Indian Petroleum Refining Sector

Industry: - Oil & Gas

Underweight

June 19, 2006

.......policy limiting profitability

We initiate coverage on CPCL with a BUY rating and a 12 month target price of Rs 221, providing a 45% upside from the current level. Due to current correction the stock is available at reasonably low valuations of 4.8x P/E and 3.7x EV/Ebitda for FY08E. At a dividend yield of 7.9% the downside risk is mitigated.

We also initiate coverage on MRPL with a Underperformer rating and a 12 month target price of Rs 28, a 20% downside from the current level. Though the stock has come down considerably it is still fairly valued at 8.7x EV/Ebitda for FY08E and with expansion of capacities nearly 3 years away, we do not see any positive triggers for the stock.

Global Petroleum Refining Sector Outlook

- Capacity utilization rates for refineries has reached high of 90%.
- Leading to high refining margins, complex refiners benefit the most.
- The high margin environment has resulted in flow of investments for expansion cum modernization, largely concentrated in Asia.
- More than 5 mbpd of addition capacity is estimated to come on-stream by 2010.
- The strength in refining margins is likely to continue for next 1-2 years, till additional capacities come in place, correcting the imbalances and normalizing the margins.

Indian Petroleum Refining Sector Outlook

- Domestic refiners have benefited from the strength in global refining margins.
- Players are in race for capacity expansion, 94mtpa of additional capacity by 2011.
- In the event of slowdown in domestic demand growth, surplus would have to be exported, lowering the realizations.
- Tariff protection has reduced from $5.3/bbl in FY04 to $2.1/bbl In FY06
- Subsidy sharing burden and Rangaragan Committee Recommendations would be further drag on the GRMs.

Company Highlights

Chennai Petroleum Corporation Ltd

- Positives – Timely expansion-cum-modernization, healthy dividend yields and synergies with IOC.
- Negatives – Rising Exports, Non economic zone sales, CST under recoveries, subsidy sharing.
- Recommendation – BUY rating with target price of Rs 221 based on EV/Ebitda of 5x FY08E, also considering fair price, as indicated by DCF and replacement cost method.

Mangalore Refinery and Petrochemicals Ltd

- Positives – Strong parent company, retail venture, complex refinery configuration and expansion plan from 9.69mtpa to 15mtpa.
- Negatives – Current capacity constrains, Exports are high at 50%, subsidy sharing.
- Recommendation – Underperformer rating with target price of Rs 28 based on EV/Ebitda of 5.5x FY08E, also considering fair price, as indicated by DCF and replacement cost method.

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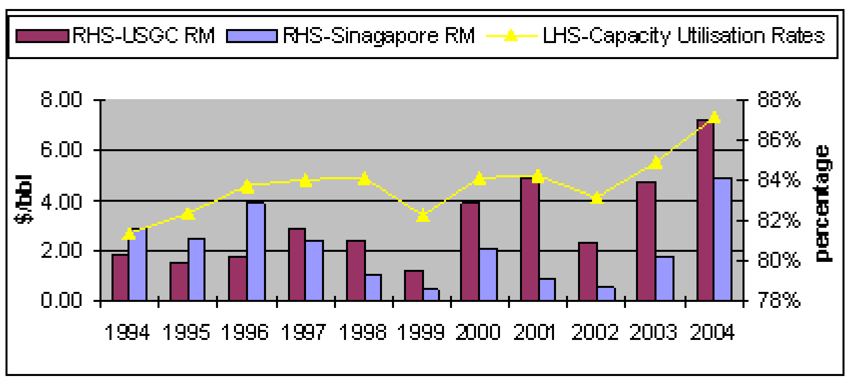
Global Petroleum Refining Sector Outlook

The global refining margins have been on an uptrend since FY2004. Two main factors that have contributed to this phenomenal rise are higher utilization rates and uncertain geopolitical situation. The higher utilization rates are themselves the result of two decade of stagnant refining capacity and higher than anticipated demand growth from South East Asian countries like China. Going forward, to capitalize on the strong refining margins, a bulk of investment flow is expected for refining capacity expansion, majorly in Asia, which would bring down the capacity utilization rates resulting in softer margins.

Utilization Rates have reached a peak of 90% in CY05

Refining capacity utilization rates which were below 85% for better part of the last two decades, have in short span of 2 years reached nearly 90%. This has resulted in supply led nervousness in the markets and any natural disaster, geopolitical threat or large maintenance shutdowns have been followed by a rally in the refining margins. This trend was clearly visible case of hurricanes Katrina and Rita, last year.

The global utilization rates and benchmark margins for important refining centres

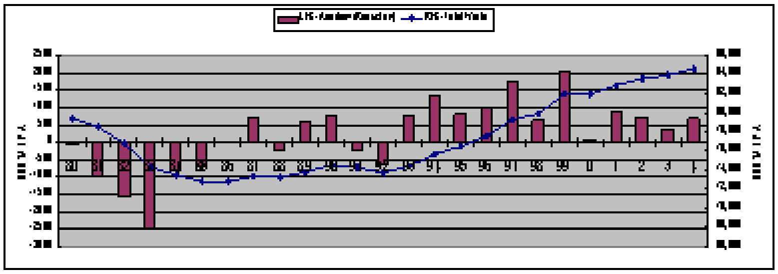


USGC = US Gulf Coast margins, Singapore = Singapore Dubai Hydrocracking margins
Source: BP statistical review, 2005

…… due to two decades of under investment in the sector

From 1965 to 1980 a mind boggling 44 mbpd of crude refining capacity was added, which more than doubled the world capacity from 34mtpa to 79mtpa. As the capacity grew at CAGR of 5.35% for the 16 years, the subsequent oil shocks of the 1980's slowed down the demand growth leaving substaintial capacities idle. In the years that followed the investment was reduced to a trickle with some years witnessing negative growth as the smaller and simpler refiners started to shutdown across Northern America and Europe. From 1980 to 2004 the capacity grew at CAGR of 0.32% which reflects the slow down in investments in the sector.

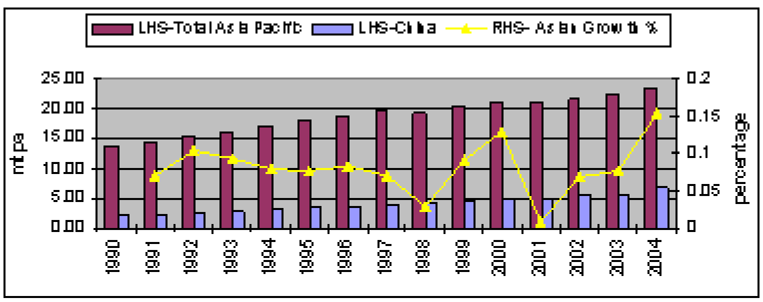
Built-up of refining capacities in last two decades



………..and surge in demand from South East Asian Countries especially China

All through the 90'the Asian countries were witnessing high GDP growth and consuming more fossil fuels. There was a dip in demand at the time of South East Asian crises in 1998 but after that China's growth picked up momentum and there has been no looking back. The petroleum products consumption of the China has tripled in last 15 years to 6.6mtpa making it a predominant factor for global surge in product prices.

Demand growth from Asian Pacific in last 15years.



……Complex refiners the key beneficiaries of this demand supply mismatch

In the previous two decades the demand of transportation fuels such as petrol and diesel and other light distillates has outpaced the demand for heavy ends like fuel oil and Bitumen. This together with stringent environmental norms for auto fuels has resulted in higher demand for low sulfur content crude such as WTI and Brent. Since major refining capacity of the world is 20 years old and is more configured towards refining of light sweet varieties of crude, complex refiners such as Reliance Industries with larger heavy sour processing capability, have clocked higher GRMs.

Classification of Refineries by crude processing ability

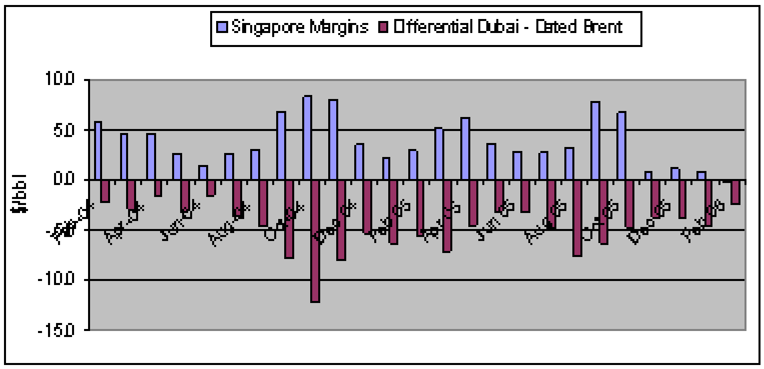
Type of crude processed	No of refineries	%
Extra heavy	31	4.7%
Heavy	114	17.2%
Medium	260	39.3%
Light	135	20.4%
Extra light	121	18.3%
Total	**661**	

Source: Industry

………..Sweet-sour crude price differential determine the margins

As we can see from the graph below the margins are positively correlated to the price differential between the sweet and sour crude. Thus the crude processing abilities of the refiners is major determining factor of their profitability.

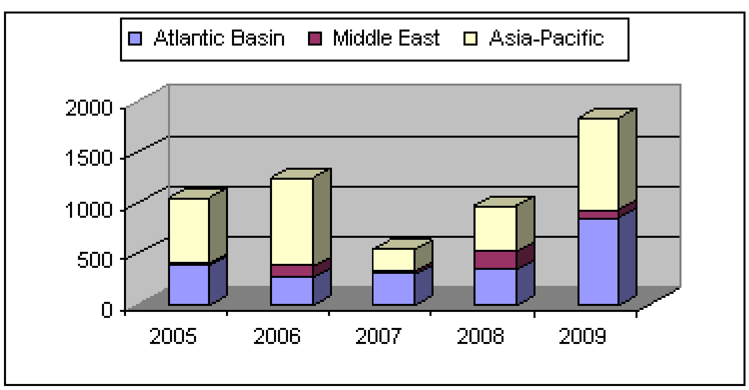
Sweet-sour price differential detrimental to gross refining margins



………the prevalent high margin enviroment will result in surge in investments

The high capacity utilizations, robust growth expected in transportation fuels and prevailing high gross refining margins has resulted in a series of capacity expansion and Greenfield projects being planned across the world. As seen in the graph below, major capacities are expected to come on stream near the end of this decade, primarily because refinery project has a gestation period of 3 to 4 years.

The capacities additions as per geographical regions



………. the capacity additions are concentrated in Asian region which could lead to softening of GRMs

A total of 5.37 mbpd of refining capacity is estimated to be added by 2011, in Asia alone. This is more than what the world has added in span of last 6 years. Most of the expansion and new projects are geared towards refining sourer and heavier crudes; we believe this in turn will reduce the premium GRMs that a complex refiners is able to generate at present.

Asian Refinery Plans by 2011

(1,000 b/d)	Total Expansion*	New builds
China	1,840	1,160
India	2,130	1,710
Vietnam	330	330
Taiwan	728	600
Indonesia	300	300
Total	**5,370**	**4,100**

*Includes additional secondary capacity.

Source: Industry

………inspite glut fear flaring up, refining margins to remain strong for next 1-2 years

Petroleum Intelligence weekly has estimated a12 mbpd of refinery capacity will be added to the present 85mbpd, if all the projects announced are implemented.

Refinery investment Plans

Projects	
Total	440
Up-gradation cum modernization	320
Expansion	60
Greenfield	50

Source: Industry and Csec research

The key feature of the this phase of refinery expansion is the 50 greenfield projects that have been announced. This is a massive leap as only one such project has come up in last 2 years. It will take at least a 2-3 years for the subtaintial capacities to come onstream or for that matter the demand to slow down considerably, till then the refining margins are expected to remain strong.

Indian Petroleum Refining Sector Outlook

Strong refining margins experienced globally has been reflected in the margin trends for the domestic refiners too. The import duty difference between the petroleum products and crude oil provides tariff protection to the refiners and an opportunity to earn premium margins. But lately the high product prices and under recovery by oil marketing companies due to non revision in retail prices, has forced the government to reduce the import duties, thereby reducing the tariff protection. The problem has further escalated as the refining companies have been included in the subsidy sharing scheme. The expansion–cum-modernization exercise undertaken by some refiners has led to higher production of middle and light distillates. Since the domestic demand has not grown as anticipated the refiners are forced to export the products leading to lower realizations. The proposals of the Rangaragan Committee Report will further suppress the GRMs.

High margins environment will lead to capacity expansion ..

To cash in on the present scenario of high margins and healthy domestic demand based on GDP growth, Indian refiners are expanding rapidly. This is also in-line with the government's vision to make India a refinery hub of Asia. We have listed down some of the major expansion and green field projects that are expected to come on-stream within next 3-4 years.

Expansion plans of major refiners in India

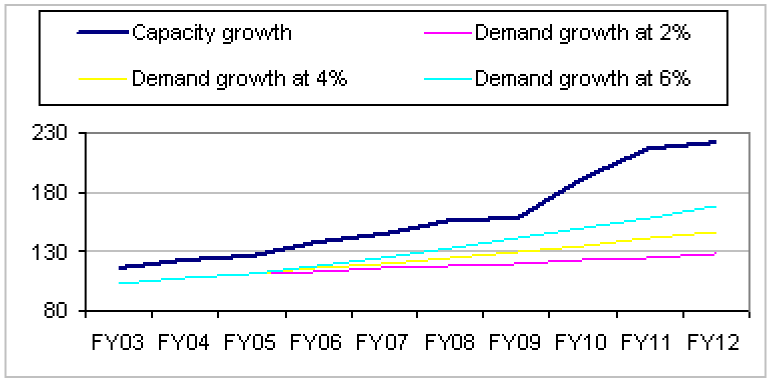
	Current Capacity MTPA	Plans	Post Expansion Capacity
MRPL	9.69	5.31 Expansion Plan 15 MTPA refinery at Mangalore	30
Reliance Industries	33	27 mtpa export oriented refinery at Jamnagar	60
Essar Oil	0	10.5 mtpa refinery at Vadinar	10.5
BPCL	19.5	6 mtpa refinery at Bina, MP	25.5
HPCL	13	9 mtpa grass root refinery at Bhatinda Expansion of Mumbai and Vizag to 19 mtpa	28
IOC	41.5	15 mtpa refinery and petchem plant at Paradip Panipat plant expanded to 15 mtpa	65.3

Source: Industry and Csec research

……which in absence of domestic demand will lead higher exports…………

The domestic demand for refined products has not grown as expected (not more than 4%pa in the last few years) leading to increasing exports. A record 30mtrpa of products have been exported in FY06E. The above expansions will increase the domestic capacities in excess of 221 mtpa by 2011, from present 123 mtpa, growing at CAGR of 6.75 %. As shown in the graph below the demand at various levels of growth, will not be able to keep pace with additional supply, forcing the refiners to export more and more. At present growth rate of 4% pa the net exports are expected to double to 60 mtpa by 2011.

Comparison of capacity and demand growth in India till FY12



Source: MoPNG and Csec Research

…… and lower realizations………

The higher exports will reduce the profitability of refiners as the import parity prices are higher than then the export prices by nearly Rs 2500/tonne. This is primarily due to the notional customs duty and the freight cost which is include in the calculation of RTP at the refinery gate levels.

Comparison of domestic and export realisations

Rs/MT	Petrol @ $65/bbl	Diesel @ $68/bbl
Import Parity Prices	27,941	25,830
Export Parity Prices	24,365	22,491
Duty Draw Back	923	923
Net Difference in Realisations	2,653	2,416

Source: Csec research

……..reduced tariff protection adds to the woes……….

The contribution of tariff protection to the GRMs of domestic refineries has reduced by more than 50% from $5.2/bbl in FY 04 to nearly $2.0/bbl in FY06. The reducing import duties have take away some of the benefits accrued by the strength in international refining margins. Rangaragan Committee Recommendation when implemented, will reduce the tariff protection further by $0.8/bbl.

Tariff protection over the years				
Duty Protection (in %)	**FY04**	**FY05**	**FY06**	**Rangaragan**
Crude	10.0	10.2	5.1	5.1
LPG	10.0	5.1	0	0
MS	20.0	15.3	10.2	7.65
Naphtha	10.0	5.1	5.1	5.1
ATF	20.0	20.4	10.2	10.2
SKO	10.0	5.1	0	0
HSD	20.0	15.3	10.2	7.65
FO	20.0	20.4	10.2	10.2
Bitumen	20.0	20.4	10.2	10.2
Tariff Protection (WA)	7.3	3.53	2.69	1.42
Tariff Protection $/bbl	**5.26**	**2.91**	**2.00**	**1.18**

Source: Industry and Csec research

Discounts scheme act as a dampener.

From Q1FY06 onwards the pure refiners have been included in the subsidy sharing scheme and have to provide for discounts on the RTP's to the extend of Rs240/ MT on crude throughput for Kerosene and LPG and 40% of the difference between import parity and export prices for petrol and diesel sold domestically (approx Rs 700 to 800/ MT). The sum for every refinery would differ depending on crude throughput and the proportion of exports to total sales.

New measures announced on 5th June'06 to have marginal net impact

The government has recommended reducing the customs duty on both petrol and diesel by 2.5% to 7.5%. Also the RTPs for these two products will be on trade parity basis as mentioned in the Rangaragan Committee Report.

As per new discount formula the share for SKO and LPG is expected to remain same at 240/MT on the crude throughput but for MS and HSD the realisations will reduce by Rs 850/MT as compared to Rs 700/MT in the existing method.

Old Discount Formula		
LPG & SKO	Rs 240/MT	For the amount of crude throughput
MS & HSD	40% of the diff bw IPP and EPP prices	For the amount of MS and HSD sold domestically
New Discount Formula (Expected)		
LPG & SKO	Rs 240/MT	For the amount of crude throughput
MS & HSD	Reduction in customs duty by 2.5% Trade Parity prices in the ratio of 80:20	Impact realisations of MS and HSD sold domestically

Chennai Petroleum Corporation Ltd

Industry: - Oil & Gas

BUY

.....rich dividend yields

Target Rs 221

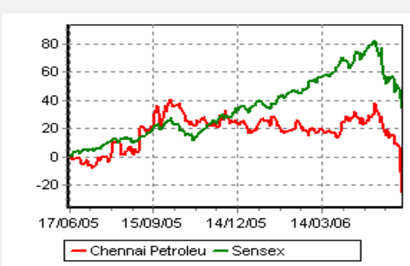
Key Data

BSE Code	500110
NSE code	CHENNPETRO
Face Value (INR)	10
52 Week High (INR)	280
52 Week low (INR)	142.5
CMP (INR)	151
Equity (Mn shares)	149
Market Cap (Rs Mn)	22,499
Target Price (INR)	221
Diviend Yield FY07E	7.9%

Shareholding Pattern

	Mar06	Mar-05
Promoters		
Indian	52	52
Foreign	15	15
Sub total	67	67
Insitutional Investors		
MF and UTI	1	4
Banks, FI and Ins	11	11
FIIs	15	10
Sub total	27	25
Others		
Indian Public	5	5
Misc	2	3
Sub total	7	8
Total	**100**	**100**

Stock Price Performance Chart



We initiate coverage on CPCL with a BUY rating and a 12 month target price of Rs 221, providing a 45% upside from the current level. Due to current correction the stock is available at reasonably low valuations of 4.8x P/E and 3.7x EV/Ebitda for FY08E. At a dividend yield of 7.9% the downside risk is mitigated.

Investment Positives

- The regional refining margins are expected to remain strong in the near term and CPCL is expected to achieve GRMs of $6.5/bbl and $6.0/bbl for FY07 and FY08 resp.
- The stock at current price provides a strong dividend yield of 7.9% which provides support on the downside.
- The company has expanded its capacities from 7.5 to 10.50 mtpa which has coincided with the strength in the refining cycle. The de-bottlenecking process will further expand the capacity by 1.80mtpa till FY09.
- The mordernization efforts has led to improvement in distillate yield to 71% and flexibility in sour crude processing to 70%
- The company benefits from operation synergies with parent company IOC. It is strategically located for supplying IOC's retail outlets in southern India.

Investment Negatives

- Growing exports.
- Non economic zone sales.
- CST under recovery for sales to IOC's retail outlet beyond Tamil Nadu.

Valuations

We believe that market has over reacted on the news of duty cut and trade parity pricing. The overall net impact is only $0.20/bbl in the refining margins which is more than compensated by the current strength in the regional GRMs.We believe fair price of the company should be Rs 221 based of P/E of 7x and EV/Ebitda 5x FY08E. Our target price is also in confirmation with fair price as indicated by DCF and replacement cost method.

Summary Financials

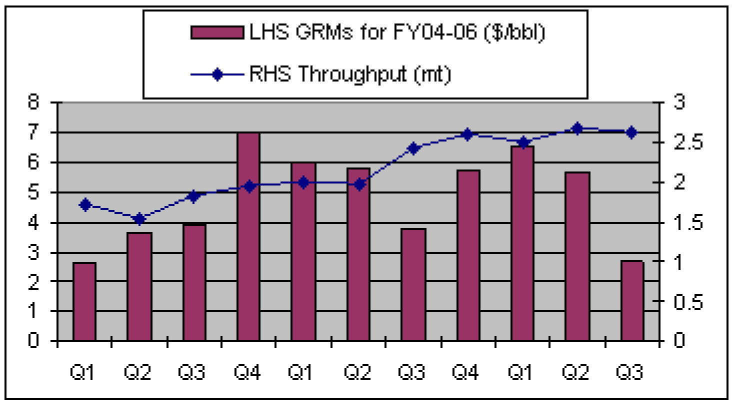
(Year Ended March)	FY04	FY05	FY06E	FY07E	FY08E
Operating Revenues Rs mn	87,390	142,136	211,287	208,208	207,120
Operating Profit Rs mn	7,139	12,258	10,915	11,273	10,571
opm %	8%	9%	5%	5%	5%
Profit after Tax	4,000	5,968	4,812	4,966	4,731
npm %	5%	4%	2%	2%	2%
EPS (Rs)	26.8	40.1	32.3	33.3	31.8
CEPS (Rs)	34.7	54.1	48.1	49.4	48.0
P/EPS (x)	5.6	3.8	4.7	4.5	4.8
P/BV (x)	1.4	1.1	1.0	0.9	0.8
EV/EBIDTA (x)	6.4	3.8	4.6	4.0	3.7
Dividend Yield (%)	3.3%	7.9%	7.9%	7.9%	7.9%
RoCE (%)	14%	22%	16%	17%	16%
D/E (x)	1.5	1.2	1.2	0.9	0.6

Source: Industry and Csec research

Investment Positives

Regional refining margins expected to remain strong in the near term
The strong growth in products demand in Asia and the delay in capacity additions will keep Asian refining margins buoyant. We expect CPCL to clock GRMs of $6.5/bbl and $6.03/bbl pre discounts for FY07 and FY08.

The recent uptrend in the GRMs at increasing throughput



Source: Company

Dividend Yields to provide support on the downside

Expecting the company will maintains 30% dividend payout ratio and the GRMs to be in the rage of $6-7/bbl, the company at present market prices will still bring a handsome dividend yield of 7.9% for FY07E. This will support the stock price at lower levels.

Dividend yields to remain high

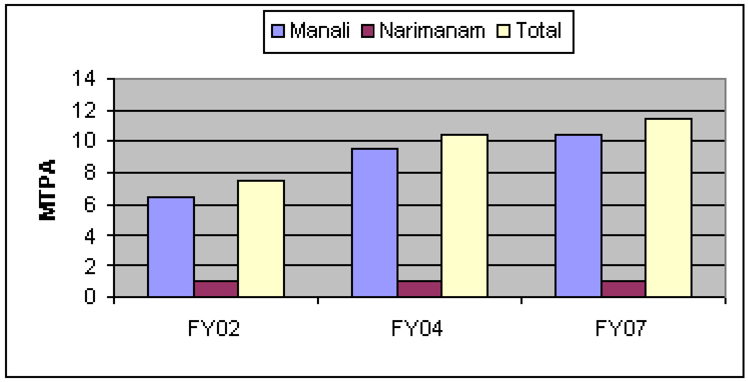
		Range of mid cycle GRMs in $/bbl				
		3	4	4.37	5	6
Range of Market Price in Rs/sh	130	5.1%	6.7%	7.4%	8.4%	10.1%
	150	4.4%	5.8%	6.4%	7.3%	8.8%
	170	3.9%	5.1%	5.6%	6.4%	7.7%
	190	3.5%	4.6%	5.0%	5.8%	6.9%
	210	3.1%	4.2%	4.6%	5.2%	6.3%

Source: Company and Csec research

Timely expansion of the capacities..... debottelnecking to add another 1.8mtpa

The company has expanded and upgraded its capacity from 7.5 mtpa to 10.50 mtpa in FY04. The expansion has been well timed with trend in global GRMs. This has led twin impact on the bottom line. In the first year of operation of the expanded capacity company could only achieve 67%capacity utilization, since then the operations have stabilised and the company is able to achieve nearly 99% capacity utilization in FY06. The company is in the process of de-bottlenecking and expanding the capacity of Manali and Cauvery Basin refinery by 1mtpa and 0.8 mtpa at a cost of Rs 2,500 mn. The project will be completed in FY09 and the company's expanded capacity will be 12.20 mtpa.

Capacity Expansion over the years



Source: Company and Csec research

Distillate yield and sour crude processing ability to improve further.....
After the expansion cum up-gradation of Manali refinery in FY04 the distillate yield of the refinery has improved from 68% to 71%. The production of light end products such as petrol and diesel has increased, improving the GRMs. The company has also increased the crude processing flexibility and is now able to process higher amount of sourer crude variety, of the Gulf region, by as much as 70% of the refining capacity. The company is now better placed to benefit from sweet – sour price differential. Company is also implementing a resid upgradation project which will incease the yield by 7-8% and sour crude processing to 95%. The project will cost Rs 35,000 mn and will be implemented by 2010.

Operational synergies with IOC
Indian Oil Corporation is the holding company with 52% stake. CPCL finds ready market for its products in the form of IOC's vast retail network in southern India. In which case fewer products are forced to be exported. IOC also facilitates in crude sourcing and treasury operations.

Capex Plans

The company's Capex plans such as the polypropylene plant and the proposed LNG facilities are yet to finalised and so we have not reflected in our estimates..

Capex plans of the company

Project	Cost Rs mn	Comments
Water desalinisation plant	1,933	To begin in Q4FY06
Manali refinery expansion	1,500	From 9.5-10.5
Polypropylene Plant (15mtpa)	11,558	4-5 years to commission
LNG (2.5 mtpa)	17,000	At Ennore with IOC.
Euro IV	5,000	By Apr 2010

Source: Company

Investment Concerns

Growing exports

If the domestic demand does not gather steam and the capacities are added as planned, the exports to rise, lowering the GRMs.

Non economic zone sales

IOC buys products from CPCL for locations where in it would be more feasible to source from a refinery which has closer to the area.e.g for places in Kerala, Kochi refinery would be a preferred option. For this arrangement, IOC charges a notional freight cost, which is reduced from sales realization.

CST under recovery

The inter-state sales made by the company to IOC depots are chargeable to Central Sales Tax. These duties are irrecoverable and have to be deducted from the revenues. In FY06E alone, the company has sales under-realization of Rs 1,100 due to this selling arrangement.

Duty Cut and Trade Parity Prices to have a net impact of $0.20/bbl

The duty cut and trade parity prices for MS and HSD as proposed by the government in the revival package for oil and gas sector on 05 June'06 will reduce the realisations of the company for MS and HSD sales by Rs 850/MT. Since this measure will replace the existing adhoc arrangement of discounts on these products and the net impact will be only $0.20/bbl reduction in the refining margins.

Discounts ($/bbl)

Products	Old Formula	New Formula
SKO & LPG	0.74	0.74
MS & HSD	1.11	1.31
Total	1.85*	2.05

Source: Csec research
** Annualised*

Valuations

We believe that market has over reacted on the news of duty cut and trade parity pricing. The overall net impact is only $0.20/bbl reduction in the refining margins which is more than compensated by the current strength in the regional GRMs. At current market price company provides a handsome yield of 7.9% which will provide support on the downside.

The company is currently quoting at P/E of 4.8x and EV/Ebitda of 3.7x FY08E. We believe fair price of the company should be Rs 221 based of P/E of 7x and EV/Ebitda 5x FY08E. The target price is also in confirmation with fair price as indicated by DCF and replacement cost method. We initiate coverage with "BUY" rating on the stock.

A fair value of Rs 221 per share as per DCF method

Taking mid cycle GRMs of $4/bbl and a terminal growth rate 2% we arrive at a fair price of Rs 221per share.

Assumptions for DCF calculation	
Mid Cycle GRMs	$ 4/bbl
Risk Free Rate Return	8.0%
Market Risk Premium	8.0%
Beta (X)	0.72
Cost of Equity	13.8%
Terminal Growth	2.0%
PV of FCF to FY15	22,068
Terminal Value	44,805
PV of Terminal value	10,850
NPV	32,918
No. of shares mn	149
NPV per share	**221**

Replacement cost method indicates a fair value of Rs 257 per share

To calculate the value of the company on the replacement cost basis, we have taken 45% discount to the project cost of HPCL's Bhatinda refinery which is expected to have a capacity of 9mtpa and to be commissioned in FY2010 at a cost of Rs 98,600mn.

Replacement Cost calculation

	Value Rs mn	Comments
10.5 MT Refinery Assets	52,500	Valued at Rs 5000/Tonne replacement cost
Add:		
Net Working Capital + Investments	15,338	As at March 05
Less:		
Debt + Deffered Tax Liability	29,491	As at March 05
Total	**43,597**	
No of Equity Shares	149	In mn
Replacement value per share	257	

EV/Ebitda valuations based fair price of Rs 221 per share

Based on EV/Ebitda multiple of 5.5x for FY08E on GRMs of $4/bbl, the fair price should be Rs 221 per share.

The fair price at different GRMs and EV/Ebitda multiples

		Range of mid cycle GRMs in $/bbl				
		$3	**$4**	**$4.37**	**$5**	**$6**
EV/Ebitda multiple (X)	**3**	-	44	59	92	142
	4	44	112	133	176	243
	5	95	181	206	260	344
	6	147	249	279	344	445
	7	198	317	353	428	546

Source: Csec research

Risks to our target price

Higher than expected regional GRMs

The GRMs of the company is positive correlated to the refining margins in the region. A $1/bbl change in the GRMs can alter the estimated EPS by Rs 9-10. Any change in the geo political situation or major refining shut downs have seen resulting in wide rallies in the global refining margins . This unexpected scenarios are built into our estimates.

Sensitivity Analysis

Throughput

The earning of the company are highly sensitive to crude throughput. A 1mtpa change in the crude throughput can change estimated EPS by Rs3-4. Any unexpected shut down or accident can alter the refinery throughput.

Sensitivity of EPS vis-à-vis refinery throughput

		Range of mid cycle GRMs in $/bbl				
		$3	**$4**	**$4.37**	**$5**	**$6**
Throughput in MMTPA	**9.5**	20	27	30	34	41
	10	21	29	31	36	43
	10.36	22	30	32	37	44
	10.5	22	30	33	37	45
	11	24	31	34	39	47

Source: Csec research

Currency fluctuations

The company business is highly depended of international crude and petroleum product prices which are quoted in dollar terms. As per the GRMs and Re - $ matrix, we can see minimal Rs1-2 change in the EPS for every Re 1 change in the currency fluctuation.

Sensitivity of EPS vis-à-vis currency fluctuations

	Range of mid cycle GRMs in $/bbl					
		$3	**$4**	**$4.37**	**$5**	**$6**
Re - $ conversion rate	**46**	21.3	28.3	31.0	35.4	42.5
	45	21.9	29.2	31.9	36.5	43.8
	44	22.2	29.6	32.3	37.0	44.3
	43	22.0	29.3	32.0	36.6	43.9
	42	22.5	30.0	32.7	37.5	44.9

Assumptions	**UNIT**	**FY06**	**FY07E**	**FY08E**
Refining Margins	$ / bbl	4.37	4.45	3.99
Conversion	Re - $	44.1	44	44
Throughput	MMTPA	10.36	10.50	11.20

Financials

Income Statement

Rs. Mn. (Year Ended March)	FY04	FY05	FY06	FY07E	FY08E
Operating Revenues	87,390	142,136	211,287	208,208	207,120
Total Expenditure	80,251	129,878	200,372	196,735	196,349
Operating Profit	7,139	12,258	10,915	11,273	10,571
opm %	8%	9%	5%	5%	5%
Depreciation	1,175	2,094	2,358	2,394	2,417
EBIT	6,268	10,924	8,975	9,129	8,354
Interest	468	1,566	1,740	1,716	1,293
Net Profit before Tax	5,800	9,358	7,235	7,413	7,061
Tax	1,722	3,367	2,423	2,446	2,330
Profit after Tax	4,000	5,968	4,812	4,966	4,731
npm %	5%	4%	2%	2%	2%
EPS (Rs)	26.85	40.05	32.30	33.33	31.75
Growth (X)	32%	49%	-19%	3%	-5%
CEPS (Rs)	34.73	54.11	48.12	49.40	47.97

Balance Sheet

Rs. Mn. (Year Ended March)	FY 04	FY 05	FY 06E	FY 07E	FY 08E
Sources of Funds					
Share Capital - Equity	1,490	1,490	1,490	1,490	1,490
Reserves & Surplus	14,622	18,553	21,327	24,205	26,898
Networth	16,112	20,043	22,817	25,695	28,388
Deferred Tax Liability	3,463	5,508	5,667	6,617	7,367
Total Loan Funds	23,653	23,983	27,646	23,008	16,953
Total Liabilities	43,228	49,534	56,130	55,320	52,708
Application of Funds					
Net Block	34,337	34,187	33,774	32,880	30,963
Investments	120	120	120	120	120
Current Assets, Loans & Adv.	20,357	36,117	49,731	48,819	47,125
Current liabilities & Prov.	11,598	20,899	27,500	26,500	25,500
Net Current Assets	8,759	15,218	22,231	22,319	21,625
Total Assets	43,228	49,534	56,130	55,320	52,708

Ratios

Valuation	**FY04**	**FY05**	**FY06E**	**FY07E**	**FY08E**
EPS (Rs)	26.8	40.1	32.3	33.3	31.8
CEPS (Rs)	34.7	54.1	48.1	49.4	48.0
BVPS (Rs)	108	135	153	172	191
P/E (x)	5.6	3.8	4.7	4.5	4.8
P/CEPS (x)	4.3	2.8	3.1	3.1	3.1
P/BV (x)	1.4	1.1	1.0	0.9	0.8
EV/EBIDTA (x)	6.4	3.8	4.6	4.0	3.7
EV/Sales (x)	0.5	0.3	0.2	0.2	0.2
Dividend Yield (%)	3.3%	7.9%	7.9%	7.9%	7.9%
Profitability					
EBIDTA Margin (%)	8%	9%	5%	5%	5%
Net Profit Margin (%)	5%	4%	2%	2%	2%
RNW(%)	25%	30%	21%	19%	17%
RoCE (%)	14%	22%	16%	17%	16%
Growth					
Net Sales Growth (%)	8%	63%	49%	-2%	-1%
Net Profit Growth (%)	32%	49%	-19%	3%	-5%
EPS	32%	49%	-19%	3%	-5%
Others					
Interest Coverage (x)	13.4	7.0	5.2	5.3	6.5
D/E (x)	1.5	1.2	1.2	0.9	0.6
Debtors Period (days)	22.1	22.9	20.6	21.1	20.6
Raw Material Inventory (days)	26.8	39.1	38.0	36.9	36.1
FG Inventory (days)	18.4	21.1	19.9	19.5	18.7
Net FA to Turnover (x)	2.5	4.2	6.3	6.3	6.7
W. Capital to Turnover (x)	9.9	9.3	9.5	9.3	9.6
EV (Rs mn)	46,028	46,385	50,145	45,507	39,452
Market Capitalisation (Rs mn)	22,499	22,499	22,499	22,499	22,499

Cash Flow Statement					
Rs. Mn. (Year Ended March)	**FY04**	**FY05**	**FY06E**	**FY07E**	**FY08E**
PBT	5,800	9,358	7,235	7,413	7,061
Add:					
Depreciation	1,175	2,094	2,358	2,394	2,417
Interest Expenses	468	1,566	1,740	1,716	1,293
Less:					
Other Income	116	63	418	250	200
Taxes Paid	1,722	1,572	2,239	1,496	1,580
Change in WC	941	(7,498)	(6,955)	(50)	900
Net cash flow from Operating Activities	6,546	3,885	1,721	9,727	9,891
Change in fixed assets	(9,588)	(1,899)	(2,048)	(1,500)	(500)
Change in Investments	120	-	-	-	-
Other Income	116	63	418	250	200
Net cash flow from Investing Activities	(9,352)	(1,836)	(1,630)	(1,250)	(300)
Inc/(dec) in debt	3,897	330	3,663	(4,638)	(6,055)
Interest Paid	(468)	(1,566)	(1,740)	(1,716)	(1,293)
Dividend paid	(589)	(840)	(2,039)	(2,038)	(2,088)
Net cash flow from financing Activites	2,840	(2,076)	(116)	(8,392)	(9,436)
Net Inc/(dec) in cash	34	(27)	(25)	84	155
Opening Cash	90	124	97	72	156
Closing Cash	124	97	72	156	311

Mangalore Refinery and Petrochemical Ltd.

Industry: - Oil & Gas

Underperfomer

Target Price 28

.....no room for growth

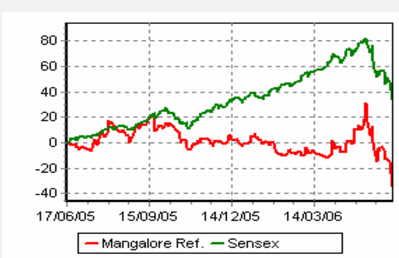
Key Data

BSE Code	500109
NSE code	MRPL
Face Value (INR)	10
52 Week High (INR)	63
52 Week low (INR)	30
CMP (INR)	35
Equity (Mn shares)	1753
Market Cap (Rs Mn)	85,877
Target Price (INR)	28
Diviend Yield FY07E	1.8%

Shareholding Pattern(30/06/05)

	Mar-06	Mar-05
Promoters		
Indian	89	89
Sub total	89	89
Insitutional Investors		
MF and UTI	0.24	0.03
Banks, FI and Ins	0.38	0.26
FIIs	0.48	0.01
Sub total	1	0
Others		
Indian Public	8.96	9.68
Misc	1	1
Sub total	10	11
Total	**100**	**100**

Stock Price Performance Chart



We initiate coverage on MRPL with a Underperformer rating and a 12 month target price of Rs 28, a 20% downside from the current level. Though the stock has come down considerably it is still fairly valued at 8.7x EV/Ebitda for FY08E and with expansion of capacities nearly 3 years away, we do not see any positive triggers for the stock.

Investment Positives

- Once the company has established a substantial retailing network together with ONGC, its domestic sales would increase, improving the refining margins.
- It has a complex refinery with sour crude processing ability of 70% and distillate yield of 75%, strategically placed to take advantage of sweet-sour price differential.
- The company has initiated expansion-cum-mordernization project, increasing capacity from 9.69 to 15mtpa

Investment Negatives

- The refinery is working at 125% of its installed capacity. The inability to increase the throughput any further limits the revenues and the company's ability to ride the refining up cycle.
- In the event of lack of domestic demand the company has been forced to export nearly 50% of it production. The domestic refining capacity additions are expected to result in even higher exports.
- Inclusion in the subsidy sharing scheme has lowered the GRMs by $0.75/bbl. The trend is expected to continue, dragging down the profitability.

Valuations

The company has benefited from strong trend in the regional refining margins in the near term. But capacity constrains and high proportion of exports together with subsidy burden limits the upside. Our target price of Rs 28 is based on EV/Ebitda of 5.5x FY08E. The fair price arrived at by DCF and Replacement cost methods also indicate high valuations.

Summary Financials

(Year Ended March)	FY04	FY05	FY06	FY07E	FY08E
Operating Rev. Rs mn	113,907	185,083	249,674	234,975	225,951
Operating Profit Rs mn	7,494	19,127	10,836	11,941	10,528
opm %	7%	10%	4%	5%	5%
Profit after Tax	4,596	8,796	3,718	4,330	3,034
npm %	4%	5%	1%	2%	1%
EPS (Rs)	2.6	5.0	2.1	2.5	1.7
CEPS (Rs)	4.8	7.2	4.1	4.8	4.1
P/EPS (x)	13.3	7.0	16.5	14.2	20.2
P/BV (x)	2.9	2.8	2.6	2.3	2.1
EV/EBITDA (x)	14.6	5.0	8.4	7.2	8.7
Dividend Yield (%)	0.0%	2.9%	2.0%	2.0%	1.4%
RoCE (%)	14%	31%	15%	16%	11%
D/E (x)	2.3	1.6	1.3	0.9	1.1

Investment Positives

Benefits of a strong parent company

The cash rich parent company ONGC has helped MRPL to reduce its debt burden, which at the time of takeover was as high as $1.5/bbl, to the present $0.5/bbl. It has also led to higher operational efficiencies and the company has achieved capacity utilization of 125% for FY06E from 75% in FY03. The company is also able to source sweet crude of 4-5 mtpa from Mumbai high fields. Besides the above ONGC also provides fuel marketing and working capital support.

The retailing network of ONGC/MRPL will boost domestic sales

The company together with the parent has a license to operate approx 1,100 retail outlets. Once operational they will provide a ready market for the refinery output. The domestic realizations are higher by Rs 2500/mt for the major products. But due to government inability in hike the retail prices and project execution delays, the retail venture has not added substantial numbers.

Modern refinery with complex configuration

The company has one of the highest sour crude processing capacity of 70% in the domestic space next only to Jamnagar refinery of Reliance Industries. With a strong secondary processing facility with a large hydro cracking unit, a distillate yield of upto 75% can be achieved. The complexity ables the company to take advantage of sweet sour price differential and clock in higher margins.

Expansion-cum-mordernisation initiatives

The company is planning to expand and upgrade the present capacity to 15 mtpa as well as add an Aromatic complex to its Mangalore plant. The expansion will make the refinery capable of producing Euro III and Euro IV compliant petrol and diesel besides improving the distillate yield by 11% to 83% with an addition of FCCU unit. The expansion-cum-modernization project will take an estimated time of 3.5 years at a cost of Rs 80,000 mn. Another 15mtpa refinery complex is also expected at Mangalore site but the feasibility and other project details are yet to be finalized.

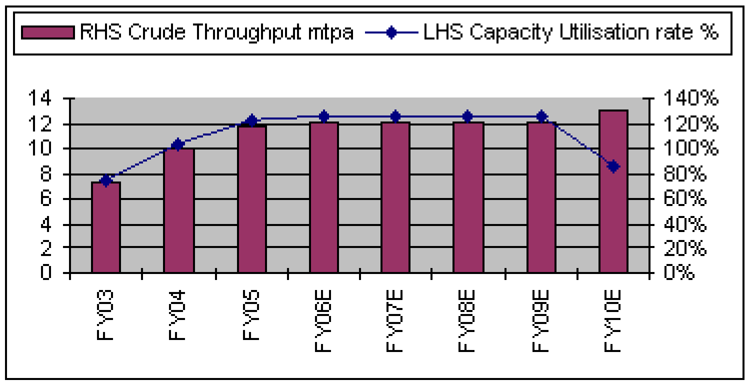
Project	Cost Rs mn	Schedule Completion	Comments
Refinery upgradation project to 15mtpa	80,000	By 2009-10	Euro III and Euro IV gasoline and diesel
By 5.31 mtpa			Propylene 3 lakh tpa
			LOBS 2.5 lakh tpa group II and III
			Distillate yield improve by 11% to 83% on crude
Aromatic complex	48,000		Paraxylene 9 lakh tpa feedstock for PTA from Naphtha

Investment Negatives

Refining capacity constrains

The refinery is operating at more than 125% capacity utilization rate at a throughput of 12.11mtpa against a capacity of 9.69mtpa. The refinery is running at high efficiency rates to take advantage of the favourable GRMs scenario. We do not expect the throughput to improve any further and the additional capacity is expected to come on-stream, earliest by FY10, thus limiting the volume growth.

Crude throughput and capacity utilization rate from FY03-FY10

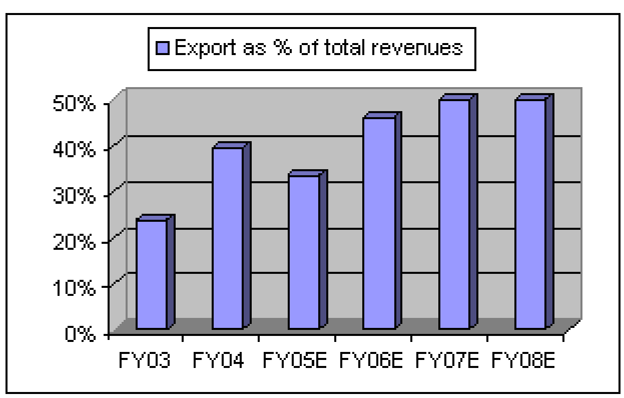


Source: Company and Csec research

Increasing exports dragging down the realizations

Due to domestic capacity expansions and slow demand growth, MRPL is forced to export larger and larger amount of products every year. Since the export realizations are lower it a drag on the GRMs. As per our estimates, the increase in exports from 35% in FY05 to 50% in FY06 has lowered the GRMs by nearly $1-1.2/bbl.

Exports as percentage of total contribution

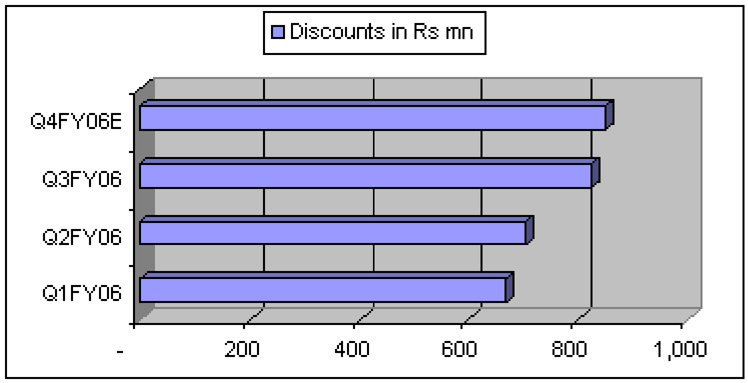


Source: Company and Csec research

Subsidy sharing has lowered the GRMs by $0.75/bbl

Even though the subsidy burden on comparative basis has been lower than other PSU refiners due to higher percentage of exports, it has lowered the GRMs by $0.75/bbl. In absence of clear indication we have assumed the yearly subsidy burden for FY07E and FY08E to be at the same levels.

Quarterly Discounts for FY06



Source: Company and Csec research

Duty Cut and Trade Parity Prices to have a net impact of $0.20/bbl

The duty cut and trade parity prices for MS and HSD proposed by the government in the revival package for oil and gas sector on 05 June'06 will reduce the realisations of the company on MS and HSD by Rs 850/MT on domestic sales. Since this measure will replace the existing adhoc arrangement of discounts on these products and the net impact will be only of $0.10/bbl on the refining margins.

Discounts ($/bbl)

Products	Old Formula	New Formula
SKO & LPG	0.74	0.74
MS & HSD	0.68	0.78
Total	1.42*	1.52

Source: Csec research
** Annualised*

Valuations

The company is on expansion mode and the GRMs are expected to remain strong in the near term but the capacity constrains and higher exports together with subsidy burden limit the profitability of the company.

Our target price of Rs 28 is based on EV/Ebitda of 5.5x FY08E The fair price arrived at by DCF and Replacement cost method also indicate the over valuation. The positive triggers have already been factored in the price and we recommend “Underperformer” rating on the stock.

A fair value of Rs 33 per share as per DCF method

Taking mid cycle GRMs of $4.5/bbl and a terminal growth rate 3% we have arrived at a fair price of Rs 33 per share. We have built into our estimates the capacity expansion to 15mtpa and the resulting improvement in GRMs.

Assumptions for DCF calculation	
Mid Cycle GRM	$ 4.5/bbl
Risk Free Rate Return	8.0%
Market Premium	8.0%
Beta(x)	0.75
Terminal Growth	3.0%
PV of FCF to FY15	24,667
Terminal Value	140,268
PV of Terminal value	33,190
NPV	57,857
No. of shares mn	1752
NPV per share	**33**

Replacement cost method indicates a fair value of Rs 30 per share

We believe that it will cost Rs 9000/mt to built a refinery of similar size and complexity. Taking a cue from HPCL’s Bhatinda refinery project, which will have a capacity to refine of 9mtpa of crude and is expected to be commissioned in FY2010 at a cost of Rs 98,600mn. We have take 11mtpa as the capacity of the refinery as it is able to run consistently beyond the installed capacity.

Replacement Cost calculation

Replacement Cost	Value Rs mn	Comments
11 MTPA Refinery Assets	77,000	Valued at Rs 7,000/Tonne replacement cost
Add:		
Net Working Capital	10,384	As at March 05
Less:		
Debt	34,662	As at March 05
Total	**74,722**	
No of Equity Shares	1,753	In mn
Replacement value per share	**30**	

EV/Ebitda valuations based fair price of Rs 28 per share

Based on EV/Ebitda multiple of 5.5x FY08E , the fair price of the stock should be Rs 28 per share.

The fair price at different GRMs and EV/Ebitda multiples

	Range of mid cycle GRMs in $/bbl					
		$3	**$3.5**	**$3.80**	**$4**	**$5**
EV/Ebitda multiple (X)	**4**	(0)	3	5	6	10
	5	5	9	11	13	17
	6	10	14	17	19	24
	7	14	20	24	26	32
	8	19	26	30	32	39

Source: Csec research

Risks to our target price

Higher than expected regional GRMs

The GRMs of the company is positive correlated to the refining margins in the region. A $1/bbl change in the GRMs can alter the expected EPS by Rs 1-1.5. Any change in the geo political situation or major refining shut downs has been seen resulting in wild swings. We haven't discounted such unexpected scenarios

Sensitivity Analysis
Throughput

The earning of the company are highly sensitive to the crude throughput. A 1mtpa change in the crude throughput can change estimated EPS by Rs0.20 Any unexpected shut down or accident can alter the refinery throughput.

Sensitivity of EPS vis-à-vis refinery throughput

	Range of mid cycle GRMs in $/bbl					
		$3	**$3.5**	**$3.80**	**$4**	**$5**
Throughput in MMTPA	**10.8**	1.6	1.8	2.0	2.1	2.3
	11.3	1.6	1.9	2.1	2.2	2.4
	11.8	1.6	1.9	2.1	2.2	2.5
	12.3	1.7	2.0	2.1	2.3	2.5
	12.8	1.8	2.1	2.2	2.3	2.6

Source: Csec research

Currency fluctuations

The company business is highly depended of international crude and petroleum product prices which are quoted in dollar terms. As per the GRMs and Re - $ matrix, we can see minimal Re 0.10 change in the EPS for every Re 2 change in the currency conversion.

Sensitivity of EPS vis-à-vis currency fluctuations

	Range of mid cycle GRMs in $/bbl					
		$3	**$3.5**	**$3.80**	**$4**	**$5**
Re - $ conversion rate	**46**	1.7	2.0	2.2	2.3	2.6
	45	1.7	2.0	2.1	2.2	2.5
	44	1.6	1.9	2.1	2.2	2.5
	43	1.6	1.9	2.0	2.1	2.4
	42	1.6	1.8	2.0	2.1	2.3

Source: Csec research

Higher Dividend yield

We have assumed a 30% dividend payout ratio which results in a dividend yield of nearly 2.0%. As compared to other pure refiners it is still low. In case the company decides on higher payout ratio, it could change risk return profile of the stock.

Dividend Yield at various price levels and possible GRMs

	Range of mid cycle GRMs in $/bbl					
	Market Price	**$3**	**$3.5**	**$3.80**	**$4**	**$5**
Range of Market price.	**27.5**	1.8%	2.1%	2.3%	2.4%	2.7%
	32.5	1.5%	1.8%	2.0%	2.1%	2.3%
	35.0	1.4%	1.7%	1.8%	1.9%	2.2%
	37.5	1.3%	1.6%	1.7%	1.8%	2.0%
	42.5	1.2%	1.4%	1.5%	1.6%	1.8%

Assumptions	**UNIT**	**FY06**	**FY07E**	**FY08E**
Refining Margins	$ / bbl	3.82	3.87	3.39
Conversion	Re - $	44.1	44	44
Throughput	MMTPA	12.11	12.11	12.11

Financials

Income Statement

Rs. Mn. (Year Ended March)	FY04	FY05	FY06E	FY07E	FY08E
Operating Revenues	113,907	185,083	249,674	234,975	225,951
Total Expenditure	106,413	165,956	238,838	223,034	215,423
Operating Profit	7,494	19,127	10,836	11,941	10,528
opm %	7%	10%	4%	5%	5%
Depreciation	3,781	3,781	3,500	4,001	4,116
EBIT	9,790	17,207	8,103	8,190	6,662
Interest	3,733	2,296	1,877	1,727	2,133
Net Profit before Tax	6,057	14,911	6,226	6,463	4,528
Tax	1,150	5,810	2,508	2,133	1,494
Profit after Tax	4,596	8,796	3,718	4,330	3,034
npm %	4%	5%	1%	2%	1%
EPS Basic (Rs)	2.62	5.02	2.12	2.47	1.73
EPS Diluted (Rs)	1.44	4.63	1.96	2.28	1.60
CEPS (Rs)	4.78	7.18	4.12	4.75	4.08

Balance Sheet

Rs. Mn.	FY 04	FY 05	FY 06E	FY 07E	FY 08E
Sources of Funds					
Share Capital - Equity	17,526	17,526	17,526	17,526	17,526
Reserves & Surplus	3,490	4,017	6,341	9,144	11,052
Networth	21,108	21,635	23,959	26,670	28,578
Deferred Tax Liability	-	-	-	-	-
Total Loan Funds	48,440	34,660	30,001	24,671	30,476
Total Liabilities	**69,548**	**56,295**	**53,960**	**51,341**	**59,054**
Application of Funds					
Net Block	47,668	44,827	42,663	40,162	48,045
Investments	-	-	-	-	-
Current Assets, Loans & Adv.	25,427	36,844	47,828	45,722	44,377
Current liabilities & Prov.	16,332	26,460	36,530	34,542	33,369
Net Current Assets	9,095	10,384	11,298	11,179	11,008
Total Assets	**69,548**	**56,295**	**53,960**	**51,341**	**59,054**

Ratios

Valuation	FY04	FY05	FY06E	FY07E	FY08E
EPS (Rs)	2.6	5.0	2.1	2.5	1.7
CEPS (Rs)	4.8	7.2	4.1	4.8	4.1
BVPS (Rs)	12	12	14	15	16
P/E (x)	13	7	16	14	20
P/CEPS (x)	7.3	4.9	8.5	7.4	8.6
P/BV (x)	2.9	2.8	2.6	2.3	2.1
EV/EBIDTA (x)	14.6	5.0	8.4	7.2	8.7
EV/Sales (x)	1.0	0.5	0.4	0.4	0.4
Dividend Yield (%)	0.0%	2.9%	2.0%	2.0%	1.4%
Profitability					
EBIDTA Margin (%)	7%	10%	4%	5%	5%
Net Profit Margin (%)	4%	5%	1%	2%	1%
RNW(%)	22%	41%	16%	16%	11%
RoCE (%)	14%	31%	15%	16%	11%
Growth					
Net Sales Growth (%)	41%	62%	35%	-6%	-4%
Net Profit Growth (%)	212%	91%	-58%	16%	-30%
EPS	151%	91%	-58%	16%	-30%
Others					
Interest Coverage (x)	2.6	7.5	4.3	4.7	3.1
D/E (x)	2.3	1.6	1.3	0.9	1.1
Debtors Period (days)	25.9	18.9	18.9	18.9	18.9
Raw Material Inventory (days)	15.1	21.5	21.5	21.5	21.5
FG Inventory (days)	19.0	15.5	19.0	19.0	19.0
Net FA to Turnover (x)	2.4	4.1	5.9	5.9	4.7
W. Capital to Turnover (x)	12.5	17.8	22.1	21.0	20.5
EV (Rs mn)	109,508	95,910	91,011	85,527	91,306
Market Capitalisation (Rs mn)	61,341	61,341	61,341	61,341	61,341

Cash Flow Statement					
Rs. Mn. (Year Ended March)	**FY04**	**FY05**	**FY06E**	**FY07E**	**FY08E**
PBT	**5,746**	**14,606**	**6,725**	**9,270**	**7,326**
PBT	5,746	14,606	6,226	6,463	4,528
Add:					
Depreciation	3,781	3,781	3,500	4,001	4,116
Misc Exp	311	305	-	-	-
Interest Expenses	3,733	2,296	1,877	1,727	2,133
Less:					
Other Income	73	153	200	250	250
Taxes Paid	2	714	345	1,183	744
Change in WC	(4,777)	(3,293)	(1,665)	(1,190)	(330)
Net cash flow from Operating Activities	8,719	16,828	9,393	9,568	9,454
Change in fixed assets	271	(929)	(1,721)	(1,500)	(12,000)
Change in Investments	-	-	-	-	-
Other Income	-	-	767	250	250
Net cash flow from Investing Activities	271	(929)	(954)	(1,250)	(11,750)
Proceeds from issue of share capital	22	-	-	-	-
Inc/(dec) in debt	(5,112)	(13,780)	(4,659)	(5,330)	5,805
Interest Paid	(3,733)	(2,296)	(1,877)	(1,727)	(2,133)
Dividend paid	-	-	(1,997)	(1,398)	(1,527)
Interest Income received	73	153	200	250	250
Net cash flow from financing activites	(8,750)	(15,923)	(8,333)	(8,205)	2,395
Net Inc/(dec) in cash	**240**	**(24)**	**106**	**113**	**99**
Opening Cash	**6**	**246**	**222**	**328**	**441**
Closing Cash	**246**	**222**	**328**	**441**	**540**

Projected refining capacity

(mmtpa)	Location	2004-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12
IOC	Digboi	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65
	Guwahati	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Barauni	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
	Koyali	13.70	13.70	13.70	13.70	13.70	13.70	13.70	13.70
	Haldia	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
	Mathura	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
	Panipat	6.00	12.00	12.00	12.00	15.00	15.00	15.00	15.00
	Paradip							11	15
	Sub-Total	**41.35**	**47.35**	**47.35**	**47.35**	**50.35**	**50.35**	**61.35**	**65.35**
BRPL	Bongaigaon	2.35	2.35	2.35	2.35	2.35	2.35	2.35	2.35
CPCL	Manali	9.50	9.50	9.50	10.50	10.50	10.50	10.50	10.50
	Narimanam	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Sub-Total	**10.50**	**10.50**	**10.50**	**11.50**	**11.50**	**11.50**	**11.50**	**11.50**
Total- IOC		**54.20**	**60.20**	**60.20**	**61.20**	**64.20**	**64.20**	**75.20**	**79.20**
BPCL	Mumbai	6.90	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	Bina							6	6
KRL	Cochin	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
NRL	Numaligarh	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total- BPCL		**17.40**	**22.50**	**22.50**	**22.50**	**22.50**	**22.50**	**28.50**	**28.50**
HPCL	Mumbai	5.50	5.50	5.50	8.50	8.50	8.50	8.50	8.50
	Vizag	7.50	7.50	7.50	10.50	10.50	10.50	10.50	10.50
	Bhatinda							9.00	9.00
Total- HPCL		**13.00**	**13.00**	**13.00**	**19.00**	**19.00**	**19.00**	**28.00**	**28.00**
MRPL	**Mangalore**	**9.69**	**9.69**	**9.69**	**9.69**	**9.69**	**15**	**15**	**15**
RIL	**Jamnagar**	**33.00**	**33.00**	**33.00**	**33.00**	**33.00**	**60.00**	**60.00**	**60.00**
ONGC	**Tatipaka, AP**	**0.10**	**0.15**	**0.20**	**0.20**	**0.20**	**0.20**	**0.20**	**0.20**
Essar Oil	**Vadinar**	**0.00**	**0.00**	**7.00**	**10.50**	**10.50**	**10.50**	**10.50**	**10.50**
TOTAL		**127**	**139**	**146**	**156**	**159**	**191**	**217**	**221**

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Disclaimer

MURUGAPPA GROUP

The fundamental principle of economic activity is that no man you transact with will lose; then you shall not.
-Arthasatra