PRESS RELEASE

ESEWA MONEY TRANSFER PRIVATE LIMITED

July 2026

Rating

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Short Term Bank Facilities	700.00	IRN A3	Assigned

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN A3 [A Three] to the short-term bank facilities of NPR 700.00 Mn.

Detailed Rationale

The rating assigned to the bank facilities of Esewa Money Transfer Private Limited (EMT) derives strength from its strong parentage under the F1Soft International Group and the extensive experience of its board and management team. The rating further factors in the company's comfortable capital structure, with overall gearing improving significantly to 0.07x as of mid-July 2025 before moderating to 1.16x as of mid-May 2026. The debt coverage indicators remained adequate, with DSCR of 1.85x in FY25, while the working capital profile remained comfortable, supported by the prefunding nature of the remittance business and adequate liquidity. The rating also considers the favorable outlook for Nepal's remittance sector, supported by sustained labor migration and increasing adoption of digital payment channels.

Nonetheless, the rating is constrained by EMT's moderate financial performance, with EBITDA margin declining from 24.35% in FY22 to 17.89% in FY25 before improving to 20.76% in 10MFY26. The rating is further limited by the highly competitive nature of the remittance industry and the company's exposure to regulatory risks associated with changes in domestic and international remittance regulations. Going forward, EMT's ability to improve scale of operations, sustain profitability improvement, maintain adequate liquidity, and preserve its competitive position amid evolving regulatory and industry dynamics will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Established parentage with seasoned leadership

EMT benefits from the robust backing of the F1Soft International Group, a leading and well-established fin-tech conglomerate in Nepal, operational since 2004. The Group has a proven track record of pioneering digital financial services and holds a dominant market position across various segments of the Nepali fintech ecosystem. F1Soft’s strong financial profile, technological expertise, and wide operational network provide a strategic advantage to EMT in areas such as product innovation, system integration, risk management, and market expansion. Moreover, the company is managed under the overall guidance of five-members board of directors led by Mr. Biswas Dhakal, Chairman, who possess over two decades of experience in fintech industry. The board is supported by the experienced and qualified management team headed by Mr. Ajesh Koirala, Chief Executive Officer, with more than two decades of experience in remittance industry. Furthermore, EMT has diligently assembled a team of highly qualified professionals who effectively manage various functions.

Comfortable capital structure and adequate debt coverage indicators

EMT's capital structure remained comfortable through FY25, supported by a healthy net worth base and the absence of bank borrowings. Total debt declined significantly from NPR 246 Mn in FY24 to negligible levels in FY25 following the settlement of outstanding obligations, resulting in a substantial improvement in leverage indicators. However, debt increased to NPR 244 Mn as of 10MFY26, primarily on account of short-term working capital borrowings, while term debt remained minimal. Although most remittance transactions are prefunded by international MTOs, the company utilizes working capital facilities to bridge settlement timing gaps during peak transaction periods. Therefore, the overall gearing ratio improved to 0.07x in FY25 from 1.32x in FY24 before moderating to 1.16x as of 10MFY26. Nevertheless, leverage remained moderate, with TOL/TNW improving from 6.09x in FY24 to 2.95x in FY25 and remaining largely stable at 2.91x as of 10MFY26. The interest coverage ratio declined from 2.05x in FY24 to 1.81x in FY25 before improving to 2.05x in 10MFY26. Similarly, DSCR moderated from 2.26x in FY24 to 1.85x in FY25, indicating relatively tighter debt servicing capacity, though it remained above unity and adequate.

Moderate working capital requirement

EMT's working capital profile remained comfortable during the review period, supported by the inherently low inventory requirements of the remittance business. The current ratio stood at 1.28x in FY25 and remained stable at 1.27x as of 10MFY26, indicating adequate short-term liquidity. Receivable levels improved significantly over the years, with the average collection period declining to 42 days in FY25 from elevated levels witnessed in earlier years. Given the company's business model, which benefits from prefunding arrangements with international money transfer operators (MTOs), the requirement for large receivables remains limited. The average creditor period also moderated to 55 days in FY25 from exceptionally high levels recorded in FY22-FY23. Therefore, the company's liquidity and working capital position remained adequate, supported by low inventory requirements, improved receivable realizations, and the prefunding nature of the remittance business. Thus, the company's ability to effectively manage settlement cycles, prefunding requirements, and cash flow will remain key rating sensitivities.

Positive industry outlook of the remittance sector

Nepal’s remittance industry is expected to remain stable, supported by growing labor migration to foreign countries. Remittance inflows continue to be a key contributor to Nepal’s GDP and household incomes. The growing adoption of digital channels, including mobile wallets and app-based transfer solutions, is helping formalize the sector and improve transparency. Regulatory initiatives by Nepal Rastra Bank (NRB), focused on compliance and integration of fintech platforms, are expected to enhance sector stability. These structural drivers support EMT’s long-term growth prospects in the formal remittance ecosystem.

Key Rating Weaknesses

Moderate financial performance

EMT's financial performance remains moderate while TOI registered a CAGR of ~45% during FY21-FY25, revenue growth moderated in FY25, with TOI declining to ~NPR 207 Mn from ~NPR 235 Mn in FY23 due to intense competition and pressure on commission rates. The company's profitability margins also weakened, with EBITDA margin declining from 24.35% in FY22 to 17.89% in FY25, reflecting the impact of competitive pressures and the company's focus on market expansion. Although EBITDA margin improved to 20.76% in 10MFY26, it remains below historical peak levels. Similarly, net profitability moderated after FY22, with PAT margin declining from 15.01% in FY22 to 5.38% in FY25 owing to higher finance costs and a relatively lower revenue base. While PAT margin improved to 7.41% in 10MFY26, the company's profitability profile remains moderate. Going forward, the company's ability to sustain margin improvement and profitability growth in a competitive operating environment will remain a key rating monitorable.

Increasing competition in the remittance sector

The remittance industry in Nepal remains highly competitive, with the presence of numerous licensed money transfer companies, banks, and digital wallet service providers. The growing adoption of digital payment platforms and aggressive pricing strategies by market participants may exert pressure on

EMT's market share and commission income. Additionally, the ease of switching between service providers and increasing focus on customer incentives could impact profitability. Therefore, EMT's ability to sustain transaction volumes, strengthen its digital presence, and maintain relationships with international remittance partners will remain key rating sensitivities.

Regulatory risk
EMT operates in a highly regulated environment, with oversight from Nepal Rastra Bank and dependency on cross-border remittance frameworks. Changes in Nepal Rastra Bank (NRB) regulations can significantly influence EMT's operations, financial performance, and market competitiveness by introducing compliance complexities and increasing operational costs. Additionally, since EMT's business is heavily reliant on inward remittances from various countries, any shift in foreign regulations-such as restrictions on fund transfers, labor migration policies, or compliance requirements in host countries could disrupt remittance inflows. These regulatory uncertainties necessitate continuous monitoring and adaptability to ensure long-term business continuity and compliance.

Analytical Approach: Standalone

Applicable Criteria:
Corporate Credit Rating Methodology

About the Company:
Esewa Money Transfer Private Limited (EMT) was incorporated on September 25, 2019 and located at Pulchowk, Lalitpur. EMT has obtained license of Money Remittance from Nepal Rastra Bank (NRB) on November 27, 2020 for facilitating inward remittance of foreign currency. EMT partners with 60 international MTOs to provide remittance services across various countries. It has wide distribution network with more than 13,800 dedicated pay-out locations and more than 4,000 banks, cooperative and individual agents across Nepal. EMT is promoted by four shareholders with F1 Soft International Private Limited being major shareholder with ~75% of stake.

Financial Indicators (Standalone):

For the year ended* As on	FY22	FY23	FY24	FY25	10MFY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	238	235	212	207	155
EBITDA Margin (%)	24.35	16.98	14.47	17.89	20.76
Interest coverage (x)	9.91	5.15	2.05	1.81	2.05
Overall gearing ratio (x)	0.10	0.09	1.32	0.07	1.16
TOL/TNW (x)	4.27	5.35	6.09	2.95	2.91
Current Ratio (x)	1.19	1.16	1.14	1.28	1.27

**Classification as per Infomerics Nepal Standards*
EBITDA: Earnings Before Interest Depreciation Amortization and Tax
TOL/TNW: Total Outside Liabilities/Tangible Net Worth

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities-Working Capital Loan/Cash Credit	Short Term	700.00	IRN A3
Non-Fund Based Bank Facilities- Bank Guarantee	Short Term	(40.00)*	IRN A3
Total Facilities		**700.00**	

**within the limit of cash credit*

Analyst Contacts

Mr. Girish Bhatta
Tel No.+977-1-4583304/4585906
girish.bhatta@infomericsnepal.com

Ms. Kritagya Pyakurel
Tel No.+977-1-4583304/4585906
kritagya.pyakurel@infomericsnepal.com

Relationship Contact

Mr. Rabin Pudasaini
Tel No.+977-1-4583304/4585906
rabin.pudasaini@infomericsnepal.com

About Infomerics Credit Rating Nepal Limited:
Infomerics Credit Rating Nepal Ltd. is Nepal's third Credit Rating Agency licensed by the Securities Board of Nepal (SEBON) on March, 2022. Infomerics Nepal is a subsidiary of Infomerics Valuation and Rating Private Limited (Infomerics India) which is a SEBI registered and RBI accredited Credit Rating Agency licensed in 2015. Infomerics Nepal aims to provide investors with objective analysis and evaluation of credit worthiness of Banks, NBFCs, Large Corporates and Small and Medium Scale Units (SMUS) via its rating and grading services. Thus, it is playing a key role in serving the financial markets by reducing the information asymmetry among varied lenders and investors and facilitating borrowers/issuers to various fundraising opportunities/avenues. Infomerics observes and maintains ethical standards in its activities. For more information, visit https://infomericsnepal.com/

Infomerics Credit Rating Nepal Limited
Tanka Prasad Marga, Baneshwor Height, Kathmandu
Phone: +977-1-4583304/4585906
Email: info@infomericsnepal.com
Web: www.infomericsnepal.com