

June 27, 2024

Mangalore Refinery and Petrochemicals Limited: Change in limits for bank facilities

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long Term - Non-Convertible Debentures	2,060.00	2,060.00	[ICRA]AAA (Stable); Outstanding
Long Term - Term Loans	4,630.87	4,630.87	[ICRA]AAA (Stable); Outstanding
Short term – Term Loan	1000.00	0.00	-
Short Term-Fund Based Limits	0.00	1000.00	[ICRA]A1+; Outstanding
Long Term - Fund Based Limits	6,841.00	7,241.00	[ICRA]AAA (Stable); Outstanding
Short Term - Non-Fund Based Limits	13,016.00	13,016.00	[ICRA]A1+; Outstanding
Issuer Rating	-	-	[ICRA]AAA (Stable); Outstanding
Short Term/ Long term – Unallocated limits	1000.13	600.13	[ICRA]AAA (Stable)/ [ICRA]A1+; Outstanding
Total	28,548.00	28,548.00	

*Instrument details are provided in Annexure-1

Rationale

This rationale is being released to convey the change in the rated limits as depicted in the table above, based on the latest information received from the entity. Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating methodology for Refining and Marketing Corporate Credit Rating Methodology
Parent/Group support	Parent - Oil and Natural Gas Corporation Limited. ICRA expects MRPL's parent, ONGC [rated [ICRA]AAA(Stable)/[ICRA]A1+], to extend financial support to MRPL, should there be a need, given the high strategic importance that MRPL holds for ONGC to meet its diversification objectives
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Mangalore Refinery and Petrochemicals Limited. As on March 31, 2024, the entities consolidated are listed in Annexure-II

About the company

MRPL set up as a joint venture between the AV Birla Group and Hindustan Petroleum Corporation Limited (HPCL). ONGC acquired a 51% stake in MRPL in March 2003, and later increased its stake to 72%. With a change in management from joint venture to ONGC and fund infusion by ONGC and the upturn in the refining margin cycle, the company's performance improved subsequently. 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 the high debt service commitments, resulted in MRPL posting large losses in the past.

The refining capacity was enhanced to 15 MMTPA from 11.82 MMTPA in March 2012 with the commissioning of third phase of expansion. 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 to 99.99% from 51%. 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. The effective date for the scheme of amalgamation was May 01, 2022.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)			Chronology of rating history for past 3 years										
		Amount rated (Rs. crore)	Amount outstanding as of March 2024 (Rs. crore)	Date & rating in FY2025			Date & rating in FY2024			Date & rating in FY2023			Date & rating in FY2022		
				Jun 27, 2024	May 27, 2024	Feb 02, 2024	Sept 21, 2023	Jun 5, 2023	May 29, 2023	Apr 13, 2023	Oct 14, 2022	Sep 27, 2022	Mar 7, 2022	Jun 02, 2021	
1	NCDs	2,060.00	2,060.00	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
2	NCDs	-	-	-	-	-	-	[ICRA]AAA (Stable); withdrawn	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
2	Fund-based limits	7,241.00	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
3	Term loan	4,630.87	4630.87	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
4	Term loan	-	-	-	[ICRA]A1+	[ICRA]A1+	-	-	-	-	-	-	-	-	-
5	Fund-based limits	1,000.00	-	[ICRA]A1+	-	-	-	-	-	-	-	-	-	-	-
6	Non-fund based limits	13,016.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
7	Commercial paper	-	-	-	-	-	-	-	[ICRA]A1+; withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
8	Issuer rating	-	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
9	Unallocated limits	600.13	-	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	-	-	-	-	-	-
10	Unallocated limits	-	-	-	-	-	-	-	-	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-
11	Unallocated limits	-	-	-	-	-	-	-	-	-	[ICRA]A1+	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long Term - Non-Convertible Debentures	Very Simple
Long Term - Term Loans	Simple
Short Term-Fund Based Limits	Simple
Long Term - Fund Based Limits	Simple
Short Term - Non-Fund Based Limits	Very Simple
Issuer Rating	Not Applicable
Short Term/ Long term – Unallocated limits	Not Applicable

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 analyzing 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, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE103A08019	Non-convertible debentures	January 13, 2020	7.40%pa	April 12, 2030	1,000.00	[ICRA]AAA(Stable)
INE103A08035	Non-convertible debentures	January 29, 2020	7.75%pa	January 29, 2030	1,060.00	[ICRA]AAA(Stable)
NA	Term loan – FCTL	February 20, 2023	#	March 28, 2028	4,630.87	[ICRA]AAA(Stable)
NA	Term loan - FCNR	February 12, 2021	#	July 26, 2024		[ICRA]AAA(Stable)
NA	Short term – Fund-based limits	-	-	-	1000.00	[ICRA]A1+
NA	Fund-based limits	-	-	-	7,241.00	[ICRA]AAA(Stable)
NA	Non-fund-based limits	-	-	-	13,016.0	[ICRA]A1+
NA	Unallocated limits	-	-	-	600.13	[ICRA]AAA(Stable)/ [ICRA]A1+
NA	Issuer rating	-	-	-	-	[ICRA]AAA(Stable)

Source: Company, # FCTL of \$550 million (for working capital) at USD/INR 82.2110 with interest rate of 3 months' term SOFR (With zero floor) + 125 bps, FCNR of \$100 million (for capex) at USD/INR 72.8399 with interest rate of 6 months' USD Libor + 150bps

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Shell MRPL Aviation Fuels and Services Limited	50.00%	Equity Method

Source: Company

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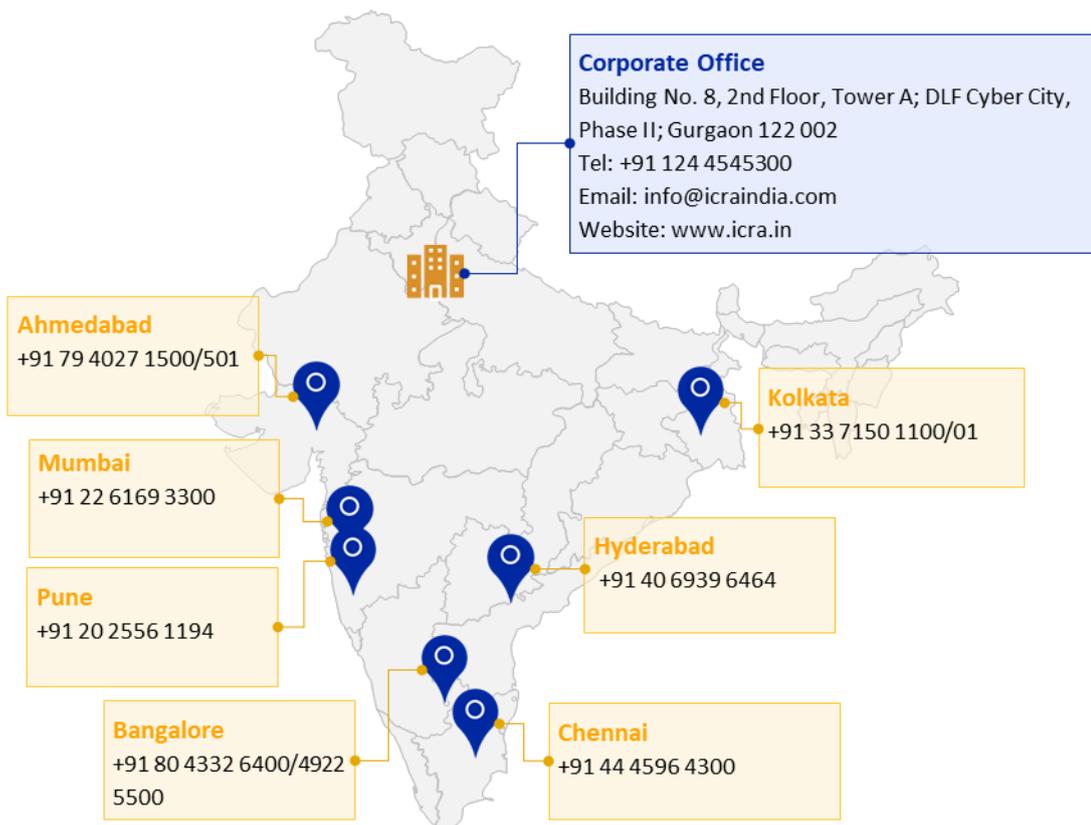
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