

MANGALORE REFINERY & PETROCHEMICALS (MRPL) - SELL

Result Update

Current Market Price (CMP) Rs.143	Fair Value (FV) Rs.129
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Rationale:

- Reported a PAT of Rs.1,451 cr vs a PAT of Rs.627 cr in Q2FY26.
- PAT growth was supported by higher implied refining margins, higher crude throughput & a sharp reduction in borrowings.
- Currently, ~200 retail outlets are operational & plans to exit FY26E with 250 retail outlets.
- In next three years, company plans to reach 500 retail outlets & in next five years, it plans to have 1000 retail outlets.
- We have valued the stock at a P/E (price to earnings multiple) of 6x FY28E earnings.
- We maintain SELL recommendation on the stock with a price target of Rs.129.

Positives:

- In Q3FY26, MRPL’s throughput was 47 lakh MT (higher than our estimate of 44 lakh MT) as against 46 lakh MT in Q3FY25.
- Management is aggressively focusing on retail expansion as marketing margins trades higher as compare to refining margins.

Negatives:

- India’s average benchmark refining margins stood lower at \$9.3/bbl in Q4FY26 till date as against \$13.8/bbl in Q3FY26.

MT: Metric Ton. PAT: Profit after Tax. PE: Price to Earnings.



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Holding Period: 12 Months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	Not Rated. Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	Not Available or Not Applicable. The information is not available for display or is not applicable
NM	–	Not Meaningful. The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan Head of Research shrikant.chouhan@kotak.com +91 22 6218 5408	Arun Agarwal Auto/Auto Ancillary, Building Material Cement, Consumer Durable arun.agarwal@kotak.com +91 22 6218 6443	Amit Agarwal, CFA Transportation, Paints, FMCG agarwal.amit@kotak.com +91 22 6218 6439
Rini Mehta Research Associate rini.mehta@kotak.com +91 22 6218 6433	Sumit Pokharna Oil and Gas, Information Tech sumit.pokharna@kotak.com +91 22 6218 6438	K. Kathirvelu Support Executive k.kathirvelu@kotak.com +91 22 6218 6427
Pankaj Kumar Construction, Capital Goods & Midcaps pankajr.kumar@kotak.com +91 22 6218 6434	Amarjeet Maurya Internet Software & Services amarjeet.maurya@kotak.com +91 22 6218 6427	Veer Trivedi BFSI veer.trivedi@kotak.com +91 22 6218 6432

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan shrikant.chouhan@kotak.com +91 22 6218 5408	Amol Athawale amol.athawale@kotak.com +91 20 6620 3350	Sayed Haider sayed.haider@kotak.com +91 22 62185458
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DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal sahaj.agrawal@kotak.com +91 79 66041701	Prasenjit Biswas, CMT, CFTe prasenjit.biswas@kotak.com +91 33 6638 8331	Karan Kulkarni karan.kulkarni@kotak.com +91 20 66203350
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