

March 04, 2025

Meena LPG Industries: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based – Cash credit	8.00	5.00	[ICRA]BB+(Stable); reaffirmed
Long-term fund-based – Term loan	39.18	32.98	[ICRA]BB+(Stable); reaffirmed
Short term – Non-fund based facilities	15.00	18.00	[ICRA]A4+; reaffirmed
Long-term and short-term unallocated limits	0.28	1.36	[ICRA]BB+(Stable)/[ICRA]A4+; reaffirmed
Total	62.46	57.34	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation of Meena LPG Industries (MLI) factors in its diversified revenue stream with an established track record in the parallel marketing of liquified petroleum gas (LPG). Further, MLI provides bottling assistance and operations & maintenance (O&M) support to various oil marketing companies, wherein the margins are higher than the parallel marketing segment.

The ratings factor in a steady improvement in the scale of MLI. The commencement of a solar power plant in Q4 FY2023 and the increased new contracts in the O&M segment received in FY2024 improved the revenues, and the trend is expected to sustain, going forward. The power generated from the solar plant is being sold to a Group entity, Thenpandiyan Spinning Mills India Private Limited (TSMIPL), on a group captive basis. The ratings further continue to favourably factor in the extensive experience of its promoters in the LPG industry spanning over three decades, with established relationships with distributors and suppliers.

The ratings, however, remain constrained by MLI's modest net worth position and its high geographical concentration with the operations restricted to Tamil Nadu amid intense competition from the dominant public sector players that restricts its pricing flexibility. ICRA notes the weak margins in the parallel marketing segment in 9MFY2025 due to higher discounts and reduced spreads (selling price-cost price). The modest net worth position, along with the increased debt levels, resulted in a high TOL/TNW of 6.7 times as on March 31, 2024.

The ratings further remain tempered by the vulnerability of MLI's profitability to the fluctuations in LPG margins. Further, its operations remain susceptible to any adverse changes in regulatory policies by the Government and the supplier concentration risk as the firm procures only from Indian Oil Petronas Private Limited (IPPL). Nonetheless, the long-term agreement with IPPL mitigates the risk.

The Stable outlook on the rating reflects ICRA's expectation that Meena LPG Industries is likely to sustain its operating metrics even as its revenue growth may moderate due to the discounts offered in gas sales. Further, the outlook underlines ICRA's expectation that the entity's incremental capex will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in LPG/auto industry – The firm is managed by its key promoter, Mr. Nallusamy, who has more than three decades of experience in the LPG industry. He has established several other entities in related businesses, including M/s Green Auto Gas (dealers of auto LPG dispensing stations), M/s Thenpandiyan Transports (LPG transportation) and Thenpandiyan LPG Import Terminal Private Limited.

Growing brand presence and diversified revenue stream – MLI is involved in the parallel marketing and distribution of cylinders under its own brand, Meena Gas, and has been increasing its presence in Tamil Nadu over the years. Further, MLI provides bottling assistance and operations & maintenance (O&M) support to various oil marketing companies, wherein the margins are higher than the parallel marketing segment.

Increased O&M contracts to drive profitability growth – The firm was awarded various new contracts in the operations and maintenance (O&M) segment in FY2023 and FY2024. At present, it does the O&M for 10 plants in the oil marketing segment. This segment, along with the solar power plant, is expected to drive profitability growth, going forward.

Credit challenges

High geographical concentration amid intense competition from PSUs – MLI's parallel marketing operations are geographically concentrated in Tamil Nadu. It faces considerable pricing pressures amid intense competition from dominant public sector players. The firm also faces high supplier concentration risk as it procures only from IPPL. However, the risk is mitigated to a large extent by the long-term purchase agreement with IPPL for procuring LPG till FY2029.

Profitability vulnerable to fluctuations in LPG prices – The firm's profitability remains vulnerable to LPG price fluctuations and the trading margins remain contingent upon the same, as witnessed in the weak margins in 9M FY2025 in this segment. However, the overall operating profitability remains at 7.1%. MLI's operations and profitability are susceptible to any adverse changes in regulatory policies on pricing, taxes, duty etc, given the Government's focus on the oil and gas sector.

Modest net worth and risks associated with partnership nature of firm - The firm's net worth position was modest at Rs. 10.7 crore as on March 31, 2024, which has weakened further in 9M FY2025 with the payout to an outgoing partner. The modest net worth position along with the increased debt levels resulted in high TOL/TNW of 6.7 times as on March 31, 2024 and 8.4 times as on December 31, 2024. Being a partnership concern, the firm is also exposed to the risk of withdrawals by the partners.

Liquidity position: Adequate

MLI's liquidity is expected to remain adequate, evident from the free cash and bank balance of Rs. 3.74 crore as on March 31, 2024, and low working capital utilisation of 51% in the last 12 months ended December 2024. The firm has repayment obligations of ~Rs. 6.36 crore for FY2025 and Rs. 7.25 crore in FY2026, which are expected to be comfortably met from the accruals. A capex of Rs. 3 crore was incurred in 9M FY2025 till date, funded by internal accruals and term loans. The incremental capex planned is expected to be partially debt-funded.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the firm reports a sustained increase in its scale of operations, while maintaining healthy profitability levels, supporting its net worth position. A specific credit metric for upgrade would be TOL/TNW of less than 2.0 times on a sustained basis.

Negative factors – Pressure on the ratings could arise if the scale or profitability deteriorates or the liquidity position weakens. A specific credit metric for downgrade will include, but will not necessarily be limited to, a DSCR below 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power-Solar
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Meena LPG Industries was established as a proprietorship concern in 1994 by Mr. K Narayanan. In 2009, it was taken over by Mr. Nallusamy as Managing Partner along with four others – Dr. Pandian, Ms. Shanti, Mr. Palaniappan and Mr. Saravanan - and the entity was converted to a partnership firm. In June 2019, the partnership firm was reconstituted as one of the partners, Mr. Pandian, decided to discontinue and his profit share of 25% was transferred to Mr. Nallusamy. At present, the partners of the firm are Mr. Nallusamy, Ms. Shanti, Mr. Palaniappan and Mr. Saravanan. Subsequently, a part of the stake of Mr. Nallusamy was taken over by M/s. Thenpandian Spinning Mills India Pvt Ltd.

The firm is engaged in the parallel marketing and distribution of cylinders under its own brand name, Meena Gas, in Tamil Nadu. It also provides bottling assistance, and operation & maintenance support to OMCs such as Total Oil India Private Limited, Bharat Petroleum Corporation Limited, Indian Oil Corporation Limited and Hindustan Petroleum Corporation Limited. It also has a solar power plant with a 6-MW capacity. The power generated is sold to an associate entity on a group captive basis.

Key financial indicators (audited)

MLI	FY2023	FY2024	9MFY2025*
Operating income	212.3	230.2	164.3
PAT	1.3	1.3	1.2
OPBDIT/OI	7.3%	8.1%	7.1%
PAT/OI	0.6%	0.6%	0.7%
Total outside liabilities/Tangible net worth (times)	5.3	6.7	8.4
Total debt/OPBDIT (times)	2.4	2.1	2.2
Interest coverage (times)	5.5	5.1	4.6

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDIT: 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

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	
			Mar 04, 2025	Feb 09, 2024	Nov 25, 2022	Dec 14, 2021	
1	Cash credit	Long term	5.0	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)
2	Term loan	Long term	32.98	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)	[ICRA]BB+ (Stable)
3	Bank guarantee	Short Term	18.00	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+
4	Unallocated limits	Long term/ Short term	1.36	[ICRA]BB+ (Stable)/ [ICRA]A4+	[ICRA]BB+ (Stable)/ [ICRA]A4+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Cash credit	Simple
Long-term fund-based – Term loan	Simple
Short -term – Non-fund based facilities	Very Simple
Long-term and 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
NA	Term loan-I	FY2023	8.5%	FY2033	16.18	[ICRA]BB+(Stable)
NA	Term loan-II	FY2023	7.75%	FY2029	16.80	[ICRA]BB+(Stable)
NA	Cash credit	NA	NA	NA	5.00	[ICRA]BB+(Stable)
NA	Bank guarantee	NA	NA	NA	18.00	[ICRA]A4+
NA	Unallocated limits	NA	NA	NA	1.36	[ICRA]BB+(Stable)/ [ICRA]A4+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Prashant Vasisht

+91 124 4545 322

Prashant.vasisht@icraindia.com

Kushal Kumar B

+91 40 6939 6408

kushal.kumar@icraindia.com

Arvind Srinivasan

+91 44 4596 4323

arvind.srinivasan@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



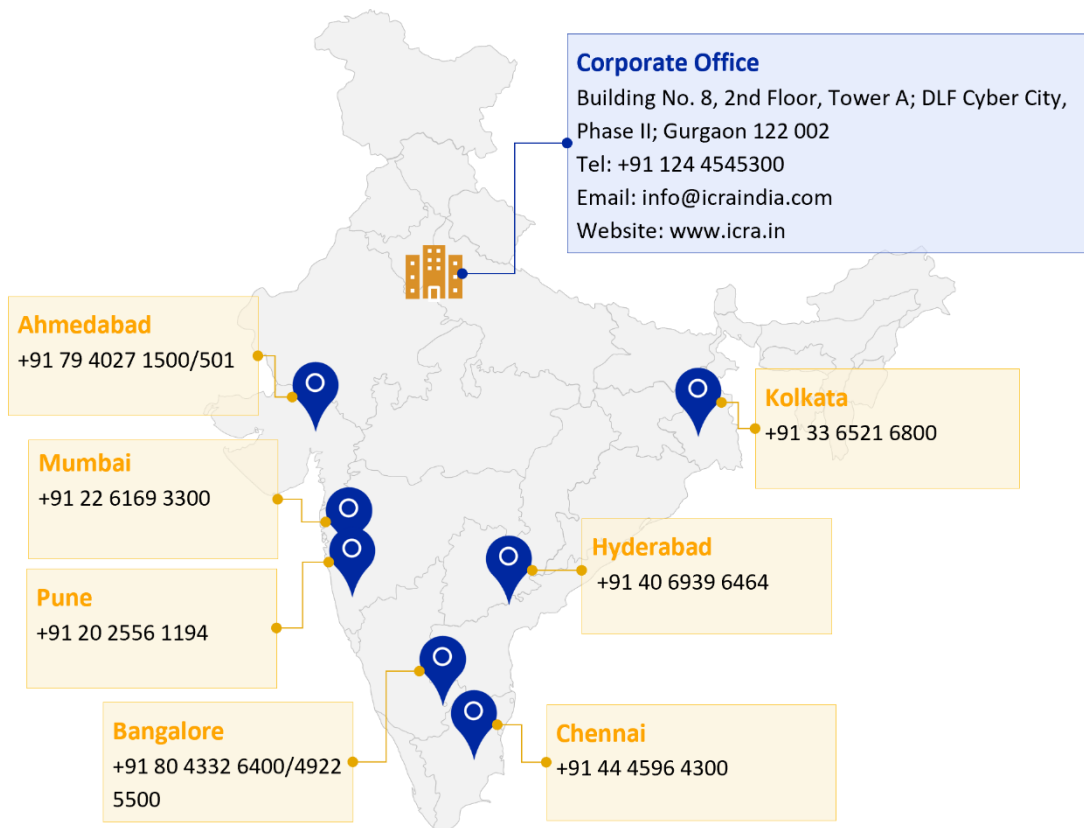
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.