

PRESS RELEASE

R.R. INTERNATIONAL HOSPITAL PRIVATE LIMITED

November 2025

Ratings

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Long Term Bank Facilities	1,835.00	IRN B+	Assigned
Short Term Bank Facilities	40.00	IRN A4	Assigned
Total	1,875.00		

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN B+ [Single B Plus] to long term bank facilities of NPR 1,835.00 Mn and IRN A4 [A Four] to short term bank facilities of NPR 40.00 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of R.R. International Hospital Private Limited (RRIHPL) derive strength from the promoters' extensive experience and the company's affiliation with the "Shivam Organization" group, which provides significant technical and managerial support. The ratings also take into account the hospital's strategic location in Biratnagar; an area with high population density, including adjacent Indian border towns which is expected to contribute positively to patient inflow.

However, these strengths are offset by the execution risks associated with RRIHPL's ongoing construction of the 121-bed multispecialty hospital, which had achieved ~31% financial progress as of mid-October 2025. The ratings are further constrained by the inherently long gestation period characteristic of the hospital industry. In addition, equity funding risk persists, as the promoters have infused only ~70% of the committed equity to date (barring no cost escalation). Additionally, the ratings also remain constrained by the intense competitive landscape of the healthcare sector, accentuated by the presence of numerous well-established government and private hospitals in the vicinity. Furthermore, the project's modest cost structure; reflected in an expected cost per bed of ~NPR 20 Mn and the anticipated leveraged capital structure and repayment obligations upon commencement of operations are likely to exert pressure on the company's financial profile during the initial years of operation. Going forward, the company's ability to complete the project without incurring significant cost and time overruns, stabilize operations and realize the expected benefits from its hospital will be critical and is key rating sensitivity.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter and group support

The company is governed by a two-member Board of Directors comprising Mr. Rajendra Raut, who serves as Chairman, and Mrs. Seema Raut, who serves as Director. Both directors possess decades of entrepreneurial and managerial experience and are associated with the "Shivam Organization" group, which has a diversified presence across sectors including garments and footwear, limestone mining and cement, heavy earthmoving equipment, automobiles and spare parts, oil and lubricants, diesel generators, and hospitality. RRIHPL also benefits from an experienced management team, which strengthens its understanding of market dynamics and is expected to provide robust operational support as the hospital progresses toward stabilization and growth.

Locational advantage

The hospital benefits from a strategic location in the heart of Biratnagar, one of Nepal's largest metropolitan areas with a dense population base. Its proximity of ~ 3 km to the domestic airport,

along with its location near the Indian border, enhances its ability to attract patients from adjacent Indian towns as well as from various regions across Nepal. The site's strong connectivity through major road networks and air transport further strengthens its overall catchment profile.

Key Rating Weaknesses

Project implementation and operation stabilization risk along with long gestation period

RRIHPL is constructing a 121-bed multispecialty hospital which is under construction with ~31% financial progress and ~40% physical progress (management certified) achieved as of Mid-October 2025 with soft launch scheduled on Mid-April 2026 and expected commercial operation from Mid-July 2026. The total estimated cost of the project is ~NPR 2,448 Mn (~NPR 20 Mn per bed) to be funded in debt: equity ratio of 75:25. Thus, timely completion and successful stabilization of operations thereafter will remain key rating monitorable. Also, hospitals like RRIHPL which involves huge investment generally require longer gestation period to recover the associated fixed costs and become profitable. Given the substantial capital outlay, hospitals such as RRIHPL typically face long gestation periods before achieving breakeven and sustainable profitability. Additionally, demand-related risks are expected to remain moderate, as the healthcare industry is highly fragmented with the presence of numerous well-established government and private hospitals in the vicinity. This intense competitive environment may continue to constrain scalability, pricing flexibility, and overall profitability.

Expected leveraged capital structure and equity funding risk

The project is highly leveraged in terms of capital structure as reflected in the debt equity ratio of ~75:25 for the project with the estimated project cost of ~NPR 2,448 Mn. Revenue levels are expected to remain in moderate levels until the hospital achieves stability as the project is majorly funded through debt. Likewise, regarding the equity component, the equity funding risk persists. The equity component remains to be tied up given the promoters have infused till date ~NPR 430 Mn out of NPR 611.90 Mn reflecting ~70% equity infusion till Mid-October 2025.

Intense Competition within the healthcare sector

The healthcare industry in Nepal is highly fragmented, with numerous government and private multispecialty hospitals operating within close proximity to one another. This fragmentation has intensified with the continuous establishment of new healthcare facilities, driven by increased investment interest and government focus on expanding the country's health sector. Also, given the high operating leverage of the hospitality business, the operating profitability could be adversely impacted vis-à-vis projected estimates owing to such competition.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities-Term Loan	Long Term	1,835.00	IRN B+
Fund Based Bank Facilities-Working Capital	Short Term	40.00	IRN A4
Non Fund Based Bank Facilities- LC/BG ¹	Short Term	(1,000.30)*	IRN A4
Total Facilities		1,875.00	

¹Letter of Credit/Bank Guarantee

*The letter of credit is within the limit of term loan.



Infomerics Credit Rating Nepal Limited

About the Company:

R.R. International Hospital Private Limited (RRIHPL) was incorporated on July 18, 2022. The company is currently developing a six-storied, 121-bed multispecialty hospital in Biratnagar, Morang, Nepal, with a key specialization in cardiology. The facility, spread across ~5,756 sq. m., is planned to offer a range of OPD and IPD services, along with specialized departments such as endoscopy, orthopedics, gynecology, surgery, and other allied medical services. As of mid-October 2025, the shareholding structure reflects ~51% ownership by Mr. Rajendra Raut, with the remaining shares held by Mrs. Seema Raut.

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