

PRESS RELEASE

MAHASHAKTI SOAP & CHEMICAL INDUSTRIES PRIVATE LIMITED

June 2026

Rating

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	264.55 (enhanced from 82.18)	IRN B	Reaffirmed
Short Term Bank Facilities	350.00 (reduced from 570.03)	IRN A4	Reaffirmed
Total	614.55		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN B (Single B) assigned to the long-term bank facilities of NPR 264.55 Mn and IRN A4 (A Four) assigned to the short-term bank facilities of NPR 350.00 Mn.

Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Mahashakti Soap & Chemical Industries Private Limited (MSCPL) continues to factor in strength from experienced promoters along with long operational track of the company. The ratings also take note on diverse product range offered by the company and improving demand prospects for soap industry.

These rating strengths are constrained by the modest financial performance of MSCPL, characterized by continual downtrend of Total Operating Income (TOI) in FY25 and highly leveraged capital structure of the company. Also, the ratings take note of elongated operating cycle, high level of working capital intensity and intense competition in the industry. Going forward, the ability of the company to increase its scale of operations and improve profitability and also improve the capital structure through efficient working capital management will remain key rating sensitives.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Long track record of operation with experienced promoters

MSCPL has over five decades of operational history in Nepalese soap industry, with diversified personal care and homecare products. The board of directors of the company is chaired by Mr. Ashok Kumar Lohia, one of the two founders of the company, with extensive experience of over five decades in the soap industry. Mr. Rohit Lohia, Managing Director, and also Co-Founder of Nepalese Young Entrepreneur's Forum, looks after the operation of the company. He has been involved in the company since 2002.

Improving demand prospects for soap industry and diverse product range

The soap manufacturing industry is witnessing sustained growth driven by heightened hygiene awareness and urbanization. Increasing consumer focus on personal hygiene, coupled with rising disposable incomes in urban areas, is expanding demand for diverse soap products. The company has strong presence in Nepalese soap market mainly under its brand names "Puja" and "Mayalu" for over five decades. The company has established an extensive network chain of over 180 dealers all over Nepal.

Key Rating Weaknesses

Modest financial performance

MSCPL reported Total Operating Income (TOI) of NPR 276 Mn in FY25, ~29% year-on-year decline compared to FY24. EBITDA margin surged to ~22% in FY25, recovering from a dip to ~3% in FY24 (~13% in FY23). The company's EBITDA margin improvement was on account of decrease in production expenses along with higher average realization during the year. The company maintained negligible PAT margin of 0.57% in FY25. The company's PAT margin turned negative in FY24, due to substantial interest outflow which was further withered by the losses incurred on sales of fixed assets. Also, Gross Cash Accruals (GCA) remained modest at NPR 8 Mn in FY25, although improved from negative in FY23 and FY24. The ability of the company to improve the scale of operations and profitability remains crucial amidst the competition, going forward.

Highly leveraged capital structure

The capital structure of MSCPL remained highly leveraged marked by negative overall gearing ratio as on mid-July 2025 and mid-July 2024, owing to negative tangible net worth base. Overall gearing ratio has been deteriorating mainly due to erosion of net worth base due to losses incurred by the company in the recent past along with substantial bank borrowings to fund working capital requirements. Concurrently, Total Outside Liability to Tangible Net Worth (TOL/TNW) remained negative at the end of FY24 and FY25. Also, Interest coverage remained modest at ~1.14x in FY25, albeit improved from 0.15x in FY24 and 0.82x in FY23. DSCR continued to remain below unity in FY25.

Working capital intensive nature of business

MSCPL's liquidity position remains stretched due to its low profit accruals, and a very high level of working capital intensity. MSCPL had maintained inventory of ~671 days at the end of FY25, significantly stretched from ~374 days at the end of FY24. Average debtors' days stood high at 171 days in FY25 vis-avis 163 days in FY24 (FY23: 162 days) amid company's generous credit policy. Consequently, the operating cycle of MSCPL further elongated to 671 days in FY25 compared to 374 days in FY24 (FY23: 377 days) resulting in increased reliance of the company on bank financing to fund its working capital needs.

Intense competition

The soap manufacturing industry is fragmented and largely unorganized, consisting of numerous domestic as well as international players. It faces low entry barriers, leading to intense competition and minimal product differentiation.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Past Rating Rationale:

[Mahashakti Soap & Chemical Industries Private Limited: Bank Facilities Rating Assigned](#)

About the Company:

Mahashakti Soap & Chemical Industries Private Limited (MSCPL) was incorporated on September 12, 1971. The company has its head office in Kathmandu and is involved in manufacturing of personal care and homecare products. The company is active in Nepalese soap market under established brand name "Puja", "Mayalu" along with multiple other brands. The entire shareholding of the company is held by 3 individual shareholders namely Mr. Rohit Lohia (50%), Mr. Ashok Kumar Lohia (25%) and Ms. Sunita Lohia (25%).

Financial Indicators (Standalone)

For the year ended* As on	FY21	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	550	546	428	388	276
EBITDA Margin (%)	7.19	10.50	12.72	2.64	21.96
Interest Coverage Ratio (x)	1.34	1.25	0.82	0.15	1.14
Current Ratio (x)	1.00	1.00	0.94	0.80	0.83
Total Debt/GCA (years)	47.48	43.15	Negative	Negative	83.17
Overall Gearing Ratio (x)	15.11	15.02	28.34	Negative	Negative

*Classification as per Infomerics Nepal standards

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	64.55	IRN B
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	200.00	IRN B
Fund Based Bank Facilities- Working Capital	Short Term	250.00	IRN A4
Non-Fund Based Bank Facilities- Letter of Credit	Short Term	100.00	IRN A4
Total Facilities		614.55	

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About Infomerics Credit Rating Nepal Limited:

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