

Vianet Communications Private Limited: Rating downgraded and moved to ‘Issuer not cooperating’ category with notice for rating withdrawal

January 2, 2023

Summary of rating action:

Instrument	Rated Amount (In NPR Million)	Rating Action
Long-term loan	1,088.50	[ICRANP] LB+ “ ISSUER NOT COOPERATING* ”; downgraded from [ICRANP] LBB- and moved to Issuer not cooperating category with notice of withdrawal.
Short-term loan	1,546.57	[ICRANP] A4 “ ISSUER NOT COOPERATING* ”; moved to Issuer not cooperating category with notice of withdrawal.
Total	2,635.07	

**Issuer did not cooperate; based on best available information.*

Rating action

ICRA Nepal has downgraded and revised the long-term rating assigned to Vianet Communications Private Limited (Vianet) to **[ICRANP] LB+ ‘Issuer Not Cooperating’** (pronounced ICRA NP L B plus, Issuer Not Cooperating) from [ICRANP] LBB- (pronounced ICRA NP L double B minus). ICRA Nepal has also revised the company’s short-term rating to **[ICRANP] A4 ‘Issuer Not Cooperating’** (pronounced ICRA NP A four, Issuer Not Cooperating) from [ICRANP] A4 (pronounced ICRA NP A four). The rating action has been taken in accordance with the Credit Rating Regulations 2011, following limited cooperation from Vianet for rating information despite multiple follow-ups. The ratings have also been put on notice for withdrawal.

Rationale

The ratings were downgraded in lack of adequate information about Vianet’s performance and hence the resultant uncertainty around its credit risk. These concerns are heightened by the steadily increasing competitive intensity in the industry which would have a bearing over the company’s market share as well as per user revenue metrics. The company’s gearing levels also remained high, which along with its earlier capex plans are likely to pressurise its liquidity profile and debt service indicators, amid a rising interest rate scenario. Given the lack of adequate information from the company, the extent of the impact on the financial profile and debt coverage indicators could not be ascertained.

ICRA Nepal assesses whether the information available about the entity is commensurate with its rating and reviews the same as per Credit Rating Regulations 2011 as well as ICRA Nepal’s ‘Withdrawal/Suspension Policy’ available at www.icranepal.com.

For such ratings, the lenders, investors, and other market participants are thus advised to exercise appropriate caution while using the rating as it may not adequately reflect the credit risk profile of the entity. The entity’s credit risk profile may have changed to a level greater than that represented by the rating symbol.

As part of its process and in accordance with its rating agreement with Vianet, ICRA Nepal has been trying to seek information from the entity to monitor its performance, but despite repeated requests by ICRA Nepal, the entity’s management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA Nepal, a rating view has been taken on the entity based on the best available information.

Link to previous detailed rating rationale

[Vianet-Communications-Fresh-BLR-June-2021](#)

Analytical approach: For arriving at the ratings, ICRA Nepal has applied its rating methodology as indicated below.

Links to applicable criteria

[Corporate Credit Rating Methodology](#)

About the company

Incorporated in October 1999, Vianet Communication Private Limited (Vianet) is an internet service provider which provides internet connectivity and communication solutions to corporate and retail customers in Nepal. Vianet also started providing service of IPTV (TV over Internet Protocol) and video on demand services from FY2019 onwards. Mr. Binay Bohora is the major shareholder of the company, holding 75% stake, and is also the managing director of the company.

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About ICRA Nepal Limited:

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Our parent company, ICRA Limited, was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment information and credit rating agency. Today, ICRA and its subsidiaries together form the ICRA Group of Companies.

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