

PRESS RELEASE

GRAND CENTRAL HOTEL LIMITED

October 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	1,300.74 (enhanced from 1,103.00)	IRN BB	Reaffirmed
Short Term Bank Facilities	70.00 (enhanced from 30.00)	IRN A4	Reaffirmed
Total	1,370.74		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN BB (Double B) assigned to the long-term bank facilities of NPR 1,300.74 Mn and the rating of IRN A4 (A Four) to the short-term bank facilities of NPR 70.00 Mn.

Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Grand Central Hotel Limited (GCHL) reflects the successful completion of the hotel project and commencement of commercial operations, which has significantly mitigated the project implementation risk. The ratings continue to derive comfort from the project's strategic location in Itahari, Sunsari, and its brand affiliation with Wyndham Hotel Asia Pacific Company Limited, a globally recognized hospitality group. The ratings also factor in the promoters' prior experience in the hospitality and tourism sector, along with the Government of Nepal's continued policy focus and support toward the tourism industry.

However, the ratings continue to remain constrained by the company's leveraged capital structure due to its majorly debt-funded capex. The ratings also factor in modest financial performance amid nascent operational stage characterized by operating losses and negative gross cash accruals (GCA) resulting in weak debt coverage metrics. The ratings are also constrained by the inherent cyclicity and seasonality of the hospitality sector, along with intense competition in the hospitality industry. Going forward, GCHL's ability to improve occupancy levels, revenue and profitability while navigating competitive pressures will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter and international brand affiliation

GCHL is promoted by seven individual shareholders, led by Mr. Desh Bandhu Basnet, Chairman, who brings extensive experience in project development, investment, and management across multiple sectors, including hospitality and tourism. The company has entered into a brand licensing agreement with Wyndham Hotel Asia Pacific Company Limited to operate the property under the brand "Ramada by Wyndham Itahari Pashupati Marg." Wyndham is one of the world's largest hotel franchising groups, managing a portfolio of more than 9,000 hotels across over 90 countries. This strategic partnership is anticipated to expand the project's brand value significantly, thereby enhancing its overall performance and market positioning.

Locational advantage

The hotel's strategic location, positioned in close proximity (~30 kms) to the Indo-Nepal Border is expected to support the attraction of tourists from India, particularly for leisure, entertainment, and wedding events. Furthermore, the hotel benefits from corporate establishments in the neighborhood to secure business opportunities for hosting various programs and events.

Key Rating Weaknesses

Operational stabilization risk

The company remains exposed to operational stabilization risk amid nascent stage of operations with 8 months of operational history. The company recorded modest occupancy levels of 14% in FY26 and 13% in 2 months of FY27. Going forward, the company's operational and financial performance will remain contingent upon the timely stabilization of operations through improvement in occupancy levels and average room rates (ARR), which will be critical for generating adequate cash accruals to support debt servicing and overall profitability.

Moderately leveraged capital structure with weak debt coverage metrics

The capital structure of the company remained moderately leveraged with overall gearing ratio of ~2.4x in FY26, while the TOL/TNW ratio moderated to 2.61x during the same period, indicating a moderate capital structure and relatively contained financial leverage. However, debt servicing capacity remains weak due to operating losses, with negative interest coverage and GCA reflecting an inability to meet obligations from internal cash flows. In addition, weak liquidity, as indicated by a current ratio below 1x, highlights short-term pressure and reliance on refinancing support. Going forward, GCHL's ability to sustain operational recovery and improve profitability will depend on effective cost management, higher occupancy levels, and successful navigation of competitive pressures in the hospitality sector, which will be critical for long-term sustainability and growth.

Intense competition with limited segment and geographic diversification

The hotel industry is fragmented in nature with the presence of large number of organized and unorganized player across various regions, which increases the stabilization risk for the new hotel industry. The hotel project is a single property in Itahari, hence its geographic and market sector diversification remains low. Although the hotel has commenced operations, its ability to establish a sustainable market position and compete effectively with existing players remains to be demonstrated, particularly given the sector's dependence on tourist arrivals and prevailing competitive pressures.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Link to Past Rating Rationale:

[Grand Central Hotel Private Limited: Bank Facilities Rating Assigned](#)

About the Company:

Grand Central Hotel Limited (GCHL) is a special-purpose-vehicle that owns and propose to operate a 5-star hotel in Itahari, Sunsari with a total of 80 keys. The company has entered into licensing agreement with Wyndham Hotel Asia Pacific Company Limited for operating hotel under the brand name of "Ramada by Wyndham Itahari Pashupati Marg". The project commenced commercial operations in February 2026. Mr. Desh Bandhu Basnet is the major shareholder with more than 99% of shareholding in the company.

Financial Indicators (Standalone)

For the year ended* As on	FY26
	Unaudited
Total Operating Income (NPR Mn)	41
EBITDA Margin (%)	Neg.
Interest Coverage Ratio (x)	Neg.
Total Debt/ EBITDA (x)	Neg.

For the year ended* As on	FY26
	Unaudited
Current Ratio (x)	0.49
Overall Gearing Ratio (x)	2.40
TOL/TNW (x)	2.61

*Classification as per Infomerics Nepal standards

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Total Outside Liabilities/Tangible Net Worth (TOL/TNW)

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities-Term Loan	Long Term	1,300.74	IRN BB
Fund Based Bank Facilities-Working Capital (WCL)	Short Term	70.00	IRN A4
Total Facilities		1,370.74	

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About Infomerics Credit Rating Nepal Limited:

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