

August 25, 2025

MPCL Industries Ltd.: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based	10.00	10.00	[ICRA]BBB+ (Stable); reaffirmed
Long term – Interchangeable^	(20.00)	(20.00)	[ICRA]BBB+ (Stable); reaffirmed
Short term – Non-fund based – Letter of credit	215.00	215.00	[ICRA]A2; reaffirmed
Long term/Short term- Unallocated	15.00	15.00	[ICRA]BBB+ (Stable)/ [ICRA]A2; reaffirmed
Total	240.00	240.00	

*Instrument details are provided in Annexure I; ^Sub limits of fund-based limits

Rationale

While arriving at the ratings, ICRA has considered the consolidated financials of MPCL Industries Ltd. (MPCL), which include MPCL and its subsidiaries - MPCL PTE Ltd (MPCL PTE) in Singapore, SPG Energy FZE (SPG Energy) in the UAE and Onward Solar Power Private Limited (OSPPL) in India.

The reaffirmation of the ratings for the bank facilities of MPCL continues to take into consideration its demonstrated track record and established presence as a supplier of base oils and refrigerant gases in India with a diversified and reputed customer base and a track record of repeat business. Over the last two to three years, the company has diversified its business into renewable energy and currently has an operational solar and hydropower portfolio of 548 MWp and an under-construction solar capacity of 350 MWp. The renewable energy business is the major contributor to the Group's OPBDITA at about 85-86% in FY2025 and FY2024 and this trend is likely to continue.

The ratings consider the high revenue visibility from the long-term power purchase agreements (PPAs) at fixed tariffs for the entire operational solar power capacity of 538 MWp and for 5 MW out of the 10-MW hydropower capacity, under Onward Solar Power Private Limited (OSPPL). The ratings also consider the successful completion of repowering across the solar assets, which has increased the cumulative solar DC capacity to 548 MW as on June 30, 2025, from 436 MW at the time of acquisition in June 2023. In FY2025, the weighted average generation for the solar portfolio was below the P-90 estimates due to lower irradiation and shutdowns taken for completing the repowering work; however, the performance remained slightly above ICRA's projections at a portfolio level. With the repowering now complete, the generation levels are expected to improve from FY2026, reflecting the benefits of the enhanced capacity. This is evident in the improvement in performance in Q1 FY2026, wherein the solar portfolio's generation rose by 8% compared to Q1 FY2025. However, the generation in Q1 FY2026 remained 6% lower compared to the P-90 estimates. A key credit monitorable, going forward, will be the ability to achieve generation levels in line with P-90 estimates on a sustained basis.

The counterparty profile for the operational renewable portfolio is strong with 93% of the capacity having long-term PPAs with Solar Energy Corporation of India (SECI) [rated [ICRA]AAA (Stable)/[ICRA]A1+], 6% of the portfolio having a PPA with NTPC Vidyut Vyapar Nigam (NVVN) and the remaining 1% having a long-term PPA with Himachal Pradesh State Electricity Board Limited (HPSEBL), resulting in timely realisation of payments from the counterparties. The company has won under-construction projects from reputed intermediary offtakers such as SJVN Limited, NHPC Limited and NTPC Limited, wherein the

PPAs are expected to be signed shortly. For the renewable portfolio, the debt coverage metrics are expected to be comfortable with the cumulative DSCR seen to remain above 1.3x, given the long tenure of the debt tied up at competitive interest rates and the long-term PPAs at remunerative tariffs for ~99% of the capacity. However, there has been a moderation in the debt metrics for the base oil and refrigerant gas segments in FY2025 owing to subdued profitability margins.

The scale and profit margins of the base oil and refrigerant trading businesses have moderated over the last two years owing to various geo-political events, which have increased the freight and insurance costs, thereby putting pressure on the operating margins. The margins in these segments remain susceptible to the fluctuations in raw material prices and foreign currency rates due to the linkage with crude oil prices and high import dependence. Nonetheless, these risks are largely mitigated by the back-to-back supply arrangement with their customers along with a hedging of 80-85% of the forex exposure.

Moreover, the Group is undertaking a capex of Rs. 1,100 crore to implement three solar projects of 350-MWp capacity that it has won during the recent bids. These projects will be executed over the next 24 months, post the signing of PPAs, which is expected by Q3 FY2026. The company is expected to fund these projects through debt and equity in the ratio of 75:25. This is a large greenfield expansion by the Group in the renewable energy segment, exposing it to funding and execution-related risks. While comfort can be drawn from the completion of 50% of the land acquisition along with the connectivity approvals in place, these projects will remain exposed to the timely availability of land, grid transmission infrastructure and funding tie-up.

The ratings are also constrained by the vulnerability of the Group's cash flows and debt protection metrics to the generation performance of OSPPL's renewable asset portfolio. Furthermore, the operating expenses for the renewable projects were higher than budgeted across most of the projects in FY2025. Going forward, keeping the operating expenses in line with the appraised estimates remains key to achieving comfortable debt coverage metrics. Further, any adverse variation in weather conditions and module performance of the solar assets may impact the PLF levels and consequently affect its cash flows, as the PPA tariffs are single part and fixed in nature. Also, the ratings remain constrained by the exposure of the company's debt coverage metrics to the movement in interest rates on the external loans of these assets.

The Stable outlook on MPCL's rating reflects ICRA's opinion that the company will continue to benefit from its established presence in base oils and refrigerant gases, along with a diversified customer base, steady cash flow visibility for the renewable power portfolio and comfortable debt coverage metrics.

Key rating drivers and their description

Credit strengths

Established presence as supplier of base oils and refrigerant gases in the domestic market - MPCL was incorporated in 1993 and since then it has created an established presence as a supplier of petroleum products (majorly base oils) and refrigerant gases in the Indian market. It has an in-house oil storage capacity of around 60000 KL at Silvassa. For refrigerant gases, MPCL has a pan-India presence through its four repackaging units – one each in Mumbai (for western India) and Chennai (for south India) and two units at Hisar (for north and eastern India).

Diversified revenue profile – The major end-user industries for MPCL under the base oil segment include the automotive industry toll blenders, industrial lubricant manufacturers, the marine & shipping industry, the textile industry and the cosmetics industry. The top five customers contributed around 10.9% and 9.7% to the total revenue in FY2024 and FY2025, respectively. In refrigerants, MPCL caters to air conditioners and refrigerator OEMs, deep freezers and the cold storage sector, EPC companies for real estate maintenance and the after-sales dealer market. The oil & refrigerants gas business generated revenues in the range of Rs. 1,100–1,400 crore during FY2021 and FY2022.

Following the acquisition of the renewable portfolio located in three different states in FY2023, the renewable segment contributed Rs. 220 crore in FY2024 and Rs. 332 crore in FY2025, out of a total revenue of Rs. 1,230 crore and Rs. 1,554 crore, respectively. Compared to the oil & refrigerant gas segment, the renewable business is characterised by lower revenue but higher margins. In FY2024 and FY2025, it consistently accounted for 20–21% of the total revenues while contributing around

85–86% to the Group’s overall OPBIDITA. The share of renewables is projected to increase further, driven by the benefits of repowering and expected cash flows from the commissioning of the under-construction capacity starting FY2029. Meanwhile, the oil & refrigerants gas business is likely to generate steady profits at current level. The diversification across business segments, customer base and geographies provides resilience and stability to MPCL’s revenue profile.

Revenue visibility for OSPPL portfolio due to long-term PPAs with strong counterparties - The company has 25-year PPAs at fixed tariffs for its operational solar capacity with 380-MW capacity tied up with Solar Energy Corporation of India Limited (SECI) [rated [ICRA]AAA (Stable)/[ICRA]A1+] and 20 MW tied up with NVVN. The 5-MW hydro capacity has a 40-year PPA with HPSEBL, while the remaining 5-MW hydro capacity is selling power through the power exchange. For the under-construction capacity, the Group has tied up 100-MW capacity with SJVN, 100 MW with NHPC and 50 MW with NTPC. Herein, the company has received the letter of award and the PPAs are expected to be signed shortly. Hence, the offtake risks remain limited, providing revenue visibility for the renewable portfolio. Also, comfort is drawn from the presence of strong offtakers due to which the collection period has been low.

Improved generation performance post repowering to lead to comfortable debt coverage metrics for renewable portfolio - The Group has invested ~Rs. 300 crore in repowering and upgrading inverters, installing sprinklers for module maintenance and constructing boundary walls/fencing to strengthen site security. This is evident in the improvement in performance in Q1 FY2026, wherein the solar portfolio’s generation rose by 8% compared to Q1 FY2025. The management is also in the process of replacing the security agency across sites and renegotiating contracts with the O&M service provider to reduce operational expenses and improve the margins. FY2026 marks the first full year of operations post repowering and is expected to register improved PLF performance. The debt coverage metrics are projected to remain comfortable for the renewable portfolio due to reduced O&M costs and improved generation, with the cumulative DSCR seen at 1.3x over the debt tenure. Meanwhile, the oil and gas trading segment continues to rely primarily on short-term capital facilities. At a standalone level, its financial metrics remain adequate, though there has been a moderation in FY2025 over FY2024 due to muted profitability.

Credit challenges

Profitability exposed to volatility in raw material prices and foreign exchange fluctuations - Raw material prices in the base oil segment are largely linked to crude oil prices which have been highly volatile on account of several geopolitical events, increasing the cost pressure. However, the company protects itself against the price fluctuations by working completely on a back-to-back sales and purchase model. In addition, MPCL relies heavily on imports for its operations, which exposes the company to any adverse foreign exchange rate fluctuations. Nevertheless, the company mitigates the risk to a large extent by hedging 80-85% of its exposure.

Execution and funding risk - The Group remains exposed to project execution risks as it plans to develop three solar power projects in Rajasthan, with a combined capacity of 350 MWp under a newly formed SPV. The company has received letter of award for these projects and the PPAs are expected to be signed in the current financial year. At present, 50% of the required land has been acquired, the final connectivity has been granted and discussions are ongoing regarding EPC contracts and other regulatory approvals. Of the estimated total project cost of Rs. 1,100–1,200 crore, only Rs. 80 crore has been incurred so far and the debt and equity tie-up are pending. Timely financial closure and execution within the budgeted costs remains a key monitorable, especially given the Group’s limited track record in executing large greenfield projects in the renewable energy segment.

Debt metrics of OSPPL portfolio sensitive to PLF levels - OSPPL is entirely dependent on power generation by the solar and hydropower projects for its revenues and cash accruals, given the single-part nature of the tariffs. As a result, any adverse variation in weather conditions and equipment performance may impact its generation and consequently its cash flows. Nonetheless, the geographic diversification of the solar assets across four states (Maharashtra, Odisha, Uttar Pradesh and Rajasthan) provides some comfort.

Regulatory risks of implementing scheduling and forecasting framework for solar sector and exposure to interest risk - The company’s operations remain exposed to regulatory risks pertaining to the scheduling and forecasting requirements applicable for solar power projects, given the variable nature of solar power generation. The capital structure of the OSPPL portfolio is

leveraged as the debt for some of the assets under OSPPL has been refinanced post the acquisitions with top-up debt for the repowering capex and expected debt drawl for the under-construction projects. Given the single-part nature of the fixed tariffs in the PPAs and floating interest rates, its profitability and debt coverage metrics remain exposed to any increase in interest rates.

Liquidity position: Adequate

MPCL's liquidity position remains adequate, supported by a healthy buffer in the cash flow from operations and debt servicing obligations. Further, the company has unencumbered cash and bank balances of Rs. 68 crores at Onwards level in addition to Rs 24 crores at MPCL level along with a cushion of around ~Rs. 30 crores in fund-based working capital facilities as on March 31, 2025. At a consolidated level, the unencumbered cash and bank balance stood at Rs. 93 crores as on March 31, 2025. Further, the liquidity is supported by the presence of DSRA of Rs. 66 crore that covers for one quarter of scheduled principal and interest repayments for its operational solar projects.

Rating sensitivities

Positive factors – ICRA could upgrade MPCL's ratings if the company demonstrates a sustained improvement in earnings in the oil and refrigerant gas segment, while maintaining a generation performance in line or above the appraised estimate for the solar segment, leading to healthy credit metrics and an improved liquidity position. A satisfactory progress towards the completion of the ongoing capex for renewable projects and funding tie-up would remain a key factor for an upgrade.

Negative factors – ICRA may downgrade the ratings if there is a substantial decline in earnings from the oil and refrigerant gas segment, or a sustained underperformance of the renewable assets and increase in operating expenses beyond the budgeted level, resulting in a weakening of the debt coverage metrics. The ratings may also be downgraded in case of a stretch in the working capital cycle, adversely impacting the liquidity profile at the group level. The ratings can be downgraded in case of any major time or cost overruns for the projects under execution and any significant delays in completion of fundraising for the ongoing capex.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals Power - Solar and Wind
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MPCL. As on March 31, 2025, the company has three subsidiaries in which it has 100% share, namely – MPCL Pte Limited (Singapore), SPG Energy FZE (UAE) and Onward Solar Power Private Limited (India)

About the company

MPCL Industries Limited (MPCL) is a closely held limited company incorporated in 1993 by Mr. Satyapal Goyal and family. MPCL is engaged in the procurement and distribution of various petroleum and petrochemical products, including base oil, rubber process oil, fuel oil, gas oil etc. It has an installed oil processing capacity of 60,000 KL at its plant in Silvassa, Dadar & Nagar Haveli.

The company is also engaged in the manufacturing and distribution of refrigerant gas. Refrigerants are form of liquid gases used in air conditioners, refrigerators, chilling plants, HVACs and cold chain systems. The company has four repackaging units at Hisar (two units) in Haryana, the Taluja Chemical Zone in Mumbai (Maharashtra) and Chennai (Tamil Nadu), having an

aggregate installed capacity of 6,500 MT. It is also present in the electronics and copper coil segment where it sells copper coils (PCC-pan cake coil) used in HVACs in railways ACs, house ACs, copper pipping for air conditioning etc., butane gas for making copper joints, compressor oils and other small electronics and electrical accessories.

MPCL has set up two-wholly owned subsidiaries - MPCL PTE Ltd (MPCL PTE) in Singapore and SPG Energy FZE (SPG Energy) in UAE - for the distribution of various petroleum and petrochemical products. MPCL PTE had been incorporated in 2018 and SPG Energy in 2021. The subsidiaries were set up mainly to cater to customers based in the Southeast Asian countries.

In FY2023, MPCL diversified into power generation through the acquisition of the operational renewable assets under Onward Solar Power Private Limited (OSPPL), a wholly-owned subsidiary. All the assets were acquired by OSPPL in FY2023-FY2024, comprising 11 solar power SPVs with assets in Maharashtra, Uttar Pradesh and Odisha, and one hydropower SPV with two hydro units of 5-MW capacity each in Himachal Pradesh. It has a 25-year long-term PPA with SECI [rated [ICRA]AAA (Stable)/[ICRA]A1+] for 380 MW of the solar power capacity, 20 MW is tied up with NVVN, and 5 MW is tied up with HPSEBL. Also in the pipeline are new capacities of 250 MW for which the LOA has been received but the PPA signing is pending with counterparties such as SJVN, NHPC [rated [ICRA]AAA (Stable)] and NTPC.

Key financial indicators (audited)

	Standalone			Consolidated	
	FY2023	FY2024	FY2025*	FY2023	FY2024
Operating income	881.9	524.5	518.0	1,441.0	1,230.6
PAT	26.3	5.5	12.5	74.0	-31.6
OPBDIT/OI	4.7%	2.5%	4.6%	7.8%	16.9%
PAT/OI	3.0%	1.1%	2.4%	5.1%	-2.6%
Total outside liabilities/Tangible net worth (times)	0.9	0.6	0.7	1.5	4.5
Total debt/OPBDIT (times)	2.8	7.5	4.9	3.2	8.1
Interest coverage (times)	3.8	1.3	2.3	4.6	1.7

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

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 (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug 25, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based	Long term	10.00	[ICRA]BBB+ (Stable)	May 06, 2024	[ICRA]BBB+ (Stable)	-	-	-	-
Interchangeable*	Long term	(20.00)	[ICRA]BBB+ (Stable)	May 06, 2024	[ICRA]BBB+ (Stable)	-	-	-	-
Non-fund based – Letter of credit	Short term	215.00	[ICRA]A2	May 06, 2024	[ICRA]A2	-	-	-	-
Unallocated	Long term short term	15.00	[ICRA]BBB+ (Stable)/ [ICRA]A2	May 06, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-

*Sub limits of fund-based limits

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based	Simple
Long term – Interchangeable	Simple
Short term – Non-fund based – Letter of credit	Very Simple
Long term/Short term- Unallocated	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 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: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund based	NA	NA	NA	10.00	[ICRA]BBB+ (Stable)
NA	Interchangeable*	NA	NA	NA	(20.00)	[ICRA]BBB+ (Stable)
NA	Non-fund based – Letter of credit	NA	NA	NA	215.00	[ICRA]A2
NA	Unallocated	NA	NA	NA	15.00	[ICRA]BBB+ (Stable)/ [ICRA]A2

Source: Company; *Sub limits of fund-based limits

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Annexure II: List of entities considered for consolidated analysis

Company name	MPCL ownership	Consolidation approach
MPCL Pte Limited	100.00%	Full consolidation
SPG Energy FZE	100.00%	Full consolidation
Onward Solar Power Private Limited	100.00%	Full consolidation

Source: Company

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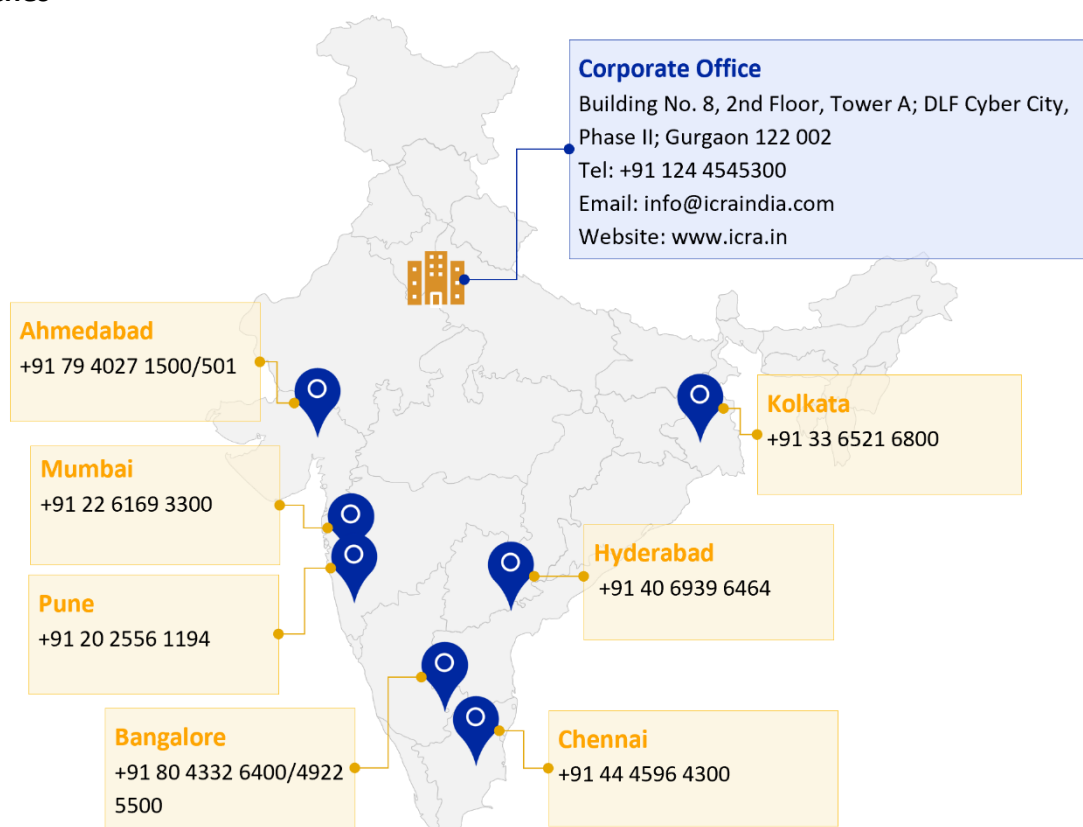
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