PRESS RELEASE

OM SAI PATHIBHARA HOSPITAL PRIVATE LIMITED

August 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	469.73	IRN BB	Assigned
Short Term Bank Facilities	324.57	IRN A4	Assigned
Total	**794.30**		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB (Double B) to the long-term bank facilities of NPR 469.73 Mn and IRN A4 (A Four) to the short-term bank facilities of NPR 324.57 Mn.

Detailed Rationale

The ratings assigned to bank facilities of Om Sai Pathibhara Hospital Private Limited (OMSPL) derive strength from long track record of operations (since 2009) and presence of experienced promoter and management personnel, along with established market position in its locality, particularly in dialysis segment. The ratings also derive strength from gradual increase in TOI marked by CAGR of ~ 42% across FY22-25 owing to improving brand image, association with government backed health scheme attracting more patient inflow and gradual addition of newer facilities and services in the hospital. The ratings also factor in healthy operating margins (EBITDA of ~34% in FY25) driving its PAT upwards (CAGR growth of ~50% across FY22-25 albeit on lower basis). The ratings also factor in gradual increase in IPD and OPD patients albeit with some variability and increased average revenue per occupied bed (ARPOB) particularly in case of IPD department. The ratings also positively factor the favorable demand outlook for the healthcare sector, supported by rising medical insurance penetration, increasing health awareness and growing preference for organized healthcare services. Additionally, OMSPLs ongoing strategic shift towards strengthening its multi-specialty offerings is expected to support its business profile and operating stability over the medium term.

However, the rating strengths are constrained by OMSPL's limited scale of operations given it operates only 100 beds and volatility in patient flow volume. The ratings also remain constrained due to leveraged capital structure (overall gearing ratio of 2.77x in FY25 vis-à-vis 2.31x in FY24) owing to regular debt funded CAPEX coupled with distribution of dividend in FY25. The ratings also remain constrained due to elongated collection period (average collection period reached 96 days in FY25 from 70 days in FY24 and 66 days in FY23) owing to delay in payment by government against treatment of insurance linked patients exerting significant pressure on working capital needs. The ratings also take cognizance of the intense competition in the highly fragmented healthcare market in Nepal, characterized by the presence of several well-established multi-specialty hospitals, along with inherent reputation and regulatory risks associated with the sector.

Going forward, OMSPL's ability to improve its revenue profile and operating margins in line with the planned capex, while strengthening its capitalization and prudent working capital management amid rising competitive intensity, will remain the key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters

The promoters and Board of Directors comprise a dedicated and experienced group of professionals with diverse backgrounds in administration, legal affairs, finance, and hospital management, contributing to the institution's strong governance and operational stability. The Board is chaired by Mr. Dipak Kumar Pokhrel, a retired government official who currently brings valuable leadership and managerial expertise in hospital administration. The Board includes members such as Mr. Bal Kumar Pokhrel, a former professional from Nepal Bank Ltd. with extensive financial and administrative experience, The promoters' long-standing association with the hospital, strong professional standing, and commitment to ethical and quality healthcare support stable operations, sound governance, and the long-term sustainability of OMSPL.

Improving revenue and profitability trajectory

OMSPL financial performance reflects a sustained improvement in scale and profitability, with Total Operating Income (TOI) increasing significantly from NPR 152 Mn in FY21 to NPR 656 Mn in FY25, registering a healthy CAGR of ~42%, despite the disruptions caused by the pandemic. The improvement in operating scale, coupled with better cost management, has led to a healthy EBITDA margins across the review period highlighted by ~34% in FY25, ~26% in FY24, ~25% in FY23 and ~30% in FY22, highlighting enhanced operational efficiency. The company has also enhanced its bottom line albeit on lower scale, reporting a PAT of NPR 75 Mn in FY25 from ~NPR 15 Mn in FY21, with PAT margin remaining steady across ~8-10% across the review period. Further, Gross Cash Accruals (GCA) have remained positive and on an improving trend since FY21, reflecting strengthening internal cash generation and improved overall financial health.

Favorable industry outlook and locational advantages

The healthcare industry outlook remains favorable, supported by improving affordability due to rising per capita income and increasing penetration of medical insurance, growing awareness and demand for quality healthcare services, technological advancements enabling early diagnosis and improved treatment outcomes, and a higher incidence of lifestyle-related diseases. These factors are expected to sustain demand for organized healthcare services over the medium to long term. Further, the company benefits from its strategically located multi-specialty hospital with established infrastructure in Jhapa area, which continues to support patient inflow and augurs well for incremental revenue growth.

Key Rating Weaknesses

Leveraged capital structure due to dividend distribution albeit healthy coverage indicators

OMSPL's capital structure remains leveraged, with steady decline in capital structure over the years. The primary reason being attributable to consistent CAPEX being carried out by the company to add services and more facilities under its umbrella as evident by steady rise in TOI (CAGR of ~42% across FY22-25) coupled with distribution of cash dividend of NPR 58 Mn in FY24. The distribution of dividend along with increase in debt to fund its CAPEX has resulted in overall gearing ratio to reach 2.77x in FY25 from 2.31 in FY24 and 1.59x in FY23 while TOL/TNW has reached 3.75x in FY25 from 4.10x in FY24 and 2.23x in FY23. While the gearing ratio has deteriorated due to dividend distribution, the coverage indicators have held steady and is quite healthy. Interest coverage ratio is healthy at 4.78x in FY25 (3.63x in FY24 and 3.58x in FY23).

Intense competitive environment and consultant retention risk

OMSPL 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.

Elevated collection period

OMSPL's average collection period is on rise gradually. The average collection period increased to 96 days in FY25 from 70 days in FY24 and 66 days in FY23. The reason behind such increase is due to expanded operation scale coupled with higher volume and greater share of insurance-linked patients. The government backed revenue the hospital generated is yet to be materialized by the government resulting in elongated operating cycle. The elevated collection period has resulted in stressed liquidity and ability of management to manage prudent working capital remains key rating monitorable.

Analytical Approach: Standalone

Applicable Criteria:
Corporate Credit Rating Methodology

About the Company:
Incorporated in October 2009, Om Sai Pathibhara Hospital Private Limited (OMSPHPL) is a private, multi-specialty tertiary care hospital located in Bhadrapur-7, Jhapa, Nepal, operating a 100-bed full-service facility. The hospital offers a wide range of clinical, surgical and diagnostic services, supported by 24/7 emergency, ICU and critical care facilities, along with routine inpatient and outpatient services across major specialties. As of mid-July 2025, the major shareholder is Mr. Dipak Kumar Pokhrel (~91% holding) with other shares shared among four individuals.

Financial Indicators (Standalone)

For the year ended* As on	FY21	FY22	FY23	FY24	FY25
	Audited				
Total Operating Income (NPR Mn)	152	246	465	532	656
EBITDA Margin (%)	27.94	30.05	25.81	24.69	34.03
PAT Margin (%)	9.74	7.72	8.28	7.38	11.38
Overall Gearing Ratio (x)	1.83	2.86	1.59	2.31	2.77
Interest Coverage Ratio (x)	6.53	3.77	3.58	3.63	4.78
Working Capital Intensity (%)	8	6	13	-25	9
Total Debt/GCA (x)	4.32	5.45	4.10	4.75	4.41

** Classification as per Infomerics Nepal Standards*

Annexure 1: Detail of Facilities

Instrument/Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Long Term Bank Facilities-Term Loan	Long-Term	469.73	IRN BB
Short Term Bank Facilities-Cash Credit	Short-Term	210.00	IRN A4
Short Term Bank Facilities-Bank Guarantee/Letter of Credit	Short-Term	114.57	IRN A4
Total		**794.30**	

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About Infomerics Credit Rating Nepal Limited:

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