

Kasthamandap Diagnostic and Medical Service Private Limited : Ratings downgraded and moved to ‘Issuer Not Cooperating’ category with notice for ratings withdrawal

November 6, 2023

Summary of rating action

Facility	Rated Amount (NPR million)	Rating Action
Long-term loan limits	560	[ICRANP] LB “ ISSUER NOT COOPERATING* ”; downgraded from [ICRANP] LB+ and moved to Issuer not cooperating category, with notice of withdrawal.
Total	560	

**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 Kasthamandap Diagnostic and Medical Service Private Limited (KDMS) to [ICRANP] LB “Issuer Not Cooperating” (pronounced ICRA NP L B, Issuer Not Cooperating) from [ICRANP] LB+ (pronounced ICRA NP L B plus). The rating action has been taken in accordance with the Credit Rating Regulations 2011, following limited cooperation from KDMS for rating information despite multiple follow-ups. The ratings have also been put on notice for withdrawal.

Rationale

The ratings revision mainly factors in the uncertainties regarding the company’s financial profile, amid the lack of information about KDMS’s performance and hence the resultant concerns around its credit risk. These concerns are heightened following the inflated borrowing rates in recent quarters, rise in cost of construction materials, project stabilisation risk amid intense competition in fragmented industry and moderation in the financial profile of promoter company. The ongoing economic slowdown is likely to have impacted KDMS’s operational and financial indicators. However, in absence of any information from KDMS, the extent of the impact on the company’s 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.

As part of its process and in accordance with its rating agreement with KDMS, ICRA Nepal has been trying to seek comprehensive 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 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 the same 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 Kasthamandap Diagnostic and Medical Service Private Limited BLR Surv April-2022](#)

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

Kasthamandap Diagnostic and Medical Service Private Limited, incorporated in July 2021, is a diagnostic center located in Sinamangal, Kathmandu (adjacent to parent company’s hospital). KDMS will be providing CT scan and MRI services, mostly targeting the patient flow in the parent company’s hospital. The company is promoted by Kathmandu Medical College Public Limited (100% stake), which has an operational track record of more than 13 years.

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