

The Metropolitan Hotel Private Limited: Ratings downgraded and moved to 'Issuer Not Cooperating' category with notice for ratings withdrawal

January 03, 2024

Summary of rating action

Instrument (Amount in NPR million)	Rated Amount	Rating Action
Fund based; long term limits	1,172	[ICRANP] LB "ISSUER NOT COOPERATING**" ; downgraded from [ICRANP] LB+ and moved to Issuer not cooperating category, with notice of withdrawal
Short term limits (unallocated and proposed)	3	[ICRANP] A4 "ISSUER NOT COOPERATING**" ; revised from [ICRANP] A4 and moved to Issuer not cooperating category, with notice of withdrawal
Total	1,175	

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

Rating action

ICRA Nepal has downgraded and revised the long-term loan rating assigned to The Metropolitan Hotel Private Limited (TMHPL) to [ICRANP] LB 'Issuer not Cooperating' (pronounced ICRA NP L B, Issuer Not Cooperating) from [ICRANP] LB+ (pronounced ICRA NP L B plus). ICRA Nepal has also revised the company's short term loan 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 non-cooperation from TMHPL for rating information despite multiple follow-ups. The ratings have also been put on notice for withdrawal.

Rationale

The ratings downgrade/revision mainly factors in the lack of information about TMHPL's performance and hence the resultant uncertainty around its credit risk. These concerns are heightened by the possibility of time and cost overrun in the company's under-construction hotel project (when last rated), which is generally noted across most of these projects. Further, the tight banking sector liquidity during last 12-15 months could also have impacted the funding sources and the general moderation in the economic outlook could have impact on near-term demand/occupancies (in case the project has now achieved commissioning, as earlier targeted). Given the lack of 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 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 a part of its process and in accordance with its rating agreement with TMHPL, ICRA Nepal has been trying to seek information from the entity to monitor its performance. Despite repeated requests by ICRA Nepal, the entity's management has remained non-cooperative till the extended deadline for surveillance. 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 the previous detailed rationale:

[Rationale The Metropolitan Hotel Pvt Ltd-Fresh BLR June 2022](#)

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

Links to applicable criteria:[Corporate Credit Rating Methodology](#)[Issuer Not Cooperating Guidelines](#)**About the company**

The Metropolitan Hotel Private Limited (TMHPL), incorporated in July 2016, is a special purpose vehicle (SPV) formed to own and operate a proposed four-star hotel. The proposed hotel plans to operate with 106 rooms and is located at Suredhara- 4, Kathmandu. The hotel is a standalone property and has an agreement with Hilton Worldwide Manage Limited for brand and hotel management (for the brand name 'Hilton Garden Inn'). When last rated, the company was owned by three individuals, Mr. Desh Bandhu Basnet (45%), Mr. Bijaya Malla (30%) and Mr. Rajendra Raut (25%), who have limited experience in the hotel industry. The proposed hotel was under construction with a target of commencing operations from the first quarter of FY2024.

Analyst Contacts:**Mr. Sailesh Subedi** (Tel No. +977-1-4519910/20)sailesh@icranepal.com**Ms. Banu Pandey** (Tel No. +977-1-4519910/20)banu@icranepal.com**Relationship Contacts:****Ms. Barsha Shrestha** (Tel No. +977-1-4519910/20)barsha@icranepal.com**About ICRA Nepal Limited:**

ICRA Nepal Limited, the first credit rating agency of Nepal, is a subsidiary of ICRA Limited (ICRA) of India. It was licenced by the Securities Board of Nepal (SEBON) on October 3, 2012. ICRA Nepal is supported by ICRA Limited through a technical support services agreement, which envisages ICRA helping ICRA Nepal in areas such as rating process and methodologies, analytical software, research, training, and technical and analytical skill augmentation.

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.

For more information, visit www.icranepal.com

ICRA Nepal Limited,

Sunrise Bizz Park, 6th Floor, Dillibazar, Kathmandu, Nepal.

Phone: +977 1 4519910/20**Email:** info@icranepal.com**Web:** www.icranepal.com

All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA Nepal.

ICRA Nepal ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. The ICRA Nepal ratings are subject to a process of surveillance which may lead to a revision in ratings. Please visit our website (www.icranepal.com) or contact ICRA Nepal office for the latest information on ICRA Nepal ratings outstanding. All information contained herein has been obtained by ICRA Nepal from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA Nepal in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion and ICRA Nepal shall not be liable for any losses incurred by users from any use of this publication or its contents