

PRESS RELEASE

THAMEL PLAZA HOTEL AND SUITES LIMITED

November 2025

Rating

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Issuer Rating	NA	IRN BB+ (Is)	Upgraded from IRN BB (Is) and removed from Watch with negative implications

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the issuer rating to IRN BB+ (Is) [Double B Plus (Issuer)] from IRN BB (Is) [Double B (Issuer)]. Issuers with this rating are considered to have moderate risk of default regarding the timely servicing of financial obligations. Furthermore, the rating has been removed from Watch with negative implications.

Detailed Rationale

The upgradation of the rating assigned to Thamel Plaza Hotel and Suites Limited (TPHS) factors in the company's improving financial profile in FY25 marked by increasing Total Operating Income (TOI) along with consistent operational performance and operating profitability margins. Also, the rating has been removed from 'Watch with negative implications' on account of satisfactory operational performance during the first quarter of FY26 with consistent occupancy of ~63% vis-à-vis 64% during the same period of FY25. Moreover, the company continues to derive strength from its experienced promoters and management team as well as strategic locational advantage. The rating also factors in the company's tie-up with reputed hotel brand- Wyndham Hotel Asia Pacific Co. Limited under the brand name 'Ramada Encore Kathmandu Thamel'.

However, the rating is mainly constrained by the company's susceptibility to cyclicity in the hospitality sector as well as interest fluctuation risk. Also, the rating remains constrained by increasing fragmentation and intensifying competition among the hotels in Kathmandu region and the company's limited geographical and segment diversification, being a single property hotel. Going forward, the ability of the company to improve its operational base as well as overall financial profile will be key rating sensitivities. Also, timely completion of the IPO process and the effective utilization of the proceeds will remain key monitorable.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and management team

The company is managed under six-member board of directors (BOD), chaired by Mr. Jagannath Gyawali. Mr. Gyawali possesses over a decade of experience in the hospitality industry. Similarly, other members in BOD are well experienced in various sectors including hospitality, banking, hydropower, and manufacturing. BOD is backed by an experienced management team led by General Manager- Mr. Mahesh Phuyal, having more than a decade of expertise across various areas of the hospitality industry.

Strategic locational advantage and strong brand recognition

TPHS's sole hotel property is situated in Thamel, a key tourist hub in the country. TPHS has signed a licensing agreement with Wyndham Hotel Asia Pacific Co. Limited for the brand name "Ramada Encore Kathmandu Thamel," part of a network of over 850 properties in more than 60 countries. The agreement offers TPHS marketing services, system implementation, and consultation. This support is expected to enhance brand recognition, customer access, and overall service quality. The

property's visibility has been improving in recent years marked by healthy occupancy and revenue levels for the company.

Improving financial profile

The company recorded Total Operating Income (TOI) of NPR 286 Mn in FY25, a year-on-year increase of ~6% compared to NPR 271 Mn in FY24 (FY23: 236 Mn). Furthermore, the company's EBITDA margin remained healthy at more than 52% over the past three FYs (FY23-FY25). The company's net profit surged to NPR 124 Mn in FY25 from NPR 19 Mn in FY24 (TPHS recorded net losses prior to FY24) owing to consistent EBITDA margin and decreased financial costs coupled with significant non-operational income from sale of land of NPR 52 Mn. The company's occupancy rate was ~67% in FY25, decreased from ~72% during FY24, thereby, Revenue per Available Room (RevPAR) decreased to NPR 2,436 in FY25 vis-à-vis NPR 2,665 in FY24. During Q1FY26, the company's occupancy rate stood at ~63%, consistent to the occupancy levels during Q1FY25 (~64%).

In addition to that, overall gearing ratio of the company continued to improve to 0.67x as of mid-July 2025 compared to 1.03x as on mid-July 2024 (2.98x as on mid-July 2023). Also, the company's interest coverage ratio improved to 2.93x in FY25 from 1.64x in FY24 and 1.19x in FY23. Total Debt to Gross Cash Accruals improved to 3.61x in FY25 from 11.5x in FY24 (FY23: 37.36x). The company's ability to successfully complete its IPO and utilize the proceeds will remain key monitorable.

Key Rating Weaknesses

Limited geographical diversification

TPHS is a single-property hotel in Kathmandu and thus will remain exposed to geographical concentration risk. Given the limited segment diversification, revenue is driven by mostly foreign tourists. The prospect of the hotel, therefore, will depend on the improvement of foreign tourist arrival and the hotel's ability to compete with other hotels in the region.

Susceptibility to cyclical and intense competition

The hospitality industry is reliant on discretionary spending, particularly in leisure travel, making it vulnerable to external factors like political instability and economic downturns. Furthermore, the industry has high fixed costs, and hence, the cash flows of the companies could remain highly volatile to changes in occupancy levels and room rates. Recently, there has been a surge in mid to high-end hotel properties in the Kathmandu region. Also, several more are under development, leading to increased competition.

Exposure to volatile interest rate

The interest rates on deposits and borrowing remain a significant factor in the Nepalese economy. In line with Nepal Rastra Bank (NRB)'s directives, banks and financial institutions (BFIs) typically charge an interest rate on loans by adding a premium to the base rates which is revised on quarterly basis. The interest rates charged by BFIs have been historically volatile over the past 2-3 years and thus borrowing from banks and financial institutions exposed TPHS to the risk of interest volatility.

Analytical Approach: Standalone

Applicable Criteria:

[Issuer Rating Methodology](#)

Past Rating Rationale:

[Rating Watch: Credit Rating Placed on watch with negative implications](#)

[Thamel Plaza Hotel and Suites Limited: Bank Facilities Rating Assigned](#)

[Thamel Plaza Hotel and Suites Limited: Issuer Rating Assigned](#)

About the Company:

Thamel Plaza Hotel and Suites Limited (TPHS), initially incorporated as a Private Limited company on January 05, 2012 and later converted into Public Limited company on July 13, 2023, is operating a four-star hotel under the commercial name of 'Ramada Encore Kathmandu Thamel' in Thamel, Kathmandu. The hotel sprawled over 1,170 sq. m. of land with total of 90 room keys started full-fledged operation from January 08, 2021. The major shareholder of the company is Mr. Jagannath Gyawali, holding ~12% of shareholding of company as of mid-July 2025.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	112	236	271	286
EBITDA Margin (%)	41.78	52.82	52.21	52.23
Interest Coverage Ratio (x)	0.62	1.19	1.64	2.93
Current Ratio (x)	1.37	1.11	2.96	1.77
Overall Gearing Ratio (x)	3.47	2.98	1.03	0.67

Earnings before Interest Tax Depreciation Amortization (EBITDA)

**Classification as per Infomerics Nepal Standards*

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About Infomerics Credit Rating Nepal Limited:

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