

## Hotel Mahamaya Crown Private Limited

### Ratings

| Facilities/Instruments*    | Amount<br>(Rs. Million) | Ratings <sup>1</sup>            | Rating Action |
|----------------------------|-------------------------|---------------------------------|---------------|
| Long Term Bank Facilities  | 1,200.00                | CARE-NP BB-<br>[Double B Minus] | Assigned      |
| Short Term Bank Facilities | 80.00                   | CARE-NP A4<br>[A Four]          | Assigned      |
| <b>Total</b>               | <b>1,280.00</b>         |                                 |               |

\*Details of Facilities in Annexure-1

CARE Ratings Nepal Limited (CRNL) has assigned the ratings of 'CARE-NP BB-' to the long-term bank facilities and 'CARE-NP A4' to the short-term bank facilities of Hotel Mahamaya Crown Private Limited (HMCPL).

### Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of HMCPL are primarily constrained by residual implementation risk associated with its under-construction hotel project and operations stabilization risk thereafter considering long gestation period associated with hospitality industry. The ratings also factor in susceptibility to cyclicity, revenue concentration risk from a single property, and exposure to volatile interest rates.

The ratings, however, derive strength from the experienced promoter and management team of the company, strategic locational advantage of the hotel and government initiative and support for tourism sector.

*Going forward, the ability of the company to complete the project within the envisaged time and cost and satisfactory operations thereafter will be key rating sensitivities.*

### Detailed Description of the Key Rating Drivers

#### Key Rating Weaknesses

#### Residual implementation risk associated with under construction hotel project

HMCPL is developing up a hotel with an estimated cost of Rs. 2,158 Mn, which is proposed to be financed through 59:41 debt equity ratio. The debt is fully tied up. Further, full equity amount of Rs. 878 Mn has already been injected as on June 24, 2025. The construction of the project is in latter stages of completion with approximately 82% of the financial progress achieved as on June end, 2025. Nonetheless, the company remains exposed to risks associated with the implementation of the under-construction project within the envisaged time and cost.

#### Operational stabilization risk and long gestation period associated with hotel industry

The company is setting up a hotel with 82 rooms capacity which includes all modern amenities, F&B services, conference and banquet hall, swimming pools, spa, health club and other facilities. Generally, hotels require longer gestation period to recover the fixed costs associated with it and become profitable. Hotel projects have long gestation period since construction of a premium hotel takes up to three to four years while stabilization of operations may take another two to three years. Further, premium hotels call for a huge investment and have longer gestation periods as compared to mid-scale budget hotels. Once the hotel becomes operational, the ability of the company to attract customers, maintain occupancy level, establish its brand and derive benefit from the hotel as envisaged will be crucial rating factor.

<sup>1</sup>Complete definition of the ratings assigned are available at <https://www.careratingsnepal.com/> and other CARE publications

**Susceptibility to cyclical, intense competition and geographic concentration risk in the hospitality sector**

The hotel industry of Nepal is fragmented in nature with the presence of large number of organized and unorganized players spread across various regions. The occupancy levels and revenue in the hotel industry are susceptible to macroeconomic trends, both in the domestic and global markets. The company's proposed hotel, situated in Nawalparasi, exposes its operations to the risk of revenue concentration from a single property. By predominantly serving the hotel segment, the company's revenue and profitability will remain susceptible to the growth dynamics and challenges within the hotel industry and more specific to the region. The importance of effective strategies to maintain its market position and financial performance in the evolving environment would be critical for the company to maintain stable return indicators.

**Exposure to volatile interest rate**

HMCPL's interest expenses are based on floating interest rate regime, where a certain premium is added to the monthly base rate and interest rate is changed accordingly on monthly basis. The base rates of the banks and financial institutions (BFIs) in Nepal remain quite volatile as they are impacted by available liquidity in the system, which leads to changes in interest rates. Any significant rate hikes could put increased interest burden on the firm impacting its liquidity position.

**Key Rating Strengths****Experienced promoter and management team**

HMCPL is chaired by Mr. Suman Pudasaini, a seasoned entrepreneur with a diverse academic background and extensive business experience. He leads multiple ventures including Aaradhana Holdings and Investment Company, Sustainable Nature Nepal, Gita Darsan Deep Boring Company, Parijat Agro Tourism, and Seven Lakes Vatika Resorts. He is further supported by experienced management team across various functions/departments.

**Strategic locational advantage of the hotel**

The hotel is situated in Sunwal, Nawalparasi, Nepal offering a strategic locational advantage due to its proximity to natural attractions, religious and cultural sites, and transportation routes. The hotel is in close proximity to Maulakalika temple – a prominent Hindu pilgrimage site dedicated to Goddess Kalika, Triveni Dham – a sacred site linked to Ramayana, Valmiki Ashram – the birthplace of Lava and Kusha, Devghat Dham – Nepal's largest religious gatherings during Makar Sankranti, Chitwan National Park – listed in UNESCO world heritage site, & Narayani River – popular for boating and fishing. By aligning with the growing tourism infrastructure and emphasizing cultural and religious significance, such an establishment can attract a diverse range of travellers and contribute to the region's economic development.

**Industry Outlook**

Tourism remains a key priority for Nepal, as highlighted in the FY26 Budget, which announced various tax exemptions for hotels and resorts, alongside an allocation of Rs. 13.28 billion to the Ministry of Culture, Tourism and Civil Aviation. Reinforcing this commitment, the government has declared FY23–FY33 as the Tourism Decade to position Nepal as a premier global travel destination. Tourist arrivals, which stood at 5 lakhs in FY08, peaked at 11.97 lakhs in FY19 before falling sharply to 2.3 lakhs in FY20 and 1.5 lakhs in FY21 due to the COVID-19 pandemic. A strong recovery followed, with arrivals rising to 6.14 lakhs in FY22, 10.15 lakhs in FY23, and reaching 11.48 lakhs in FY24 - surpassing pre-pandemic levels with a 13.07% year-on-year growth. The momentum has continued into FY25, with 5 lakhs arrivals recorded in the first five months alone, reflecting a resilient and thriving tourism sector driven by relaxed travel policies, cultural attractions, and Nepal's appeal for adventure and spiritual experiences.

## About the Company

Hotel Mahamaya Crown Private Limited (HMCPL), incorporated on December 27, 2024 under the Company Act, 2006, is developing a hotel in Sunwal, Nawalparasi, Nepal. The project spans 10 acres of land and will feature 82 well-appointed rooms, including 2 triple bed rooms, 8 twin bed rooms, 32 single deluxe rooms, 34 double deluxe rooms and 6 sweet deluxe rooms. The hotel will offer amenities such as restaurants, a gym and health club, swimming pools, a spa, and dedicated wedding and banquet facilities.

### **Annexure 1: Details of the Facilities Rated**

| Nature of the Facility     | Type of the Facility | Amount<br>(Rs. in Million) | Ratings     |
|----------------------------|----------------------|----------------------------|-------------|
| Long Term Bank Facilities  | Term Loan            | 1,200.00                   | CARE-NP BB- |
| Short Term Bank Facilities | Cash Credit          | 80.00                      | CARE-NP A4  |
| <b>Total Facilities</b>    |                      | <b>1,280.00</b>            |             |

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