

PRESS RELEASE

CITY EXPRESS MONEY TRANSFER PRIVATE LIMITED

October 2026

Rating

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Short Term Bank Facilities	1,000.00	IRN A2+	Assigned

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN A2+ [A Two Plus] to the short-term bank facilities of NPR 1,000.00 Mn.

Detailed Rationale

The rating assigned to the bank facilities of City Express Money Transfer Private Limited (CEMT) derives strength from its long operating track record of over 19 years, supported by an experienced board and management team with extensive exposure to remittance, banking and financial services. The rating also factors in CEMT's established market position, supported by a network of over 25,000 agents across Nepal and a market share of ~14% based on inward remittance. The company's investments in related verticals, including NPR 87.20 Mn in Smart Choice Technologies Private Limited and NPR 100 Mn in City Wallet Private Limited, also support business diversification and expansion into adjacent financial service segments. The rating further factors in its low financial leverage and comfortable debt servicing capacity, with DSCR of 4.29x in FY26, supported by a manageable working capital profile due to the prefunding nature of remittance operations and adequate liquidity. The rating also considers the stable outlook for Nepal's remittance industry, supported by sustained labor migration and increasing digitalization. Nonetheless, the rating is constrained by moderate financial performance, with Total Operating Income (TOI), comprising commission income and exchange income, declining from NPR 826 Mn in FY22 to NPR 567 Mn in FY25 before remaining broadly stable at NPR 561 Mn in FY26. The revenue mix has also shifted toward exchange income, with commission income contributing ~26% and exchange income contributing ~74% in FY26. EBITDA margin moderated from 24.02% in FY22 to 23.79% in FY25 before improving to 27.65% in FY26. The rating is further constrained by intense industry competition and regulatory risks. Going forward, CEMT's ability to improve its revenue and profitability while maintaining low gearing and adequate debt servicing capacity, leverage its extensive agent network and market position, and effectively manage competitive and regulatory risks will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Long operational track record backed by an experienced board and management team

CEMT, established in July 2007 and licensed by Nepal Rastra Bank to undertake remittance services, has over 19 years of operating experience in Nepal's remittance sector, providing the company with a long track record and established industry presence. The company has developed a broad network of domestic and international relationships and caters to remittance flows from multiple countries and currencies. CEMT is guided by an experienced board led by Mr. Dol Raj Sharma, Chairman, who has over four decades of entrepreneurial and business leadership experience across remittance, investment, energy and other sectors, including senior leadership roles within the City Express Group. Mr. Chandra Tandan, Managing Director, has over two decades of experience in remittance, banking and fintech, and has also served as Chairman of Citizens Bank International Limited and Director of Nepal Electricity Authority. The management team is led by Mr. Subhas Gyawali, Chief Executive Officer, who has over 20 years of experience in remittance and financial services, particularly in

business relationships, risk and compliance and international remittance operations. The wider management team also has relevant experience across business development, operations, technology, AML and compliance, HR and agent management, supporting the effective management of the company.

Comfortable capital structure, liquidity and debt servicing capacity

CEMT maintains a comfortable capital structure, with short-term borrowings primarily utilized to meet temporary funding requirements during the year. Working capital utilization remained moderate, albeit volatile, averaging over 40% over the 12 months ended mid-September 2026. Short-term borrowings are generally settled by the year-end, resulting in limited debt outstanding. The company's overall gearing ratio remained low, while Total Outside Liabilities/Tangible Net worth (TOL/TNW) remained relatively high at 4.00x as of mid-July 2025, primarily reflecting settlement obligations, before improving to 3.44x as of mid-July 2026. Liquidity remained manageable, with the current ratio improving to 1.05x in FY26 from 0.98x in FY25. Debt servicing capacity remained adequate, with DSCR and interest coverage ratio at 4.29x and 4.00x, respectively, in FY26, compared to 6.06x and 5.04x in FY25. The moderation in coverage ratios was primarily due to higher finance costs; however, the ratios remained comfortable, indicating adequate capacity to meet debt servicing obligations.

Positive industry outlook

The remittance industry in Nepal is expected to maintain a steady growth trajectory, driven by sustained labor migration, particularly to Gulf countries, Malaysia, and other emerging destinations. This outlook is supported by Nepal's continued dependence on remittance as a significant contributor to GDP and household income. Technological advancements, such as the digitization of payment systems and integration with mobile wallets are enhancing accessibility and convenience for senders and receivers alike. Additionally, favorable government policies, regulatory reforms by Nepal Rastra Bank (NRB), and increasing formalization of remittance channels are contributing to industry stability and growth. However, the industry also faces challenges such as global economic uncertainties, fluctuating exchange rates, and competition from informal channels. Overall, the industry outlook remains stable, with increasing focus on digital innovation, compliance, and financial inclusion shaping its future landscape.

Key Rating Weaknesses

Declining revenue profile

CEMT's Total Operating Income (TOI) declined from NPR 826 Mn in FY22 to NPR 567 Mn in FY25, with the decline continuing across the period at 7% in FY23, 14% in FY24 and 15% in FY25, primarily due to reduced commission income amid increasing competition, regulatory restrictions on domestic remittance and the shift from cash transactions to direct account deposits, which generally generate lower commission income. However, TOI remained broadly stable at NPR 561 Mn in FY26, supported by continued growth in exchange income, which has become the company's major revenue source. EBITDA margin remained healthy at 27.65% in FY26, improved from 23.79% in FY25, albeit remained lower than the recent peak of 36.38% in FY23.

Competitive and regulatory risks

CEMT operates in a highly competitive remittance market, with competition from established remittance companies, banks, digital payment platforms and other fintech players. Increasing competition has exerted pressure on commission income, contributing to the decline in operating income, and could continue to constrain revenue growth and margins. In addition, the company remains exposed to regulatory risks arising from changes in domestic and international regulations, including NRB requirements, fund transfer restrictions, labor migration policies and compliance requirements in source countries. CEMT's remittance business also has a relatively high exposure to the Gulf countries, which are major sources of remittance inflows to Nepal. Any adverse changes in

employment conditions, immigration policies, labor regulations, economic conditions or geopolitical developments in these markets could affect the number of Nepali migrant workers and, consequently, remittance inflows. Such changes, along with evolving regulatory and compliance requirements, could increase compliance costs and affect business operations. Therefore, continuous monitoring and proactive adaptation to both domestic and foreign regulatory environments remain important to mitigate these risks and ensure business continuity.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

City Express Money Transfer Private Limited (CEMT), established on July 11, 2007, is a private limited company engaged in inward remittance business and is licensed by Nepal Rastra Bank. The company is part of the diversified City Express Group and has a long operating track record in Nepal's remittance sector, with services extended through international partnerships across multiple countries and currencies. CEMT is headquartered at Kamaladi, Kathmandu. As of mid-July 2026, the company had a paid-up capital of NPR 500 Mn and the shareholding is relatively diversified, with Mr. Dolraj Sharma, Mr. Chandra Tandan, Mr. Hem Bahadur Gurung and Mr. Mahesh Kumar Shrestha each holding 20.00%, while Mr. Sunil Pani Gautam and Mr. Krishnaraj Paudel hold 15.50% and 4.50%, respectively.

Financial Indicators (Standalone):

For the year ended* As on	FY22	FY23	FY24	FY25	FY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	826	768	664	567	561
EBITDA Margin (%)	24.02	36.38	29.48	23.79	27.65
Interest coverage ratio (x)	11.74	42.26	4.93	5.04	4.00
Overall gearing ratio (x)	0.00	0.25	0.00	0.00	0.00
TOL/TNW (x)	4.23	2.62	3.49	4.00	3.44
Current Ratio (x)	0.99	1.05	1.01	0.98	1.05

*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-Cash Credit	Short Term	790.00	IRN A2+
Fund Based Bank Facilities-Proposed	Short Term	170.00	IRN A2+
Non-Fund Based Bank Facilities- Bank Guarantee	Short Term	40.00	IRN A2+
Total Facilities		1,000.00	

Analyst Contacts

Ms. Kritagya Pyakurel

Tel No.+977-1-4583304/4585906

kritagya.pyakurel@infomericsnepal.com

Mr. Sujan Rimal

Tel No.+977-1-4583304/4585906

sujan.rimal@infomericsnepal.com

Relationship Contact

Mr. Rabin Pudasaini

Tel No. +977-1-4583304/4585906

rabin.pudasaini@infomericsnepal.com

About Infomerics Credit Rating Nepal Limited:

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Infomerics Credit Rating Nepal Limited

Tanka Prasad Marga, Baneshwor Height, Kathmandu

Phone: +977-1-4583304/4585906

Email: info@infomericsnepal.com

Web: www.infomericsnepal.com

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