

## PRESS RELEASE

### ROYAL RECREATION NEPAL PRIVATE LIMITED

April 2026

#### Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	1,730.00	IRN BB-	Assigned
Short Term Bank Facilities	50.00	IRN A4	Assigned
<b>Total</b>	<b>1,780.00</b>		

*Details of facilities are in Annexure 1 below*

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB- (Double B Minus) to the long-term bank facilities of NPR 1,730.00 Mn and IRN A4 (A Four) to the short-term bank facilities of NPR 50.00 Mn.

#### Detailed Rationale

The ratings assigned to the bank facilities of Royal Recreation Nepal Private Limited (RRNPL) derives strength from its experienced promoters and its brand affiliation with Hotel Soaltee for the proposed property, "Hotel Soaltee Jhapa". The ratings also factor in the company's strategic location in Jhapa district, which offers advantages due to its proximity to Bagdogra International Airport in India, enhancing accessibility. The location is further expected to benefit from cross-border inflow and religious tourism, particularly from India and Bangladesh. Additionally, the company benefits from strong group support from the Vedalaya Group.

However, these ratings strength are constrained by the high debt burden, primarily on account of majorly debt-funded capital expenditure, and the implementation risk associated with the under-construction hotel project. The ratings also factor in the operational stabilization risk, along with the company's exposure to the cyclical and seasonality inherent in the hotel industry and intense competition within the hospitality sector. Going forward, the ability of the company to complete ongoing construction within estimated time and cost and satisfactory operations thereafter will remain key rating sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

#### Experienced promoter and strong group support

RRNPL is promoted by experienced shareholders along with Vedalaya Group Holding Private Limited (VGHPL), providing strong institutional backing. Soaltee Hotel Limited holds ~60% of shares of VGHPL. The company is also promoted by Mital family and Mr. Pradeep Mital, Chairperson of the Board, brings over a decade of experience across diverse sectors including cement, tea, finance, hospitality, and entertainment. The Board comprises professionals with varied expertise in construction, tourism, finance, and urban planning, supporting effective strategic and operational decision-making.

#### Association with "Soaltee" brand

The hotel will run under the name "Hotel Soaltee Jhapa" with franchise model with "Soaltee" brand. Soaltee Hotels and Resorts boast a rich 57-year history and have been pioneers in Nepal's hospitality sector. Renowned for their dedication to quality, sustainability, and guest satisfaction, Soaltee Hotels and Resorts continue to set the standard for luxurious hospitality in Nepal. Further, Soaltee Hotels and Resorts operate several prestigious establishments in Nepal, including The Soaltee Itahari, The Soaltee Westend Itahari, The Soaltee Kathmandu, and The Soaltee Westend Premier Nepalgunj. This association is expected to increase traction and thereby improving occupancy.

## Strategic location advantage

The hotel's strategic location, ~23 km distance from the Bagdogra International Airport, India, is expected to support steady tourist inflow from India, particularly for leisure, entertainment, and wedding-related activities. The proximity to the border also enhances its potential to attract destination weddings from India and Bangladesh, along with religious tourists visiting nearby regions. Further, the hotel is well-positioned to capitalize on demand from nearby corporate establishments. With a large banquet facility and three conference halls, it has adequate capacity to host business events, conferences, and social functions, thereby supporting diversified revenue streams.

## Key Rating Weaknesses

### Implementation risk

RRNPL is in the process of constructing a 5-star hotel in Mechinagar, Jhapa, with an estimated project cost of ~NPR 2,841 Mn, proposed to be financed in a debt-equity ratio of ~69:31. As of August 2025, the promoters have infused ~14% of the total equity. The project reported financial progress of ~13% as of March end 2026, with commercial operations expected to commence by 2028. Accordingly, the company remains exposed to risks associated with timely implementation of the project within the estimated cost, which is critical given the large scale and capital-intensive nature of the hospitality sector.

### Expected leveraged financial profile

The project is highly leveraged in terms of capital structure as reflected in the debt equity ratio of ~69:31 for the project with the estimated project cost of ~NPR 2,841 Mn. Revenue levels are expected to remain moderate until the hotel achieves stability as the project is majorly funded through debt.

### Intense competition within the hospitality sector

The hospitality sector in Nepal faces significant competitive pressures due to the presence of numerous organized and unorganized players. Competition is also expected to intensify over time as both private investors and the government continue to prioritize the development of Nepal's tourism sector. Competition in the sector has also intensified due to relatively slow growth in demand vis-à-vis supply, resulting in a moderation of the operating metrics of the hotel properties. Given the high operating leverage of the hospitality business, the operating profitability could be adversely impacted vis-à-vis projected estimates for new properties.

**Analytical Approach:** Standalone

### Applicable Criteria:

[Corporate credit rating methodology](#)

### About the Company:

Royal Recreation Nepal Private Limited (RRNPL), incorporated on December 20, 2021 with the objective to construct and operate 5-star hotel at Mechinagar, Jhapa. The hotel spreads over ~665,577 sq. ft. of land with a total of 180 rooms keys. The hotel is expected to commence in the year 2028. The major shareholder of the company is Vedalaya Group Holding Company, holding ~40% of shareholding of company as of August 26, 2025.

## Ratings

Name of Instruments/Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Long Term Loan	Long Term	1,730.00	IRN BB-
Fund Based Bank Facilities- Short Term Loan	Short Term	50.00	IRN A4
Non-Fund Based Bank Facilities-LC/ BG*	Short Term	(300.00) <sup>1</sup>	IRN A4
<b>Total</b>		<b>1,780.00</b>	

\*LC: Letter of Credit; BG: Bank Guarantee

<sup>1</sup>LC is within Term Loan and Bank Guarantee is within LC Limit

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## About Infomerics Credit Rating Nepal Limited:

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