

PRESS RELEASE

HARVEST MOON TRAVELS AND TOURS PRIVATE LIMITED

May 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Long Term Bank Facilities	6.82 (Reduced from 34.27)	IRN BB	Reaffirmed
Short Term Bank Facilities	650.00 (Enhanced from 460.00)	IRN A4	Reaffirmed
Long Term/Short Term Facilities	600.00	IRN BB/A4	Reaffirmed
Total	1,256.82		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN BB (Double B) assigned to the long term bank facilities of NPR 6.82 Mn, the rating of IRN A4 (A Four) to the short term bank facilities of NPR 650.00 Mn and IRN BB (Double B) /A4 (A Four) to the long term/short term bank facilities of NPR 600.00 Mn.

Detailed Rationale

The reaffirmation of ratings assigned to bank facilities of Harvest Moon Travels and Tours Private Limited (HMTT) primarily factor in improvement in operating income during third quarter of FY26 (increase of ~55% compared to the second quarter and ~10% compared to last year) owing to removal of labor import restriction by Malaysian Government following continued restriction for past couple of years. The ratings also factor in healthy capital structure of HMTT as evidenced by comfortable overall gearing ratio of 1.67x at the end of FY25 (1.29x in FY24 and 1.50x in FY23). The ratings also positively factor in HMTT's established track record of operations (since 2001), experienced promoters and its established position in international air ticketing industry backed by International Air Transport Association (IATA) accreditation¹. HMTT also benefits from a positive demand outlook for foreign employment among Nepalese youths with HMTT's major revenue driver being ticket sales to migrant workers.

These rating strengths, however, are constrained by deterioration in HMTT's revenue profile by ~14% in FY25 and then annualized de-growth of ~9% in FY26 due to labor related import restriction placed by Malay Government-a major target market of HMTT and intense competition in the market. The rating also remains constrained due to lower profitability margins in FY25 (EBITDA margin of ~1.49% in FY25 vis-à-vis ~2.12% in FY24) owing to reduced demand prompting HMTT to sell its ticket at lower fares. Additionally, the ratings also takes into account HMTT's working capital intensive nature of business operations (Working capital intensity of ~18% in FY25 vis-à-vis ~13% in FY24) owing to higher collection period from customers compared to a shorter payment period regulated by IATA, leading to a buildup of debtor balance against quick repayment of payables, thereby necessitating a higher working capital requirement, as evidenced by near complete utilization of short-term loan limits (Average utilization exceeding ~90% of sanction limit of working capital during past 12 months ending April 2026). Furthermore, the rating is further restrained by fluctuations in operations attributed to the cyclicity of the tourism industry and the uncertainty in labor immigration policy of destination countries. Going forward, HMTT's ability to scale-up the business and improve its operating margins navigating through volatile environment will remain key rating sensitivities.

¹ IATA is trade association of world's airlines representing 317 airlines from over 120 countries accounting for 82% of total available seat mile air traffic as on 2020

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced Promoters with long track record and recognition in airline ticketing industry

HMTT is in existence since 1999 as a private limited company, reflecting long track record and continuity of operations. HMTT is promoted by Mr. Ram Prasad Shrestha, who have more than three decades of experience and Mrs. Sulekha Shrestha having more than two decades of experience in the same line of industry. Furthermore, the promoters are well supported by a team of qualified professionals having experience in the relevant fields. Similarly, HMTT holds prestigious accreditations within the travel industry, notably as an IATA-accredited agency since 2007 and a member of NATTA² (Nepal Association of Tour and Travel Agents).

Positive business prospects

The business outlook for international air ticketing industry remains positive with increase in tourism, relaxation of stringent COVID rules and increase in interest of Nepalese for foreign employment and studies. The trend is reflected by consistent rise in tourists and increasing labor permits issued by the Labor Department of Nepal. Notably, HMTT, predominantly engaged in the labor sector, stands to benefit from this surge and its revenue is anticipated to continue its upward trajectory in the foreseeable future.

Moderate solvency ratios

The gearing ratio has remained moderate albeit deteriorated to 1.67x at the end of FY25 from 1.29x in FY24 and 1.50x in FY23 amid reduction in profitability and scale of operations. The TOL/TNW ratio has also moderated to 2.42x in FY25 from 1.97x in FY24 and 2.50x in FY23 due to addition of working capital loans to fund its working capital requirements as seen in marked rise in total debt to ~NPR 439 Mn in FY25 from ~NPR 326 Mn in FY24. The interest coverage ratio of HMTT continues to remain moderate at 1.52x in FY25 (1.79x in FY24 and 1.68x in FY23). DSCR of HMTT is comfortable at 1.42x in FY25 against 1.62x in FY24. The ability of management to improve its capital structure and coverage indicators remains key monitorable.

Key Rating Weaknesses

Declining operating income and margins

The total operating income (TOI) of HMTT has reduced in FY25 amid continued restriction on labor import by Malay Government. As a result of restriction starting from July 2024, the TOI contracted by ~14% reaching NPR 3,692 Mn in FY25 from NPR 4,274 Mn in FY24. Further post Gen-Z Protest and subsequent political instability, gulf countries imposed stricter visa regulation on Nepal further reducing TOI in FY26 with HMTT recording revenue of NPR 2,519 Mn till 9MFY26 reflecting annualized decline of ~9% in FY26 as well. Owing to smaller scale of operations and lower demand prompting HMTT to sale of its ticket at lower fares, the EBITDA margin have reduced as well to 1.49% in FY25 from 2.12% in FY24. Consequently, PAT margin fell to ~0.28% in FY25 from ~0.61% in FY24. Also, GCA reduced to NPR 15 Mn in FY25 from ~NPR 32 Mn in FY24 and ~NPR 30 Mn in FY23. Looking ahead, the relaxation of labor restrictions in Malaysia, along with the company's strategic focus on diversifying its revenue base through entry into new markets, has supported a recovery in TOI in third quarter of FY26 and provides some comfort. Nonetheless, the ability of management to sustainably scale operations and retain market share in competitive landscape remains key rating monitorable.

² NATTA, established in 1966 is a collection of leading travel agents across Nepal, established to formulate business principles and regulate travel industry in Nepal

Working capital intensive nature of business

HMTT's working capital cycle remains relatively stretched owing to shorter payment terms with airlines for ticket purchases (around two weeks) vis-à-vis longer credit period extended to the customers (~59 days in FY24 and ~76 days in FY25), leading to a substantial allocation of funds in working capital and heightened reliance on short-term borrowings as indicated by nearly full utilization of short term loans and increasing working capital intensity of ~18% in FY25 against ~13% in FY24. Any delay in timely realization of receivables can stretch the company's liquidity profile further resulting in increased reliance on bank borrowings.

Cyclical nature of airlines industry, susceptibility to adverse regulatory changes

HMTT operates predominantly in the labor sector sales, which are subject to cyclical fluctuations depending on the foreign country policies and labor permit issuances by the labor department and immigration policy of host countries. Additionally, another revenue stream, ticket sales to tourists, experiences seasonality, with the majority of sales occurring during the tourism peak season typically between October and December. Furthermore, the government's decision to impose a 13% VAT on airline tickets has adversely affected the industry, leading to significantly higher ticket prices.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Link to past rating rationale:

[Harvest Moon Travels and Tours Private Limited: Bank Facilities Ratings Reaffirmed](#)

About the Company:

Harvest Moon Travels and Tours Private Limited (HMTT) is a privately held company incorporated on August 15, 1999, and is engaged in business of international air ticketing, majority of its sales being to Nepalese seeking foreign employment abroad. HMTT is an accredited agent of International Airlines Transport Association and a member of NATTA. The company is promoted by Mr. Ram Prasad Shrestha and Mrs. Sulekha Shrestha each holding 50% of the total shares.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23 [#]	FY24 [#]	FY25
	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	3,877	6,793	4,274	3,680
EBITDA Margin (%)	2.32	1.35	2.12	1.49
Interest Coverage Ratio (x)	2.16	1.68	1.79	1.52
Current Ratio (x)	1.30	1.40	1.50	1.39
Overall Gearing Ratio (x)	1.93	1.50	1.29	1.67
Total Debt/GCA (Years)	9.08	11.46	10.32	28.66
DSCR (x)	2.04	1.54	1.62	1.42

* Classification as per Infomerics Nepal Standards

HMTT had carried out first time adoption of Nepal Financial Reporting Standard (NFRS) from FY25 onwards resulting which the financial metrics for FY23 and FY24 has changed according to "NFRS 1- First Time Adoption of NFRS"

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Annexure 1: Details of Facilities

Instrument/Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Long Term Bank Facilities- Auto Loan	Long-Term	6.82	IRN BB
Short Term Bank Facilities-	Short-Term	650.00	IRN A4

Instrument/Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Cash Credit/Short Term Loan			
Long Term/ Short Term – Bank Guarantee	Long-Term/Short-Term	600.00	IRN BB/A4
Total		1,256.82	

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About Infomerics Credit Rating Nepal Limited:

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