

## PRESS RELEASE

### THAMEL PLAZA HOTEL AND SUITES LIMITED

February 2026

#### Ratings

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Long Term Bank Facilities	508.24 (reduced from 699.46)	IRN BB+	Upgraded from IRN BB and removed from Watch with negative implications
Short Term Bank Facilities	20.10 (reduced from 50.54)	IRN A4+	Upgraded from IRN A4 and removed from Watch with negative implications
<b>Total</b>	<b>528.34</b>		

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating assigned to the long-term bank facilities of NPR 508.24 Mn to IRN BB+ (Double B Plus) from IRN BB (Double B) and short-term bank facilities of NPR 20.10 to IRN A4+ (A Four Plus) from IRN A4 (A Four). Furthermore, the rating has been removed from Watch with negative implications.

#### Detailed Rationale

The upgradation of the rating assigned to the bank facilities of Thamel Plaza Hotel and Suites Limited (TPHS) factors in the company's improving financial profile marked by increasing Total Operating Income (TOI) along with consistent operational performance and operating profitability margins in FY25 and 6MFY26. Also, the rating has been removed from 'Watch with negative implications' on account of satisfactory operational performance in 6MFY26 with consistent occupancy of ~64% vis-à-vis ~63% during 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 cyclical 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 6MFY26, TPHS reported TOI of NPR 118 Mn with EBITDA margin of ~44%. The company's occupancy rate stood at ~64% in 6MFY26, consistent to the ~63% occupancy levels during the same period in FY25.

In addition to that, overall gearing ratio of the company continued to improve to 0.61x as of mid-January 2026 compared to 0.67x as of mid-July 2025 and 1.03x as on mid-July 2024 (2.98x as on mid-July 2023). Also, the company's interest coverage ratio improved to 3.11x in 6MFY26 from 2.93x in FY25 and 1.64x in FY24 (FY23: 1.19x). Total Debt to Gross Cash Accruals stood at 3.61x in FY25, improved 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:

[Corporate Credit Rating Methodology](#)

## Past Rating Rationale:

[Thamel Plaza Hotel and Suites Limited: Issuer Rating Revised and removed from watch with negative implications](#)

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

## 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	6MFY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	112	236	271	286	118
EBITDA Margin (%)	41.78	52.82	52.21	52.23	43.86
Interest Coverage Ratio (x)	0.62	1.19	1.64	2.93	3.11
Current Ratio (x)	1.37	1.11	2.96	1.77	4.19
Overall Gearing Ratio (x)	3.47	2.98	1.03	0.67	0.61

Earnings before Interest Tax Depreciation Amortization (EBITDA)

\*Classification as per Infomerics Nepal Standards

## Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	508.24	IRN BB+
Short Term Bank Facilities- Fund Based Loan	Short Term	20.00	IRN A4+
Short Term Bank Facilities- Non-Fund Based Loan	Short Term	0.10	IRN A4+
<b>Total Facilities</b>		<b>528.34</b>	

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## About Infomerics Credit Rating Nepal Limited:

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