

October 07, 2026

Shell MRPL Aviation Fuels and Services Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term/Short term fund based /non-fund based	143.00	123.00	[ICRA]AA-(Stable)/[ICRA]A1+; reaffirmed	RBI
Long term/Short term unallocated	22.00	42.00	[ICRA]AA-(Stable)/[ICRA]A1+; reaffirmed	RBI
Total	165.00	165.00		

*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

Rationale

The reaffirmation of the ratings derives comfort from Shell MRPL Aviation Fuels and Services Limited's (SMRPL) strong parentage, being a joint venture between Shell Gas B.V., a step-down subsidiary of Shell Plc {rated Aa2 (Stable) by Moody's}, and Mangalore Refinery and Petrochemicals Limited {rated [ICRA]AAA (Stable)/[ICRA]A1+}. The ratings also consider the management's extensive experience and favourable long-term prospects for aviation turbine fuel marketing. The low working capital intensity and limited external borrowings support a healthy capital structure, while robust cash and liquid investments, available working capital limits and minimal capex plans help maintain adequate liquidity.

Delco sales volume increased by 12% to 4,99,774 KL in FY2026, while conco volumes declined by 12% to 5,11,272 KL due to lower international flight frequencies and Shell Aviation's withdrawal from certain locations. Going forward, the delco volumes are expected to remain healthy, supported by renewed contracts and stable domestic air traffic, although the actual offtake will depend on flight operations.

The ratings remain constrained by the muted and volatile margins of SMRPL's domestic ATF marketing business and the modest commission earned from the conco operations. Nonetheless, the conco commission income improved in FY2026 and is expected to remain elevated, supported by its linkage to the underlying ATF value despite lower volumes.

The ratings also consider the intense competition from established public sector oil marketing companies, which constrains the volumes and margins. The profitability also remains exposed to ATF price movements, inventory gains or losses and forex fluctuations. Further, SMRPL remains exposed to the credit quality of domestic airline customers, although its credit risk mitigation mechanisms provide comfort to an extent.

ICRA also notes the short-term nature of SMRPL's customer contracts, making the long-term revenue visibility dependent on timely renewals at favourable terms. Nevertheless, its longstanding customer relationships and established track record provide comfort. The ratings also factor in the company's dividend payouts. Any sizeable future payouts that may materially affect the liquidity or net worth will remain a key monitorable.

Following the sharp increase in ATF prices after the West Asia conflict, a cap was imposed on the increase in selling prices to airlines, resulting in under-recoveries for fuel suppliers during April-May 2026. Subsequently, the ATF Price Stabilisation Fund was introduced, providing airlines with the option to purchase fuel at market-linked prices or under a longer term fixed price arrangement. Following the removal of the price cap, the under-recoveries were offset by inventory gains and SAED-related adjustments, supporting the company's financial performance. ICRA will continue to monitor policy developments in the sector and their impact on the company's profitability.

The Stable outlook on the [ICRA]AA- rating reflects ICRA's opinion that SMRPL will continue to benefit from the marketing synergy arising from its strong parentage.

Key rating drivers and their description

Credit strengths

Strong parentage and access to global network of Shell Aviation – The company is a 50:50 JV between Shell Gas BV and MRPL. It is involved in the marketing of ATF to domestic and international airlines at domestic airports, procuring the fuel from MRPL. It acts as a contracting company to domestic airlines at the international airports, where it provides fuelling services using Shell Aviation's network and earns a commission. The conco commission income improved in FY2026 and is expected to remain elevated, supported by its linkage to the underlying ATF value despite the anticipated moderation in volumes.

Favourable long-term domestic business growth prospects – The healthy momentum in domestic passenger traffic and the recovery in international passenger traffic are expected to support overall aviation fuel demand. The delco sales volume increased to 4,99,774 kilolitres (KL) in FY2026 (12% YoY growth) from 4,46,529 KL in FY2025. However, the conco sales volume declined to 5,11,272 (12% decline) from 5,79,980 KL in FY2025 owing to lower international flight frequencies and Shell Aviation's withdrawal from operations at certain international locations. Going forward, the delco volumes are expected to remain healthy, supported by renewed airline contracts and higher allocations, although the actual offtake will depend on flight frequencies and operating conditions. Further, SMRPL continues to pursue opportunities at new airports, which, if materialised, would support incremental growth in domestic sales.

Healthy capital structure and liquidity profile – The low/negative working capital intensity resulted in limited reliance on fund-based borrowings. This was further supported a healthy capital structure as on March 31, 2026. The company had no material long-term debt and has minimal capex plans over the near to medium term. SMRPL's liquidity remained adequate, supported by cash and liquid investments of around Rs. 236 crore as on March 31, 2026, along with available working capital limits and nil material scheduled debt repayments.

Credit challenges

Stiff competition in domestic market from oil marketing PSUs – The company has been unable to expand its domestic operations in a sizeable manner across the country due to intense competition from PSUs. This has kept its margins subdued. The profit margin of domestic operations has also been impacted by the rise in input costs due to GST implementation, whereas SMRPL cannot use input tax credits as ATF is not under GST.

Exposure to commodity price, forex risks and credit risks; mitigated to some extent by established risk management systems – The company's operations and profitability remain susceptible to commodity price risks, with ATF prices moving in tandem with the volatility in crude prices. The fluctuation in prices, coupled with the movement in forex rates, exposes SMRPL to the risk of inventory losses in domestic operations and reduced commission income if ATF prices moderate. It also remains exposed to the credit risks associated with domestic airlines having weak financial profiles.

The risks are, however, partly mitigated by SMRPL's robust risk management system. In order to hedge its forex risks, the company buys and sells forwards. Further, SMRPL supplies ATF to customers, except one key customer, only against bank guarantees or against cash payments. The credit risk associated with international carriers catering to India is borne by Shell Aviation, which protects SMRPL from any defaults in payments.

Liquidity position: Adequate

SMRPL's liquidity position is expected to remain adequate, supported by cash and liquid investments of around Rs. 236 crore as on March 31, 2026, minimal capex plans and nil material long-term debt repayment obligations. The company has enhanced its working capital borrowing limit to support the temporary increase in funding requirements arising from the extended credit period to the Air India Group. ICRA also notes the dividend payouts of Rs. 45 crore in FY2025 and Rs. 30 crore in FY2026;

however, no dividend is expected in FY2027 against FY2026 profits. Any sizeable dividend payout that materially affects the company's liquidity or net worth will remain a key monitorable.

Rating sensitivities

Positive factors – The ratings can be upgraded if the company shows a robust improvement in its operating income and profitability, along with a material improvement in the net worth position while maintaining healthy coverage indicators and a comfortable liquidity position on a sustained basis.

Negative factors – SMRPL's ratings may be revised downwards in case of a significant decline in volumes, and/or if there is a sustained moderation in profitability or elongation in the receivable cycle over an extended period, which will exert pressure on the liquidity position. Any weakening of linkages between SMRPL and its parents –Shell and MRPL –or a moderation in the credit profile of the parents could also exert rating pressure.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parents: Shell PLC {rated Moody's Aa2 (Stable)} and Mangalore Refinery and Petrochemicals Limited {rated [ICRA]AAA (Stable)/[ICRA]A1+}; 50% held by each parent. The ratings consider the benefits of a strong parentage, which provides it access to the domestic and global aviation markets, and the expected financial support from the parents, should the need arise
Consolidation/Standalone	The ratings are based on the company's standalone financial profile

About the company

SMRPL is a 50:50 JV between Shell Gas B.V. (Shell), a step-down subsidiary of Shell PLC, the Netherlands, and Mangalore Refinery and Petrochemicals Limited (MRPL). The company was incorporated in March 2008, and its primary business is marketing aviation turbine fuel (ATF) to airlines. It started operations in August 2008.

By virtue of an agreement with Shell Aviation, SMRPL acts as a contracting company (conco), wherein it provides fuelling services to domestic airlines for their international flights at the airports outside India. It also serves as a delivery company (delco), where it sells ATF to international as well as domestic airlines for their operations at Indian airports. At present, SMRPL procures ATF mainly from MRPL, while refuelling services are provided to various domestic and international airlines, primarily in Bengaluru, Goa, Mangalore and Hyderabad. In addition, it supplies ATF to several other smaller airports.

Key financial indicators (audited)

	FY2025	FY2026	Q1FY2027*
Operating income	2,550.0	2,706.7	1,276.6
PAT	53.6	31.0	46.9
OPBDITA/OI	1.8%	1.0%	4.4%
PAT/OI	2.1%	1.1%	3.7%
Total outside liabilities/Tangible net worth (times)	4.83	5.49	5.39
Total debt/OPBDITA (times)	0.0	0.1	0.2
Interest coverage (times)	1694.0	71.3	806.3

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

Current (FY2027)				Chronology of rating history for the past 3 years					
FY2027				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	October 07, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based/Non fund based - Others	Long term /Short term	123.00	[ICRA]AA-(Stable)/[ICRA]A1+	Aug 29, 2025	[ICRA]AA-(Stable)/[ICRA]A1+	Jun 28, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	-	-
Unallocated limits	Long term /Short term	42.00	[ICRA]AA-(Stable)/[ICRA]A1+	Aug 29, 2025	[ICRA]AA-(Stable)/[ICRA]A1+	Jun 28, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	-	-
Fund based - Cash credit	Long term	-	-	-	-	Jun 28, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	-	-
Non-fund based - Others	Short term	-	-	-	-	Jun 28, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term fund based/non-fund based	Simple
Long term/Short term 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 [#]
NA	Fund based /Non fund based - Others	NA	NA	NA	123.00	[ICRA]AA-(Stable)/[ICRA]A1+	RBI
NA	Unallocated limits	NA	NA	NA	42.00	[ICRA]AA-(Stable)/[ICRA]A1+	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

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

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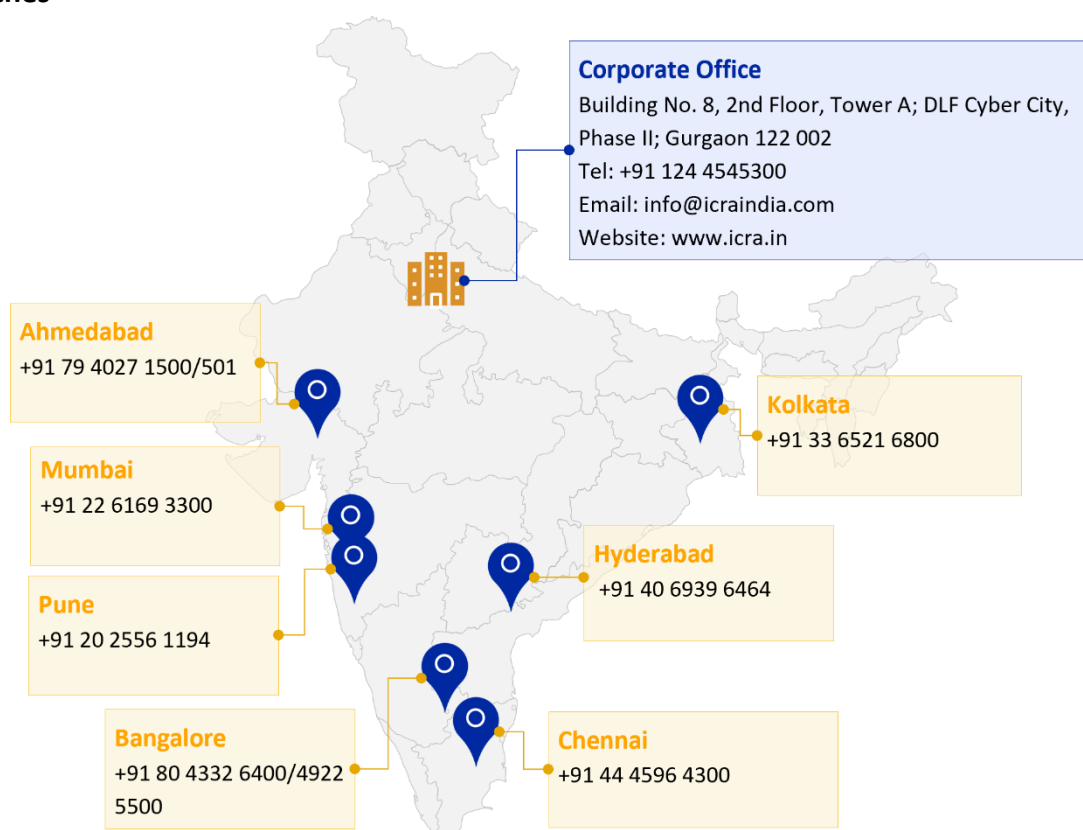
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