.6	-44.4%	0.5	-31.5%	0.4	-15.8%	1.4	1.7	-16.8%
PBT	4.7	-10.4	NA	-1.5	NA	5.9	-20.6%	-4.7	37.6	-112.5%
Tax	1.7	-3.6	NA	-0.4	NA	2.0	-19.1%	-1.6	13.0	-112.2%
Rate (%)	35.2	34.5		25.2		34.8		33.7	34.5	
Reported PAT	3.0	-6.8	NA	-1.1	NA	3.9	-21.4%	-3.1	24.6	-112.7%
Adj PAT	3.0	-6.8	NA	-1.1	NA	3.9	-21.4%	-3.1	24.6	-112.7%
Refining throughput (mmt)	4.60	4.58	0.4%	4.50	2.2%	4.4	4.1%	13.53	11.99	12.8%
Reported GRM (USD/bbl)	6.2	0.6	1029.1%	4.1	51.5%	5.0	24.2%	3.8	10.6	-64.1%

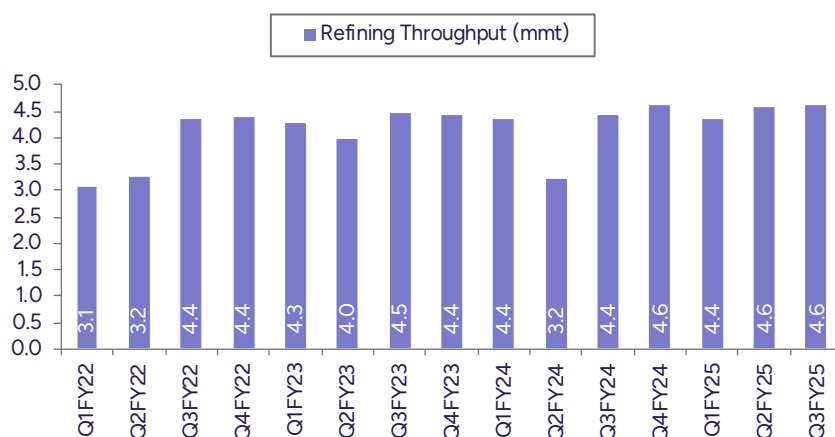
Source: Company, PL

Exhibit 2: GRM comes in strong in Q3



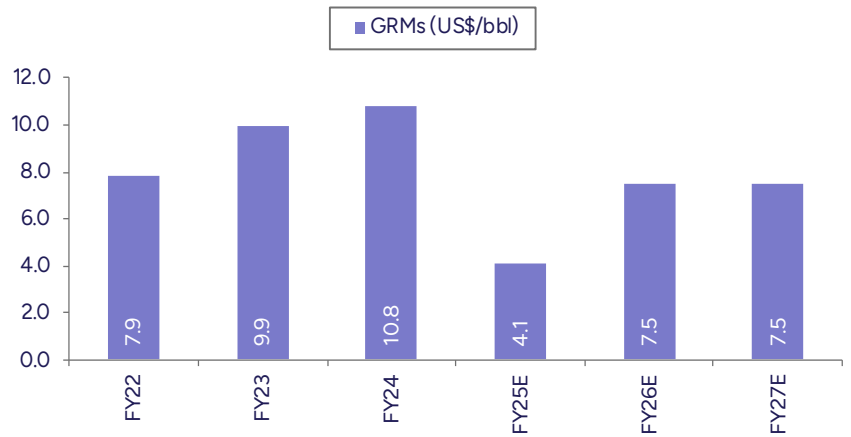
Source: Company, PL

Exhibit 3: Throughput came in flat QoQ



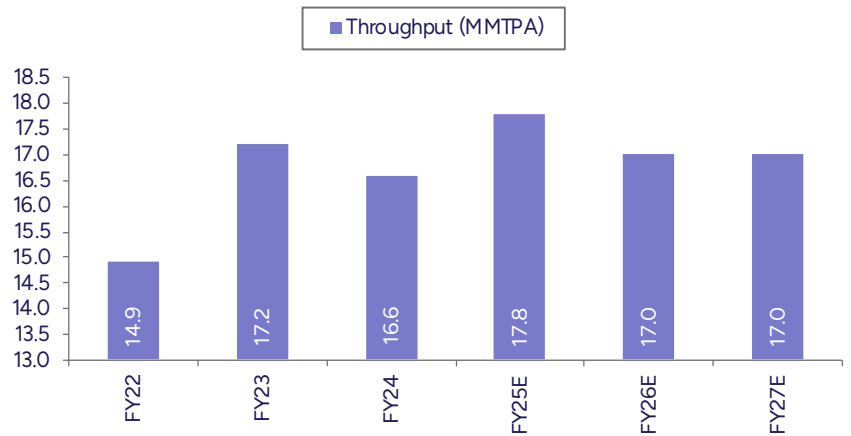
Source: Company, PL

Exhibit 4: FY26/27E GRM expected at US\$7.5/7.5/bbl



Source: PL, Company

Exhibit 5: FY26/27 throughput expected at 17mmt



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	904	903	834	841
YoY gr. (%)	(17.1)	(0.2)	(7.6)	0.8
Cost of Goods Sold	797	854	755	761
Gross Profit	107	48	79	80
Margin (%)	11.8	5.4	9.5	9.5
Employee Cost	8	7	7	8
Other Expenses	22	29	23	24
EBITDA	77	19	56	56
YoY gr. (%)	18.5	(75.1)	193.6	(0.1)
Margin (%)	8.5	2.1	6.7	6.7
Depreciation and Amortization	13	14	16	16
EBIT	64	5	40	40
Margin (%)	7.1	0.6	4.8	4.8
Net Interest	11	11	12	13
Other Income	2	2	3	4
Profit Before Tax	55	(3)	31	31
Margin (%)	6.1	(0.3)	3.7	3.7
Total Tax	19	(1)	8	8
Effective tax rate (%)	34.9	38.3	25.2	25.2
Profit after tax	36	(2)	23	23
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	36	(2)	23	23
YoY gr. (%)	36.3	(105.2)	(1,326.6)	(0.1)
Margin (%)	4.0	(0.2)	2.8	2.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	36	(2)	23	23
YoY gr. (%)	36.3	(105.2)	(1,326.6)	(0.1)
Margin (%)	4.0	(0.2)	2.8	2.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	36	(2)	23	23
Equity Shares O/s (m)	2	2	2	2
EPS (Rs)	20.5	(1.1)	13.2	13.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	342	352	362	372
Tangibles	342	352	362	372
Intangibles	-	-	-	-
Acc: Dep / Amortization	145	159	175	191
Tangibles	145	159	175	191
Intangibles	-	-	-	-
Net fixed assets	197	193	187	181
Tangibles	197	193	187	181
Intangibles	-	-	-	-
Capital Work In Progress	7	15	15	15
Goodwill	-	-	-	-
Non-Current Investments	7	0	0	0
Net Deferred tax assets	3	-	-	-
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	83	55	48	49
Trade receivables	39	37	34	34
Cash & Bank Balance	0	23	35	46
Other Current Assets	-	-	-	-
Total Assets	351	343	339	344
Equity				
Equity Share Capital	18	18	18	18
Other Equity	115	113	131	148
Total Network	133	131	148	166
Non-Current Liabilities				
Long Term borrowings	125	142	128	115
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	93	66	58	59
Other current liabilities	4	4	4	4
Total Equity & Liabilities	351	343	339	344

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	55	(3)	31	31
Add. Depreciation	13	14	16	16
Add. Interest	11	11	12	13
Less Financial Other Income	2	2	3	4
Add. Other	-	-	-	-
Op. profit before WC changes	79	22	59	60
Net Changes-WC	2	0	3	0
Direct tax	(19)	1	(8)	(8)
Net cash from Op. activities	61	23	54	52
Capital expenditures	(15)	(10)	(10)	(10)
Interest / Dividend Income	-	-	-	-
Others	10	3	-	-
Net Cash from Invst. activities	(6)	(7)	(10)	(10)
Issue of share cap. / premium	-	-	-	-
Debt changes	(43)	17	(14)	(13)
Dividend paid	(5)	-	(5)	(5)
Interest paid	(11)	(11)	(12)	(13)
Others	3	-	-	-
Net cash from Fin. activities	(55)	7	(32)	(32)
Net change in cash	-	22	12	11
Free Cash Flow	46	13	44	42

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	20.5	(1.1)	13.2	13.2
CEPS	27.7	6.8	22.4	22.3
BVPS	75.6	74.5	84.6	94.7
FCF	26.2	7.4	25.2	24.1
DPS	3.0	-	2.6	2.6
Return Ratio(%)				
RoCE	24.6	2.0	14.6	14.4
ROIC	18.4	1.7	13.2	13.5
RoE	31.2	(1.4)	16.6	14.7
Balance Sheet				
Net Debt : Equity (x)	0.9	0.9	0.6	0.4
Net Working Capital (Days)	16	12	13	13
Valuation(x)				
PER	7.0	(133.6)	10.9	10.9
P/B	1.9	1.9	1.7	1.5
P/CEPS	5.2	21.2	6.4	6.4
EV/EBITDA	4.9	19.3	6.1	5.7
EV/Sales	0.4	0.4	0.4	0.4
Dividend Yield (%)	2.1	-	1.8	1.8

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	253	232	250	219
YoY gr. (%)	(0.1)	9.8	29.8	(11.3)
Raw Material Expenses	221	219	247	200
Gross Profit	33	14	3	19
Margin (%)	12.9	5.9	1.1	8.6
EBITDA	23	6	(5)	10
YoY gr. (%)	(31.1)	(70.6)	(121.1)	(12.9)
Margin (%)	9.2	2.6	(1.9)	4.7
Depreciation / Depletion	3	3	3	3
EBIT	20	3	(8)	7
Margin (%)	7.9	1.2	(3.3)	3.2
Net Interest	3	2	3	3
Other Income	-	-	1	-
Profit before Tax	18	1	(10)	5
Margin (%)	7.0	0.4	(4.2)	2.1
Total Tax	6	-	(4)	2
Effective tax rate (%)	35.6	34.8	34.5	35.2
Profit after Tax	11	1	(7)	3
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	11	1	(7)	3
YoY gr. (%)	(40.4)	(93.5)	(164.4)	(21.4)
Margin (%)	4.5	0.3	(2.7)	1.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	11	1	(7)	3
YoY gr. (%)	(40.4)	(93.5)	(164.4)	(21.4)
Margin (%)	4.5	0.3	(2.7)	1.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	11	1	(7)	3
Avg. Shares O/s (m)	2	2	2	2
EPS (Rs)	6.5	0.4	(3.9)	1.7

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Crude (US\$/bbl)	83.3	78.8	75.0	75.0
US\$/Rs	83.3	84.0	85.0	85.7
GRM (US\$/bbl)	10.8	4.1	7.5	7.5
Refining throughput (mmt)	17	18	17	17

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	Accumulate	168	145
2	23-Oct-24	Accumulate	169	147
3	19-Oct-24	Sell	124	166
4	07-Oct-24	Sell	128	173
5	23-Jul-24	Sell	130	215
6	07-Jul-24	Sell	135	218
7	04-May-24	Sell	138	250
8	09-Apr-24	Sell	142	233
9	22-Feb-24	Sell	140	252
10	23-Jan-24	Sell	106	175

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Mangalore Refinery & Petrochemicals	Accumulate	169	147

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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