

## PRESS RELEASE

### **GOOD KARMA HOSPITALITY PRIVATE LIMITED**

April 2026

#### Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	1,300.00 (reduced from 1,500.00)	IRN B+	Upgraded from IRN B
Short Term Bank Facilities	20.00	IRN A4	Reaffirmed
<b>Total</b>	<b>1,320.00</b>		

*Details of facilities are in Annexure 1 below*

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating from IRN B (Single B) to IRN B+ (Single B Plus) assigned to long-term bank facilities of NPR 1,300.00 Mn and reaffirmed IRN A4 (A Four) to the short-term bank facilities of NPR 20.00 Mn.

#### Detailed Rationale

The upgrade in the ratings assigned to the bank facilities of Good Karma Hospitality Private Limited (GKHP) factors the improvement in project financial progress, which has reached ~63% as of mid-March 2026 (from ~13% at the time of the last rating), reflecting payments made to [Good Karma Group of Companies Private Limited](#) (GKGC) towards apartment acquisition. As per the revised project plan, ~83% of the civil structure has been completed as of mid-February 2026, while the overall physical progress of the project stands at ~52%. The ratings also positively factor the achievement of financial closure for the debt portion. Further, the execution of an agreement with an international hospitality chain "Apartments by Marriott Bonvoy" is expected to support the project's offtake prospects. The ratings continue to derive comfort from the established track record and support of the promoter, GKGC, led by its Chairman, Mr. Karma Tenzing, who has experience in real estate development and property management. The project's location in Maharajgunj, Kathmandu near key diplomatic establishments and institutions further enhances its positioning for high end residential demand.

Nonetheless, the ratings remain constrained by project implementation and stabilization risks, with key milestones, including the transfer of the civil structure to GKHP, yet to be achieved. The project requires a relatively high cost of ~NPR 1,750 Mn (revised from NPR 2,000 Mn) and is predominantly debt-funded (~75%), resulting in a sizeable repayment obligation. The elevated capital outlay, coupled with high leverage, necessitates the achievement and sustenance of occupancy levels in line with management's estimates. Accordingly, timely ramp-up and stability in rental income will remain critical to support debt servicing amidst the high fixed cost structure. Going forward, GKHP's ability to complete the project within the envisaged timeline and cost, along with timely infusion of the remaining equity, will remain key rating sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

#### Experienced promoter coupled with association with an international chain

GKHP is a wholly owned subsidiary of GKGC, a family-owned entity led by its Chairman, Mr. Karma Tenzing, who also holds a majority stake in the group. Mr. Tenzing has over seven years of experience across property management, real estate investment and development, housing, plotting, and construction activities. The ratings derive comfort from the promoter's experience in the real estate segment. Additionally, the tie-up with an international hospitality chain "Apartments by Marriott Bonvoy" is expected to support the project's market positioning and aid offtake to an extent.

## Strategic location of the project

The project is strategically located in Maharajgunj, Kathmandu, along Diplomat's Row, a prime residential and diplomatic hub. The location is in close proximity to key institutions such as the US Peace Corps Office and the US Education Foundation, enhancing its attractiveness for premium residential occupancy. Further, the project is situated at a distance of ~300 meters from major diplomatic establishments, including the US Embassy, Australian Embassy, Thai Embassy, and Saudi Embassy, which is expected to support demand from expatriates and high-income tenants, thereby aiding occupancy prospects.

## Key Rating Weaknesses

### Project implementation risk

GKHP is developing a 56-unit serviced apartment project in Kathmandu, targeted for completion by December 2026. The project structure involves acquisition of the civil structure from GKGC, which constitutes ~63% of the total project cost, with the remaining interior fit-out and design to be undertaken by GKHP. As per the revised plan, ~83% of the civil structure has been completed as of mid-February 2026, while overall physical progress stands at ~52%. However, the transfer of the civil structure to GKHP remains pending, as construction is yet to be fully completed, despite full payments already being made. The project financial progress has improved to ~63% as of mid-March 2026 (from ~13% at the time of the last rating), reflecting payments made towards apartment acquisition. Any delays in completion and handover of the civil structure could impact the overall project timeline and execution.

### Expected leveraged financial profile

The project is characterized by a leveraged capital structure, with a debt-to-equity mix of ~75:25 for the estimated project cost of ~NPR 1,750 Mn (revised from NPR 2,000 Mn), indicating significant reliance on external borrowings. The high capital outlay and elevated leverage are expected to exert pressure on debt coverage indicators over the medium term, given the sizeable repayment obligations. Consequently, the project's financial risk profile remains contingent on the timely ramp-up and sustenance of occupancy levels in line with management's projections, as stable rental income generation will be critical to support debt servicing amidst a high fixed cost structure.

### Increasing industry competition and limited geographic diversification

The company's operations remain exposed to geographic concentration risk, with reliance on a single property in Kathmandu, thereby limiting diversification benefits. The presence of established hotels and serviced apartments in the vicinity is likely to intensify competitive pressures, which may impact pricing flexibility, occupancy levels, and overall profitability. Further, the inherent seasonality of Nepal's tourism sector could lead to volatility in cash flows. The sector's dependence on discretionary spending also exposes the company to economic cyclicalities, underscoring the importance of maintaining adequate liquidity buffers to withstand potential demand fluctuations.

**Analytical Approach:** Standalone

### Applicable Criteria:

[Corporate credit rating methodology](#)

### Past Rating Rationale:

[Good Karma Hospitality Private Limited: Bank Facilities Rating Assigned](#)

### About the Company:

Incorporated on January 31, 2024, Good Karma Hospitality Private Limited (GKHP) is a wholly owned subsidiary of Good Karma Group of Companies Private Limited (GKGC). The company is established to develop and operate a 56-unit serviced apartment project in Maharajgunj, Kathmandu, with

planned ancillary facilities including a gym and swimming pool. The project forms part of the larger “Karma Residencies” development being undertaken by GKGC, comprising 162 luxury apartment units, of which 56 units will be transferred to GKHP upon completion of the civil structure. Subsequently, GKHP will undertake the interior fit-out and operationalization of the serviced apartments. The project is expected to be completed by December 2026.

## Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Long Term Bank Facilities – Term Loan	Long Term	1,300.00	IRN B+
Fund Based Bank Facilities- Short Term	Short Term	20.00	IRN A4
Non-Fund Based Bank Facilities- Letter of Credit	Short Term	(150.00) <sup>1</sup>	IRN A4
<b>Total Facilities</b>		<b>1,320.00</b>	

<sup>1</sup>Within Term Loan limit

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## About Infomerics Credit Rating Nepal Limited:

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