

September 25, 2026

Mangalore Refinery and Petrochemicals Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Issuer rating	-	-	[ICRA]AAA(Stable); reaffirmed	..\$
Long term – Fund based – Others	4,631.00	4,631.00	[ICRA]AAA(Stable); reaffirmed	RBI
Long term – Fund based - Term loan	4,274.00	4,274.00	[ICRA]AAA(Stable); reaffirmed	RBI
Non-convertible debenture	2,060.00	2,060.00	[ICRA]AAA(Stable); reaffirmed	SEBI
Short term – Fund based – Others	2,500.00	2,500.00	[ICRA]A1+ ; reaffirmed	RBI
Short term - Non-fund based - Others	13,131.00	13,131.00	[ICRA]A1+ ; reaffirmed	RBI
Unallocated limits	1,952.00	1,952.00	[ICRA]AAA(Stable) /[ICRA]A1+; reaffirmed	RBI
Total	28,548.00	28,548.00		

*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

[§]Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Rationale

The ratings for the credit facilities of Mangalore Refinery and Petrochemicals Limited (MRPL/the company) factor in its strong sponsor profile with Oil and Natural Gas Corporation Limited {ONGC; [ICRA]AAA(Stable)/[ICRA]A1+} and Hindustan Petroleum Corporation Limited {HPCL, rated [ICRA]AAA (Stable)/[ICRA]A1+} holding 71.63% and 16.96% stakes in the company, respectively. The strong sponsor profile results in exceptional financial flexibility and operational benefits for MRPL. The ratings also factor in ONGC's continued support for MRPL, which is expected to be sustained, given the company's strategic importance for ONGC's forward-integration plans.

The ratings continue to factor in the advantageous location of MRPL's refinery on the west coast, near the New Mangalore port, providing logistical benefits for crude sourcing and exports. The ratings also factor in the locational advantage of MRPL's coastal refinery, enabling the company to maintain lower crude oil inventories and export finished products without incurring significant freight costs.

MRPL's performance improved in FY2026 in line with the increase in the crack spreads and the global gross refining margins (GRMs). The GRMs increased to \$9.22/barrel (bbl) in FY2026 from \$4.45/bbl in FY2025. The global refining margins improved on the back of increased crack spread across diesel and aviation turbine fuel (ATF) amid global supply constraints. The performance sustained further in Q1 FY2027 with robust crack spreads supporting healthy profitability. As a result, the credit metrics strengthened in FY2026 with the total debt/OPBDITA improving to 2.1x in FY2026 from 5.2x in FY2025, while the interest coverage ratio improved to 8.11x in FY2026 from 2.47x in FY2025. The credit metrics are expected to remain comfortable in FY2027, supported by expectation of healthy GRMs on the back of continued robust gasoline and diesel crack spreads, even after factoring in the impact of the special additional excise duty (SAED) implemented by the Government of India (GoI).

The ratings are, however, constrained by asset concentration risk owing to MRPL's single-location refinery and the sensitivity of its profits to import duty differential, the imposition of SAED on petroleum product exports, commodity price cycles and INR-USD exchange rates.

The Stable outlook on the [ICRA]AAA rating reflects ICRA's opinion that the company's cash flow from operations and its exceptional financial flexibility owing to its parentage will keep its overall credit profile stable.

Key rating drivers and their description

Credit strengths

Strong sponsor profile lends financial flexibility – The ratings factor in MRPL’s strong sponsor profile, with ONGC and HPCL holding 71.63% and 16.96% stakes, respectively. The company’s strategic importance to ONGC’s forward integration plans underpins expectations of continued financial and operational support, enhancing its overall financial flexibility.

Healthy operational profile – MRPL continues to maintain a healthy operational profile, supported by sustained refinery utilisation above the nameplate capacity. The refinery operated at 114% capacity utilisation in FY2026, marking the fourth consecutive year of utilisation above 100%, despite a planned shutdown during the year. The company benefits from a complex refinery configuration, operational flexibility and the ability to process a wide range of crude grades. Further, MRPL optimises the margins through a dynamic product slate management, including operating its aromatic complex in reformat mode when the returns are more favourable than paraxylene production. While the operational performance remains robust, the profitability continues to be vulnerable to the volatility in global refining margins and product crack spreads.

Locational advantage for sourcing crude and exports – The company’s refinery is located on the west coast of India near the New Mangalore port. The coastal location facilitates lower transportation and handling costs, enables efficient access to the global crude markets and supports the export of petroleum products. In addition, the refinery can operate with relatively lower crude inventory levels compared to the inland refineries, thereby reducing its exposure to inventory gains and losses arising from crude price volatility. These factors support operational efficiency and enhance the company’s competitive position.

Credit challenges

Vulnerability of cash generation to refining margin cycles, import duty protection and INR-USD parity levels – MRPL’s profitability and cash accruals remain inherently exposed to the cyclical nature in global refining margins, which are influenced by movements in product crack spreads, crude oil prices, refinery utilisation rates and global demand-supply dynamics. The company’s earnings are also susceptible to changes in Government policies, including import duty differentials and the imposition of SAED on petroleum product exports, which can affect export realisations and refining margins. Further, although the company benefits from a natural hedge due to the dollar-linked nature of crude procurement and product sales, the cash flows remain exposed to the adverse movements in the INR-USD exchange rate, particularly given the absence of active forex hedging and the presence of foreign currency borrowings.

Asset concentration risk – The company’s operations are concentrated at a single integrated refinery and petrochemical complex located in Mangalore. Consequently, it remains exposed to asset concentration risk as any disruption arising from natural calamities, operational incidents, infrastructure failures or other unforeseen events at the facility could materially impact the production, cash flows and profitability.

Environment and social risks

MRPL is exposed to the risks of tightening regulations on environment and safety. However, MRPL has been compliant with all the environmental regulations, enabling it to mitigate the regulatory risks by demonstrating a sound operational track record and ensuring regulatory compliance. Nonetheless, MRPL remains exposed to the longer term risk of the ongoing shift towards a future that is less dependent on fossil fuels. But this is a risk that will play out only over the distant future as India remains heavily dependent on oil and gas imports. MRPL’s ability to adapt its business model, including diversification into new segments, would be a key rating driver from a longer term credit perspective.

Liquidity position: Adequate

MRPL’s liquidity position is expected to remain adequate in the near to medium term, supported by a healthy buffer from the unutilised working capital limits. While the cash generation is expected to remain stable owing to the healthy GRMs, the ability to raise funds at a short notice aids the company’s liquidity position. The scheduled repayments in FY2027 are modest vis-à-vis the expected net cash accruals and thus the repayments will be met comfortably.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – Pressure on MRPL's ratings could arise if the ONGC Group's credit profile weakens or the linkage between ONGC and MRPL weakens. Any significant deterioration in MRPL's consolidated financial risk profile will also exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Refining and Marketing Corporate Credit Rating Methodology
Parent/group Support	Oil and Natural Gas Corporation Limited - [ICRA]AAA(Stable)/A1+
Consolidation/standalone	The ratings are based on the consolidated financial profile of the company

About the company

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 was 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.

In March 2003, Oil and Natural Gas Corporation Limited (ONGC) acquired a 51% stake in MRPL and later increased its stake to 72%. With the change in management, along with the fund infusion by ONGC and upturn in the refining margin cycle, the company could turn around 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.

Key financial indicators (audited)

Mangalore Refinery and Petrochemicals Limited (Consolidated)	FY2025	FY2026	Q1FY2027
Operating income	94683.6	88667.5	38,254
PAT	28.1	1916	915
OPBDITA/OI	2.7%	8.3%	3.4%
PAT/OI	0.0%	2.2%	2.4%
Total outside liabilities/tangible net worth (times)	1.6	2.1	-
Total debt/OPBDITA (times)	5.2	2.1	-
Interest coverage (times)	2.5	8.1	5.4

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore
 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: Not applicable

Rating history for past three years

Instrument	Current rating(FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	September 25, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long Term	-	[ICRA]AAA(Stable)	June 09, 2025	[ICRA]AAA (Stable)	May 27, 2024	[ICRA]AAA (Stable)	April 13, 2023	[ICRA]AAA (Stable)
				October 14, 2025	[ICRA]AAA (Stable)	June 27, 2024	[ICRA]AAA (Stable)	May 29, 2023	[ICRA]AAA (Stable)
				December 22, 2025	[ICRA]AAA (Stable)	December 19, 2024	[ICRA]AAA (Stable)	June 05, 2023	[ICRA]AAA (Stable)
				-	-	March 27, 2025	[ICRA]AAA (Stable)	September 21, 2023	[ICRA]AAA (Stable)
				-	-	-	-	February 02, 2024	[ICRA]AAA (Stable)
Fund-based - Term loan	Long term	4,274.00	[ICRA]AAA(Stable)	June 09, 2025	[ICRA]AAA (Stable)	May 27, 2024	[ICRA]AAA (Stable)	April 13, 2023	[ICRA]AAA (Stable)
				October 14, 2025	[ICRA]AAA (Stable)	June 27, 2024	[ICRA]AAA (Stable)	May 29, 2023	[ICRA]AAA (Stable)
				December 22, 2025	[ICRA]AAA (Stable)	December 19, 2024	[ICRA]AAA (Stable)	June 05, 2023	[ICRA]AAA (Stable)
				-	-	March 27, 2025	[ICRA]AAA (Stable)	September 21, 2023	[ICRA]AAA (Stable)
				-	-	-	-	February 02, 2024	[ICRA]AAA (Stable)
Fund-based - Others	Long term	4,631.00	[ICRA]AAA(Stable)	June 09, 2025	[ICRA]AAA (Stable)	May 27, 2024	[ICRA]AAA (Stable)	May 29, 2023	[ICRA]AAA (Stable)
				October 14, 2025	[ICRA]AAA (Stable)	June 27, 2024	[ICRA]AAA (Stable)	June 05, 2023	[ICRA]AAA (Stable)
				December 22, 2025	[ICRA]AAA (Stable)	December 19, 2024	[ICRA]AAA (Stable)	September 21, 2023	[ICRA]AAA (Stable)
				-	-	March 27, 2025	[ICRA]AAA (Stable)	February 02, 2024	[ICRA]AAA (Stable)
Unallocated limits	Long term/Short term	1,952.00	[ICRA]AAA(Stable) / [ICRA]A1+	June 09, 2025	[ICRA]AAA (Stable)/[ICRA]A1+	May 27, 2024	[ICRA]AAA (Stable)/[ICRA]A1+	May 29, 2023	[ICRA]AAA (Stable)/[ICRA]A1+

Instrument	Current rating(FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	September 25, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
				October 14, 2025	[ICRA]AAA (Stable)/[ICRA]A1+	June 27, 2024	[ICRA]AAA (Stable)/[ICRA]A1+	June 05, 2023	[ICRA]AAA (Stable)/[ICRA]A1+
				December 22, 2025	[ICRA]AAA (Stable)/[ICRA]A1+	December 19, 2024	[ICRA]AAA (Stable)/[ICRA]A1+	September 21, 2023	[ICRA]AAA (Stable)/[ICRA]A1+
				-	-	March 27, 2025	[ICRA]AAA (Stable)/[ICRA]A1+	February 02, 2024	[ICRA]AAA (Stable)/[ICRA]A1+
Non-convertible debenture	Long term	2,060.00	[ICRA]AAA(Stable)	June 09, 2025	[ICRA]AAA (Stable)	May 27, 2024	[ICRA]AAA (Stable)	April 13, 2023	[ICRA]AAA (Stable)
				June 09, 2025	[ICRA]AAA (Stable)	June 27, 2024	[ICRA]AAA (Stable)	May 29, 2023	[ICRA]AAA (Stable)
				October 14, 2025	[ICRA]AAA (Stable)	December 19, 2024	[ICRA]AAA (Stable)	June 05, 2023	[ICRA]AAA (Stable)
				December 22, 2025	[ICRA]AAA (Stable)	March 27, 2025	[ICRA]AAA (Stable)	September 21, 2023	[ICRA]AAA (Stable)
				-	-	-	-	February 02, 2024	[ICRA]AAA (Stable)
Fund based - Others	Short term	2,500.00	[ICRA]A1+	October 14, 2025	[ICRA]A1+	June 27, 2024	[ICRA]A1+	-	-
				December 22, 2025	[ICRA]A1+	December 19, 2024	[ICRA]A1+	-	-
Non-fund based - Others	Short term	13,131.00	[ICRA]A1+	June 09, 2025	[ICRA]A1+	May 27, 2024	[ICRA]A1+	April 13, 2023	[ICRA]A1+
				October 14, 2025	[ICRA]A1+	June 27, 2024	[ICRA]A1+	May 29, 2023	[ICRA]A1+
				December 22, 2025	[ICRA]A1+	December 19, 2024	[ICRA]A1+	June 05, 2023	[ICRA]A1+
				-	-	March 27, 2025	[ICRA]A1+	September 21, 2023	[ICRA]A1+
				-	-	-	-	February 02, 2024	[ICRA]A1+
Commercial paper	Short term	-	-	-	-	-	-	April 13, 2023	[ICRA]A1+
				-	-	-	-	May 29, 2023	[ICRA]A1+; Withdrawn

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	NA
Long term – Fund based - Others	Simple
Long term – Fund based - Term loan	Simple
Non-convertible debenture	Simple
Short term – Fund based - Others	Simple
Short term - Non-fund based - Others	Simple
Unallocated limits	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: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator [#]
INE103A08019	Non-convertible debentures – I	Jan 13, 2020	7.40% P.A.	Apr 12, 2030	1,000.00	[ICRA]AAA (Stable)	SEBI
INE103A08035	Non-convertible debentures – II	Jan 29, 2020	7.75% P.A.	Jan 29, 2030	1,060.00	[ICRA]AAA (Stable)	SEBI
NA	Long term – Fund based - Term loans	NA	NA	FY2031	4,274.00	[ICRA]AAA (Stable)	RBI
NA	Short term - Fund based	NA	NA	NA	2,500.00	[ICRA]A1+	RBI
NA	Long term - Fund based limits	NA	NA	NA	4631.00	[ICRA]AAA (Stable)	RBI
NA	Short term - Non-fund based limits	NA	NA	NA	13,131.00	[ICRA]A1+	RBI
NA	Issuer rating	NA	NA	NA	-	[ICRA]AAA (Stable)	-\$
NA	Short term/ Long term – Unallocated limits	NA	NA	NA	1952.00	[ICRA]AAA (Stable)/[ICRA]A1+	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company name	MRPL ownership	Consolidation approach
Shell MRPL Aviation Fuels and Services Limited	50.00%	Equity method

Source: Company

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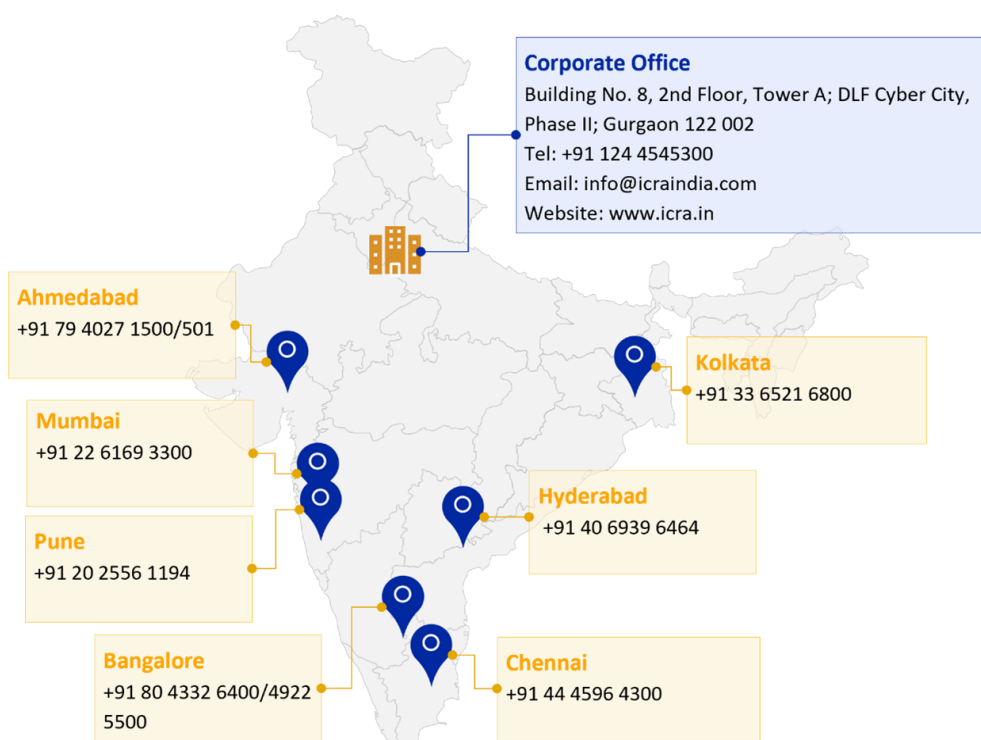


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