

Press Release

Mountain Glory Private Limited

Rating

Facility	Amount (Rs. In Million)	Rating	Rating Action
Long Term Bank Facilities	640.00	CARE-NP BB [Double B] (Credit watch with negative implications)	Ratings placed on credit watch with negative implications
Total Facilities	640.00		

Details of Facilities in Annexure 1

CARE Ratings Nepal Limited (CRNL) has placed the ratings assigned to the bank facilities of Mountain Glory Private Limited (MGPL) on ‘credit watch with negative implication’.

Rationale

The rating action is triggered by the closure of the hotel operation due to the spread of Coronavirus disease 2019 (COVID-19) resulting in nationwide lockdown announced by the Government of Nepal (GoN) since March 24, 2020.

COVID-19 has affected Nepal as well, with Nepal reporting its first case on January 24, 2020. Further, GoN imposed travel restrictions and countrywide lockdown since March 24, 2020 closing most of the organizations and slowing down the economic activities. This is also expected to have negative financial and operational implication on all the players in the tourism and hospitality sector like MGPL.

With the outbreak of COVID-19 pandemic, resulting in travel restrictions and lockdown in Nepal as well as other countries in the world, the hotel has suspended its operational activities which is further likely to impact the financial profile of the company in terms of revenue generation, profitability, cash flow and debt servicing capability.

Impact of COVID-19 is expected to be seen in Nepalese economy in coming months. With slowdown in various sectors, tourism and hospitality sectors are prone to be impacted. Though, NRB has provided an extension of 3 months for the repayment of loans falling due in Mid-April 2020 which provides some relief to the company. With the continuation of lockdown at domestic and global level, the exact impact of the pandemic on the cash flows of the company is not ascertainable.

CRNL shall be continuously monitoring the COVID-19 crisis and its impact on the business, financial risk profile and liquidity position of the company during this period. CRNL may remove the ratings from watch, and would take a final action on the ratings once clarity emerges on these issues.

About the Company

Mountain Glory Private Limited was incorporated on May 24, 2007 as a private limited company. MGPL has constructed a hotel property under the commercial name of Mountain Glory Forest Resort & Spa in Pokhara which is sprawled over 7.42 acres of land and a total of 64 room keys. MGPL is being promoted by a group of eight individual shareholders who are all directors of the company and have infused total paid-up equity of Rs. 453 Mn as on July 16, 2019.

Detailed rating rationale of the company is available at www.careratingsnepal.com

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Disclaimer

CRNL's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRNL has based its ratings on information obtained from sources believed by it to be accurate and reliable. CRNL does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRNL have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

Annexure 1: Details of the Facilities rated

Nature of the Facility	Type of the Facility	Amount (Rs. In Million)	Rating
Long Term Bank Facilities	Term Loan	490.00	CARE-NP BB (Credit watch with negative implications)
Long Term Bank Facilities (Proposed)	Term Loan	150.00	CARE-NP BB (Credit watch with negative implications)
Total		640.00	