

PRESS RELEASE

A.B. HOSPITALITY PRIVATE LIMITED

October 2026

Ratings

Instruments/ Facilities	Amount (NPR Mn)	Rating	Rating Action
Long Term Bank Facilities	1,241.90	IRN BB-	Assigned
Short Term Bank Facilities	(300.00)	IRN A4	Assigned
Total	1,241.90		

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 1,241.90 Mn and IRN A4 to the short term bank facilities of NPR 300.00 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of A.B. Hospitality Private Limited (ABHPL) factor in the experienced promoter, Mr. Desh Bandhu Basnet, and hospitality-focused management team, along with the project's strategic location in Itahari and its differentiated positioning as a luxury resort and MICE destination targeting premium domestic and Indian clientele, destination weddings, corporate events and large gatherings. Nonetheless, the ratings are constrained by project implementation risk, given the modest financial progress of ~16% as of mid-September 2026, with civil construction yet to commence. While the debt has been fully tied up, the project is targeted for completion by late 2028. Furthermore, the project faces market and competitive risks, as demand for premium hospitality and large-scale events in the region remains to be established amid competition from existing and upcoming facilities. Going forward, timely project completion within cost, infusion of the remaining equity and establishment of sustainable demand will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter and management team with relevant hospitality expertise

The project is promoted by Mr. Desh Bandhu Basnet, who has extensive experience across the tourism, trade, investment and business sectors and is associated with A.B. Holdings and various industry and business related organizations. Furthermore, the company has an experienced management team, including Mr. Abhimanyu Kayastha as General Manager, who brings over 30 years of experience in managing and scaling hotel operations across India. The presence of experienced promoters and hospitality focused management provides the company with relevant industry expertise and established business networks to support project execution and operations.

Strategic location with diversified target market and strong connectivity

The project is located in Itahari, a major junction connecting the East-West Highway and Koshi Highway, with proximity to Biratnagar, Dharan and major Indo-Nepal border points. The connectivity to Biratnagar Airport and Indian gateways such as Bagdogra and Purnia supports access to its targeted domestic and Indian clientele, including high net worth customers, destination weddings, corporate/government organizations and local/regional customers. The diversified target market is expected to support revenue generation across multiple customer segments.

Large scale convention facility with differentiated resort positioning

The proposed large capacity, convention facility is positioned to cater to weddings, conferences, exhibitions, concerts and other large gatherings, addressing the relatively limited organized MICE infrastructure in Eastern Nepal. Furthermore, the combination of luxury heritage themed design,

accommodation, F&B, wellness and outdoor event spaces is expected to differentiate the project from conventional hotels primarily serving transit and business travellers in the region.

Key Rating Weaknesses

Project implementation risk

ABHPL is developing a luxury resort and large-scale convention facility in Itahari, Sunsari, with an estimated project cost of NPR 1,664 Mn, proposed to be financed through a debt-equity mix of ~75:25. As of mid-September 2026, the project has achieved financial progress of ~16%, with NPR 261 Mn incurred against the total project cost. Land and land development are substantially completed at ~98%; however, civil construction activities are yet to commence, with boundary wall works currently underway. Promoters have infused ~NPR 157 Mn towards the total equity commitment of NPR 422 Mn, while the debt component of NPR 1,242 Mn has been tied up. The project is targeted for completion by late 2028 and remains exposed to execution risk. Going forward, timely completion within the estimated cost, infusion of the remaining equity and commencement of construction as per the envisaged schedule will remain key monitorable.

Market and competitive risk

The project's business model is dependent on attracting premium clientele, including Indian destination weddings, high net worth Nepali customers and large corporate/government events, while actual demand, event volumes and customers' willingness to pay premium rates remain to be established given the relatively new concept in the region. Further, the project will face competition from existing hotels and banquet facilities in Itahari, Biratnagar and nearby markets, as well as established hospitality and destination event locations in Nepal and India, with the emergence of new upscale properties potentially increasing competitive pressure.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

A.B. Hospitality Private Limited (ABHPL) is a private limited company incorporated on November 10, 2022 under the Companies Act, 2006, and is registered with the Office of the Company Registrar, Government of Nepal. The company is developing a luxury hospitality and events project in Itahari-16, Sunsari. The project will comprise 30 luxury rooms/villas, a 3,000-pax convention and banquet hall, fine-dining restaurants and bars, spa and wellness facilities, swimming pool, landscaped areas and outdoor event lawns. Designed with an antique palace-inspired luxury theme, the project targets premium Nepali and Indian clientele, corporate and government events, destination weddings, conventions and other large gatherings, with completion expected by late 2028. The company is primarily owned by Mr. Desh Bandhu Basnet, who holds 74.47% stake, while M/s A.B. Investment Holding Private Limited holds 25.53% stake, resulting in a total paid-up capital of NPR 157 Mn as of mid-September 2026.

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Term Loan	Long Term	1,241.90	IRN BB-
Non Fund Based Bank Facilities-Letter of Credit	Short Term	(300.00)*	IRN A4
Total Facilities		1,241.90	

*within the limit of term loan

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About Infomerics Credit Rating Nepal Limited:

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