

PRESS RELEASE

GRIHALAXMI GAS COMPANY PRIVATE LIMITED

January 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	200.00	IRN BB-	Assigned
Short Term Bank Facilities	350.00	IRN A4	Assigned
Total	550.00		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB- (Double B Minus) to the long term bank facilities of NPR 200.00 Mn and IRN A4 (A Four) to the short term bank facilities of NPR 350.00 Mn.

Detailed Rationale

The ratings assigned to bank facilities of Grihalaxmi Gas Company Private Limited (GCPL) derive strength from long track record of operations (since 1994) and presence of experienced promoter and management personnel. The ratings also derive strength from steady stream of cash inflow from operations as evident by a moderate GCA levels of ~NPR 35 Mn – 48 Mn across FY21-25. Also, interest coverage ratio of the company remained robust at 3.87x in FY25, which remained above 2.80x throughout FY21–FY25 owing to relatively lower finance costs during the period. The rating also factors in the inherently stable demand for LPG, given its essential nature and consistent consumption, ensuring stable demand visibility. This stability is reflected in a steady growth trajectory in its Total operating income (TOI) at a CAGR of ~12% during FY21–FY25.

However, the rating strengths are constrained by GCPL's negative tangible net worth (TNW), which primarily stems from legacy costs associated with the acquisition by the present management in FY10/11. Despite the increment in capital and company avoiding losses in past years, the narrow operating margins (~5-6% across FY21-25) driven by industry regulated supply price and cost has led to narrow accretion to reserves as evident in modest bottom line figures (PAT of ~1% across FY21-25); keeping TNW negative across FY21-25. Notwithstanding the negative TNW, the availability of interest-free customer security deposits, which are utilized to partly fund capital expenditure, has supported the company's coverage indicators and debt repayment capacity, providing some comfort. The ratings are further constrained by the company's working capital intensive nature of operations, geographical concentration in Gandaki Province, as well as importer concentration risk, given that Nepal Oil Corporation (NOC) is the sole authorized importer of LPG in Nepal. This exposes GCPL to risks related to price volatility and regulatory changes. Additionally, the highly regulated nature of both supply-side and demand-side dynamics under NOC oversight results in intense non-price competition, which continues to constrain profitability and operational flexibility.

Going forward, the company's ability to expand the business operations and profitability, ensure steady stream of cash flows to service its debt in regular manner and improvement in its tangible net worth will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Long track record of operations and experienced board of directors

GCPL has a long track record of operation (since 1994) and is managed under the overall guidance of its experienced Board of Directors (BoD) chaired by Mr. Dharmaraj Bartaula after the takeover of the company during FY10/11. Mr. Bartaula has over 15 years of experience in different industries. The BoD is supported by experienced management team across various functions.

Steady increase in operating income given a stable demand for LPG, albeit modest profitability

GCPL benefits from the inherently stable demand for liquified petroleum gas (LPG). Given the essential nature of LPG and regular consumption, demand visibility remains stable, supporting revenue stability over the medium term. This is reflected in the steady growth in TOI, which recorded a CAGR of ~12% across FY21-25 increasing to NPR 1,272 Mn in FY25 from NPR 810 Mn in FY21. The company's EBITDA has remained rangebound at ~5%-6%, reflecting the regulated nature of industry. Consequently, PAT margins have remained modest at ~1% during the past three financial years ending FY25. The company's ability to mitigate external shocks remains a key monitorable, as even modest disruptions could have a bearing on its profitability profile.

Key Rating Weaknesses

Carried on losses at time of acquisition leading to negative Tangible Net Worth

GCPL was acquired by the current promoters in FY10/11, along with legacy costs that have resulted in persistently negative reserves. Despite subsequent capital infusions, the company's tangible net worth (TNW) has continued to remain negative in recent years, thereby constraining capital structure indicators such as the overall gearing ratio and other leverage metrics. The situation is further exacerbated by modest bottom-line performance, driven by narrow operating margins and elevated depreciation charges arising from capex-intensive operations leading to slow accretion to reserves. The ability of the management to improve profitability and restore TNW to positive levels over the medium term remains a key rating monitorable.

Working capital intensive nature of operations

GCPL's operations are inherently working capital intensive, as reflected in its working capital intensity of ~30% in FY25 (25% in FY24). The company extends credit of up to three months to its customers, resulting in a prolonged average collection period of approximately 80-90 days consistently during FY21-FY25. In contrast, procurement from its sole supplier, NOC, requires immediate payment upon customs clearance, leading to a significantly shorter average payment period of about 7-12 days over the same period. The resulting mismatch between receivables and payables has translated into a stretched operating cycle of around 80-90 days across FY21-FY25. This is further evidenced by the high utilization of short-term borrowing limits, averaging close to 90% during past 12 months. Timely collection from its customers remains critical from liquidity perspective.

Regulatory risk and geographical concentration risk

The LPG industry in Nepal is subject to stringent regulatory oversight encompassing import licensing, cylinder standards, storage and handling norms, and distribution safety requirements, with any non-compliance potentially resulting in penalties, operational disruptions, reputational risks, or increased regulatory scrutiny. Also, the company's operations are concentrated in Gandaki Province and importer concentration risk, as NOC remains the sole authorized importer of LPG in the country, exposing the company to risks related to pricing volatility, supply constraints, and regulatory or policy changes. Furthermore, the highly regulated nature of both supply-side and demand-side dynamics under NOC oversight has resulted in narrow operating margin, intense non-price competition among distributors, thereby limiting profitability and operational flexibility.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

Grihalaxmi Gas Company Private Limited (GCPL) has been operating as a gas refilling company since 1994. It is licensed by Nepal Oil Corporation (NOC) to operate as a refilling industry and supplies LPG

cylinders under the brand name 'Grihalaxmi Gas', in Gandaki province of Nepal. The company is majorly promoted by Mr. Dharmaraj Bartaula who holds 60% shareholding as of Mid-July 2025.

Financial Indicators (Standalone)

For the year ended* As on	FY21	FY22	FY23	FY24	FY25
	Audited				Unaudited
Total Operating Income (NPR Mn)	810	1,032	1,167	1,207	1,272
Gross Cash Accrual (NPR Mn)	31	35	48	47	45
EBITDA Margin (%)	6.10	5.37	6.34	6.10	5.04
PAT Margin (%)	0.35	0.59	1.12	1.15	1.38
Overall Gearing Ratio (x)	Neg.	Neg.	Neg.	Neg.	Neg.
Interest Coverage Ratio (x)	2.87	2.85	2.91	2.87	3.87
Working Capital Intensity (%)	34	28	25	25	30
Total Debt/GCA (x)	6.58	5.65	4.39	3.87	5.09

* Classification as per Infomerics Nepal Standards

Annexure 1: Detail of Facilities

Instrument/Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Long Term Bank Facilities-Term Loan	Long-Term	200.00	IRN BB-
Short Term Bank Facilities-Cash Credit	Short-Term	250.00	IRN A4
Short Term Bank Facilities-Bank Guarantee	Short-Term	100.00	IRN A4
Total		550.00	

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About Infomerics Credit Rating Nepal Limited:

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