PRESS RELEASE

PRABHU HELICOPTER LIMITED

July 2026

Ratings

Instrument/Facilities	Amount (Mn)	Ratings	Rating Action
Issuer Rating	NA	IRN BB- (Is)	Assigned
Long Term Bank Facilities – USD	2.32	IRN BB-	Assigned
Long Term Bank Facilities – NPR	304.75	IRN BB-	Assigned
Short Term Bank Facilities – NPR	65.10	IRN A4	Assigned
Total USD Loan	**2.32**		
Total NPR Loans	**369.85**		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the issuer rating of IRN BB- (Is) [Double B Minus(Issuer)]. Issuers with this rating are considered to have the moderate risk of default regarding timely servicing of financial obligations. Also, Infomerics Nepal has assigned the rating of IRN BB- (Double B Minus) to the long-term USD bank facilities of USD 2.32 Mn and long term NPR bank facilities of NPR 304.75 Mn and a rating of IRN A4 (A Four) to the short-term bank facilities of NPR 65.10 Mn.

Detailed Rationale

The ratings assigned to Prabhu Helicopter Limited (PHL) and its bank facilities derive strength from its moderate track record of operations (since 2015), supported by experienced board members coupled with well diverse management personnel. The ratings also factor in moderate coverage ratios with overall gearing ratio of 1.24x as of mid-July 2025 (2.17x in FY24) and moderate Total Outside Liabilities /Tangible Net Worth (TOL/TNW) of 1.31x in FY25 (2.52x in FY24) despite procurement of one new helicopter in FY25. The ratings also factor in the company's moderate financial profile, as reflected by its consistently positive EBITDA over the past four years ending FY22 to FY25. Similarly, the presence of entry barriers, such as fleet requirement mandates and minimum equity thresholds, provides a competitive advantage to established players like PHL.
However, the ratings remain constrained due to concentration of revenue profile of the company in Khumbu Region (~58%) which exposes PHL to heightened risks from natural calamities that frequently affect these areas, potentially disrupting operations and revenue streams as evident by aforementioned accidents in same regions in the past. The ratings also remain constrained by PHL's revenue dependency on the seasonality of tourism industry of Nepal. Furthermore, PHL's margins and profitability are vulnerable to fluctuations in aviation turbine fuel (ATF) prices and foreign exchange rates, given its USD-denominated repayments for fleet, spares, and loans. Going forward, the company's ability to diversify its revenue profile and maintain its profitability margins amidst the volatility in aviation turbine fuel (ATF) prices will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and moderate track record in providing heli services

The company has been operational for approximately a decade. As of April 2026, it operates a fleet of two Airbus helicopters, following the gradual divestment of several previously owned Robinson helicopters over the years. The company is governed by a five-member Board of Directors with strong backgrounds in banking and finance. The Board is chaired by Mr. Subhash Amatya, who brings over 21 years of experience across the hydropower, banking and insurance, investment, and tourism sectors, along with an additional 8 years of experience in aviation management. PHL's day-to-day operations are overseen by its COO, Mr. Novel Kumar Rajlawat, who has been associated with the company for the past eight years. He possesses over 17 years of marketing experience in the pharmaceutical industry, contributing valuable cross-sector expertise to the organization. The promoters have demonstrated consistent financial support during periods of stress, underscoring their commitment to the company's operations and long-term sustainability.

Healthy financial profile albeit suffered a dip due to mishaps
PHL derives the majority of its revenue from helicopter charter services, including heli-sightseeing, medical evacuations, mountain rescues, aerial surveys, and related operations. The company's Total Operating Income (TOI) increased significantly to NPR 417 Mn in FY23 from NPR 125 Mn in FY21. This was followed by a sharp decline of ~37.71% in FY24 to NPR 260 Mn, primarily due to supply constraints arising from the grounding of one of PHL's two helicopters since late Q1 FY24. The grounded helicopter was eventually disposed of by the end of Q3FY24. Subsequently, the company witnessed a moderate recovery of ~9.64% in FY25, with revenue improving to NPR 285 Mn. The company's profitability profile has improved over time, with EBITDA margins strengthening to ~46% in FY25, compared to negative margins in earlier periods (notably -18.65% in FY21). At the net level, PHL reported a loss of NPR 217 Mn in FY21, primarily due to high depreciation and finance costs. Profitability improved gradually thereafter, with the company turning profitable in FY23 and FY24, reporting PAT of NPR 2.24 Mn and NPR 1.66 Mn, respectively, after adjusting for losses on the sale of PPE. On a pre-adjustment basis, PAT stood significantly higher at NPR 91 Mn in FY23 and NPR 39 Mn in FY24, indicating stronger underlying operating performance. The company further reported a robust improvement in profitability in FY25, with PAT reaching NPR 100 Mn, supported by lower depreciation charges and reduced finance costs. Consequently, cash flow generation has also improved, with Gross Cash Accruals (GCA) increasing to NPR 103 Mn in FY25 from negative NPR 99 Mn in FY21, indicating a significant turnaround in operational performance.

Moderate capital structure and debt coverage indicators
PHL's capital structure remained moderately leveraged in FY25, with overall gearing improving significantly to 1.24x from 18.06x in FY21. This improvement was primarily driven by a substantial increase in Tangible Net Worth (TNW), which rose to NPR 628 Mn in FY25 from NPR 43 Mn in FY21, supported by equity infusion. Consequently, the TOL/TNW ratio also strengthened to 1.31x in FY25 from 19.08x in FY21, reflecting an improved capital structure. The company's interest coverage ratio improved markedly from -0.27x in FY21 to 3.01x in FY25, supported by lower leverage and reduced interest burden relative to operating profits. Further, the DSCR moderate at 1.07x in FY25 from 0.86x in FY22, aided by healthy growth in GCA from NPR 83 Mn in FY23 to NPR 103 Mn in FY25. Leverage indicators also showed improvement, with Total Debt to EBITDA declining to 5.95x in FY25 from negative 33.42x in FY21, driven by better operational performance. Similarly, Total Debt to GCA improved to 7.53x in FY25 from negative 7.82x in FY21, indicating enhanced debt servicing capacity.

Barriers to new entrants
CAAN has set regulatory and financial criteria for new entrants. Requirements such as minimum equity capital, a technically qualified crew, and a mandatory fleet size create significant entry barriers, which benefit established industry players like PHL and is a rating positive.

Key Rating Weaknesses

Concentrated revenue profile
In FY25, PHL reported total revenue of NPR 285 Mn, with a significant concentration in the Khumbu region, which accounted for ~58% of total revenue. The Manaslu region contributed around 10%, followed by Simikot (8%), Kanchenjunga (5%), rescue operations (5%), and other miscellaneous sectors comprising the remaining 9%. The company's high dependence on the Khumbu region exposes it to geographic concentration risk. Given the region's susceptibility to natural calamities,

such as avalanches, any disruption in operations within this area could materially impact the company's revenue profile.

Industry Cyclicality and Seasonal Revenue Patterns
In regions like Nepal, demand for helicopter services can be highly seasonal, particularly tied to the tourist season (trekking and climbing). Off-season periods can lead to low revenues. Since, ADH is also dependent on tourists for its service, its revenue is also impacted by the seasonality of trekking season. The monthly revenue indicates that sales are concentrated between September–November and March–May, aligning with Nepal's primary trekking seasons. These two periods accounted for ~61% of total revenue in FY24, which increased to ~69% in FY25. This highlights the company's significant reliance on tourist inflows during the trekking seasons for its overall revenue. The ability of company to maintain its financial health during lean seasons remains crucial.

Volatility in fuel prices and forex risk
Aviation fuel expenses accounted for ~8% of revenue in FY24 and ~ 8% in FY25, reflecting strong dependence of PHL's profit on such aviation fuel. With aviation fuel prices being highly volatile to various external and domestic factors, the company remains exposed to fuel prices volatility. Likewise, the company also faces significant exposure to forex volatility due to its sizeable debt obligations in USD (USD 2.32 Mn long-term loan as of June end 2026) and a large portion of its maintenance/parts expenses also denominated in USD terms. The continued weakening of NPR against USD heightens the risk.

Analytical Approach: Standalone

Applicable Criteria:
Corporate Credit Rating Methodology

About the Company:
Prabhu Helicopter Private Limited, incorporated as a private limited company, took over the business of Muktinath Airlines Private Limited in 2015. The company was converted into public limited company as Prabhu Helicopter Limited (PHL) on July 14, 2022 with its registered office based in Kathmandu, Nepal. As a charter operator in Nepal, PHL specializes in a diverse range of services, including heli-sightseeing, medical evacuations, mountain rescues, heritage tour, charter flights and other customized flight solutions tailored to clients' needs. PHL consists of a dedicated team of over 59 professionals and a fleet of 2 helicopters. As Mid-July 2025, PHL had paid up capital of NPR 637.5 Mn. M/S Sunrise Holding Ltd and Mr. Subash Amatya are the major shareholder of PHL holding 35.93% of total shares.

Financial Indicators (Standalone)

For the year ended* As on	FY21	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	125	228	417	260	285
EBITDA Margin (%)	Neg	27.48	54.08	45.34	46.04
Interest Coverage Ratio (x)	Neg	0.75	2.40	1.89	3.01
Total Debt/ EBITDA (x)	Neg	12.39	2.26	3.60	5.95
Current Ratio (x)	0.19	0.22	0.52	0.88	1.15
Overall Gearing Ratio (x)	18.06	30.54	4.47	2.17	1.24

**Classification as per Infomerics Nepal standards*
Earnings before Interest Tax Depreciation Amortization (EBITDA)

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Types of Facilities	Amount (Mn)	Rating
USD Loan			
Fund Based Long Term Bank Facilities- Term Loan	Long Term	2.32	IRN BB-
NPR Loan			
Fund Based Long Term Bank Facilities- Term Loan	Long Term	304.75	IRN BB-
Fund Based Bank Facilities- Short Term Loan	Short Term	50.00	IRN A4
Non-Fund Based Bank Facilities – Supply Guarantee	Short Term	15.10	IRN A4
Total NPR Loans		**369.85**	
Total USD Loans		**2.32**	

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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/

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