

October 07, 2026

Mehta Petro Refineries Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Short term - Non-fund based	148.75	-	-	RBI
Long term/Short term – Unallocated	51.25	61.25	[ICRA]BBB- (Stable)/ [ICRA]A3; reaffirmed	RBI
Long term/ Short term - Interchangeable	(113.00)	-	-	RBI
Long term/Short term – Fund based/Non-fund based - Others	-	138.75	[ICRA]BBB- (Stable)/ [ICRA]A3; reaffirmed	RBI
Total	200.00	200.00		

Note: Amounts in Rs. crore *Instrument details are provided in Annexure I

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

The reaffirmation of the ratings factors in Mehta Petro Refineries Limited's (MPRL) established track record in the industrial solvents business, along with its experienced promoters and longstanding relationships with customers across the paints, printing inks, pesticides and other end-user industries. The company's diversified product portfolio and customer base support repeat business and mitigate dependence on any single end-user sector. The ratings also consider MPRL's comfortable capital structure, with the gearing improving to 0.5 times as on March 31, 2026, from 0.8 times as on March 31, 2025, following a reduction in total debt, mainly working capital borrowings. Further, moderate utilisation of the working capital limits, limited repayment obligations and minimal capex requirements support its adequate liquidity position.

The ratings, however, remain constrained by MPRL's subdued operating profitability amid intense competition, limited value addition and volatility in raw material prices, freight costs and product realisations. The operating income declined by 9% to Rs. 545.6 crore in FY2026 from Rs. 597.3 crore in FY2025, owing to lower volumes and realisations amid geopolitical uncertainty and elevated freight costs. The OPBDITA moderated to Rs. 12.8 crore from Rs. 15.0 crore, while the operating margin remained subdued at 2.4% compared with 2.5% in FY2025.

Despite the reduction in debt, the coverage indicators remained moderate, with a total debt/OPBDITA of 5.2 times and interest coverage of 2.0 times in FY2026. The ratings also consider MPRL's exposure to foreign exchange fluctuations as imports constitute a sizeable portion of its raw material procurement. The risk is mitigated to an extent by export receivables and the company's hedging practices. Further, intense competition from domestic and international players limits its pricing flexibility and ability to fully pass on the fluctuations in raw material and freight costs.

The Stable outlook on the long-term rating reflects ICRA's belief that MPRL will benefit from the extensive experience of its management and the established relationships with its customers in the solvent industry.

Key rating drivers and their description

Credit strengths

Established track record in solvent industry– Mr. Vinod Mehta and Mr. Paresh Mehta are MPRL’s directors and have an experience of more than three decades in the sector. Over the years, the directors have established relationships with various key intermediaries and end customers, helping the company scale up the business. The extensive experience of the directors will guide the company’s future growth.

Diversified product portfolio and established association with customers across various segments – MPRL’s revenues are primarily derived from the domestic market, such as the paint, printing ink, pesticide and insecticide sectors. These sectors account for ~87% of the total operating income. The diversified product portfolio catering to several industries helps the company adapt to changing market conditions. This mitigates the sector-specific risks to a certain extent. Further, MPRL has a well-diversified clientele. Moreover, its established relationship with customers ensures repeat orders.

Healthy capital structure – The company’s capital structure is healthy with the gearing at 0.5 times as on March 31, 2026, which improved from 0.8 as on March 31, 2025. MPRL’s debt profile primarily consists of working capital loans and unsecured loans from promoters, shareholders and intercorporate deposits as on March 31, 2026.

Credit challenges

Moderate operating profitability – The company’s operating profitability remained moderate, reflected in an OPM of 2.4% in FY2026, marginally lower than 2.5% in FY2025 and significantly below 6.2% in FY2023, owing to volatility in raw material prices and intense competition. Raw materials constitute around 90% of the value of MPRL’s finished products. Thus, its ability to procure raw materials at competitive prices remains critical to maintain the cost competitiveness, as input prices vary with crude oil prices. Further, the company’s reputed customer base and fragmented industry structure limit its bargaining power and ability to fully pass on the price fluctuations. However, the profits and cash accruals are expected to improve gradually over the near to medium term.

MPRL’s debt coverage indicators continued to be moderate in FY2026, reflected in total debt/OPBDITA of 5.2 times and interest coverage of 2.0 times. Although the indicators improved from the FY2025 levels, they remained weaker than the historical averages.

Vulnerability to forex risk from imports – The company is exposed to forex risks as it imports a sizeable portion of the key raw materials. It procured 35-45% of its raw material requirements from the international market in the last two years based on the price differential between the domestic and overseas markets. Escalating import cost due to the rupee’s depreciation continues to keep its profitability metrics under check, although the risk is mitigated by MPRL’s forex hedging practices.

Intense competition with limited entry barriers in terms of technology and manufacturing operations – Low technological complexity and moderate capital investment in setting up a manufacturing plant for solvent products has prompted several smaller players to set up operations. Moreover, because of the low product differentiation, the price competitiveness remains key to maintaining and/or increasing its market share and building strong relationships with the end customers. Stiff competition with limited entry barriers restricts the margin.

Liquidity: Adequate

MPRL’s liquidity position is adequate, supported by low average utilisation of fund-based working capital limits at around 26% of the sanctioned limits and 33% of the drawing power during the 16 months ended August 2026. Liquidity has also improved following the reduction in working capital borrowings and release of fixed deposits. The absence of material scheduled debt repayments other than vehicle loans and limited capex requirements over the near term provides additional comfort.

Rating sensitivities

Positive factors - ICRA may upgrade MPRL's ratings if there is a sustained improvement in the company's profitability and debt coverage indicators while maintaining healthy revenues and an adequate liquidity position.

Negative factors - The ratings may be downgraded if there is a significant contraction in the scale of operations and/or moderation in margins, resulting in weak cash accruals and impacting the liquidity position and debt coverage indicators.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of MPRL

About the company

MPRL, incorporated in 1993, manufactures and markets solvents, which find application in the production of printing ink, paints, pesticides and other products. The company is promoted and managed by Mr. Vinod Mehta, Mr. Paresh Mehta and their families. It has two manufacturing facilities – at Palghar (Maharashtra) and Dahej (Gujarat). The company's total manufacturing capacity is ~70,000 KL per annum with an aggregate storage capacity of ~5,300 KL.

Key financial indicators (audited)

Mehta Petro Refineries Limited	FY2025	FY2026*
Operating income	597.3	545.6
PAT	6.0	5.7
OPBDITA/OI	2.5%	2.4%
PAT/OI	1.0%	1.0%
Total outside liabilities/Tangible net worth (times)	1.4	1.3
Total debt/OPBDITA (times)	6.1	5.2
Interest coverage (times)	1.9	2.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; *Provisional numbers; PAT: Profit after tax; OPBDITA: 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 (FY2027)		Chronology of rating history for the past 3 years						
	Type	FY2027		FY2026		FY2025		FY2024	
		Amount rated (Rs. crore)	October 07, 2026	Date	Rating	Date	Rating	Date	Rating
Non-fund based limits	Long term	-	-	July 03, 2025	[ICRA]A3	Nov 18, 2024	[ICRA]A3+	March 05, 2024	[ICRA]A3+
Interchangeable limits	Long term	-	-	July 03, 2025	[ICRA]BBB- (Stable)/ [ICRA]A3	Nov 18, 2024	[ICRA]BBB (Negative)/ [ICRA]A3+	March 05, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+
Unallocated	Long term	61.25	[ICRA]BBB- (Stable)/ [ICRA]A3	July 03, 2025	[ICRA]BBB- (Stable)/ [ICRA]A3	Nov 18, 2024	[ICRA]BBB (Negative)/ [ICRA]A3+	March 05, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+
Fund based/ Non-fund based	Long term/Short term	138.75	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Unallocated	Not Applicable
Fund based/ Non-fund based	Simple

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 No	Instrument name	Date of issuance / sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator [#]
NA	Unallocated limits	NA	NA	NA	61.25	[ICRA]BBB- (Stable)/ [ICRA]A3	RBI
NA	Fund based/Non-fund based	NA	NA	NA	138.75	[ICRA]BBB- (Stable)/ [ICRA]A3	RBI

Source: Company

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators other than SEBI

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

Annexure II: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Prashant Vasisht

+91 124 4545322

Prashant.vasisht@icraindia.com

Kushal Kumar

+91 40 6939 6408

kushal.kumar@icraindia.com

Aviraj Patole

+91 22 6169 3353

aviraj.patole@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Naznin Prodhani

+91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



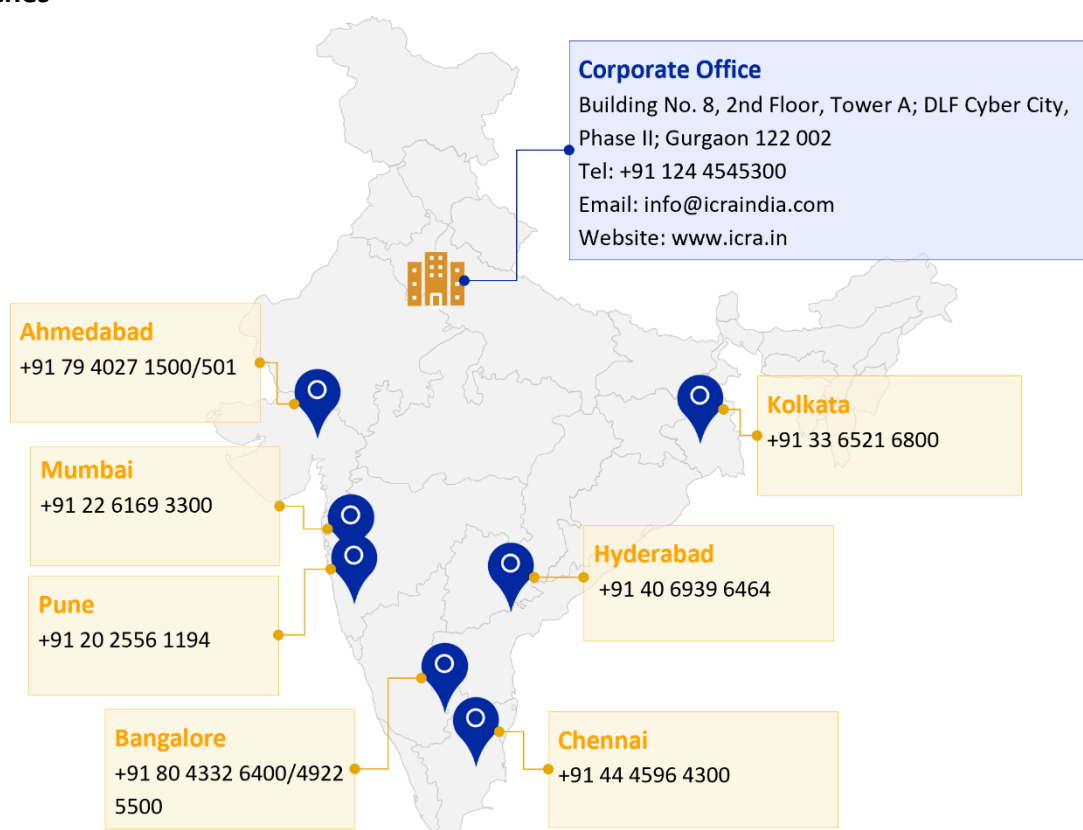
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

+91 11 23357940-45



Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.