

PRESS RELEASE

NOBEL COLLEGE OF HEALTH AND EDUCATION FOUNDATION LIMITED

June 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Issuer Rating	NA	IRN BB- (Is)	Assigned
Long Term Bank Facilities	3,353.17	IRN BB-	Assigned
Short Term Bank Facilities	404.99	IRN A4	Assigned
Total	3,758.16		

Details of facilities are in Annexure 1 below

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

Also, Infomerics Nepal has assigned the rating of IRN BB- (Double B Minus) to the long-term bank facilities of NPR 3,353.17 Mn and the rating of IRN A4 (A Four) to the short-term bank facilities of NPR 404.99 Mn.

Detailed Rationale

The ratings assigned to Nobel College of Health and Education Foundation Limited (NCHEF) [operating as Frontline Hospital] and its bank facilities reflect the company's improving revenue and profitability trajectory over the last five fiscal years ending FY25, with revenue registering a CAGR of ~9%, supported by a strong y-o-y growth of ~61% in FY25 leading to Total Operating Income (TOI) of NPR 433 Mn, primarily driven by higher IPD and OPD footfall and hospital operations contributing ~74% of total revenue. The growth momentum continued in 9MFY26 with TOI of NPR 446 Mn, wherein hospital income increased its share to ~84%, indicating strengthening operational scale and improving business concentration in core healthcare services. Supported by improving occupancy and operating leverage benefits, the operating margin improved to 22.91% in 9MFY26 from 20.79% in FY25. The ratings also factor in the moderate capital structure, strengthened by promoter-led equity infusion, and derive comfort from the experienced promoter group and established management team. Further, the ratings take comfort from the favourable demand outlook for the healthcare and medical education sectors, supported by rising health awareness, increasing insurance penetration, and growing preference for organized healthcare services.

Nonetheless, the ratings remain constrained by NCHEF's implementation and stabilization risks, particularly with the proposed development of an Oncology and Cancer Centre currently at a nascent stage, expected to be funded through a planned IPO. The ratings are also constrained by the limited scope of academic offerings across paramedical, management, and allied streams. NCHEF's ability to improve occupancy levels following full operation of the 200-bed hospital and to secure additional academic licenses, including MBBS and BDS programs, will remain key monitorable factors. The ratings are further tempered by intensifying competition in the hospital segment and the sector's exposure to regulatory uncertainties. Going forward, the company's ability to sustain revenue growth, enhance occupancy, maintain/improve coverage indicators and capitalisation profile, complete ongoing projects within the stipulated timeline, and successfully execute the proposed IPO will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and management team

The company benefits from the presence of experienced promoters and management personnel with longstanding involvement in Nepal's education and healthcare sectors. The operations are led by Mr. Nawaraj Pandey, Chairman, along with a team of professionals possessing experience across academic administration, hospital operations, finance, internal control, and organizational management. The management team is led by Dr. Ashokvardhan Chordiya, CEO, having decade of experience in healthcare sector. The management's familiarity with the healthcare and education industries has supported the company's operational expansion and strategic transition from an education-focused institution to an integrated healthcare operator.

Improving operational and financial profile

NCHEF has demonstrated an improving operational and financial profile over the last few years, albeit on a relatively modest scale of operations. The company reported a revenue CAGR of ~9% over the last five fiscals ending FY25, with TOI increasing sharply by ~61% y-o-y to NPR 433 Mn in FY25, primarily supported by improved IPD and OPD footfall. Hospital operations remained the key revenue contributor, accounting for ~74% of total income in FY25, with the share further increasing to ~84% during 9MFY26, wherein the company reported TOI of NPR 446 Mn. Supported by improving occupancy levels and operating leverage benefits, operating margin improved to 22.91% in 9MFY26 from 20.79% in FY25. The company's capital structure and debt coverage indicators have also shown improvement, supported by promoter-led equity infusion, strengthening net worth base, and improved cash accruals. Accordingly, overall gearing and TOL/TNW improved to 1.41x and 1.58x respectively as of mid-April 2026, while interest coverage and DSCR improved to 2.98x and 1.54x respectively, indicating relatively better debt servicing ability amid improving operational performance.

Favourable industry outlook and locational advantages

The healthcare industry outlook remains favourable, supported by rising healthcare awareness, increasing insurance penetration, growing incidence of lifestyle-related diseases, and improving affordability levels. Further, NCHEF benefits from its strategically located multi-specialty hospital within the densely populated Kathmandu Valley, which supports steady patient inflow and provides growth opportunities for the company over the medium term.

Key Rating Weaknesses

Implementation and stabilization risk

NCHEF's transition into a larger healthcare operator following the LOI for a 200-bed hospital has entailed execution-related risks, although the project has achieved ~87% progress as of mid-May 2026. Of the total capacity, 100 beds are already operational and stabilized, recording an occupancy of ~49% in 9MFY26; however, the remaining 100 beds are under the final stage of completion, and their ability to achieve sustainable occupancy levels remains to be demonstrated. Further, the company's plan to develop an additional 100-bed oncology and cancer center is at a nascent stage and is proposed to be funded through an IPO, thereby exposing the company to implementation, funding, and ramp-up risks associated with large-scale healthcare expansion.

Modest occupancy levels

NCHEF's occupancy levels have remained modest, with average occupancy of ~28% in FY25, which continues to remain lower than the industry average for tertiary care hospitals. Nevertheless, the hospital has witnessed improvement in operational utilisation during 9MFY26, with occupancy increasing to ~49%, supported by gradual scaling up of operations and improving patient footfall. Given the relatively recent establishment of the hospital and ongoing ramp-up phase, occupancy levels are expected to improve further over the medium term, which is likely to support revenue growth and operational profitability.

Intense competitive environment and consultant retention risk

NCHEF operates in a highly competitive healthcare market in the Kathmandu Valley, marked by the presence of large, well-established multi-specialty hospitals as well as increasing capacity additions by private players, including new entrants. This heightened competition has intensified pressure on patient acquisition and occupancy levels. Going forward, improvement in bed utilization will be significantly influenced by the hospital's ability to attract and retain senior and reputed consultants, which remains a key challenge amid strong demand for experienced medical professionals across the sector.

Analytical Approach: Standalone

Applicable Criteria:

[Issuer Rating Methodology](#)

[Corporate Credit Rating Methodology](#)

About the Company:

Incorporated in January 2006, Nobel College of Health and Education Foundation Limited (NCHEF) initially operated as an education-focused institution offering academic programs in paramedical, management, and allied disciplines, while commencing healthcare services under "Nobel Hospital" in 2011 with a 100-bed capacity to support academic operations and basic healthcare delivery. The company witnessed a strategic shift from 2017 onwards following the receipt of a Letter of Intent (LOI) for a 200-bed hospital from the Provincial Health Ministry, which marked its transition into a corporate healthcare operator through the establishment of "Frontline Hospital". The company is promoted and led by Mr. Nawaraj Pandey, Chairman, who held 40.27% stake in the company as of mid-July 2025.

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	9MFY26
	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	349	269	433	446
EBITDA Margin (%)	17.06	16.92	20.79	22.91
Interest Coverage Ratio (x)	1.23	2.62	2.33	2.98
Total Debt/ EBITDA (x)	35.67	57.58	32.40	28.79
Current Ratio (x)	0.44	0.57	0.92	1.25
Overall Gearing Ratio (x)	2.11	2.54	2.06	1.41
TOL/TNW (x)	2.76	3.18	2.34	1.58

*Classification as per Infomerics Nepal standards

EBITDA: Earning before Interest, Tax, Depreciation and Amortisation

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

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Term Loan	Long Term	2,733.17	IRN BB-
Fund Based Bank Facilities- Term Loan (Proposed)	Long Term	620.00	IRN BB-
Fund Based Bank Facilities- Short Term Loan (Proposed)	Short Term	50.00	IRN A4
Fund Based Bank Facilities- Bridge Gap Loans	Short Term	85.60	IRN A4
Non-Fund Bank Facilities – LC/BG*	Short Term	269.39	IRN A4
Total Facilities		3,758.16	

*Letter of Credit/Bank Guarantee

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About Infomerics Credit Rating Nepal Limited:

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