

Hotel Orion Private Limited: Ratings downgraded and moved to ‘Issuer not cooperating’ category with notice of ratings withdrawal

March 4, 2024

Summary of rating action

Instrument	Rated Amount (NPR Million)	Rating Action
Long-term loans; fund-based	710	[ICRANP] LB “ISSUER NOT COOPERATING*”; downgraded from [ICRANP] LB+ and moved to Issuer not cooperating category with notice for rating withdrawal.
Short-term loans; fund-based	20	[ICRANP] A4 “ISSUER NOT COOPERATING*”; moved to Issuer not cooperating category with notice for rating withdrawal.
Proposed loans	20	
Total	750	

**Issuer did not cooperate fully/timely; based on limited available information.*

Rating action

ICRA Nepal has downgraded and revised the long-term rating assigned to Hotel Orion Private Limited (HOPL) to [ICRANP] LB ‘Issuer not Cooperating’ (pronounced ICRA NP L B, Issuer Not Cooperating) from [ICRANP] LB+ (pronounced ICRA NP L B plus) and 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 actions have been taken in accordance with the Credit Rating Regulations 2011, following the non-cooperation from HOPL for rating information despite multiple follow-ups. The ratings have also been put on notice for withdrawal.

Rationale

The rating downgrade/ revision mainly factors in the lack of information about HOPL’s performance and hence the resultant uncertainty around its credit risk. These concerns are heightened by the instances of cost and time overrun witnessed for most of the hotel projects in recent years, with deterioration in financial and debt coverage metrics vis-à-vis original estimates. Furthermore, the general moderation in the economic outlook could have an impact on near-term demand/occupancies of the newly commissioned hotel. 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 ratings and reviews the same as per Credit Rating Regulations 2011 as well as ICRA Nepal’s [‘Withdrawal/Suspension Policy’](#).

As part of its process and in accordance with its rating agreement, 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 remained largely non-cooperative till the extended deadline for rating surveillance. In the absence of requisite information on a timely manner 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.

For such ratings, the lenders, investors, and other market participants are advised to exercise appropriate caution while using the ratings 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.

Link to the previous detailed rating rationale:

[Rationale – Hotel Orion Private Limited – Bank Loan Rating Surveillance August 1, 2022](#)

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

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

Hotel Orion Private Limited (HOPL) was incorporated in September 2018. It is an SPV that owns and operate a 4-star hotel—Hotel Orion. The hotel was planned to operate on an 80-key basis at Sunawal-4, Nawalparasi. The hotel is a standalone property and is not affiliated to any foreign or domestic hotel chains.

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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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