



Disclosure as per Securities Registration and Issue Regulations, 2073
Related to sub-Regulation (1) of Regulation (26)

1. Financial Statements

A. Statement of Financial position and Statement of Profit or Loss

Published along with this report

B. Major Financial Ratios

Earnings Per Share – (NPR)	45.05	Net worth per share (NPR)	534.08
P/E ratio	18.47	Current Ratio	1.72
Total Assets per share (NPR)	832.10		

C. Related Party Disclosure

- The Company follows requirements of NAS 24 “Related Parties” and other legal requirements for disclosures of related party transactions and balances.
- Group Financial Statements include Nepal Doorsanchar Company Limited, (Parent Co.) and Nepal Digital Payments Company Ltd. (Subsidiary Co.).
- All transaction between the Company and the subsidiary are executed on arm’s length principle. Effects of all inter-company transactions and outstanding balances are excluded in the Group Financial Statements.
- The Government of Nepal - which is the principal owner of the company, employee retirement fund maintained with Citizen Investment Trust (CIT) and Trishuli Jal Vidhyut Company Limited, Nagarik Stock Dealer Company Ltd., Upper Tamakoshi Hydropower Ltd. are Associate companies considered to be related party to the company.
- The Board of Directors, Managing Director and other Key Management Personnel and their relatives are considered to be related party of the company as well.
- No transaction between the company and Key Management Personnel along with Managing Director was observed other than as prescribed under the company’s regulations.

2. Management Analysis

Despite the challenging business environment in terms of ever-increasing competitive telecom industry and operational unease created by shortage of equipment/goods due to global issues, Nepal Telecom has managed to record satisfactory performance by diversifying its products/services and pursuing “Service to all” approach while expanding its service coverage. It has adequate facilities in place and robust cash flows to meet its liquidity requirements for executing its business plans and meeting with any evolving requirements.

3. Details Related to Legal Proceedings

In the current period, there has been six (6) legal cases registered against the company and three (3) legal case lodged by the company.

4. Analysis of Company’s Shares Transactions

Since shares of the company are traded based on the trust of investors towards the company and analysis of its returns, no major fluctuations are noted in the share price of the Company and there has been satisfactory trading of shares in the capital market. The following figures depict the transactions of the company’s share in capital market during the quarter:

- Maximum Share Price : NPR 950.6
- Minimum Share Price : NPR 825.1
- Closing Share Price : NPR 832.1
- Total Number of Transactions : 17,262
- Total Number of Shares Traded : 1,264,969
- Total Number of Transaction Days : 61

* Source: As published in the website of Nepal Stock Exchange (www.nepalstock.com.np)

5. Problems and Challenges

External:

- Fierce market competition, changes in customer behavior leading to reduced tariff and introduction of economical packages to stay competitive in business.
- The subscriber’s service usage pattern has been adversely affected by the financial crisis.
- Rapid development and advancement in telecom technologies which lead to obsolescence of technology and equipment.
- Shift in user behavior from voice to data and other services as per global trends.
- Users shifting from mobile data to other fixed broadband services.
- Changes in Government and Regulatory rules and regulations directly related to service tariff.
- Service disruption due to unfavorable weather conditions, service expansion by other utility service providers, city beautification movement adopted by the local government during the reporting period.
- Difficulty in expansion of network coverage and maintaining quality of services due to unavailability of reliable power grid supply in remote areas.
- Negative Impact in international and domestic voice business and its revenue due to OTT applications.

Sangita Pahadee (Aryal)
Managing Director



- Compliance of procurement rules and regulations sometimes demanding additional time for acquiring required equipment/services.

Internal:

- Difficulty in service delivery and maintenance mostly in remote areas.

Strategies Initiated by the Management to Solve the Problems and Challenges:

- Establishing modern telecommunication infrastructures for providing quality services in all the areas of Nepal and cater to changing customer needs and demands.
- In order to gain competitive advantage, focus has been set to provide new fixed and mobile services via 4G/LTE, FTTH, Data Lease Service for providing customers with quality services at reasonable prices. At the same time, the company has been migrating customers from older technologies to these newer technologies.
- The company has implemented the nationwide 4G/LTE services in all 77 districts to cater the increasing demand of customers.
- The company has been expanding and strengthening the Backbone networks to provide reliable services. In addition to this, the company has been collaborating with NTA for expansion of optical fiber backbone networks under RTDF grant.
- Initiation of regular monitoring process for the optimization of existing networks of the company.
- Increasing Value Added Services (VAS) to cater changing customer preferences of telecommunication services.
- Upgradation of billing system for convergence of all the services of the company to provide one stop billing solution to the customers.
- Operating Customer Relationship Management (CRM) in order to enhance the customer Experience regarding customer queries and grievances through Call Centers, Complain Desk, Mobile app websites and Chat box, social/media platform
- Providing customer focused orientation/ trainings to employees to adopt in competitive business environment.
- Focusing on automation of business processes to reduce operation costs and increase operational efficiency.
- Implementing performance-based evaluation of employee and incentives based on performance.
- Restructuring the organization structure as per its business need.
- The company has invested in commercially viable horizontal and vertical industries to explore additional sources of revenue.
- The company has been implementing migration plan from PSTN/ADSL services to FTTH service which provides voice, data and IPTV services. The company has also initiated various promotional offers to customers for the purpose of migration from PSTN/ADSL to FTTH service.
- In collaboration with concerned government agencies, the company has been expanding services to all local government and company has also been focusing on expanding its corporate business.

6. Corporate Governance

- Citizen Charter (Nagarik Badapatra), Employees Code of Conduct, Central level Governance Unit has been in practice in order to strengthen the Corporate Governance in the company.
- The company has been providing necessary and important information to its customers along and other members of the public through its website, frequent media announcements as well as dissemination of the information from its different social media presence in order to maintain transparency.

7. In order to strengthen the internal control mechanism of the Company, a separate Internal Audit and Inspection Department has been established. The department carries out audits of various departments of the company on a continuous manner and makes necessary recommendations to the Audit Committee. Accordingly, the Audit Committee holds regular meetings to implement the recommendations thereof.

8. Declaration by Managing Director on Truthfulness of Information

I, hereby, declare that all the information provided in this document is true, complete and factual and that I take personal responsibility for any deviations thereof. I also declare that the Company's information or data, that assist investors in making informed investment decisions, have not been misstated in any way.

Managing Director
Nepal Doorsanchar Company Limited
Sangita Pahadee (Aryal)
For Managing Director