

PRESS RELEASE

SWORNIM HOTEL LIMITED

June 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Issuer Rating	NA	IRN BB+ (Is)	Reaffirmed
Total	NA		

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the issuer rating of IRN BB+ (Is) [Double B Plus (Issuer)]. Issuers with this rating are considered to have the moderate risk of default regarding timely servicing of financial obligations.

Detailed Rationale

The reaffirmation of the issuer rating assigned to Swornim Hotel Limited (SHL) reflects the significant improvement in the company's capital structure following equity infusion and reduction in debt. The rating also derives comfort from the stable operational performance, with an average occupancy of ~69% in FY25 and moderated to ~65% till mid-May FY26, indicating gradual stabilization since the full commercial launch in December 2023. The rating continues to be supported by the company's experienced promoter and management team, the strategic location of the hotel in the heart of Kathmandu, and its association with a globally recognized hospitality brand under the management agreement with InterContinental Hotels Group (IHG) for the 'Holiday Inn Express' franchise.

However, these rating strengths remains constrained by the company's modest financial performance, given initial period of operations. The rating also takes note of the operational stabilization risk, exposure to the cyclicity and seasonality as well as intense competition from the established properties in the Kathmandu hotel market. Going forward, SHL's ability to stabilize operations, improve profitability, enhance occupancy levels, and ensure timely completion of IPO issuance and utilization of IPO proceeds as envisaged will be key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and management team

SHL benefits from the backing of strong institutional and individual promoters, notably Nepal Life Investment Company Limited, which holds a highest equity stake of 20.52%. The company is governed by a seven-member Board of Directors under the leadership of Mr. Naresh Lal Shrestha, who brings over two decades of cross-industry experience. Mr. Maheshwor Shrestha, Director, brings over two decades of experience and holds key positions as a Director at Nepal Cancer Hospital and Managing Director of Everest Fashion. The hotel's operations are managed by Mr. Vara Prasad Gutha, the General Manager, who possesses over 12 years of expertise in managing hotel operations and functions within the hospitality sector. The Board of Directors is further supported by a competent management team with extensive experience in relevant areas of business, ensuring the effective operation and growth of the organization.

Association with reputed hotel brand

SHL has entered into hotel management agreement with InterContinental Hotels Group (IHG) for the international brand of 'Holiday Inn Express' which is a large multinational mid-scale hotel chain. As of September 2025, IHG brand operates 6600+ hotels across 100+ countries being one of the preferred choices of world travelers. Under the license agreement, SHL gets marketing services, technology service, technical service, consultation services etc. from IHG. These services are likely to provide the company with added benefits of established service, large customer base, marketing assistance and already widespread brand name recognition to drive hotel guest bookings.

Improvement in capital structure

SHL's capital structure witnessed notable improvement in FY25 with the paid-up capital increasing from ~NPR 535 Mn in FY24 to ~NPR 1,520 Mn by mid-July 2025. The overall gearing improved from 1.70x in FY24 to 0.43x as of mid-July 2025, while TOL/TNW¹ moderated from 2.02x to 0.49x during the same period, indicating a stronger capital structure and lower financial leverage. The planned downsizing of term debt using proceeds from equity infusion and IPO issuance is expected to further deleverage the balance sheet and enhance financial flexibility, thereby supporting the ongoing operational progress.

Healthy occupancy level supported by strategic location

Following the commencement of full-scale commercial operations in December 2023, SHL has demonstrated steady improvement in average occupancy. Occupancy improved from ~36% in FY24 to ~69% in FY25 and moderated to ~65% in 10MFY26 (till mid-May 2026), indicating strengthening market acceptance and growing customer traction. This early sign of operational stabilization, supported by the hotel's strong location and international brand appeal, is a key positive factor. Additionally, the hotel is located in Naxal, Kathmandu, which is one of the preferred locations for international tourists visiting Nepal with a high influx of visitors each year. Its central location allows easy visits to several World Heritage Sites and the vibrant commercial and cultural districts of the city. Also, its proximity to Tribhuvan International Airport ensures hassle-free travel to and from Kathmandu.

Key Rating Weaknesses

Modest financial performance

Given the nascent stage of operations, SHL's financial performance remained modest. In FY25, SHL generated revenue of ~NPR 232 Mn, increased from ~NPR 82 Mn and reported revenue of ~NPR 150 Mn in 9MFY26, with EBITDA of ~NPR 57 Mn in FY25 and ~NPR 29 Mn in 9MFY26. However, net profitability remained negative, primarily due to high finance costs. The company's ability to scale operations, enhance revenue, and achieve breakeven profitability will be critical for sustaining long-term viability and credit profile improvement.

Implementation risk and operational stabilization risk

The company is incurring capex for expansion of its existing hotel property at an estimated cost of ~NPR 735 Mn. Given that the expansion is in initial stages and funding associated with IPO issuance, timely completion of the project within the estimated time will remain key monitorable. Although SHL has reported improved occupancy levels, the hotel is yet to achieve operational stabilization; therefore, the need for effective risk management strategies to stabilize operations and achieve sustainable financial performance remains crucial. Further, the company's ability to attract customers, maintain a high occupancy level, establish a strong brand presence, and ultimately derive the intended benefits from the hotel is of vital importance.

Intense competition

The hotel industry in Nepal is fragmented with presence of numbers of organized and unorganized players, which increases the stabilization risk for new hotel industry. The company has a single property at Kathmandu; hence its geographic and market sector diversification remains low. However, some comfort is derived from the promoter's prior experience in hospitality and tourism sector. As the hotel industry is largely dependent upon the arrival of foreign tourists, SHL's capacity to compete with the existing players, remains to be seen.

Analytical Approach: Standalone

¹ Total Outside Liabilities/ Tangible Net worth

Applicable Criteria:

[Corporate credit rating methodology](#)

[Issuer Rating Methodology](#)

Past Rating Rationale:

[Swornim Hotel Limited: Bank Facilities Rating Reaffirmed](#)

About the Company:

Swornim Boutique Hotel Private Limited was established on August 24, 2012. The company was later converted to public limited company on July 02, 2024 and consequently changed its name to Swornim Hotel Limited (SHL). SHL has entered into hotel management agreement with InterContinental Hotels Group (IHG) for the international brand of 'Holiday Inn Express' and is operating a hotel under brand name 'Holiday Inn Express Kathmandu' in Naxal, Kathmandu, Nepal. The project is a 100 keys hotel including 99 deluxe rooms and 1 suite room. The hotel commenced full commercial operations from December 2023. The major shareholder of the company is Nepal Life Investment Company, holding 20.52% of shareholding of the company as on mid-July 2025.

Financial Indicators (Standalone)

For the year ended* As on	FY24 ²	FY25	9MFY26
	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	82	232	150
EBITDA Margin (%)	21.84	24.74	19.67
Interest Coverage Ratio (x)	0.42	0.74	1.20
Current Ratio (x)	1.10	2.94	2.78
Total Outside Liabilities/Tangible Net Worth (x)	2.02	0.49	0.53
Overall Gearing Ratio (x)	1.70	0.43	0.47

*Classification as per Infomerics Nepal standards

Earnings before Interest Tax Depreciation Amortization (EBITDA)

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About Infomerics Credit Rating Nepal Limited:

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² Restated due to recognition of previously unrecorded revaluation reserve on land, along with prior period adjustments relating to deferred tax on the revaluation reserve and revaluation gain on land.



Infomerics Credit Rating Nepal Limited

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