

MRPL: Diesel Strength, Inventory Gains Lift Profits

Oct 15, 2026 | CMP: INR 175.6 | Target Price: INR 215

BUY

Expected Share Price Return: 22.1% | Dividend Yield: 1.7% | Potential Upside: 23.8%

Sector View: Positive

Change in Estimates	✓
Target Price Change	✗
Recommendation	✗

Company Info

BB Code	MRPL IN EQUITY
Face Value (INR)	10.0
52-w High/Low (INR)	215/136
Mkt Cap (Bn)	INR 323.5/ \$3.4
Shares o/s (Mn)	1752.6

Change in Estimates

	FY27E			FY28E		
INR Bn	New	Old	Dev.	New	Old	Dev.
Revenues	1,349	1,335	1.0	1,152	1,152	0.0
GPM (%)	13.6	14.7	-116 bps	18.2	18.2	0 bps
EBITDA	139	138	0.8	172	172	0.0
EBITDAM %	10.3	10.3	-3 bps	14.9	14.9	0 bps
Adj. PAT	86.5	85.8	0.8	114	112	1.6

Actual vs CIE Estimates

INR Bn	Q2FY27A	CIE Est.	Dev.%
Revenue	325	333	-2.2
EBITDA	33	40	-18.8
EBITDAM %	10.1	12.1	-205 bps
Adj. PAT	20	21	-1.8

Key Financials

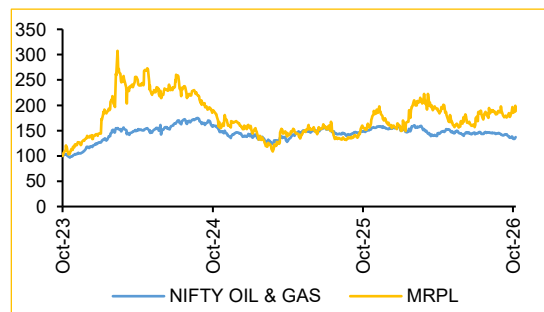
INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	947	887	1,349	1,152	1,117
YoY	5%	-6%	52%	-15%	-3%
EBITDA	23	62	139	172	180
EBITDAM%	2.4	7.0	10.3	14.9	16.1
Adj PAT	1	19	87	114	121
ROE	0.4%	14.2%	47.6%	41.9%	32.3%
ROCE	5.1%	18.1%	42.2%	47.3%	40.8%

Shareholding Pattern (%)

	Sep-26	Jun-26	Mar-26
Promoters	88.6	88.6	88.6
FIIIs	2.5	2.2	3.4
DIIIs	0.5	0.4	0.3
Public	8.4	8.9	7.7

Relative Performance (%)

YTD	3Y	2Y	1Y
NIFTY OIL & GAS	33.55	-13.85	-7.93
MRPL	69.90	2.94	21.53



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Q1FY27 Energy Oil & Gas Result Preview

Refinery Thematic: The Great Refinery Migration

Robust Product Spreads Fuel Profitability

MRPL reported robust revenue growth of 43.6% YoY to INR 325 Bn in 2QFY27, while adjusted PAT increased to INR 20,195 Mn from INR 6,274 Mn in 2QFY26. **The strong performance was driven by higher product realisations and sustained strength in middle-distillate cracks.** Supported by inventory gains, EBITDA margin expanded by 351 bps YoY to 10.1%, while operational flexibility remained intact. Elevated product spreads were further supported by persistent tightness in global middle-distillate markets, driven by constrained Russian diesel exports, depleted product inventories in Europe and reduced refinery throughput. We have adjusted our FY27E Revenue/EBITDA/PAT by 1%/1%/5% on the back of reported results. We maintain our BUY rating with an unchanged TP of INR 215/sh, implying 22% upside.

Furthermore, MRPL provisionally recognised an exceptional loss of INR 1,187.6 Mn in 2QFY27 following a fire at its Coker Hydrotreater (CHT) unit. The loss includes damaged assets, with an estimated replacement cost of INR 2,250 Mn, inventory losses and incidental expenses. The affected assets are adequately insured, with the final loss subject to reassessment. For 1HFY27, MRPL reported net exceptional income of INR 3,530 Mn, reflecting prior-quarter petroleum product price revisions of INR 4,717.6 Mn, partially offset by the fire-related loss.

Revenue and PAT broadly in line, while EBITDA misses CIE estimates

- Revenue for Q2FY27 was up by 43.6% YoY and down by 15% QoQ at INR 325 Bn (vs CIE est. INR 333 Bn)
- EBITDA for Q2FY27 was up by 120.3% YoY and up by 148.9% QoQ at INR 32.8 Bn (vs CIE est. INR 40.4 Bn). The EBITDA Margin stood at 10.1%, up by 351 bps YoY (vs CIE est. of 12.1%)
- The Adjusted PAT for Q2FY27 was up by 221.9% and 326.1% QoQ at INR 20,195 Mn (vs CIE est. INR 20,576 Mn). Adjusted PAT Margin improved 308 bps YoY, reaching 5.8% (vs CIE est. 6.2%)

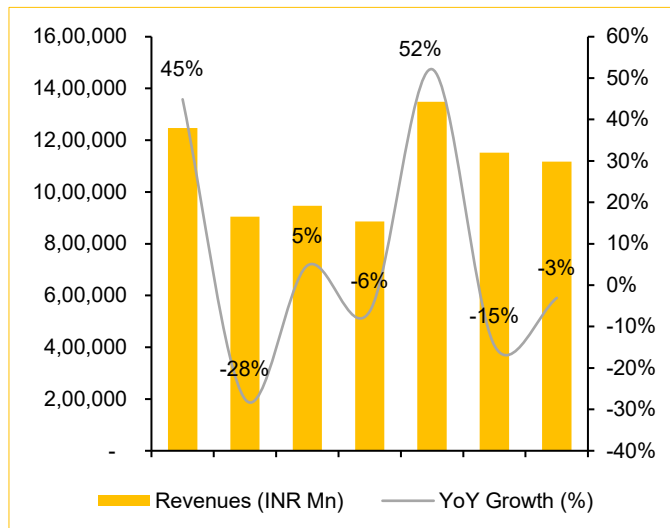
Elevated Diesel Cracks to Drive Earnings and Return Ratios

We expect diesel prices to remain elevated through FY27, supporting strong earnings growth for standalone refiners in 2HFY27. Seasonally higher petroleum product demand during October–December, coupled with relatively softer crude oil demand, should support stronger product cracks and expansion in gross refining margins (GRMs). With ICE gasoil cracks currently exceeding USD 80/b, we expect elevated crack spreads to sustain through 2HFY27, providing further upside to refining profitability. Consequently, we project FY27 EBITDA and PAT to increase by 122% YoY and 349% YoY, respectively. Stronger profitability should also drive a significant improvement in return ratios, with RoE expanding to 47.6% in FY27 from 14.2% in FY26, while RoCE is expected to increase to 42.2% from 18.1% over the same period.

MRPL (INR Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Net Revenue	3,25,162	2,26,486	43.6	3,82,542	-15.0
Gross Profit	43,225	25,741	67.9	25,523	69.4
EBITDA	32,789	14,886	120.3	13,176	148.9
EBIT	28,720	11,176	157.0	9,165	213.4
PAT	19,008	6,274	203.0	4,739	301.1
Adj. PAT	20,195	6,274	221.9	4,739	326.1
Adj. EPS (INR)	11.52	3.58	221.9	2.70	326.1
Margins	Q2FY27	Q2FY26	YoY (bps)	Q1FY27	QoQ (bps)
Gross Margin (%)	13.3	11.4	193	6.7	662
EBITDA Margin (%)	10.1	6.6	351	3.4	664
Adj. PAT Margin (%)	5.8	2.8	308	1.2	461

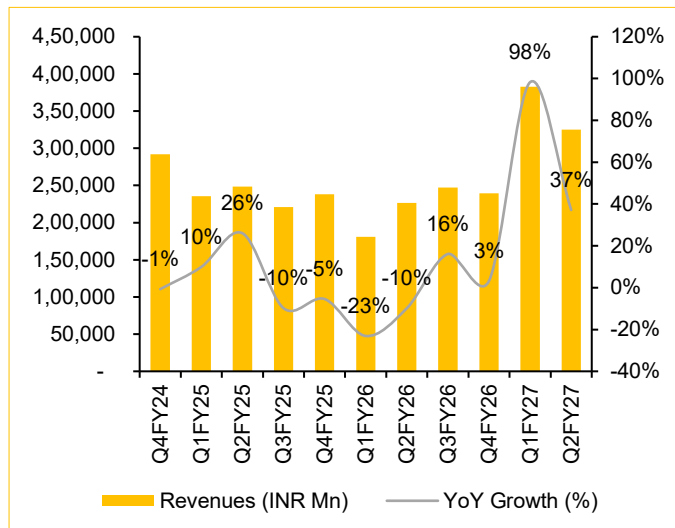
Source: MRPL, Choice Institutional Equities

Revenue momentum supported by recovery across FY26–FY29E



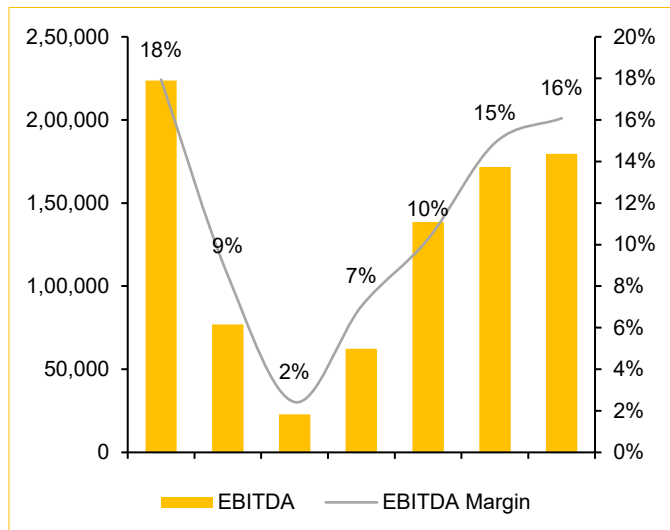
Source: MRPL, Choice Institutional Equities

Quarterly broadly stable yoy on higher product prices and lower throughput



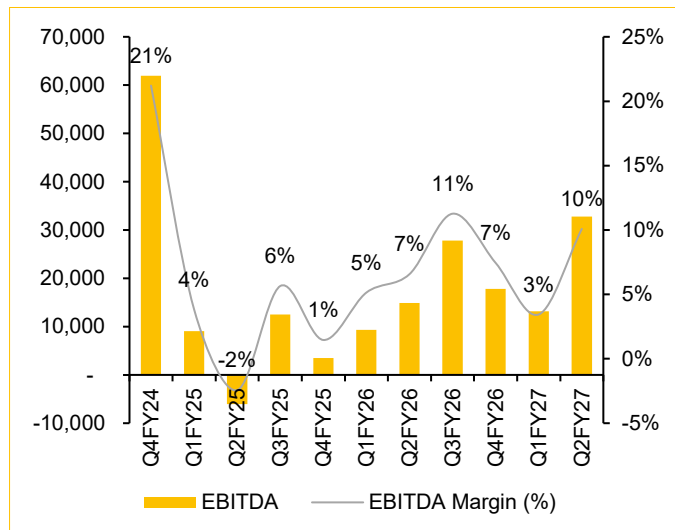
Source: MRPL, Choice Institutional Equities

EBITDA margins recover from FY25 low and expand to ~16% over FY26–FY29E



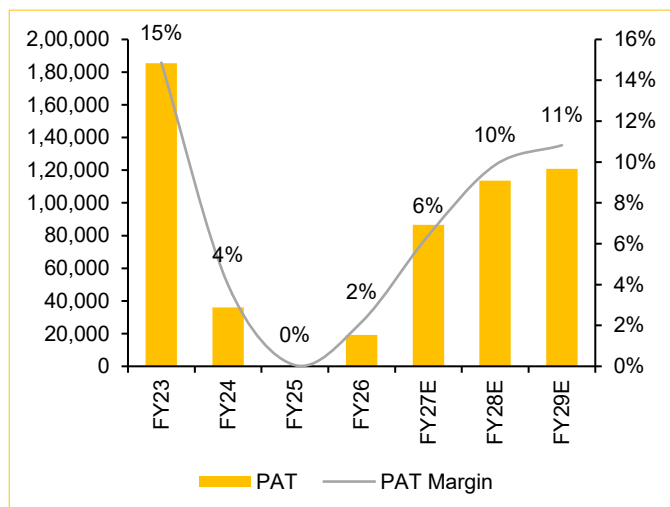
Source: MRPL, Choice Institutional Equities

Quarterly EBITDA margin supported by of inventory gains in Q2FY27



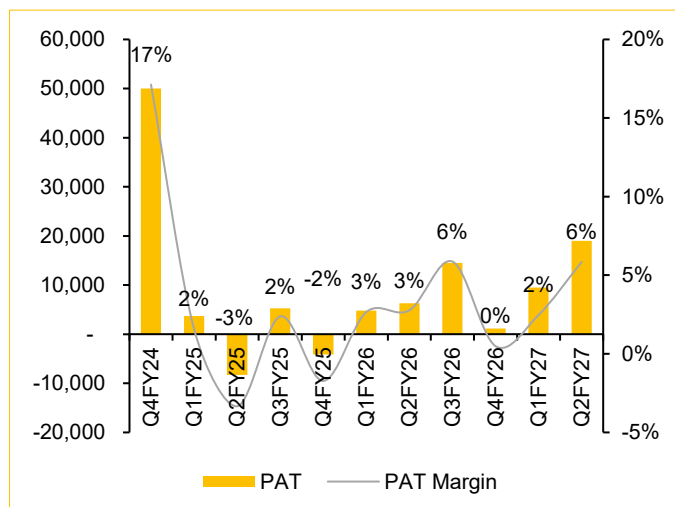
Source: MRPL, Choice Institutional Equities

Net profit expected to grow ~84% CAGR over FY26-FY29E



Source: MRPL, Choice Institutional Equities

One Time impact of Deferred Tax impacting the Q4FY26, New Tax Regime supports earnings



Source: MRPL, Choice Institutional Equities

Income Statement (Consolidated in INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	9,46,816	8,86,675	13,49,161	11,52,365	11,16,798
Gross Profit	54,592	1,06,095	1,82,853	2,10,150	2,16,951
EBITDA	22,929	62,354	1,38,619	1,71,613	1,79,603
Depreciation	13,470	15,199	16,503	17,341	18,271
EBIT	9,459	47,156	1,22,117	1,54,271	1,61,332
Other Income	1,532	1,982	2,183	1,865	1,807
Interest Expense	10,083	9,072	8,962	4,716	2,028
PAT	563	19,246	86,503	1,13,565	1,20,834
EPS	0.3	11.0	49.4	64.8	68.9

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenues	5%	-6%	52%	-15%	-3%
Gross Profit	-49%	94%	72%	15%	3%
EBITDA	-70%	172%	122%	24%	5%
EBIT	-98%	3321%	349%	31%	6%
Margin Ratios (%)					
Gross Profit Margin	6%	12%	14%	18%	19%
EBITDA Margin	2%	7.03%	10.3%	14.9%	16.1%
PAT Margin	0%	2%	6%	10%	11%
Profitability (%)					
ROE	0.4%	14.2%	47.6%	41.9%	32.3%
ROIC	1.4%	8.75%	39.1%	59.5%	62.5%
ROCE	5.1%	18.1%	42.2%	47.3%	40.8%
Working Capital (x)					
Inventory Days	32.8	51.8	37.6	33.6	30.7
Receivable Days	14.2	19.7	14.2	13.0	12.2
Creditor Days	26.6	39.5	37.3	44.8	40.9
Working Capital Days	20.4	32.0	14.5	1.8	2.0
Valuation Metrics					
No of Shares (Mn)	1,753	1,753	1,753	1,753	1,753
EPS (INR)	0.3	11.0	49.4	64.8	68.9
BVPS (INR)	74.0	81.0	126.4	183.2	244.1
PE	419.8	16.4	3.6	2.7	2.6
P/BV	1.8	2.2	1.4	1.0	0.7
EV/EBITDA	4.8	19.8	4.6	1.3	0.4
EV/Sales	0.4	0.5	0.2	0.2	0.1

Source: MRPL, Choice Institutional Equities

Balance Sheet (Consolidated in INR Mn)

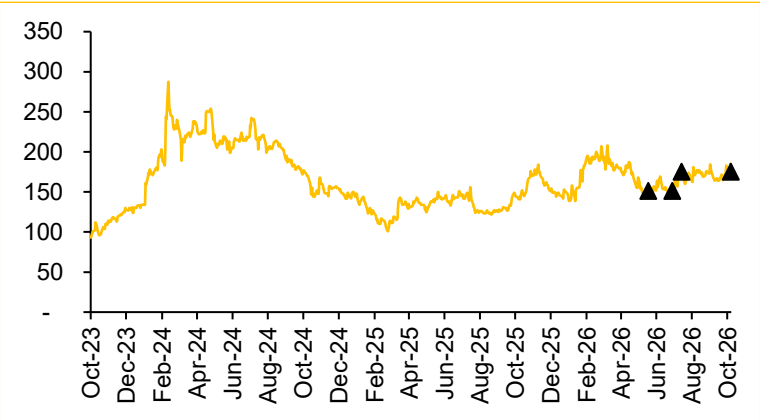
Particulars	FY25	FY26	FY27E	FY28E	FY29E
Tangible fixed assets	1,96,859	2,00,426	2,00,114	1,98,906	1,98,504
CWIP	7,202	8,284	8,284	8,284	8,284
Investments	78	76	76	76	76
Cash & Cash equivalents	102	5,645	1,05,594	1,61,677	2,46,401
Other non-current assets	8,464	7,909	7,909	7,909	7,909
Other current assets	5,805	4,771	4,771	4,771	4,771
Total assets	3,44,349	4,44,812	4,79,863	5,09,849	5,89,519
Shareholder's funds	1,29,696	1,41,969	2,21,462	3,21,006	4,27,819
Minority Interest	-	-	-	-	-
Borrowings	1,28,666	1,43,337	81,709	36,709	14,209
Other current liabilities	5,759	6,699	6,699	6,699	6,699
Total equity & liabilities	3,44,349	4,44,812	4,79,863	5,09,849	5,89,519

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	18,780	25,312	1,91,557	1,34,088	1,39,333
Cash Flows from Investing	-9,396	-13,785	-14,007	-14,268	-16,062
Cash Flows from Financing	-9,379	-5,984	-77,600	-63,737	-38,549

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden (%)	61.9	48.0	75.0	75.0	75.0
Interest Burden (%)	9.6	85.0	94.4	98.2	99.9
EBIT Margin (%)	1.0	5.3	9.1	13.4	14.4
Asset Turnover	1.9	2.2	2.9	2.3	2.0
Equity Multiplier	3.9	2.9	2.6	1.8	1.5
ROE (%)	0.4	14.2	47.6	41.9	32.3

Source: MRPL, Choice Institutional Equities

Mangalore Refinery And Petrochemicals Ltd



Date	Rating	Target Price
May 22, 2026	BUY	215
July 9, 2026	BUY	215
July 16, 2026	BUY	215
Oct 15, 2026	BUY	215

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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