PRESS RELEASE

OMNI HIRE PURCHASE PRIVATE LIMITED

November 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Long Term Bank Facilities	2,690.00	IRN BB-	Reaffirmed
Short Term Bank Facilities	45.00	IRN A4	Reaffirmed
Total	**2,735.00**		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN BB- (Double B Minus) to the long term bank facilities of NPR 2,690.00 Mn and IRN A4 (A Four) to the short term bank facilities of NPR 45.00 Mn.

Detailed Rationale

The reaffirmation of rating assigned to bank facilities of Omni Hire Purchase Private Limited (OHPL) continues to derive strength from long track record of operations (since 1991) and presence of strong and experienced promoter group namely 'Omni Group'. The presence of sister concern M/S Omni Automobiles Private Limited, a distributor of Swaraj tractors and M/S Omni Motors Private Limited, sole distributor of Bharatbenz vehicles provides OHPL with competitive advantage. The relationship of OHPL with its sister concern facilitates integrated value creation and synergy among both companies enhancing financial and operational sustainability. OHPL's diverse product offerings, presence across all seven provinces of Nepal, and secure lending model further support its risk profile and business growth. Also, leveraging its long operational track record of around 35 years, OHPL has built substantial free reserves of ~NPR 667 Mn as of mid-July 2026, despite consistent dividend payouts, resulting in a strong net worth and ample regulatory headroom. This robust capital position enhances financial flexibility and supports the company's capacity for future business expansion.

However, these rating strengths are constrained by OHPL's modest customer base and concentrated portfolio with average ticket size of NPR 0.28 Mn. The ratings are further constrained due to modest loan portfolio of ~NPR 1,814 Mn as of Mid-July 2026 coupled with reducing yield on advances, primarily driven by intense competitive outlook from major BFI's; which has exerted pressure on the company's core income, with net interest income declining by ~8% and total operating income (TOI) contracting by ~15% in FY26 compared to FY25. Also, the ratings remain constrained due to the sustained weakness in OHPL's asset quality, marked by persistently high GNPA levels despite some recovery efforts in later period. Although the GNPA improved to ~23% in FY26 from ~27% in FY25, the asset quality remains stressed. Furthermore, while the Provision Coverage Ratio improved to ~73% in FY26 from 71% in FY25, it remains moderate, reflecting limited buffer against the still-elevated delinquent assets and continued vulnerability to credit losses. Further, the limited regulatory oversight for the sector and tough competition from BFI's which also target similar customers and restriction on accepting deposits from customers creates strategic challenge to NBFC's like OHPL.

Going forward, the company's ability to expand the business operations by maintaining the granularity, reducing asset slippages in portfolio and expand the business loan portfolio while managing its gearing ratio will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Strong promoter group and long track record of operation

OHPL has a long track record of operation (since 1991) and is a part of Omni Group and derives its strength from promoters having strong presence in Nepal through their group entities. OHPL is

managed by three-member board of directors having wide experience in the related field as two out of three board members are with the company since its inception from 1991 itself. Mr. Aatma Ram Kabra, Chairman and Mr. Hari Narayan Kabra, director is with the company from 1991 itself and have around 35 years of experience each. Likewise, another director Mr. Sandeep Kumar Mohta has around 8 years of experience in related field. The presence of sister concerns M/S Omni Automobiles Private Limited, a distributor of Swaraj tractors and M/S Omni Motors Private Limited, sole distributor of Bharatbenz vehicles provides OHPL with competitive advantage. The relationship of OHPL with its sister concern facilitates integrated value creation and synergy among both companies enhancing financial and operational sustainability.

Diversified loan portfolio coupled with geographical diversification

OHPL has a diversified loan portfolio across six key segments viz. 2 Wheeler Loan, 4 Wheeler Loan, 6 Wheeler Loan, 10 Wheeler Loan, 12 Wheeler Loan and 14 Wheeler Loan —financing a wide range of brands including Bharat Benz, Ashok Leyland, Changjing, Bajaj and Mahindra & Mahindra heavy and commercial vehicles. The company maintains a presence across all seven provinces, with a notable concentration in Madhesh Province, which accounts for ~59% of outstanding loans in FY26.

Adequate Capitalization levels

OHPL has maintained a paid-up capital base of ~NPR 300 Mn. Leveraging its long operational track record of ~35 years, the company has accumulated substantial free reserves of around ~NPR 667 Mn as of FY26, despite regular dividend distributions. This healthy reserve position has strengthened OHPL's net worth, enhancing its capacity to raise significant borrowings for business investment and operational expansion as evident by overall gearing ratio of 1.24x in FY26 and 1.15x in FY25 against allowed ceiling of 10x allowing OHPL to significantly expand its loan portfolio in coming period. The company's current leverage position provides ample regulatory headroom, offering considerable financial flexibility and enabling the potential for rapid loan portfolio growth under a favorable operating environment. The presence of a strong capital base and large regulatory cushion is a rating positive. However, the company's ability to utilize this financial flexibility and manage the expansion of its loan portfolio in contrast to prevailing contractionary trends remain a key rating monitorable.

Key Rating Weaknesses

Stressed asset quality

The asset quality of OHPL remains stressed as reflected by persistently high Gross Non-Performing Assets (GNPA) despite some recovery efforts. While the GNPA amount declined from NPR 814 Mn in FY23 to NPR 512 Mn in FY26, the overall loan portfolio also contracted significantly during the period, resulting in only a marginal improvement in the GNPA ratio to ~23% in FY26 from ~30% in FY23. Although the Provision Coverage Ratio (PCR) improved to ~73% in FY26 from ~40.96% in FY23, it remains moderate, indicating only partial provisioning against elevated delinquent assets. The combination of high GNPA levels, a modest loan book, and moderate provisioning continues to weigh on the company's credit profile and constrains the rating.

Contraction in income albeit increase in loan portfolio

OHPL's loan portfolio grew by ~12% to NPR 1,814 Mn in FY26 from NPR 1,623 Mn in FY25, supported by a gradual recovery in the construction and transportation sectors, alongside improving economic conditions. However, net interest income declined by ~11% to ~NPR 134 Mn in FY26 from ~NPR 150 Mn in FY25, primarily due to sustained excess liquidity in the Nepalese banking system and intense competition from larger commercial banks, which pressured OHPL to offer loans at lower interest rates to attract borrowers. Consequently, interest income declined by ~15%, reflecting a contraction in the yield on advances to ~12% in FY26 from ~14% in FY25, thereby offsetting the growth in the loan portfolio and constraining net interest income. Overall, the modest loan portfolio and muted core income generation underscore continued pressure on the company's growth prospects and earnings profile and is key rating monitorable.

Emerging risk and liquidity management practices coupled with limited regulatory oversight

OHPL and other hire purchase businesses are licensed and subject to regulation by Nepal Rastra Bank. Even though the hire purchase companies have risker profile than banks and other financial institutions, they are comparatively less regulated than their counterparts, particularly in areas that are crucial to these NBFCs, such as the recognition of bad debts, the provisioning for bad debts, the maintenance of the capital adequacy ratio, Asset-Liability maturity assessment and other risk and liquidity management procedures. Any significant changes to the current regulatory framework by the regulatory body is expected to have an impact on the performance of hire purchase companies going forward.

Analytical Approach: Standalone

Applicable Criteria:
Corporate Credit Rating Methodology

Link to past rating rationale:
Omni Hire Purchase Private Limited: Bank Facilities Ratings Assigned

About the Company:

Omni Hire Purchase Private Limited (OHPL), part of Omni Group, has been operating as a hire purchase financing institution since 1991 and it received its license from NRB in 2017. OHPL operates under NRB's broad guidelines and benefits from its association with the Omni Group, a prominent group with around four decades across various sectors in Nepal. The company is primarily promoted by Mr. Aatma Ram Kabra (45.00%), Mr. Hari Narayan Kabra (45.00%) and Sandeep Kumar Mohta (10.00%) as of Mid-July 2026.

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	FY26
	Audited			Unaudited
Total Operating Income (NPR Mn)	309	253	247	210
Profit After Tax (NPR Mn)	8	Neg.	88	71
Tangible Net Worth (NPR Mn)	845	823	911	967
Total Managed Portfolio (NPR Mn)	2,412	1,946	1,623	1,814
Total Debt (NPR Mn)	1,541	1,223	1,048	1,199
Overall Gearing Ratio	1.82	1.49	1.15	1.24
Interest Coverage Ratio	1.14	1.23	2.08	2.33
Gross NPL to Gross Loans (%)**	29.64	24.97	26.56	23.37
Net NPL to Net Loans (%)**	19.92	11.10	9.55	7.53
Return on Managed Assets (%)	0.33	Neg.	4.41	3.46

** Classification as per Infomerics Nepal Standards*
*** If any loans are delayed by more than 6 months, entire outstanding loan is classified under non-performing loans*

Annexure 1: Detail of Facilities

Instrument/Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Long Term Bank Facilities-Term Loan	Long-Term	2,690.00	IRN BB-
Short Term Bank Facilities-Cash Credit	Short-Term	45.00	IRN A4
Total		**2,735.00**	

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About Infomerics Credit Rating Nepal Limited:
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