

September 27, 2022

## ONGC Mangalore Petrochemicals Limited: Rating withdrawn

### Summary of rating action

| Instrument*           | Previous Rated Amount<br>(Rs. crore) | Current Rated Amount<br>(Rs. crore) | Rating Action        |
|-----------------------|--------------------------------------|-------------------------------------|----------------------|
| Commercial Paper      | 1,000.00                             | 1,000.00                            | [ICRA]A1+; withdrawn |
| Fund-Based Limits     | 2,180.00                             | 2,180.00                            | [ICRA]A1+; withdrawn |
| Non-Fund Based Limits | 130.00                               | 130.00                              | [ICRA]A1+; withdrawn |
| Unallocated Limits    | 40.00                                | 40.00                               | [ICRA]A1+; withdrawn |
| <b>Total</b>          | <b>3,350.00</b>                      | <b>3,350.00</b>                     |                      |

\*Instrument details are provided in Annexure-1

### Rationale

ICRA has withdrawn the rating outstanding on the bank facilities and commercial paper programme of ONGC Mangalore Petrochemicals Limited as the company has been merged with Mangalore Refinery Petrochemicals Limited. The rating has been withdrawn based on the company's request and in accordance with ICRA's policy on withdrawal and suspension. The key rating drivers, liquidity position, rating sensitivity have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

### Analytical approach

| Analytical Approach             | Comments  |
|---------------------------------|---|
| Applicable Rating Methodologies | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">Policy on withdrawal of credit ratings</a> |
| Parent/Group Support            | Not applicable  |
| Consolidation/Standalone        | Not applicable  |

### About the company

ONGC Mangalore Petrochemicals Limited (OMPL) was originally incorporated as Mangalore Petrochemicals Limited on December 19, 2006. The name of the company was subsequently changed to ONGC Mangalore Petrochemicals Limited on April 30, 2007. OMPL was promoted by Mangalore Refinery & Petrochemicals Limited (51% equity stake) and Oil and Natural Gas Corporation Limited (49% equity stake). It has set up a project in the Mangalore Special Economic Zone (MSEZ), adjacent to the MRPL refinery, to manufacture about 913 KTPA (kilo tonnes per annum) of paraxylene and about 283 KTPA of benzene. The project also includes a captive power plant of 72 MW capacity which can utilise natural gas, LSHS (low sulphur heavy stock) or diesel as fuel. Commercial production commenced in October 2014. On July 8, 2015, MRPL announced that its board has approved the scheme of amalgamation of OMPL with itself. The no-objection certificate (NOC) for the merger was received from the MoPNG (Ministry of Petroleum and Natural Gas) in April 2018. In January 2021, MRPL acquired ONGC's 49% stake in OMPL, increasing its stake in the subsidiary to 99.99%. The Ministry of Corporate Affairs vide its final order dated April 14, 2022, approved the amalgamation of ONGC Mangalore Petrochemicals Limited with Mangalore Refinery and Petrochemicals Limited with April 01, 2021 as the appointed date and the effective date for scheme of amalgamation as May 01, 2022.

### Key financial indicators (audited)

| OMPL   | FY2020 | FY2021 |
|--|--------|--------|
| Operating income (Rs. crore)                         | 4,954  | 3,389  |
| PAT (Rs. crore)                                      | -1,404 | -456   |
| OPBDIT/OI (%)  | -10.6% | 0.5%   |
| PAT/OI (%)   | -28.3% | -13.4% |
| Total outside liabilities/Tangible net worth (times) | -24.3  | -9.7   |
| Total debt/OPBDIT (times)                            | -12.5  | 441.9  |
| Interest coverage (times)                            | -1.0   | 0.1    |

FY2022 financials are not available due to amalgamation

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

### About the Parent (MRPL)

Mangalore Refinery & Petrochemicals Limited (MRPL) was set up as a joint venture between the AV Birla Group and Hindustan Petroleum Corporation Limited (HPCL). MRPL operates a refinery at Mangalore, with a nameplate capacity of 15 million metric tonnes per annum (MMTPA). The refinery project was initially implemented in two phases during a period of administered pricing, where the regulatory framework provided assured returns on the capital employed. However, since the deregulation of the refining sector in 1998, the company had been exposed to low and volatile international refining margins, which affected its operating profitability quite significantly. This, together with high debt service commitments, resulted in MRPL posting large losses in the past. Oil and Natural Gas Corporation Limited (ONGC) acquired a 51% stake in MRPL in March 2003, and later increased its stake to 72%. With a change in management, fund infusion by ONGC and upturn in the refining margin cycle, the company made a financial turnaround in the subsequent period. The refining capacity was enhanced to 15 MMTPA from 11.82 MMTPA in March 2012 with the commissioning of Phase-III. It also commissioned a 440 KTPA polypropylene unit. In July 2015, MRPL's board approved the merger of its subsidiary, viz. ONGC Mangalore Petrochemicals Limited (OMPL). In January 2021, MRPL acquired ONGC's stake in OMPL, increasing its stake in OMPL from 51% to 99.99%. The Ministry of Corporate Affairs vide its final order dated April 14, 2022 approved the amalgamation of ONGC Mangalore Petrochemicals Limited with Mangalore Refinery and Petrochemicals Limited with April 01, 2021 as appointed date and the effective date for scheme of amalgamation as May 01, 2022.

### Key financial indicators (audited)

| MRPL Consolidated                                    | FY2021 | FY2022 |
|--|--------|--------|
| Operating Income (Rs. crore)                         | 31,959 | 69,727 |
| PAT (Rs. crore)                                      | -765   | 2,951  |
| OPBDIT/OI (%)  | 1.8%   | 7.5%   |
| PAT/OI (%)   | -2.4%  | 4.2%   |
| Total Outside Liabilities/Tangible Net Worth (times) | 6.9    | 4.3    |
| Total Debt/OPBDIT (times)                            | 40.4   | 4.1    |
| Interest Coverage (times)                            | 1.1    | 4.3    |

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

## Rating history for past three years

|   | Instrument                                  | Current Rating (FY2023) |                          |                                |                      | Chronology of Rating History for the past 3 years |                         |              |                         |
|---|---|-------------------------|--------------------------|--------------------------------|----------------------|---|-------------------------|--------------|-------------------------|
|   |   | Type                    | Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore) | Date & Rating on     | Date & Rating in FY2022                           | Date & Rating in FY2021 |              | Date & Rating in FY2020 |
|   |   |                         |                          |                                | Sep 27, 2022         | Mar 7, 2022                                       | Mar 19, 2021            | Oct 28, 2020 | Feb 28, 2020            |
| 1 | Fund Based – Working Capital Facilities     | Short Term              | 2,180.0                  | -                              | [ICRA]A1+; withdrawn | [ICRA]A1+   | [ICRA]A1+               | [ICRA]A1+    | [ICRA]A1+               |
| 2 | Non-fund based – Working Capital Facilities | Short Term              | 130.0                    | -                              | [ICRA]A1+; withdrawn | [ICRA]A1+   | [ICRA]A1+               | [ICRA]A1+    | [ICRA]A1+               |
| 3 | Commercial Paper                            | Short Term              | 1,000.0                  | -                              | [ICRA]A1+; withdrawn | [ICRA]A1+   | [ICRA]A1+               | [ICRA]A1+    | [ICRA]A1+               |
| 4 | Fund Based – Working Capital Facilities     | Long Term               | -                        | -                              | -                    | -   | -                       | -            | [ICRA]AA+&; withdrawn   |
| 5 | Unallocated                                 | Short Term              | 40.0                     | -                              | [ICRA]A1+; withdrawn | [ICRA]A1+   | -                       | -            | -                       |

& under watch with developing implication

## Complexity level of the rated instruments

| Instrument                                  | Complexity Indicator |
|---|----------------------|
| Fund Based – Working Capital Facilities     | Simple               |
| Non-fund based – Working Capital Facilities | Very Simple          |
| Commercial Paper                            | Very Simple          |
| Unallocated                                 | NA                   |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [www.icra.in](http://www.icra.in)

## Annexure-1: Instrument Details

| ISIN No/Banker Name | Instrument Name                             | Date of Issuance | Coupon Rate | Maturity | Amount Rated (Rs Crore) | Current Rating and Outlook |
|---------------------|---|------------------|-------------|----------|-------------------------|----------------------------|
| NA                  | Fund Based – Working Capital Facilities     | NA               | NA          | NA       | 2,180.0                 | [ICRA]A1+; withdrawn       |
| NA                  | Non-fund based – Working Capital Facilities | NA               | NA          | NA       | 130.0                   | [ICRA]A1+; withdrawn       |
| NA                  | Commercial Paper*                           | NA               | NA          | NA       | 1,000.0                 | [ICRA]A1+; withdrawn       |
| NA                  | Unallocated                                 | NA               | NA          | NA       | 40.0                    | [ICRA]A1+; withdrawn       |

**Source:** Company; \*Currently no outstanding commercial paper

## Annexure-2: List of Entities Considered for Consolidated Analysis

| Company Name | Ownership | Consolidation Approach |
|--------------|-----------|------------------------|
| NA           | NA        | NA                     |

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