

PRESS RELEASE

YAK AND YETI HOTEL LIMITED

July 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Long-Term Bank Facilities	892.37	IRN BBB	Assigned
Short-Term Bank Facilities	120.00	IRN A3+	Assigned
Total	1,012.37		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BBB (Triple B) to the long-term bank facilities of NPR 892.37 Mn and IRN A3+ (A Three Plus) to the short-term bank facilities of NPR 120.00 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of Yak and Yeti Hotel (YHL) Limited derive strength from operational track of almost 5 decades with strong brand reputation, supported by the company's seasoned promoters with extensive experience in hospitality industry. The ratings also account for the company's improving financial profile marked by improving revenue and profitability margin as well as low-leveraged capital structure and improving debt coverage indicators during the past 5 financial years ending FY25. Also, the ratings consider the property's location in central Kathmandu, aiding the operational prospects of the company.

These rating strengths are, however, constrained by the company's stressed liquidity profile with current ratio consistently below unity over the past five years and high creditors position of the company, thereby, increasing reliance on external financing for its operations. The ratings also take note on the company's exposure to the cyclical and seasonality associated with hospitality industry as well as ever-growing competition from the established and new premium properties in the Kathmandu's hospitality market. Going forward, the ability of the company to continue to improve its operational base and profitability as well as manage its liquidity position while sustaining competitive edge in the market will remain key rating monitorable.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Long track of operations supported by experienced and resourceful promoters

Operating since 1977, YHL boasts 49 years of operational track record with a strong brand recognition among Nepalese hospitality industry. The company is majorly promoted by Saraf family, having long foothold in hospitality industry, owning multiple hotels across India and Nepal. Mr. Arun Kumar Saraf, Executive Director, has more than two decades of experience in developing & operating five-star hotels in South Asia along with experience across diverse sectors. Similarly, Mr. Umesh Saraf also brings in an experience of over two decades in planning, execution and development of hotels. YHL is further supported by an experienced team across various functions/departments.

Improving financial profile

YHL reported Total Operating Income of NPR 974 Mn in FY25, improved from NPR 901 Mn in FY24. The TOI peaked at NPR 1,043 Mn in FY23 before dipping in FY24. The decline in the company's revenue is primarily induced by the company's renovation works, which had a bearing on its operations. The EBITDA margin stood at 45.62% in FY25, vis-à-vis 38.73% in FY24 (FY23: 43.88%). PAT margin followed a similar trend, dipping from 20.45% in FY23 to 9.31% in FY24, followed by a recovery to 18.57% in FY25. Gross Cash Accruals (GCA) remained at NPR 312 Mn in FY25, improved

from NPR 224 Mn in FY24 (FY23: NPR 330 Mn).

Low-leveraged capital structure and healthy coverage indicators

The company's capital structure remained low-leveraged, marked by overall gearing ratio of 0.67x as on mid-July 2025, slightly improved from 0.73x as on mid-July 2024. The moderation of overall gearing ratio in FY24 is primarily due to increased debt level during the year induced by hotel renovation works. Similarly, TOL/TNW stood at 1.10x as on mid-July 2025, improved from 1.32x as on mid-July 2024 and 1.45x as on mid-July 2023. Similarly, Total Debt to GCA stood at 3.35x at the end of FY25, compared to 4.82x at the end of FY24. The debt coverage indicators stood comfortable, with DSCR of 1.62x in FY25 vis-à-vis 1.81x in FY24 and interest coverage ratio of 4.68x in FY25 compared to 3.37x in FY24.

Strategic locational advantage

The hotel property is located at Durbarmarg, Kathmandu, placed in close proximity to key tourist attractions both within the city and wider valley. The central positioning facilitates easy access to several World Heritage sites as well as vibrant commercial and cultural districts. Additionally, the hotel is conveniently situated near Tribhuvan International Airport, making travel in and out of Kathmandu effortless.

Key Rating Weaknesses

Stressed liquidity profile

The working capital position of YHL remained stretched with current ratio consistently below unity over the past five years ending FY25. The current ratio stood at 0.64x in FY25 and 0.54x in FY24, indicating the company's reliance on bank borrowings to meet its short-term obligations. Also, the creditors position remained elevated, with high creditor days of 111 days in FY24, although reduced from 223 days in FY24.

Intense competition and susceptibility to cyclical

The hotel industry in Nepal is fragmented with presence of numbers of organized and unorganized players across Kathmandu Valley. Despite surge in tourists' inflow, the number of hotels operating in Kathmandu Valley remains high which will ultimately result in intense competition that might lead to competitive pricing leading to subdued ARR. In addition, competition in this sector has also intensified due to steady 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 the hotel industry with intense competition among premium hotels like YHL. Also, occupancy levels and revenue in the hotel industry are susceptible to macroeconomic trends, both in domestic and global market.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

Yak and Yeti Hotel Limited is a public limited company incorporated on September 01, 1976. The company operates a 5-star hotel under the brand name "Hotel Yak & Yeti" with installed capacity of 270 keys. The property is sprawled over 76,664 sq. ft. land area in Durbarmarg, Kathmandu, Nepal. The hotel comprises 120 rooms in its "Heritage Wing", 150 rooms in its "Durbar Wing", and Lal Durbar convention center in restored Lal Durbar space. As of August 21, 2025, more than 99% of the shareholding is held by Saraf family, with the majority shareholding of Mr. Arun Kumar Saraf (~20%).

Financial Indicators:

For the year ended* As on	FY21	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	246	666	1,043	901	974
EBITDA Margin (%)	16.01	39.80	43.88	38.73	45.62
Interest Coverage Ratio (x)	0.58	4.51	5.47	3.37	4.68
Current Ratio (x)	0.28	0.61	0.58	0.54	0.64
Total Debt/GCA (years)	Neg	4.14	2.65	6.16	3.70
Overall Gearing Ratio (x)	0.76	0.68	0.51	0.73	0.67
TOL/TNW (x)	1.47	1.56	1.45	1.32	1.10

*Classification as per Infomerics Nepal standards

Earnings Before Interest Tax Depreciation Amortization (EBITDA)

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

Annexure:1 Detail of Facilities

Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	892.37	IRN BBB
Fund Based Bank Facilities- Cash Credit	Short Term	120.00	IRN A3+
Total Facilities		1,012.37	

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About Infomerics Credit Rating Nepal Limited:

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