

## PRESS RELEASE

### GHORAH CEMENT INDUSTRY LIMITED

February 2026

#### Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Issuer Rating	NA	IRN BB (Is)	Downgraded from IRN BB+(Is)
Long Term Bank Facilities	7,288.32 (reduced from 8,091.96)	IRN BB	Downgraded from IRN BB+
Short Term Bank Facilities	3,415.80 (enhanced from 2,672.69)	IRN A4	Downgraded from IRN A4+
<b>Total</b>	<b>10,704.12</b>		

*Details of facilities are in Annexure 1 below*

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has revised the issuer rating to IRN BB (Is) [Double B (Issuer)] from IRN BB+ (Is) [Double B Plus (Issuer)]. Issuers with this rating are considered to have the moderate risk of default regarding timely servicing of financial obligations.

Also, Infomerics Nepal has revised rating assigned to long term bank facilities of NPR 7,288.32 Mn to IRN BB (Double B) from IRN BB+ (Double B Plus), and IRN A4 (A Four) from IRN A4+ (A Four Plus) assigned to short term bank facilities of NPR 3,415.80 Mn.

#### Detailed Rationale

The revision of the ratings assigned to Ghorahi Cement Industry Limited (GCIL) and its bank facilities primarily factor in the company's modest financial performance, marked by the continued net losses in FY24 and FY25. The ratings also remain constrained by GCIL's subdued debt coverage indicators and stretched liquidity profile marked by still elevated inventory holding and a long operating cycle, despite some receivable management in FY25. Additionally, the inherently cyclical nature of the cement industry exposes the company to volatility in earnings. The ratings also take into account the inherent regulatory risks and its exposure to foreign exchange risk.

Nonetheless, the ratings continue to factor in support by its strong promoter groups- "Triveni Group" and "Vishal Group" supported by an experienced management team that has long track record in cement industry. The ratings also consider the backward integration secured by adequate limestone reserves and proximity of the plant to raw material sources. Going forward, GCIL's ability to improve its revenue profile along with profitability, and maintain comfortable coverage indicators with prudential working capital management would remain key rating sensitivities. Also, the ability of the company to timely conclude right share issuance and its utilization as envisaged will remain key monitorable.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

#### Experienced promoter group and management team with long track record in cement industry

GCIL benefits significantly from being a venture between "Triveni Group", and "Vishal Group", two large corporate houses in Nepal. Long operational track record of two groups across various sectors including banking, manufacturing, trading, insurance, hydropower, real estate and diverse experience of promoters support the business risk profile of GCIL. Further, Triveni Group has around two decades of experience in cement manufacturing through various sister concerns. GCIL also derives strengths from the financial flexibility of its promoter group which is highlighted by financial

support provided in the form of interest free loans to the company in recent periods. The company has seven directors on its board and is chaired by Mr. Aditya Sanghai. Additionally, the promoters are supported by a team of technically qualified and experienced professionals to run the day-to-day operations of the company.

## **Back ward Integration; secured by adequate limestone reserves and proximity of the plant to raw material sources**

GCIL has secured exclusive agreements for three limestone mines located within a distance of ~30-65 kms from the existing clinker plant. The mined limestone is transported to the plant via road. The company has the capacity to extract ~2.11 Mn MT of limestone annually from these mines, and the total reserves of the mines are estimated to be ~26.64 Mn MT. These reserves ensure long term availability of limestone which is a key raw material for clinker and cement manufacturers like GCIL.

## **Key Rating Weaknesses**

### **Modest financial profile**

GCIL's financial performance deteriorated in FY24 vis-à-vis FY23, followed by partial recovery in FY25. Total Operating Income (TOI) declined from ~NPR 4,791 Mn in FY23 to ~NPR 4,484 Mn in FY24, primarily due to subdued operating performance driven by pressure on price realizations amid weak demand and intense competition, which offset the marginal improvement in sales volume. However, TOI recovered to ~NPR 5,136 Mn in FY25 on account of improved pricing and higher cement sales. Amid elevated production cost, the company reported negative EBITDA in FY24 which however, improved to ~16%, supported by recovery in operating income and improved cost efficiency. Net profitability remained strained with the company reporting net losses in both FY24 and FY25. Consequently, Gross Cash Accruals (GCA) remained negative in both FY24 and FY25 amid losses reported during the years.

### **Modest debt coverage indicators**

The capital structure of GCIL remains moderate with overall gearing ratio of 1.35x as of mid-July 2025 albeit deteriorating from 1.19x in FY23 to 1.31x in FY24. Debt servicing indicators weakened materially, with interest coverage ratio declining from 1.99x in FY23 to negative in FY24 due to operating losses, and remaining weak at 0.91x in FY25. DSCR also declined from 0.89x in FY23 to negative in FY24, with only a modest recovery to 0.61x in FY25, reflecting continued stress on cash flows vis-à-vis debt obligations.

### **Working capital intensive nature of business**

The operations of GCIL remains working capital intensive in nature marked by an elongated operating cycle of 198 days in FY25, albeit improved from 221 days in FY24. Average collection period of the company improved to 107 days in FY25 compared to 134 days in FY23 and 140 days in FY24. Inventory holding remained elevated, with average inventory days at 177 days in FY24 and 178 days in FY25 as the company has to maintain stock for the smooth operation. Furthermore, the working capital utilization averaged over 90% as of mid-July 2025, reflecting high utilization of sanctioned limit with moderate liquidity cushion.

### **Cyclical, forex and regulatory risk coupled with intense competition**

GCIL remains exposed to inherent cyclical, in the cement industry, with demand closely tied to the pace of infrastructure and construction activity in the country. Seasonal variations in construction, particularly during monsoon months, can also affect plant utilization and revenue visibility. While the current regulatory regime supports domestic manufacturers through high import duties, any adverse change in such policies could significantly alter competitive dynamics, given the cost-intensive and volume-driven nature of cement logistics in Nepal. GCIL's reliance on imported raw materials exposes it to forex fluctuation and global price volatility risks, which may exert pressure on margins in the absence of adequate hedging mechanisms. Moreover, in the cement industry, market dominance is

typically held by large producers with strong brand recognition. However, the market landscape is characterized by a mix of organized and unorganized players, resulting in limited pricing power for new entrants and impacting profitability amidst fierce competition. Currently, there are over 60 cement industry and 20 clinker manufacturing units operational, with several additional units in the pipeline. The impending influx of new units, alongside existing units undergoing capacity expansions, is anticipated to further constrain pricing flexibility in the future. Consequently, any notable increase in input material costs is likely to exert pressure on the industry's overall margins in the face of heightened competition.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Corporate Credit Rating Methodology](#)

[Issuer Rating Methodology](#)

**Past Rating Rationale:**

[Ghorahi Cement Industry Limited: Bank Facilities and Issuer Rating Revised](#)

**About the Company:**

Incorporated in August 2007, Ghorahi Cement Industry Private Limited was later converted to Ghorahi Cement Industry Limited (GCIL) on March 7, 2021. GCIL is part of the "Triveni Group" and the "Vishal Group," and is chaired by Mr. Aditya Sanghai. GCIL has its integrated cement manufacturing plant situated in the Dang Valley of Western Nepal. GCIL is currently engaged in the manufacturing and selling of clinker, OPC, and PPC. Birendra Kumar Sanghai and Govind Lal Sanghai holds the major shareholdings (~10% each) of the company as of mid-July 2025.

**Financial Indicators (Standalone)**

For the year ended* As on	FY22	FY23	FY24	FY25	Q1FY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	5,042	4,791	4,484	5,136	912
EBITDA Margin (%)	19.52	17.61	Neg	15.73	20.39
Interest Coverage Ratio (x)	2.52	1.99	Neg	0.91	1.05
Current Ratio (x)	0.73	1.32	0.82	0.75	0.83
TOL/TNW (x)	2.01	1.47	1.53	1.63	1.64
Overall Gearing Ratio (x)	1.75	1.19	1.31	1.35	1.40

\*Classification as per Infomerics Nepal standards

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Total Outside Liabilities/Tangible Net worth (TOL/TNW)

**Annexure:1 Detail of Facilities:**

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	7,288.32	IRN BB
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	1,043.11*	IRN BB
Fund Based Bank Facilities-Working Capital Loan	Short Term	1,630.91*	IRN A4
Non-Fund Based Bank Facilities- LC/BG	Short Term	1,631.78*	IRN A4
<b>Total Facilities</b>		<b>10,704.12</b>	

LC= Letter of Credit; BG= Bank Guarantee

\*Total Working Capital Limit (Funded + Non-Funded) is NPR 3,415.80 Mn

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## About Infomerics Credit Rating Nepal Limited:

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