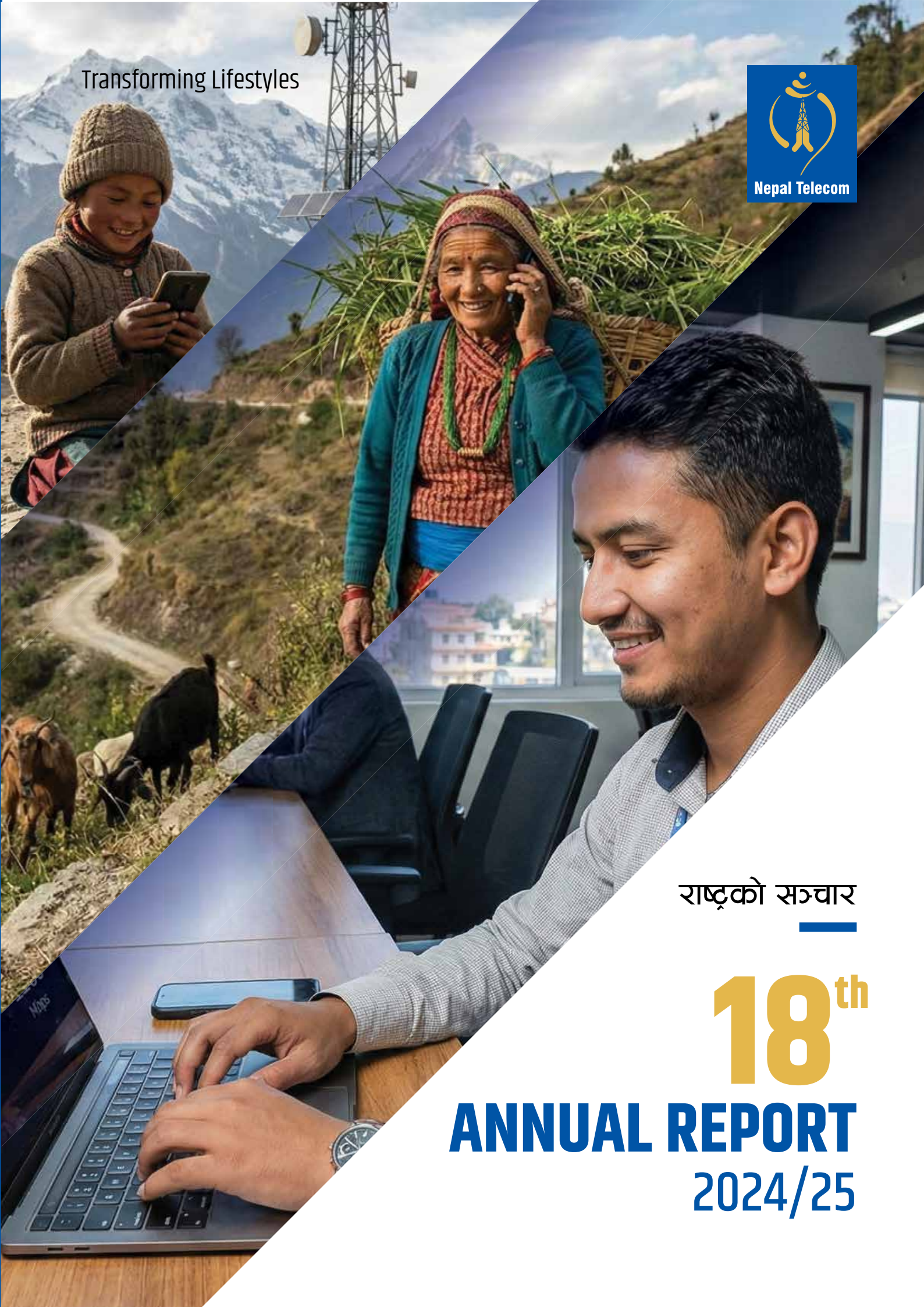


Transforming Lifestyles



राष्ट्रको सञ्चार

**18<sup>th</sup>**  
**ANNUAL REPORT**  
**2024/25**

**4G Service: 749 Local Level**  
**2G Service: All Local Level**

With the sole objective of transforming the lifestyles of all Nepalese by expanding telecommunication services to the rural areas and the most remote regions of the country, Nepal Telecom's efforts continue unabated.

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The background features a dark blue gradient with several glowing, curved lines on the left side. These lines transition from a bright blue at the top to a vibrant orange-red at the bottom, creating a sense of motion and energy.

# **INSTITUTIONAL INFORMATION**



## THE COMPANY

Nepal Doorsanchar Company Limited was incorporated on 5 February 2004 in accordance with Company Act as a continuation of the then Nepal Telecommunication Corporation, a Government of Nepal undertaking, with all assets and liabilities of the corporation transferred to the company. The central office of the company is located at Bhadrakali Plaza of Kathmandu. Leading among the service-providing companies, the company has been offering GSM, FTTH, PSTN, VoLTE as well as 3G, 4G, ADSL in the Internet service using Fiber to the Home (FTTH) technology throughout the nation.

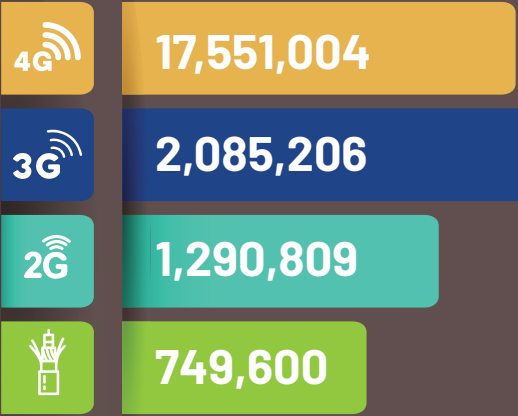
The Company, adopting the fast-changing trend in the technology, has introduced advanced technology catering the needs of customers and is successful in becoming 'RASTRAKO SANCHAR'. The company serves the entire length and breadth of the country with 162 customer service centers all over Nepal. Based on customer number, capital investment and network, this company is the leading service provider in the nation.

Having covered all 7 provinces and 77 districts and 749 local level of the country, the company has not only provided services in successful and profitable areas but also in the rural areas. Based on a MIS report published by Nepal Telecommunications Authority in Ashar 2082, the company has the market share of 53.70 percent in voice and 55.68 percent in internet service.





Photo Credit: **Sajan Oli**



**Service Coverage and Expansion**



**4G Service**

**749**  
Local Level  
FY 2024/25

**743**  
Local Level  
FY 2023/24



**Wireline (FTTH) Service**

**77**  
District  
FY 2024/25

**77**  
District  
FY 2023/24

**Market Share**



■ Company ■ Others





## MISSION



Nepal Telecom, as a progressive, customer-spirited and consumer responsive entity, is committed to provide nation-wide reliable telecommunication service to serve as an impetus to the social, political and economic development of the country.

---

## VISION



To remain a dominant player in the telecommunication sector in the country while also extending reliable and cost-effective services to all.

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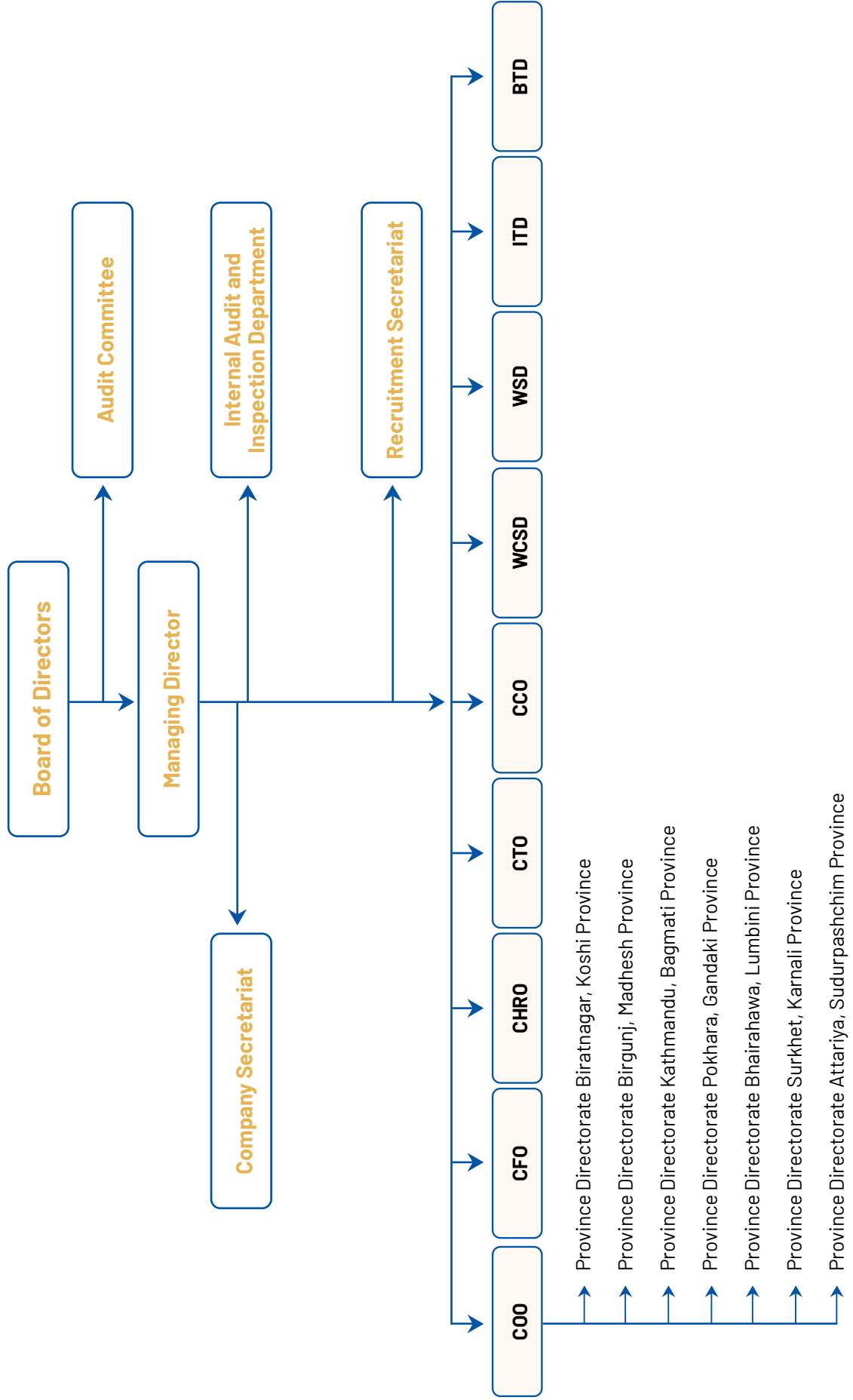
## GOAL



To provide cost effective telecommunication services to every nook and corner of the country.



# Organization Structure





## SIGNIFICANT MILESTONES



**1913**

Establishment of First Telephone Lines in Kathmandu



**1950**

Establishment of CB Telephone Exchange in Kathmandu



**1955**

Distribution of Telephone Line to General Public



**1971**

Introduction of Telex Service



**1982**

Establishment of Standard "B" Type Earth Station for International Circuits



**2007**

GPRS, 3G and CRBT Services introduced in GSM.



**2005**

CDMA Service Launched



**2004**

Establishment of Nepal Doorsanchar Company Limited



**2003**

GSM NAMASTE Prepaid Service Launched



**2002**

East West Highway Optical Fiber Project Started



**2008**

ADSL Service Launched



**2010**

All 3915 VDCs served by Nepal Telecom's Services



**2012**

Establishment of IP CDMA System Commissioned



**2014**

Wi-Fi Hotspot, NT official Mobile App



**2015**

FTTH Service Launched



**1983**

Establishment of Digital Telephone Exchange



**1984**

Launching of STD Service



**1984**

Launching of Rural Telecommunication Service



**1987**

Commencement of ISD Service



**1995**

Installation of Optical Fiber network



**2000**

Internet Service Launched



**1999**

Launching of GSM Mobile Postpaid Service



**1996**

launching of VSAT Service



**1996**

Launching of International Gateway



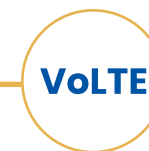
**1996**

Automation of the Entire Telephone Network



**2017**

4G/LTE Service launched



**2022**

Commercial Launch of VoLTE and ViLTE Service



**2025**

Commercial Launch of VoWiFi Service



# AWARD AND RECOGNITION

On the occasion of the 14th National Tax Day, 2082, the company has been honored by the Inland Revenue Department. The company has been recognized as the institution that filed the highest amount of Value Added Tax (VAT) among taxpayers who regularly participated in tax compliance by submitting VAT returns and paying the corresponding taxes on time for the tax period from Fiscal Year 2019/20 (Shrawan 2076) to Fiscal Year 2024/25 (Ashad 2082).

The company, which was first honored on the occasion of the first National Tax Day as the institution filing the highest amount of income tax for Fiscal Year 2010/11, has already been honored eight times by the 13th Tax Day—six times for filing the highest income tax and twice for filing the highest Value Added Tax. Including this year's Tax Day, the company has now been honored a total of nine times.



Nepal Government honored as the taxpayer who files the highest value added tax.

## 1. Number of times honored as the taxpayer filing the highest amount of income tax

**6 TIMES**

F.Y. 2010/11, 2017/18, 2019/20, 2020/21, 2021/22, 2022/23

- ❖ Consecutive four fiscal years from 2019/20 to 2022/23
- ❖ Honored on the first National Tax Day in F.Y. 2010/11 for filing the highest amount of income tax.



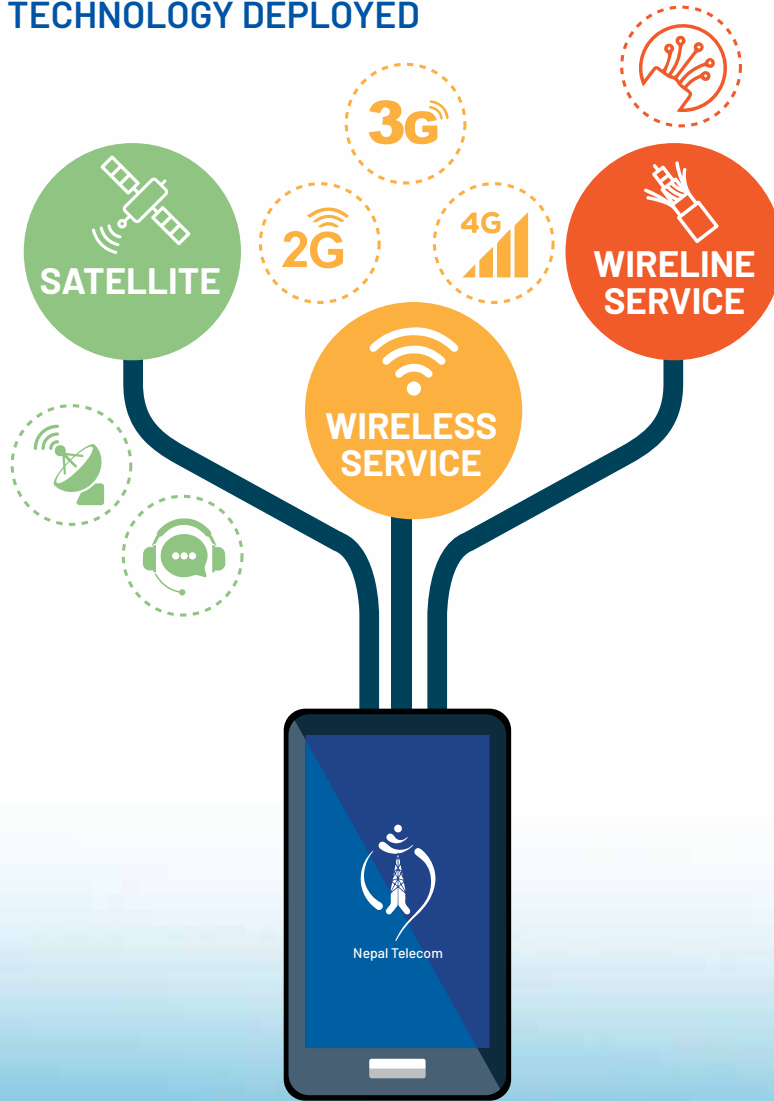
## 2. Number of times honored as the taxpayer filing the highest amount of Value Added Tax (VAT)

**3 TIMES**

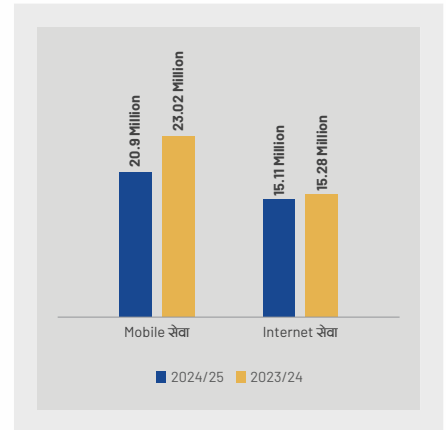
3 times (F.Y. 2013/14, 2014/15 and 2023/24)

# VALUE CREATION

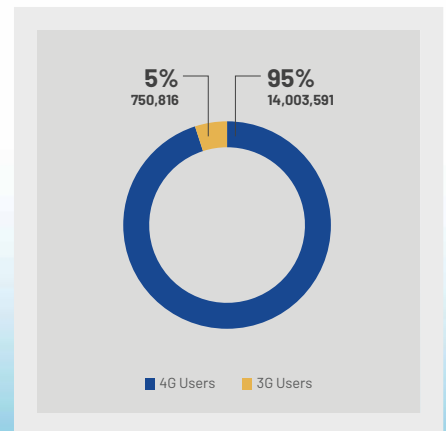
## FOR CUSTOMER TECHNOLOGY DEPLOYED



### BROADBAND SERVICE USERS



### NT MOBILE DATA USERS





### NT APP DOWNLOAD



# 21.63 lakh

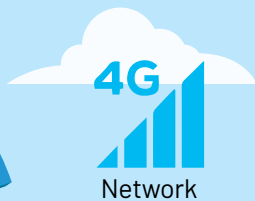
2024/25

## 15.74 Lakh

2023/24



### NETWORK EXPANSION (BTS/eNodeB)



**4457**  
2024/25

**4179**  
2023/24

**↑ 9.37%**  
Growth



**2994**  
2024/25

**3007**  
2023/24

**↓ (1.00%)**



**4542**  
2024/25

**4384**  
2023/24

**↑ 9.6%**  
Growth



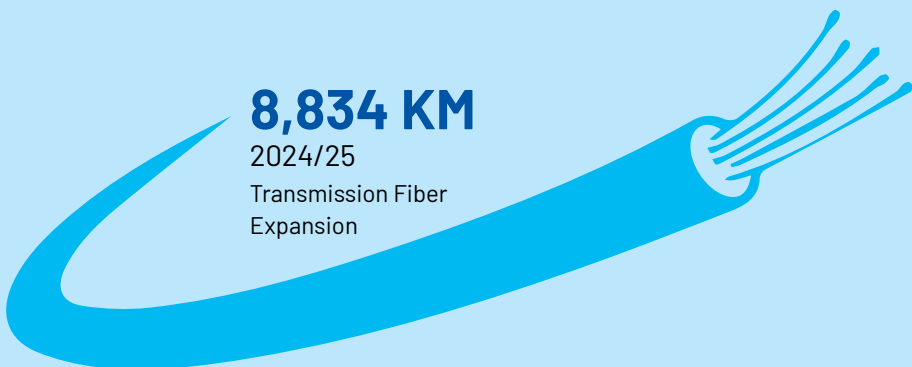
**41**  
2024/25

**52**  
2023/24

**↓ (7%)**

# 8,834 KM

2024/25  
Transmission Fiber  
Expansion



# FOR SOCIETY

CONTRIBUTION  
TO EXCHEQUERS

**NPR 18.46 Billion**  
2024/25

**NPR 41.70 Billion**  
2023/24

ICT Labs  
established in  
**40**  
government and  
community schools.

Free E-Learning  
Classes provided for  
**34,000**  
students.

**Free Wi-Fi**  
service is made  
available at Tribhuvan  
International Airport.

School bags/  
uniforms provided to  
**6,000**  
students studying in  
rural and remote areas  
of all seven provinces.

Essential support  
materials provided to  
**20**  
old age homes/  
orphanages/children's  
homes social  
organizations from  
across the country.

Free internet and telephone  
service provided to  
**100**  
government and  
community schools/social  
organizations/monasteries-  
temples/ritual shelters  
across the country.

Support is provided to  
**establish E-Libraries** in  
community libraries located  
in various parts of the  
country.

Materials useful for daily  
life provided to people with  
special needs and senior  
citizens. Additionally,  
computers were provided to  
organizations related to the  
visually impaired.

Collaboration was  
undertaken for the  
beautification and greenery  
promotion of parks of  
special importance.

## FREE CALL TO EMERGENCY SERVICES

Emergency Number	Service Name		
100	Police	105	Army Kathmandu valley
101	Fire Brigade	107	CIAA
102	Ambulance/Medical Emergency	111	Hello Sarkar
103	Traffic Police	114	Armed Police Force for Disaster
106	Military Police	1098	Child helpline
104	Center Child Welfare Board	1144	Tourist Police



# TELECOM NETWORK

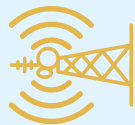
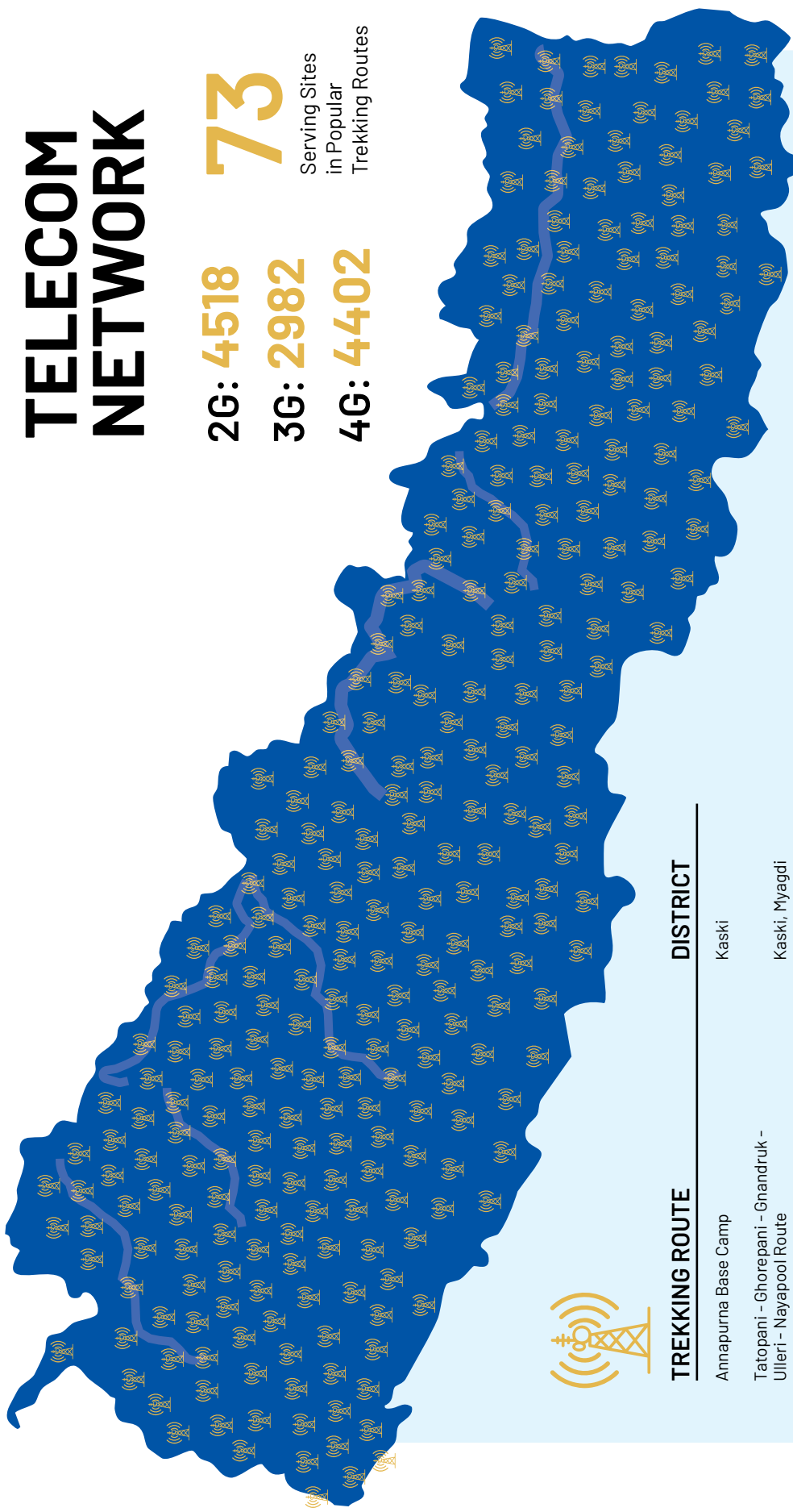
**2G: 4518**

**73**

Serving Sites  
in Popular  
Trekking Routes

**3G: 2982**

**4G: 4402**



## TREKING ROUTE

## DISTRICT




Annapurna Base Camp	Kaski	Lamjung
Tatopani - Ghorepani - Ghandruk - Ulleri - Nayapool Route	Kaski, Myagdi	Lamjung
Mardi Himal route	Kaski	Gorkha
Mansalu Route (Gorkha Arughat - Manang)	Gorkha, Manang	Taplejung
Khumai Danda Route (Lahachowk to Khumai)	Kaski	Solu khumbu
Siklesh - Kapuche Lake - Kori	Kaski	Sankhuwasabha
Jomsom - Muktinath - Lomanthang - Corolla Boarder	Mustang	Sankhuwasabha
Manang - Upper Manang - Tilicho Lake - Thorangla	Manang	Sankhuwasabha
Ghalegaun		
Bhujung		
Warpak		
Kanjanjanga Trekking Route, Pathibara Mandir, Olanchunggola		
Mount Everest Region		
Tibet Border Kimathanka:- Arun II Sabhapokhari		

## VSAT SITES



## SOLAR SITES



<p><b>Free Bulk SMS-</b> Government agencies</p> 	<p><b>Free Access</b> to all government websites (.gov.np): <b>150 sites</b></p> 	<p><b>Free Voice call and Free Data Service</b> during GenZ Movement all over Nepal for <b>3 days</b></p> 
--	---	---

### FREE DATA SERVICE

In GenZ Movement



**43,88,123**

Unique User

**1,28,92,077**

Total Subscription (Count)

### FREE VOICE SERVICE

In GenZ Movement



**38,20,407**

Unique User

**1,03,93,599**

Total Subscription (Count)

## FOR INVESTOR

### MARKET CAPITALIZATION

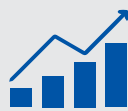
**38%**

5 years average dividend Payout



**177 Billion**

FY 2023/24



**157 Billion**

FY 2024/25

**-10.94%**

GROWTH

**-0.06%**

CAGR



### DIVIDEND



FY 2024/25

**48,887** Shareholders

**30%**

FY 2023/25

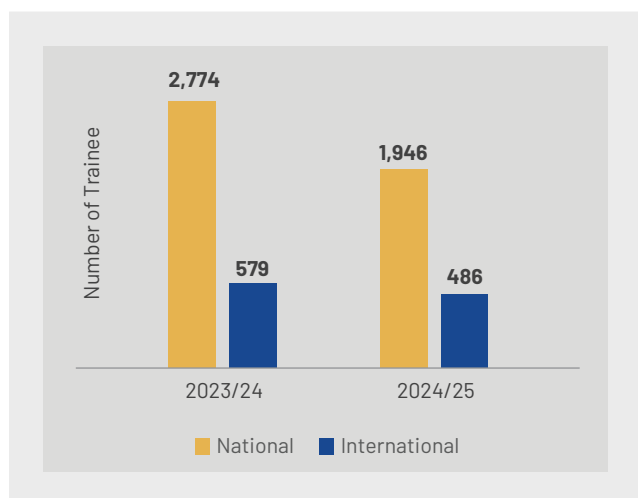
**45736** Shareholders

**30%**

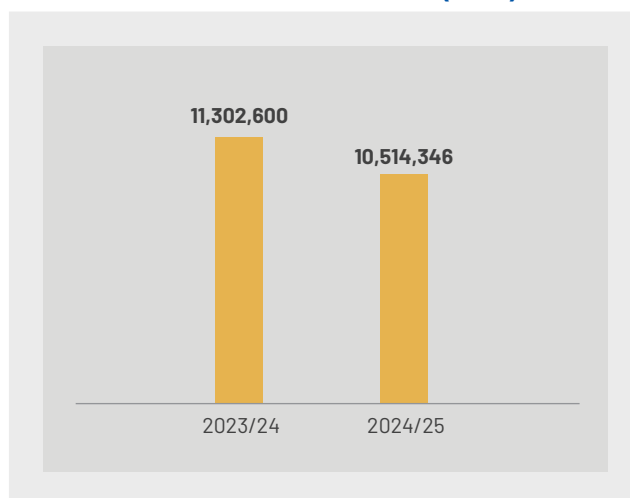


## FOR EMPLOYEES

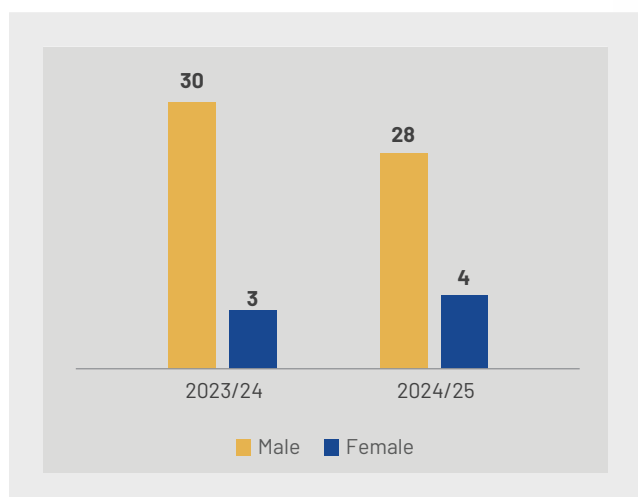
### TRAINING



### REVENUE PER EMPLOYEE (RS.)



### DIFFERENTLY ABLED EMPLOYEES



### SOCIAL WELFARE

# 2,313

Number of Retired Pension holder FY 2024/25

# 2,203

Number of Retired Pension holder FY2023/24



### GENDER DIVERSITY

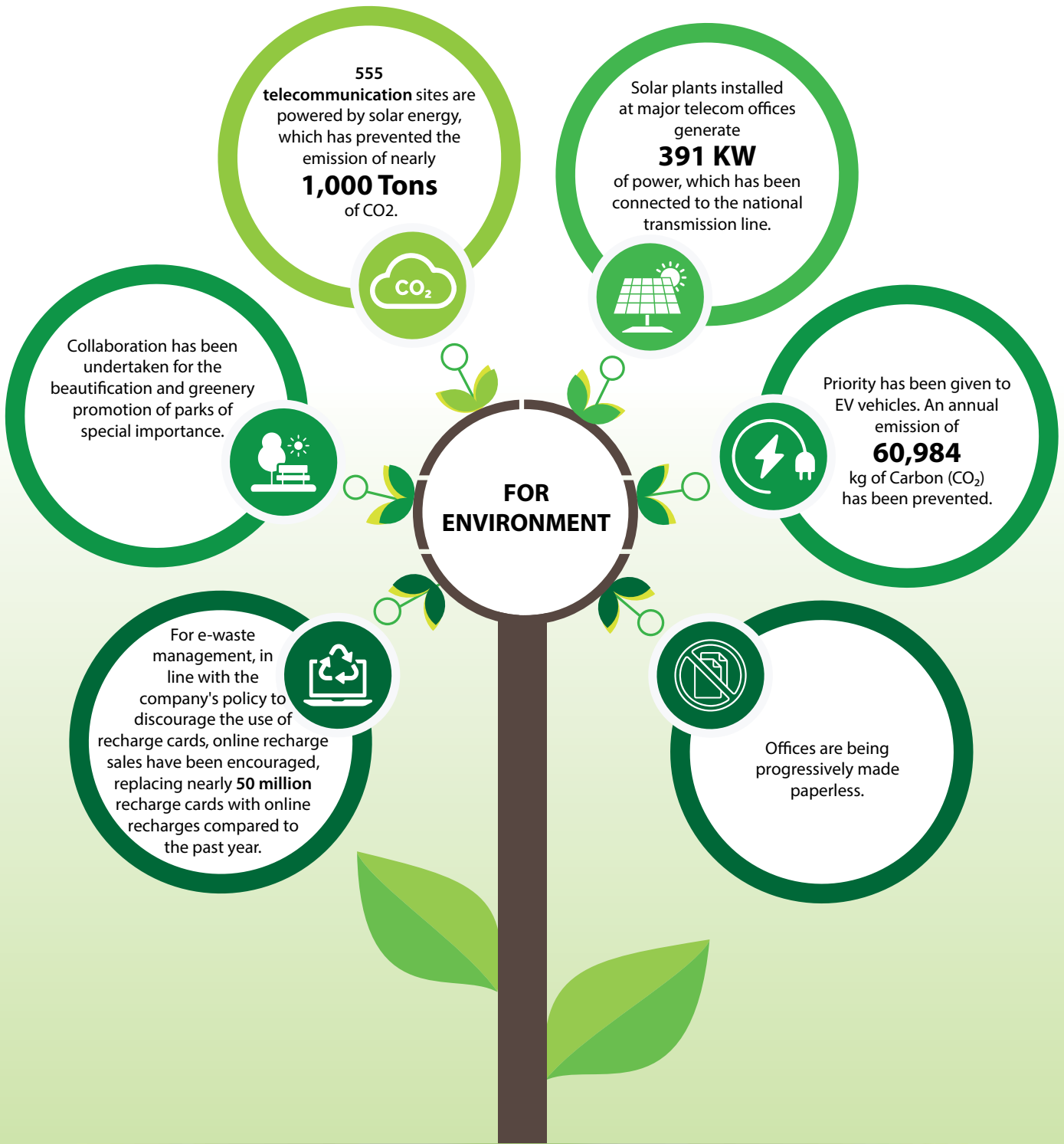
## Female:Male=1:6.37

FY	MALE	FEMALE	TOTAL
Contributory	676	207	883
Non Contributory	2463	286	2749





## FOR ENVIRONMENT



## PERFORMANCE HIGHLIGHTS OF FY 2024/25

**Rs. 38.19** Billion  
REVENUE

**Rs. 6.00** Billion  
PROFIT

**Rs. 18.03** Billion  
VOICE SERVICE REVENUE

**Rs. 13.93** Billion  
INTERNET SERVICE REVENUE

**Rs. 33.37**  
EARNING PER SHARE

**Rs. 18.46** Billion  
CONTRIBUTION TO  
GOVERNMENT EXCHEQUER

**48.43%**  
EBITDA

**30%**  
DIVIDEND

**3,632**  
EMPLOYEE

**Rs. 10.50** Million  
AVERAGE REVENUE  
PER EMPLOYEE

**53.70%**  
MARKET SHARE  
OF VOICE SERVICE

**55.68%**  
MARKET SHARE OF  
INTERNET SERVICE

**Rs. 20.9** Million  
MOBILE SUBSCRIBER

**Rs. 15.1** Million  
INTERNET SUBSCRIBER

**All** Local Level  
2G COVERAGE

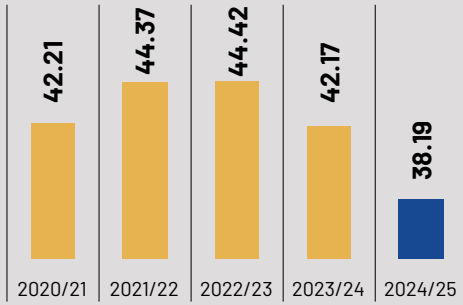
**749** Local Level  
4G COVERAGE



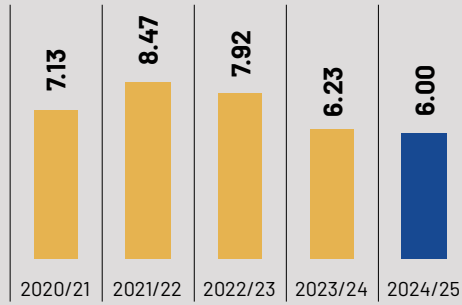


# Major Financial Indicators of FY 2024/25

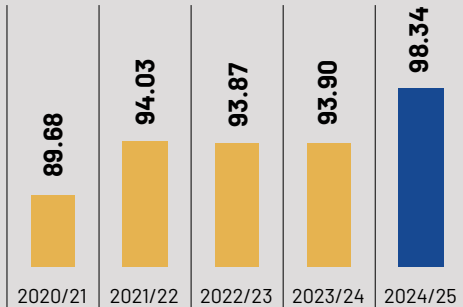
Total Revenue (In NPR Billion)



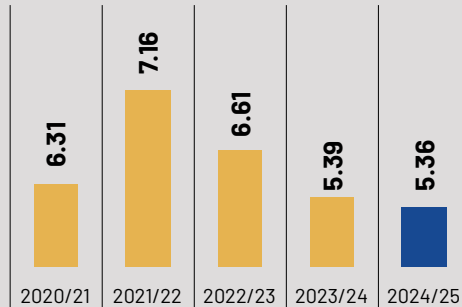
Net Profit (In NPR Billion)



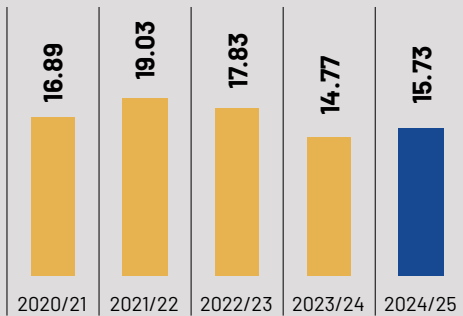
Net Worth (In NPR Billion)



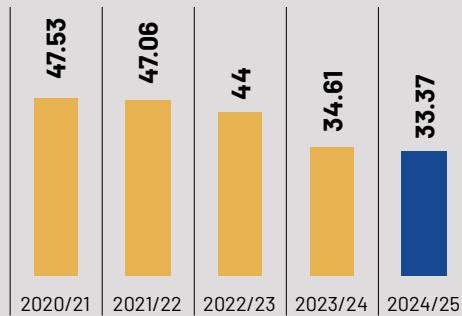
Return on Capital Employed (In %)



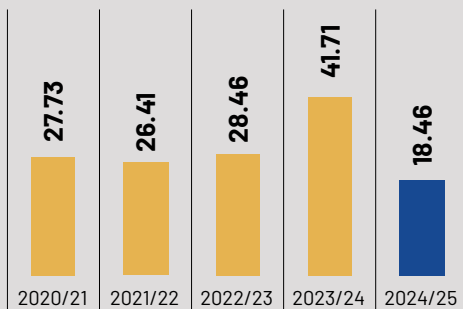
Net Profit Ratio (In %)



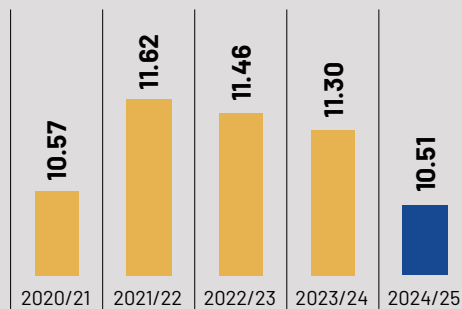
Earnings Per Share (In NPR)



Contribution to Government Exchequer (In NPR Billion)



Average Revenue Per Employee (In NPR Million)



Previous years data are based on previously published reports.

गणतन्त्र नेपाल  
सुदूरपश्चिम प्रदेश  
कम्पनी लिमिटेड

१७औं

वार्षिक साधारण सभा

मिति: २०७८ गते असार २८ | स्थान: सभा गृह, काठमाडौं

WELCOME

LEADERSHIP AND STRATEGIC REVIEW

राष्ट्रको सम्मान



संस्थापक



सञ्चालक

सञ्चालक

सञ्चालक

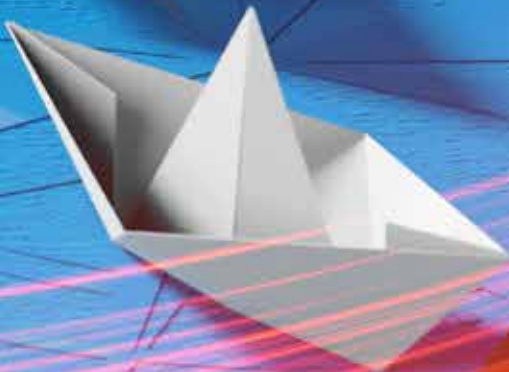
अध्यक्ष

सञ्चालक

सञ्चालक



LEADERSHIP



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# **LEADERSHIP AND STRATEGIC REVIEW**



## MESSAGE FROM THE CHAIRPERSON

*Respected Shareholders,  
I extend a warm welcome and greetings to all present at this gathering: our respected shareholders attending the Eighteenth Annual General Meeting of Nepal Doorsanchar Company Limited, the first telecommunications company of Nepal, which has evolved into an indispensable necessity for citizens and the backbone of the entire economy while playing a leadership role in the telecommunication service industry. I also welcome the company's Board of Directors, representatives from regulatory bodies, the company's auditors, legal advisors, employees working in the company, journalists and all others present here.*

I am pleased that the Annual General Meeting has been organized within the specified timeframe of the fiscal year. This has been possible due to the continued trust of all our esteemed shareholders, the guidance of the Board of Directors, the efficient leadership of the company's management, the hard work and dedication of all employee and the proactive efforts of our auditors.

I feel proud to inform you that since its establishment, Nepal Doorsanchar Company Limited has served as the backbone of telecommunications development. By maintaining the trust of our customers, we have successfully protected the company's prestige and existence and achieved comparative success. The company remains committed, as always, to further enhancing service quality by utilizing the latest and most advanced technologies emerging in the global telecommunications market. In this highly competitive environment, prioritizing service orientation over profit, the company

continuously focuses its programs on contributing to the Government of Nepal's concept of building a Digital Nepal by expanding and delivering services to geographically remote and inaccessible areas, playing a supportive role in establishing e-governance and reducing the digital divide by constructing an information highway through optical fiber. As a commercial entity, the company remains committed to maintaining institutional governance, providing quality services to customers at affordable rates and delivering attractive returns to our shareholders, who are the primary foundation of the company.

### **Respected Shareholders,**

In Fiscal Year 2024/25, the company successfully generated a total revenue of NPR 38.19 Billion and achieved a profit of NPR 6 Billion. This profit is 24.43 percent lower than the previous year. The decrease in the company's operating income is attributed to the declining tariff rates for telecommunication services due to tough competition. Furthermore, non-



operating income decreased due to lower interest rates on deposits with banks and financial institutions caused by excess liquidity in the money market. During this fiscal year, the company contributed NPR 18.46 Billion of its total income to the Government of Nepal as revenue in the form of taxes and fees. Highly appreciating the contribution and investment of shareholders in the company's profit, I inform you that the Board of Directors has decided to present a proposal for the approval of a dividend of NPR 30 per share at this august meeting. The company highly values the requests made by shareholders in previous Annual General Meetings for bonus shares instead of cash dividends. However, given the company's current adequate capital position, a cash dividend is being provided. I wish to express the commitment that should the need arise in the future to operate mega-projects requiring additional capital, the company will also consider distributing bonus shares.

Institutional governance has been maintained by implementing laws, adhering to policies and directives issued by regulatory bodies from time to time and executing provisions of the Citizens Charter, company's Employee By-laws, Financial By-laws, Accounting Policies and other necessary policies, thereby enhancing integrity and ethics. Similarly, to mitigate risks, priority and continuity have been given to revenue assurance testing, performance testing and technical testing. In fulfilling its Corporate Social Responsibility, the company continues to provide support, as always, in areas including environmental protection, health, education and sports.

5G services have been commercialized and stabilized in developed countries, while neighboring countries have also commenced such services. Within the country, there is a strong aspiration among customers and stakeholders to utilize 5G services. The company is in the process of launching 5G services in the near future, starting from the capital city and other major urban centers. However, due to policy and legal frameworks formulated thirty years ago that fail to encompass the totality of technological advancements, there is a need to create a more conducive business environment. Investing heavily in procuring technologies like 5G, coupled with the high

tax and fee burdens in the telecommunication sector, a cost-benefit analysis does not immediately show expected returns commensurate with the cost. The Government of Nepal needs to pay special attention to creating an environment that motivates service providers by updating policies and legal provisions to be business-friendly and by providing necessary concessions on taxes, non-tax revenues, fees and royalties for a specified period until new technologies are commercialized. I make a special appeal to the government in this regard.

Due to extensive global research, study and innovation, significant transformation and development are occurring in the telecommunication sector. In a context where research is underway up to 6G technology, with 5G technology in GSM services being commercialized with additional features, telecommunication services have become a fundamental necessity for every citizen, industry, business and the government sector. The public is beginning to realize the positive role that easy access to information technology plays in industry, business, education, health, agriculture, distance learning, telemedicine and the overall economy. In a situation where the country's geographical conditions and the relative expansion of other infrastructures have been challenging, the company, inspired by its service ethos, has successfully expanded and upgraded technologies to make information technology more qualitative and effective. As a result, by the end of October 2025, access to modern telecommunication services has been expanded to all 749 local bodies across 77 districts in all seven provinces. By October 2025, high-speed 4G services have been expanded to all 77 districts. During the review period, 143 BTS for 3G and 109 BTS for 4G were added. Currently, 4,518 BTS for 2G, 2,982 BTS for 3G and 4,402 BTS for 4G are in operation. With the addition of four more local levels - Tanjakot and Adanchuli in Humla, and Soru and Karmarong in Mugu - where 4G service was launched during the review period, service access has expanded to 749 local levels by October 2025. Additionally, 2G service is available in all 753 local bodies of the country. Similarly, 4G service has now reached all 77 districts.

Efforts to expand services using appropriate technology in very remote and inaccessible local levels where 4G service has not yet reached are continuing. The policy of expanding the Optical Fiber Network throughout the country and expanding IP-based high-speed broadband internet is being continued. As an effort to mobilize support received from the Rural Telecommunication Development Fund of the Nepal Telecommunications Authority to maximize returns, a total of 1,450 km of optical fiber network has been expanded by the end of FY 2024/25 under programs targeting the Mid-Hill Highway in Koshi, Madhesh and Bagmati Provinces and various routes connecting district headquarters. The backbone network has been upgraded for the expansion of Optical Fiber Network services nationwide. Based on feasibility, the construction of the information highway through underground means has been accelerated. In locations where optical fiber network expansion is not feasible, high-capacity microwave radio links have been installed and satellite links are being progressively replaced by microwave radio links. Special emphasis has been placed on installing solar power systems to ensure uninterrupted power supply for maintaining service continuity.

A concrete action plan has been implemented to achieve the targets for infrastructure expansion and line distribution for the popular 4G service across the country during the fiscal year 2024/25. Work has been initiated ensuring the supply of necessary manpower, equipment and other materials. The policy is to completely replace copper wires with optical fiber in all parts of the country in the near future.

Rapid technological changes, increasing market competition, pressure on service pricing and changes in customer usage patterns pose long-term risks for the company. Considering factors such as the obligation to provide services even in unprofitable areas, declining revenue, high frequency charges and the high cost of technological change, the company needs to adopt strategies for risk mitigation through priority-based investment, phased technological transition and organizational reform.

To develop the company as a capable entity in the competitive telecommunication market, the

*Rapid technological changes, increasing market competition, pressure on service pricing and changes in customer usage patterns pose long-term risks for the company.*

internal work environment is being made efficient and effective. Existing policies and regulations are being made practical and timely as per need to improve decision-making processes, work styles and organizational structure. In line with the policy to invest accumulated funds in diverse sectors by identifying high-yield projects, identification of short-term, medium-term and long-term investment areas has commenced. The Government of Nepal appears to have formulated short-term, medium-term and long-term policies, programs and strategies for the reform of public enterprises and public bodies akin to this company. I would like to inform you that there was a policy provision through annual policies and programs in the past to bring in a strategic partner for Nepal Doorsanchar Company Limited and simultaneously distribute up to thirty percent of the company's total capital to the general public and institutions through share divestment. As this policy provision is in the process of implementation, the company is ready to play a supportive role in formulating and implementing necessary action plans in this regard.

#### **Respected Shareholders,**

Efforts to motivate employees by increasing the limit of term insurance and making it timely have been continued this fiscal year as well. Policies, plans and matters will be made employee-friendly through amendments to obtain appropriate output from the manpower working in the company. Demands related to career development, including employee promotions, will be addressed appropriately. Alternative measures for career development will be identified and implemented promptly. Necessary training will be provided to enhance employees' skills and competencies, fostering a positive attitude. With knowledgeable, skilled, competent and positively oriented employees, the company's broader roadmap



for improvement will be identified and the future direction of the company will be determined.

In the context of increasing customer attraction towards data services daily, special efforts will be made to improve data quality, make it cost-effective and increase market share through efficient strategies. Broadband internet and Optical Fiber Network services will be expanded in collaboration with partner institutions, establishing relationships with national and international reputed organizations in the company's interest. The company will be made economically through restructuring, unnecessary expenditure cuts and improvement of work systems. As the decline in global demand for voice services and the revenue increase, along with the increased use of OTT services, has significantly negatively impacted the company's revenue, a request will be made to the regulatory body for the regulation of OTT services. I am confident that in this endeavor, we will receive full support, as always, from our employees, regulatory body and esteemed shareholders.

I highly appreciate the dedication, hard work and commitment to customer service of all diligent employees working tirelessly to make the company's service delivery effective and qualitative. I am confident that in the days ahead, all employees will continue to fully utilize their abilities, competencies, skills and experiences for the company's high progress and consumer satisfaction. I trust that there will be support in creating an environment conducive to motivating employees to perform with high morale.

Respected Shareholders,

I express my heartfelt gratitude to all of you for your active participation in this august meeting.

Finally, I once again extend my warm welcome and heartfelt thanks to all the dignitaries present here who have contributed to the successful conclusion of this Eighteenth Annual General Meeting.

Thank you.

**Radhika Aryal**

*Chairperson*

14 January, 2026





## BOARD OF DIRECTORS

STANDING FROM LEFT TO RIGHT

Mr. Manish Jung Joshi  
Member

Mr. Dwarika Prasad Paudel  
Company Secretary

Mr. Tanka Prasad Panday  
Member

SITTING

Ms. Radhika Aryal  
Chairperson



STANDING FROM LEFT TO RIGHT

Mr. Subas Chandra Shiwakoti  
Member

Ms. Aruna Joshi  
Member

Mr. Lok Bahadur Katuwal  
Member

SITTING

Ms. Sabina Maskay Pradhan  
Member



## BOARD MEMBERS PROFILE



**MS. RADHIKA ARYAL**

*Chairperson*

*Secretary of the Government of Nepal,  
Ministry of Communication and  
Information Technology*

Ms. Radhika Aryal was appointed pursuant to the decision of the Government of Nepal dated 2081 B.S. Shrawan 14 and has been entrusted with the responsibility of Chairperson of the company's Board of Directors since 2081 B.S. Shrawan 21. Previously, while serving as Joint Secretary from 2075 B.S. Mangsir 27 to 2077 B.S. Ashad 23, she represented the Ministry of Communications and Information Technology as a member of the company's Board of Directors and assumed the responsibility of Acting Chairperson from 2077 B.S. Jestha 31 to Ashad 23. She has extensive work experience, having previously held responsibilities such as Deputy Director General at the Department of Environment, Joint Secretary at the Ministry of Women, Children and Senior Citizens, Secretary at the Office of the Chief Minister and Council of Ministers of Bagmati Province, Joint Secretary at the Ministry of Industry, Commerce and Supplies, Chief Secretary of Lumbini Province, as well as Secretary at the Office of the Vice President.



**MS. SABINA MASKAY  
PRADHAN**

*Member*

*Managing Director*

Ms. Sabina Maskay Pradhan, who was appointed as the Acting Managing Director of Nepal Telecom pursuant to the decision of the Ministry of Communications and Information Technology, Government of Nepal, dated 2082 B.S. Jestha 28, was serving as the Chief Technical Officer of Nepal Telecom at that time. She joined the then Nepal Telecommunications Corporation in 2049 B.S. as an Engineer. She has extensive work experience spanning approximately 33 years, having served in leadership roles across various departments and directorates.



**MR. TANKA PRASAD PANDAY**

*Member*

*Joint Secretary,  
Ministry of Finance*

Mr. Tanka Prasad Panday, Joint Secretary at the Ministry of Finance, Government of Nepal, was appointed pursuant to the decision of the same ministry dated 2082 B.S. Ashoj 21 and has assumed the responsibility as a member of the company's Board of Directors. He has completed postgraduate studies in Public Administration and Rural Development from Tribhuvan University. He has over two decades of work experience at the Ministry of Finance and its various subordinate bodies. Additionally, having also served as Provincial Secretary in Gandaki Province, his books and articles related to public administration and financial administration have been published.





**MR. SUBAS CHANDRA SHIWAKOTI**

*Member*  
*Joint Secretary,*  
*Ministry of Communication and*  
*Information Technology*

Mr. Subas Chandra Shiwakoti, Joint Secretary at the Ministry of Communications and Information Technology, Government of Nepal, has assumed the responsibility as a member of the company's Board of Directors pursuant to the decision of the same ministry dated 2082 B.S. Mangsir 12. He holds a master's degree in public administration from Tribhuvan University and a master's in public finance from the National Graduate School for Policy Studies (GRIPS), Japan. He has experience of working in various areas of public financial management. Specifically, he has worked in roles such as at various local levels, Secretary at the Ministry of Finance of Madhesh Province, Director at the Public Procurement Monitoring Office, Chief of Economic Administration at the Ministry of Federal Affairs and Local Development, Deputy Financial Controller at the Office of the Financial Controller General and Member Secretary of the PFM Secretariat, among others, in subject areas including budget.



**MS. ARUNA JOSHI**

*Member*  
*Joint Secretary*  
*Ministry of Law, Justice and*  
*Parliamentary Affairs*

Ms. Aruna Joshi, Joint Secretary at the Ministry of Law, Justice and Parliamentary Affairs, Government of Nepal, has assumed the responsibility as a member of the company's Board of Directors pursuant to the decision of the same ministry dated 2082 B.S. Kartik 12. She has completed a five-year LL.B. and a two-year LL.M. from Kathmandu School of Law. She has experience working as Joint Secretary at the Office of the Prime Minister and Council of Ministers and the Election Commission. Since joining the service as an Officer in 2069 B.S., she has been working at the Ministry of Law, Justice and Parliamentary Affairs of Nepal. She also has brief experience working in a province as Under Secretary. Her expertise extends to matters of both national and international law.



**MR. MANISH JUNG JOSHI**

*Member*

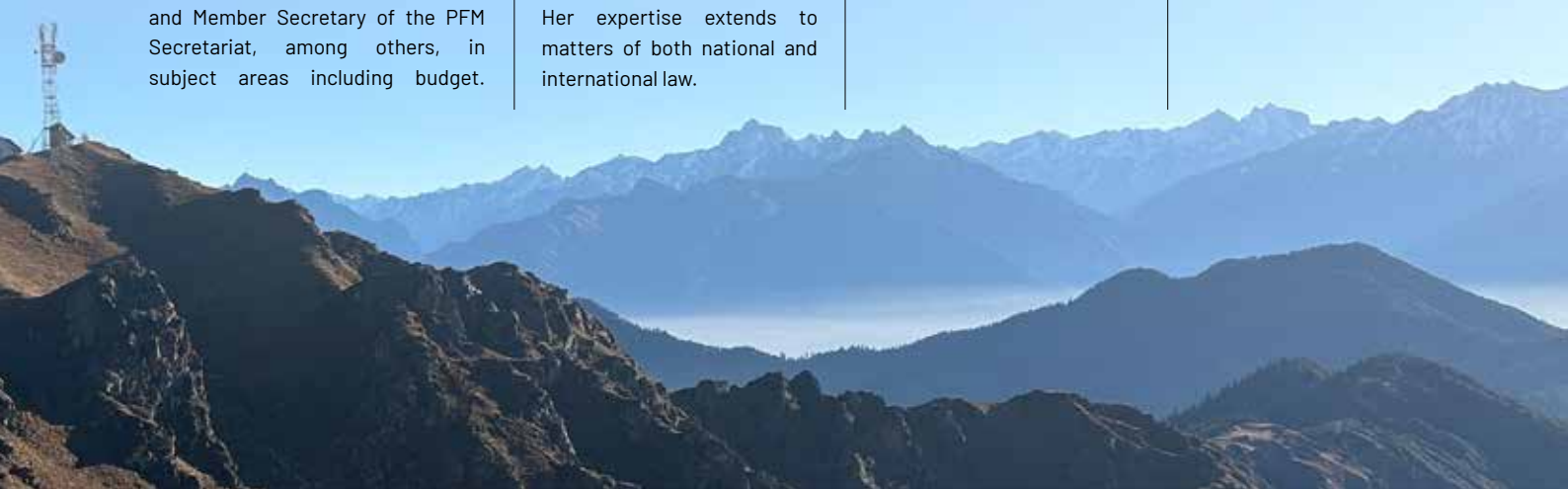
Mr. Manish Jung Joshi holds a bachelor's degree in aeronautical engineering and a master's in management. Since 2080 B.S., he has represented general shareholders on the company's Board of Directors. With 15 years of experience in the aviation sector, he has served as the Head of the Airworthiness and Security Department, overseeing critical functions related to air operations and security while providing effective leadership to his teams. Beyond aviation, he is an active investor and director in agriculture, investment and technology-related companies. Through these ventures, he has made a significant contribution to industrial development by leveraging his professional expertise.



**MR. LOK BAHADUR KATUWAL**

*Member*

Mr. Lok Bahadur Katuwal has been serving in Nepal Telecom since 2049 B.S., contributing across various departments and offices of the company. Since Mangshir 2081 B.S., he has been a member of the Board of Directors as an employee representative. Additionally, he has been actively involved in trade union advocacy for an extended period.





## MESSAGE FROM THE MANAGING DIRECTOR

*Dear Shareholders and Nepal Telecom Affiliates,  
I extend my best wishes to all shareholders, representatives of regulatory bodies, officials of the company board of directors, legal advisors, auditors, employees, journalists, and all attendees on the occasion of the eighteenth annual general meeting of Nepal Telecom, the leading telecommunications service provider that has succeeded in establishing its identity as the nation's communicator by providing accessible communication services across the country.*

I would like to express my sincere gratitude on behalf of the company to all relevant bodies and stakeholders who have supported the progress of this company, which carries a long and glorious history of communication and has successfully delivered communication services from accessible cities to the most remote places in the country through Microwave, VSAT and Fiber.

Even in the current highly competitive market, the company has maintained a strong presence in all parts of the country and played a leading role in the development of the nation's telecommunications and information technology. We are continuously striving to contribute to the economic, social, and telecommunications development of the country and to provide quality and innovative services to the people through the latest development and expansion of telecommunication services.

Currently, under wireline services, the company has expanded its FTTH service nationwide, including telephone, internet, and television, to reach various applications. Nepal Telecom is mainly expanding its FTTH service by installing two levels of optical splitters based on GPON/XGSPON technology. The FTTH Fiber Network will be used to provide broadband connectivity to users and also to provide the necessary network infrastructure (Backhaul) for future technologies such as 5G. Although the occupancy of the FTTH network is currently low, a platform for future M2M networks has already been created from the FTTH network.

We will increase service access for users through the expansion of 2G, 3G, 4G, and VOLTE services, and will also provide an experience of 5G service.



The company has been implementing the latest technologies in the global market in a timely manner. For example, Data Center Infrastructure, Cloud Services, Content Data Networks, Radio Network Optimization Services, SIM Vending Machines, WAN Services, Network Monitoring Tools, IoT Networks, Media Platforms, etc. The company has given high priority to the expansion of wireless and wireline services. Wireline services have reached 77 districts, while wireless services include 2G services at all local levels and 4G services have reached 749 local levels. High priority has been given to the power, tower, and backbone infrastructure required for these services. In areas where national transmission lines have not reached and electricity supply is not regular; services are operated through solar energy. The company's transmission backbone is being upgraded through modern radio and optical fiber (ADSS UG Cable OPGW, 400G Network, Redundant DODM Network, etc.). I would like to inform you that, acknowledging the added challenges posed by the decline in the company's revenue due to the increasing use of OTT (Over the Top) services alongside technological changes, the company is continuously striving to add new sources of income. This is being done by reducing various expenses, including equipment/infrastructure maintenance costs, and by timely expanding and operating new types of services emerging with the transformation of current operational services and technologies.

The company, while complying with the prevailing laws of Nepal and directives of regulatory bodies, has been adopting the values of governance that require its internal work procedures to be transparent, economical, accountable, and responsible. In this context, it faces the challenge of competing with other companies that operate in a different environment and enjoy relative freedom in their internal operations. The company will be able to achieve technical and commercial success properly only if Nepal

Telecom is permitted to function akin to a private company. Despite these difficulties, by becoming more professional and adopting new innovations, technologies, and strategies, we have continued our efforts to deliver the company's services to the doorsteps of customers with customer-friendly behavior. To ensure service continuity and enhance customer satisfaction, maintenance work has been made more efficient and robust, and 24/7 service delivery has been made effective through call centers at 198 and 1498, as well as the CRM (Customer Relationship Management) system.

Finally, we express our commitment to remain dedicated to the country's development and prosperity through communication, by providing accessible and quality telecommunication services to all service recipients, the Nepali people, across the nation in the days ahead. We will keep modern technology and business activities efficient to continuously establish this company as the nation's leading telecommunication service provider. Furthermore, expressing confidence that we will receive continuous support from relevant bodies for formulating necessary policies to resolve the challenges currently faced by this company, along with the entire telecommunication industry, and turn them into opportunities, I extend special gratitude and thanks from Nepal Telecom to the Government of Nepal and the Ministry of Communications and Information Technology for the continuous directives, corrective suggestions, and guidance received.

Thank you.

**Sabina Maskay Pradhan**  
*Managing Director*

14 January, 2026





## COMPANY MANAGEMENT PROFILE



**Ms. Reena Dangol**  
*Chief Technical Officer*

Ms. Dangol began her career as an Engineer at Nepal Telecommunications Corporation in B.S. 2051. Over her extensive career, she has held various responsibilities across different offices, departments, and directorates within the company. Currently, she serves as the Chief Technology Officer as well as the Director of the Wireline and Customer Service Directorate. In addition to her roles at Nepal Telecom, she is also serving as the Chairperson of Nepal Digital Payments Company.



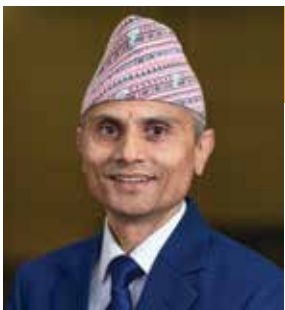
**Mr. Dilliram Adhikari**  
*Chief Operating Officer*

Mr. Adhikari has held leadership roles within the company for 23 years, including three years as Managing Director. He is currently serving as the Chief Operating Officer. Additionally, he has also worked as a director for Upper Tamakoshi Hydropower Company Limited, Bidyut Utpadan Company Limited, NEA Engineering Company Limited, Nalgad Hydropower Company Limited, and Trishuli Hydropower Company Limited.



**Mr. Rajendra Aryal**  
*Chief Finance Officer*

Having served the company for the past 37 years and having fulfilled the responsibilities of Head of Accounts in various offices, departments, and directorates, he is currently working as the Chief Finance Officer after serving as the Company Secretary. In addition to this, he also holds the role of Director at Trishuli Hydropower Company Limited.



**Mr. Dwarika Prasad Poudel**  
*Deputy Managing Director (Company Secretary)*

Having worked in the company for the past 28 years, he has held responsibilities as the head of various offices and branches, and as the accounts head of various directorates. He also has experience working as the head of the Central Revenue Department and the Internal Audit and Inspection Department. Currently, he is working as the Company Secretary.

**Mr. Ganga Sagar Matanchhe***Chief Commercial Officer*

Having worked in various offices, departments, and directorates of the company for the past thirty-three years, he is currently working as the Chief Commercial Officer of the company. In addition to this, he has also served as a director in Trishuli Hydropower Company Limited.

**Mr. Nirjhar Bhattarai***Chief Human Resources Officer*

He has been serving the company for the past 29 years and has worked in various offices outside the valley, the Business Management Department, and the Mobile Service Directorate, and is currently working as the Chief Human Resources Officer of the company.

**Mr. Prem Prasad Silwal***Director,  
Wireless Service Directorate*

Mr. Silwal began his career as a Telecom Engineer at Nepal Telecommunications Corporation in B.S. 2060. Over his extensive career, he has held various responsibilities across different offices, departments, and the Director of Backbone Transmission Directorate.

**Mr. Bimlesh Jha***Director,  
Information Technology Directorate*

Having held various positions in the company for the past 30 years, primarily working on the design, implementation, and operation of ISP Network Systems, MPLS Networks, and ADSL Systems, he is currently working as the Director in the Directorate of Information Technology.



**Mr. Sujan Pokharel**  
*Deputy Managing Director,  
Internal Audit and Inspection Department*

Having worked in the company for the past thirty years and having held the position of Head of Accounts in various offices and directorates, he is currently working as the head of the Internal Audit and Inspection Department.



**Mr. Shobhan Adhikari**  
*Director,  
Backbone Transmission Directorate*

Having worked for the past 26 years as the head of various telecom offices, in departments and directorates under the central office including planning, development, procurement, international business, and having fulfilled responsibilities as the company's information officer, nodal officer, and spokesperson, he is currently the director of the Backbone Transmission Directorate.



**Mr. Laxman Maharjan**  
*Director,  
Wireline and Customer Service Directorate*

Having been in the company's service for the past 31 years, he has played a leading role as the head of various offices, departments and directorates, and is currently working in the role of Director of the Wireline and Customer Service Directorate.



**Mr. Indal Yadav**  
*Director,  
Province Directorate Kathmandu, Bagmati Province*

Having served in leadership roles for the past 30 years as head of various offices and departments of Nepal Telecom and director of various directorates, he is currently working as the director of the Province Directorate, Bagmati Province, Bagmati Province.



**Mr. Hari Dhakal**  
*Director,  
Province Directorate Bhairahawa, Lumbini Province*

Having served in leadership roles in various branches, offices, and departments of Nepal Telecom, including switching, information technology, and business, for the past 30 years, he is currently working as the Director of the Province Directorate, Bhairahawa.

**Mr. Basanta Lingthep***Director,**Province Directorate Pokhara, Gandaki Province*

Having played a leadership role as the office head of various departments and offices of Nepal Telecom and director of the Training and Research Center for the past 28 years, while currently serving as the Director of the Province Directorate, Gandaki, he has played an important role in extending 4G service up to Tilicho Base Camp, extending 4G to other places in Manang district and removing old VSAT technology, as well as extending 4G service to Mustang Korola Border Pass, Dhaulagiri trekking route, and Dhorpatan.

**Mr. Krishna Prasad Bhandari***Director,**Province Directorate Birgunj, Madhesh Province*

Having served in Nepal Telecom for the past 26 years, holding leadership responsibilities in various branches, departments, and directorates, he is currently working as the Director of the Province Directorate, Madhesh.

**Mr. Gopal Singh KC***Director,**Province Directorate Biratnagar, Koshi Province*

With 26 years of experience in the company, he has worked as a Switching System Engineer, as an office head, in the Convergent Real Time Billing project under the Information Technology Directorate, in the Planning Department and Project Implementation Department under the Wireline and Customer Service Directorate, and as project head for various Auxiliary projects and the 4G project under the Wireless Service Directorate. Currently, he is working as the Director of the Province Directorate, Koshi.

**Dr. Kamal Lamichhane***Director,**Province Directorate Surkhet, Karnali Province*

Having worked in the company for the past 19 years, he has played a leading role in the company's service expansion and overall development of the telecommunications sector while in the then Mobile Service Directorate. Currently serving as the Director of the Province Directorate, Surkhet, he has played an important role in bringing digital access to the rural areas of Karnali Province. He has also contributed as a telecommunications expert at various international and national conferences and seminars.

**Mr. Drawendra Chaudhary***Director,**Province Directorate Attariya, Sudurpashchim Province*

Having served in various roles as office chief and in the Information Technology Directorate within the company for the past 25 years, he is currently working as the Director of the Province Directorate Attariya.



# REPORT OF THE BOARD OF DIRECTORS

Respected Shareholders,

We extend a warm welcome and greetings to all the esteemed shareholders present at the 18th Annual General Meeting of Nepal Doorsanchar Company Limited, including representatives of regulatory bodies, auditors, legal advisors, employees, and everyone else.

During the review period of FY 2024/25, there has been an ease in the implementation of company projects and service distribution, along with the continuous expansion of 4G and FTTH services. Despite various challenges, the flow of services and market expansion have continued. Due to the intense competition in the telecommunications sector during the review period, the consumer prices of services have decreased. The ongoing trend of students and workers going abroad has led to a stagnation in consumption, impacting on the telecommunications sector like other areas of the economy, and this has also affected the company's revenue. During the review period, the company has obtained a renewed license for mobile services for five years.

In the company's mission to provide quality telecommunications services across the country, the low availability of telecommunication infrastructure in rural areas remains a challenge for the company. Additionally, as a public entity, the policies and regulations the company must adhere to cause complexity in the decision-making process. Furthermore, the complexities in government policies and regulations, and the lack of necessary amendments for competitive business, have added to the challenges. Consequently, completing projects on time and adopting new technologies and services through them takes comparatively longer time. In contrast, in the field of telecommunications and information technology, the latest technologies, tools, and services enter the market in a short time, leading to high costs for technological transformation and a short time to recover those costs. Thus, the company faces the dual challenge of procedural and policy complexities demanding more time, while the nature of the business sector requires the introduction of new projects and services in a short time. Similarly, in recent times, due to the widespread use of OTT (Over-The-Top) services, there has been a continuous decline in interconnection revenue and voice calls. Considering the persistent challenge in revenue growth, the company has strived to ensure its financial health by minimizing expenses as much as possible and efficiently managing financial resources.

In the changing context, considering the desires and needs of customers based on technological and market perspectives, the company has been optimally utilizing available resources and means to provide quality telecommunication services based on modern technology. Under the plan to provide modern telecommunication services to people residing in all parts of the country, the company has extended its high-speed wireless-based 4G service to all 77 districts and 749 local bodies. Efforts to provide service to 4 local levels where 4G service was not reached, and to improve service quality in remote areas, have been made more effective. Similarly, to ensure the availability of connectivity, which is essential for implementing the concept of Digital Nepal, the company, along with other broadband services, has also given special emphasis on expanding FTTH (Fiber to the Home) service, reaching all 77 districts and 361 local levels (municipalities/ rural municipalities). Work is underway to gradually extend FTTH service to the remaining local levels as well. Likewise, to improve the company's financial situation, continuity has been given to activities such as the expansion of wireless services including technological transformation, expansion of international roaming services, and improvement of service quality.

As a responsible public commercial entity, the company has prioritized institutional governance and presented its policies and regulations transparently. This report, including the progress made by the company in the fiscal year 2024/25, achievements, challenges faced in company operations, and future short-term and long-term plans, has been prepared in accordance with the Companies Act, 2063, and the Securities Registration and Issue Regulations, 2073, and is presented on behalf of the Board of Directors to this meeting for approval.

## Company Performance

### 1. Financial Achievements

The company's total revenue for the Fiscal Year 2024-25 reached NPR 38.19 Billion, with a 9.38% decrease compared to the preceding fiscal year. The operating revenue experienced a decline of 1.93% during the reporting period. Likewise, the net profit for the company in the same period amounted to NPR 6 Billion, reflecting a decrease of 24.43% compared to the previous reporting period. The factors contributing to the changes in both revenue and net profit are outlined below.

- ❖ Reduction in both international and national incoming voice calls due to advancement of telecommunication technology, the increase in the utilization of over-the-top (OTT) services facilitated by widespread access to



smartphones and internet services.

- ❖ Continuous decline in revenue from copper based PSTN and ADSL services is attributed to technological advancement favoring fiber-based networks. Conversely, there is a growing trend in revenue for FTTH (Fiber-to-the-Home) services.
- ❖ Increase in frequency-related fees, alongside a continuous decline in service tariffs
- ❖ Due to high liquidity in the money market, the average interest rate on fixed deposit investments decreased to 4.05% during the reporting period, compared to 8.76% in the previous period. As a result, non-operating income declined by 44.74% compared to the prior year.

## 1.2 Revenue

The continued reduction in tariff rates driven by intensified market competition, together with a shift in customer behavior from pay-as-you-go usage to lower-cost bundled package offerings, as well as an increase in frequency fees, has constrained the expected growth in revenue from GSM and FTTH services. The advancements in telecommunication technology, increased access to internet services and smartphones, widespread usage of OTT services (such as Viber, Whatsapp, Messenger, imo, etc.), and changes in international and domestic call patterns has resulted decrease in interconnection income by around Rs. 410 Million. Overall, total operating income has declined by NPR 660 Million in review period. Furthermore, the interest income from investments in banks and financial institutions has decreased by Rs. 3.40 Billion as compared to the previous year.

The key financial highlights of the company are as follows:

Amount in NPR Billion

Particulars	Fiscal Year		Change (Increase/(Decrease))	
	2024.25	2023.24 (Restated)	Amount	%
Total Revenue	38.19	42.14	(3.95)	(9.38)
Operating Revenue	33.89	34.56	(0.67)	(1.93)
Employee Expenses	7.97	8.69	(0.72)	(8.29)
Repair and Maintenance Expenses	5.88	6.38	(0.50)	(7.87)
Office Operation Expenses	1.28	1.23	0.05	3.82
Total Expenditure	28.34	30.70	(2.26)	(7.71)
<b>Profit</b>	<b>6.00</b>	<b>7.95</b>	<b>(1.94)</b>	<b>(24.43)</b>
Earnings per Share (NPR)	33.37	44.16	(10.79)	(24.43)
Net-worth Per Share (NPR)	546.37	541.44	4.93	0.91



## 1.2 Intangible Assets

During the review period, the value of intangible assets has decreased by 26.29 percent to NPR 1.11 Billion due to the amortization of assets in accordance with their useful life.

## 1.3 Property, Plant and Equipment

During the review period, the value of property, plant and equipment has decreased by 3.84 percent to NPR 46.50 Billion due to the depreciation of assets in accordance with their useful life.

## 1.4 Right of Use Assets

As a result of amortization of assets used under lease in accordance with Companies accounting policy and Nepal Financial Reporting Standard, the value of right of use assets has decreased by 10.58 percent to NPR 1.92 Billion as compare to previous period.

### 1.5 Capital Work in Progress

As a result of capitalization of assets after completion of project, the value of capital work in progress in review period has decreased by 14.77 percent to 3.23 Billion as compared to previous period.

### 1.6 Long Term Loan and Advances

As a result of advances provided to supplier for goods and services the long-term loan and advances have increased by 14.77 percent to NPR 0.98 Billion as compared to previous period.

### 1.7 Investment in Term Deposit and Other Investment

As a result of contribution of NPR 13.15 Billion made plan assets for post-retirement employee payment, the investment made in term deposit and other investment have decreased by 15.79 percent to NPR 32.95 Billion in the review period.

### 1.8 Deferred Tax Assets

During the review period, deferred tax assets have been increased by 10.12 percent to NPR 8.97 Billion as compared to previous period due to the expenses claimable for taxation purpose being lesser than the expenses actually shown in the financial statements.

### 1.9 Inventories

Since most of the projects of the company are in process of closure, the value of inventories has decreased by 45.82 percent to NPR 282 Million as compared to previous period.

### 1.10 Accrual, Advances and Other Receivables

During the review period, the value of accrual, advances and other receivable have been increased by 84.72 percent to NPR 1.82 Billion due to increase in the value of interest receivable on Loan investment and government grant receivable.

### 1.11 Cash and cash Equivalent

During the review period, the value of cash and cash equivalent have been increased by 128.73 percent to NPR 9.55 Billion due to non-availability of short-term investment opportunities in money market due to surplus liquidity.

### 1.12 Post Employee Benefit

An actuarial valuation was conducted during the review period to assess the Company's post-employment benefit obligations. During the period, the Company contributed NPR 13.15 Billion to the plan assets designated for post-retirement benefits. Consequently, the post-employment benefit liability decreased by 46.68% to NPR 9.73 Billion as compared to the previous reporting period.

### 1.13 Trade Payable

As a result of purchase of additional bandwidth to expand service and maintain quality of service, the value of trade payable has been increased by 35.45 percent to NPR 0.85 Billion as compared to previous period.

### 1.14 Non-Financial Liabilities

Due to the non-payment of the employee statutory bonus provision recognized in the earlier reporting period, non-financial liabilities increased by 16.97% to NPR 8.03 Billion as compared to the previous period.

### 1.15 Operation and Maintenance Cost

During the review period, the value of operation and maintenance cost has decreased by 7.87 percent to NPR 5.88 Billion due to decrease in maintenance of property, plant and equipment, interconnection expenses, training and fuel expenses.

### 1.16 Regulatory Fees, Charges and Renewals

At the end of the previous reporting period, the Company obtained a new GSM license upon payment of NPR 210 Million for a five-year term, compared to the previous license fee of NPR 20 Billion for the same duration. As a result of the significant reduction in the license fee, regulatory fees, charges, and renewal expenses decreased by 40.85% to NPR 4.31 Billion.

## 2. Business Performance

### 2.1 Voice Service

While the customer base was approximately 23 Million 20 thousand in the last fiscal year, during the review period, approximately 1.5 Million customers decreased, bringing the total customer base to 2.15 Million 17 thousand. Among the total voice service customers of the company, 97.77 percent are in GSM mobile service. The company's overall market share in voice services across the country decreased by 10 percent during the review period, reaching 53.21 percent. The decrease in customer numbers and market share is observed because, starting this review period, the Nepal Telecommunications Authority has adopted a method of calculating market share based on SIM subscriptions rather than SIM distribution. Additionally, inactive prepaid SIM cards are being gradually removed from the company's GSM system.



## Customer Base for Voice Services under Various Technologies of the Company

Description	Fiscal Year		Increase/ (Decrease)	Increase/ (Decrease) %	Proportion of Total number % (2024/25)
	2024/25	2023/24			
Basic Telephone	81,784	230,468	(148,684)	(65%)	0.38%
GSM	21,038,231	22,424,029	(1,385,798)	(6%)	97.77%
FTTH	397,505	366,010	58,739	16%	1.84%
Total Customers	21,517,520	23,020,507	(1,502,987)	(7%)	100%
Market share *	53.21%	63.55%			

\* Sourced from the MIS report of the Nepal Telecommunications Authority, Ashoj 2082 B.S. (based on SIM Subscription)

## 2.2 Data Service

While the customer base was 22.7 Million 37 thousand in the last fiscal year, during the review period it reached 21.4 Million 3 thousand. Among the total data service customers of the company, 98.29 percent are in GSM mobile service. Regarding the overall data service (broadband) across the country,

the company's market share, which was 71.85 percent last year, reached 56.30 percent during the review period. The decrease in customer numbers and market share is observed because, starting this review period, the company's market share is calculated based on SIM subscriptions rather than SIM distribution.

## Customers of Data Services under Various Technologies of the Company

Description	Fiscal Year		Increase/ (Decrease)	Increase/ (Decrease) %	Proportion of Total number % (2024/25)
	2024/25	2023/24			
GSM	21,038,231	22,424,029	(1,385,798)	(6.18%)	98.29%
ADSL	360	5,227	(4,867)	(93.11%)	0.00%
FTTH	364,914	308,318	56,596	18.36%	1.70%
Total Customers	21,403,505	22,737,574	(1,334,069)	(5.87%)	100%
Market share *	56.30%	71.85%			

\* Sourced from the MIS report of the Nepal Telecommunications Authority, Ashwin 2082 B.S. (based on SIM Subscription)

## Status of Data Service Customers from FY 2020/21 onwards

Services	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
GSM	19,971,086	21,051,405	20,394,953	22,424,029	21,038,231
CDMA	136,573	136,573	136,573	-	-
WiMAX	18,561	6,293	-	-	-
ADSL	149,352	100,455	43,854	5,227	360
FTTH	122,110	191,061	248,385	308,318	364,914

## 2.3 Service Expansion

- ❖ During the review period, the target for GSM service distribution was a total of 2 Million 50 thousand, against which 2 Million 258 thousand 929 were distributed, achieving 110 percent of the target. Additionally, by October 2025, a further 622 thousand 600 had been distributed, achieving 26 percent of the target so far.
- ❖ In the review period, for FTTH (Voice, Data, IPTV) services, the target was to distribute 206 thousand 250 connections. Against this, 95 thousand 215 were distributed. Furthermore, by the end of Aswin, an additional 16 thousand 829 FTTH lines (Unique CPE) were distributed.
- ❖ By the mid of July 2025, network infrastructure capable of supporting a total of 21,95,284 FTTH lines was expanded, and FTTH service was provided through a total of 4,81,855 Unique CPE lines in various local levels across 77 districts. Among these, FTTH Voice users numbered 3,99,653, FTTH Data users 3,55,947, and NTTV (IPTV) users 68,601. FTTH service had already reached all districts of the country by the last fiscal year. FTTH service has reached 361 out of 753 local bodies and work is ongoing to extend it to additional bodies.
- ❖ Similarly, through the 43 eNodeB additionally installed during the review period, 4G/LTE service access has reached a total of 749 local levels. Furthermore, to make voice service more effective in areas ranging from accessible to remote and difficult locations, 2G BTSs were also installed in FY 2024/25. 2G service has now reached all local bodies in the country.
- ❖ During the review period, installation of High Gain Antennas is underway to expand seamless mobile service access (Highway coverage) along highways.
- ❖ Under the program to expand the optical fiber network along the Mid-Hill Highway and various routes connecting district headquarters within Koshi, Madhesh and Bagmati Provinces of the Rural Telecommunication Development Fund Mobilization Project, a total of 1,450 km had been expanded by the end of FY 2023/24. Similarly, under the program to expand the optical fiber network (UG/ADSS) along the Mid-Hill Highway and routes connecting district headquarters in Karnali and Sudurpashchim Provinces, utilizing the company's existing optical fiber network as per arrangements, an additional 672 km of network has been added, making a total of 1,184 km of fiber network fully ready in Karnali and Sudurpashchim Provinces.
- ❖ With the objective of establishing reliable communication structures even in the very remote and inaccessible district headquarters under Karnali and SudurPaschim Provinces, where optical fiber expansion is not immediately feasible, an agreement was signed with a supplier to operate 21 Hop microwave radio links. Out of these, 20 Hop microwave radio links have been installed and are operational.

## 2.4 Quality Enhancement

Nepal Telecom has been adopting various measures to improve the quality of its services. To remain competitively ahead in the telecommunications sector and stay focused on customer satisfaction, the company has achieved significant progress in quality improvement through technological, managerial and customer-centric measures.

- ❖ Considering the increasing attraction of customers towards FTTH service, arrangements have been made so that consumers wishing to connect to this service can complete all procedures related to service connection by calling 198, without having to visit the company's office.
- ❖ The company has continued its work to expand contemporary services to areas without access, as well as to ensure the minimum quality of the various services provided. To further enhance service availability and quality, activities such as preventive maintenance, network optimization, transmission network capacity upgrade, installation and addition of solar power supply, addition of battery backup and electrification are being continued. The policy of focusing company employees primarily on key and important tasks requiring skilled manpower, such as service expansion, ensuring continuous availability, and quality improvement, while carrying out other auxiliary tasks through outsourcing, has been continued.
- ❖ Preventive/Corrective Maintenance, Scheduled Maintenance and Network optimization activities have been made more effective to keep the maintenance and operation of services provided by the company efficient and smooth.
- ❖ The work to manage disordered cables by coordinating with local bodies, the Department of Roads, the Water Supply and Electricity Authorities and other relevant agencies has been continued with priority.
- ❖ To prevent damage to the company's backbone network, such as optical fiber and ensure uninterrupted operation of the company's services, coordination is ongoing with local bodies, the Department of Roads, the Water Supply and Electricity Authorities and other relevant agencies.

## 3. Economic Environment

### 3.1 Global Economy

As global economic activities gradually expand following the decline in inflation rates in most countries from around mid-2022, the International Monetary Fund (IMF) projects global economic growth to be only 3.2 percent in 2025. In 2024, the world economy expanded by 3.3 percent. Due to the Russia-Ukraine war, geopolitical tensions, low productivity, and high debt costs, the IMF has projected that the global economy will expand by 3.2 percent in 2025. While the economies of developed countries and emerging and developing countries



grew by 1.7 percent and 4.2 percent respectively in 2024, the IMF projects growth rates of 1.5 percent and 4 percent respectively for 2025. Globally, the inflation rate is expected to decline to 4.2 percent in 2025 and further decrease to 3.7 percent in 2026.

### 3.2 Review of National Economy

According to the Economic Survey for FY 2024/25 published by the Ministry of Finance, Nepal's economic growth was 3.67% in FY 2023/24. It is estimated that Nepal's economic growth will be 4.61 percent in FY 2024/25 due to growth in the agriculture, industry, and service sectors. While the contribution of the agriculture and non-agriculture sectors to the Gross Domestic Product (GDP) in the last FY was 25.2% and 74.8% respectively, it is estimated that the contribution of the agriculture and non-agriculture sectors to the GDP in FY 2024/25 will be 25.6% and 74.4% respectively. Foreign exchange reserves have reached an all-time high due to the increase in remittance inflows and income from tourism, as well as the improvement in the trade deficit. The external sector of the economy has become balanced and robust, maintaining stability. Consumer price inflation, which had remained elevated in the past, has moderated due to a decline in international petroleum prices and easing inflationary pressures in neighboring India. As of mid-July 2025 (end of Ashad FY 2024/25), average consumer inflation stood at 2.2 percent, compared to 3.57 percent during the corresponding period of the previous fiscal year.

Deposits in banks and financial institutions have increased. Interest rates are gradually decreasing. By the end of Ashadh 2082, the average interest rate of commercial banks was 4.19% on deposits and 7.85% on loans.

### 3.3 Review of Telecommunication Sector

According to a report published by the International Telecommunication Union (ITU) in 2025, the average global mobile service penetration density is 111.5 percent by the end of 2025. Mobile service penetration stands at 141 percent in developed countries, 132 percent in developing countries, and 69.5 percent in Least Developed Countries (LDCs). The highest mobile service penetration, at 99.3 percent, is in the Commonwealth of Independent States (CIS), while the lowest, at 94.1 percent, is in Africa. In the Asia-Pacific region, mobile service penetration is 99.1 percent.

Overall, cellular mobile network coverage reaches 98.1 percent of the global population. Mobile broadband (3G) network coverage reaches 96.3 percent of the population,

and 4G LTE/WiMAX mobile network coverage reaches 92.7 percent of the population. In developed countries, nearly 99 percent of the population has access to cellular mobile networks, while in Lower Middle-Income Countries, a total of 98 percent of the population has access. On the other hand, in the rural areas of Lower Middle-Income Countries, only 87.3 percent of the people have access to cellular mobile networks.

According to the same ITU report, by 2025, internet access has reached 73.6 percent of households worldwide. Household internet access is 94.42 percent in developed countries, 62.9 percent in developing countries, and 33.7 percent in LDCs. In the Asia-Pacific region, internet access has reached only 77 percent of households.

Globally, the demand for data services is growing rapidly compared to voice services. Furthermore, with the availability of internet-based voice telephone services, Over-The-Top (OTT), for free through various software applications, the use of such OTT software applications has become widespread. This has negatively impacted revenue not only from international services but also from national voice and SMS services. Despite the quantitative growth in the data service business, tariff rates for voice and data services are continuously declining due to the intensely competitive environment. As some internet service providers are operating WiFi mobility not mentioned in their licenses, there appears to be a decline in the usage of mobile internet from licensed telecommunications service providers as well. Additionally, because data service tariff rates are significantly lower compared to voice service tariff rates, it is becoming difficult for overall telecommunications service providers to maintain their revenue. To mitigate the revenue decline naturally occurring due to these various reasons, efforts are being made to increase revenue through customer-friendly value-added services.

According to the MIS Report for Ashadh 2082 B.S. (June/July 2025) by the Nepal Telecommunications Authority, the total number of voice service users reached 2 crore 97 lakh 27 thousand (29.727 Million), with a tele density of 101.9 percent. The company's market share among these users is 52.7 percent. Similarly, during the review period, the total density for mobile broadband data service reached 102.00 percent, and the company's market share in this mobile broadband data service was 55.7 percent.

## 4. Corporate Governance and Transparency

The Board of Directors and company management remain steadfast in their commitment to upholding the highest standards of corporate governance. Recognizing its significance, Nepal Telecom has integrated corporate governance principles into its policies and regulations to enhance service quality while aligning with the interests and expectations of shareholders, stakeholders and the valued customers. To ensure effective compliance and monitoring, the company has developed strategic goals and implemented necessary systems. Agile corporate governance practices have been strengthened by strictly adhering to the policies and directives issued by the Government of Nepal and regulatory bodies, including the Telecommunications Act, 2053 B.S.; Companies Act, 2063 B.S.; Securities Board Act, 2063 B.S.; Good Governance (Management and Operation) Act, 2064 B.S.; Public Procurement Act, 2063 B.S.; and Labor Act, 2074 . In line with the federal structure, Province directorates have been established across all seven provinces. Additionally, in compliance with Rule 26(1) of the Securities Registration and Issuance Regulations, 2073 B.S., the company prepares its annual report in accordance with Nepal Financial Reporting Standards (NFRS) and publishes financial statements quarterly.

Nepal Telecom is fully committed to preventing corruption by strictly following the Prevention of Corruption Act, 2059 B.S. and the Asset (Money) Laundering Prevention Act, 2064 B.S.. In line with the Prevention of Corruption Act, 2059 B.S., employee property details are submitted to relevant agencies at the beginning of each fiscal year. To further

strengthen financial discipline, a comprehensive control system has been implemented and an Audit Committee has been established. This committee periodically reviews audit reports and internal control systems, ensuring corrective actions are taken as needed. Additionally, staff regulations outline the code of conduct expected from employees, reinforcing accountability. To ensure efficiency and ensure timely execution of key projects and operational tasks, performance agreements have been established between the company's executive heads and department heads, with evaluations conducted accordingly. A citizen's charter has also been introduced to enhance institutional governance. Nepal Telecom remains dedicated to addressing customer grievances effectively by incorporating feedback from the Government of Nepal, the Hello Sarkar initiative under the Prime Minister's Office, regulatory bodies and other concerned institutions. Furthermore, to ensure transparency and competitiveness, the company has transitioned to an electronic procurement system, streamlining purchasing processes and fostering uniformity. By continuously refining its governance framework and operational strategies, Nepal Telecom remains committed to delivering high-quality telecommunication services while upholding ethical business practices.

## 5. Board of Directors

The Company's Board of Directors has been formed in accordance with Rule 12 of the Company's Articles of Association and the Companies Act, 2063 B.S.. The Board of Directors operates under the Company's Memorandum and Articles of Association. As per the Company's Memorandum of Association, the board is composed of seven directors.

### 5.1 The structure of the board of directors of this company is as follows

S.N.	Name of the Director	Position	Representing Organization
1.	Ms. Radhika Aryal	Chairperson	Secretary, Government of Nepal, Ministry of Communication and Information Technology
2.	Ms. Sabina Maskay Pradhan	Member	For Managing Director, Nepal Telecom
3.	Mr. Tanka Prasad Panday	Member	Joint Secretary, Government of Nepal, Ministry of Finance
4.	Mr. Subas Chandra Shiwakoti	Member	Joint Secretary, Government of Nepal, Ministry of Communication and Information Technology
5.	Ms. Aruna Joshi	Member	Joint Secretary, Government of Nepal, Ministry of Law, Justice and Parliamentary Affairs
6.	Mr. Lok Bahadur Katuwal	Member	Employee Representative
7.	Mr. Manish Jung Joshi	Member	Representative, Public Shareholders



## Changes in Board of Directors

S.N.	Name of the Director	Position	Representing Organization	Previous Incumbent	Reasons for Change
1.	Ms. Radhika Aryal	Chairperson	Secretary, Ministry of Communication and Information Technology	Mr. Ramkrishna Subedi	According to the decision of the Government of Nepal
2.	Ms. Sabina Maskay Pradhan	Member	For Managing Director, Nepal Telecom	Ms. Sangita Pahadee (Aryal)	According to the decision of the Government of Nepal
3.	Ms. Sangita Pahadee (Aryal)	Member	Managing Director, Nepal Telecom		According to the decision of the Government of Nepal
4.	Mr. Dhaniram Sharma	Member	Joint Secretary, Ministry of Finance	Dr. Tokraj Pandey	According to the decision of the Government of Nepal
5.	Mr. Komal Bahadur Khatri	Member	Joint Secretary, Ministry of Law, Justice and Parliamentary Affairs	Ms. Nirmala Adhikari Bhattarai	According to the decision of the Government of Nepal
6.	Mr. Koshahari Niraula	Member	Joint Secretary, Ministry of Communication and Information Technology	Mr. Baburam Bhandari	According to the decision of the Government of Nepal
7.	Mr. Lok Bahadur Katuwal	Member	Employee Representative	Mr. Shankar Lamichhane	Director Appointed By Employee Election
8.	Mr. Yagya Prasad Bhattarai	Member	Joint Secretary, Ministry of Finance	Mr. Dhaniram Sharma	According to the decision of the Government of Nepal
9.	Mr. Tanka Prasad Panday	Member	Joint Secretary, Ministry of Finance	Mr. Yagya Prasad Bhattarai	According to the decision of the Government of Nepal
10.	Ms. Aruna Joshi	Member	Joint Secretary, Ministry of Law, Justice and Parliamentary Affairs	Mr. Komal Bahadur Khatri	According to the decision of the Government of Nepal
11.	Mr. Subas Chandra Shiwakoti	Member	Joint Secretary, Ministry of Communication and Information Technology	Mr. Koshahari Niraula	According to the decision of the Government of Nepal

## Remuneration, Allowances and Facilities to the Board of Directors

In the review year 2024-25, the board of directors had 42 meetings and the directors present in the meeting were paid the allowances and benefits as follows.

S.N.	Name of the Director	Position	Number of Presence	Total Amount (NPR)
1	Ms. Radhika Aryal	Chairperson	40	300,000
2	Mr. Ramkrishna Subedi	Chairperson	2	15,000
3	Mr. Komal Bahadur Khatri	Member	23	172,500
4	Ms. Nirmala Adhikari Bhattarai	Member	7	52,500
5	Mr. Yagya Prasad Bhattarai	Member	16	120,000
6	Mr. Dhaniram Sharma	Member	17	127,500
7	Dr. Tokraj Pandey	Member	4	30,000

S.N.	Name of the Director	Position	Number of Presence	Total Amount (NPR)
8.	Mr. Kosh Hari Niraula	Member	30	225,000
9.	Mr. Baburam Bhandari	Member	8	60,000
10.	Ms. Sabina Maskay Pradhan	Member	10	75,000
11.	Ms. Sangita Pahadee (Aryal)	Member	32	240,000
12.	Mr. Manish Jung Joshi	Member	41	307,500
13.	Mr. Lok Bahadur Katuwal	Member	27	202,500
14.	Mr. Dwarika Prasad Paudel	Company Secretary	34	255,000
15.	Mr. Rajendra Aryal	Company Secretary	8	60,000

## 6. Audit Committee

The company has Audit Committee as per provision of Companies Act, 2063 B.S., under chairmanship of non-executive director of the company for the evaluation of effectiveness of internal control, risk management system and corporate governance. Deputy Managing Director of Internal Audit and Inspection Department of the company is the Member Secretary of the committee. The composition of the Audit Committee is as follows:

S.No.	Officials	Position
1.	Director Mr. Tanka Prasad Panday	Member
2.	Director, Mr. Kosh Hari Niraula	Member
3.	Director Ms. Aruna Joshi	Member
4.	Director, Mr. Manish Jung Joshi	Member
5.	Deputy Managing Director Mr. Dwarika Prasad Paudel, Internal audit and inspection Department	Member secretary

The Audit Committee of the company has been regularly reviewing the financial position of the company, internal control and risk management system, compliance with the prevailing rules and regulations and giving necessary suggestions to the board of directors and management as per the provisions of Articles 164 and 165 of the Companies Act 2063 B.S..

Major objectives of the Audit Committee are as follows:

To give necessary suggestions to the board of directors and management by periodically reviewing the financial condition, internal control and risk management system of the company.

- ❖ To discuss on internal audit system, Internal Control, Risk Management and Corporate Governance of the company and provide necessary directions to the management.
- ❖ To review the observations raised in the internal audit report and external audit report and provide necessary directions to the management relating to the actions to be undertaken regarding the same.

- ❖ To give necessary direction to management to make financial statement true and fair.
- ❖ To review the compliance with provisions of internal and external laws and regulation and provide necessary directions to the management.
- ❖ To review adherence to the regularity, economy, justification, and effectiveness in operation of the company and provide necessary recommendations to the Board.
- ❖ To supervise activities conducted by the Internal Audit Department and provide necessary guidelines to regulate functions of the department so as to enable it to achieve its objectives.
- ❖ To undertake the works mentioned in Section 165 of the Companies Act, 2063 B.S.

Major agenda discussed & decisions made in the meeting of Audit Committee during the review period:

- ❖ Discussion on whether the company has complied with the provisions of the prevailing rules and regulations and the instructions given by the regulatory body.
- ❖ Discussions and instructions regarding the old debtor recovery, revenue growth, expenditure control and financial discipline.
- ❖ Necessary instructions to the management in the areas where reforms are needed to further strengthen the internal control, risk management system and administration.
- ❖ Necessary instructions for improvement by reviewing the progress and response to the points pointed out in the internal and external audit report of the company.
- ❖ Discussion and selection of topics for technical examination of FY 2022/23.
- ❖ Necessary instructions for discussion and improvement on technical test report.
- ❖ Discussion on Audit Report of FY 2023/24 and give necessary instruction to complete final audit within timeline.
- ❖ Recommendation of remuneration and appointment conditions of the final auditor of the company for FY 2024/25.
- ❖ Evaluation and review of the company's internal control system.



During the review period, the Audit Committee met 7 times and the following meeting allowances were paid to the committee members.

S.N.	Name	Position	No of Meetings	Total Allowance (NPR)
1.	Ms. Nirmala Adhikari Bhattarai	Chairman	1	7,500.00
2.	Mr. Dhani Ram Sharma	Chairman	3	22,500.00
3.	Mr. Yagya Prasad Bhattarai	Chairman	3	22,500.00
4.	Dr. Toka Raj Pandey	Member	1	7,500.00
5.	Mr. Baburam Bhandari	Member	1	7,500.00
6.	Mr. Komal Bahadur Khatri	Member	5	37,500.00
7.	Mr. Kosh Hari Niraula	Member	6	45,000.00
8.	Mr. Manish Jung Joshi	Member	7	52,500.00
9.	Mr. Dwarika Prasad Paudel	Member Secretary	2	15,000.00
10.	Mr. Rajendra Shrestha	Member Secretary	5	37,500.00

## 7. Internal Control System

The significance of internal control in enhancing organizational efficiency and effectiveness, ensuring the reliability, completeness, and timeliness of financial and management information, and ensuring compliance with relevant laws and regulations cannot be overstated. A robust internal control system is crucial for preventing fraud, minimizing errors, and managing risks. Recognizing the critical role of a sound internal control process in achieving established goals and maintaining financial reliability and transparency, the company has established an independent internal audit system and structure to ensure secure and sound operations.

The company has an independent Internal Audit and Inspection Department that conducts audits under the close supervision of the audit committee. These audits adhere to the internal audit manual approved by the Board of Directors, as well as prevailing principles and audit standards. Operationally independent, adequately trained, and competent staff carry out a comprehensive internal audit of the internal control system. The findings from Internal Audit reports are regularly submitted to the Audit Committee, and the results of all audits are reported to management for prompt corrective actions. Actions have been taken in response to the issues raised in the audit reports.

To maintain financial, business, and managerial discipline, the company has enacted employee regulations and financial regulations. Employees with specific responsibilities are held accountable for any misconduct or misuse of authority in accordance with the provisions of the company's employee regulations. In an effort to enhance the

effectiveness of internal control, the company has initiated Revenue Assurance Audits, Performance Audits, and Technical Audits in certain areas based on risk assessment. The Revenue Monitoring and Inspection Committee actively works to control revenue leakages.

## 8. Statutory Auditor

The Statutory Audit of the Company for the FY 2024/25 has been carried out by Mr. Narendra Bhattarai, Chartered Accountant and Mr. Prakash Jung Thapa, Chartered Accountant, appointed on the recommendation of the Office of Auditor General. Auditors for FY 2025/26 will be appointed on the recommendation of the Office of the Auditor General and Audit Committee.

## 9. Customer Service

As the country's leading telecommunications service provider, the company has been conducting various activities keeping customer satisfaction and needs at the center. To ensure the satisfaction of customers using its services, it provides necessary services through telecommunications offices and customer service centers located in 164 different places across the country. According to the Omni Channel Customer Care concept, customer service is being provided through various channels such as social media, mobile apps, websites, telephone, email, and chatbots to make it more effective. Adopting modern technology, the "Maina" robot has been launched to further enhance customer service, which provides information about Telecom's services and new packages along with addressing customer inquiries. Arrangements have been made for FTTH connection and fiber internet maintenance customers to register issues via 198, and for mobile service customers via 1498 (toll-free telephone numbers). Additionally, to make complaint management effective, a Nodal Officer has

been appointed at the company's central office as well as at telecommunications offices and directorates across the country. With the aim of providing fast, efficient, and easy services to the general customer base across the country, arrangements were made for customers to receive services from 7 AM to 7 PM at telecommunications offices in major locations, and the company is preparing to gradually make this service available from all telecommunications offices. The company is committed to providing high-quality customer service by implementing suggestions received from regularly conducted customer satisfaction surveys.

## 10. Company's Contribution to Environmental Protection

While conducting its business activities, Nepal Telecom actively plays a role in environmental conservation. With modern technologies and green strategies, the company strives to reduce its environmental impact. The solar energy systems installed at various offices and BTS (Base Transceiver Stations) sites have contributed to reducing carbon emissions. To reduce paper consumption, the company has implemented the Dealer Management System and efforts are underway to implement the Digital Signature and Document Management System. To reduce the use of plastic recharge cards, the company promotes digital payments by providing attractive offers and conducting various campaigns. The company is involved in the recycling of old equipment and the management of electronic waste, aiming to help control environmental pollution. The company has contributed to the expansion of green areas by conducting tree plantation programs in various locations. Additionally, in collaboration with various social organizations, it has been running programs to raise public awareness about the importance of environmental conservation. Continuity has been given to various programs related to greenery conservation and tree plantation. Furthermore, beautification work was carried out on 10 picnic spots at Tribhuvan Park, Thankot; a rest area for senior citizens and a selfie point were constructed at Madan Bhandari Park, Tinkune, Kathmandu; and beautification work was done at the Krishna Sen Memorial Park located on the premises of the Nepal Press Union Dang Branch. Moreover, dustbins and visitor chairs have been placed at 35 important public sites (at least 4 locations in each province), including religious monasteries/temples, places of archaeological importance, tourist sites, bus parks, public parks, and gardens.

## 11. Auction and Scrap Management

Throughout its long history of commercial operations, the company has acquired a diverse range of technologies, equipment and assets at various stages to enhance its

service delivery. As technological advancements have occurred, the company has continually adopted new systems, tools and equipment to meet its evolving needs. Over time, many assets with obsolete technology and from older generations have become unused and are no longer in operational condition. Although these items no longer have commercial use, their scrap value remains significant. The company could generate a substantial income by auctioning off these assets. Past auctions of various scrap items, including wires, batteries, iron and computer-related materials, have generated a significant amount of income for the company. The auctioning of the remaining scrap items, as well as future auctions, will continue over time. This process is expected to contribute not only to additional income but also to improving the cleanliness of the office premises, freeing up valuable space and promoting more systematic inventory management.

## 12. Relationship with Stakeholders

As cordial professional relationships with stakeholders can ensure the company's long-term progress and success, the company is mindful of developing harmonious relations with all stakeholders connected to its business. It has maintained smooth relations with entities that play a significant role in the effective implementation of telecommunications policies and the development of telecommunication infrastructure, such as the Government of Nepal, the telecommunications regulatory body, the Department of Roads, Nepal Electricity Authority, and other agencies. The company is proactive in developing relationships with equipment manufacturers, suppliers, and consultants related to telecommunications and information technology who can contribute to adopting new technologies and fostering innovation, aiming to improve the institution's competitive capability. Regular meetings and discussions are held with the relevant stakeholders. Since relationships with the community help support social development and build a positive image of the institution, it has been conducting programs related to social responsibility. For the information of respected shareholders and stakeholders, the company regularly provides financial and other information through its website, newspapers, newsletters, annual reports, and press conferences. These efforts have enabled Nepal Telecom to build long-term and trusting relationships with all stakeholders.

## 13. Risk Management

Financial, business and operational activities are diligently assessed to minimize potential losses and risks to the company. The increased use of Over-the-Top (OTT) services such as Viber, WhatsApp, Messenger, etc., due to the development of telecommunication technology,



data services and widespread use of smartphones, has influenced both international inbound and outbound roaming. The company has, historically, been significantly contributing to the nation's revenue by obtaining a substantial amount from international inbound roaming. Intense market competition has compelled the company to reduce prices in order to thrive in the business expansion process, resulting in increased challenges in sustaining revenue. The company faces challenges in overall revenue management due to these factors.

The company has maximized the utilization of resources and assets for revenue growth and international roaming revenue replenishment from international roaming partners. The development and expansion of new services such as data services and Value-Added Services (VAS) have been the focal point for revenue growth. Additionally, to address the increasing demand for high-speed data services, Internet services have been made available at competitive prices. Customer service has also been enhanced by improving the billing system, ensuring timely upgrades.

To enhance its financial condition, the company is focused on the massive transformation of wireless services, including the expansion of international roaming and improving the quality of services. The continuous effort in enhancing financial status includes the expansion of international roaming services and upgrading service quality through the utilization of advanced technologies.

The unauthorized use of the company's network has resulted in revenue leakage and tax evasion by certain individuals and groups involved in illegal activities. The company is actively collaborating with the Central Investigation Bureau of Nepal Police to control revenue leakage and implement various modern technologies for detection. In response to the market's intense competition, the company always strives to provide affordable and reliable services, focusing on customer satisfaction. To maintain customer engagement and enhance service usage, we have adopted a strategy to keep our customers engaged by providing affordable, accessible and reliable services. We believe that these efforts will help us to increase our revenue and maintain our position as a leading telecommunications and information technology company in Nepal.

#### **14. Company's Contribution for Employees**

Nepal Telecom regards its honest, committed, and motivated human resources as a vital asset for achieving its goals. The company places high priority on the systematic mobilization of employees. To achieve maximum efficiency from the available manpower, arrangements have been made so that every employee receives a clear job

description of the work they are required to perform, their work is periodically evaluated appropriately, and based on that evaluation, employees are provided with suitable incentives. The company is aware that to enhance employee productivity, the work environment must include dialogue, help, and collaboration, along with harmonious relationships among colleagues. The company has given high priority to employee relations management to foster creativity among employees. The company is active in creating a positive relationship between the company and its employees to increase employee satisfaction and productivity, aiming to make Nepal Telecom one of the best companies to work for in Nepal. As the company's overall productivity is based on the knowledge, skills, and attitudes of its employees, regular domestic and foreign training is arranged for employees to enhance these attributes. Furthermore, for the career development of employees, provisions are made for periodic transfers, rotation of responsibilities, and promotions through internal competitions.

#### **RECRUITMENT OF EMPLOYEES**

The company has implemented transparent policies, regulations, and standards for recruiting skilled and capable employees. The company recruits employees through a competitive process. Furthermore, with the involvement of the Public Service Commission and according to the examination schedule, employees are recruited based on the principle of inclusivity.

#### **BENEFITS AND FACILITIES**

The company provides attractive service and benefits to its working employees. Employee service facilities include salary, allowances, bonuses, and a performance-based Telecom allowance. Employees in levels 11 and 10 are also provided with vehicle facilities. Considering the country's economic situation, employee service benefits are reviewed periodically according to the times.

During the review period, to systematize the employee transfer process, arrangements were made to fill out a specified procedure-based Employee Transfer Preference Form. Details of the expenditure incurred on employee service facilities are mentioned in the company's financial statements.

#### **PERFORMANCE CONTRACT**

Performance agreements have been signed between the Secretary of the Ministry of Communications and Information Technology/Chairperson of the Company's Board of Directors and the Managing Director, as well as between the company's Managing Director and the Chief Technical Officer, Chief Commercial Officer, Chief

Operating Officer, Chief Human Resources Officer, Chief Finance Officer, Deputy Managing Director (Internal Audit and Inspection Department), Company Secretary, Director of the Wireless Service Directorate, and Director of the Wireline and Customer Service Directorate, with a commitment to complete the company's determined goals, plans, and regular work on time. Additionally, performance agreements have been signed between Directors, Departmental Heads, and Managers. Similarly, during the review period, the process of signing performance agreements with employees from levels 11 to 8 continued. Arrangements have also been made to provide job descriptions to employees at all levels.

### TRAINING AND CAREER DEVELOPMENT

Training arrangements are made to keep human resources creative, positive, updated, and motivated. The Board of Directors is confident that human resource development not only assists in daily work but also helps introduce new ideas and technologies into the company. The company adheres to the principle that "training is not an expense but an investment." Therefore, the company continuously invests in preparing capable and professional manpower. To make its employees relevant, skilled, and capable in the changing context and dynamic environment, as well as to enhance their capacity and motivate them, the company periodically arranges for employees' participation in various internal and external trainings and seminars. During the review period, a total of 79 training and 14 seminars/workshops were conducted by the Telecommunications Training and Research Centre, while 487 employees were sent to participate in foreign training and seminars. Details of the training and seminars/workshops completed during the review period by the Telecommunications Training and Research Centre are as follows.

## 15. Contribution to the National Economy

Nepal Telecom recognizes telecommunication services as a fundamental driver of economic development. In line with this belief, the company continues to play an indispensable role in nation-building through strategic contributions to key national priorities. Our efforts are focused on bolstering government revenue, bridging the digital divide, enhancing digital literacy, advancing the e-Government initiative, and fostering a knowledge-based society.

A cornerstone of our national contribution remains our substantial and consistent fiscal support to the government. A significant portion of the company's gross income is remitted to the national treasury, fulfilling various fiscal obligations. These include, but are not limited to, income tax, value-added tax (VAT), service charges, royalty payments, and dividends. This consistent revenue stream underscores Nepal Telecom's vital role in strengthening the country's gross domestic product (GDP).

During the fiscal year under review, the company contributed a total of Rs. 18.46 Billion to the government coffers. This amount encompasses payments made towards dividends, direct and indirect taxes, and various non-tax revenues, reflecting our steadfast commitment to national economic prosperity.

## 16. Company's Plan for Digital Divide Reduction and Digital Framework

The development of communication and information technology has played a vital role in the overall progress of the country. The company has been providing affordable and dependable telecommunication services by utilizing suitable technology, even in remote and challenging areas where profitability is difficult to achieve. The expansion of internet access has significantly contributed to bridging the digital gap. The Government of Nepal has recognized the expansion of Internet access as a crucial pillar for

### Training Details

S. NO.	WING	NO. OF PROGRAMS	TRAINING			SEMINAR	
			MALE	FEMALE	TOTAL	PROGRAMS	PARTICIPANTS
1.	Finance	12	185	25	210	4	132
2.	Information Technology	14	204	34	238	1	32
3.	Management	11	193	30	223	2	65
4.	Marketing	7	105	22	127	1	19
5.	Power	9	177	13	190	5	203
6.	Wireless & Transmission	13	207	15	222	1	30
7.	Wireline & Access Network	13	239	16	255	0	0
		<b>79</b>	<b>1310</b>	<b>155</b>	<b>1465</b>	<b>14</b>	<b>481</b>



implementing the Digital Nepal concept. As the Internet facilitates easy access to information, communication and other developmental opportunities, the company has placed special emphasis on expanding high-speed Internet services across the country using 4G/LTE technologies. The company's provision of broadband services through various technologies, including 4G/LTE, has significantly reduced both the digital and physical divides. The company has been actively working to help drive Nepal towards economic and social progress by incorporating a total of eight major sectors into the Digital Nepal Framework.

#### **DIGITAL FOUNDATION:**

The company has expanded its fiber optic services to 743 local levels across the country, with the goal of rapidly extending coverage to the remaining local levels. The company's fiber optic services aim to enhance digital literacy and provide easy access to electronic governance, among other services, at the local government levels. The company's objective is to make modern telecommunications services available to all citizens through wireless and wired technologies. Additionally, the company has also planned to launch 5G services in the coming days.

#### **AGRICULTURE:**

The company has expanded its services under the wireless and wired services along with Value Added Services (VAS), to provide connectivity and associated services using various methods in the agricultural sector. The company aims to contribute to the growth and improvement of agricultural production and productivity through these services.

#### **HEALTH**

The company has implemented advanced services such as Telehealth and Telemedicine, extending coverage to nearly all healthcare centers nationwide. This initiative ensures access to healthcare services even in rural areas. Moreover, the company provides health-related information through free services like Bulk SMS and CRBT.

#### **EDUCATION**

The company is committed to supporting the Government's goal of enhancing development of the education sector through digital means. The company has gained trust by using various wireless and wired technologies to contribute to this objective. Additionally, the company provides education-related information to students through free services such as Bulk SMS and CRBT. Moreover, it offers various packages, including the distribution of free SIM cards and educational materials for students.

#### **ENERGY**

The company operates wireless services in locations specifically designated for energy production, particularly

in places where electrical power is generated. Additionally, the company is distributing M2M SIM cards for smart meters provided by Nepal Electricity Authority.

#### **TOURISM**

The company provides modern and high-quality communication services in tourist destinations. Additionally, the company operates "Tourist SIM and Tourist Packages" to attract tourists.

#### **FINANCE**

The company operates services to digitize financial services through wireless and wired technology. SIM cards are available in various PoS devices and machines. Moreover, the company, in collaboration with Nepal Digital Payments Company Limited, provides a digital wallet service called "Namaste Pay" for transactions, even without the Internet. Customers can make payments by scanning QR codes at the company's customer service centers using various mobile financial services, including "Namaste Pay", other wallet services and mobile banking.

#### **URBAN INFRASTRUCTURE**

The company is committed to expanding its services with the appropriate management of urban infrastructure development, including the enhancement of urban aesthetics in due course. It adheres to suitable standards for expanding and developing services and collaborates with relevant authorities for effective coordination and cooperation. As part of the Digital Nepal initiative, the company is actively operating nationwide wireless and wired services using appropriate and modern technology to improve essential services related to urban infrastructure. These services include water management, waste management and public transportation. The company is also eager to collaborate further with the respective stakeholders and government bodies at various levels to ensure that the development of telecom infrastructure happens in coordination with these agencies to enhance their effectiveness.

### **17. Future Plan and Program**

#### **DEVELOPING INFRASTRUCTURE WITH MODERN TECHNOLOGY FOR EXPANSION OF TELECOMMUNICATION SERVICES:**

- ❖ To further extend the reach and reliability of telecommunication services, the company is actively focused on expanding and restoring its Optical Fiber Network (OFN).
- ❖ Detailed surveys for approximately 2,100 km of optical links across 63 routes will be completed, with the goal of expanding optical link coverage by 600 km.

- ❖ The Optical Fiber Transmission Network will be extended to Humla district, bringing reliable connectivity to this remote region.
- ❖ An additional 300 km of optical fiber will be expanded along routes under the Postal Highway.
- ❖ To ensure uninterrupted telecommunication services, redundant links will be established and further expanded, enhancing network resilience.
- ❖ The capacity of equipment connected to multiple cross-border Optical Fiber Networks will be upgraded to bolster the reliability of the international information highway.
- ❖ The expansion and upgrading of both Microwave Radio Links and Optical Fiber Links will be undertaken to enhance service coverage and capacity.
- ❖ Low-capacity Microwave Radio Links (below 1 Gbps) will be upgraded to high-capacity links.
- ❖ Equipment for 103 Hops of microwave radio will be procured, with the installation process initiated for 25 Hops.
- ❖ The capacity of transmission links will be consistently increased to support service expansion and improve overall quality.
- ❖ Projects to construct the Information Highway via Optical Fiber Network along the Mid-Hill Highway and other major highways will be completed on schedule.
- ❖ Coordination will be undertaken at the policy level to develop integrated infrastructure.
- ❖ In areas currently without service, new towers will be installed, power supplies enhanced, and BTS (Base Transceiver Stations) systems upgraded to ensure last-mile connectivity.

### **NATIONWIDE EXPANSION OF WIRELINE AND WIRELESS SERVICES**

- ❖ The company's wireless service will be extended to the ward level of the 4 local bodies where service has not yet reached.
- ❖ 5G service will be launched in major cities across the country.
- ❖ Customer expansion activities for wireless services will be continued.
- ❖ Bandwidth upgradation of the 4G service operating in the 800 MHz spectrum will be carried out.
- ❖ NB-IoT (Narrowband Internet of Things) service will be launched.
- ❖ A study will be conducted regarding the sunset of 3G technology.
- ❖ The distribution of FTTH (Fiber to the Home) service will be made more effective.
- ❖ Maintenance and customer service operations will be further enhanced.
- ❖ Broadband internet access will be extended to areas where service expansion has not been possible, utilizing

alternative technologies.

- ❖ IPTV Broadcasting service will be expanded.
- ❖ The work to manage aerial cables will be continued.
- ❖ The GIS (Geographic Information System) will be made more effective.

### **ENHANCEMENT OF SERVICE QUALITY**

- ❖ Key Performance Indicators (KPIs) as prescribed by the regulatory body and the company will be maintained for the services provided.
- ❖ Necessary standards will be determined or revised to make the company's maintenance and operations more effective.
- ❖ Maintenance and operational activities will be made effective by utilizing contemporary technology, resources, means, and manpower to the maximum extent.
- ❖ The operation of the Integrated Network Operation Center will be made more effective.
- ❖ The quality of national and international interconnection will be enhanced.
- ❖ The work to manage aerial cables will be continued.
- ❖ Power systems will be modernized.
- ❖ Institutional customers will be attracted by entering into Service Level Agreements (SLAs).
- ❖ System and Cybersecurity will be further strengthened to protect the systems operating within the company.
- ❖ Unauthorized calls and SMS will be controlled.
- ❖ The competitive telecommunication market will be studied and researched to expand innovative services.
- ❖ Bilateral agreements will be signed with other telecommunication service providers to provide interconnection services at concessionary rates.

### **CUSTOMER BASE GROWTH AND REVENUE ASSURANCE**

- ❖ Implementing promotional programs to expand the customer base.
- ❖ Increasing the number of corporate customers.
- ❖ Expanding and diversifying Value-Added Services (VAS).

### **ORGANIZATIONAL, MANAGERIAL AND COMPETITIVE CAPACITY BUILDING & SYSTEMIC IMPROVEMENT**

- ❖ Providing performance-based telecom allowances to employees.
- ❖ Implementing institutional reforms and development initiatives.
- ❖ Introducing various employee retirement plans.
- ❖ Enhancing management and operational efficiency through training programs for employees.
- ❖ Improving employee benefits, character development and motivation.
- ❖ Strengthening relations between trade unions and management for a collaborative work environment.



## DEVELOPMENT OF INSTITUTIONAL GOVERNANCE AND INTERNAL CONTROL SYSTEM

- ❖ Standard Operating Procedures (SOPs) will be strengthened as per requirements.
- ❖ Managerial, technical, and functional audits will be conducted.
- ❖ Monitoring and supervision activities will be carried out.
- ❖ Audit functions will be made effective to maintain financial discipline and good governance within the company, based on the Internal Audit Procedure, the company's Financial By-laws, Employee By-laws, Companies Act, Income Tax Act, and other prevailing laws and circulars.
- ❖ Income assurance for the company's various services will be ensured, along with the testing of technical and operational performance.

## INCREASE IN REVENUES AND PROFITS

- ❖ Expanding Internet of Things (IoT) services to drive growth.
- ❖ Diversifying investments to maximize returns.
- ❖ Enhancing the efficiency of the auction process.
- ❖ Implementing economic discipline and austerity measures by reducing unproductive expenses.

## 18. Awards and Recognitions

The company feels proud to inform the esteemed meeting that, on the 14th National Tax Day, 2082 B.S., Nepal Telecom was honored by the Inland Revenue Department. The company was recognized as the organization depositing the highest amount of Value Added Tax (VAT) among taxpayers who demonstrated regular tax compliance by timely submitting VAT returns and depositing the corresponding tax for the tax period from FY 2019/20 to FY 2024/25.

## 19. Achievements of the Current Fiscal Year

Under the plan to provide high-speed wireless 4G/LTE service across the country, a total of 4,566 2G BTSs and 4,487 4G/LTE eNodeB were in operation by the end of

Ashwin in the current fiscal year. With the expansion of 4G/LTE through these newly operational eNode, the service is now available in a total of 749 local levels across all 77 districts of all seven provinces by the end of Ashwin.

During the review period, under the FTTH service, a network with a capacity of 2,195,284 lines was expanded through total FTTH ports. A total of 818,201 FTTH subscriptions were distributed, comprising 355,947 Data users, 393,653 Voice users, and 68,601 IPTV users.

The telecommunications infrastructure, specifically the optical fiber network along the Mid-Hill Highway, constructed using the Rural Telecommunication Development Fund of the Nepal Telecommunications Authority, has become operational.

Under the program to expand the optical fiber network along the Mid-Hill Highway and various routes connecting district headquarters within Koshi, Madhesh, and Bagmati Provinces under the Rural Telecommunication Development Fund Mobilization Project, a total of 1,450 km was expanded by the end of FY 2024/25. Similarly, under the program to expand the optical fiber network (UG/ADSS) along various routes connecting district headquarters on the Mid-Hill Highway in Karnali and Sudurpashchim Provinces, utilizing the company's existing OFC network as per arrangements, services have been launched in Karnali and Sudurpashchim Provinces through a total optical fiber network of 1,184 km, which includes an additional 672 km of optical fiber network.

To complete the company's ongoing projects on time, monitor them, and make the company's work processes effective, performance agreements are signed with company management and departmental heads, with periodic progress reviews. This is expected to ensure timely implementation of projects, expansion of infrastructure and network, and growth in the company's overall revenue and customer base.

## FINANCIAL ACHIEVEMENTS IN THE CURRENT FISCAL YEAR BY THE COMPANY

Particulars	Target of FY 2025-26 (NPR)	Till October 2025	
		Progress	Progress (%)
Revenue (Billion)	41.38	9.47	22.88
Profit (Billion)	4.43	1.32	29.87

## 19.2 BUSINESS ACHIEVEMENTS IN THE CURRENT FISCAL YEAR BY THE COMPANY

Particulars	Target of FY 2025-26	Till October 2025	
		Progress	Progress (%)
GSM	2,394,193	590,595	24.67
FTTH	64,565	9,422	14.49

## 20. Operation and Financial Performance of Subsidiary Company

### ABOUT THE COMPANY

A subsidiary company 'Nepal Digital Payments Company Limited' has been established in collaboration with Rastriya Banijya Bank Limited to provide mobile financial services to the general public. Nepal Digital Payments Company Limited (NDPC) has been established on 28th July 2020 as a public limited company under Companies Act, 2006 and has obtained licenses from Nepal Rastra Bank under Payment and Settlement Act 2018.

NDPC has been established with the objective of providing easy, affordable, reliable and convenient digital payment services across the country. As a new service provider in the market with the brand 'Namaste Pay' from September 12, 2021, the company aims to create a digital society by including the banking and digitally inaccessible population in the cashless financial system.

### Financial Performance of 'Nepal Digital Payments Company Limited'

Amount in NPR

PARTICULARS	2024.25	2023.24
Operating Income	12,799,061	4,199,214
Finance Income	6,497,555	19,471,131
Other Income	18,700	87,073
Total Income	19,315,316	23,757,418
Employee Expenses	29,295,669	26,691,004
Operation and Maintenance Expenses	304,399	213,631
Marketing and Promotion Expenses	1,671,010	8,945,654
Office Operation Expenses	14,140,522	13,252,643
Total Expenses	81,721,261	86,080,263
Profit/(Loss)	(41,186,015)	(47,449,848)
EPS	(10.30)	(11.86)
Net worth Per Share	56.83	67.19

## 21. Disclosure of Information under section 109 of Companies Act (First Amendment),2006

### Overview of Last Year's Business

Detailed Information is mentioned in the report of Board of Directors

### Impacts caused on the transactions of the company, if any from National and International Situation:

The challenges in expanding services, distributing services, and maintaining service operations arise from issues related to the supply of equipment and other essential goods. These challenges are intensified by the global economic recession, attributed to various factors.

### The opinion of Board of Directors regarding the achievements of the current fiscal year and the work to be done in the future up to the date of preparation of the report:

Detailed information about this is mentioned in the report of Board of Directors

### Industrial or commercial relations of the company:

Detailed information about this is mentioned in the report of Board of Directors

### Changes in the Board of Directors and the reason for change:

Detailed information about this is mentioned in the report of Board of Directors

### Key Factors Affecting Business:

The overall turnover of the company has been affected due to the following reasons:

- ❖ Increased competition and technological advancements (such as the utilization of Over-The-Top applications) have impacted the company's revenue growth.
- ❖ The challenge of geographical diversity poses difficulties in connecting and operating telecommunication equipment.
- ❖ Adapting to rapid technological changes requires providing services based on the latest technology.
- ❖ Attracting new customers is imperative in the face of heightened competition.



**If any qualification is mentioned in the audit report, Board of Directors' response:**

The attention of the board of directors has been drawn on general qualification, feedback and suggestions seen in the regular business in the audit report and necessary action have been taken for resolution.

**Recommended Amount to Distribution Dividend:**

According to the Companies Act, 2063 B.S., the Board of Directors has recommended to distribute cash dividends at the rate of 30 percent of the paid-up capital from the profit amount of the fiscal year 2024/25 with the approval of the Government of Nepal.

**Details of shares forfeited (number of shares, face value, amount received by the company prior to forfeiture, amount received by the company after putting such forfeited shares into subscription and amount refunded on account of forfeited shares):**

No shares have been forfeited in the review period.

**Transactions, progress and financial position of the company and its subsidiary company during the period:**

Transaction and progress of the company and its subsidiary company are disclosed in the Report of the Board of Directors. Financial positions of the company are disclosed in the financial statement section.

**Main transactions carried out by the company and its subsidiary company during the financial year and any important changes in the business of the company during the period:**

Major transactions of the company and its subsidiary company have been disclosed in the Report of the Board of Directors.

**Any information given to the Company by its substantial shareholders (holding share more than 1%) during the financial year:**

No such information received from substantial shareholders.

**Particulars of the ownership of shares taken up by the Directors and office-bearers of the company during the previous financial year, and information received by the company from them about their involvement, if any, in the transactions of the shares of the company:**

No such information received from Directors and office bearers of the company.

**Particulars of information furnished by any Director or any of his close relatives about his personal interest in any agreement connected with the company signed during the previous financial year:**

The company has not received any such information.

**Buyback of share by the Company, reason thereof for buyback, and number of shares bought back, face value of share and amount paid during the buyback:**

The company has not bought back any shares during the review period.

**Whether or not there is an internal control system, and if there is any such system, details thereof:**

Details about internal control system has been disclosed in the Report of the Board of Directors.

**Details of management expenses incurred during the year:**

Detailed information about management expenses has been disclosed in Financial Statement section.

**Any remarks and observations stated in the Auditors' Report and Board of Directors' response thereon:**

No material issues and observation are noted in the audit report and necessary action has been taken for resolution.

**Payments due, if any, to the company from any Director, Managing Director, Executive Chief or substantial shareholder (holding share more than 1%) of the company or any of their close relatives, or from any firm, company or corporate body in which he/she is involved:**

The company has no such dues.

**Details of Salaries and Benefit Paid to the Managing director and Officials**

In FY 2024/25, a total amount of NPR 126,008,711 was paid as salaries and other benefits to officials of level 10 and above.

**Dividends yet to be collected by Shareholders:**

Total dividends yet to be collected by the shareholder amount to NPR 317,955,481 at the end of the FY 2024/25.

**Detail of buy or sell of property with subsidiary company as per Clause 141:**

No such transactions has been carried out.

**Details of related party transaction as per Section 175 (transactions between associated companies):**



Photo Credit: Madhu Sudan Dahal

Information relating to this is disclosed in the notes to Financial Statement section of Audit Reports.

**Any matter to be mentioned in the Report of the Board of Directors under Companies Act, 2063 B.S.:**

All required matters are disclosed in the appropriate part of this report and financial statements section.

**Acknowledgements**

On behalf of the Board of Directors, I extend my heartfelt gratitude to the shareholders and well-wishers of the company for their unwavering support, cooperation, and encouragement towards the company's progress and advancement.

I also wish to thank the Government of Nepal, the Ministry of Communications and Information Technology and other related ministries, the Nepal Telecommunications Authority and other regulatory bodies, service providers, suppliers, and media personnel for their continuous support and guidance in the development and expansion of the company's services.

I would also like to thank the company's management and employees for their dedicated support in bringing the company this far. The Board of Directors highly appreciates the commitment, diligence, and honesty of the employees towards their work and expects continued cooperation from everyone in the years ahead.

I express our commitment to fulfilling our responsibilities in the coming days by providing quality services based on modern technology according to the wishes of our customers, addressing every customer complaint, and establishing the company as an integral partner of citizens. Finally, I express our sincere gratitude to all respected customers who use the company's services, and we look forward to your continued support and goodwill in the future.

Thank you.

On behalf of the Board of Directors

**Radhika Aryal**

*Chairperson*

14 January, 2026

# COMMERCIAL ACHIEVEMENT



## BUSINESS LANDSCAPE

***Nepal Telecom has played an important role in building and expanding telecommunication services across the country. By using modern technologies and equipment, the company supports the Government of Nepal's goal of turning the nation into an information and knowledge-based society through ICT. As a responsible national company, Nepal Telecom stays focused on serving customers and delivering dependable services in every part of the country. Along with connecting people, it continues to contribute to the social and economic growth of Nepal. The company works hard to provide services that are affordable and reliable for all.***

Nepal Telecom has played an important role in building and expanding telecommunication services across the country. By using modern technologies and equipment, the company supports the Government of Nepal's goal of turning the nation into an information and knowledge-based society through ICT. As a responsible national company, Nepal Telecom stays focused on serving customers and delivering dependable services in every part of the country. Along with connecting people, it continues to contribute to the social and economic growth of Nepal. The company works hard to provide services that are affordable and reliable for all. At the same time, it strives to remain the leading telecom

service provider in the country. The trust of customers, strong partnerships with business associates, confidence of shareholders and the dedication of employees remain at the heart of this journey.

The growing use of information and communication technology around the world has changed the way we live and work. Today ICT is no longer a choice. It is a basic need for modern society and the economy. It plays a central role in efforts to achieve sustainable development. Its impact can be seen in communities, organizations, and across economic, social, and technological sectors. The progress in ICT has made daily life simpler and more convenient for people.

ICT is opening doors in education. Students in both rural and urban areas now have access to online classes, E-learning, and digital study materials. In healthcare, technology has improved services and helped raise the quality of life. It has also encouraged entrepreneurship and created new job opportunities. Through E-governance, government services have become faster, clearer and more efficient.

Understanding its importance, the Government of Nepal has placed ICT high on the national agenda and introduced policies to support its growth. Proper implementation of initiatives such as the Digital Nepal Framework, Digital Economy, Smart City, and Smart Society will help position Nepal strongly in the digital era and improve its competitiveness.

The company stays alert to the changes brought by new technology and moves quickly to make the most of new opportunities. Nepal Telecom does not look at profit alone. It is equally committed to providing reliable services at affordable prices across the country. From busy cities to remote villages the company uses suitable technology to reach people wherever they live.

Nepal Telecom also plays a key role in building the infrastructure needed to expand services nationwide. It works to bring communication and internet access to rural and remote areas. This helps reduce the digital divide and supports digital inclusion in Nepal. These efforts contribute to economic growth and help improve the daily lives of citizens.

Over the years, service expansion and network development have increased access to telecom services and internet



use across the country. As coverage has grown the ICT sector has also strengthened competition within the telecommunications industry.

As of Ashwin 2082 B.S., the company has been providing telecommunication services to 2,15,28,447 customers across the country. Accordingly, the tele-density for the services provided by the company has reached 73.82 percent. Among the company's total customers, 2,10,49,158 are in GSM mobile services, 81,784 are in PSTN (local telephone) services, 3,97,505 are in FTTH Voice services, and 3,64,914 are in FTTH Data services. Similarly, during the same period, the number of internet service users, including ADSL, FTTH, mobile data, and leased lines, reached

2,14,14,432. According to the MIS Report published by the Nepal Telecommunications Authority up to Ashwin 2082 B.S., Nepal Telecom's share in the total telecommunication market for voice and data (broadband) services stands at 53.21 percent and 56.01 percent, respectively.

Considering the changing context, rapid technological advancements, and the multidimensional changes observed in society, it is imperative for the company to make service delivery more effective. Despite practical challenges such as the growing aspirations of customers, technological evolution, increasing competition, and continuously declining service prices, the company has succeeded in maintaining its leading and respected position by retaining the trust of its customers and investors.

## OUR PRIORITIES

In today's world, the use of information and communication technology is almost unavoidable. Because of this, urban and semi urban areas have become strong sources of revenue for telecom service providers. Even with pressure to maintain steady income in a competitive market the company has continued to expand beyond profitable locations. It has adopted different technologies to reach rural and less profitable areas as well.

Limiting services only to cities cannot reduce the digital gap or achieve digital inclusion. As the country's leading telecom service provider and a responsible public company, Nepal Telecom is working to ensure access to services in remote and underdeveloped regions even where returns are low. By bringing rural communities into the digital space the company has supported education, healthcare and employment opportunities through technology.

Through the expansion of 4G and FTTH services the company has widened access to high-speed internet and data services and supported the Digital Nepal initiative. It has also worked with different stakeholders to set up permanent and emergency communication systems during natural disasters and other crises which has strengthened disaster response efforts.

As one of the largest taxpayers in Nepal the company continues to make a strong contribution to the national economy and the country's overall development.

### Dedicated to Customer Service

Providing affordable and high-quality telecommunication services to every corner of the country, the company remains committed to maintaining its status as a premier service-oriented business institution. Embracing the core value of "Dedicated to Customer Service", the company is steadfast in fulfilling the evolving expectations of its customers. In the course of meeting our customers' comprehensive communication needs, the company firmly believes that "Superior Customer Service" is the cornerstone of its business success.

### Transparency

Since its incorporation the company has followed high standards of governance and transparency. All transactions and financial reports are prepared in line with national and international standards. The reports are published every quarter in daily newspapers.

Business operations and financial transactions are regularly reviewed by internal and external auditors.

Photo Credit: **Sajan Oli**



The company also shares updates with the public about its services tariffs, projects operations and corporate social responsibility activities. It remains committed to maintaining transparency and efficiency in all areas of its work.

## Service Transformation through Innovation

With changes in technology and rising customer expectations the company has been upgrading both basic and value-added services including landline, mobile and broadband internet. It continues to adopt the latest technologies available in the global market.

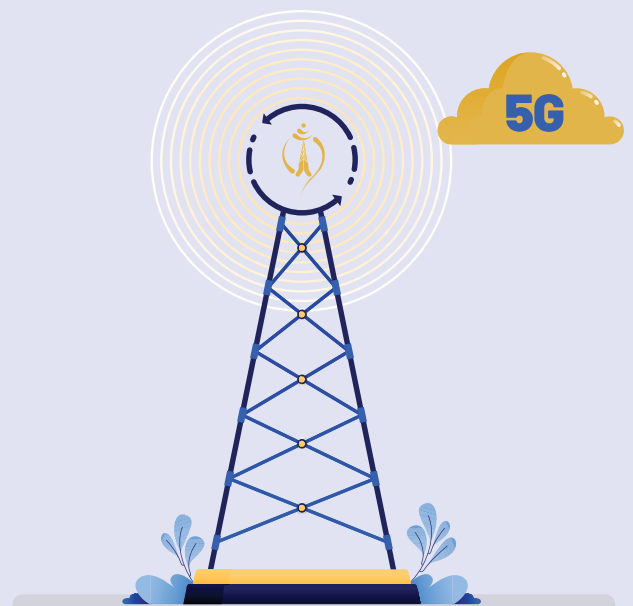
The company has expanded 4G LTE services to 749 local levels, covering all 77 districts across seven provinces. Further expansion is in progress. FTTH services, which deliver voice data and television through a single fiber connection, have already reached all 77 districts.

To promote electronic payments the company in partnership with Rastriya Banijya Bank established Nepal Digital Payments Company Limited and launched the Namaste Pay mobile money service. QR code-based payment options have also been introduced at customer service centers.

The company has expanded **4G LTE services** to

**749**

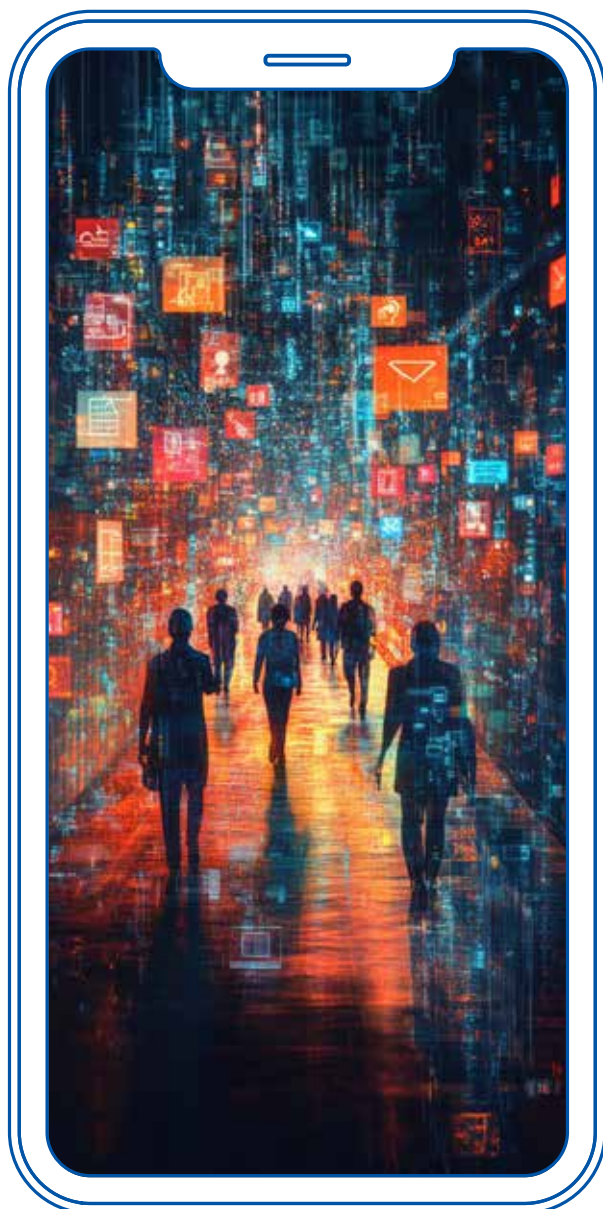
local levels, covering all **77 districts across seven provinces.**





# CUSTOMER SERVICE AND RELATIONS

*Guided by the core value “Dedicated to Customer Service”, the company continues to focus on meeting the changing needs of its valued customers. With more than 21.5 Million users, Nepal Telecom stands as the largest telecommunication service provider in the country. It moves ahead with its motto “Nation Building is Our Goal” supported by the trust and goodwill of customers. Their feedback, suggestions and guidance have always helped the company grow and improve.*



The company remains committed to customer satisfaction and service excellence. It works to maintain a close and respectful relationship with customers while providing reliable services nationwide. To make things easier it has introduced SMS and web-based Self Care Portal and a Mobile App. Through these platforms customers can buy services, select packages, recharge accounts and register complaints without visiting offices. The company also responds to complaints and feedback shared on social media in a timely way.

Nepal Telecom believes that a strong connection with customers is key to delivering a better service experience and sustaining long term success.

## Information Dissemination

The company actively utilizes various communication channels, including FM radio, newspapers, television and social media platforms to raise awareness about its services, keep customers well-informed, and provide timely updates. The company firmly believes that regular information flow plays a crucial role in establishing a strong connection with consumers, which further enhances customer satisfaction, maintains trust in the company's services, and ensures business transparency and success.

With more than

**21.5 Million**

users, Nepal Telecom stands as the largest telecommunication service provider in the country.

## Telecom Offices and Customer Service Centers

To keep consumers well-informed about the company's services and provide necessary support for service purchases and after-sales assistance, telecommunication offices and customer service centers have been established and are operating in various locations across the country.

## Radio, Television and Newspapers

To raise awareness about service usage, inform customers about available services and provide timely updates, the company extensively utilizes FM radio, newspapers and television as key communication channels. These mediums play a significant role in maintaining close engagement with customers and the company remains actively committed to enhancing their effectiveness.

## Company Website and Social Media

With the rapid advancements in communication and information technology and their increasing accessibility, there has been a significant shift in how people consume information. Recognizing this change, Nepal Telecom has been utilizing its website and social media platforms as effective channels for information dissemination. Given the widespread use of smart-phones, computers, laptops, and tablets, delivering information through websites and social media has proven to be a highly effective business strategy. Keeping this in mind, the company actively provides updates, addresses customer complaints, and facilitates service delivery through its official website and social media platforms, including Facebook, Twitter, Instagram, LinkedIn, YouTube, Viber Community, and TikTok. To enhance user experience and service accessibility, the company has significantly upgraded its website for better functionality and efficiency. Here are the official links to Nepal Telecom's website and social media pages:

Website: [www.ntc.net.np](http://www.ntc.net.np)

Facebook: [NepalTelecom.NT](https://www.facebook.com/NepalTelecom.NT)

Twitter: [ndcl\\_nt](https://twitter.com/ndcl_nt)

Instagram: [nepaltelecomofficial](https://www.instagram.com/nepaltelecomofficial)

YouTube: [NepalTelecom](https://www.youtube.com/NepalTelecom)

LinkedIn: [Nepal Telecom](https://www.linkedin.com/company/NepalTelecom)

Viber: [NepalTelecom](https://www.viber.com/NT)

TikTok: [nepal\\_telecom](https://www.tiktok.com/nepal_telecom)

## SMS Services

To deliver various company-related updates, important public messages, and announcements quickly, effectively, and directly to customers, the company utilizes SMS services. This service has proven to be highly effective in notifying customers about technical issues, maintenance schedules, and service disruptions, as well as informing them once services are restored. Additionally, SMS services are used to promote special offers and new packages launched by the company.

## Mobile App

The company provides information about various services through the Nepal Telecom App (NT App). To make it easier for customers to access service details and updates, the company continuously adds new features to the app to improve its functionality. Through the mobile app, customers can get information about Nepal Telecom's services, such as GSM, PSTN, ADSL, FTTH and more. The app allows users to purchase packages, check service consumption, pay bills, and access many other services. For the convenience of users, data consumption through the Nepal Telecom mobile app, website, and government websites (.gov.np) is free of charge. This app is available for download on Google Play Store and iOS App Store.

## Spokesperson and Information Officer

The company regularly releases public information about its services, plans, and new projects through its spokesperson. By coordinating with journalists and media professionals, the spokesperson plays a key role in establishing communication between the company and the public, as well as discrediting misleading information to build a positive image of the company.

In addition, as directed by the Right to Information Act, 2007, the company has designated an Information Officer to manage and facilitate flow of information. The Information Officer's role is crucial in respecting and protecting citizens'

Serving customers across

**77 districts**

with dedicated support, ensuring seamless access and reliable service at every step.

Connecting customers through

**8+**

digital platforms, delivering real-time support, timely updates, and seamless access to services.



rights to information, ensuring the accurate dissemination of information, and enhancing transparency in the company's operations, ultimately increasing customer trust and public participation.

## Customer Service Center

Nepal Telecom provides information about its services and facilities through its network of customer service centers. The company measures its success by the growth of its customer base and the effectiveness of its customer service. To meet this standard, it delivers telecommunication services that align with customer interests and desires by adopting the latest global technologies. To address complaints and queries efficiently, the company leverages a multichannel approach, including chatbots, IVR, USSD, social media, and its website. This digital infrastructure is complemented by a physical presence, with customer service and complaint management available from company offices in all 77 districts.

## New Sources of Revenue

The company earns revenue from a wide range of services. These include wireline and wireless services, SMS, broadband internet, leased lines, interconnection service, international calls and other value-added services. Major income comes from national and international voice calls through landline and mobile phones. It also earns from roaming services used by foreign visitors

in Nepal and Nepali citizens traveling abroad. Mobile data and FTTH data services are strong revenue contributors whereas SMS, NTTV and other value-added services contribute significantly. Machine-to-Machine (M2M) services are growing as a new source of revenue. Under its infrastructure sharing policy the company also earns by leasing towers, optical fiber and other facilities to other service providers.

Out of the total revenue, 88.76 percent comes from service sales while 11.24 percent comes from other sources. Most services are offered on a prepaid basis or with credit limits set. This reduces the risk of unpaid bills and supports healthy cash flow. The company has also invested in the hydropower sector including Upper Tamakoshi Hydropower Limited, Trishuli 3B Hydropower Project and Hydroelectric Investment and Development Company Limited. It has invested in Citizen Stock Dealer Company Limited and Nepal Digital Payments Company Limited as well. Additional income is generated through term deposits and debentures in commercial banks and national level development banks. The company also supports essential sectors such as education and healthcare by making communication services more accessible to targeted groups. Looking ahead, it aims to stay ahead by meeting customer needs with modern services. A key focus area is to explore business opportunities under IoT (Internet of Things) and prepare clear action plans to serve these emerging sectors.

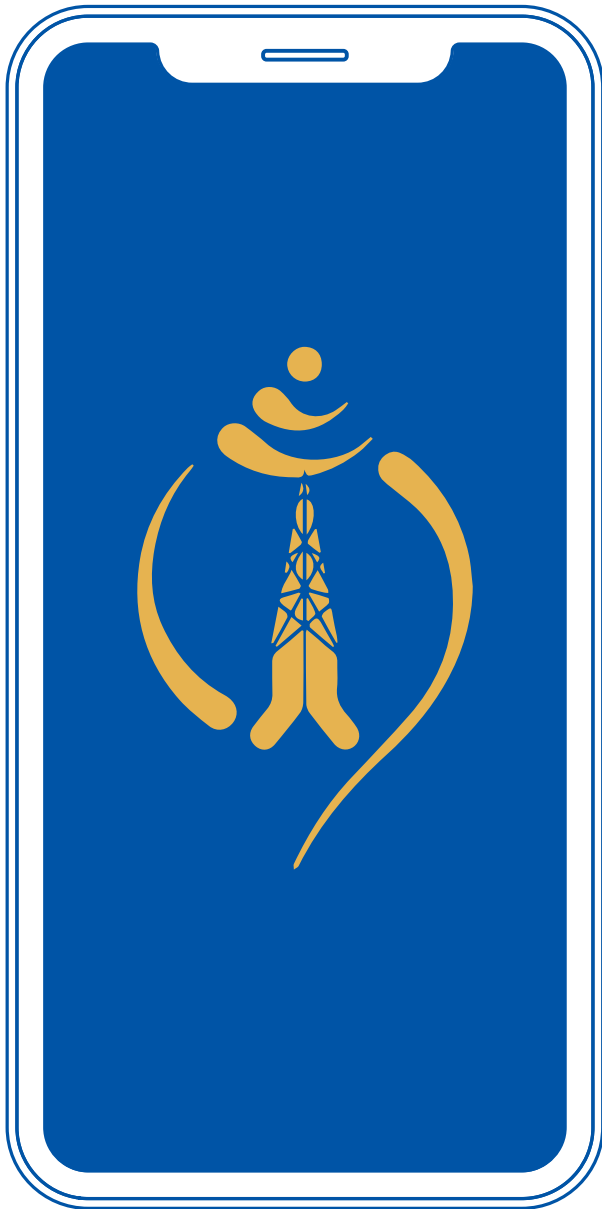




Photo Credit: Prithvi Regmi



## FOUNDATION OF THE COMPANY'S SUCCESS



### Our Services and Customers

Since its inception, Nepal Telecom has focused on adopting the latest technologies to deliver reliable and high-quality telecom services at affordable rates. The company has worked to meet the communication needs of people across the country by offering a range of services and continuously updating them with global technological advancements.

For more than a hundred-year Nepal Telecom has supported the growth and expansion of the nation's telecommunications sector. It has earned strong support and goodwill from customers and well-wishers. With over 21.8 Million users the company is the leading telecom service provider in Nepal and continues steadily toward its goals. Its success results from the technologies it uses, the variety of services it provides and the trust of its customers.

### Basic Telephone (PSTN) and FTTH Voice Service

The establishment of the first telephone line in Kathmandu in 1913 marks the introduction of basic telephone service in Nepal. Continuing its service expansion, the company became the first in South Asia to provide fully automated digital telecommunication services in 1983. Currently, the company delivers telecom services nationwide through various exchanges.

Transitioning from the traditional TDM-based system to an IP-based system, Nepal Telecom now operates IP-based soft switches, IP Multimedia Subsystems (IMS), and Media Gateways. The company has already upgraded its technology to provide Voice, Data, and Television (Triple Play) services through IP-based Next Generation Networks (NGN), IMS, and Access Gateways. Under the ongoing TDM Migration project, older exchanges are being replaced with Access Gateways.

As of the end of Ashwin 2082 B.S., the company has 81,000 consumers for basic local telephone services. In the FTTH segment, a network with a capacity of 2,195,284 lines has been expanded. A total of 818,201 FTTH subscriptions have been distributed, comprising 315,802 Data users, 355,947 Voice users, and 68,601 IPTV users.

As of the end of Ashwin 2082 B.S., the company has

**81,000**

consumers for basic local telephone services.

Key features of basic telephone services include:

- ❖ Local, National and International calls (Access code: 00,1424,1425,1445)
- ❖ Caller ID (CLIP)
- ❖ Locking Code
- ❖ Call Hunting
- ❖ Three Party Conference
- ❖ Call Transfer
- ❖ Call Waiting
- ❖ Abbreviated Dialing
- ❖ Wake-up Call.

## Telecommunication Services via Satellite Technology in Rural Areas

To bring telecommunication services within reach of customers residing in extremely remote and geographically challenging areas where providing service is difficult, the company has been offering VSAT services via Satellite Backhaul. By providing telecommunication services even in locations with low returns compared to the investment, the company has succeeded in winning the hearts of the people. The company has been continuously providing this type of service since the establishment of the Sagarmatha Earth Satellite Station on Kartik 2, 2039 B.S. (October 19, 1982). Additionally, satellite technology has played a vital role in providing immediate communication services to support rescue operations during natural disasters such as earthquakes, floods, landslides, and other calamities.

### Wireless Voice service

#### GSM MOBILE SERVICE

Nepal Telecom officially launched GSM mobile service for the first time in Nepal on Baisakh 30, 2056 BS (May 13, 1999, AD) from Kathmandu. With the advancements in GSM technology over time, the service evolved from the third generation (3G) to the current state-of-the-art fourth generation 4G/LTE service. The 4G/LTE service was initially launched on Poush 17, 2073 BS (January 1, 2017, AD) from Kathmandu and Pokhara.

Presently, this service has been expanded to 749 local bodies across all 77 districts of the country through the installation of 4,480 eNodeB towers. As of the end of Ashwin 2082, Nepal Telecom had 2.18 crore (21.8 Million) GSM mobile subscribers.

The following services are available under wireless mobile technology:

- ❖ Prepaid and Postpaid services

- ❖ SMS service
- ❖ Various Value-Added Services (VAS)
- ❖ International roaming service
- ❖ Friends & Family service
- ❖ CRBT (Caller Ring Back Tone) service
- ❖ Call forwarding, call waiting and call hold services.
- ❖ Closed User Group (CUG) service
- ❖ Voice and data packages
- ❖ VoLTE service
- ❖ Other services

Additionally, the fifth generation (5G) technology service was tested starting from January 1, 2022, AD and the trial has been successfully completed.

Presently, this service has been expanded to 749 local bodies across all 77 districts of the country through the installation of

**4,480**

eNodeB towers.

### INTERNET SERVICE

Nepal Telecom launched its first Internet service in May 2000 using dial-up technology, which was the latest innovation at that time and operated through local telephone lines. With technological advancements, the company now provides modern and globally used wired Internet services, including FTTH (Fiber to the Home), ADSL and Leased Line services. Currently, Nepal Telecom offers Internet services through various technologies, as listed below:

#### Wireline Internet Service

##### LEASE LINE SERVICE

Targeting large business organizations, the company launched Leased Line service using Dedicated Data Lease technology via optical fiber and copper leased circuits. The provision of leased services using optical fiber for customers requiring higher bandwidth is also on the rise.

While initially providing services with a minimum capacity of 512 Kbps through copper leased circuits, the company now offers a minimum capacity of 2 Mbps through optical fiber. As of Ashwin 2082 B.S., the total number of customers for Internet Leased Line and Intranet Leased Line stands at 2,158. The company also provides E1 leased circuits to Internet Service Providers (ISPs) and International Private Leased Circuits (IPLC) to international business and diplomatic missions.



## ADSL INTERNET SERVICE

Under the basic telephone service operated via Copper Cable, in addition to voice services, the company has been providing broadband internet service based on ADSL technology. However, due to technological advances and the need to address customer requirements, ADSL technology has proven insufficient. Therefore, the company has set the objective of migrating all customers currently using this technology to high-speed internet service delivered via Optical Fiber (FTTH). The work of migrating customers using ADSL-based broadband internet service to the high-speed FTTH technology is currently in its final stage.

## FTTH INTERNET SERVICE

To address the growing demand for broadband internet services, the company has replaced the old copper cable-based network with optical fiber and launched high-speed FTTH services. As of the end of Ashwin 2082 B.S., the company had 81,000 consumers for basic local telephone services. Regarding FTTH services, a network with a capacity of 2,195,284 lines has been expanded. A total of 818,201 FTTH subscriptions have been distributed, comprising 315,802 Data users, 355,947 Voice users, and 68,601 IPTV users.

## SIP-PBX SERVICE

Targeting business organizations and office use, this service was launched by the company in Baisakh 2075 B.S. (April 2018). To date, this service has over 12,000 institutional customers. Introduced with the objective of replacing old technology-based PABX and PRI Lines operating on copper networks, this service not only provides Broadband Intranet/ Internet Leased Line but also enables the operation of multiple telephone lines through a single fiber connection.

## Wireless Internet Service

Under wireless services, the company provides wireless internet through GSM and 4G/LTE technologies. As of the end of Ashwin 2082, the number of customers using wireless internet services via GSM 2G/3G/4G technologies stood at 2.10 crore (21.0 Million). For locations where fixed broadband access is not available but have 4G/LTE coverage, the Namaste WiFi service has also been made available.

## Value Added Service (VAS)

### WIRELINE VAS

In addition to basic telecommunication facilities such as voice, data, and SMS, the company has been providing the following Value-Added Services (VAS) to its customers across both wireline and wireless technologies:

**Toll Free Number Service:** Organizations can receive

calls on a single toll-free number across their offices and branches throughout the country using this service. As this service operates on a reverse charging basis, meaning the call-receiving party bears the call charges, it is highly beneficial for large organizations seeking to expand their reach to more customers and provide integrated services. As of the end of Ashwin 2082 B.S., this service had 1,596 customers. Additionally, for the convenience of customers, arrangements have been made to allow calls to be made from the networks of other service providers as well, not just Nepal Telecom.

**Notice Board Service:** This service has proven effective for business organizations, schools, colleges, and similar institutions needing to repeatedly deliver the same message to individuals calling their landline numbers. Subscribers of this service can personally record notices and messages via telephone to be played on their notice board, which callers then hear when they dial the number. No additional equipment is required to use this service. It is useful for providing information on business organizations' products, delivering weather updates, enabling schools and campuses to share notices, supplying flight schedule information from airline companies, and disseminating exchange rates, horoscopes, breaking news, and more.

**Interactive Voice Response (IVR) Service:** This service enables automated voice interaction between the caller and the service entity. The caller provides her identification number such as exam symbol number or class roll number etc. and gets automated information from the system. This service has been highly effective in exam result publication. Currently, the services are being provided with their specific code:

- ❖ SEE Result Enquiry - Code 1600
- ❖ 10+2 Result Enquiry - Code 1601
- ❖ TU Result Enquiry - Code 1602

**NTTV Service:** In addition to providing voice and internet services via FTTH technology, the company has been offering NTTV television service based on IPTV technology since January 1, 2021. To make the NTTV television service more attractive, a tariff rate based on the la carte system has been implemented from Chaitra 20, 2080 B.S.. As of the end of Ashwin 2082 B.S., this service had 72,611 subscribers.

## Wireless Service VAS

**Missed Call Alert:** This service allows customers to receive SMS notifications for incoming calls when their line is busy, their mobile is switched off, or when the network is unavailable. The company currently provides this service free of charge to all its mobile users. Customers who wish

to deactivate this service can do so by sending an SMS with the text "UNSUB MCA" to 1400 or by dialing \*1400#. To reactivate the service, they can send an SMS with the text "SUB MCA" to 1400 or dial \*1400#.

**Caller Ring Back Tone (CRBT):** Caller Ring Back Tone (CRBT) is a highly popular value-added service among mobile users. With this service, when one person calls another, the caller hears a tune, song, informative message, or jingle until the recipient answers the call. Under this service, mobile phone users can personalize the ring tone heard by those calling them. Subscribers can replace the standard ring tone with popular melodies or tones/messages related to their organization. This provides callers with an enjoyable experience and informative messages instead of a conventional ring tone. The service is typically available for a monthly fee and allows users to customize their calling experience according to their personal preferences. Many mobile service providers around the world offers this service. Nepal Telecom has been providing CRBT service under its Value-Added Services (VAS) since Falgun 2073 B.S..

**Educational Material:** There is increasing customer interest in educational services and related material available for purchase using mobile balance. Similar services and content shall be introduced as and when deemed pertinent.

**M2M Service:** With technological advancements, various new types of devices have become available in the market. In this scenario, mobile service usage is no longer limited to communication between individuals but has also expanded to interactions between devices and individuals, as well as between devices - known as Machine-to-Machine (M2M) communication. In this context, the company has been expanding its services to support M2 communication. It has been providing M2M services to various organizations, including the Nepal Electricity Authority, the Civil Aviation Authority of Nepal, the Department of Hydrology and Meteorology and companies using GPS/POS machines. The M2M communication packages offered by the company have gained popularity, attracting various organizations to adopt this service.

**NT Suchana ko Sansar:** Nepal Telecom has continued the "NT Suchana ko Sansar" service, which was launched in

Through access code

**1424**

the company offers international calling services at discounted rates for PSTN, GSM, VSAT customers.

partnership with a private company. This service operates as an IRV (Interactive Voice Response) system, allowing Nepal Telecom mobile users to call and access various information related to agriculture, health, news, weather and natural disasters. Currently, this service is available free of charge. Users can dial 32100 from their Nepal Telecom mobile and follow the instructions to access the service in Nepali language.

**Inquiry and Grievance Registration Service:** The company has implemented an Inquiry and Grievance registration service to directly engage with customers and enhance the effectiveness of service delivery through the following ways:

#### A. Through Voice call

- ❖ 1498: Mobile-related inquiries and complaint management.
- ❖ 197: Local Telephone (PSTN) number inquiries.
- ❖ 198: Inquiries and complaint management regarding general telephone and FTTH services.

#### B. Through IVR

- ❖ 1606 (PSTN Bill query)
- ❖ 1607 (GSM and CDMA PUK query)
- ❖ 198 (PSTN Phone, ADSL, Leased Line, FTTH Complain)
- ❖ 188 (VOIP Call Complain)

#### C. Through Access code 1424

- ❖ Through access code 1424, the company offers international calling services at discounted rates for PSTN, GSM, VSAT customers.
- ❖ To utilize this service, the user needs to dial 1424 (followed by 00 for international calls) and then enter the phone or mobile number with the country code and area code before making the call.

## Interoperability with International Service Providers

### INTERNATIONAL ROAMING SERVICE

Among the various facilities provided by Nepal Telecom targeting Nepalis traveling to or residing abroad, the roaming service has proven to be useful.

Progress in International Roaming Service during FY 2024/25

- ❖ Commencing from the company's 21st Anniversary (Magh 22, 2081), International Roaming Data Packages were introduced for 48 countries (excluding India), categorized into four distinct groups. International Roaming Data Packages for India were already available.
- ❖ Among the available International Roaming Data Packages, the package for the UAE was revised, and



new data packages were introduced for Hong Kong and Malaysia, effective from Jestha 13, 2082.

- ❖ During the review period, roaming service was further expanded with the completion of a total of 57 Commercial Launches (CLL). This included the expansion of Outbound Prepaid Roaming service with 19 service providers across 16 countries. By the end of FY 2024/25, Prepaid Roaming service was available with 77 service providers in 55 countries. To date, Prepaid Roaming service has been made available with 85 service providers in 58 countries.

Previously, prepaid customers were required to manually activate international roaming service. However, international roaming service will now be automatically available on the mobile numbers of all prepaid customers.

Customers using both prepaid and postpaid mobile services can dial \*1415# and select the appropriate option from the menu that appears to verify whether roaming service is enabled on their mobile. Customers with active international roaming can use their Nepal Telecom SIM card to access voice, data, and SMS services even while abroad.

This facility will be available in countries where Nepal Telecom provides roaming services, excluding India. For using this service in India, company customers can activate international roaming while still in Nepal by dialing the USSD code \*1415# from their mobile or through the Nepal Telecom app. If a customer travels abroad without activating the roaming service while in Nepal, they can request activation from abroad by sending an email to [roaming.support@ntc.net.np](mailto:roaming.support@ntc.net.np).

#### CALL BYPASS CONTROL

To control international incoming call and SMS bypass, the company coordinates with the regulatory body, Nepal Telecommunications Authority, the Central Investigation Bureau of Nepal Police, and other telecommunication service providers, in collaboration with the company's Revenue Monitoring and Supervision Committee. The company utilizes internal monitoring tools and a Fraud Management System available in the international market to continuously monitor unauthorized international incoming call and SMS bypass and other illegal activities. In addition to technology-based monitoring, further analysis is conducted, and efforts to control such illegal activities are being continued. These efforts have not only enhanced the quality of the company's international services but have also positively impacted revenue growth.

#### REVISION OF TARIFF RATES FOR CALLS TO NEPAL FROM ABROAD

The company periodically revises its tariff rates based on the international market situation and its business promotion action plan. In this context, the company has collaborated with service providers in various countries, including those that are major destinations for Nepali workers employed abroad, to plan for calling Nepal from those countries at concessional rates. This has directly benefited Nepalis residing in those countries when making calls to Nepal.

### Contribution to Economy

Amount in NPR

Particulars	16 July 2025	15 July 2024
Advance Tax	650,000,000	1,700,000,000
Value Added Tax	3,764,297,320	354,674,526
Telecom Service Charge	3,230,737,216	3,144,794,737
Ownership Fee	614,823,207	684,193,353
Customs Duty	142,981,676	175,127,300
Royalty and RTDF	2,051,252,986	2,158,060,109
Frequency Fee	2,423,647,955	2,046,595,006
Dividend	4,940,794,800	6,587,726,400
Property Tax	53,377,133	58,273,766
Licence Fee	300,000	20,210,000,000
Tax Deducted at Source (TDS)	588,502,894	1,418,772,575
<b>Total</b>	<b>18,460,715,187</b>	<b>28,455,697,385</b>

The company has continued its long-standing role as a leading business institution in the country, making a significant contribution to the national economy during the review period. During the review period, Nepal Telecom contributed NPR 18.46 Billion to the national economy. This contribution amounts to 5.24 percent of the country's annual capital budget of FY 2024/25. Company contributed NPR 2.42 Billion as frequency fees, NPR 4.94 Billion as dividends, NPR 588 Million as withholding tax, NPR 3.23 Billion as telecommunication service fees, NPR 650 Million as advance income tax, NPR 2.05 Billion as royalty and contributions to the Rural Telecommunication Development Fund, and over NPR 3.76 Billion as VAT.

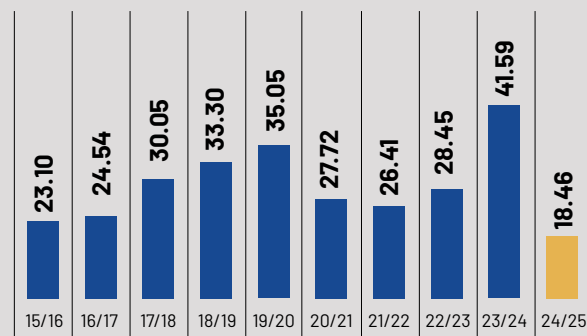
In addition to these direct cash payments to the government treasury, the company has also contributed to the national economy both directly and indirectly by generating employment, ensuring the smooth operation of its services across the country, and providing essential

telecommunications infrastructure considered vital for keeping the economy dynamic and progressive.

## Last Decade Contribution

Over the past decade, the company has contributed a total of NPR 288.72 Billion to the national treasury. This amount is equivalent to 4.73 percent of the country's Gross Domestic Product (GDP) for FY 2024/25.

Last Decade Contribution (in Billion)



During this period, the company made the following payments:

- ❖ NPR 42.83 Billion as license fees,
- ❖ NPR 13.52 Billion as frequency fees,
- ❖ NPR 22.44 Billion as royalty and contribution to the Rural Telecommunications Development Fund,
- ❖ NPR 46.59 Billion as advance tax,
- ❖ NPR 40.48 Billion as VAT,
- ❖ NPR 35.33 Billion as telecommunications service charges,
- ❖ NPR 6.15 Billion as ownership fees,
- ❖ NPR 4.40 Billion as customs duty, and
- ❖ NPR 510 Million as property tax.

In addition, the company paid NPR 62.06 Billion in dividends to the Government of Nepal out of its accumulated profits.

Nepal Telecom contributed NPR  
**18.46 Billion**  
 to the national economy.

PARTICULARS	TOTAL (NPR)
Advance Tax	46,596,425,050
Value Added Tax	40,480,621,270
Telecom Service Charge	35,339,158,428
Ownership Fee	6,157,433,291
Customs Duty	4,400,181,500
Royalty and RTDF	22,442,926,833
Frequency Fee	13,522,877,410
Dividend	62,066,213,679
Property Tax	518,503,360
Licence Fee	42,835,784,500
Tax Deducted at Source (TDS)	14,366,224,722
<b>Total</b>	<b>288,725,349,043</b>

## Contribution to Technological Transformation

Embracing global technological advancements, Nepal Telecom has been making significant contributions to the country's technological transformation through the commercialization of cutting-edge technologies. By leveraging modern communication and information technology, Nepal Telecom has played a pioneering role in laying the foundation for digital transformation in Nepali society. As a result, the country has made substantial progress in the economic, social, and technological spheres.

The company, which initiated a revolution in the country's telecommunication services by introducing GSM technology in 1999, successfully expanded internet access nationwide by improving data service quality through the provision of 3G services. With the launch of 4G/LTE services, high-speed mobile internet has met the needs of smartphone users. The company has also completed trials for 5G services, preparing the groundwork for the future of technology in Nepal.

The company continues its technological transformation journey by migrating data services from older technologies like ADSL to FTTH, which allows for simultaneous use of high-quality telephone, high-speed internet, and television (NTTV) through a single line. The development of a nationwide optical fiber network and the construction of the National Information Highway have enabled high-speed data services. The company has prepared the technological foundation to realize the Government of Nepal's Digital Nepal campaign and continues to expand digital services in collaboration with the private sector. Consequently, this has facilitated the development of e-Governance, e-Commerce, and digital payment services, as well as the establishment of new IT-based enterprises.



Photo Credit: **Keshab Prasad Adhikari**



The progress achieved by the company in technological transformation during the review period is as follows:

- ❖ By the end of Ashad 2082 B.S., infrastructure networks capable of supporting a total of 2,195,284 FTTH lines were expanded. FTTH service was delivered through a total of 481,855 Unique CPE lines in various local levels across 77 districts. This includes 399,653 FTTH Voice users, 355,947 FTTH Data users, and 68,601 NTTV users. FTTH service had already reached all districts of the country by the previous fiscal year. The service has reached 361 out of 753 local bodies, with work ongoing to extend it to additional bodies.
- ❖ Through the 43 eNode installed during FY 2024/25, 4G/LTE service access has reached a total of 749 local bodies. Furthermore, to make voice service more effective in areas ranging from accessible to remote and difficult locations, 91 2G BTS were installed in FY 2023/24. The company's 2G service has now reached all local bodies in the country.
- ❖ In the context of expanding highway coverage, 26 High Gain Antennas were installed during FY 2024/25.
- ❖ The telecommunications infrastructure, specifically the optical fiber network along the Mid-Hill Highway constructed using the Rural Telecommunication Development Fund of the Nepal Telecommunications Authority, has become operational. Under the program to expand the optical fiber network along the Mid-Hill Highway and various routes connecting district headquarters within Koshi, Madhesh, and Bagmati Provinces

(under the Rural Telecommunication Development Fund Mobilization Project), a total of 1,450 km was expanded by the end of FY 2023/24. Similarly, under the program to expand the optical fiber network (UG/ADSS) along various routes connecting district headquarters on the Mid-Hill Highway in Karnali and Sudurpashchim Provinces, utilizing the company's existing OFC network as per arrangements, an additional 672 km of network has been added. This brings the total fiber network in Karnali and Sudurpashchim Provinces to 1,184 km, which is now fully ready.

- ❖ With the objective of establishing reliable communication structures even in the very remote and inaccessible district headquarters under Karnali and Sudurpashchim Provinces where optical fiber expansion is not immediately feasible, an agreement was signed with a supplier to operate 21 Hop microwave radio links. Out of these, 20 Hop microwave radio links have been installed and are operational.

Nepal Telecom has made significant contributions to Nepal's telecommunications and digital sectors through technological transformation. The expansion of modern technology, high-speed internet, and digital services has positively impacted not only telecommunication services but also the overall economic and social development of the country. The company remains committed to providing even more effective services in the future by continuing to invest in technology and innovation.



# CORPORATE SOCIAL RESPONSIBILITY



Nepal Telecom, while providing excellent services to its customers across various aspects of telecommunications, also prioritizes Corporate Social Responsibility (CSR) activities as a responsible national entity committed to achieving broader economic and social goals. The company has formulated a clear policy for its CSR initiatives. This policy, aligning with the Sustainable Development Goals (SDGs), aims to

contribute to the social, economic, and environmental sectors. Along with continuing programs initiated in the previous fiscal year, the company also launched new programs during the current fiscal year. The company's CSR activities primarily relate to the fields of education, health, sports, environment, and natural disaster management. The CSR programs conducted by the company during the review period are as follows:

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## SN ACTIVITIES

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1. ICT Labs in Schools: ICT labs were established in 40 government and community schools across the country.
  2. Support for SEE Students: In collaboration with various organizations, free online E-Learning classes were conducted for approximately 34,000 students studying in government and community schools preparing for the 2081 SEE examinations. To help improve their results, data packages were provided, and three SIP PBX lines were installed to offer free telephone calls.
  3. Free Wi-Fi at Airports: In line with the program to provide free Wi-Fi internet service for the general public at three international and 31 domestic airports across the country, the service has been activated at Tribhuvan International Airport (TIA). Work at the other airports is in progress.
  4. School Supplies for Students: School bags and uniforms bearing the company logo were provided to 6,000 students studying in government and community schools in rural and remote areas of all seven provinces. This included 600 students under each Province directorate and 300 students under each sub-Province directorate.
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**SN ACTIVITIES**

5. Support to Care Homes: Essential support materials were provided to 20 old-age homes, orphanages, children’s homes, and philanthropic social organizations across the country, including at least two from each province.
6. Free Fiber Connectivity: NT Fiber with Telephone Package (Basic Package) was provided free of charge for one year to 100 government and community schools, social organizations, monasteries/temples, and funeral homes (Kriyaputri Ghar) across the country, with at least 10 from each province.
7. E-Library Support: Support was provided for the establishment of E-Libraries in community libraries located in various parts of the country.
8. Support for Visually Impaired and Senior Citizens: Computers were provided to organizations working for the visually impaired to aid their studies. Additionally, materials useful for daily life, such as white canes for the visually impaired and walking sticks/thermoses for senior citizens, were distributed.
9. Park Beautification and Greenery: Support was provided for the beautification and greenery promotion of significant parks in various locations.

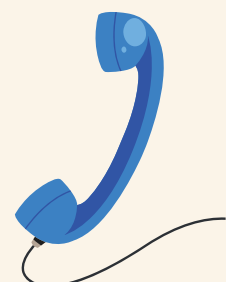


**Free Call Facility**

Under its Corporate Social Responsibility (CSR), Nepal Telecom has also arranged for customers to make free calls to the following public concern telephone numbers:

- ❖ 100: Nepal Police Service
- ❖ 101: Fire Brigade Service
- ❖ 102: Ambulance Service

- ❖ 103: Traffic Police Service
- ❖ 104: Child Search and Coordination Center
- ❖ 105: Nepali Army
- ❖ 106: Central Military Police
- ❖ 1098: CWIN Child Helpline
- ❖ 1111: Hello Government
- ❖ 1114: Armed Police Force
- ❖ 1144: Tourism Police Unit





## Free SMS Facility

The company has been disseminating information and other informative messages through free Bulk SMS during festivals such as Republic Day and Constitution Day, campaigns, conferences, and times of natural disasters. Some instances of free SMS broadcasts include:

- ❖ Various informational messages, including those received from the Ministry of Health and Population and other health-related bodies.
- ❖ Constitution Day greetings and information.
- ❖ Campaign against gender-based violence, organized by the Ministry of Women, Children, and Senior Citizens, Government of Nepal.
- ❖ National Children's Day messages.
- ❖ Tuberculosis-related awareness messages from the National Tuberculosis Control Center.
- ❖ Anti-corruption messages.
- ❖ Good governance-related messages.
- ❖ Messages from the Commission for the Investigation of Abuse of Authority.
- ❖ Messages from the Social Security Fund.
- ❖ Others.

## Promotional Activities

Continuing its efforts from previous years, the company has been promoting its services by participating in various events, fairs and festivals, sports events, seminars, and conferences. During the review period, the company maintained its strong presence in diverse programs of contemporary interest with high public participation, thereby continuing its brand and trade promotion activities.



## Value Added Statement

For the Period ended on 16 July 2025

Amount in NPR

PARTICULARS	2024.25	2023.24
<b>Sources of Value Addition</b>		
Revenue from Operation	33,894,522,688.29	34,560,265,982.98
Cost of Operation	7,504,217,931.42	7,898,473,818.24
<b>Value Added by Operation</b>	<b>26,390,304,756.87</b>	<b>26,661,792,164.74</b>
Other Income	4,293,583,493.91	7,579,157,174.63
<b>Gross Value Addition</b>	<b>30,683,888,250.78</b>	<b>34,240,949,339.37</b>
Depreciation, Amortization and Impairment	8,460,765,180.82	6,613,290,496.55
<b>Net Value Addition</b>	<b>22,223,123,069.96</b>	<b>27,627,658,842.81</b>
Number of Employees	3,632.00	3,672.00
<b>Value Addition per Employee</b>	<b>6,118,701.29</b>	<b>7,523,872.23</b>

PARTICULARS	2024.25	%	2023.24	%
<b>Application of Value Addition</b>				
To Employees	7,966,861,810.00	36%	8,686,682,966.00	31%
To Government	8,944,371,781.38	40%	7,404,946,431.61	27%
To Investors	5,400,000,000.00	24%	5,400,000,000.00	20%
To Reserve Fund	(88,110,521.42)	0%	6,136,029,445.21	22%
<b>Total Value Addition</b>	<b>22,223,123,069.96</b>	<b>100%</b>	<b>27,627,658,842.81</b>	<b>100%</b>

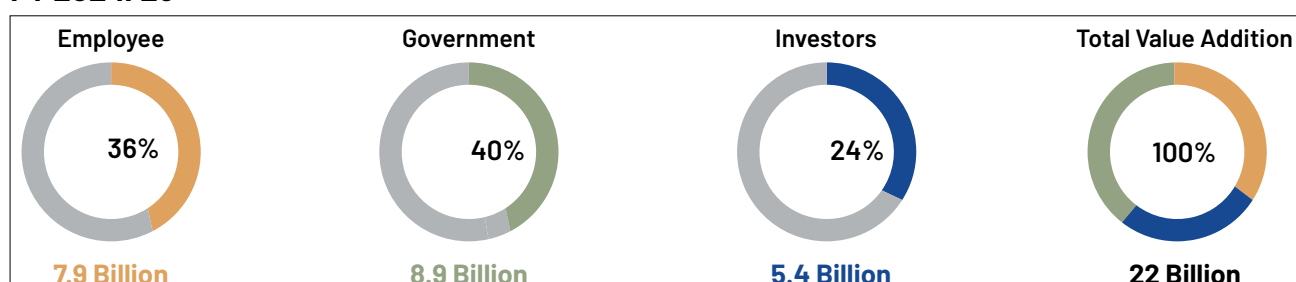
## Market Value Added Statement

PARTICULARS	2024.25	2023.24
Total Number of Shares (A)	180,000,000	180,000,000
Market value per share (B)(NPR)	877.27	845
Total Market Value (C=A*B) NPR	157,908,600,000	152,100,000,000
Total Book Value (D) NPR	98,347,356,799	97,459,706,697
<b>Market Value Addition</b>	<b>59,561,243,201</b>	<b>54,640,293,303</b>


## Economic Value-Added Statement

PARTICULARS	2024.25	2023.24
Net Profit (A) NPR	6,006,722,217	7,948,470,273
Total Shareholders Fund (B) NPR	98,347,356,799	97,459,706,697
Cost of Equity (C)	7.00%	7.00%
Cost of Capital (D=B*C) NPR	6,884,314,976	6,822,179,469
<b>Economic Value Added (A-D) NPR</b>	<b>91,463,041,823</b>	<b>90,637,527,229</b>

## FY 2024/25





The background features a dark blue gradient with several glowing, curved lines on the left side. These lines transition from a bright blue at the top to a vibrant orange-red at the bottom, creating a sense of motion and energy.

# **MANAGEMENT REVIEW AND ANALYSIS**



# MANAGEMENT REVIEW

## Financial Performance of Last Five Years

PARTICULARS		2020.21	2021.22	2022.23	2023.24	2024.25	ANNUAL GROWTH (FY 2024.25 AND 2023.24)	CAGR (FIVE YEARS)
Net Profit	NPR in Billion	7.13	8.47	7.92	6.23	6.01	-3.58%	-4.20%
Operating Profit	NPR in Billion	4.67	6.79	4.03	4.17	5.86	40.56%	5.84%
Operating Income	NPR in Billion	35.94	37.92	36.27	34.56	33.89	-1.93%	-1.45%
Total Income	NPR in Billion	42.21	44.37	44.42	42.17	38.19	-9.44%	-2.47%
Earnings Per Share	NPR	47.53	47.06	44.00	34.61	33.37	-3.58%	-8.46%
Stock Performance (Market Price Per Share)	NPR	1,314.00	878.90	906.90	845.00	877.27	3.82%	-9.61%
Book Value per Share	NPR	597.88	529.27	521.92	521.71	546.37	4.73%	-2.23%
Price Earning Ratio	Times	27.65	18.68	20.61	24.41	26.29	7.70%	-1.25%
Divided	Percent	40.00	40.00	40.00	30.00	30.00	0.00%	-6.94%
Employee Expenses	NPR in Billion	6.95	7.37	7.95	8.68	7.97	-8.22%	3.47%
Operation and Maintenance Expenses	NPR in Billion	7.84	7.06	7.63	6.36	5.88	-7.53%	-6.93%
Office Operation Expenses	NPR in Billion	0.97	1.12	1.31	1.29	1.28	-0.72%	7.19%
Total Expenses	NPR in Billion	31.26	31.31	32.58	30.86	28.03	-9.16%	-2.69%
Ratio of Employee expenses on total expenses	Percent	22.23	23.54	24.40	28.13	28.42	1.03%	6.33%
Ratio of Office operation expenses on total expenses	Percent	3.10	3.58	4.02	4.18	4.57	9.30%	10.18%
Net-worth	NPR in Billion	89.68	95.27	93.95	93.65	98.35	5.02%	2.33%
Capital Employed	NPR in Billion	112.92	118.29	119.85	115.63	111.97	-3.17%	-0.21%
No of Share	Million	15.00	18.00	18.00	180.00	18	0.00%	4.66%
No of Employees	Number	3,957.00	3,817.00	3,872.00	3,731.00	3,632	-2.65%	-2.12%
Return on Shareholder's Fund	Percent	7.95	8.89	8.43	6.65	6.11	-8.16%	-6.38%
Return on Capital Employed	Percent	6.31	7.16	6.61	5.39	5.36	-0.47%	-3.98%
Return on Total Assets	Percent	4.82	5.34	4.96	4.64	4.57	-1.59%	-1.34%
Average Revenue Per Employee	Million	10,667.17	11,624.31	11,472.11	11,302.60	10,514.35	-6.97%	-0.36%
EBITDA Margin	Percent	43.74	46.93	43.58	42.72	48.43	13.38%	2.58%
Operating Profit Ratio	Percent	12.99	17.91	11.11	12.07	17.29	43.27%	7.41%
Net Profit Ratio	Percent	16.89	19.09	17.83	14.77	15.73	6.49%	-1.76%
Current Assets Ratio	Times	1.66	1.60	1.65	2.68	2.38	-11.29%	9.40%
Contribution to Government Treasury	NPR in Billion	27.73	26.41	28.46	41.70	18.46	-55.73%	-9.67%
Average Subscriber Per Employee	Number	5,332.00	5,811.00	5,487.00	6,094.00	6,338.25	4.01%	4.42%

## Earning Per Share

Earning per share refers to the ratio of each ordinary share to the profit earned by the company during a financial year. During the review period, the company's earning per share decreased by Rs. 1.24 compared to the previous period and has reached to Rs. 33.37. Earning per share have been negatively affected due to decrease in revenue as well as decrease in net profit. Earning per share has declined by 3.58 percent over the past five years.

## Net-Worth

Net worth represents the difference between total assets and total liabilities. In the review period, the company's net worth experienced an increase of 5.02 percent to NPR 98.35 Billion compared to the previous period. However, when compared to the preceding five years, there was an increase of 2.33 percent during the review period.

## Stock Performance

The company's share price has fluctuated during the review period, driven by investor confidence and return analysis. During this time, the company's shares traded at a maximum of Rs. 1,214 and a minimum of Rs. 835. By the end of the review period, the market value of the company's shares stood at Rs. 877.27. This reflects a 3.82% increase compared to the previous year's closing price but a 9.61% decrease over the past five years.

## Shareholder's Fund

The shareholder's fund represents the overall equity i.e. share capital and reserve.

During the review period, the shareholder's fund amounted to NPR 98.35 Billion which represents an increase of 5.02 percent compared to the previous fiscal year. Over the past five years, shareholders' funds have increased by 2.33% during the review period.

## Return on Shareholder Funds

Return on Shareholder Funds is a percentage measure of a company's annual returns.

The return on shareholders' funds is calculated by dividing net profit by the total value of shareholders' funds. During the review period, the return has reduced by 8.16% compared to previous year and thus remaining at 6.11%. However, it dropped from 7.95% to 6.11% over the past five years.

## Total Revenue

Total revenue encompasses income generated from telecommunication services and interest income received



from investments, liquidated damages, and other sources. In the review period, the company recorded a total revenue of NPR 38.19 Billion, reflecting a decrease of 9.44 percent compared to the previous period. Total income includes NPR 33.89 Billion from the operating segment and NPR 4.30 Billion from finance income, liquidated damages, and other sources. Over the past five years, the company's total revenue has recorded a decrease of 2.47 percent.

## Operating Revenue

Operating revenue comprises income from telecommunication services, encompassing services such as PSTN, ADSL, FTTH, Leased Line, GSM and Interconnection. In the review period, the company's total operating income amounted to NPR 33.89 Billion, marking a 1.93 percent decrease compared to the previous period. This decline is attributed to consistent reductions in tariff rates, intensified competition, the availability of cheaper offer packages, increased adoption of combo packages by customers instead of conventional tariff payments, and stagnant service revenue despite a continuous rise in customer numbers.

Furthermore, the development of telecommunication technology, heightened access to internet services and smartphones, and the widespread use of Over-The-Top (OTT) services such as Viber, WhatsApp, Messenger, IMO, etc., have impacted the volume of incoming international and domestic calls. Over the last five years, the total operating revenue has experienced a decrease of 1.45 percent.

## Operating Profit

Operating profit reflects the profit earned by the company from its core business activities. Despite a negative impact on the company's revenue during the review period, a proportional reduction in expenses resulted in a 40.56% increase in operating profit compared to the previous



fiscal year, reaching NPR 5.65 Billion. Over the last five years, the total operating profit has witnessed an increase of 5.84%.

## Operating Profit Ratio

The Operating Profit Ratio is a percentage measure of the company's operating profit divided by the operating revenue. In the review period, the Operating Profit Ratio stands at 17.29 percent, reflecting an increase of 43.27 percent compared to the previous period. Over the span of five years, the operating profit margin has increased by 7.41 percent.

## Profit After Tax

Profit after tax reflects the net income of the company. In the review period, the company generated a profit after tax of Rs. 6.01 Billion, marking a decrease of 3.58 percent compared to the previous period. Due decline in the company's revenue, profit has decreased by 4.20 percent compared to the last five previous years.

## Net Profit Ratio

Net Profit Ratio is the percentage measure of profit after tax divided by the total revenue. In the review period, net

profit ratio is 15.73 percent which has increased by 6.49 percent as compared to the previous period. Over the period of five years, it has been decreased by 1.76 percent.

## Price Earning Ratio

Price earnings ratio is the ratio of "current market price per share" to Earnings per Share (EPS) of the company. In the review period, PE ratio is 26.29 times which was 24.41 times in the previous year. The increase in the company's share market price has led to a rise in the price-to-earnings (P/E) ratio.

## Return on Capital Employed

Return on Capital Employed is a percentage measure representing the ratio of Net Profit to Capital Employed. In the review period, the return on capital employed stands at 5.36 percent, reflecting a marginal decrease of 0.47 percent compared to the previous period. Over the period of five years, this ratio has declined from 6.31 percent to 5.36 percent.

## Average Revenue Per Employee

In the review period, average revenue per employee has decreased by 6.97 percent to NPR 10.05 Million. Over the period of five years, average revenue per employee has decreased by a marginal 0.36 percent.



Photo Credit: **Sajan Oli**

## HORIZONTAL AND VERTICAL ANALYSIS

### Statement of Financial Position

NPR

July 16, 2025

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	HORIZONTAL ANALYSIS VARIANCE	VERTICAL ANALYSIS	
	2024.25	2023.24		2024.25	2023.24
<b>Assets</b>					
<b>Non-Current Assets</b>					
Intangible Assets	1,114,718,863	1,512,403,472	-26.29%	0.85%	1.09%
Property, Plant and Equipment	46,504,221,221	48,359,930,893	-3.84%	35.35%	35.01%
Right of Use(ROU) Assets	1,917,869,894	2,144,781,973	-10.58%	1.46%	1.55%
Capital Work-in-Progress	3,230,364,196	3,790,036,603	-14.77%	2.46%	2.74%
Long Term Loan and Advances	978,745,695	852,758,962	14.77%	0.74%	0.62%
Investment in Associates	1,612,435,580	1,728,732,563	-6.73%	1.23%	1.25%
Investment in Subsidiary	248,888,900	248,888,900	0.00%	0.19%	0.18%
<b>Financial Assets</b>					
Equity Investments	463,296,664	441,104,749	5.03%	0.35%	0.32%
Term Deposits and Investments in Debenture	3,196,550,000	3,576,550,000	-10.62%	2.43%	2.59%
Loan Investments	12,904,983,361	13,891,474,786	-7.10%	9.81%	10.06%
Employee Loan	3,439,491,338	3,524,935,570	-2.42%	2.61%	2.55%
Deferred Tax Asset	8,972,463,744	8,147,545,104	10.12%	6.82%	5.90%
Contract Cost Assets	417,353,639	365,151,702	14.30%	0.32%	0.26%
<b>Total Non-Current Assets</b>	<b>85,001,383,095</b>	<b>88,584,295,277</b>	<b>-4.04%</b>	<b>64.62%</b>	<b>64.12%</b>
<b>Current Assets</b>					
Inventory	282,334,450	521,072,181	-45.82%	0.21%	0.38%
Prepayments & Non-Financial Assets	2,760,773,437	2,385,398,176	15.74%	2.10%	1.73%
Current Tax Assets (Net)	471,287,394	3,815,772,730	-87.65%	0.36%	2.76%
<b>Financial Assets</b>					
Employee Loan	369,246,192	315,137,808	17.17%	0.28%	0.23%
Accruals, Advance & Others Receivables	1,817,534,143	983,950,227	84.72%	1.38%	0.71%
Trade & Other Receivable	1,097,788,771	1,516,047,428	-27.59%	0.83%	1.10%
Investment in Term Deposits, Debenture and Mutual Fund	29,757,000,000	35,555,380,000	-16.31%	22.62%	25.74%
Loan Investment	441,810,363	294,540,242			
Cash & Cash Equivalents	9,550,231,571	4,175,272,795	128.73%	7.26%	3.02%
<b>Total Current Assets</b>	<b>46,548,006,321</b>	<b>49,562,571,587</b>	<b>-6.08%</b>	<b>35.38%</b>	<b>35.88%</b>
<b>Total Assets</b>	<b>131,549,389,416</b>	<b>138,146,866,864</b>	<b>-4.78%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share Capital	18,000,000,000	18,000,000,000	0.00%	13.68%	13.03%
Reserve and Surplus	80,347,356,799	79,459,706,697	1.12%	61.08%	57.52%
<b>Total Equity attributable to Equity-holders</b>	<b>98,347,356,799</b>	<b>97,459,706,697</b>	<b>0.91%</b>	<b>74.76%</b>	<b>70.55%</b>
<b>Non-Current Liabilities</b>					
Post-Employment Benefits	9,730,048,108	18,249,216,939	-46.68%	7.40%	13.21%
Deferred Government Grant	1,824,061,236	1,661,198,871	9.80%	1.39%	1.20%
<b>Financial Liabilities</b>					
Subscriber Deposits	56,224,136	59,987,070	-6.27%	0.04%	0.04%
Lease Liability	2,012,454,653	2,164,421,073	-7.02%	1.53%	1.57%
GSM License Renewal Fee Liability	-	-			
<b>Total Non-Current Liabilities</b>	<b>13,622,788,133</b>	<b>22,134,823,953</b>	<b>-38.46%</b>	<b>10.36%</b>	<b>16.02%</b>
<b>Current Liabilities and Provisions</b>					
Current Tax Liabilities (Net)	-	-			
<b>Financial Liabilities</b>					
Lease Liability	308,013,850	319,324,040	-3.54%	0.23%	0.23%
Current Liabilities	10,077,698,982	10,482,835,655	-3.86%	7.66%	7.59%
Trade Payable	849,929,600	627,486,297	35.45%	0.65%	0.45%
Provisions	308,342,371	252,910,307	21.92%	0.23%	0.18%
Non-Financial Liabilities	8,035,259,681	6,869,779,915	16.97%	6.11%	4.97%
<b>Total Current Liabilities and Provisions</b>	<b>19,579,244,484</b>	<b>18,552,336,214</b>	<b>5.54%</b>	<b>14.88%</b>	<b>13.43%</b>
<b>Total Equity and Liabilities</b>	<b>131,549,389,416</b>	<b>138,146,866,865</b>	<b>-4.78%</b>	<b>100.00%</b>	<b>100.00%</b>



## Horizontal Analysis

During the review period, intangible assets decreased by 26.29 percent to NPR 1.11 Billion. Although software worth a total of NPR 140.45 Million was added in FY 2024/25, intangible assets declined due to amortization based on their useful life. In recent years, the company has been consistently adding to property, plant, and equipment assets and has been charging annual depreciation. During the review period, property, plant, and equipment decreased by 3.84 percent. As assets taken on lease and used by the company were amortized in accordance with the company's accounting policy and IFRS/NFRS standards, right-of-use assets decreased by 10.58 percent during the review period. Capital work-in-progress decreased by 14.77 percent compared to the previous fiscal year due to the completion and capitalization of projects. Long-term loans and advances increased by 14.77 percent during the review period as advance payments were made to complete project works. As per the decision of the company's Board of Directors, NPR 13.15 Billion was paid to manage employees' retirement benefits, resulting in a decrease in fixed deposits. Since the company's major projects are in the closure phase, inventories decreased by 45.82 percent during the review period. Due to outstanding receivable interest on investments and pending receipt of government grants, other receivables, advances, and payments increased by 84.82 percent during the review period. Owing to excess liquidity in the money market and the lack of

investment opportunities in short-term investment sectors, cash and cash equivalents increased by 128.73 percent during the review period.

As per the decision of the company's Board of Directors, NPR 13.15 Billion was paid to manage employees' retirement benefits, resulting in a 46.68 percent decrease in post-retirement benefits during the review period. Business liabilities increased by 35.45 percent during the review period due to outstanding payments for bandwidth services purchased for service expansion and quality improvement. Non-financial liabilities increased by 16.97 percent during the review period because the amount provisioned for employee bonuses in the previous fiscal year remained unpaid during the review period. During the review period, total assets and total equity and liabilities decreased by 4.78 percent compared to the previous fiscal year.

## Vertical Analysis

In the review period, the proportion of Property, Plant, and Equipment in total assets is 35.35 percent, while the share of investments in term deposits and debenture is 25.05 percent which were 35.01 percent and 28.33 percent respectively in the previous year. On the capital and liabilities side, post-retirement benefits account for 7.40%, reflecting a 5.81% decrease compared to the previous fiscal year. Similarly, the share of current liabilities stands at 14.88% which was 13.43% in the previous fiscal year.



## HORIZONTAL AND VERTICAL ANALYSIS

### Statement of Profit and Loss

NPR

For the Year ended 16 July 2025

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	HORIZONTAL ANALYSIS VARIANCE	VERTICAL ANALYSIS COMPOSITION	
	2024.25	2023.24 (RESTATED)		2024.25	2023.24 (RESTATED)
Revenue from contract with customers	33,894,522,688	34,560,265,983	-1.93%	88.76%	82.01%
Finance Income	3,766,720,638	6,816,450,633	-44.74%	9.86%	16.18%
Other Income	526,862,856	762,706,542	-30.92%	1.38%	1.81%
Total Income	38,188,106,182	42,139,423,158	-9.38%	100.00%	100.00%
Employee Benefit Expenses	-7,966,861,810.00	- 8,686,682,966.00	-8.29%	-20.86%	-20.61%
Service Operation and Maintenance Costs	-5,881,292,326.92	- 6,383,643,664.93	-7.87%	-15.40%	-15.15%
Sales Channel, Marketing and Promotion Costs	- 342,185,111.00	281,252,823.00	21.66%	-0.90%	-0.67%
Office Operation Expenses	-1,280,740,493.50	- 1,233,577,330.31	3.82%	-3.35%	-2.93%
Regulatory Fees, Charges and Renewals	-4,312,116,630.00	- 7,290,527,537.00	-40.85%	-11.29%	-17.30%
Foreign Exchange (Loss)/Gain	210,731,237.00	98,007,212.70	115.02%	0.55%	0.23%
Shares of results of Associates	- 119,584,904.34	123,076,464.36	-2.84%	-0.31%	-0.29%
Earning Before Interest ,Tax, Depreciation,	18,496,056,143	18,238,669,585	1.41%	48.43%	43.28%
Finance Cost	- 185,082,066	(190,672,971)	-2.93%	-0.48%	-0.45%
Depreciation	- 6,031,162,847	(5,987,264,555)	0.73%	-15.79%	-14.21%
Amortization	- 1,108,186,225	(1,098,375,575)	0.89%	-2.90%	-2.61%
Impairments - net of reversals	- 1,321,416,109	472,349,634	-379.75%	-3.46%	1.12%
Profit Before Tax	9,850,208,897	11,434,706,117	-13.86%	25.79%	27.14%
Income Tax Expenses					
Current Income Tax	- 4,632,255,151	(114,418,895)	3948.51%	-12.13%	-0.27%
Deferred Taxes	788,768,472	(3,371,816,950)	-123.39%	2.07%	-8.00%
Profit For the Period	6,006,722,217	7,948,470,273	-24.43%	15.73%	18.86%
Earnings Per Share (Basic)	33.37	44.16	- 0.24	0.00	0.00
Earnings Per Share (Diluted)	33.37	44.16	- 0.24	0.00	0.00

### Horizontal Analysis

Revenue from contracts with customers refers to income generated from telecommunication services, encompassing revenue from PSTN, ADSL, FTTH, Lease, GSM, and Interconnection. There was a 1.93 percent decrease in income from contracts with customers during the review period. Similarly, due to a decline in returns on investments in banks and financial institutions, as well as a reduction in bank balances, interest income decreased by 44.74% during the review period compared to the previous fiscal year.

During the review period, employee benefit expenses and operation and maintenance expenses decreased by 8.29 percent and 7.87 percent, respectively. Meanwhile, Sales Channel, Marketing and Promotion expenses and office operation expenses increased by 21.66 percent and 3.82 percent, respectively. In the previous fiscal year, the company had been paying NPR 4 Billion annually for license renewal. However, in FY 2023/24, the company obtained the second license for GSM services for a five-year period

and did not have to pay the renewal amount; as a result, regulatory fees and renewal charges decreased by 40.85 percent during the review period. Due to fluctuations in the exchange rate of the US dollar against the Nepali rupee, profit from foreign exchange transactions increased by approximately 115.02 percent compared to the previous fiscal year. In accordance with Nepal Financial Reporting Standards, impairment increased by 379.75 percent during the review period due to the required provisions made for outstanding receivables and loan investments. Similarly, during the review period, the company's net profit decreased by 24.43 percent compared to the previous fiscal year.

### Vertical Analysis

The proportion of operating income in the total income is 88.76 percent which was 82.01 in the previous fiscal year. In the review period, EBITDA has increase by 5.15 percent, reaching 48.43 percent compared to the previous period. Similarly, net profit has decline by 3.13 percent to 15.73 percent.

# REVIEW OF QUARTERLY REPORT

## First Quarter

### Business Achievement

During the first quarter of the review period 13 additional wireless sites (eNodeB) across different parts of the country have been connected and in total 4189 wireless sites have come into operation. In the first quarter, additional 65,094 lines of FTTH network expansion has been achieved and additional 28,837 FTTH (Voice+Data+IPTV) subscriptions have been achieved.

### Financial Achievement

In the first quarter, the company generated revenue of NPR. 10.06 Billion, marking a decrease of Rs. 58.5 Million compared to the revenue of the same period last year. During this period the EBITDA of the company was Rs. 5.41 Billion, which is 10.01 percent more than the same period last year. Furthermore, the company recorded a profit of Rs. 1.73 Billion in the first quarter, showing a decrease of 14.20 percent compared to the same period last year.

Although nationwide coverage of 4G services has expanded, along with the extension of internet, telephone, and IPTV services through FTTH, the high level of competition in service delivery has led to a reduction in service tariffs. As a result, even though service usage has increased, operating revenue has declined. Additionally, the growing use of OTT services has reduced interconnection income. Changes in bank interest rates have also led to a decrease in financial income.

## Second Quarter

### Business Achievement

During the second quarter of the review period 3 additional wireless sites (eNodeB) across different parts of the country have been connected and in total 4,195 wireless sites have come into operation. In this quarter, additional 38,808 lines of FTTH network expansion has been achieved and additional 26,902 FTTH (Voice+Data+IPTV) subscriptions have been achieved.

### Financial Achievement

In the second quarter, the company generated revenue of NPR. 9.45 Billion, marking a decrease of Rs. 1.20 Billion compared to the revenue of the same period last year. During this period the EBITDA of the company was Rs. 4.62 Billion, which is 7.59 percent less than the same period last year. Furthermore, the company recorded a profit of Rs. 895.5 Million in the second quarter, showing a decrease of 67.87 percent compared to the same period last year.

Despite the expansion of 4G service across the country and the expansion of Internet service, fixed telephone service and IPTV service through FTTH, the operating revenue has decreased due to the decrease in the tariff rate as a result of high competition in service delivery. Also, due to the increasing use of Over the Top (OTT) platforms decrease in interconnection revenue was observed in this quarter too. Changes in bank interest rates have also reduced financial earnings.

## Third Quarter

### Business Achievement

During the third quarter of the review period 112 additional wireless sites (eNodeB) across different parts of the country have been connected and in total 4,307 wireless sites have come into operation. In this quarter, additional 23,808 lines of FTTH network expansion has been achieved and additional 19,695 FTTH (Voice+Data+IPTV) subscriptions have been achieved.

### Financial Achievement

In the third quarter, the company generated revenue of NPR. 8.91 Billion, marking a decrease of Rs. 983.1 Million compared to the revenue of the same period last year. During this period the EBITDA of the company was Rs. 4.15 Billion, which is 19.43 percent more than the same period last year. Furthermore, the company recorded a profit of Rs. 207.1 Million in the third quarter, showing an increase of 30.39 percent compared to the same period last year.

Despite the expansion of 4G service across the country and the expansion of Internet service, fixed telephone service and IPTV service through FTTH, the operating revenue has decreased due to the decrease in the tariff rate as a result of high competition in service delivery. Also, due to the increasing use of Over the Top (OTT) platforms decrease in interconnection revenue was observed in this quarter too. Due to excess liquidity position in the money market, investments made by the company fetched low interest rates resulting in lower interest income compared to same period of last year.

## Fourth Quarter

### Business Achievement

During the fourth quarter of the review period 113 additional wireless sites (eNodeB) across different parts of the country have been connected and in total 4,437 wireless sites have come into operation. In this quarter, additional 63,098 lines of FTTH network expansion has been achieved and additional 18,681 FTTH (Voice+Data+IPTV) subscriptions have been achieved.

### Financial Achievement

In the fourth quarter, the company generated revenue of NPR. 10.30 Billion, marking a decrease of Rs. 610.20 Million compared to the revenue of the same period last year. During this period the EBITDA of the company was Rs. 5.05 Billion, which is 9.53 percent more than the same period last year.

Despite the expansion of 4G service across the country and the expansion of Internet service, fixed telephone service and IPTV service through FTTH, the operating revenue has decreased due to the decrease in the tariff rate as a result of high competition in service delivery. Also, due to the increasing use of Over the Top (OTT) platforms decrease in interconnection revenue was observed in this quarter too. Due to excess liquidity position in the money market, investments made by the company fetched low interest rates resulting in lower interest income compared to same period of last year.



# MANAGEMENT REVIEW

*The foundation of a telecommunications service provider's success lies in its infrastructure, customer trust, and the brand value generated from these elements. These factors determine the competitive capability of the service provider. As the country's leading telecommunications service provider, Nepal Telecom possesses critical strengths including an excellent brand, high customer trust, nationwide infrastructure, diversity in telecommunication services, and skilled manpower. Committed to expanding services from urban areas to the most remote and rural regions, the company has successfully established its identity as an institution fulfilling national obligations.*

However, the company faces several challenges. These include the lack of modern infrastructure in rural areas, delays in adopting modern technologies and in decision-making processes, sluggish project implementation, the compulsion to regularly upgrade technology at high costs, and governmental policies and regulations. The financial pressure is exacerbated by the social obligation to provide quality services at affordable rates even in non-profitable remote areas, the continuous decline in revenue per customer due to intense price competition and increasing fees payable by the company.

Despite these challenges, several opportunities hold the potential to strengthen the company soon. These include the expanding telecommunication market, the growing demand for data services, the development of innovative services such as M-commerce, M-Wallet, M2M/IoT, VAS and content-based businesses, infrastructure sharing, and investment diversification. Nevertheless, rapid technological changes, increasing market competition, pressure on service pricing, and changes in customer usage patterns remain long-term risks for the company.

Based on the above analysis, several strategic paths emerge for Nepal Telecom. Under a strategy to transform the company's strengths into emerging market opportunities, the trust gained from customers and nationwide infrastructure can be leveraged to create new revenue streams by expanding into the growing demand for data services and innovative digital services (IoT, M-Wallet, VAS, content-based business). The delays in adopting modern technologies and implementing projects can be transformed into opportunities through infrastructure sharing, collaboration with the private sector and investment diversification, which also aids in cost control. By utilizing the company's nationwide service reach and reliability, the challenges of increasing competition, pricing pressure and changes in customer behavior can be mitigated through improvements in service quality, network stability and customer satisfaction. Finally, considering the compulsion to provide services even in non-profitable areas, declining revenue, high license and frequency fees, and the high

cost of technological change, a practical strategy for Nepal Telecom would be to minimize risks through cost efficiency, priority-based investment, phased technological upgrades, and organizational improvements.



Photo Credit: **Nawaraj Bhattarai**



## STRENGTH

- ❖ Strong brand equity of Nepal Telecom
- ❖ High level of customer trust and loyalty
- ❖ Extensive nationwide telecommunication infrastructure
- ❖ Diversified portfolio of telecommunication services
- ❖ Service availability across the country, from urban to remote areas.
- ❖ Skilled and experienced technical manpower

## CHALLENGES

- ❖ Limited availability of modern telecommunication infrastructure in rural areas
- ❖ Delays in the adoption of modern technologies
- ❖ Slow decision-making processes
- ❖ Delays in project completion and implementation
- ❖ Elevated expectations to maintain service quality and reliability.
- ❖ Constraints imposed by government policies and regulations.
- ❖ Inflated costs associated with regular technology upgrades

## OPPORTUNITIES

- ❖ Growing and expanding telecommunication market
- ❖ Development of innovative services such as M-commerce, M-Wallet, VAS, M2M, IoT (Internet of Things), and content-based businesses
- ❖ Rapidly increasing demand for data services
- ❖ Potential for investment diversification
- ❖ Opportunities for infrastructure sharing.

## THREATS

- ❖ Rapid and continuous technological changes
- ❖ Intensifying market competition
- ❖ High price competition affecting service tariff determination.
- ❖ Expensive license renewal fees and spectrum charges
- ❖ Changes in customer usage patterns and preferences
- ❖ Potential entry of new service providers into the market



## Key Stakeholders

Stakeholders are individuals or groups who have a direct and significant impact on the company's success. With the objective of creating maximum credibility and trust, the company places special emphasis on fostering relationships with all its stakeholders. The primary stakeholders of Nepal Telecom include shareholders, the Board of Directors, customers, employees, suppliers, regulatory bodies, and the general public. Analyzing stakeholder interests helps in formulating strategic plans to address their concerns and expectations effectively.

## Shareholders

Shareholders are the owners of the company. They provide the necessary financial capital for the company's operations and growth. The shareholders of Nepal Telecom are the Government of Nepal, the Citizen Investment Trust, and the general public. They invest their capital in the company with the expectation of receiving returns in both the short and long term. Consequently, they are continually interested in the financial health of the company to ensure they receive adequate returns on their investment. During the review period, the company has proposed distributing a 30 percent cash dividend to its shareholders.

## Board of Directors

The Board of Directors comprises seven members, including representatives of the Government of Nepal, the Managing Director appointed by the Government of Nepal, a representative of the general public shareholders, and an employee representative. The Board provides strategic guidance for the proper implementation of internal controls, institutional governance, and transparency. It also safeguards the interests of the shareholders and protects the financial position of the company.

## Customers

Customers are the consumers of the various services provided by the company. They are the end-users of the company's services. When their expectations are met, they contribute to enhancing the company's reputation. The company continuously strives to provide telecommunications services based on modern technology to customers across the country.

## Employees

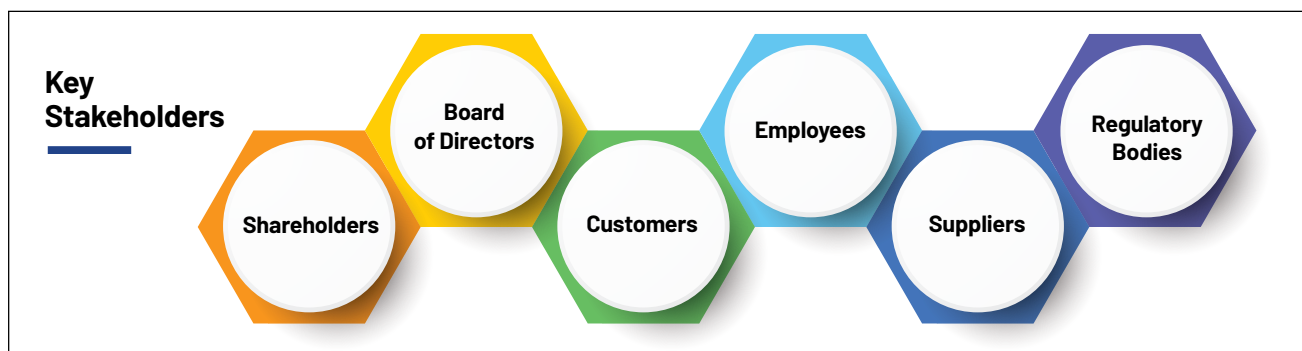
The motivated performance of the employees working in the company plays a vital role in achieving the company's objectives. In exchange for their experience, skills, and dedication towards the company's success, employees expect fair compensation and rewards.

## Suppliers

Suppliers are the various companies and individuals who provide the goods and services required by the company. The company obtains the resources needed for its services from suppliers. A strong and healthy relationship with suppliers is essential to ensure the timely and seamless delivery of services. The company is committed to maintaining healthy relationships with its suppliers.

## Regulatory Bodies

Regulatory bodies are government agencies that play a regulatory role in the company's business area. They regulate the company's business activities, ensuring compliance with acts, rules, directives, and prevailing laws. They also ensure the effectiveness of internal control mechanisms, transparency, and the protection of the interests of customers and other stakeholders. The company maintains cordial and healthy relationships with all relevant regulatory bodies and is committed to sustaining these relationships.



# HUMAN CAPITAL

*No organization can achieve its goals without honest, committed, and motivated human resources. The company has always regarded its employees as its most valuable asset. Fully acknowledging the reality that the company cannot progress without skilled and talented employees, special attention is given to the systematic mobilization of staff. Work has been initiated to develop job descriptions, targets, and performance indicators for employees, and to evaluate their performance accordingly.*

## EMPLOYEE STRENGTH

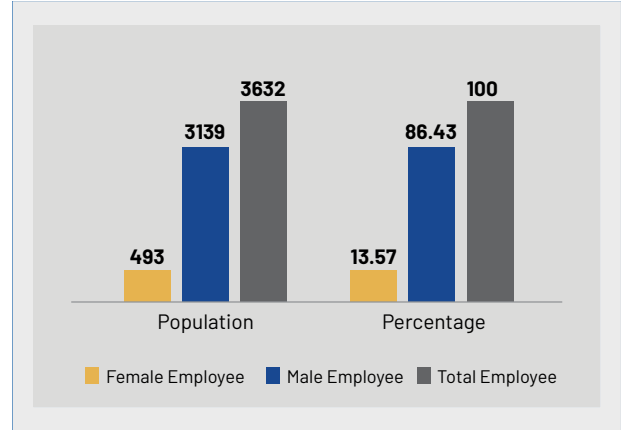


Photo Credit: Dinesh Chandra Panthy



## Employee Recruitment

The company has implemented transparent policies, regulations, and standards for recruiting skilled and capable employees. Recruitment is conducted through a competitive process based on specific criteria. Furthermore, with the involvement of the Public Service Commission and according to the examination schedule, employees are recruited based on the principle of inclusivity.

## Service and Benefits

The company provides attractive service and benefits to its working employees. These include salary, allowances, bonus, Telecom allowance, and others. Employees in levels 11 and 10 are also provided with vehicle facilities. Considering the country's economic situation, employee service benefits are reviewed periodically. Additionally, employees are provided with uniform allowances, medical treatment expenses, accident insurance, loans, various types of leave, and telephone, mobile, internet, and CUG facilities.

During the review period, the arrangement allowing employees to fill out the Employee Transfer Preference Form for transfers, in accordance with the Appointment, Promotion, Placement, and Transfer Procedure, 2078, was continued. Details of the expenditure incurred on employee service facilities are mentioned in the audit report.

## Diversity in the Workplace

The company has fostered a work environment that includes gender inclusiveness and diversity in the workplace and employee work culture. It is believed that the gender inclusivity and diversity maintained within the company ensures an environment that creates equal and impartial opportunities for all employees.

## Gender Diversity (As of Ashad 2082 B.S.)

DESCRIPTION	MALE	FEMALE	GENDER RATIO (MALE: FEMALE)
Top Management (Level 10-12)	55	5	11 : 1
Middle Management (Level 8-9)	427	64	6.67 : 1
Officer Level (Level 6-7)	1,197	160	7.48 : 1
Assistant Level (Up to Level 5)	1,460	264	5.53 : 1
<b>Total (Levels 1-12)</b>	<b>3,139</b>	<b>493</b>	<b>6.37 : 1</b>

## Age Diversity (As of Ashad 2082 B.S.)

AGE GROUP	MALE	FEMALE	TOTAL
Up to 30 Years	178	52	230
31 to 50 Years	1,448	271	1,719
Above 50 Years	1,445	166	1,611
<b>Total</b>	<b>3,071</b>	<b>489</b>	<b>3,560</b>

## Performance Agreement

With the commitment to completing the company's determined goals, plans, and regular work on time, performance agreements have been signed at multiple levels. Agreements were signed between the Secretary of the Ministry of Communications and Information Technology/ Chairperson of the Company's Board of Directors and the Managing Director. Further performance agreements were signed between the Managing Director and the Chief Technology Officer, Chief Commercial Officer, Chief Operating Officer, Chief Human Resources Officer, Chief Financial Officer, Company Secretary, Deputy Managing Director of the Internal Audit and Inspection Department, Director of the Wireline and Customer Service Directorate, Director of the Wireless Service Directorate, and Director of the Backbone Transmission Directorate. Additionally, performance agreements were signed between Directors (including Province Directors), Departmental Heads, and Managers. Similarly, during the review period, performance agreements were signed with employees from levels 11 to 8, and all employees of the company were provided with job descriptions.

## Company Restructuring

The company has been moving forward with restructuring efforts in line with the changing context. The previously sanctioned post of 4,159 established in 2072 B.S. has been reviewed and revised to a current sanctioned post of 3,009.

## Amendment to Employee By-laws

The company has been revising its Financial and Employee By-laws to remain relevant with the times. In this regard, the draft of the amended Employee By-laws, 2078 B.S., was approved by the Board of Directors and implemented from Shrawan 1, 2078 B.S.. A policy related to employee transfers has also been prepared and is being implemented accordingly.

## Training and Career Development

Training arrangements are made to keep human resources creative, positive, updated, and motivated. The Board of Directors is confident that human resource development not only assists in daily work but also helps introduce innovative ideas and technologies into the company. The company has

## Employee Details: Officer and Assistant Levels (As of October 2025)

	FY 2024/25			FY 2023/24			FY 2023/24		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
Officer	229	1,635	1,864	233	1,711	1,944	247	1,795	2,042
Assistant	260	1,436	1,696	260	1,468	1,728	271	1,562	1,833
<b>Total</b>	<b>489</b>	<b>3,071</b>	<b>3,560</b>	<b>493</b>	<b>3,179</b>	<b>3,672</b>	<b>518</b>	<b>3,357</b>	<b>3,875</b>
Increase (Decrease)	(4)	(108)	(112)	(25)	(178)	(202)	2		

## National and International Trainings / Seminars / Workshops

DESCRIPTION	FY 2024/25		FY 2023/24	
	NATIONAL TRAINING/SEMINAR/WORKSHOP	INTERNATIONAL TRAINING/WORKSHOP/SEMINAR	NATIONAL TRAINING/SEMINAR/WORKSHOP	INTERNATIONAL TRAINING/WORKSHOP/SEMINAR
Total Number of Trainings/Seminars/Workshops	93	50	153	
Total Employee Participants	1946	487	2774	579

internalized the concept that training is not an expense but an investment. Therefore, the company continuously invests in preparing capable and professional manpower. To make its employees relevant, skilled, and capable in the changing context and dynamic technological environment, as well as to enhance their capacity and motivate them, the company periodically arranges for employees' participation in various internal and external trainings and seminars. During the review year, a total of 1,946 employees participated in 79 different training programs and 14 seminars/workshops conducted by the Telecommunications Training and Research Centre. Additionally, 486 employees participated in foreign training, seminars, and workshops during the review period. For career development purposes, employee performance is evaluated annually based on specific criteria in a transparent manner.

### Employee Health and Safety

The company prioritizes the health and safety of its employees and has made arrangements to ensure their well-being. A life insurance scheme is in place with a 90 percent contribution from the company and 10 percent from the employee, with the payment receivable upon retirement. The tiered amount of life insurance is as per the provisions specified in the Employee By-laws, 2078 B.S..

Health insurance and group accident insurance, with contributions from both the company and employees,

have also been arranged for employee medical treatment. Precautionary measures to be adopted by employees while performing physically hazardous tasks have been implemented. Necessary procedures related to workplace risks, health, and safety are formulated and implemented. To educate employees about workplace risks, health, and safety, training on Occupational Health and Safety (OHS) is provided at the Telecommunications Training and Research Centre.

Informational programs are conducted in collaboration with relevant bodies to raise awareness among employees about gender-based violence that may occur in the workplace and to control such activities. The company has adopted a zero-tolerance policy against gender-based violence. A permanent committee, the Committee Against Sexual Harassment (CASH), has been formed at the central level under the coordination of the Deputy Managing Director to hear and manage complaints related to gender-based violence.

In the event of an employee suffering from a critical illness, a Critical Illness Fund, with contributions from both employees and the company, has been established and is managed to provide financial support for treatment. Critical illnesses covered include cancer, kidney-related diseases, heart-related diseases (angioplasty and bypass), nervous system disorders (Parkinson's, coma), paralysis, brain hemorrhage, liver-related diseases (Hepatitis B, C), meningitis, and acute pancreatitis. During the review period, a total of Rs. 3,408,640 was provided to 15 employees for critical illness treatment expenses.



The background features a dark blue gradient with several glowing, curved lines on the left side. These lines transition from a bright blue at the top to a vibrant orange-red at the bottom, creating a sense of motion and depth.

# **GOVERNANCE AND RISK MANAGEMENT**



# CORPORATE GOVERNANCE



## Role of the Board of Directors

Acting in accordance with the Companies Act, 2006 (2063 BS) and the Memorandum and Articles of Association of Nepal Doorsanchar Company Limited, the Board of Directors is responsible for the formulation and approval of the company's long-term policies, strategic plans, and annual budgets. The Board is also tasked with the timely revision and amendment of the Employees' Bye-laws and Financial Regulations to ensure they remain relevant, as well as the development and implementation of other necessary directives. The responsibility for the company's internal control system and risk management rests with the Board of Directors. Furthermore, the Board is actively involved in evaluating the performance of the company's management and in monitoring ongoing projects, providing necessary guidance as required.

## Structure of the Board of Directors

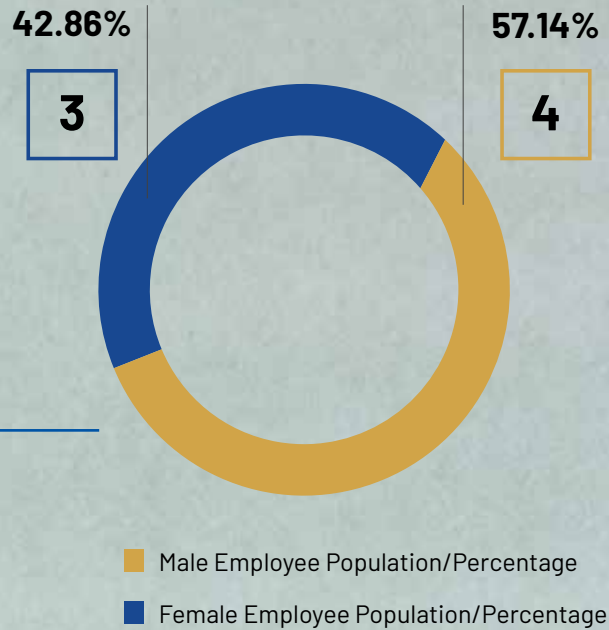
The company is governed by a seven-member Board of Directors. The composition of the Board is as follows:

- ❖ Five Directors represent the Promoter Shareholder Group, including the Managing Director of the company who is appointed by the Council of Ministers of the Government of Nepal.
- ❖ One Director is elected by the employees of the company, in accordance with the procedures approved by the Board of Directors.
- ❖ One Director represents the General Public Shareholder Group.

Within the Promoter Group, the membership comprises:

- ❖ The Secretary of the Ministry of Communications and Information Technology, who also serves as the Chairperson of the Board.
- ❖ A representative from the Ministry of Finance.
- ❖ A representative from the Ministry of Law, Justice and Parliamentary Affairs.
- ❖ A representative from the Ministry of Communications and Information Technology.

### Gender Diversity on the Board of Directors



❖ The Managing Director of the company, appointed by the Government of Nepal.

The term of office for the director elected from amongst the employees is two years. The term for the director representing the general public shareholders is three years, or until the date of the third Annual General Meeting (AGM) held after their appointment, whichever occurs first.

Currently, the Government of Nepal has appointed Ms. Sabina Maskey (Pradhan) as the officiating Managing Director of the company.

### Board of Directors Composition

In accordance with the Company's Memorandum and Articles of Association, the members of the Board of Directors are as follows:

SN	DIRECTOR TYPE	NUMBER OF DIRECTORS	APPOINTMENT DATE	TERM OF OFFICE
1	Non-Executive Director (Promoter Shareholder Group)	4	As appointed by the Government of Nepal	As per Government tenure
	Executive Director (Officiating Managing Director)	1	2082.02.28	As per the decision of the Honorable Minister, Ministry of Communications and Information Technology, Government of Nepal
	Non-Executive Director (General Public Shareholder Group)	1	2080.09.29	3 years, or until the date of the third Annual General Meeting held after the date of appointment, whichever occurs first
	Employee Representative Director	1	2081.08.28	2 Years



## Changes in the Board of Directors

Pursuant to the decisions of the Government of Nepal, Ms. Sabina Maskey Pradhan, Mr. Tank Prasad Pandey, Ms. Aruna Joshi, and Mr. Subash Chandra Shiwakoti have been appointed as members of the Board of Directors.

Further, in accordance with the decision of the Government of Nepal, Ms. Sabina Maskey Pradhan was appointed as the officiating Managing Director of the Company on 2082.02.28.

## Skills, Expertise, and Competencies of the Board of Directors

The Board of Directors is composed of members representing a diverse range of skills, expertise, and competencies. The key areas of proficiency represented on the Board include technology, finance, economics, telecommunications, business, public administration, law, strategy formulation, good governance, and management. The members of the Board include officials holding senior managerial positions within the Government of Nepal, heads of private sector institutions, and officers holding key positions in company management.

## Committees/Sub-Committees under the Board of Directors

To ensure effective performance, address issues of a special nature, and optimize the time of the Directors, the Board of Directors delegates some of its responsibilities to various Sub-Committees. These Sub-Committees complete the assigned tasks within their respective areas of work and submit discussions and recommendations to the Board of Directors for necessary action.

## Audit Committee

Details regarding the Audit Committee are provided in the section on the Report of the Board of Directors.

## Finance and Investment Sub-Committee

The Finance and Investment Sub-Committee under the Board of Directors was initially formed on 2079.02.03 as a three-member committee. As per the Board of Directors' decision dated 2079.12.09, the Sub-Committee was reconstituted, and the Employee Representative Director was added as a member. By the same decision, the Company Secretary was assigned the role of Member Secretary of the Sub-Committee. A total of 8 meetings of this Sub-Committee were held in the fiscal year 2024/25.

### The composition of the Sub-Committee is as follows:

SN	NAME	DESIGNATION
1.	Mr. Tank Prasad Pandey	Coordinator
2.	Ms. Sabina Maskay Pradhan	Member
3.	Mr. Manish Jung Joshi	Member
4.	Mr. Lok Bahadur Katwal	Member

## Terms of Reference of the Finance and Investment Sub-Committee

- 1. Revenue Management:** Matters related to receivable collection from customers, service sales, cash collection, revenue enhancement, short-term and long-term action plans, revenue trend analysis, and identification of opportunities for revenue growth.
- 2. Investment Management:** Matters related to the company's investment policy, fund management, identification of investment areas, identification of short-term, medium-term, and long-term investment action plans and projects, and project cost-benefit analysis.
- 3. Expenditure and Accounting Management:** Matters related to employee benefits, accounting policies, Financial Regulations, accounting systems, and inventory management.
- 4. Budget Management:** Matters related to the company's annual policies and programs, target setting for services, and estimated income and expenditure.

## Administrative Sub-Committee

The Administrative Sub-Committee under the Board of Directors was formed on 2079.02.03 as a three-member committee. The Company Secretary has been assigned the responsibility of Member Secretary of the Sub-Committee. A total of 13 meetings of this Sub-Committee were held in the fiscal year 2024/25.

### The composition of the Sub-Committee is as follows:

SN	NAME	DESIGNATION
1.	Mr. Subash Chandra Shiwakoti	Coordinator
2.	Ms. Aruna Joshi	Member
3.	Ms. Sabina Maskey Pradhan	Member

### Terms of Reference of the Administrative Sub-Committee

- 1. Acts, Laws, and Regulations:** Matters related to the Company's Memorandum of Association, Articles of Association, and Employees' Bye-laws.
- 2. Human Resource Management:** Matters related to human resource policies, planning, employee administration, and disciplinary actions/rewards.
- 3. Business Management:** Matters related to the company's business plans, policies, programs, and business promotion.

4. Asset Management: Matters related to the protection, utilization, and mobilization of the company's land, property, and physical assets.
5. Labor Management and Others: Matters related to Trade Union and CBA elections, labor management, labor audit, the company's Annual General Meeting, and the defense of and legal recourse for cases filed against or on behalf of the company.

## Company Management

Nepal Doorsanchar Company Limited has a total of 55 employees at the managerial level for carrying out management functions. This includes 1 person appointed by the Council of Ministers of the Government of Nepal as the Managing Director, 8 Deputy Managing Directors at Level 11, and 46 Managers at Level 10.

The company's management is constantly active in managing service delivery according to market demand and service expansion, as well as maintaining service quality. Management is responsible for preparing the long-term, medium-term, and short-term strategies necessary for company operations and conducting service operations accordingly. It also formulates the necessary policies and regulations for the company and, after approval from the Board of Directors, ensures their implementation. Furthermore, management is tasked with implementing the policy decisions made by the Board of Directors and performing all managerial functions within the boundaries set by the Acts, Rules, Bye-laws, Employees' Bye-laws, Financial Regulations, and other applicable laws.

The performance of the company's management is evaluated quarterly based on the performance agreement signed between the Chairperson of the company and the Managing Director.

## Company Secretariat

The Company Secretariat of Nepal Doorsanchar Company Limited has been constituted in accordance with the provisions of the Companies Act. A Company Secretary has been appointed to perform the duties and responsibilities as specified in the Companies Act. The primary duty of the Company Secretary is to act as the Member Secretary of the Board of Directors' meetings. Additionally, the Company Secretary has also been assigned the responsibility of the Compliance Officer of the company.

All share registry-related work, including maintaining the updated records of the company's shareholders, is conducted under the Company Secretariat. The Company Secretariat is also responsible for completing all tasks and responsibilities specified by the Companies Act for convening the Annual General Meeting after the end of each fiscal year.

## Relationship with Shareholders

### Dissemination of Information to Shareholders

For the information of the company's shareholders and stakeholders, specified details including financial highlights are published quarterly in national daily newspapers. Similarly, information regarding the services and facilities provided by the company is published and broadcast through notice boards, bulletins, the company's website, social media, and various media outlets.

### Additional Information Provided to Shareholders

The company's Memorandum of Association, Articles of Association, organizational structure, annual reports, quarterly reports as per the Securities Registration and Issuance Regulations, quarterly financial reports as per Nepal Financial Reporting Standards (NFRS), and other necessary information are made available on the company's website.

## Annual General Meeting

To complete the Annual General Meeting within six months of the end of each fiscal year, the company publishes a notice in national daily newspapers in accordance with Section 67, Sub-section (2) of the Companies Act, 2006. The company also arranges for the cash dividend amount approved by the General Meeting to be deposited directly into the bank account linked to the shareholders' Beneficiary Owner ID (BOID).

## Website

Updated details of the company's share structure and the Board of Directors are maintained on the website of the Nepal Stock Exchange (NEPSE).

## Shareholder Grievances and Suggestions

For grievance management, shareholders can contact the Company Secretariat in person to express their concerns. A suggestion box has also been provided. Arrangements have been made to provide other necessary information related to the company through the designated Information Officer.



**CERTIFICATION**  
of  
**Annual Compliance Report Relating to Good Governance as per  
Directives on Good Governance of a Body Corporate, 2074**

Of

**Nepal Doorsanchar Company Limited (Nepal Telecom)**  
**FOR THE FINANCIAL YEAR ENDED 32 ASHADH 2082**

We have performed the procedures in respect to the requirement of Directives on Good Governance of a Body Corporate, 2074 issued by Securities Board of Nepal (SEBON) in accordance with the power conferred by section 118 of Securities Act, 2063. Our procedures included verification of the information prescribed as per the Directives on Good Governance of a Body Corporate, 2074 for the financial year 2081-82.

As per our judgement and to the best of our information and explanation provided to us, we certify that the **Nepal Doorsanchar Company Limited (Nepal Telecom)** has complied with the required provisions of Directives on Good Governance of a Body Corporate, 2074 with regard to disclosure and confirmations.

The attached "Annual Compliance Report Relating to Good Governance" report has been prepared by the Compliance Officer/ Management of the company and Board of Directors of the company are responsible for overseeing the company's annual Compliance reporting process. This report has been approved by the Board of Directors on Poush 08, 2082.

Our report is solely for the purpose of submission to Securities Board of Nepal (SEBON) and for company's record.

Kathmandu, Nepal  
Date: Poush 8, 2082

  
Prakash Jung Thapa, FCA  
Partner  
P.J. P.N. & Co.  
Chartered Accountants  
UDIN No. 251223CA00052Ga2Nk

  
Narendra Bhattarai, FCA  
Principal Partner  
Kuber N. Bhattarai & Co.  
Chartered Accountants  
UDIN No. 251223CA00037z2qQq



# ANNUAL COMPLIANCE REPORT WITH REGARD TO CORPORATE GOVERNANCE

(As per Corporate Governance of listed public companies related directives, 2074)

Name of Organization	Nepal Doorsanchar Company Limited
Address with Email and Website	www.ntc.net.np
Phone No.	01-4243444
Report Submitted Fiscal Year	2024/25

## 1. Details about Board of Directors

### (a) Name of Chairperson of Board of Directors and the Appointment Date:

Ms. Radhika Aryal

Appointed Date: 2081/04/14 B.S.

### (b) Details about Corporate's Share Structure (Promoter, General Public and Others):

18 Crore Share (Date: 2082/03/32)

S.N.	NAME OF SHAREHOLDER	SHARE	REMARKS
1.	Government of Nepal , Ministry of Communication and Information Technology	7,47,53,160	Promoter
2.	Government of Nepal , Ministry of Finance	8, 99, 35, 200	Promoter
3.	Government of Nepal , Ministry of Industry, Commerce and Supplies	1, 200	Promoter
4.	Government of Nepal , Ministry of Law, Justice and Parliamentary Affairs	1, 200	Promoter
5.	Government of Nepal , Office of the Auditor General	1, 200	Promoter
6.	Government of Nepal , Department of Information and Broadcasting	1, 200	Promoter
7.	Citizen Investment Trust	60,000	Promoter
8.	General Public	1,52,46,840	General Public
<b>Total Shares</b>		<b>18, 00,00,000</b>	

Note: Total shares held in the name of Government of Nepal is 164,693,160 Kitta. All of these shares has been dematerialized in BOID 1301650001174452 on 24 Baisakh, 2081.



## (c) Details about the Change in Board of Directors

S.N.	NAME OF BOARD OF DIRECTORS	GROUP REPRESENTED	NO OF SHARES	APPOINTED DATE	TAKING OATH OF POSITION AND SECRECY DATE	CRITERIA (METHOD) OF APPOINTMENT OF DIRECTOR
1	Ms. Radhika Aryal	Promoter		From 2081/04/14 To Till Date	2081/04/21	Appointed from Government of Nepal, Ministry of Communications and Information Technology
2	Mr. Ramkrishna Subedi	Promoter		From 2080/09/24 To 2081/04/13	2080/09/26	Appointed from Government of Nepal, Ministry of Communications and Information Technology
3	Ms. Sabina Maskay Pradhan	For Managing Director	1944 Share (Personal)	From 2082/02/28 To Till Date	2082/02/29	Appointed from Government of Nepal, Ministry of Communications and Information Technology
4	Ms. Sangita Pahadee (Aryal)	Managing Director	2304 Share (Personal)	From 2081/05/20 To 2082/02/24	2081/06/04	Appointed from Government of Nepal, Ministry of Communications and Information Technology
5	Ms. Sangita pahadee (Aryal)	For Managing Director	2304 Share (Personal)	From 2080/06/17 To 2081/05/19	2080/06/22	Appointed by the decision of the Government of Nepal, Council of Ministers
6	Mr. Subas Chandra Shiwakoti	Promoter		From 2082/08/11 To Till Date	2082/09/02	Appointed from Government of Nepal, Ministry of Communications and Information Technology
7	Mr. Koshahari Niraula	Promoter		From 2081/07/23 To 2082/08/11	2081/08/04	Appointed from Government of Nepal, Ministry of Communications and Information Technology
8	Mr. Baburam Bhandari	Promoter		From 2079/10/27 To 2081/07/22	2079/11/05	Appointed from Government of Nepal, Ministry of Communications and Information Technology
9	Mr. Tanka Prasad Panday			From 2082/06/21 To Till Date	2082/06/29	Appointed by Government of Nepal, Ministry of Finance
10	Mr. Yagya Prasad Bhattarai			From 2081/12/05 To 2082/06/20	2081/12/14	Appointed by Government of Nepal, Ministry of Finance
11	Mr. Dhaniram Sharma	Promoter		From 2081/05/20 To 2081/12/04	2081/06/22	Appointed by Government of Nepal, Ministry of Finance
12	Dr. Tokraj Pandey	Promoter		From 2080/04/10 To 2081/05/19	2080/04/22	Appointed by Government of Nepal, Ministry of Finance
13	Ms. Aruna Joshi	Promoter		From 2082/07/12 To Till Date	2082/07/25	Appointed by Government of Nepal, Ministry of Law, Justice and Parliamentary Affairs
14	Mr. Komal Bahadur Khatri	Promoter		From 2081/07/05 To 2082/07/11	2081/07/06	Appointed by Government of Nepal, Ministry of Law, Justice and Parliamentary Affairs
15	Ms. Nirmala Adhikari Bhattarai	Promoter		From 2081/01/21 To 2081/07/04	2081/01/24	Appointed by Government of Nepal, Ministry of Law, Justice and Parliamentary Affairs
16	Mr. Lok Bahadur katuwal	Employee Representative	100 Share (Personal)	From 2081/08/28 To Till Date	2081/09/06	Elected from Employees

## (C.1) DETAILS ABOUT BOARD OF DIRECTORS: (AS OF ASHAD 2082)

S.N.	NAME OF BOARD OF DIRECTORS	GROUP REPRESENTED	NO OF SHARES	APPOINTED DATE	TAKING OATH OF POSITION AND SECRECY DATE	CRITERIA (METHOD) OF APPOINTMENT OF DIRECTOR
1	Ms. Radhika Aryal	Promoter		From 2081/04/14 To Till Date	2081/04/21	Appointed from Government of Nepal, Ministry of Communications and Information Technology
2	Ms. Sabina Maskay Pradhan	For Managing Director	1944 Share (Personal)	From 2082/02/28 To Till Date	2082/02/29	Appointed from Government of Nepal, Ministry of Communications and Information Technology
3	Mr. Koshahari Niraula	Promoter		From 2081/07/23 To 2082/08/11	2081/08/04	Appointed from Government of Nepal, Ministry of Communications and Information Technology
4	Mr. Yagya Prasad Bhattarai			From 2081/12/05 To 2082/06/20	2081/12/14	Appointed by Government of Nepal, Ministry of Finance
5	Mr. Komal Bahadur Khatri	Promoter		From 2081/07/05 To 2082/07/11	2081/07/06	Appointed by Government of Nepal, Ministry of Law, Justice and Parliamentary Affairs
6	Mr. Lok Bahadur katuwal	Employee Representative	100 Share (Personal)	From 2081/08/28 To Till Date	2081/09/06	Elected from Employees
7	Mr. Manish Jung Joshi	Shareholders Representative	500 Share (Personal)	From 2080/09/29 To Till Date	2080/10/05	Elected by Public Shareholders

**(d) Details of Directors Appointed After the Last Annual General Meeting:**

- According to the decision of the Government of Nepal, Ministry of Finance, Hon'ble Deputy Prime Minister and Minister of Finance (the letter dated 2081/12/06, Ref No. 643), Mr. Yagya Prasad Bhattarai has been appointed as a member of the Board of Directors.
- According to the decision of the Government of Nepal, Ministry of Communication and Information Technology (the letter dated 2082/02/28, Ref No. 3178), Ms. Sabina Maskay Pradhan has been appointed as For Managing Director and a member of the Board of Directors.
- According to the decision of the Government of Nepal, Ministry of Finance (the letter dated 2082/06/21, Ref No. 505), Mr. Tanka Prasad Panday has been appointed as a member of the Board of Directors.
- According to the decision of the Government of Nepal, Ministry of Law, Justice and Parliamentary Affairs (the letter dated 2082/07/13, Ref No. 251), Ms. Aruna Joshi has been appointed as a member of the Board of Directors.

5. The Government of Nepal, Ministry of Law, Justice and Parliamentary Affairs, Secretary level decision dated 2081/01/21 (According to the letter dated 2081/01/21 Cha. No. 960) Ms. Nirmala Adhikari Bhattarai has been appointed as a member of the Board of Directors.

5. According to the decision of the Government of Nepal, Ministry of Communication and Information Technology (the letter dated 2082/08/14, Ref No. 1128), Mr. Subas Chandra Shiwakoti has been appointed as a member of the Board of Directors.

**Note:**

1. Subsection (3) of Section 86 of the Companies Act, 2063, when the Board of Directors is formed in accordance with Subsection 2, there is a provision that if there are up to seven directors, at least one person should be appointed as independent director and two persons should be appointed as independent directors if there are more than seven directors. However, there is no such provision in the company's regulations.



## (e) Meeting of Board of Directors

Details about the Meetings of Board of Directors (FY 2024/25):

S.N.	MEETING NO.	DATE OF MEETING	NO. OF PRESENT BOARD OF DIRECTORS	NO. OF BOARD OF DIRECTORS WHO SIGNED FOR DISAGREEMENT IN THE DECISIONS OF THE MEETING	NUMBER OF MEETINGS IN LAST FISCAL YEAR 2023/24	DATE OF MEETINGS OF THE LAST FISCAL YEAR 2023/24
1	1032	2081/04/01	5	Not Applicable	990	2080/04/08
2	1033	2081/04/04	5	Not Applicable	991	2080/04/22
3	1034	2081/04/21	5	Not Applicable	992	2080/04/29
4	1035	2081/04/31	6	Not Applicable	993	2080/05/04
5	1036	2081/05/12	5	Not Applicable	994	2080/05/11
6	1037	2081/05/19	4	Not Applicable	995	2080/05/18
7	1038	2081/06/04	5	Not Applicable	996	2080/05/26
8	1039	2081/06/06	5	Not Applicable	997	2080/06/04
9	1040	2081/06/22	5	Not Applicable	998	2080/06/08
10	1041	2081/07/06	5	Not Applicable	999	2080/06/22
11	1042	2081/08/04	6	Not Applicable	1000	2080/06/23
12	1043	2081/08/13	6	Not Applicable	1001	2080/06/29
13	1044	2081/08/17	6	Not Applicable	1002	2080/07/01
14	1045	2081/08/25	6	Not Applicable	1003	2080/07/17
15	1046	2081/08/30	6	Not Applicable	1004	Vacant
16	1047	2081/09/06	7	Not Applicable	1005	2080/08/01
17	1048	2081/09/22	7	Not Applicable	1006	2080/08/18
18	1049	2081/09/23	7	Not Applicable	1007	2080/08/28
19	1050	2081/10/02	7	Not Applicable	1008	2080/09/03
20	1051	2081/10/20	7	Not Applicable	1009	2080/09/05
21	1052	2081/10/23	7	Not Applicable	1010	2080/09/22
22	1053	2081/11/11	7	Not Applicable	1011	2080/09/26
23	1054	2081/11/17	6	Not Applicable	1012	2080/10/05
24	1055	2081/11/27	6	Not Applicable	1013	2080/10/12
25	1056	2081/12/03	6	Not Applicable	1014	2080/10/26
26	1057	2081/12/04	6	Not Applicable	1015	2080/11/06
27	1058	2081/12/14	7	Not Applicable	1016	2080/11/21
28	1059	2081/12/21	7	Applicable	1017	2080/12/02
29	1060	2082/01/03	7	Not Applicable	1018	2080/12/15
30	1061	2082/01/08	6	Not Applicable	1019	2080/12/21
31	1062	2082/02/01	7	Not Applicable	1020	2081/01/03
32	1063	2082/02/11	6	Not Applicable	1021	2081/01/13
33	1064	2082/02/29	6	Not Applicable	1022	2081/01/24
34	1065	2082/03/11	7	Not Applicable	1023	2081/01/26
35	1066	2082/03/12	7	Not Applicable	1024	2081/02/02
36	1067	2082/03/15	7	Not Applicable	1025	2081/02/03
37	1068	2082/03/16	7	Not Applicable	1026	2081/02/11
38	1069	2082/03/22	6	Not Applicable	1027	2081/02/17
39	1070	2082/03/25	6	Not Applicable	1028	2081/02/18
40	1071	2082/03/26	6	Not Applicable	1029	2081/03/13
41	1072	2082/03/29	6	Not Applicable	1030	2081/03/18
42	1073	2082/03/30	6	Not Applicable	1031	2081/03/26

Note: After the meeting no. 1003 dated 2080/07/17, the next meeting no. held on 2080/08/01 was numbered 1005. Thus the number 1004 was left vacant.

Details of postponed meetings of Board of Directors due to the lack of quorum, if any:

In all the meetings, there were required quorums.

**Other details about meeting of Board of Directors:**

Presence or absence of director or alternative director in the meeting of Board of Directors (In absence, mention the reason with the date):	Due to busy schedule there was absence of one or more directors in 27 meetings
Whether there is separate record (minute) maintained containing the present directors in the meetings of Board of Directors, agenda discussed and the decisions made based on the same:	A Separate record (minute) has been maintained.
Longest gap (days) between the consecutive meetings of Board of Directors:	24 days (From 2082/01/08 to 2082/02/01)
Date of annual general meeting that was called with regard to fixing the Board-Of-Directors-Meeting allowance:	2078/12/24
Allowance per Board of Directors meeting:	NPR 7,500 From 078/12/24
Total Board of Directors' meeting expenditure in rupees in the fiscal year:	1,927,500.

**2. Conducts of the Directors and Other Details**

Existence of the code of conduct with regard to the directors:	As per the Company Act, 2063. There is no separate code of conduct.
If there are more than one director from one household, give details:	Not applicable
Details about annual learning and refreshment programs for Board of Directors:	Not applicable

S.N.	Subject	Date	Number of participated directors	Venue of training
-	-	-	-	-

Whether every director informed the following in writing within 15 days or not after they were appointed as directors or chosen as director:

❖ Any agreement made or is going to be made by his own family members or any members from his household with the company: Self Declaration Submitted	
❖ Whether the director's own family members or any members from his household have taken shares or debentures from the main or branch company: Self Declaration Submitted	Self Declaration Submitted
❖ Whether the director is a shareholder or director of any other organized entity: Self Declaration Submitted	
❖ Whether any other member from the director's family is working as a staff member of as an officer in any member organizations:	
❖ Whether the director is working in the organization with same nature and listed organization as a director, paid position-holder, chief executive or staff member:	Not applicable
❖ Whether the directors have been punished by any monitoring agencies or other agencies:	Because of the case filed in the special court, the then BOD (Managing Director) is on suspension.



### 3. Details about Corporate Risk Management and Internal Control System

**a. Whether any committee has been formed for risk management, give reasons if it is not formed:**

There is no risk management committee formed in the company.

**b. Awareness about Risk Management Committee:**

Absence of such awareness.

- i. Structure of the Committee (Names and positions of coordinator and members): not applicable.
- ii. Numbers of Meetings of Committee: not applicable.
- iii. Brief Accounts of Tasks of Committee: not applicable.

**c. Existence of Internal Control Procedure:**

The procedure with regard to internal account audit and control has been implemented.

**d. Any Committee Formed with regard to Internal Control Procedure, Give Reasons If Not Formed:**

In the company tasks with regard to internal control is performed by the audit committee.

**e. Details with regard to Internal Control System:**

With regard to company's internal control system, account and other affairs.

- (i) Structure of the Committee (Names and positions of coordinator and members): no such committee.
- (ii) Numbers of Committee's Meeting: not applicable.
- (iii) Brief Accounts with regard to Committee's Tasks: Works related to Internal Control System and other affairs of the company

**f. Existence of Financial Administration Bylaws:**

It is in existence (the financial bylaws of Nepal Telecommunications Company Limited's 2071 has been implemented).

### 4. Details with regard to Dissemination of Notices and Information

a. Details of Notices and Information That were Made Public by the Corporation:

SUBJECT	MEDIUM	DATE OF PUBLIC DISSEMINATION
Notice about Annual General Meeting	Gorkhapatra Daily	Decision with regard to 18th Annual General Meeting has not been made yet.
Notice about Special General Meeting	Not given yet	Not given yet
Annual Report	Is in process of printing in Nepali and English and will be placed in the company's website: www.ntc.net.np	Will soon be published
Quarterly Report	Published in the Gorkhapatra Daily and the Company's website: www.ntc.net.np	30th Day of Following month of each quarter
Price Sensitive Information that Can Affect the Price of Securities	None	None
Others	None	None

(b) Information with regard to Not Publishing Notices or Punishment Received due to Other Reasons by Securities Board and Other Agencies: None.

(c) Date of Completion of Last Annual General Meeting: 2081 Poush 28

## 5. Details about Corporate Structure and Staff

### (a) Provisions of staff structure, recruitment, training, salary, allowances and other facilities, attendance and leaves, code of conducts, employee service regulations:

There are these provisions in the Nepal Telecommunications Company Limited Employee Regulations, 2078

### b. Corporate Structure:

Mentioned in page no. 13

### (c) Details about the names, academic qualifications and experiences of higher level management employees:

Mentioned in Annexure-2

### (d) Other details about employees:

Staff recruitment as per the structure:	It is done as per the structure
Procedures followed while recruiting new staff members:	It has been carried out following the general principles of Public Service Commission and as per the company's employee regulations.
Number of management-level staff:	Level 12: 1 Managing Director Level 11: 10 Deputy Managing Directors Level 10: 49 Managers
Total number of staff members:	3,632
Succession plans of staff:	There exists some level of succession plan.
Number of training and number of staff that attended the training during the fiscal year:	Abroad: 414 staff members participated Factory Inspection: 31 employees, Conference: 25 employees, Visit: 17  Domestic: In annex-3
Total expenditure on staff in thousands in the fiscal year:	79,66,862.
Staff training expenditure in thousand in the fiscal year:	291,757.
Percentage of expenditure on staff out of total expenditure:	28.11 percent
Percentage of expenditure on staff training out of staff expenditure	3.66 percent



## 6. Details about Corporate Account and Audit

### a. Details about Account

Preparation as per the corporate's last fiscal year's details NFRS, if not done, mention the reason:	It has been done.
Date of latest financial details that was approved by Board of Directors	2081/08/30
Date of publication of quarterly financial details:	Within 30th Day of Following month of each quarter
Date of completion of last audit report:	2081/09/05
Date of financial details approved by Annual general Meeting:	2081/09/28
Details about the corporate's internal audit report:	
(i) Whether the account audit is carried internally:	It is carried out internally
(ii) If used the outside expert, mention the details:	None
(iii) Duration of internal account audit (quarterly, every four months or half-yearly):	Quarterly

### b. Details about Audit Report Committee

#### • Names, Positions and Qualifications of Coordinator and Members

S.N.	POSITION	NAME	QUALIFICATIONS
1	Chairperson	Mr. Yagya Prasad Bhattarai, Joint Secretary, Ministry of Finance	LLM and MA
2	Member	Mr. Koshhari Niraula, Joint Secretary, Ministry of Communication and Information Technology	MPA
3	Member	Mr. Komal Bahadur Khatri, Joint Secretary, Ministry of Law, Justice and Foreign Affairs	MPA and BL
4	Member	Mr. Manish Jung Joshi, Public Shareholder's Representative	BE (Aeronautics), MBA
5	Member Secretary	Mr. Dwarika Prasad Paudel, DMD. Internal Audit and Inspection Department	MBA

#### • Dates of Meetings Called and the Number of Members Present

S.N.	DATE	NO OF MEETING	NO. OF MEMBERS PRESENT
1	2081/05/17	387	5
2	2081/08/16	388	5
3	2081/08/28	389	4
4	2081/09/28	390	5
5	2081/12/17	391	5
6	2082/02/07	392	5
7	2082/03/13	393	5

Allowance per person in rupees for every meeting:	NPR 7,500.
Date of report submitted to the Board of Directors by Audit Committee	2082/09/04

## 7. Other Details

The company has taken/hasn't taken any loans, borrowed any money or taken any amount of money from the director and their household members who are involved in banks or financial corporations:	Not taken
Any property of the corporation has been used/has not been used in any way by any person, firm, company, employee, advisor or consultants that has financial interest in the listed organization beyond the facilities and benefits that are offered by the existing law as director of the company, shareholder, employee, advisor, consultant:	Has not been used
Stipulated conditions that were laid while issuing license by the monitoring agency have been followed/breached:	Have been followed
Directions that were given while making inspections or supervisions of the corporation by the monitoring agency have been implemented/not implemented:	Have been implemented
Give details if there is a case against the corporation or director going on in the court	There is a case filed against the then BOD (Managing Director) in the special court.

**Name of Compliance Officer : Mr. Dwarika Prasad Paudel**

**Position: DMD (Company Secretary), Company Secretariat**

**Date: 2082/09/08 B.S.**

**Stamp of Corporation:**

Date of Report Approved by Board of Directors: 2082/09/08 B.S.

Note: The compliance officer of the listed organized corporations has to submit this report to the Security Board of Nepal after the approval of the Board of Directors and after verification by the statutory auditors along with audit reports.



## RISK MANAGEMENT

*Risk Management forms an integral part of business planning and project review. Nepal Telecom is continuously working to mitigate and minimize the identified and possible operational risks, financial risks, strategic risks and compliance related risks related to the services provided by it.*

### **At the Board Governance Level:**

The Board is responsible for ensuring that the company has appropriate internal control framework in place that supports its strategies and objectives. There should be proper control mechanism during expansion and growth to maximize profitable business opportunities, avoid or reduce risks that can cause loss or reputational damage, ensure compliance with applicable laws and regulations and enhance resilience to external events.

The Board has set policies and procedures for risk identification, risk assessment, risk mitigation and control/monitoring and has effectively implemented the same. The effectiveness of the company's internal control system is reviewed regularly by the Board, Audit Committee, Management and Internal Audit Department.

The Board has overall responsibility for the company's risk management and internal control systems. The Board ensures that internal controls and risk management are properly established and maintained through Audit Committee whose responsibility is to oversee internal control and risk management. Under the delegation from the Board, the Audit Committee monitors the nature and extent of risk exposure against risk appetite for our key risks.

### **At the Management Level:**

The Managing Director and top managerial personnel are responsible for managing risk across the organization and implementing effective risk management processes across the organization. Both internal and external environments are scanned well by the management for identification of all possible risks. Internal Audit reports are also considered for the identification of key risks.

Internal Audit Department monitors compliance with policies/ standards and the effectiveness of internal control structures across the company through regular audit, special audit, off-site review and Technical Audit, as well as Risk Based Internal Audit (RBIA) approach.

The auditor's observations are reported to the Managing Director, top management and concerned staffs for initiating immediate corrective measures.

Internal Audit reports are periodically forwarded to the Audit Committee for discussions and the committee issues necessary directions for appropriate corrective actions to be taken.

### At the Operating Level:

Directors and other senior officials of the company are entrusted with the responsibilities to manage risks at the ground level. It is the responsibility of each director and other senior officials to manage risks in coordination and facilitation with concerned entities.

The company relies on the competence of the staffs involved in operational activities to identify acceptable operational risks. The operational staffs are also responsible to make decisions based on sound judgment in order to manage those risks.



## Our Key Risks

The key risks and measures taken by the company to mitigate those risks are as follows:

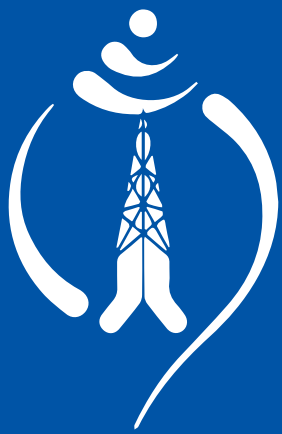
S.N.	RISK	CATEGORY	MITIGATION MEASURES
1	Competition from emerging technology and OTT services	Strategic Risk	NT strives to create unique value proposition to its customers and win their loyalty through continuous service enhancements, product line extensions, attractive product bundling offers and product campaigns.
2	Customer's Preferences and high expectations	Strategic Risk	Customer's preferences and demands are properly taken care of in NT's plans and programs so as to avoid possible churning and prevent any reduction in revenue. Although some of the expectations are difficult to address, NT considers those are positive feedbacks and tries to incorporate them in the next programs.  In addition, the company has focused to expand its network and availability of its services throughout the country by investing heavily to develop dependable optical fiber network and microwave radio infrastructure.
3	Challenges in Capacity Development of Human Resource	Strategic Risk	NT has its own Telecom Training Center for providing in-house training to its employees. NT nominates its employees to trainings, workshops and conferences in foreign countries to sharpen their knowledge and skills.
4	Cyber Security and Information security	Operational Risk	NT manages the risk arising from cyber threats including malware and cyber-attacks by proactively monitoring and timely responding to suspicious activities. The company has internal control mechanism to address information security threats by implementing proper access control, data backups and system audits.
5	International Call bypass	Operational Risk	Nepal Telecom has been actively employing advanced technologies to control and minimize illegal activities like call bypass. In addition, company is working in close collaboration with the government, regulatory authorities and security agencies.



S.N.	RISK	CATEGORY	MITIGATION MEASURES
6	Misuse or Leakage of Customer data	Operational Risk	NT considers data privacy as one of its top priorities and ensures prevention of data misuse and leakage. All data in its possession are used and stored appropriately. Access to sensitive information of customers is strictly controlled.
7	Failure in network/IT systems and infrastructures	Operational Risk	Specific back-up and resilience policies are built in NT's network and systems in conformance to standard international practices. Disaster Recovery sites are well operated, equipped and frequently monitored for ensuring smooth operation during any system failures. Failures in network arising due to road expansion and natural causes like earthquakes are instantly taken care of by experts.
8	Major Contracts and Contractual Obligations	Legal & Compliance Risk	NT has created consistent and coordinated KPI reporting that enhances its ability to identify possible delay in implementation of projects, rectify deficiencies and compensate for liquidated damages etc
9	Regulatory and legal issues	Legal & compliance Risk	NT is exposed to the risk of regulatory or litigation action by regulator i.e. Nepal Telecommunication Authority (NTA) and other parties. NT is subject to regulatory conditions, various other laws and conditions, such as those relating to customer data privacy and protection, anti-bribery and corruption, workplace safety and health. NT ensures that there is no breach of any regulatory or legal requirements.
10	Poor return on investment	Financial Risk	<p>NT has well established policies and procedures to monitor investments and that support its investment diversification efforts to provide cushion to its revenue streams.</p> <p>NT has been investing in Term Deposits in 'A' Class Banks with due consideration for risk grading of individual banks and their proposed interest rates.</p>
11	Unstable economic conditions	Financial Risk	NT closely monitors economic conditions and currency fluctuations in the market so as to respond effectively to the economic changes.
12	High Operating Cost	Financial Risk	NT strive to provide the best after sales service while keeping its operational cost low through continuous improvements of business processes, business process re-engineering and efficient utilization of resources.

Photo Credit: **Rhitwik Tiwari**





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**FINANCIAL STATEMENTS  
STANDALONE**

**INDEPENDENT AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF**

**NEPAL DOORSANCHAR COMPANY LIMITED (NEPAL TELECOM)**

**REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS**

**QUALIFIED OPINION**

We have audited the Standalone Financial Statements of Nepal Doorsanchar Company Limited ("Nepal Telecom"/"the Company") which comprise the Statement of Financial Position (SOFP) as at Ashadh 32, 2082 (July 16, 2025), and Statement of Profit or Loss (SOPL), Statement of Other Comprehensive Income (OCI), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Standalone Financial Statements, including a Summary of Significant Accounting Policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying Financial Statements read with the Notes to the Financial Statements present fairly, in all material respects, the financial position of the Company as at 32 Ashadh, 2082 (July 16, 2025), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

**BASIS FOR QUALIFIED OPINION**

**a. 4G/LTE Project – Contract Expiry, Liquidated Damages, and Irregular Payments**

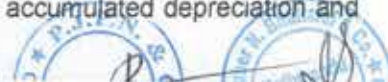
The Company entered the contract for the nationwide 4G/LTE network covering Core and Radio Access Network (RAN) I and II, with an aggregate contract value of NPR 19.68 billion, which were required to be completed within 12 months by February 2020 (Falgun 16, 2076). Due to non-completion within the stipulated period, the Board extended the contract up to April 14, 2022 (Chaitra end 2078). No further extension was formally approved until Kartik 12, 2082, when management (Managing Director) approved an extension up to December 31, 2026, based on Board Decision No. 4162 (ka) dated Ashwin 9, 2082.

Notwithstanding the expiry of the contract, the Company continued transactions with the contractor and made payments amounting to NPR 530 million during FY 2081-82 (Previous Year NPR 971 million). Such transactions undertaken without a valid contract are irregular. As of Ashadh-end 2082, the Company capitalized 4,186 sites (100% achievement) and paid NPR 16.04 billion.

Furthermore, the Company has not recognized or claimed liquidated damages as provided under the contract for delayed completion. Accordingly, income is understated by the amount of liquidated damages, which could be up to a maximum of 10% of the total contract price. We were unable to determine the exact amount of liquidated damages due to lack of management estimation and documentation.

**b. Property, Plant and Equipment – Derecognition, Impairment, and Revaluation**

The Company's policy relating to derecognition of Property, Plant and Equipment (PPE) has significant limitations. As at Ashadh-end 2082, the gross carrying amount of Plant & Machinery was NPR 79.37 billion (Previous Year: NPR 77.21 billion), with accumulated depreciation and



impairment of NPR 62.02 billion (Previous Year: NPR 55.34 billion), resulting in a net carrying amount of NPR 17.35 billion (Previous Year: NPR 21.00 billion).

Legacy copper cable systems with a written-down value (WDV) of NPR 310.31 million continue to be recognized as PPE, although NPR 153 million has been provided as impairment during FY 2081-82. Additionally, scrap and obsolete PPE exist but have not been fully identified, derecognized, or auctioned or disposed of, and the extent and value thereof could not be reliably determined.

The financial statements also include buildings with a carrying amount of NPR 3.56 billion (Previous Year: NPR 3.43 billion). We observed that several buildings lack valid legal ownership documents and certain buildings are not generating economic benefits. Further, due to the lack of prompt auction or disposal of obsolete assets and weak physical condition management of plant and machinery, including copper cables, we were unable to assess the consequential impact, if any, on the fair value of PPE.

During the year, the Company revalued land and buildings, recognizing a revaluation surplus of NPR 1,681 million for land and NPR 147 million for buildings. We noted that, in cases where market prices were unavailable or lower than the government-fixed rates, the valuator used prices fixed by the local government as a benchmark. As per NFRS 13, fair value represents the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Since government-fixed prices are meant for taxation purposes and may not reflect market participant assumptions, we were unable to determine the fairness of the revalued land amounts.

**c. Inventory and Capital Work-in-Progress – Impairment Assessment**

The Company's accounting policy requires impairment provisioning for inventory based on classification, i.e., 25% for slow-moving, 50% for non-moving, and 100% for obsolete items. As at Ashadh-end 2082, inventories amounting to NPR 2.73 billion (Previous Year: NPR 3.53 billion) were recorded under Capital Work-in-Progress and NPR 282 million (Previous Year: NPR 521 million) under Inventory.

The impairment assessment is based solely on inventory classification without adequate consideration of usability, condition, or future economic benefits. We noted that certain obsolete items have been classified as regular inventory. Further, persistent over-procurement, accumulation of slow-moving and non-moving items, lack of timely disposal, and weak physical inventory management raise concerns regarding value for money and propriety.

Accordingly, we were unable to determine the adequacy of impairment provisioning and the consequential impact, if any, on the carrying value of inventory and work-in-progress.

**d. Wireline Segment – Operating Losses and Impairment Indicators**

The Wireline segment, comprising investments in FTTH amounting to NPR 12.66 billion and PSTN amounting to NPR 310.31 million, incurred an operating loss of NPR 242.58 million during the year (Previous Year: NPR 533.77 million) against total revenue of NPR 2.69 billion (Previous Year: NPR 3.40 billion).

In respect of FTTH services, the Company has deployed 4,283 Fiber Distribution Cabinets and 2,252,910 Fiber Access Points (FAPs), of which only 481,542 were occupied as at the reporting date, representing a utilization rate of 23.96%. The segment generated revenue of NPR 1.67 billion during the year (Previous Year: NPR 2.17 billion). These factors indicate weak cost recovery, declining revenue, and uncertainty regarding the long-term viability of the technology.

Management has performed an impairment assessment of the FTTH segment and concluded that no impairment was required during the year. However, the segment has incurred continuous and persistent operating losses for the past five years since inception, accompanied by a low utilization rate of FAPs and a decline in revenue during the year. These conditions indicate the existence of significant impairment indicators. Due to limitations in management's impairment assessment and the lack of sufficient appropriate audit evidence supporting the recoverability assumptions, we were unable to determine whether the carrying amount of the segment's assets, amounting to NPR 6.94 billion, is recoverable. Accordingly, there is material uncertainty regarding the timing of cost recovery and the long-term profitability and sustainability of the FTTH segment as a cash-generating unit (CGU).

**e. Asset Retirement Obligation (ARO) – Network Towers on Leased Properties**

The Company has installed network towers on leased properties, including rooftops of residential buildings and schools. At the expiry or early termination of lease agreements, the Company may be required to dismantle and restore these sites, resulting in unavoidable future costs.

As at Ashadh-end 2082, the Company had 3,834 towers installed on leased properties. However, no provision for Asset Retirement Obligation has been recognized, and management has not estimated the related obligation. This represents non-compliance with Nepal Financial Reporting Standards (NFRS) requirements, which require recognition of a provision for present obligations arising from asset installation when the obligation can be reliably estimated. We were unable to determine the impact of this omission on the financial statements.

**f. Sundry Creditors – Long-Outstanding and Unconfirmed Balances**

The financial statements include sundry creditors amounting to NPR 7.98 billion (Previous Year NPR 8.92 billion), which comprise several long outstanding and unexplained balances. These include, among others, NPR 31.6 million relating to bank cheque returns, NPR 62.8 million relating to bid bond forfeited in July 2016 and other liability of a foreign party, NPR 63.47 million relating to employee-related liabilities, other liabilities of NPR 542.68 million outstanding for more than five years, and meeting allowance payable of NPR 4.7 million, of which NPR 1.52 million is outstanding for more than two years.

No balance confirmations were obtained from the respective creditors. Given the age, nature, and lack of supporting documentation for these balances, we were unable to verify their existence, accuracy, and completeness.

We have conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our Report. We are independent of the Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**EMPHASIS OF MATTER**

We draw attention to the following matters disclosed in the financial statements, which, in our judgment, are of such importance that they are fundamental to users' understanding of the financial statements. Our opinion is not modified in respect of these matters.



**a. Convergent Real-Time Billing (CRTB) System – AMC Contract and New Billing System (Note 13.2.3)**

The Annual Maintenance Contract (AMC) for the Convergent Real-Time Billing (CRTB) system between Nepal Telecom and the AMC contractor was originally signed on December 21, 2011. As per the contract terms, the AMC could be renewed annually at the option of Nepal Telecom, with the cost of each subsequent year equal to the previous year's cost less a 5% discount.

Contrary to the annual renewal provision, the Company entered into a consolidated AMC agreement for a period of four plus one years on January 8, 2023, covering the period from September 20, 2022 to September 19, 2027. A case relating to this matter is pending before the Special Court, and the amount under litigation (बिगो रकम) is NPR 334.82 million (USD 2,443,620).

Further, to procure a new billing system, a bid was invited on March 18, 2025 (Chaitra 05, 2081), and the technical evaluation was completed on August 24, 2025 (Bhadra 08, 2082). However, the financial proposal has not yet been opened, and the procurement process remains stalled. Considering the critical nature of the billing system and the lead time required for vendor onboarding, any further delay may pose operational and financial risks and could even disrupt the continuity of the Company's core business functions. The existing CRTB AMC is scheduled to expire on September 18, 2027 (Ashwin 02, 2084).

**b. Employees' Bonus Provision – Basis of Computation and Pending Litigation (Note 9.3)**

As per the letter issued by the Ministry of Finance dated Baishakh 16, 2081, employees' bonus is required to be calculated based on operating profit, amounting to NPR 5.86 billion for FY 2081-82, NPR 4.17 billion for FY 2080-81, and NPR 4.41 billion for FY 2079-80. However, the Company has calculated, and recognized employees' bonus based on total profit, amounting to NPR 9.85 billion for FY 2081-82, NPR 11.43 billion for FY 2080-81, and NPR 11.74 billion for FY 2079-80. A court case challenging the Ministry of Finance decision is pending, and no bonus has been paid for FY 2079-80 and FY 2080-81. As a result, the cumulative difference in bonus provision amounts to NPR 928 million, comprising NPR 199 million for FY 2081-82, NPR 363 million for FY 2080-81, and NPR 366 million for FY 2079-80.

**c. Defined Benefit Obligation and Funding Gap (Note 13.2)**

As per the actuarial valuation conducted as at Ashadh-end 2082, the Company's defined benefit obligation amounts to NPR 38.29 billion. During the year, the Company contributed NPR 13.15 billion to the plan assets, bringing the total plan assets to NPR 28.56 billion. Consequently, a funding shortfall of NPR 9.73 billion remains as at the reporting date.

**d. Trade and Other Receivables – Old and Unexplained Balances (Note 10.1.4)**

The gross balance of sundry debtors and trade receivables amounts to NPR 3.20 billion, against which the Company has recognized an expected credit loss of NPR 2.10 billion, resulting in a net carrying amount of NPR 1.10 billion.

The sundry debtors balance includes receivables from the public, ministries, government offices, domestic interconnection, and international interconnection services. It also includes old receivables amounting to NPR 286.28 million relating to PSTN services, for which supporting details and documentation were not available for review and assessment of recoverability.

**e. Prepayments and Advances – Long-Outstanding and Unconfirmed Balances (Note 9.1)**

The financial statements include prepayments amounting to NPR 368.07 million, other non-financial assets of NPR 639.07 million, and advances to suppliers for the supply of goods and

services totaling NPR 1,158.95 million. Significant components of these balances include advances to NEA of NPR 100.87 million, the Road Department of NPR 60.27 million, inter-company balances of NPR 4.30 million, and advances to contractors with no subsequent transactions amounting to NPR 48.12 million.

Of these balances, NPR 162.30 million has been outstanding for more than three years and NPR 78.91 million for more than five years the balances of which are not confirmed. Although it is expected that these advances are to be settled in the normal course of operations, they have remained outstanding for several years. An impairment provision of NPR 197.01 million has been recognized in the accounts.

#### OTHER AUDIT MATTERS

The following matters are presented that are other than those presented or disclosed in the financial statements that, in our judgment, are relevant to users' understanding of the audit, the auditor's responsibilities, or the auditor's report. The audit opinion is not modified because of these matters.

- a. **Role of Board of Directors:** The Company is operating in an environment marked by delay in decision making in technology selection, procurement, and contract management, which requires urgent correction through proactive and timely decision-making aligned with organizational objectives and operational needs. Delays in procuring appropriate technology, particularly in critical systems such as the Billing System, pose serious risks to business continuity and may have severe operational and financial consequences. These risks are further heightened during periods of frequent changes in top management, often arising from investigations or charges by the CIAA, which can adversely affect management morale and discourage decisive, long-term decision-making. In such circumstances, the Board's role becomes paramount, and it must exercise strong leadership and assume responsibility for steering the Company through uncertainty to protect its sustainability and long-term interests.
- b. **Business Strategy of the Company:** In the context of the rapidly evolving global telecommunications industry, the absence of a properly documented business strategy and a clear mid- to long-term plan exposes the Company to significant operational and existential risks. Although a Strategy Plan Document (Vision 2030) has been placed before the Board which is yet to be formally endorsed. There is an urgent need to prepare and approve a comprehensive, written business strategy that clearly articulates the Company's vision, mission, and strategic objectives, along with defined roadmaps for short-term (1–3 years), medium-term (3–5 years), and long-term horizons. The strategy should be forward-looking and aligned with emerging industry trends such as 5G, the Internet of Things (IoT), and artificial intelligence to ensure the Company's sustained competitiveness and relevance.
- c. **Restructuring of the Company:** Board of Directors of the Company (Meeting Number 961 dated Kartik 26, 2079) had decided to conduct an Organization and Management Survey (O & M Survey) for restructuring of the Company and to plan and implement a Voluntary Retirement Scheme (VRS), but it has not been implemented. In view of the huge expenditure for employee's salary, benefit, and expenses (NPR 7.96 billion in FY 2081-82 and NPR 8.68 billion in FY 2080-81) and the changed operational and market context, an Organization and Management Survey (O&M Survey) should be conducted for restructuring of the Company and to assess and determine the optimum number and appropriate mix of employees required by the Company.
- d. **Effective Human Resource Management:** The practice of "unpaid KaaJ" (where per diem and travel costs are not reimbursed) continues to prevail, reflecting an employee-induced practice

rather than a requirement arising from the Company's operational needs. The number of such instances have increased to 638 employees (3,630 person days) during the FY 2081-82. There is a noticeable imbalance in manpower deployment, with shortages in rural areas and surpluses in urban locations. Additionally, substantial expenditure has been incurred on outsourced human resources, alongside significant spending on casual labor, indicating inefficiencies in workforce planning and utilization.

- e. **Procurement Practices:** The Company's procurement practices reveal significant weaknesses, particularly the absence of prudent procurement discipline. Procurement decisions have frequently been driven by budget availability rather than actual operational needs, resulting in the acquisition of surplus assets that remain idle. We observed the instances of needless procurement (NPR 275.23 million), split procurement (3 instances of NPR 74 million), additional or supplementary procurements (11 instances of NPR 738 million) and procurement approvals exceeding prescribed authority limits. The additional or supplementary procurements are based on existing contracts which are executed without cost estimate and needs assessment. Furthermore, procurement planning and cost estimation processes have not adhered as per fundamental principles of public procurement and, in some cases, reflect misinterpretation of contractual provisions. The accumulation of substantial underutilized, non-moving, and idle assets indicates a clear misalignment between procurement strategies and operational requirements, raising serious concerns about the effectiveness and prudence of the Company's procurement approach.
- f. **Effectiveness of INOC:** The Integrated Network Operation Centre (INOC) is operational with core technical staff and representatives from relevant departments such as WSD (Wireless Service Department) and WCSD (Wireline Customer Service Department); however, its overall effectiveness remains limited. Recurrent service outages have been observed, yet management has not calculated the estimated monetary losses. While systems have been developed to identify risks associated with service outages, no formal risk assessment has been undertaken to implement appropriate corrective and preventive measures or to promote evidence-based decision-making. Outage tickets continue to be generated manually through separate software systems, leading to delays in resolution and compromised service quality. Moreover, insights gained from outage tracking have not been adequately translated into preventive actions or policy-level improvements.
- g. **Third-Party Managed Services:** Although contractual provisions exist to impose penalties on the Contractor for delays in service restoration, these have not been enforced, with responsibility for outages frequently attributed to Nepal Telecom. Despite outsourcing restoration of 2G and 3G services, accountability for service disruptions remains unclear, and a strategic review of technology transfer and the appropriate balance between in-house capability and outsourcing has not been undertaken. During FY 2081-82 alone, the Company incurred substantial expenditure on outsourced repair and maintenance services, with spending NPR 399.30 million (NPR 70.34 million for Warranty and NPR 328.96 million for Outsourcing Contractor) covering core systems, 2G/3G networks, and related network domains. Review of the service scope suggests that many of these activities could be managed internally, particularly given Company's continued investment in staff training, the annual expenditure for foreign training is also significant (NPR 17.8 million annually on an average). Vendor reports further indicate that most site outages arise from power interruptions or damaged cables, which fall outside the managed service scope and remain Company's responsibility. A critical review of the continuation of managed services and the preparation of a transparent, verifiable calculation of managed service fees are therefore necessary.

- h. **5G Readiness and Implementation Strategy:** The Contractor of 4G/LTE completed the installation, testing, commissioning, and on-airing of four 5G NSA sites assigned by Nepal Telecom and had also installed one temporary trial 5G site at the Nepal Telecom Central Office for the NT Day function, without any additional cost to the Company, in accordance with Clause 32 of the Contract. These activities were undertaken to verify the upgradability of the supplied equipment for 5G features and concluded that the supplied equipment can be upgraded for 5G features. However, despite this progress, a comprehensive and approved strategy for the phased implementation of 5G has yet to be formulated and executed. The absence of a clearly defined 5G implementation roadmap may delay the Company's readiness to capitalize on next-generation mobile technologies and associated business opportunities.
- i. **Mobile License:** The previous license of the mobile services issued by the Nepal Telecommunication Authority (NTA) to the Company expired on May 10, 2024 (Baishakh 28, 2081). NTA issued a new license for mobile services on May 10, 2024 (Baishakh 28, 2081) for a period of 5 years under the condition that the renewal fee and condition of the license shall be as decided by NTA. The Company has paid the license fee of NPR 210 million. As no communication has been received from NTA, the Company has not made any provision of the renewal fee, nor is any contingent liability disclosed to this effect.
- j. **Need for Research and Development (R&D) to Strengthen the Telecom Business:** To enhance competitiveness and ensure long-term sustainability, Nepal Telecom needs to institutionalize a structured Research and Development (R&D) function within the organization. Research activities should focus to promote knowledge sharing, innovation, and informed decision-making among technical and managerial staff. In parallel, inter-industry and market-oriented research should be undertaken to assess domestic competition, particularly from private sector telecom and ISP operators to benchmark performance, pricing, service quality, and emerging business models. Continuous monitoring and analysis of global technological developments and industry trends—and their potential implications for Nepal Telecom's operations, revenue streams, and service offerings—are equally essential. A strong R&D framework will support evidence-based strategy formulation, timely technology adoption, and the development of innovative services aligned with evolving market and customer expectations.
- k. **Capital Expenditure:** The Company had budgeted NPR 21.33 billion for FY 2081-82, but the expenditure was as low as NPR 4.04 billion with the achievement rate of only 18.7% (previous year 19%).
- l. **Revenue Assurance System (RAS) and Fraud Management System (FMS):** The RAS was procured at USD 532,000 in July 2022; however, its implementation commenced only in November 2024, reflecting a significant delay in the effective utilization of the procured system, and resulting in avoidable waste of procurement investment as well as potential revenue benefits. Similarly, FMS was also procured at USD 79,485 from the vendor of RAS. At present, only a limited number of system features are operational, and significant discrepancies have been identified in revenue data and traffic timing, indicating a potential loss of revenue. Although the Revenue Department submits reports to the IT Department, the communication process appears largely one-directional, with no documented evidence of corrective actions or system enhancements, as similar issues have persisted from November 2024 through December 2025. To ensure the system's effectiveness and safeguard revenue, the IT Department should actively monitor system performance, promptly address reported deficiencies, and ensure the provision of reliable and quality services. As the system remains

rather than a requirement arising from the Company's operational needs. The number of such instances have increased to 638 employees (3,630 person days) during the FY 2081-82. There is a noticeable imbalance in manpower deployment, with shortages in rural areas and surpluses in urban locations. Additionally, substantial expenditure has been incurred on outsourced human resources, alongside significant spending on casual labor, indicating inefficiencies in workforce planning and utilization.

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- l. **Revenue Assurance System (RAS) and Fraud Management System (FMS):** The RAS was procured at USD 532,000 in July 2022; however, its implementation commenced only in November 2024, reflecting a significant delay in the effective utilization of the procured system, and resulting in avoidable waste of procurement investment as well as potential revenue benefits. Similarly, FMS was also procured at USD 79,485 from the vendor of RAS. At present, only a limited number of system features are operational, and significant discrepancies have been identified in revenue data and traffic timing, indicating a potential loss of revenue. Although the Revenue Department submits reports to the IT Department, the communication process appears largely one-directional, with no documented evidence of corrective actions or system enhancements, as similar issues have persisted from November 2024 through December 2025. To ensure the system's effectiveness and safeguard revenue, the IT Department should actively monitor system performance, promptly address reported deficiencies, and ensure the provision of reliable and quality services. As the system remains

under the warranty period, all identified deficiencies should be rectified without delay to achieve the intended objectives of the RAS and FMS.

- m. **Sustainability of Defined Benefit Plan:** The Company has increased its contribution to the Defined Benefit Plan to NPR 28.55 billion against an actuarially determined obligation of NPR 38.28 billion, resulting in a funding gap of NPR 9.73 billion. The obligation is recognized by charging it to the Statement of Profit or Loss; however, it is added back for tax computation purposes, giving rise to deferred tax assets (equivalent to 30% of Defined Benefit Obligation). Consequently, the effective impact of the plan assets comprises both the actual contributions to the plan and the related deferred tax assets, while the Company continues to bear an open-ended and potentially unlimited liability under the Defined Benefit Plan. In contrast, contributions to a Defined Contribution Plan are charged to profit and are deductible for tax purposes, with no exposure to unlimited future liabilities. In view of the financial risk and long-term sustainability concerns, the Company should transition to a Defined Contribution Plan without further delay.
- n. **Upgradation of ERP System:** The Enterprise Resource Planning (ERP) system was upgraded in May 2025 at a cost of NPR 22.39 million; however, its intended benefits have not yet been fully realized. Notably, the procurement management module—one of the most critical functional areas—has not been incorporated into the system. While the ERP is expected to support effective project planning, budgeting, and monitoring, these functionalities are not being optimally utilized. Of the 14 available modules, three remain unused and are not integrated with other supporting software systems, resulting in continued reliance on manual processes and data entry. This partial implementation and lack of system integration undermine the efficiency, control, and transparency objectives of the ERP upgrade and require prompt management attention to ensure full utilization of the investment.
- o. **Noncompliance of Different Acts:** The Company has not complied with the provisions of the Labor Act, 2074, and Labor Regulation, 2075, relating to contractual employees, labor audits, and requirements of the Social Security Act 2075; the Corporate Social Responsibility (CSR) as mandated by Industrial Enterprise Act relating to non-allocation of one percent of annual net profit; the Bonus Act; and regulations relating to the maintenance and operation of the Employees Welfare Fund; and Interconnection Guidelines 2076 relating to international and domestic usage charges. Furthermore, the ICT Security Policy and Business Continuity Plan (BCP) are not approved as mandated by NTA Cyber Security By-laws, 2077.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the standalone financial statements. These matters were addressed in the context of our audit of the standalone financial statements, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matters described in the Basis for Qualified Opinion Section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the matter
<b>Revenue Recognition</b> We considered the accuracy of revenues relating to the voice and data services provided as a key audit matter due to the complexity of the IT	We evaluated the design and operating effectiveness of key controls over the capture and measurement of revenue transactions across all significant revenue streams, including evaluating the relevant IT systems

Key Audit Matter	How our audit addressed the matter
<p>systems, the significance of the volumes of data processed by the IT systems, and the impact of changing pricing models (tariff structures, incentive arrangements, discounts, etc.). The amount of revenue involved in the financial statement is material to the financial statements, and due to the complexity of the system, processes, and products/services used to record revenue, having multiple software programs is a reliance on automated processes and controls.</p> <p>The Company has used a billing system that captures, values, and records the revenue data generated from various software, which are heavily reliant on IT systems with processes and controls over the transactions.</p> <p>Revenue Assurance System (RAS) is under implementation from November 2024. Similarly, the Fraud Management System (FMS) is under implementation to monitor international operations (international call bypass) of the Company.</p> <p>Disclosures relating to revenue recognition can be found at Note 16.</p>	<p>with supporting evidence such as service detail records and evidence of customer payment.</p> <p>We obtained an understanding of the nature of various services provided by the Company, comprising prepaid, postpaid, international, and fixed-line services.</p> <p>The accuracy and completeness of revenue amounts recorded is an inherent risk. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• System recorded transactions: real-time test of recording of transactions in the system, subsequently recorded to the accounting system. Information is processed in a separate directorate independent of the accounting directorate, resulting in additional control over billed records and accounted records.</li> <li>• Manual control over transactions: testing the design and implementation of various operating effectiveness of manual control over initiation, authorization, and testing of revenue transactions. These included testing of tariff rates, packages, treatment related to discounts, and recording to ERP, including major contracts.</li> <li>• Performing substantive testing, including analytical procedures, over major streams of revenue generation Testing of manual journal entries and end-to-end reconciliation from data records to billing systems and accounting ledgers.</li> <li>• Testing the delivery of goods and services rendered for recording of revenue from advance/deposits received.</li> <li>• Testing of result of Revenue Assurance System and Fraud Management System.</li> <li>• Based on the result of the sample testing and mix use of manual and automated controls that are in place, we have relied on the information generated by the system and process followed by the Company for revenue recognition.</li> </ul>
<p><b>Information Technology (IT) System and Controls</b></p> <p>The Company uses several IT/software systems with or without integrating with the ERP system for the management of its business operations. A significant part of the Company's financial process is heavily reliant on IT systems with automated processes and controls over the capturing, valuing, and recording of transactions</p>	<p>We assessed the manual and automated controls relating to IT systems relevant to financial reporting, including the recognition of revenue.</p> <p>A separate IS audit has been carried out. We tested a sample of automated controls that are designed to enforce appropriate segregation of duties, roles, and controls. This included assessing the design of relevant automated processes and controls.</p>

Key Audit Matter	How our audit addressed the matter
<p>and manual interventions on the same while recording the data into ERP. This is a key part of our audit because of the complex IT environment supporting the business processes, the mix of manual and automated controls, the multiple internal and outsourced support arrangements, and the complexity of the billing systems, which result in revenue being recognized.</p>	<p>We reviewed a sample of the financial information produced by various systems, recording in ERP and reporting.</p> <p>We evaluated the effectiveness of the controls in the systems.</p>
<p><b>Impairment</b></p> <p>The assets owned by the Company include property, plant, and equipment (PPE) and other assets. Given the dynamic nature of the industry in which the Company operates, there is a risk that there could be material impairment to intangible assets, investments, and other assets. Determination as to whether there is an impairment relating to an asset or Cash Generating Unit (CGU) involves significant judgment about the future cash flows and plans for these assets and CGUs.</p>	<p>We reviewed the policies and processes of impairment of each class of assets.</p> <p>We assessed the determination of cash-generating units (CGUs) used for their impairment assessment and to assess the impairment models and evaluate the reasonableness of key assumptions, including discount rate, growth rates, and forecast growth assumptions. We also performed sensitivity analysis around the key drivers of the cash flow projections.</p> <p>We reviewed the impairment matrix prepared for expected losses, mainly for accounts receivable and inventories, as per the policies.</p> <p>We tested the adequacy of impairment on investments, receivables, and other assets, including PPE of the Company. We reviewed the impairment of all significant classes of assets, basis, and adequacy, including reversals.</p> <p>Management has performed an impairment assessment of the FTTH segment with no indication of impairment during the year, which is mentioned in Basis of Qualified Opinion paragraph (d)</p>
<p><b>Fair Value Measurement</b></p> <p>The Company has investments in shares and debentures that are measured at fair value. Similarly, property, plant, and equipment—mainly land and buildings—have been reassessed by the management technical experts of the Company, which was independently valued in FY 2078/79 and revalued during the year. The Company categorizes assets or liabilities carried on the reporting date at fair value using a three-level hierarchy. Determination of fair value is based on a high degree of judgment and input from data that is not directly observable in the market. Further, the fair value is significantly influenced by the expected pattern of future benefits of the tangible assets.</p>	<p>We reviewed the basis and categorization of assets or liabilities carried on the reporting date at fair value using a three-level hierarchy, including key assumptions around discounted cash flow to estimate fair value.</p> <p>We reviewed land and building reassessment reports obtained by the management with the involvement of the committee and experts. We assessed the methodology and the assumptions applied in determining the fair value. We have assessed the objectivity, independence, and competence of the specialists involved in the process.</p> <p>We assessed the adequacy of disclosure in Note 12 to the financial statements.</p> <p>Management has carried out revaluation of the land and building during the year, which is mentioned in Basis of Qualified Opinion Paragraph (b)</p>

Key Audit Matter	How our audit addressed the matter
<p><b>Provisions and contingencies tax, legal and other regulatory matters</b></p> <p>The Company has recognized provisions for probable outflows relating to legal, tax, and other regulatory matters and has disclosed contingencies for legal, tax, and other regulatory matters where the obligations are considered possible. The Company assesses the likelihood that a pending matter relating to tax, legal, or regulatory will succeed. In performing this assessment, the Company applies judgment and has recognized provisions based on whether additional amounts will be payable and has disclosed contingent liabilities where economic outflows are considered possible.</p> <p>We have considered the provisions recorded and the contingencies relating to tax, legal, and other regulatory matters as a key audit matter, as there is significant judgment to determine the possible outcome of matters under dispute and determining the amounts involved, which may vary depending on the outcome of the matters.</p>	<p>We obtained an understanding, evaluated the design, and tested the operating effectiveness of internal controls relating to:</p> <ul style="list-style-type: none"> <li>• Identification evaluation, recognition of provisions, and disclosure of contingencies for matters under review or appeal with relevant adjudicating authorities by considering the assumptions and information used by management in performing this assessment.</li> <li>• Completeness and accuracy of the underlying data/information used in the assessment.</li> </ul> <p>For tax matters, we evaluated the reasonableness of the management's positions by considering tax regulations and past decisions from tax authorities. For regulatory fees and other matters, we evaluated the reasonableness of the management's positions by considering relevant past assessment orders, commitments, and payments made. We also evaluated the disclosures provided in the notes to the financial statements concerning these matters.</p>

**INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

The Company's management is responsible for the preparation of the other information. The other information comprises the information included in the management report, the report of the Board of Directors, the Chairperson's statement and Managing Director's statement but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during our audit or otherwise appears to be materially misstated. As the other information documents are in the process of completion, the management has provided written representation that the final version of the documents will be provided when available.

**RESPONSIBILITY OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit. Management Letter outlining such findings and deficiencies has been issued on this date.





We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards. From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period, therefore they are described in our Auditor's Report.

#### REPORT ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS

- a. We have obtained satisfactory information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b. The financial statements, including the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows, including a Summary of Significant Accounting Policies and the to the Financial Statements, have been prepared in all material respects in accordance with the provisions of the Companies Act, 2063, and they are in agreement with the books of accounts of the Company, and the accounts and records of the Company are maintained in accordance with the prevailing laws.
- c. To the best of our information and according to the explanations given to us during our audit, we observed that the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority.
- d. We did not come across cases of accounting-related fraud, and the cases where the board of directors or any director or any office bearer of the Company acted contrary to the provisions of law except as reported in this report and as reported in Note 31.1.2 to the financial statements or caused loss or damage to the Company or committed any misappropriation of the funds of the Company.

Kathmandu, Nepal  
Date: Poush 8, 2082

  
  
Prakash Jung Thapa, FCA  
Partner  
P.J. P.N. & Co.  
Chartered Accountants  
UDIN No. 251223CA000529naFJ

  
  
Narendra Bhattarai, FCA  
Principal Partner  
Kuber N. Bhattarai & Co.  
Chartered Accountants  
UDIN No. 251223CA000371W6Wd



# STANDALONE STATEMENT OF FINANCIAL POSITION

As at 16 July 2025

Fig in NPR

Particulars	Notes	Current Year 16 July, 2025	Previous Year 15 July, 2024 (Restated)
<b>Assets</b>			
<b>Non- Current Assets</b>			
Intangible Assets	1	1,114,718,863	1,512,403,472
Property, Plant and Equipment	3	46,504,221,221	48,359,930,893
Right of Use (ROU) Assets	8	1,917,869,894	2,144,781,973
Capital Work-in-Progress	4	3,230,364,196	3,790,036,603
Long Term Loan and Advances	9.2	978,745,695	852,758,962
Investment in Associates	5	1,612,435,580	1,728,732,563
Investment in Subsidiary	6	248,888,900	248,888,900
Financial Assets	10		
Equity & Mutual Fund Investments	10.1.1	463,296,664	441,104,749
Term Deposits and Other Investments	10.1.5	3,196,550,000	3,576,550,000
Loan Investments	10.1.6	12,904,983,361	13,891,474,786
Employee Loan	10.1.2	3,439,491,338	3,524,935,570
Deferred Tax Asset	26.3	8,972,463,744	8,147,545,104
Contract Cost Assets	2	417,353,639	365,151,702
<b>Total Non-Current Assets</b>		<b>85,001,383,095</b>	<b>88,584,295,277</b>
<b>Current Assets</b>			
Inventory	7	282,334,450	521,072,181
Prepayments & Non-Financial Assets	9.1	2,760,773,437	2,385,398,176
Current Tax Assets (Net)	26.1	471,287,394	3,815,772,730
Financial Assets	10.1		
Employee Loan	10.1.2	369,246,192	315,137,808
Accruals, Advance & Others Receivables	10.1.3	1,817,534,143	983,950,227
Trade & Other Receivable	10.1.4	1,097,788,771	1,516,047,428
Term Deposits and Other Investments	10.1.5	29,757,000,000	35,555,380,000
Loan Investments	10.1.6	441,810,363	294,540,242
Cash & Cash Equivalents	10.1.7	9,550,231,571	4,175,272,795
<b>Total Current Assets</b>		<b>46,548,006,321</b>	<b>49,562,571,587</b>
<b>Total Assets</b>		<b>131,549,389,416</b>	<b>138,146,866,864</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share Capital	14	18,000,000,000	18,000,000,000
Reserve and Surplus	15	80,347,356,799	79,459,706,697
Total Equity attributable to Equityholders		98,347,356,799	97,459,706,697
Non Controlling Interest			
<b>Total Equity</b>		<b>98,347,356,799</b>	<b>97,459,706,697</b>
<b>Non-Current Liabilities</b>			
Post Employment Benefits	13.2	9,730,046,108	18,249,216,939
Deferred Government Grant	27	1,824,061,236	1,661,198,871
Financial Liabilities			
Subscriber Deposits	10.2.1	56,224,136	59,987,070
Lease Liability	8	2,012,454,653	2,164,421,073
<b>Total Non-Current Liabilities</b>		<b>13,622,788,133</b>	<b>22,134,823,953</b>
<b>Current Liabilities and Provisions</b>			
Financial Liabilities	10.2		
Lease Liability	8	308,013,850	319,324,040
Current Liabilities	10.2.3	10,077,698,982	10,482,835,655
Trade Payable	10.2.2	849,929,600	627,486,297
Provisions	11	308,342,371	252,910,307
Non-Financial Liabilities	9.3	8,035,259,681	6,869,779,915
<b>Total Current Liabilities and Provisions</b>		<b>19,579,244,484</b>	<b>18,552,336,214</b>
<b>Total Equity and Liabilities</b>		<b>131,549,389,416</b>	<b>138,146,866,864</b>

Significant Accounting Policies and Explanatory Notes are integral part of this financial statements.

As per our report of even date

**RADHIKA ARYAL**  
CHAIRPERSON

**SABINA MASKEY PRADHAN**  
MANAGING DIRECTOR

**TANKA PRASAD PANDEY**  
DIRECTOR

**MANISH JUNG JOSHI**  
DIRECTOR

**NARENDRA BHATTARAI, FCA**  
KUBER N. BHATTARAI & CO.  
CHARTERED ACCOUNTANTS

**PRAKASH JUNG THAPA, FCA**  
P.J.P.N & CO.  
CHARTERED ACCOUNTANTS

**ARUNA JOSHI**  
DIRECTOR

**SUBAS CHANDRA SHIWAKOTI**  
DIRECTOR

**LOK BAHADUR KATUWAL**  
DIRECTOR

**RAJENDRA ARYAL**  
CHIEF FINANCIAL  
OFFICER

**KARNA BAHADUR SHRESTHA**  
FOR MANAGER

DATE : **22 DECEMBER, 2025**  
PLACE : **KATHMANDU**

# STANDALONE STATEMENT OF PROFIT OR LOSS

For the year ended 16 July 2025

Fig in NPR

Particulars	Notes	Current Year 16 July, 2025	Previous Year 15 July, 2024 (Restated)
<b>Revenue from contract with customers</b>	<b>16</b>	<b>33,894,522,688</b>	<b>34,560,265,983</b>
Finance Income	17	3,766,720,638	6,816,450,633
Other Income	18	526,862,856	762,706,542
<b>Total Income</b>		<b>38,188,106,182</b>	<b>42,139,423,158</b>
Employee Benefit Expenses	13.1	(7,966,861,810)	(8,686,682,966)
Service Operation and Maintenance Costs	19	(5,881,292,327)	(6,383,643,665)
Sales Channel, Marketing and Promotion Costs	20	(342,185,111)	(281,252,823)
Office Operation Expenses	21	(1,280,740,494)	(1,233,577,330)
Regulatory Fees, Charges and Renewals	22	(4,312,116,630)	(7,290,527,537)
Foreign Exchange (Loss)/Gain	25	210,731,237	98,007,213
Shares of results of Associates	5	(119,584,904)	(123,076,464)
<b>"Earning Before Interest ,Taxes, Depreciation and Amortisation (EBITDA)"</b>		<b>18,496,056,143</b>	<b>18,238,669,585</b>
Finance Cost	23	(185,082,066)	(190,672,971)
Depreciation	3	(6,031,162,847)	(5,987,264,555)
Amortisation	1,2,8	(1,108,186,225)	(1,098,375,575)
Impairments - net of reversals	24	(1,321,416,109)	472,349,634
<b>Profit Before Tax</b>		<b>9,850,208,897</b>	<b>11,434,706,117</b>
Income Tax Expenses			
Current Income Tax	26.2	(4,632,255,151)	(114,418,895)
Deferred Taxes	26.3	788,768,472	(3,371,816,950)
<b>Profit For the Period</b>		<b>6,006,722,217</b>	<b>7,948,470,273</b>
Earnings Per Share (Basic)		33.37	44.16
Earnings Per Share (Diluted)		33.37	44.16
<b>Net Profit attributable to:</b>			
Equity holders of the company		6,006,722,217	7,948,470,273
Non-controlling interest		-	-
<b>Profit For the Period</b>		<b>6,006,722,217</b>	<b>7,948,470,273</b>

Significant Accounting Policies and Explanatory Notes are integral part of this financial statements.

As per our report of even date

**RADHIKA ARYAL**  
CHAIRPERSON**SABINA MASKEY PRADHAN**  
MANAGING DIRECTOR**NARENDRA BHATTARAI, FCA**  
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DIRECTOR**RAJENDRA ARYAL**  
CHIEF FINANCIAL OFFICER**KARNA BAHADUR SHRESTHA**  
FOR MANAGERDATE : **22 DECEMBER, 2025**  
PLACE : **KATHMANDU**



## STANDALONE STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Year ended 16 July 2025

Fig in NPR

Particulars	Notes	Current Year 16 July, 2025	Previous Year 15 July, 2024 (Restated)
<b>Profit for the Period</b>		<b>6,006,722,217</b>	<b>7,948,470,273</b>
<b>Other comprehensive income/(expense)</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange difference of translation of foreign operation			
Cash Flow Hedges			
Income Taxes relating to items that may be reclassified			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Gains on Property Revaluation	3	1,888,879,457	-
Investments in Equity Instruments (FV changes)			
Remeasurements of defined retirement benefit plans of employees	13.2	(2,012,667,940)	1,751,369,620
Shares of Other Comprehensive Income of Associates	5	3,287,921	(212,999)
Income Taxes relating to items that will not be reclassified	26.3	36,150,168	(525,346,986)
<b>Total Comprehensive Income for the Period</b>		<b>5,922,371,824</b>	<b>9,174,279,908</b>
<b>Total Comprehensive Income attributable to:</b>			
Equity holders of the company		5,922,371,824	9,174,279,908
Non-controlling interest		-	-
<b>Total Comprehensive Income for the Period</b>		<b>5,922,371,824</b>	<b>9,174,279,908</b>

Significant Accounting Policies and Explanatory Notes are integral part of this financial statements.

As per our report of even date

**RADHIKA ARYAL**  
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**KARNA BAHADUR SHRESTHA**  
FOR MANAGER

DATE : **22 DECEMBER, 2025**  
PLACE : **KATHMANDU**

## STANDALONE STATEMENT OF CHANGES IN EQUITY

For the year ended 16 July 2025

Fig in NPR

Particulars (FY 2023/24)	Share Capital	Retained Earning	Deferred Tax Reserve	FVtOCI Reserve	Revaluation Reserve	Total
<b>Balance as on Shrawan 1, 2080</b>	<b>18,000,000,000</b>	<b>42,228,075,646</b>	<b>9,913,516,551</b>	<b>-</b>	<b>23,509,660,706</b>	<b>93,651,252,903</b>
Previous Period Adjustment		(296,871,494)				(296,871,494)
Prior Period Income		56,865				56,865
Prior Period Expenses		(203,974)				(203,974)
Prior Period Accounting Adjustment		2,131,192,489				2,131,192,489
Adjustment of prior period		(2,131,192,489)	2,131,192,489	-	-	-
<b>Restated Opening Balance</b>	<b>18,000,000,000</b>	<b>41,931,057,044</b>	<b>12,044,709,040</b>	<b>-</b>	<b>23,509,660,706</b>	<b>95,485,426,789</b>
Profit for the year		9,174,279,908				9,174,279,908
Dividend to equity shareholder						-
Bonus Share Issued						-
Cash Dividend paid		(7,200,000,000)				(7,200,000,000)
Transfer from Revaluation Reserve		48,011,437			(48,011,437)	-
Transfer to Revaluation Reserve		-				-
Transfer To Deferred Tax Reserve		3,897,163,936	(3,897,163,936)		-	-
<b>Balance as on 15 July 2024</b>	<b>18,000,000,000</b>	<b>47,850,512,324</b>	<b>8,147,545,104</b>	<b>-</b>	<b>23,461,649,269</b>	<b>97,459,706,697</b>
<b>Balance as on Shrawan 1, 2081</b>	<b>18,000,000,000</b>	<b>47,850,512,324</b>	<b>8,147,545,104</b>	<b>-</b>	<b>23,461,649,269</b>	<b>97,459,706,697</b>
Previous Period Adjustment		366,273,158				366,273,158
Prior Period Income						-
Prior Period Expenses		(1,020,157)				(1,020,157)
Prior Period Accounting Adjustment		25,276				25,276
Adjustment of Stock		-				-
<b>Restated Opening Balance</b>	<b>18,000,000,000</b>	<b>48,215,790,601</b>	<b>8,147,545,104</b>	<b>-</b>	<b>23,461,649,269</b>	<b>97,824,984,975</b>
Profit for the year		5,922,371,824				5,922,371,824
Dividend to equity shareholder						-
Bonus Share Issued						-
Cash Dividend paid		(5,400,000,000)				(5,400,000,000)
Transfer from Revaluation Reserve		47,048,766			(47,048,766)	-
Transfer to Revaluation Reserve		(1,888,879,457)			1,888,879,457	-
Transfer To Deferred Tax Reserve		(824,918,640)	824,918,640		-	-
<b>Balance as on 16 July 2025</b>	<b>18,000,000,000</b>	<b>46,071,413,093</b>	<b>8,972,463,744</b>	<b>-</b>	<b>25,303,479,961</b>	<b>98,347,356,799</b>

Significant Accounting Policies and Explanatory Notes are integral part of this financial statements.

As per our report of even date

**RADHIKA ARYAL**  
CHAIRPERSON**SABINA MASKEY PRADHAN**  
MANAGING DIRECTOR**NARENDRA BHATTARAI, FCA**  
KUBER N. BHATTARAI & CO.  
CHARTERED ACCOUNTANTS**PRAKASH JUNG THAPA, FCA**  
P.J.P.N & CO.  
CHARTERED ACCOUNTANTS**ARUNA JOSHI**  
DIRECTOR**TANKA PRASAD PANDEY**  
DIRECTOR**SUBAS CHANDRA SHIWAKOTI**  
DIRECTOR**MANISH JUNG JOSHI**  
DIRECTOR**LOK BAHADUR KATUWAL**  
DIRECTOR**RAJENDRA ARYAL**  
CHIEF FINANCIAL OFFICER**KARNA BAHADUR SHRESTHA**  
FOR MANAGERDATE : 22 DECEMBER, 2025  
PLACE : KATHMANDU



# STANDALONE STATEMENT OF CASH FLOWS

For the year ended 16 July 2025

Fig in NPR

Particulars	Current Year 16 July, 2025	Previous Year 15 July, 2024 (Restated)
<b>Net Profit for the Year</b>	<b>6,006,722,217</b>	<b>7,948,470,273</b>
<b>Adjustments</b>		
Income Tax expense recognised in profit or loss	4,632,255,151	114,418,895
Deferred Tax expense recognised in profit or loss	(788,768,472)	3,371,816,950
Depreciation	6,031,162,847	5,987,264,555
Finance Income	(3,497,709,298)	(6,649,919,142)
Impairment Loss/(Reversal of Impairment Loss)	1,321,416,109	(472,349,634)
Finance Costs	185,082,066	190,672,971
Actuarial (Gain)/Loss	(2,012,667,940)	1,751,369,620
Amortization	1,108,186,225	1,098,375,575
Equity loss on Associates	119,584,904	123,076,464
Unrealised (Gain)/Loss on Cash and Cash equivalents	(41,267,235)	(29,950,423)
<b>Movements in Working Capital</b>		
Decrease/(Increase) in Inventory	237,621,563	181,260,835
(Increase)/Decrease in Prepayments & Other Non-Financial Assets	(365,869,731)	(273,543,915)
(Increase)/Decrease in Employee Loan	31,335,848	(218,347,635)
(Increase)/Decrease in Accruals, Advance & Others Receivables	(824,495,387)	(202,952,659)
(Increase )/Decrease in Trade Receivables	(97,880,332)	659,413,142
(Increase )/Decrease in Deferred Taxes	-	-
(Increase )/Decrease in Contract cost assets	(256,908,850)	(167,792,312)
Increase /(Decrease) in Non-Current Liability	(8,360,069,400)	(4,490,545,688)
Increase /(Decrease) in Provisions	55,432,064	(16,511,506,883)
Increase /(Decrease) in Current Liability	(618,954,039)	(2,773,369,469)
Increase /(Decrease) in Trade Payable	222,443,303	(2,038,014,567)
Increase /(Decrease) in Lease Liability	(163,276,609)	(184,131,212)
Increase /(Decrease) in Other Non-Financial Liabilities	1,165,479,766	(206,168,611)
NFRS Adjustments	3,287,921	(212,999)
Previous Year Adjustments	365,278,277	(69,317)
Income Taxes Paid	(1,287,769,815)	(2,167,582,400)
<b>Total Adjustments</b>	<b>(2,837,071,065)</b>	<b>(22,908,787,860)</b>
<b>Net Cash flow from Operating Activities (A)</b>	<b>3,169,651,152</b>	<b>(14,960,317,587)</b>
<b>Cash Flow from Investing Activities</b>		
Acquisition of Intangible Assets	(144,411,274)	(331,385,361)
Acquisition of Property, Plant and Equipment	(2,499,929,038)	(3,530,383,210)
Decrease/ (Increase) in ROU Assets	(141,015,971)	(96,880,992)
Decrease/ (Increase) in Capital Work in Progress	588,324,468	1,514,434,415
Decrease/ (Increase) in long term loan and Advances	(212,812,802)	132,550,349
Decrease/ (Increase) in Investment	6,447,440,406	16,564,897,540
Income from Investment & Bank Deposit	3,497,709,298	6,614,347,693
Adjustment in Retained Earning	-	-
Investment in Subsidiary company	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>7,535,305,088</b>	<b>20,867,580,433</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from issuance of shares from non-controlling interest	-	-
Lease Payment	-	-
Increase in Capital	-	-
Dividend Paid	(5,371,264,700)	(7,172,067,804)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(5,371,264,700)</b>	<b>(7,172,067,804)</b>
Net Increase in Cash & Cash Equivalents (A+B+C)	5,333,691,541	(1,264,804,958)
"Effect of exchange rate fluctuations on Cash and Cash equivalents "	41,267,235	29,950,423
Cash & Cash Equivalents at Beginning of the Period	4,175,272,795	5,410,127,330
Cash & Cash Equivalents at the End of the Period	9,550,231,571	4,175,272,795

Significant Accounting Policies and Explanatory Notes are integral part of this financial statements.

As per our report of even date

**RADHIKA ARYAL**  
CHAIRPERSON

**SABINA MASKEY PRADHAN**  
MANAGING DIRECTOR

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CHIEF FINANCIAL OFFICER

**KARNA BAHADUR SHRESTHA**  
FOR MANAGER

DATE : 22 DECEMBER, 2025  
PLACE : KATHMANDU

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For the year ended 16 July 2025

### I. REPORTING ENTITY

Nepal Doorsanchar Company Limited with its brand name as 'Nepal Telecom' is Nepal's leading telecommunication service provider, which provides voice, data and value-added services, using State of the Art Technologies. It is registered under the erstwhile Companies Act 2053 BS, being incorporated in Magh 22, 2060 (February 2004).

Nepal Telecom (also referred as "The Company" hereinafter) is the continuation of the erstwhile Nepal Telecommunication Corporation, a 100% Government of Nepal (GoN) undertaking, where all assets and liabilities of the corporation were transferred to the incorporated company with equity being transferred to the Government in lieu of the Government ownership.

The Government of Nepal and Citizen Investment Trust are the principal promoters of the company. The Government of Nepal, who substantially owns the company, divested certain portions of its holdings in favour of the company employees and general public. The current shareholding structure is as per note 14.

The shares of the company are listed and traded on the Nepal Stock Exchange Limited (NEPSE) and its stock symbol is "NTC".

The company has its registered office at Bhadrakali Plaza, Kathmandu with its branches spread throughout the country. It has made all efforts for nationwide reach, from urban to the most remote locations in providing its valued customer a quality telecommunication service that has assisted in the socio-economic development and digital transformation of the urban as well as rural areas of the country.

The company has been providing a wide range of telecommunication services. The company endeavours to continue providing up to date telecommunication and related services in line with technological advances.

Financial statements of the company are released for investors and general public and are also published on the company's website [www.ntc.net.np](http://www.ntc.net.np)

### II. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, as modified by revaluation of Land, Buildings, Physical Structure and certain financial instruments measured at fair value.

The financial statements are prepared on an accrual basis.

### III. COMPLIANCE WITH NFRS

The accompanying financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by Accounting Standards Board Nepal (ASB) and pronounced by the Institute of Chartered Accountants of Nepal (ICAN).

### IV. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements have been approved and authorised for issue by the Board of Directors (BoD) of the company in its meeting held on 7th Poush, 2082 (22nd December 2025).

### V. PRESENTATION OF FINANCIAL STATEMENTS

1. The statement of profit or loss has been prepared using the classification 'By Nature' method.
2. The cash flows from operation within the statement of cash flows have been derived using the Indirect method.
3. For presentation of Statement of Financial Position, Assets and Liabilities, wherever applicable, are bifurcated in current and non-current based on their respective maturity, as well as the company's normal operating cycle. Such information has been disclosed in respective notes as applicable.

### VI. PRESENTATION OF CURRENCY

The financial statements have been presented in the nearest Nepalese Rupees (NPR). Nepalese Rupees (NPR) is the functional and presentation currency as well.

### VII. DISCOUNTING

When realisation of assets and settlement of obligations is for more than one year, the company considers the discounting of such assets and liabilities where the impact is material. Various internal and external factors have been considered for determining the appropriate discount rate to be applied to the cash flows of the company. Appropriate discount rate is also used to determine the value in use for assessment of asset impairment as well.

Weighted Average Cost of Capital (WACC), with risk adjustment, is basically used in determining discount rates. For this purpose, Capital Asset Pricing Model (CAPM) is generally used to determine the cost of equity. As the company does not have any debt, weighted average cost of capital for the company would in fact mean cost of equity only. Besides, utilisation of CAPM model for expected rate of return would in turn require beta to be determined. Since the company is the only listed company in the Nepalese telecom industry, market beta may not give an appropriate picture of movement of the market and the company's rate of return.



Therefore, the risk adjusted dividend growth model has been used in determining the appropriate discount rate to be applied for preparation of the financial statements. The rate thus derived for discounting the assets and liabilities is 7%.

### **VIII. ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

#### **Accounting Policies**

NFRS requires the company to adopt accounting policies that are most appropriate to the company's circumstances. In determining and applying accounting policies, management is required to make judgements in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the company's reported financial position, results or cash flows.

The accounting policies adopted by the company are consistently applied. Specific accounting policies have been included in the specific section of the notes for each item of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes, if any, have been disclosed at appropriate places.

#### **Accounting Estimates and Judgements**

The preparation of the financial statements in accordance with NFRS requires the management to make judgements, estimates and assumptions applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses, including contingencies and commitments. Due to the inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates. The estimates and the underlying assumptions are reviewed on on-going basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimate are recognised in the period in which estimates are revised, if the revision affects only that period; they are recognised in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the company's accounting policies and key sources of estimation uncertainty in these financial

statements, which together are deemed critical to the company's results and financial position, are given in the respective sections of the notes wherever they have been applied.

### **IX. GOING CONCERN**

The financial statements are prepared on a going concern basis, as the Board of Directors of the Company is satisfied that the Company has resources to continue the business for the foreseeable future. In making this assessment, the Board of Directors (BoD) has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. Furthermore, Board of Directors (BoD) is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, and they do not intend either to liquidate or to cease operations of it.

### **X. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company has a subsidiary company named "Nepal Digital Payments Company Limited (NDPC)". The Company's current shareholding is 62.22 % having a majority of members in Board of Directors (BoD) at the reporting date. The Company has separately presented Consolidated Financial Statements and the company, and the subsidiary has been referred as "Group" in Financial Statements. Investments made by the company in equity shares of other companies are financial assets and have been described under financial assets in note 10.1.1 and investment in associates in note 5.

### **XI. LEASE**

NFRS 16 'Leases' which supersedes NAS 17 "Leases" sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessee to recognise most leases on the Statement of Financial Position.

Lessor accounting under NFRS 16 is substantially unchanged from NAS 17. Lessor will continue to classify leases as either operating or finance using similar principles as in NAS 17. Therefore, NFRS 16 does not have an impact for leases where the Company is a lessor. As per NFRS 16, the company as a lessee recognises a right to use of asset and liability for future payments arising from a lease contract.

## XII. REPORTING DATES

Particulars	Nepalese Calendar Date/ Period	Gregorian Calendar Date/ Period
Comparative SoFP* Date	31 Ashadh 2081	15 July 2024
Comparative reporting period	1 Shrawan 2080- 31 Ashadh 2081	17 July 2023 - 15 July 2024
NFRS SoFP* Date	32 Ashadh 2082	16 July 2025
NFRS reporting period	1 Shrawan 2081 - 32 Ashadh 2082	16 July 2024 - 16 July 2025

\* SoFP = Statement of Financial Position

### I. MATERIALITY

The company, for the preparation of financial statements, determines materiality based on the nature or magnitude, or both. Materiality is a pervasive constraint in financial reporting because it is pertinent to all of the qualitative characteristics.

### 1. INTANGIBLE ASSETS

#### Accounting Policies

An intangible asset is a non-monetary asset that can be identified but does not have a physical form. It is a resource that an entity controls as a result of past events, such as purchase or creation, and from which future economic benefits are expected. Identifiable intangible assets are recognised when the company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the company and the cost of the asset can be reliably measured.

Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. The useful lives and Amortisation methods of the assets are reviewed at least annually. Changes in the estimated useful life or the expected pattern of consumption of future economic benefit embodied in the assets are accounted for by changing the Amortisation period or method, as appropriate, and are treated as changes in accounting estimates in accordance with NAS 8. Amortisation is charged to Statement of Profit or Loss on a straight-line basis over the useful life and contractual period of intangible assets.

Intangible assets having indefinite useful life are assessed for impairment at each reporting date.

#### Software

Software comprises software purchased from third parties, and also the cost of internally developed software. Software purchased from third parties are initially recorded at cost. Costs directly associated with the production of internally developed software, including

direct and indirect labour costs of development, where it is probable that the software will generate future economic benefits, the cost of the asset can be reliably measured and technical feasibility can be demonstrated, in which case it is recognised as an intangible asset. Costs which do not meet these criteria and research costs are expensed as incurred.

In case software were considered to be integral part to an item of equipment/system and were classified as property, plant and equipment and depreciated over the useful life of respective equipment/system.

Software are amortised over the period of useful life of software and categorised as follows:

Particulars	Useful Life (Years)
Software Related to Office Automation	5
Software Related to System	7

During the reporting period, management performed an impairment assessment of intangible assets in accordance with NFRS and identified certain assets whose carrying amount of NPR 6,544,621 was impaired. These assets were determined to be non-operational due to supplier-related technical issues and, as a result, were no longer capable of generating future economic benefits. Accordingly, impairment losses amounting to NPR 6,544,621 have been recognised in the statement of profit or loss for the current financial year, and the carrying amounts of the affected intangible assets have been reduced to their recoverable amounts.



## Software

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Opening Balance	4,763,389,995	4,763,864,963
Additions during the year	144,468,472	121,385,361
Retirement during the year	(457,344)	(121,860,329)
<b>Total Cost (A)</b>	<b>4,907,401,123</b>	<b>4,763,389,995</b>
Amortisation Up to Last year	(3,494,752,970)	(3,150,030,571)
Amortisation During the Year	(466,612,947)	(466,582,728)
Amortization of Retirement	100,147	121,860,329
<b>Total Amortisation (B)</b>	<b>(3,961,265,771)</b>	<b>(3,494,752,970)</b>
<b>Net Value (A-B)</b>	<b>946,135,352</b>	<b>1,268,637,025</b>
Accumulated Impairment as at 15 July 2024		
Impairment During the Year	(6,544,621)	-
Accumulated Impairment as at 16 July 2025	(6,544,621)	-
<b>Total</b>	<b>939,590,731</b>	<b>1,268,637,025</b>

## Licence Fees

The net carrying amount of intangible assets pertain to the unamortised portion of various licence fees paid to Nepal Telecommunications Authority (NTA). Licence fees are paid in accordance with regulatory requirements, in advance with the applicable portion being charged to the relevant reporting period.

Under the prevailing Telecommunication Act, 2053 BS, and related regulations, GSM licences have a validity of 25 years and are initially issued for a period not exceeding 10 years. In accordance with these provisions, NT received its first GSM licence on 12 May 1999 for a period of 10 years, which expired on 10 May 2024 after three renewals of 5 years each. In F.Y 2023/24, the company paid its GSM Licence fee amounting to NPR 210,000,000 on 11 May 2024 for the period of 5 years. During the reporting period, the company has paid license fees for internet amounting to NPR. 300,000 for the period of five years. The uncharged portion is carried in the financial statements as intangible assets. The Amortisation is done on the time apportion basis, over the validity period of the licence as specified by NTA as below:

Fig in NPR

Particulars	PSTN	Internet	GSM	Total
Valid from	2021.01.26	2025.04.29	2024.05.11	
Valid to	2026.01.26	2030.04.28	2029.05.11	
Life (in years)	5	5	5	
Total Licence Fee	134,415,000	270,000	210,000,000	
<b>Balance as on 15 July 2024</b>	<b>41,318,803</b>	<b>42,164</b>	<b>202,405,479</b>	<b>243,766,447</b>
Addition during FY 2024.25		300,000		300,000
Amortisation for FY 2024.25	(26,883,000)	(55,315)	(42,000,000)	(68,938,315)
<b>Balance as on 16 July 2025</b>	<b>14,435,803</b>	<b>286,849</b>	<b>160,405,479</b>	<b>175,128,132</b>

## 2. CONTRACT COST ASSETS

Contract cost assets comprise the incremental costs of obtaining a contract (sales commission paid to dealers for sales of SIM/RUIM cards). These costs are capitalised as it can be assumed that the costs will be compensated by future revenue from the contract. Incremental costs of obtaining a contract are additional costs that would have not been incurred had the contract not been concluded.

The capitalised contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Such costs are thus recognized over the contract period with the customer.

### EXPLANATORY NOTES:

The Company has estimated that the historical average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and, hence, deferred such incremental costs of obtaining a contract. The company has estimated anticipated average customer life to be 5 years.

**Contract Cost Assets**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
<b>Opening Balance</b>	<b>365,151,701</b>	<b>390,558,232</b>
Additions during the year	256,908,850	167,792,312
Amortisation during the year	(204,706,913)	(193,198,842)
<b>Closing Balance</b>	<b>417,353,639</b>	<b>365,151,702</b>

**3. PROPERTY, PLANT AND EQUIPMENT (PPE)****ACCOUNTING POLICIES**

Property, plant and equipment are recognised as assets, if and only if it is probable that future economic benefits associated with the item will flow to the company; and the cost of the item can be measured reliably. Property, plant and equipment are recognised in the statement of financial position at their cost and are inclusive of all expenses necessary to bring the assets to working condition for its intended use less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable.

For Subsequent recognition, the Land and Building class of assets is recognized under Revaluation Model. Under the revaluation model, after initial recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably should be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Whereas, remaining class of assets are recognized under the historical cost method, in which acquisition or construction cost is used for initial recognition, subject to depreciation over the expected useful life and to possible write-down in the event of a permanent impairment in value.

The depreciation period is based on the expected useful life of an asset. Items of property, plant and equipment are depreciated on pro rata basis in the year of acquisition. The residual values, useful lives and the depreciation methods of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates, they are accounted for as a change in accounting estimates in accordance with NAS 8. For the reporting period the management has decided there is no significant changes in the said estimates.

In addition to the purchase price and cost directly attributable to bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by the management if an item of property, plant and equipment consists of several

components with different estimated useful lives, those components that are significant, are depreciated over their individual useful lives. Subsequent costs that do not qualify the recognition criteria under NAS 16 are expensed as and when incurred.

PPE shall be capitalised as and when they are available for use, i.e. after the equipment became capable to provide service to the customer.

NAS 16 and IFRIC 1 require the cost of PPE to include the estimated cost for dismantling and removal of the assets and restoring the site on which they are located. Management perceives that such costs are difficult to estimate and considering the past practice the amount of such costs are not material to affect the economic decision of the user as a result of such non-inclusion. Therefore, asset retirement obligation (ARO) has not been recognised.

Assets that have been decommissioned or have been identified as damaged beyond economic repair or rendered useless due to obsolescence and are derecognised whenever identified. On disposal of an item of property, plant and equipment or when no economic benefits are expected from its use or disposal, the carrying amount of an item is derecognised. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item is recognised in the statement of profit or loss.

The company has significant investment in network, equipment and infrastructure. The base stations and technology to operate the network form the majority of the company's tangible assets.

An asset with the value up to NPR 5,000 are charged to Profit or Loss irrespective of its useful life in the year of purchase.

**DEPRECIATION**

Depreciation is charged so as to expense off the cost of assets, other than land, using a straight-line method over their estimated useful lives. The depreciation is charged on the revalued amount of building and physical structure



over the remaining useful life. The additional depreciation, if any, on revalued amount of building and physical structure is transferred from revaluation reserve to equity. The residual values, useful life and depreciation methods are reviewed at least at each financial year end. If expectations differ from the previous estimates the changes are accounted for as changes in estimates in accordance with NAS 8.

## USEFUL LIFE

Useful lives of material asset categories and their depreciation rate on the Straight-Line Method are disclosed below:

Classification	Sub-Classification	Useful life in Years
Building	RCC Frame Structure	50
	Load bearing structure (brick/stone)-Official Purpose	25
	Load bearing structure (brick/stone)-Equipment Purpose	15
	Metal Structure	15
	Shelter	15
	Compound Wall	15
Plant & Machinery	Underground Network	15
	Overhead Network	10
	Earth Station	7
	ADSL and Internet System	5
	Optical fibre network and system	10
	Billing System related	7
	RAN Equipment (BSC, BTS, BTS VAN, NodeB, eNodeB, RRU, BBU etc.)	7
	Core Equipment related	7
	Transmission Equipment related	7
	Power – Battery	4
	Power – Others	6
	Tools (Subscribers Equipment, Planning / Testing / Loose tools etc.)	5
	Others	5
Other Items	Heating, Lighting, Air-conditioning	5
	Furniture and Fixtures	5
	Office Equipment	5
	Vehicle- Motorcycle/car/jeep/truck	10
	<b>Vehicle- Tricycle, cycle and others</b>	<b>5</b>

If an item of property, plant and equipment consists of several components with different useful lives, those components that are significant are depreciated over their individual useful life. Any component asset's useful life is not considered more than its major assets.

## DE-RECOGNITION

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from the use of that asset. Gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the net disposal proceeds, if any and the carrying amount.

## IMPAIRMENT

Property, Plant and Equipment are subject to impairment assessment if there is any indication that the carrying value may exceed the recoverable value of the assets. Such impairment assessment of assets is done on the basis of cash generating units or if not possible on individual asset basis.

## REVALUATION

Freehold land properties, building and physical structure held by the company is recognised and reported at fair value conducting periodic revaluation. If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The accumulated depreciation on revalued building and physical structure is eliminated against the gross carrying amount of the assets and net amount is restated to the revalued amount of the assets.

During the reporting period, management assessed the existence of impairment indicators in accordance with NFRS at the cash-generating unit (CGU) level. Except for assets relating to the PSTN category, the management did not identify any indicators that would have a material impact on the ability of PPE to generate future cash flows and require impairment. The assessment involved significant management judgement, including consideration of asset utilization, technological obsolescence, and expected future cash flows. Accordingly, impairment losses of NPR 152,620,994 have been recognized including NPR 152,905,755 of PSTN-related assets and reversal of impairment of retired assets of NPR 284,761.

## EXPLANATORY NOTES

### Land

Land properties with ownership documents (i.e. in occupation and with valid documentation) meeting the asset recognition criteria, also considering the principle of substance over form have been considered as assets of the company. Fair Value of each of these properties has been assessed by taking into account market consideration and the government rate. All land properties have been revalued to the approximation of fair value as on 16 July 2025 by independent valuator. The fair value of land was determined using Level II information as required by NFRS 13, in the absence of an active real estate market but considering the recent transaction value of the similar land in the similar locality.

Considering the company's intention to hold the land for a foreseeable future, fair market value was considered taking into account weightage of 60% for prevalent market prices and 40% price determined for government's land revenue charges.

### SUBSTANCE OVER FORM

The company is in occupation and using land properties even in absence of ownership documents in the company's name. Considering the perpetuity of the usage and no apparent restriction on economic benefit of such land being used by the company, those properties have been recognised as assets. The value and details of such land is as follows:

#### Details of Land being used by the company but not in its ownership

SN	Land or Building	No. of location	Area (Square Meter)	Carrying Amount (NPR)
<b>1</b>	<b>Land</b>	<b>223</b>	<b>449,854</b>	
	a. Land under Forest for tower structure	97	132,295	
	b. Land under GoN ownership	95	215,756	
	c. Land registered in the name of other offices of Government of Nepal	19	65,241	
	d. Land under process of ownership transfer (Government decision for ownership transfer already made)	12	36,562	
<b>2</b>	<b>Building &amp; Physical Structure</b>			<b>141,790,965</b>

## BUILDINGS AND PHYSICAL STRUCTURE

All physical structures have been classified on the basis of their construction type (such as RCC pillar structure, load bearing, stone masonry, shed and other structures etc.). Historical cost of the physical structures reduced by accumulated depreciation computed on the basis of management's estimation of useful life, for each type, have been recognised as assets on the date of the opening NFRS Statement of Financial Position.

The company has adopted a revaluation model to present the value of its building and physical structure. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.



The amount of the adjustment arising on the restatement or elimination of accumulated depreciation forms part of the increase or decrease in carrying amount that is accounted for in accordance with accounting policies of the company.

Some of the buildings and physical structures have been constructed in the land property where the company does not have a document of title. Substance over form has been taken as the basis for recognition of such buildings and physical structures.

Further, there is a regulatory requirement that all physical structures should be supported by the approved design and construction completion certificate from concerned authorities. There are buildings that do not have either approved design or construction completion certificate. These entail risk from regulatory authority including fines and possible demolitions.

#### REVALUATION RESERVE

Depreciation is charged on revalued amount of building and physical structure over the remaining useful life. Additional depreciation amounting NPR 47,048,765 on revalued amount of building and physical structure has been transferred from revaluation reserve to equity. The effect of revaluation of Land, Building and Physical Structures conducted as on 16 July 2025 are as below:

Particulars	Fig in NPR		
	Land	Building	Total
Balance As on 15 July, 2024	22,433,646,055	1,028,003,214	23,461,649,269
Upward Revaluation During the Period	1,681,343,007	430,467,215	2,111,810,222
Downward Revaluation During the Period		(222,930,765)	(222,930,765)
Transfer from Revaluation reserve to Retained Earning		(47,048,765)	(47,048,765)
<b>Balance As on 16 July, 2025</b>	<b>24,114,989,062</b>	<b>1,188,490,899</b>	<b>25,303,479,961</b>

#### PLANT AND EQUIPMENT

Historical cost of Plant and Equipment reduced by the accumulated depreciation and accumulated impairment loss computed on the basis of the management's estimation of useful life, for each class of assets, have been recognised. Plants and equipment that are either not in existence or in operation have been specifically identified and derecognised as required under NFRS.

##### Furniture, Fixtures and Other office equipment

Historical cost of Furniture, Fixtures and Other office equipment reduced by the accumulated depreciation computed on the basis of the management's estimation of useful life, for each class of assets, have been recognised as assets.

#### VEHICLES

Historical cost of the vehicles reduced by the accumulated depreciation computed on the basis of the management's estimation of useful life, for each type, have been recognised.

Fig in NPR

Description	LAND	BUILDINGS MACHINERY	PLANT & LIGHTING&	HEATING, & FIXTURE AIR-CONDITION	FURNITURE EQUIPMENTS	OFFICE	VEHICLES	TOTAL
<b>Original Cost</b>								
<b>As at 16 July, 2025</b>	<b>23,085,052,066</b>	<b>3,702,585,133</b>	<b>77,094,017,523</b>	<b>623,210,599</b>	<b>474,177,105</b>	<b>1,658,004,624</b>	<b>1,297,504,637</b>	<b>107,934,551,687</b>
Adjustment of prior period Capitalization	-	121,860,329	-	-	-	-	-	121,860,329
Revaluation Adjustment	-	-	-	-	-	-	-	-
<b>As at 15 July, 2024 (Restated)</b>	<b>23,085,052,066</b>	<b>3,702,585,133</b>	<b>77,215,877,862</b>	<b>623,210,599</b>	<b>474,177,105</b>	<b>1,658,004,624</b>	<b>1,297,504,637</b>	<b>108,056,412,016</b>
Additions During the Year	7,026,927	117,643,172	2,190,513,660	118,202,065	22,713,993	43,130,912	2,254,950	2,501,485,679
Disposal during the year	-	(34,528,893)	-	(53,867)	-	(43,804,658)	(58,321,225)	(136,708,643)
Transfer Adjustment	-	-	-	-	-	-	-	-
Revaluation Adjustment	1,681,343,007	147,086,886	-	-	-	-	-	1,828,429,892
<b>As at 16 July, 2025</b>	<b>24,773,422,000</b>	<b>3,967,315,191</b>	<b>79,371,862,619</b>	<b>741,358,797</b>	<b>496,891,098</b>	<b>1,657,330,877</b>	<b>1,241,438,362</b>	<b>112,249,618,944</b>
<b>Depreciation and Impairment</b>								
<b>As at 15 July, 2024</b>	<b>-</b>	<b>270,103,744</b>	<b>55,347,686,528</b>	<b>484,445,470</b>	<b>414,793,334</b>	<b>1,396,894,873</b>	<b>916,159,147</b>	<b>56,830,083,097</b>
Adjustment of depreciation up to previous year	-	82,959,064	226,808	-	-	-	-	83,185,872
Accumulated Impairment Loss as on 15 July, 2024	-	783,212,154	-	-	-	-	-	783,212,154
Adjustment of Impairment loss (write back) up to previous year	-	-	-	-	-	-	-	-
During the Year depreciation	-	133,515,633	5,686,504,894	56,568,565	20,219,884	87,198,796	47,155,075	6,031,162,847
Transfer Adjustment	-	-	-	-	-	-	-	-
During the Year Impairment loss/ (write back)	-	152,620,994	-	-	-	-	-	152,620,994
Written back on disposals	-	(34,474,189)	-	(11,366)	-	(42,462,809)	(58,203,639)	(135,152,003)
Transfer adjustment	-	(275,285)	559,332	715	-	-	-	284,761
<b>As at 116 July, 2025</b>	<b>-</b>	<b>403,619,377</b>	<b>62,018,234,161</b>	<b>541,768,808</b>	<b>435,013,218.00</b>	<b>1,441,631,575.00</b>	<b>905,110,583.00</b>	<b>65,745,397,722</b>
Net Block								
<b>As 16 July, 2025</b>	<b>24,773,422,000</b>	<b>3,563,695,814</b>	<b>17,353,628,458</b>	<b>199,569,989</b>	<b>61,877,860</b>	<b>215,699,302</b>	<b>336,327,779</b>	<b>46,504,221,221</b>
<b>As at 15 July 2024 (Restated)</b>	<b>23,085,052,066</b>	<b>3,432,481,389</b>	<b>21,002,020,105</b>	<b>138,538,321</b>	<b>59,383,771</b>	<b>261,109,751</b>	<b>381,345,490</b>	<b>48,359,930,893</b>



## 4. CAPITAL WORK IN PROGRESS (CWIP)

### ACCOUNTING POLICIES

Assets in the course of commissioning or construction are carried at cost, less any accumulated impairment loss.

The expenditure incurred in acquisition and installation of new systems and equipment till the date of commissioning or civil works under construction till the date of completion is recognised as Capital work in progress. The value of capital work in progress includes stock of equipment lying in store or in transit for the purpose of getting used in such installation or construction. The value also includes balances with contractors and suppliers of the systems and equipment for the value to be received. Equipment and civil works are capitalized at the earlier of commissioning or handover, provided they are capable of being used.

Capital Inventories under installation are presented net of allowance. The allowance is estimated to approximate the net realisable value of such items. Allowance adjustments are made for those Capital inventories identified by the management as obsolete, non-moving and slow-moving on the basis of last usage of the Capital inventories items lapsing more than five years old, 2-5 years and 1-2 years respectively.

Inventory	Usage	Allowance
Regular	Within 1 year	-
Slow Moving	1 to 2 years	25%
Non-Moving	2 to 5 years	50%
Obsolete	More than 5 years	100%

During the reporting period, management performed a detailed, project-wise review of Capital Work in Progress (CWIP) assets to identify any indicators of impairment, considering factors such as project progress, technical feasibility, and management intent. Projects where development had been stalled for a prolonged period with no reasonable expectation of completion were considered to have impairment indicators.

Based on this assessment, three (3) CWIP projects were identified as non-progressive. These projects remained inactive for an extended period, with no reasonable expectation of completion or realization of future economic benefits.

Accordingly, the Company recognized a 100% impairment on the carrying amounts of these CWIP balances. The total impairment loss recognized during the period amounts to NPR 1,661,171 of Capital Works and reversal of NPR 30,313,232 of Capital goods and has been charged to the Statement of Profit or Loss.

### EXPLANATORY NOTES

#### Capital Work in Progress

Fig in NPR

Particulars	Capital Works	Capital Inventory under installation	Total
<b>CWIP Balance as at 16 July, 2025</b>	<b>279,479,895</b>	<b>4,887,385,471</b>	<b>5,166,865,366</b>
Net Addition / (Net Transfer) for FY 2024.25	242,385,279	(830,709,747)	(588,324,468)
<b>CWIP Balance as at 16 July, 2025</b>	<b>521,865,174</b>	<b>4,056,675,724</b>	<b>4,578,540,898</b>
Accumulated Impairment as at 15 July, 2024	24,698,202	1,352,130,561	1,376,828,763
Impairment for FY 2024.25	1,661,171	(30,313,232)	(28,652,061)
<b>Accumulated Impairment as at 16 July, 2025</b>	<b>26,359,373</b>	<b>1,321,817,329</b>	<b>1,348,176,702</b>
<b>Net Balance as at 16 July, 2025</b>	<b>495,505,801</b>	<b>2,734,858,395</b>	<b>3,230,364,196</b>
Net Balance as at 15 July, 2024	254,781,693	3,535,254,910	3,790,036,603

## 5. INVESTMENTS IN ASSOCIATES

### ACCOUNTING POLICIES

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investor but do not have control or joint control over those policies. At the date of acquisition, any excess of cost of acquisition over the company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The results, assets and liabilities of associates are incorporated in the financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the company's share of net assets of the associate, less any impairment in the value of the investment. The company's share of post-tax profits or losses are recognised in the statement of profit or loss and company's share in changes in the Other Comprehensive Income has been adjusted in other Comprehensive Income. Losses of an associate in excess of the company's interest in that associate are recognised only to the extent that the company has incurred legal or constructive obligations or made payments on behalf of the associate.

### EXPLANATORY NOTES

During the Reporting Period, company has subscribed the right share of Upper Tamakoshi Hydropower Limited.

#### Investments in Associates

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Investment in Trishuli Jal Vidhyut Company Ltd.		
At cost	741,000,000	741,000,000
Equity adjustment	(122,442,010)	(110,371,446)
Investment in Upper Tamakoshi Hydropower Ltd.		
At cost	1,270,800,000	1,270,800,000
Equity adjustment	(747,222,185)	(592,869,868)
Investment in Nagarik Stock Dealer Company Ltd.		
At cost	451,541,250	451,541,250
Equity adjustment	18,758,525	(31,367,373)
<b>TOTAL</b>	<b>1,612,435,580</b>	<b>1,728,732,563</b>
<b>Associates Share Income/(Expense)</b>	<b>(116,296,983)</b>	<b>(123,289,463)</b>
Associates Share Income/(Expense) to SOPL	(119,584,904)	(123,076,464)
Associates Share Income/(Expense) to SOOCI	3,287,921	(212,999)

The Company has pledged its Equity Investment of Trishuli Jal Vidhyut Company Ltd. with Nabil Bank Ltd. (Lead Bank of Trishuli 3B Hydro Project financing) on 23 July 2019 for consortium project financing.

#### TRISHULI 3B HYDRO PROJECT BACKGROUND:

Trishuli Jal Vidhyut Company Ltd. (TJVCL) is currently working on developing the Upper Trishuli 3B Hydroelectric Project (UT3B HEP). It is a run-of-river type hydroelectric project located at Rasuwa and Nuwakot district of Nepal. The project is a cascade of Upper Trishuli 3A Hydroelectric Project (60 MW) and has an installed capacity of 37 MW. The gross head of the project is 90 m, length of headrace tunnel is 3,883 m and the average annual energy generation is estimated to be 292.58 GWh.

The power produced by the Project will be evacuated to the under construction Trishuli 3B Hub Sub-station through 3 km long 132kV transmission line.

Total Project financing structure is 30% Equity and 70% Debt.

#### UPPER TAMAKOSHI HYDROELECTRIC PROJECT BACKGROUND:

Upper Tamakoshi Hydropower Limited is currently working on developing the 456 MW Upper Tamakoshi Hydroelectric Project (UTKHEP).



Upper Tamakoshi Hydroelectric Project (UTKHEP) is the largest project so far in Nepal under the implementation phase. It is a national priority project, and its early commissioning is very important in order to cope with the ongoing electricity crisis in Nepal. It is located in the lower region of the Higher Himalayas, in the catchment of Tamakoshi River. Tamakoshi River is one of the major tributaries of the Sunkoshi River in Koshi River Basin. The intake for hydropower plant is located at Lamabagar Village, which lies at direct distances of about 6 km south of the border with China (Tibet) and 32 km north to northeast of Dolakha District centre, Charikot.

It is a Peaking run-of-river (PRoR) type hydroelectric project. The project has an installed capacity of 456 MW. The gross head of the project is 822 m, design discharge is 66m<sup>3</sup>/sec and the average annual energy generation is estimated to be 2281 GWh.

#### **NAGARIK STOCK DEALER COMPANY LIMITED:**

The company has promoter shareholding of 12.85% in Nagarik Stock Dealer Company Limited which has been established with the objective of dealing in securities in the capital market with the stipulated regulations and guidelines of Securities Board of Nepal (SEBON). The Capital structure of Nagarik Stock Dealer Company Limited is structured in such a way that the company will ultimately hold 9% and the current equity holding is just a temporary effect.

## **6. INVESTMENT IN SUBSIDIARY**

### **ACCOUNTING POLICIES**

#### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries and associates as at 16 July 2025. Subsidiaries are all entities over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls

listed above. The group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The size of Group's holding of voting rights;
- Potential voting rights held by the Group;
- Rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 16 July 2025.

#### **CONSOLIDATION PROCEDURE:**

- a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b. Off set (eliminate) the carrying amount of the parent's investment in the subsidiary and the parent's portion of equity of the subsidiary.
- c. Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group.

#### **NON-CONTROLLING INTEREST:**

Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

#### **EXPLANATORY NOTES**

The Company has established "Nepal Digital Payments Company Limited (NDPC)" as a subsidiary company in collaboration with Rastriya Banijya Bank Ltd to provide the mobile financial services to the public. The issued and paid-up capital of the NDPC amounts to NPR 400 million. The shareholding structure is setup with promoters' group and public group with 90% and 10% respectively. The Company's current shareholding is 62.22 % having majority of members in Board of Directors of Nepal Digital Payments Company Limited.

Group Financial Statements have been separately presented in Consolidated Financial Statements.

## EXPLANATORY NOTES

### Investment in Subsidiaries

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Investment in Nepal Digital Payments Company Ltd.	248,888,900	248,888,900
<b>Total</b>	<b>248,888,900</b>	<b>248,888,900</b>

## 7. INVENTORY

### ACCOUNTING POLICIES

Inventories are carried at the lower of net realisable value or cost.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is measured using the First in First out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the necessary estimated expenses. Inventories are presented net of allowance for obsolete items. The saleable items are valued at lower of cost or net realisable value. The management estimates that cost of other inventories will be recovered during the provision of services. However, Allowance adjustments are made for those inventories identified by the management as obsolete, non-moving and slow-moving on the basis of the last usage of those inventory items lapsing more than five years old, 2-5 years and 1-2 years respectively.

In addition to this, the Company has identified certain technology-related inventories, including WiMAX, CDMA and PSTN, that have become obsolete. The Company has made a 100% provision against the related inventories.

Inventory	Usage	Allowance
Regular	Within 1 year	-
Slow Moving	1 to 2 years	25%
Non-Moving	2 to 5 years	50%
Obsolete	More than 5 years	100%

### EXPLANATORY NOTES

Inventories primarily consist of cash cards, telephone sets (mobile or otherwise), drop wires, Customer Premises Equipment (CPE), fiber cables, accessories and spares that are not eligible for capitalisation.

### Inventory

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
<b>Gross Inventory</b>		
Telephone sets, Drop Wire & Accessories	159,416,755	194,522,297
Cash Cards	109,505,300	251,874,493
Spares and other Inventories	263,313,770	323,460,599
	<b>532,235,825</b>	<b>769,857,389</b>
<b>Allowance Adjustments</b>		
Telephone sets, Drop Wire & Accessories	64,630,202	56,833,416
Cash Cards	2,525,568	2,567,371
Spares and other Inventories	182,745,605	189,384,420
	<b>249,901,375</b>	<b>248,785,207</b>
<b>Inventory net of allowances</b>		
Telephone sets, Drop Wire & Accessories	94,786,553	137,688,881
Cash Cards	106,979,732	249,307,122
Spares and other Inventories	80,568,165	134,076,179
<b>Total</b>	<b>282,334,450</b>	<b>521,072,181</b>



## 8. LEASES

### ACCOUNTING POLICIES

#### Identification of lease

At inception of a contract, the company determines whether the contract is, or contains a lease. A lease exists if the contract conveys the right to control the use of an identified asset, for a period of time, in exchange for consideration. In making this assessment, the company considers whether:

- i. The contract involves the use of an identified asset, either explicitly or implicitly. The asset must be physically distinct or represent substantially all the capacity of a physically distinct asset. Assets that a supplier has a substantive right to substitute are not considered distinct.
- ii. The lessee has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- iii. The lessee has the right to direct the use of the asset, in other words, has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company recognises a lease liability and right-of-use asset at the commencement of a lease. Lease liabilities are initially measured at the present value of lease payments that are due over the lease term, discounted using the incremental borrowing rate.

#### LEASE TERM

The lease term is the non-cancellable period of the lease adjusted for the impact of any extension options that the company is reasonably certain the lessee will exercise, or termination options that the company is reasonably certain the lessee will not exercise.

#### INCREMENTAL BORROWING RATE (IBR)

The incremental borrowing rate is the rate that the company would have to pay for a loan of a similar term, and with similar security, to obtain an asset of similar value.

#### LEASE PAYMENT

Lease payment includes fixed monthly payment mostly in advance for the period of six (6) months or in arrear for the same period.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. They are re-

measured if there is a change in future lease payments, or the amount the company expects to be payable under a residual value guarantee if any.

The Company also re-measures lease liabilities where the lease term changes. This occurs when the non-cancellable period of the lease changes, or on occurrence of a significant event or change in circumstances within the control of the lessee and which changes our initial assessment in regard to whether the lessee is reasonably certain to exercise extension options or not to exercise termination options. Where the lease term changes the company re-measures the lease liability using the incremental borrowing rate at the date of reassessment. Where a significant event or change in circumstances does not occur, the lease term remains unchanged and the carrying amounts of the lease liability and associated right-of-use asset will decline over time.

Right-of-use assets are initially measured at the initial amount of the corresponding lease liabilities, adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of any decommissioning costs that have been recognised as provisions, less any lease incentives received if any. They are subsequently depreciated using the straight-line method to the earlier of the end of the useful life of the asset or the end of the lease term.

The company has elected not to recognise lease liabilities and right-of-use assets for short-term leases that have a lease term of 12 months or less, and leases for which underlying assets is of low-value. Leases with the value of underlying assets below NPR 600,000 is considered as low value lease. The company recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term or systematic basis deemed appropriate by the management.

### EXPLANATORY NOTES

#### Incremental borrowing rate

The Company has applied the incremental borrowing rates of 8% for leases added in the current year based on considerations specific to the leases by taking into account the risk-free borrowing rates as adjusted for country/ company specific risk premiums.

Lease maturity matrix is disclosed under Note 10.5.

**Right of Use Assets**

Fig in NPR

Particulars	Land and Building	Network Infrastructure	Other	Total
<b>Balance as at 15 July, 2024 (Restated)</b>	<b>3,251,541,227</b>	-	-	<b>3,251,541,227</b>
Addition during the period	159,064,767			159,064,767
Termination of lease during the period	(23,915,669)			(23,915,669)
Retirement of ROU assets	(82,295,814)			(82,295,814)
<b>Total Value of Assets as at 16 July, 2025</b>	<b>3,304,394,511</b>			<b>3,304,394,511</b>
<b>Accumulation Amortisation</b>	<b>1,106,759,253</b>			<b>1,106,759,253</b>
Amortisation Charged for the year	367,928,050			367,928,050
Termination of lease during the period	(5,866,872)			(5,866,872)
Retirement of ROU assets	(82,295,814)			(82,295,814)
Total Amortisation as at 16 July 2025	1,386,524,617			1,386,524,617
<b>Net Balance as at 16 July, 2025</b>	<b>1,917,869,894</b>	-	-	<b>1,917,869,894</b>

**Lease Liability**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Current	308,013,850	319,324,040
Non-Current	2,012,454,653	2,164,421,073
<b>Total</b>	<b>2,320,468,502</b>	<b>2,483,745,112</b>

**9. PREPAYMENTS, NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES****9.1. PREPAYMENTS AND NON-FINANCIAL ASSETS  
ACCOUNTING POLICIES**

Payments made in advance for goods or services relating to future periods are recognized as Prepayments. Such amounts are charged to the Statement of Profit or Loss in the period to which they relate. Other Non-Financial Assets include advances for spare parts, payments to suppliers, employees, and other working advances, for which the goods or services will be received in the normal course of business.

Prepaid expenses and other non-financial assets are stated net of allowances for bad and doubtful debts, determined based on management's assessment of recoverability, creditworthiness of the counterparty, and any balances overdue by more than 12 months.

During the reporting period, the Company has recognized additional allowance of NPR 3,739,943 for prepaid expenses and reversal of allowance of NPR 27,132,255 for Other Non-financial Assets in the Statement of Profit or Loss, based on the company's assessment of the assets.

**EXPLANATORY NOTES****Prepayments, Non-Financial Assets**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Prepaid expenses	368,067,664	132,140,371
Less: Provision for possible losses	(5,095,937)	(1,355,994)
Other Non-Financial Assets	639,072,898	728,733,847
Less: Provision for possible losses	(11,705,621)	(38,837,876)
Deferred Employee Expenses	1,770,434,433	1,564,717,828
<b>Total</b>	<b>2,760,773,437</b>	<b>2,385,398,176</b>



## 9.2 LONG TERM LOAN AND ADVANCES:

### ACCOUNTING POLICIES

These represent advances provided to suppliers for supply of goods and services and other contractual obligations. The advances are expected to be settled in the normal course of operations over a period exceeding one year from the date of disbursement. They are recognized at cost and stated net of allowances on the basis of indications that the supplier may fail to deliver the goods/services or the advance becomes irrecoverable.

During the reporting period, the Company has recognized allowance of NPR 86,826,069 in the Statement of Profit or Loss, based on the company's assessment of the assets.

### EXPLANATORY NOTES

#### Long Term Loan and Advances

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Opening Balance</b>	<b>946,143,646</b>	<b>1,078,693,995</b>
Net Addition / (Net Transfer) during the year	212,812,802	(132,550,349)
<b>Closing Balance as on 16 July, 2025</b>	<b>1,158,956,448</b>	<b>946,143,646</b>
<b>Opening Accumulated Impairment</b>	<b>93,384,684</b>	<b>93,384,684</b>
Impairment for the year	86,826,069	-
<b>Closing Accumulated Impairment</b>	<b>180,210,753</b>	<b>93,384,684</b>
<b>Net Balance as on 16 July, 2025</b>	<b>978,745,695</b>	<b>852,758,962</b>

### NON-FINANCIAL LIABILITIES

#### ACCOUNTING POLICIES

Non-Financial Liabilities include the statutory liabilities, which arise as a result of statutory obligation during the normal course of business of the company. It also includes advance money received/ liabilities on part of the company to the customers for promised services. It also includes employee bonus and telecom allowances payable as per legal provisions and company's employees service bylaws.

### EXPLANATORY NOTES

#### Other Non-Financial Liabilities

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
VAT Payable	185,379,205	226,366,193
TDS payable	15,585,764	24,374,462
Other Fee Collection Payable	353,736,358	277,855,346
Royalty and Contribution to RTDF Payable	2,012,782,000	1,905,789,150
Advance from Subscribers	1,693,769,464	1,184,776,049
Deferred Sim Activation Revenue	151,298,733	145,463,836
Unearned Cash Card Sales	1,020,290,504	974,742,177
Telecom Allowance Payable	868,578,664	915,005,760
Employee Bonus Payable	1,733,838,989	1,215,406,942
<b>Total</b>	<b>8,035,259,681</b>	<b>6,869,779,915</b>

## 10. FINANCIAL INSTRUMENTS

### ACCOUNTING POLICIES

The company has elected to apply NFRS 9 'Financial Instruments' as per new accounting policies that provide more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows.

#### 10.1 FINANCIAL ASSETS

##### (I) Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value
  1. through other comprehensive income, or
  2. through profit or loss
- those to be measured at amortised cost.

The classification depends upon the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The company reclassifies debt investments when and only when its business model for managing those assets changes.

##### (II) Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are charged in profit or loss.

#### INVESTMENTS AND OTHER FINANCIAL ASSETS

##### Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

##### a. Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

##### b. Fair value through Other Comprehensive Income (FVtOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVtOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

##### c. Fair value through Profit or Loss (FVtPL):

Assets that do not meet the criteria for amortised cost or FVtOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the finance income.

#### EQUITY INSTRUMENTS

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable.



Impairment losses (and reversal of impairment losses) on equity investments measured at FVtOCI are not reported separately from other changes in fair value.

### DE-RECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognized only when the contractual rights to the cash flows from the financial asset expires, or it transfers the financial asset, and the transfer qualifies for de-recognition. On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognized in the Statement of Profit or Loss.

### (III) IMPAIRMENT OF FINANCIAL ASSETS

The company assesses on a forward-looking basis; the expected credit losses associated with its assets carried at amortised cost and FVtOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets only, the company applies the simplified approach permitted by NFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The company has three types of financial assets subject to NFRS 9's new expected credit loss model. The company

was required to revise its impairment methodology under NFRS 9 for each of these classes of assets.

#### (i) Trade & other receivables

For trade & other receivables, the company applies the simplified approach to providing for expected credit losses as prescribed by NFRS 9, which requires the use of the lifetime expected loss provision for all trade & other receivables.

The ECL is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case-to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

#### (ii) Term Deposits & Investments in Debentures

These are debt investments at amortised cost and are considered to be low risk, and thus the impairment is determined as 12 months expected credit losses.

#### (iii) Loan Investments

These are debt investments at amortised cost and are considered to be low risk, and thus the impairment is determined as 12 months expected credit losses.

### EXPLANATORY NOTES:

Fig in NPR

Particulars	FVtPL	FVtOCI		At Amortised cost	Total
		Debt	Equity		
Equity Investments	253,866,964				253,866,964
Investment in Mutual Fund	209,429,700				209,429,700
Employee Loan	3,808,737,530				3,808,737,530
Accruals, Advance & Other Receivables	1,817,534,143				1,817,534,143
Trade & Other Receivable				1,097,788,771	1,097,788,771
Term Deposits and Debenture				32,953,550,000	32,953,550,000
Loan Investments				13,346,793,723	13,346,793,723
Cash & Cash Equivalents	9,550,231,571				9,550,231,571
<b>Total</b>	<b>15,639,799,908</b>	<b>-</b>	<b>-</b>	<b>47,398,132,494</b>	<b>63,037,932,402</b>

Particulars	FVtPL	FVtOCI		At Amortised cost	Total
		Debt	Equity		
Equity Investments	254,605,449				254,605,449
Investment in Mutual Fund	186,499,300				186,499,300
Employee Loan	3,840,073,378				3,840,073,378
Accruals, Advance & Other Receivables	983,950,227				983,950,227
Trade & Other Receivable				1,516,047,428	1,516,047,428
Term Deposits and Debenture				39,131,930,000	39,131,930,000
Loan Investments				14,186,015,028	14,186,015,028
Cash & Cash Equivalents	4,175,272,795				4,175,272,795
<b>Total</b>	<b>9,404,829,700</b>	<b>-</b>	<b>-</b>	<b>54,833,992,456</b>	<b>64,238,822,156</b>

### 10.1.1 Equity Investments:

#### ACCOUNTING POLICIES

Equity investments are accounted for at fair value in accordance with NFRS 9 'Financial Instruments.' These investments have been classified as per their listing status.

#### Equity Investments

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Listed Equity Investment</b>	<b>33,127,200</b>	<b>29,034,000</b>
Sarbottam Cement Ltd.	14,436,000	14,436,000
Change in Fair Value of Investment	18,691,200	14,598,000
<b>Unlisted Equity Investment</b>	<b>220,739,764</b>	<b>225,571,449</b>
Vidhyut Utpadan Company Ltd.	130,000,000	130,000,000
National Fund Management Ltd.	60,000,000	60,000,000
Change in Fair Value of Investment	30,739,764	35,571,449
<b>Sub-Total</b>	<b>253,866,964</b>	<b>254,605,449</b>
<b>Investment in Mutual Fund</b>	<b>180,000,000</b>	<b>180,000,000</b>
Investment in National Equity Fund -1	10,000,000	10,000,000
Change in Fair Value of Investment	19,429,700	- (3,500,700)
<b>Net investment in Mutual Fund</b>	<b>209,429,700</b>	<b>186,499,300</b>
<b>Total</b>	<b>463,296,664</b>	<b>441,104,749</b>

The company has promoter shareholding in Vidhyut Utpadan Company Ltd. and National Fund Management Ltd. For the current reporting period, the fair value of unlisted equity investments has been estimated using the net asset value (NAV) method, where the net assets of the investee company, as per its latest audited financial statement is taken.

The Company reviews the carrying amount of unlisted equity investments at each reporting date and recognises changes in fair value in accordance with NFRS 9. Significant judgements are involved in determining fair value, including assessment of the investee's net assets, capital structure, and any potential restrictions on transferability of shares.

The Company has invested in 36,000 equity shares of Sarbottam Cement Ltd. through book building at the rate of NPR 401. The company has received 2,520 bonus shares during the reporting period. The investment has been revalued, and revaluation gain has been booked in Statement of Profit and Loss.



## 10.1.2 Employee Loans

### ACCOUNTING POLICIES

Employee loans are accounted for fair value through profit or loss. The effective interest and the change in fair value shall be charged/credited to profit and loss.

### EXPLANATORY NOTES

Employee loans are benefits provided by the company to its employees. The Company's business model is to hold on to these assets until maturity for the purpose of collecting principal, interest and bonus amount. The company collects interest at the rate of 3 percentage at the time of disbursal and principal is collected over the period in accordance with the repayment schedule. For Insured Loan, the employee will pay required premiums annually and final settlement will be done after maturity of Insurance plan. The Company collects the principal amount and agreed proportionate amount of bonus received from the insurance company.

The intrinsic effective interest and the net change in fair value is taken to profit or loss and the principal outstanding is reported at fair value. These loans have the recoverable period from 1 to 20 years. The discount rate that has been considered for computing fair value is the market interest rate that would be charged for a similar loan with comparable terms and credit risk, which is 7% for the reporting period. These assets are considered to have nominal risk of recovery as the employee's current and retirement benefits and Insurance Plan adequately secures the receivables.

### Employee Loan

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Opening Employee Loan	5,352,393,390	5,576,468,097
Fair Value Adjustment	(1,543,655,860)	(1,736,394,719)
<b>Total Employee Loan at fair value</b>	<b>3,808,737,530</b>	<b>3,840,073,378</b>
Employee Loan - Current Portion	369,246,192	315,137,808
Employee Loan - Non-Current Portion	3,439,491,338	3,524,935,570
<b>Total Employee Loan at Fair Value</b>	<b>3,808,737,530</b>	<b>3,840,073,378</b>

## 10.1.3 Accruals, Advances and Other Receivables

### ACCOUNTING POLICIES

These consist of interest accrued, claim against employees, claim against supplier and others. These are expected to be settled in the normal course of operation within the one-year period of such claims. These are recognised initially at cost and subsequently at fair value through profit or loss.

### EXPLANATORY NOTES

#### Interest Accrued:

Interest accrued represents amounts earned on debentures relating to the reporting period but with payment scheduled beyond the reporting date. The risk of non-recovery is nominal.

This also includes interest on the loan investment to Upper Tamakoshi (UTK) that has accrued but not yet been received.

#### Claims against suppliers and others:

These represent claims to be received by the Company from contractors, suppliers, and other parties, which do not carry any implicit finance charges. The claims are expected to be settled in the normal course of operations, generally within one year from the reporting date. They are carried at cost, which is considered to approximate their fair value.

#### Claims against Employees:

These represent claims to be received from employees, which do not carry any implicit finance charges. The claims are expected to be settled in the normal course of operations, generally within one year from the reporting date. They are carried at cost, which is considered to approximate their fair value.

During the reporting period, the Company has recognized reversal of allowance of NPR 9,088,529 in the Statement of Profit or Loss, based on the company's assessment of the assets.

### Accruals, Advances and Other Receivables

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Interest Accrued	589,885,741	559,952,565
Less: Provision of possible losses		-
Advance to and Claims Against Others	1,274,740,324	471,389,435
Less: Provision for possible losses	(48,301,324)	(59,183,104)
Advance to and Claims Against Employees	3,101,369	11,890,048
Less: Provision for possible losses	(1,891,967)	(98,716)
<b>Total</b>	<b>1,817,534,143</b>	<b>983,950,227</b>

#### 10.1.4 Trade & other Receivables

### ACCOUNTING POLICIES

#### Trade receivables:

Trade receivables comprise of amounts owed to the company by the customers as per NFRS 15: Revenue from Contracts with customers. A fifteen-day credit period is allowable to all the receivables from PSTN and VSAT services provided by the company. Trade receivables do not carry any interest and are measured at the carrying amount at which the items are initially recognised less any impairment losses, i.e. stated at their nominal value as reduced by appropriate allowances. Such allowances are affected by way of write-downs based on the estimated irrecoverable amount. The company estimates the Expected Credit Loss (ECL) on these instruments in the form of impairments.

Individual trade receivables are written off when management deems them not to be collectible. Write-offs of trade receivables are recognised in some cases using the allowance accounts.

#### Contract Asset:

A contract asset is defined in NFRS 15: Revenue from Contracts with Customers as an entity's right to receive consideration in exchange for goods or services that the entity has already provided to the customer, but payment is still conditional as per the business model of the Company.

#### Impairment:

Trade receivables and contract assets are exposed to customers' credit risk and are subject to impairment assessment. The company applies the simplified approach to providing for expected credit losses which requires the use of the lifetime expected loss provision for all trade receivables or contract assets that result from transactions that are within the scope of Revenue from Contracts with Customers and that do not contain a significant financing component.

In "Simplified approach", expected credit loss is calculated using a provision matrix. A provision matrix is applying the relevant estimated loss rates to the trade receivable balances outstanding (i.e. a trade receivable ageing analysis).

### EXPLANATORY NOTES

The groupings have been based on the type of customer such as Wireless, Fixed line, Interconnection services – International and Domestic along with appropriate subgroups based on their similar credit risk characteristics to apply the provision matrix. The Company uses a portfolio approach based on historical credit loss experience to estimate the lifetime expected credit losses.

The company's trade receivables are stated after lifetime expected credit loss. In addition to the non-recoverable risk of trade receivables, which the company believes is adequately covered by the allowances made, these assets are subject to diminishing value due to time value of money and inflationary devaluation as no interest is charged on these accounts.



### Impairment:

Due to the Global economic crisis, it is expected that an increase in unemployment rates and decline in gross domestic product will exceed the relevant thresholds. Therefore, when estimating the expected credit loss, we have incorporated macro-economic adjustment in arriving at the expected loss rate in addition to historical loss rate derived from default from customers. As a result, we have increased the allowance for Expected Credit Loss to reflect risks and uncertainties brought by the global economic crisis. It is important to note that any future changes in macroeconomic assumptions could significantly impact our allowance for Expected Credit Loss in subsequent years.

### Trade Receivables

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Gross Trade &amp; Other Receivable</b>		
Wireless	590,812,089	556,664,537
Fixed Line	1,163,710,540	1,182,684,024
International Inter- connection	911,962,080	878,775,189
Domestic Inter- connection	415,188,289	395,354,428
Contract Assets	117,683,197	87,997,685
<b>Total</b>	<b>3,199,356,196</b>	<b>3,101,475,864</b>
<b>Expected Credit Loss</b>		
Wireless	476,929,264	346,207,794
Fixed Line	1,093,378,102	792,897,745
International Inter- connection	145,913,933	124,438,035
Domestic Inter- connection	350,041,167	273,486,134
Contract Assets	35,304,959	48,398,728
<b>Total</b>	<b>2,101,567,425</b>	<b>1,585,428,436</b>
<b>Trade Receivables net of impairment</b>		
Wireless	113,882,826	210,456,743
Fixed Line	70,332,438	389,786,280
International Inter- connection	766,048,147	754,337,154
Domestic Inter- connection	65,147,122	121,868,294
Contract Assets	82,378,238	39,598,957
<b>Total</b>	<b>1,097,788,771</b>	<b>1,516,047,428</b>

### 10.1.5 Term Deposits and Debentures:

#### ACCOUNTING POLICIES

The company recognises deposits and investments in Debenture initially at fair value and subsequently at amortised cost using effective interest rate. The company has capacity and intention to hold on these investments until maturity. It is the company's business model to hold on these investments solely for the purpose of receiving principal and interest.

#### Investments in Term Deposits and Debenture:

Terms deposits in Banks and Investments in Debenture are held with fixed coupon rate of interest and are to be recognised at amortised cost using effective interest rate. Since, under the company's business model, the company intends to receive only contractual cash flows from these financial assets with no other costs or premium / discounts being involved. Therefore, the intrinsic coupon rate is taken as the effective interest rate for all the term deposits and Investments in Debenture. Considering the maturity period of the deposits these are classified as current assets.

#### EXPLANATORY NOTES

The company only invests in Debentures of the government and class 'A' commercial banks and in term deposit of class 'A' commercial banks and Class 'B' National Level Development bank in Nepal. The Banks are regulated and are under strict monitoring of the Central Bank of Nepal. Therefore, the risk of non-recovery on these instruments are considered nominal. Further, in absence of any other incremental costs, the interest rate inherent in these instruments are the effective interest rate and adjust for the credit risk and time value of money.

Term Deposits include Letter of Credit Margin amounting to NPR 1,780,455,588 kept as lien.

**Investment in Term Deposits and Debentures**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Investment in Debentures</b>	<b>3,576,550,000</b>	<b>3,576,550,000</b>
<b>Term Deposits with Financial Institutions</b>		
in Foreign Currency (US\$)	6,100,000	5,900,000
in Foreign Currency (NPR equivalent)	8,357,000,000	7,934,920,000
in Nepalese Currency	21,020,000,000	27,620,460,000
	32,953,550,000	39,131,930,000
<b>Current</b>	<b>29,757,000,000</b>	<b>35,555,380,000</b>
<b>Non-Current</b>	<b>3,196,550,000</b>	<b>3,576,550,000</b>
<b>Total</b>	<b>32,953,550,000</b>	<b>39,131,930,000</b>

**10.1.6 Loan Investments**

The company recognises loan investments initially at fair value and subsequently at amortised cost using effective interest rate. The company has capacity and intention to hold on these investments until maturity. It is the company's business model to hold on these investments solely for the purpose of receiving principal and interest. Since, under the company's business model, the company intends to receive only contractual cash flows from these financial assets with no other costs or premium / discounts being involved. Therefore, the intrinsic coupon rate is taken as the effective interest rate for amortization.

**Expected Credit Losses (ECL) on UTK Loan Investment:****Impairment**

These are debt investments at amortised cost. The impairment loss determined under the ECL model is recognised as an impairment provision in the statement of profit or loss. The carrying amount of the investment is reduced through the use of an allowance account.

**EXPLANATORY NOTES**

The Loan investment has been made in Upper Tamakoshi Hydropower Limited to develop 456 MW Upper Tamakoshi Hydroelectric Project (UTKHEP) as a consortium Loan with corporate guarantee of Nepal Electricity Authority. The land, property, plant and equipment owned by the Upper Tamakoshi Hydropower Limited itself at present, to be owned in future has been mortgaged in the name of Nepal Doorsanchar Company Limited, Citizen Investment Trust, and Rastriya Beema Sansthan as security against the loan obtained from these institutions. Further, the recoverability of Loan investment is secured by the cash flows to be received from the selling of energy to Nepal Electricity Authority under Power Purchase Agreement (PPA) concluded at project inception. The project started its commercial operation fully from 10 September 2021.

The company has provided Expected Credit Losses (ECL) on amortised cost of the debt investment.

**Loan Investments**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Loan Investments in Upper Tamakoshi Hydropower Ltd.</b>	<b>14,049,256,551</b>	<b>14,343,796,793</b>
Less: Expected Credit Loss	(702,462,828)	(157,781,765)
<b>Net Investment</b>	<b>13,346,793,723</b>	<b>14,186,015,028</b>
Current	441,810,363	294,540,242
Non-Current	12,904,983,361	13,891,474,786
<b>Total</b>	<b>13,346,793,723</b>	<b>14,186,015,028</b>



## 10.1.7 Cash and Cash Equivalents

### ACCOUNTING POLICIES

Cash and cash equivalents are recognised initially at fair value and subsequently at fair value through profit or loss. They are reported at their carrying value. The carrying amount of cash and cash equivalents approximate their fair value.

Cash and cash equivalents have original maturity of less than three months. These enable the company to meet its short-term liquidity requirements. The majority of the company's cash and cash equivalents comprise of interest-bearing call deposits with commercial banks which are subject to insignificant risk of change in value. These also include cash-in-hand and cheques.

Foreign currency balances with banks falling under the cash and cash equivalents classification, are converted into reporting currency using the closing exchange rates and resulting foreign exchange gain loss is recognised in profit or loss.

Risk of holding cash and bank balance is the time value of money and the inflationary devaluation which is not fully offset by interest earned by those bank deposits.

<b>Cash and Cash Equivalents</b>		Fig in NPR
<b>Particulars</b>	<b>16 July, 2025</b>	<b>15 July, 2024 (Restated)</b>
Bank Balances	9,522,831,836	4,145,247,873
Non-Interest Bearing	-	
Cash Balance	19,282	74,499
	<b>9,522,851,118</b>	<b>4,145,322,372</b>
Effect of Exchange rate changes	41,267,235	29,950,423
<b>Total</b>	<b>9,564,118,353</b>	<b>4,175,272,795</b>
Provision for bank during the year	(13,886,782)	
Accumulated Provision	(13,886,782)	
<b>Total</b>	<b>9,550,231,571</b>	<b>4,175,272,795</b>

The amount includes bank balances earmarked for payment of dividend amounting to NPR 426,544,882. Cash and Cash equivalents include Letter of Credit Margin amounting to NPR 189,617,730 kept as lien. During the year the Company has provided provision of NPR. 13,886,782 for bank balances.

## 10.2 FINANCIAL LIABILITIES

### (I) Classification

The Company shall classify all financial liabilities as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- Financial guarantee contracts.

The financial liability is accounted for at amortised cost using effective interest rate. The company has considered the discount rate for the future payments and computation of amortised cost. The effective interest is recognised in the statement of profit or loss.

### (II) Measurement

On initial recognition all financial liabilities are recognised at their fair value. The subsequent measurement depends on the classification of the financial liabilities.

### (III) De-recognition of Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### EXPLANATORY NOTES

Financial liabilities of the company are reported at amortised cost using effective interest rate.

#### Loan Investments

Fig in NPR

Particulars			
Financial Liabilities (FY 2024.25)	FVtPL	Amortised cost	Total
Subscriber Deposits		56,224,136	56,224,136
Current Liabilities		10,077,698,982	10,077,698,982
Trade Payable		849,929,600	849,929,600
Total	-	10,983,852,718	10,983,852,718
Financial Liabilities (FY 2023.24)	FVtPL	Amortised cost	Total
Subscriber Deposits		59,987,070	59,987,070
Current Liabilities		10,482,835,655	10,482,835,655
Trade Payable		627,486,297	627,486,297
<b>Total</b>	<b>-</b>	<b>11,170,309,022</b>	<b>11,170,309,022</b>

#### 10.2.1. Subscriber Deposits

### EXPLANATORY NOTES

Subscribers' deposits are deposits from customers for services they have subscribed in accordance with the company's service policies. It consists of a credit limit and deposit from customers for services they have subscribed to.



## Subscriber Deposits

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Deposit and Credit Limit from Subscriber	56,224,136	59,987,070
<b>Total</b>	<b>56,224,136</b>	<b>59,987,070</b>

Only nominal value of subscriber deposit is reversed, normally as the result of discontinuance by the subscribers and it is not possible to estimate probable future payments. Therefore, the entire subscriber deposit is classified as non-current.

### 10.2.2. Trade Payable

Trade payables represent liabilities for services received from interconnection telecom operators prior to the end of the financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within twelve (12) months after the reporting period. Otherwise, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## EXPLANATORY NOTES

### Trade Payable

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Payable for Bandwidth Service	544,983,881	427,762,217
Payable for Interconnection Service	304,945,719	199,724,080
<b>Total</b>	<b>849,929,600</b>	<b>627,486,297</b>

### 10.2.3. Current Liabilities

Current liabilities and other payables are recorded at cost. They are expected to be settled within 12 months of the normal course of business. The carrying amount represents the amortised cost.

## EXPLANATORY NOTES

### Current Liabilities

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Sundry Creditors - Suppliers	7,984,349,207	8,922,447,161
Advances Work/Income related	1,877,104,950	1,154,606,912
Other Liabilities	216,244,825	405,781,582
<b>Total</b>	<b>10,077,698,982</b>	<b>10,482,835,655</b>

Suppliers include an amount of NPR 126.7 million retained by the Company in respect of annual maintenance contract for Convergent Real Time Billing System. The payment has been withheld due to a legal case relating to this matter that is currently pending before the Special Court.

### 10.3. OFF SETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### 10.4. FINANCIAL GUARANTEE CONTRACT:

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk-free rate of interest.

At the end of each subsequent reporting period financial guarantees are measured at the higher of:

- The amount of the loss allowance; and
- The amount initially recognized less cumulative Amortisation, where appropriate.

The amount of the loss allowance at each subsequent reporting period initially equals to 12-month expected credit losses. However, where there has been a significant increase in the risk that the specified debtor will default on the contract, the calculation is for lifetime expected credit losses.

Expected credit losses for a financial guarantee contract are the cash shortfall adjusted by the risks that are specific to the cash flows.

Cash shortfalls are the difference between:

- The expected payments to reimburse the holder for a credit loss that it incurs; and
- Any amount that an entity expects to receive from the holder, the debtor or any other party

#### EXPLANATORY NOTES

The Company has given financial guarantee and pledged its equity share investment of its associate M/s Trishuli Jalvidhyut Company Limited to Nabil Bank Ltd for Trishuli 3B Hydro Project financing.

#### 10.5. FINANCIAL RISK MANAGEMENT

The company's business activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (Foreign currency risk, interest risk) which may adversely impact the fair value of its financial instruments. Risk management focuses on the unpredictable financial loss and seeks to minimize potential adverse effect on company's performance.

The company's Board and senior management have overall responsibility for the establishment and oversight of the company's risk management. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies/practices and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The risk management is done by the company's management that provides assurance that the company's financial risk activities are governed by appropriate practices & procedures and that financial risks

are identified, measured and managed in accordance with company's risk objectives.

#### Credit Risk:

Credit risk is the risk of financial loss arising from counterparty to a financial instrument if the party fails to repay or service debt according to the contractual terms or obligation. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk, principally consist of investments in debt instruments, trade receivables, terms deposits, accruals, advances and other receivables and loan given to employees. Terms deposits in banks result in material concentrations of credit risks.

The company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty to a financial instrument. For the purpose of risk control of Trade Receivables, Credit limits and deposits are established for each customer, whereby the credit limit represents the maximum open amount for one bill cycle. For loan Investment, Property Plant and Equipment at present and to be owned in future has been mortgaged and corporate guarantee has been taken.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was NPR 63.04 billion as at July 16, 2025 and NPR 64.27 billion as at July 15 2024, being the total of the carrying amount of short-term deposits with banks, trade receivables, accruals, advances and other receivables and loan given to employees.

#### Liquidity Risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due without incurring unacceptable losses. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The company manages the liquidity to ensure sufficient liquidity to meet all liabilities when due, without facing unacceptable losses. Any short term surplus cash generated by the company, over and above working capital requirements and other operational requirements including loan and capital commitment, are retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits to maximise its returns on investment.



## Current Liabilities

Fig in NPR

Financial Liabilities (FY 2024.25)	Total	Current Liability	1-2 Years	2-5 Years	5+ years
Subscriber Deposits	56,224,136			56,224,136	
Lease Liability	2,320,468,503	308,013,849	291,430,240	677,255,527	1,043,768,887
<b>Total</b>	<b>2,376,692,639</b>	<b>308,013,849</b>	<b>291,430,240</b>	<b>733,479,663</b>	<b>1,043,768,887</b>
Financial Liabilities (FY 2023.24) (Restated)	Total	Current Liability	1-2 Years	2-5 Years	5+ years
Subscriber Deposits	59,987,070			59,987,070	
Lease Liability	2,483,745,112	319,324,039	298,556,723	734,572,318	1,131,292,032
<b>Total</b>	<b>2,543,732,182</b>	<b>319,324,039</b>	<b>298,556,723</b>	<b>794,559,388</b>	<b>1,131,292,032</b>

### Market Risk:

Market risk is the risk related to changes in market prices, such as interest rates, foreign exchange rates and market economics conditions. The objective of market risk management is to manage and control market risk exposure within acceptable parameters.

#### i. Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Movements in benchmark interest rates may impact the Company's cash flows and overall financing costs.

The Company manages its exposure to interest rate risk through established policies and procedures designed to monitor interest-bearing investments and support diversification of its investment portfolio.

The Company is exposed to variable interest rates primarily on its interest-bearing financial assets, including cash and cash equivalents, term deposits, loan investments, and investments in debentures.

As at July 16, 2025 and July 15, 2024, financial assets amounting to NPR 38.71 billion and NPR 32.45 billion, respectively, were subject to variable interest rates.

A fluctuation of 100 basis points in market interest rates, with all other variables held constant, would result in an increase or decrease in profit before tax of NPR 387.1 million for the year ended July 16, 2025, and NPR 32.45 crores for the year ended July 15, 2024.

#### ii. Foreign Currency Risk:

The company is exposed to foreign currency risks on sales and purchases denominated in a currency other than its functional currency (NPR). The two major currencies giving rise to currency risks are US Dollar (USD) and Euro (EURO). However, the company has not entered into any forward contracts to mitigate such risks. The company is subject to the risk that, changes in foreign currency values impact the company's transactions/events relating to settlement of interconnection transactions, USD Term Investment and import of inventories, property plant & equipment and services.

The company closely monitors market economic activity and currency fluctuations in the market so as to respond effectively to the changes in exchange rate.

The following table sets forth information relating to foreign currency exposure except Indian Currency as of July 16, 2025.

	USD exposure	Euro exposure	Total
Financial Assets	10,719,778,027	19,620,632	10,739,398,659
Financial Liabilities	5,380,321,256	28,341,630	5,408,662,886

5% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net profit/(loss) before tax by approximately NPR 536.97 million and NPR 270.43 million for financial assets and financial liabilities, respectively for the year ended July 16, 2025.

The following table sets forth information relating to foreign currency exposure except Indian Currency as of July 15, 2024.

	USD exposure	Euro exposure	Total
Financial Assets	10,211,482,193	3,626,825	10,215,109,019
Financial Liabilities	5,834,635,594	70,379,208	5,905,014,802

Fig in NPR

## 11. PROVISIONS

### ACCOUNTING POLICIES

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### EXPLANATORY NOTES

The provisions have been computed based on the legal provisions and past practices. The timing and actual payment is subject to further approvals. The company estimates that these obligations will be settled within the next 12 months, therefore no discounting has been applied. The carrying amount represents the amortised cost.

The amount of provision recognised is the management's best estimate of expenditure required to settle the present obligation at the reporting date. Management reviews provisions at each balance sheet date and is adjusted to reflect the best current estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision is reversed.

Provisions	16 July, 2025	15 July, 2024 (Restated)
Particulars		
Provision for Expenses	308,342,371	252,910,307
<b>Total</b>	<b>308,342,371</b>	<b>252,910,307</b>

Fig in NPR

## 12. FAIR VALUE MEASUREMENTS OF ASSETS AND LIABILITIES

In accordance with NFRS 13 'Fair Value Measurement', the company categorises assets or liabilities carried on the reporting date at fair value using a three-level hierarchy. Assets or liabilities categorised as Level 1 are valued using quoted market prices and therefore there is minimal judgement applied in determining fair value. However, the fair value of Assets or liabilities categorised as Level 2 and, in particular, Level 3 is determined using valuation techniques including discounted cash flow analysis and other valuation models. In addition, in line with market practice, the company applies credit, debit and funding valuation adjustments in determining the fair value of its non-collateralized assets. A description of these adjustments is set out as under.

These valuation techniques involve management judgement and estimate to the extent of which depends on the complexity of the assets or liabilities and the availability of market observable information.

### Valuation of financial assets and liabilities

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the quality and reliability of information used to determine the fair values.



### Level 1

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 predominantly comprise equity shares, treasury bills and other government securities. If no adjustment to the quoted price of the asset is required, the result is a fair value measurement categorised within Level 1 of the fair value hierarchy.

### Level 2

Level 2 valuations are those where quoted market prices are not available, for example where the assets or liabilities is traded in a market that is not considered to be active, or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Examples of such assets or liabilities include most over-the-counter derivatives, financial institution issued securities, certificates of deposit and certain asset-backed securities.

### Level 3

Level 3 portfolios are those where at least one input, which could have a significant effect on the valuation, is not based on observable market data. These are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions, including earnings multiples and estimated future cash flows.

## 12.1 ASSETS AND LIABILITIES CARRIED AT FAIR VALUE

Fig in NPR

Assets and Liabilities (FY 2024.25)	Carrying Amount	Quoted Market Prices	Observable Inputs	Unobservable Inputs
	(Fair Value)	(Level 1)	(Level 2)	(Level 3)
Land	24,773,422,000		24,773,422,000	
Building	3,563,695,814		3,563,695,814	
Equity Investment in Sarbottam Cement	33,127,200	33,127,200		
Unlisted Equity Investment	220,739,764		220,739,764	
Investment in Mutual Funds	209,429,700	209,429,700		
Cash and Cash Equivalent	9,550,231,571	8,934,068,959	616,162,612	
<b>Total</b>	<b>38,350,646,049</b>	<b>9,176,625,859</b>	<b>29,174,020,190</b>	<b>-</b>

Assets and Liabilities (FY 2023.24) (Restated)	Carrying Amount	Quoted Market Prices	Observable Inputs	Unobservable Inputs
	(Fair Value)	(Level 1)	(Level 2)	(Level 3)
Land	23,085,052,066		23,085,052,066	
Building	3,432,481,389		3,432,481,389	
Equity Investment in Sarbottam Cement	29,034,000	29,034,000		
Unlisted Equity Investment	225,571,449		225,571,449	
Investment in Mutual Funds	186,499,300	186,499,300	186,499,300	
Cash and Cash Equivalent	4,175,272,795	4,175,272,795		
<b>Total</b>	<b>31,133,910,999</b>	<b>4,390,806,095</b>	<b>26,929,604,204</b>	<b>-</b>

Cash and cash equivalent is also presented at the fair value. The cash balance is the quoted price of the denominated currency. Further, the company considers the short-term deposits maintained with the commercial banks to represent the fair value of the balances.

Land revaluation has been periodically done to report the value of the land at fair value. Value of similar land in similar locality is considered for fair value determination. (also refer note 3)

Building and physical structure has been periodically revalued to report at the fair value. The Depreciated Replacement Cost (DRC) approach has been used for fair value determination of building and physical structures.

## 12.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

The financial assets and financial liabilities carried at amortised cost have been assessed for their fair values. Since these assets and liabilities are not quoted in the active market and observable inputs for those assets and liabilities are not available, the management has used discounted cash flow to estimate their fair value, applying level 3 assumption under NFRS 13.

Details of company are disclosed as under:

**Assets and Liabilities (FY 2024.25)**

Fig in NPR

Particulars	Carrying Amount	Fair Value at Amortised Cost	Quoted prices	Observable Inputs	Unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
<b>Assets</b>					
Trade & Other Receivable	1,097,788,771	1,097,788,771	-	-	1,097,788,771
Investment in Term Deposits and Debenture	32,953,550,000	32,953,550,000	-	-	32,953,550,000
Loan Investments	13,346,793,723	13,346,793,723			13,346,793,723
<b>Liabilities</b>					
Subscriber Deposits	56,224,136	56,224,136	-	-	56,224,136
Current Liabilities	10,077,698,982	10,077,698,982	-	-	10,077,698,982
Trade Payable	849,929,600	849,929,600			849,929,600

**Assets and Liabilities (FY 2023.24)**

Fig in NPR

Particulars	Carrying Amount	Fair Value at Amortised Cost	Quoted prices	Observable Inputs	Unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
<b>Assets</b>					
Trade & Other Receivable	1,516,047,428	1,516,047,428	-	-	1,516,047,428
Investment in Term Deposits and Debenture	39,131,930,000	39,131,930,000	-	-	39,131,930,000
Loan Investments	14,186,015,028	14,186,015,028			14,186,015,028
<b>Liabilities</b>					
Subscriber Deposits	59,987,070	59,987,070	-	-	59,987,070
Current Liabilities	10,482,835,655	10,482,835,655	-	-	10,482,835,655
Trade Payable	627,486,297	627,486,297			627,486,297

**13 EMPLOYEE BENEFITS****ACCOUNTING POLICIES**

Short-term employee benefits, such as salaries, paid leave, performance-based awards and social security costs are recognised over the period in which the employees provide the related services.

The company operates a number of post-retirement benefit schemes for its employees including both defined benefit and defined contribution plans.

1. A defined benefit scheme is a plan that defines an amount of pension, gratuity or leave compensation benefit that an employee will receive on retirement, dependent on one or more factors such as age, years of service and salary.
2. A defined contribution plan is a plan into which the company pays fixed contributions; there is no legal or constructive obligation to pay further contributions.

Full actuarial valuations of the company's defined benefit schemes are carried out periodically with interim reviews in the intervening years; these valuations are updated by qualified independent actuaries. For the purposes of these annual updates, scheme assets are included at their fair value and scheme liabilities are measured on an actuarial basis using actuarial assumptions. The defined benefit scheme liabilities are discounted using rates equivalent to the market yields at the reporting date. The company's profit or loss charge includes the current service cost, past service costs, net interest expense (income), and plan administration costs that are not deducted from the return on plan assets. Re-measurements, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest expense (income) and net of the cost of managing the plan assets), and the effect of changes to the asset ceiling (if applicable) are reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income are reflected immediately in retained profits and will not subsequently be reclassified to profit or loss.



The company's Statement of Financial Position includes the net surplus or deficit, being the difference between the fair value of scheme assets and the discounted value of scheme liabilities at the reporting date. Surpluses are only recognised to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. In assessing whether a surplus is recoverable, the company considers its current right to obtain a refund or a reduction in future contributions and does not anticipate any future acts by other parties that could change the amount of the surplus that may ultimately be recovered.

The company provides various loans and advances to its employees as per the employee service by-laws of the company. The various loans and advances provided are Insured, Uninsured with different maturity period. Employee loan is measured at Fair value. Unamortised employee cost is the difference between the value of loan at carrying amount and present value of employee loan discounted at market rate. Deferred benefits is calculated each year on the closing outstanding balance so that it will consider the prepayment of loan and loan settlement of retired/resigned staff. Deferred benefit is calculated as difference between closing value of loan and present value of outstanding loan discounted at market rate less Amortisation of such benefit during the year. The discount rate that has been considered for computing fair value is the interest rate used for determining the taxable benefit of employees during the year.

## EXPLANATORY NOTES

### 13.1. EMPLOYEE BENEFIT EXPENSES

<b>Employee Benefit Expenses</b>		Fig in NPR	
<b>Particulars</b>	<b>16 July, 2025</b>	<b>15 July, 2024 (Restated)</b>	
<b>Short term employee benefits</b>			
Salaries & Wages	2,081,239,103	2,148,915,380	
Allowances	1,251,110,839	1,300,563,769	
Uniform Allowances	38,177,000	39,779,000	
Overtime Allowances	38,217,901	38,433,721	
Medical Expenses	509,600,967	525,283,839	
Telecom Allowances	289,048,813	289,550,797	
Employee Statutory Bonus	518,432,047	592,139,545	
Other monetary Benefits	12,634,488	14,937,689	
Leave Encashment	114,628,536	122,111,396	
Finance cost under NFRS	232,043,968	166,880,181	
<b>Defined Contribution Plan</b>			
Contribution to Provident Fund	204,153,951	211,025,523	
Life Insurance	381,780,711	33,470,624	
<b>Defined Benefit Plan</b>			
Leave	174,793,374	147,387,427	
Pension and Gratuity- Non-Contributory	1,881,765,500	2,362,239,316	
Pension and Gratuity- Contributory	210,936,070	680,890,430	
Pension Contributory	-	1,922,123	
Other Long term employee benefits	28,298,542	11,152,204	
<b>Total</b>	<b>7,966,861,810</b>	<b>8,686,682,966</b>	

### 13.2. POST-EMPLOYMENT BENEFITS

#### i. Defined Contribution Plan

The company operates two types of defined contribution plans.

1. The provident fund contribution, where a fixed percentage of ten percent of the salary (basic plus grade) is paid into the fund as and when the salaries become due.
2. The company contributes ninety percent of the insurance premium of the employee's life insurance policies. The amount of policy is different as per the level of employees. The insured amount and the bonus accrued thereon shall be available to the employees on retirement.

## ii. Defined Benefit Plan

The company provides pension for employees completing 20 years of service with the company and gratuity for employees who have not completed 20 years of service at the time of retirement/ severance. This scheme is applicable for employees joining before 18 October 2009.

Employees joining after 18 October 2009 will be eligible for pension on completion of 20 years of service, for which 10% contribution is made by the employees with a matching 10% contribution made by the company. The short amount on settlement of such pension will be borne by the company. Those employees, who would not complete 20 years of service will be compensated with the amount deposited in respective employee's account maintained in the fund.

The company has been conducting actuarial assessment of defined benefit plans periodically. The discounted value of liabilities net of benefit plan investments is presented as non-current liabilities. The current service cost, past service cost and net interest (net of unwinding interest and return on plan assets) are charged to statement of profit or loss. The net actuarial re-measurements are charged or credited to the statement of other comprehensive income. The company pays retirement benefits from the plan assets. The company also pays the retirement benefits in advance as prepayments up to maximum of 7 years pension.

The defined benefit plans expose the company to actuarial risks such as longer than expected longevity of members, lower than expected returns on investments and higher than expected inflation, which may increase the liabilities or reduce the value of assets of the plans.

<b>Defined Benefit Plan Obligation</b>		Fig in NPR
<b>Particulars</b>	<b>16 July, 2025</b>	<b>15 July, 2024 (Restated)</b>
Opening DBP Obligations	33,777,344,827	31,860,774,332
Addition of Obligation on transition date	-	543,298,897
Current Service Costs	1,105,242,440	1,629,914,733
Finance Cost	2,491,469,620	2,399,774,630
Benefits Paid	(1,092,430,533)	(1,053,236,244)
Actuarial Remeasurements	2,005,791,090	(1,603,181,520)
<b>Closing DBP Obligation</b>	<b>38,287,417,444</b>	<b>33,777,344,827</b>

<b>Defined Benefit Plan Assets</b>		Fig in NPR
<b>Particulars</b>	<b>16 July, 2025</b>	<b>15 July, 2024 (Restated)</b>
Fair Value of Plan Assets at beginning	15,528,127,888	8,911,234,903
Employers Contribution Contributory	88,205,909	975,137,451
Employers Contribution- Non-Contributory	12,923,926,664	5,047,452,546
Return on Plan assets	1,214,588,580	717,060,794
(-) Advance Tax on return on plan assets	(55,900,336)	(44,683,062)
(-) Benefits Paid -Contributory	(7,257,315)	(226,262,843)
(-) Benefits Paid - Non- Contributory	(1,127,445,204)	-
Actuarial Remeasurements	(6,876,850)	148,188,100
<b>Closing DBP Assets</b>	<b>28,557,369,336</b>	<b>15,528,127,888</b>
Net Defined Benefit Plan Obligation	9,730,048,108	18,249,216,939
Charged / (credited) to P&L	2,382,123,480	3,312,628,569
<b>Charged / (credited) to OCI</b>	<b>2,012,667,940</b>	<b>(1,751,369,620)</b>



### Defined Benefit Plan Obligation – Pension and Gratuity (Non-contributory)

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Opening DBP Obligation</b>	<b>30,589,848,990</b>	<b>29,873,054,934</b>
Current Service Costs	839,591,160	872,413,540
Finance Cost	2,256,762,920	2,206,886,570
Benefits Paid from Plan Assets	(865,254,821)	(226,262,843)
Benefits Paid directly by employers	-	(577,759,211)
Actuarial Remeasurements	1,724,226,320	(1,558,484,000)
<b>Closing DBP Obligation</b>	<b>34,545,174,569</b>	<b>30,589,848,990</b>

### Defined Benefit Plan Obligation – Pension and Gratuity (Contributory)

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Opening DBP Obligation</b>	<b>1,224,189,327</b>	<b>-</b>
Additional DBO as at transition date		543,298,897
Current Service Costs	119,459,080	643,262,780
Finance Cost	91,476,990	37,627,650
Benefits Paid from Plan Assets	(8,992,334)	-
Contribution by Employee	44,102,955	-
Actuarial Remeasurements	282,783,350	-
<b>Closing DBP Obligation</b>	<b>1,753,019,367</b>	<b>1,224,189,327</b>

### Defined Benefit Plan Obligation – Leave

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Opening DBP Obligation</b>	<b>1,963,306,510</b>	<b>1,987,719,397</b>
Current Service Costs	146,192,200	114,238,413
Finance Cost	143,229,710	155,260,410
Benefits Paid by the company	(262,286,332)	(249,214,190)
Actuarial Remeasurements	(1,218,580)	(44,697,520)
<b>Closing DBP Obligation</b>	<b>1,989,223,508</b>	<b>1,963,306,510</b>

### Defined Benefit Plan Assets – Non-Contributory

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Fair Value of Plan Assets at beginning	14,542,598,017	8,911,234,903
Employers Contribution- Non-Contributory	12,923,926,664	5,047,452,546
Return on Plan assets	1,137,638,279	634,750,081
Advance Tax on return on plan assets	(55,900,336)	
(-) Benefits Paid -Contributory	-	(226,262,843)
(-) Benefits Paid - Non- Contributory	(1,127,445,204)	-
(-) Actuarial Remeasurements	13,865,610	175,423,330
<b>Closing DBP Assets</b>	<b>27,434,683,030</b>	<b>14,542,598,017</b>

**Defined Benefit Plan Assets - Contributory**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Fair Value of Plan Assets at beginning	985,529,871	-
Employers Contribution- Contributory	44,102,955	975,137,451
Employee Contribution	44,102,955	
Return on Plan assets	76,950,301	37,627,650
Advance Tax on return on plan assets		
(-) Benefits Paid -Contributory	(7,257,315)	
(-) Benefits Paid - Non- Contributory		-
(-) Actuarial Remeasurements	(20,742,460)	(27,235,230)
<b>Closing DBP Assets</b>	<b>1,122,686,306</b>	<b>985,529,871</b>

**ACTUARIAL ASSUMPTIONS**

Actuarial valuation of defined benefit plan obligation is done on the basis of the following assumptions.

**Non-contributory defined benefit plan**

Particulars	FY 2024.25	FY 2023.24
Discount Rate	7%	7.5%
Salary Escalation Rate	7%	7%
Pension Inflation Rate	4%	4%
Expected Return on Assets	7%	7.5%
Marital Status	100% married	100% married
Mortality Rate (Pre- Retirement)	Nepal Assured Mortality 2009	Nepal Assured Mortality 2009
Mortality Rate (Post- Retirement)	Indian Individual Annuitant's Mortality Table (2012-15)*	Indian Individual Annuitant's Mortality Table (2012-15)*
Gender for Spouse Pension	100% Male	100% Male
Spouse age difference	5 years	5 years
Withdrawal Rate	Age<45 -0.20%	
Age>=45 -0.50%	Age<45 -2.00%	
Age>=45 -0.50%		
Contributory defined benefit plan		
Particulars	FY 2024.25	FY 2023.24
Discount Rate	7%	7.5%
Salary Escalation Rate	7%	7%
Pension Inflation Rate	4%	4%
Expected Return on Assets	7%	7.5%
Interest on Accumulated Contribution	4.00%	4.00%
Marital Status	100% Married	100% Married
Mortality Rate (Pre- Retirement)	Nepal Assured Mortality 2009	Nepal Assured Mortality 2009
Mortality Rate (Post- Retirement)	Indian Individual Annuitant's Mortality Table (2012-15)*	Indian Individual Annuitant's Mortality Table (2012-15)*
Gender for Spouse Pension	100% Male	100% Male
Spouse age difference	5 years	5 years
Withdrawal Rate	Age<45 - 0.20%	Age<45 - 3.00%
	Age>=45 - 0.10%	Age>=45 - 0.50%

\* Mortality rate (Post- Retirement) has been taken with reference to the Indian Individual Annuitant's Mortality Table (2012-15), as latest data for Nepal is not available.



## SENSITIVITY ANALYSIS (PENSION & GRATUITY)

### Non-contributory defined benefit plan

Fig in NPR

Particulars	FY 2024.25	FY 2023.24
Discount Rate		
Effect on DBO - increase of discount rate by 1%	-13.4%	-13.0%
Effect on DBO - decrease of discount rate by 1%	16.8%	16.3%
Salary Escalation Rate		
Effect on DBO - increase of salary rate by 1%	3.5%	3.9%
Effect on DBO - decrease of salary rate by 1%	-3.2%	-3.6%
Pension Inflation Rate		
Effect on DBO - increase of pension inflation rate to 5%	12.8%	11.9%
Effect on DBO - decrease of pension inflation rate to 3%	-10.6%	-10.0%

### Contributory defined benefit plan

Fig in NPR

Particulars	FY 2024.25	FY 2023.24
Discount Rate		
Effect on DBO - increase of discount rate by 1%	-24.2%	-23.8%
Effect on DBO - decrease of discount rate by 1%	34.1%	33.3%
Salary Escalation Rate		
Effect on DBO - increase of salary rate by 1%	18.6%	18.7%
Effect on DBO - decrease of salary rate by 1%	-15.6%	-15.7%
Pension Inflation Rate		
Effect on DBO - increase of pension inflation rate to 5%	12.8%	12.3%
Effect on DBO - decrease of pension inflation rate to 3%	-10.5%	-10.0%

### Sensitivity Analysis (Leave Obligation)

Fig in NPR

Particulars	FY 2024.25		FY 2023.24	
	Annual Leave		Sick Leave	
Discount Rate				
Effect on DBO - increase of discount rate by 1%	-7.6%	-7.3%	-6.3%	-6.2%
Effect on DBO - decrease of discount rate by 1%	8.7%	8.3%	7.1%	6.9%
Salary Escalation Rate				
Effect on DBO - increase of salary rate by 1%	8.6%	8.3%	7.0%	6.9%
Effect on DBO - decrease of salary rate by 1%	-7.7%	-7.4%	-6.3%	-6.3%

## 13.3 PLAN ASSETS

### a) Non-Contributory Plan Assets

The company has invested in the Gratuity Fund Scheme (deposit scheme) of Citizen Investment Trust (CIT) and earmarked Fixed Deposits as plan assets. The company has made a discretionary contribution of NPR 22.06 billion in CIT, NPR 1.89 billion in the earmarked Fixed Deposits maintained at government commercial banks, NPR 3.47 billion in the earmarked Fixed Deposits maintained at commercial and development banks as on current year end. The principal investment objectives are to ensure the availability of funds to pay Gratuity and Lump sum pension from the plan assets and payments will be done from this fund only.

### b) Contributory Plan Assets

The company has been operating Contributory pension fund in Retirement Fund Scheme of Employee Provident Fund (EPF). The contributed amount in the fund from both employees and company is booked as Defined Benefit Assets for the settlement of pension obligation.

### 13.4 ESTIMATED FUTURE BENEFIT PAYMENTS

Expected Future Benefit Payments are estimated using the same actuarial assumptions used in determining the benefit obligation as at July 16, 2025, because benefit payments will depend on future employment and compensation levels, average service period, and payment election. The following table provides the expected benefit payments under the post-employment obligations on best estimate basis.

Fiscal Year	Pension and Gratuity Benefits (Non-contributory) Amount in NPR '000'	Pension and Gratuity Benefits (Contributory) Amount in NPR '000'	Accumulated Leave Amount in NPR '000'
July 16, 2026	1,035,718	723	105,005
July 16, 2027	1,406,153	1,026	189,831
July 16, 2028	1,495,438	1,744	203,721
July 16, 2029	1,493,670	1,914	183,445
July 16, 2030	1,596,071	2,693	195,283
Year 2030 to July 16, 2034	10,068,261	56,206	960,266

## 14 SHARE CAPITAL

### ACCOUNTING POLICIES

The company applies NAS 32 'Financial Instruments: Presentation' to determine whether funding is either a financial liability (debt) or equity. Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the company having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, from the proceeds. Dividends and other returns to equity holders are recognised when paid or declared by the members at the AGM and treated as a deduction from equity.

### EXPLANATORY NOTES

The company's registered capital structure is as follows:

Share Capital	Fig in NPR	
Particulars	16 July, 2025	15 July, 2024 (Restated)
No of Shares		
Authorised	250,000,000	250,000,000
Issued	180,000,000	180,000,000
Paid Up	180,000,000	180,000,000
Face Value	100	100
Share Capital		
Authorised	25,000,000,000	25,000,000,000
Issued	18,000,000,000	18,000,000,000
<b>Paid Up</b>	<b>18,000,000,000</b>	<b>18,000,000,000</b>

The shareholding pattern on the company is as follows:

### Shareholding Pattern

Particulars	16 July, 2025	15 July, 2024 (Restated)
The Government of Nepal	91.50%	91.50%
Citizen Investment Trust	0.03%	0.03%
General Public	8.47%	8.47%
	<b>100.00%</b>	<b>100.00%</b>



## 15 RESERVE AND SURPLUS

### ACCOUNTING POLICIES

#### Deferred Tax Reserve

It is the company's policy to appropriate the equivalent portion of the deferred tax assets when a net deferred tax asset arises. In event where deferred tax liability arises such amounts are reclassified within the equity to retained earnings.

#### Revaluation Reserve

##### Land

The company has adopted a revaluation model to present the value of its freehold land properties. The upward movement in the value of the land is adjusted by creating an equivalent amount of revaluation reserve. In the cases where there is decrease in the value of the land such decrease is first charged to the revaluation reserve to the extent reserve is available and remaining is charged to profit or loss as impairment loss.

##### Building and Physical Structure

The upward movement in the value of building and physical structure is adjusted by creating an equivalent amount of revaluation reserve. The additional depreciation on the revalued amount due to such revaluation in current fiscal year is transferred to equity.

### EXPLANATORY NOTES

#### Reserve and Surplus

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Retained Earning	46,071,413,093	47,850,512,324
Revaluation Reserve	25,303,479,961	23,461,649,269
Deferred Tax Reserve	8,972,463,744	8,147,545,104
<b>Total</b>	<b>80,347,356,799</b>	<b>79,459,706,697</b>

Movements in the reserves are given in detail in the Statement of Changes in Equity.

## 16 REVENUE FROM CONTRACT WITH CUSTOMERS

### ACCOUNTING POLICIES

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of any taxes / duties, discounts.

When determining the consideration to which the Company is entitled for providing promised products or services via intermediaries, the Company assesses whether it is primarily responsible for fulfilling the performance obligation and whether it controls the promised service before transfer to customers. Revenue is recognised when, or as, each distinct performance obligation is satisfied.

Revenue from content services rendered to customers are recognised based on gross amount billed to customers when the Company acts as a principal or recognised after netting off costs paid to content providers when the Company acts as an agent in the transaction.

The company follows the following 5 stage process in recognition of revenue from contracts with customers.

1. Identify contracts with the customer.
2. Identify the performance obligation within the contract.
3. Determine the transaction price.
4. Allocate the transaction price to each of the performance obligations.
5. Recognise revenue when (or as) the performance obligations are satisfied.

**PORTFOLIO APPROACH:**

This above 5 stage process applies to the accounting for an individual contract with a customer. However, as a practical expedient, the company shall apply this to a portfolio of contracts (or performance obligations) with similar characteristics as the company reasonably expects that the effects on the financial statements of applying this process to the portfolio would not differ materially from applying this process to the individual contracts (or performance obligations) within that portfolio.

When accounting for a portfolio, the company shall use estimates and assumptions that reflects the size and composition of the portfolio.

**CONTRACT MODIFICATION:**

A contract modification is the change in the scope or price or both of a contract that is approved by the parties to the contract.

Contract modification shall account as separate contract if the following conditions are present:

- The scope of the contract increases because of the additional promised goods or services that are distinct.
- The price of the contract increases by an amount of consideration that reflects the stand-alone selling price of the additional promised goods and service.

**NON-REFUNDABLE UPFRONT FEES:**

Non-refundable, registration, upfront service activation and setup fees associated with service arrangements are deferred and recognized over the associated service contract period or customer life. The receipt of those activation fees does not result in separate performance obligations. Instead, upfront fees are an advance payment for future services and, therefore, are recognised as contract liabilities and are recognised as revenue over the contract period/customer life where services are transferred to customers.

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

- a. Service Revenues
- b. Multiples Deliverables
- c. Equipment sales

**SERVICE REVENUES**

Service revenues mainly pertain to usage, subscription charges for voice, data, messaging and value-added services. Telecommunication services (comprising voice, data and SMS) are considered to represent a single

performance obligation as all are provided over the company's network and transmitted as data representing a digital signal on the network.

The transmission consumes network bandwidth and therefore, irrespective of the nature of the communication, the customer ultimately receives access to the network and the right to consume network bandwidth.

The Company recognises revenue from these services as they are provided. The collection from customer in excess of revenue are classified as deferred revenue / advance from customers/subscribers as the case may be.

Service revenue includes revenue from international services which is revenue from interconnection, roaming charges for usage of the company's network by other operators for voice, data and messaging. It also includes the enterprise lease services. These are recognised upon transfer of control of services over time.

The company collects Ownership Fee, Telecom Service Charge and Value Added Tax on behalf of the Government and therefore, it is not an economic benefit flowing to the company; hence it is excluded from revenue.

**MULTIPLES DELIVERABLES:**

The Company has entered into certain multiple element revenue arrangements which involve the delivery or performance of multiple products, services or rights to use assets. At the inception of the arrangement, all the deliverables therein are evaluated to determine whether they represent distinct performance obligations, and if so, they are accounted for separately.

Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their standalone selling prices. The stand-alone selling prices are determined based on the list prices at which the Company sells equipment and network services separately.

**EQUIPMENT SALES**

Equipment sales mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognised when the control of equipment is transferred to the customer, i.e. transferred at a point in time.



## EXPLANATORY NOTES

### Revenue from contract with customers Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Revenue from rendering services		
Voice	18,033,326,995	20,288,937,614
Data	13,927,240,717	12,525,227,583
SMS	1,406,378,155	1,343,614,755
Others	238,338,672	149,853,500
Total	33,605,284,539	34,307,633,452
Equipment sales	289,238,149	252,632,531
<b>Total</b>	<b>33,894,522,688</b>	<b>34,560,265,983</b>

### Revenue from contract with customers Fig in NPR

Particulars	16 July, 2025	15 July, 2024
<b>Fixed Line</b>		
Local/ Domestic	152,847,521	249,649,707
International Trunk	870,454	1,319,722
Leased Circuits	278,963,876	283,965,395
ADSL	14,445,513	54,287,515
SIP	1,092,776	1,165,159
FTTH - Voice	518,706,755	1,261,341,827
FTTH - Data	1,150,811,230	913,442,233
Others	19,519,063	21,532,531
<b>Fixed Line Total</b>	<b>2,137,257,188</b>	<b>2,786,704,088</b>

<b>GSM</b>		
Voice	15,259,399,897	16,173,148,849
Data	12,417,285,514	11,147,310,317
SMS	451,024,525	390,919,111
Roaming	47,746,025	26,107,238
Others	207,047,010	117,140,573
<b>GSM Total</b>	<b>28,382,502,972</b>	<b>27,854,626,087</b>

Interconnection Services		
Inter-connection - International	1,505,335,465	1,948,561,567
Inter-connection - Domestic	263,796,020	215,319,307
International Roaming (Sharing)	283,531,154	249,815,217
SMS	513,595,717	568,518,748
Others	7,774,033	11,180,395
Interconnection Services Total	2,574,032,389	2,993,395,233

Value Added Services (VAS)	452,574,126	552,824,362
IPTV	58,917,865	120,083,682
<b>Total - Revenue from rendering services</b>	<b>33,605,284,539</b>	<b>34,307,633,452</b>

**MULTIPLES DELIVERABLES:**

Products including multiple deliverables (Handset, Customer Premises Equipment, Fibre Cable, Network Services etc.) are allocated to standalone deliverables and recognized based on the same criteria of the individual deliverable. The Revenue of Package subscribed prevailing for more than one year has been recognised on accrual basis and deferred and unused resources has been adjusted to subscriber's liability.

**NON-REFUNDABLE UPFRONT FEES**

The Company has estimated that the historical average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life. Thus, the Company service revenue that includes revenue from upfront service activation fees associated with service arrangements are deferred and recognized over the associated service contract period or customer life since the date of activation of service.

**17 FINANCE INCOME****ACCOUNTING POLICIES**

The finance income from the financial instruments is recognised as per effective interest method in accordance with NFRS 9.

**EXPLANATORY NOTES**

<b>Finance Income</b>		Fig in NPR
<b>Particulars</b>	<b>16 July, 2025</b>	<b>Ashadh 31,2081 (Restated)</b>
Interest Income on Loan Investment	1,316,547,119	1,412,689,056
Interest on Debentures	358,447,112	360,480,641
Interest on Term Deposits and Bank Balance	1,800,523,152	4,828,070,696
Interest on Employee Loan	269,011,340	166,531,490
Change in Fair Value of Investment	22,191,915	48,678,749
<b>Total</b>	<b>3,766,720,638</b>	<b>6,816,450,633</b>

**18 OTHER INCOME****ACCOUNTING POLICIES**

Dividend income is recognised when the right to receive payment is established. Other incomes are recognised when the amounts can be reliably measured, and the amount is probable to be received. Government grants income shall be recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received (refer Government Grant note 27).

**EXPLANATORY NOTES**

<b>Other Income</b>		Fig in NPR
<b>Particulars</b>	<b>16 July, 2025</b>	<b>15 July 2024 (Restated)</b>
LQD and other income	296,573,975	568,234,642
Government Grant Income	230,288,881	194,471,900
<b>Total</b>	<b>526,862,856</b>	<b>762,706,542</b>

**19 SERVICE OPERATION AND MAINTENANCE COSTS****EXPLANATORY NOTES**

These expenses include expenses incurred with fixed and mobile communications services arising from the operation and maintenance of such telecommunication networks.



## Service Operation and Maintenance Costs

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Maintenance - Office Equipment	47,856,146	46,795,664
Maintenance - Buildings	130,358,721	140,003,343
Maintenance - Plants/ Machinery	1,829,514,840	2,007,507,980
Maintenance -Software Expenses	218,750	
Power, Heating & Lighting	1,418,123,302	1,422,752,363
Fuel for Vehicles	96,399,744	107,308,856
Maintenance vehicles	70,729,962	73,502,336
Freight & Carriages	14,231,905	13,821,227
International IP Lease & Transit Cost	1,012,725,648	911,871,775
Cost of Telephone Sets and Other Materials	307,894,495	425,229,692
Cost of Cash Card	249,869,362	236,365,186
Inquiry Service Expenses	39,583,240	42,968,289
Value Added Services Expenses	4,442,369	79,765,217
Interconnection Expenses- Domestic	278,535,653	278,617,707
Interconnection Expenses-Foreign	153,195,747	259,605,657
Training Expenditure (Contract)	105,300,723	177,342,958
Rent Expense (For Service Operation)	23,190,659	48,423,537
P2P SMS Expenses	30,023,449	28,262,767
Roaming Expenses	24,997,358	11,248,886
Technical Service Charge	41,326,997	69,610,581
Research Expenses	410,495	691,207
Data Entry Expenses	2,362,763	1,948,437
<b>Total</b>	<b>5,881,292,327</b>	<b>6,383,643,665</b>

## 20 SALES CHANNEL, MARKETING AND PROMOTION COSTS

### EXPLANATORY NOTES

#### Sales Channel, Marketing and Promotion Costs

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Commission on Sales	109,544,954	93,434,467
Advertisement and Trade Promotion	232,640,157	187,818,356
<b>Total</b>	<b>342,185,111</b>	<b>281,252,823</b>

## 21 OFFICE OPERATION EXPENSES

### EXPLANATORY NOTES

#### Office Operation Expenses

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Travelling Expenses	150,003,177	137,811,319
Rates and Local Taxes	98,745,781	95,261,894
Rent Expenses (Office Operation)	132,077,009	96,164,475
Board Meeting Allowance	2,346,400	2,328,500
Other Meeting Allowances and Expenses	47,334,768	49,577,417
Printing and Stationery	31,505,250	32,441,292
Bank Charges	20,565,976	16,893,408
Training Expenses	186,456,627	231,091,089
Hospitality Expenses	26,920,231	24,906,015
Office Furnishing	11,281,662	11,399,911

Particulars	16 July, 2025	15 July, 2024 (Restated)
Insurance	40,738,312	30,125,408
Statutory Audit Fee	2,400,000	2,400,000
Tax Audit Fee	800,000	800,000
Audit Expenses	4,756,255	5,282,372
Postage	980,510	1,226,568
Books and Periodicals	2,111,199	2,336,725
Professional fees	4,723,820	5,658,433
Security Expenses	286,527,022	260,380,406
Outsourcing Service expenses	4,750,068	9,658,821
Membership Fee	15,146,878	12,652,407
Business support Expense	43,116,747	58,513,360
Communication Expenses	14,992,871	18,737,764
Anniversary Expenses	5,523,209	5,565,262
Annual General Meeting Expenses	1,683,056	1,881,943
Other Expenses	124,952,344	102,782,317
Miscellaneous Expenses	20,301,322	17,700,224
<b>Total</b>	<b>1,280,740,494</b>	<b>1,233,577,330</b>

## 22 REGULATORY FEES, CHARGES AND RENEWALS

### EXPLANATORY NOTES

#### Regulatory Fees, Charges and Renewals

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Royalty	1,341,854,667	1,367,501,991
Rural Telecommunication Development Fund Contribution	670,927,333	683,750,995
Frequency Fee	2,299,334,630	1,989,499,222
Licence Fee Expenses	-	3,249,775,329
<b>Total</b>	<b>4,312,116,630</b>	<b>7,290,527,537</b>

The liabilities on account of Royalty at the rate of 4% of service revenue have been provided for as per Telecommunication Rules, 2054 and contribution to Rural Telecommunication Development Fund (RTDF) at the rate of 2% of the service revenue as per conditions laid down by the Nepal Telecommunications Authority (refer Revenue from contract with customers Note 16).

The Supreme Court has issued its decision on the Company's appeal relating to the dispute with NTA regarding the frequency fee for the 2100 MHz band for fiscal year FY 2006/07, of which contingent liability of NPR 1.66 billion was disclosed in prior years. In accordance with the decision, the Company has made total payment of NPR 350,026,230 (including 6,000,000 for FY 2024.25), including applicable fines and penalties to Ministry of Communication and Information Technology. The amount of NPR 350,026,230 has been recognised as an expense in the statement of profit or loss in the current year.

## 23 FINANCE COSTS

### EXPLANATORY NOTES

These are finance costs calculated using effective interest rate on the Lease Liability.

#### Finance Costs

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Finance Costs on lease Liability	185,082,066	190,672,971
<b>Total</b>	<b>185,082,066</b>	<b>190,672,971</b>



## 24 IMPAIRMENT COSTS AND REVERSALS

### ACCOUNTING POLICIES

#### IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment of an item of property plant and equipment is identified by comparing the carrying amount with the recoverable amount. If an individual asset does not generate future cash flows independently of other assets, recoverability is assessed on the basis of cash generating unit (CGU) to which the asset can be allocated.

At each reporting date the company assesses whether there is any indication that an asset may have been impaired.

Factors that are considered important and which could trigger an impairment review include the following:

- Obsolescence or physical damage;
- Significant changes in technology and regulatory environments;
- Significant changes under performance relative to expected historical or projected future operating results;
- Significant changes in the use of its assets or the strategy for its overall business.

The identification of impairment indicators, the estimation of future cash flows and determination of recoverable amount for assets and cash generating units require significant judgement. If such indication exists, the recoverable amount is determined. The recoverable amount of a CGU is determined at the higher of fair value less cost to sell on disposal and value-in-use. Generally recoverable amount is determined by means of discounted cash flows unless it can be determined on the basis of a market price. Cash flow calculations are supported by past trend and external sources of information and discount rate is used to reflect the risk specific to the asset or CGU.

#### IMPAIRMENT OF FINANCIAL ASSETS

NFRS 9 establishes a three-stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. These three stages then determine the amount of impairment to be recognised as expected credit losses (ECL)(as well as the amount of interest revenue to be recorded) at each reporting date:

- Stage 1:** Credit risk has not increased significantly since initial recognition – recognise 12 months ECL and recognise interest on a gross basis.
- Stage 2:** Credit risk has increased significantly since initial recognition – recognise lifetime ECL and recognise interest on a gross basis.
- Stage 3:** Financial asset is credit impaired (using the criteria currently included in NAS 39 Financial Instruments: Recognition and Measurement) – recognise lifetime ECL, and present interest on a net basis (i.e. on the gross carrying amount less credit allowance).

### EXPLANATORY NOTES

#### Impairments/ (Reversal of Impairments)

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Property Plant and Equipment	213,355,320	57,265,663
Intangible Assets	6,544,621	-
Capital Work in Progress	(28,652,061)	128,970,603
Long Term Advances	86,826,069	
Prepaid Expenses	3,739,943	
Non-Financial Assets	(27,132,255)	
Financial Instruments		
Trade Receivables	516,138,989	(88,213,381)
Inventory	1,116,168	5,235,270
Accruals, Advances and Other Receivables	(9,088,529)	-
Loan Investment	544,681,063	(575,607,788)
Bank	13,886,782	
<b>Total</b>	<b>1,321,416,109</b>	<b>(472,349,634)</b>

## 25 EFFECTS OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES

### ACCOUNTING POLICIES

Foreign currency transactions are converted into functional currency using the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated into the reporting currency of the company using the rates prevailing on the reporting date. The resulting gain or loss due to translation is taken to statement of profit or loss. Non-monetary assets are recorded using the rate of exchange prevalent as on the date of initial recognition and are not subsequently restated.

### EXPLANATORY NOTES

#### Effects of Changes in Foreign Currency Exchange Rates

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Realized Transaction Gain / (Loss)	197,696,594	30,488,664
Unrealized Translation Gain / (Loss)	13,034,643	67,518,549
<b>Total</b>	<b>210,731,237</b>	<b>98,007,213</b>

## 26 INCOME TAX

### ACCOUNTING POLICIES

The company applies NAS 12 for accounting and reporting income taxes. Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

### CURRENT TAX:

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment made to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

### DEFERRED TAX:

Deferred tax is the tax expected to be payable or recoverable in future arising from temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in computation of taxable profit.

### Temporary differences may be either:

- Taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.
- Deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

Tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

The tax base of an asset is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity when it recovers the carrying amounts of the asset. If those economic benefits will not be taxable, the tax base of the asset is equal to its carrying amount.

The tax base of a liability is its carrying amount, less any amount that will be deductible for tax purposes in respect of that liability in future periods. In the case of revenue which is received in advance, the tax base of the resulting liability is its



carrying amount, less any amount of the revenue that will not be taxable in future periods.

It is computed using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets recognised to the extent that it is probable that the temporary differences or taxable profit will be available against which deductive temporary differences can be utilised.

The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, based on the level of future taxable profit forecasts and tax planning strategies.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

## 26.1. NET TAX ASSET / (LIABILITY)

The company's final income tax assessment has been completed for the Income Year 2020.21. For the remaining financial years, the assets and liabilities have been recognised and carried as under:

				Fig in NPR
Fiscal Year	Tax Liability	Advance Tax Paid	Net Tax Asset/(Liability)	Cumulative
2019.20	6,271,148,664	6,962,104,678	690,956,014	1,397,453,290
2020.21	4,295,753,360	5,175,225,403	879,472,043	2,276,925,333
2021.22	5,380,142,722	4,762,661,677	(617,481,045)	1,659,444,288
2022.23	4,555,461,469	4,638,795,554	83,334,085	1,742,778,373
2023.24	247,450,497	2,320,444,854	2,072,994,357	3,815,772,730
2024.25	4,727,241,113	1,382,755,777	(3,344,485,336)	471,287,394

## 26.2. CURRENT TAXES

Current tax payable (or recoverable) is based on the taxable profit for the year and any adjustment made to tax payable in respect of previous years. Taxable profit differs from the profit reported in the statement of profit or loss, because some item of income or expense are taxable or deductible in different years or may never be taxable or deductible. The company's current tax liabilities are calculated using provisions of the Income Tax Act, 2058 (2002 A.D.), Income Tax Rules, Directives and circulars relating thereto as currently applicable in Nepal.

### Income Taxes expense

			Fig in NPR
Particulars	16 July, 2025	15 July, 2024 (Restated)	
<b>Provision for Tax</b>			
For current year	3,880,525,010	69,497,759	
For prior years	751,730,141	44,921,136	
Deferred Tax	(788,768,472)	3,371,816,950	
<b>Total</b>	<b>3,843,486,679</b>	<b>3,486,235,844</b>	

## EXPLANATORY NOTES

The Company has received the final decision from the Supreme Court regarding the Income Tax assessment for fiscal year 2014.15, which upheld the earlier ruling of the Revenue Tribunal. Of the four Income Tax cases under dispute, one has been decided in the Company's favour. Similarly, of the two TDS-related cases, one has been resolved in the Company's favour.

Based on the Supreme Court's decision, management has concluded that an outflow of economic resources amounting to NPR 750,525,434 is now probable, the details of which are as follows:

These amounts were previously disclosed as contingent liabilities. Accordingly, a provision of NPR 750,525,434 has been recognized in the statement of profit or loss in the current year.

Years	Fig in NPR	
	Income Tax	TDS
2014.15	131,566,300	20,392,108
2015.16	203,310,012	-
2016.17	142,443,478	-
2017.18	61,850,335	-
2018.19	74,019,457	18,239,108
2019.20	52,922,860	8,485,155
2020.21	37,296,616	-
<b>Total</b>	<b>703,409,062</b>	<b>47,116,372</b>

### 26.3. DEFERRED TAXES:

#### EXPLANATORY NOTES:

Previously, deferred tax relating to employee benefit obligation was calculated by netting the defined benefit assets against the defined benefit obligation and applying deferred tax on the net balance. Upon review, management determined that this treatment was not appropriate for deferred tax purposes.

In accordance with NAS 12 Income Taxes, deferred tax is required to be recognised on temporary differences arising from assets and liabilities separately. Further, contributions made to defined benefit assets are not deductible for income tax purposes at the time of recognition and are allowable as a tax deduction only at the time of actual payment of benefits to employees, in accordance with the prevailing income tax laws.

During the period, management rectified the deferred tax calculation methodology by computing deferred tax on the gross defined benefit obligation, after deducting the portion of employee benefits actually paid during the year, without netting it against defined benefit assets. No deferred tax asset has been recognised in respect of defined benefit assets, as such assets do not give rise to deductible temporary differences.

For rectification of impact up to FY 2022.23 additional deferred tax asset amounting to NPR 2,673,370,471 has been restated in the opening balance of FY 2023.24. The impact of this rectification has been recognised in the corresponding previous period's profit or loss amounting to NPR 1,707,841,393.

Particulars (FY 2024.25)	Fig in NPR		
	Carrying Amount	Tax Base	Temporary Difference
<b>Assets</b>			
Property, Plant & Equipment	21,730,799,221	30,583,599,259	(8,852,800,038)
Land	24,773,422,000	593,927,228	24,179,494,772
Intangible Assets	1,114,718,863	1,005,210,997	109,507,865
Loan Investment	13,346,793,723	14,049,256,551	(702,462,828)
Trade Receivable	1,097,788,771	2,913,412,118	(1,815,623,348)
Accruals, Advances and Other Receivables	1,817,534,143	1,867,727,434	(50,193,291)
Inventory	282,334,450	532,235,825	(249,901,375)
Capital WIP	3,230,364,196	4,578,540,898	(1,348,176,702)
Prepayments and Other Non-Financial Assets	990,339,004	1,007,140,562	(16,801,558)
Investment in Mutual Fund	209,429,700	190,000,000	19,429,700
Investment in Equity	253,866,964	204,436,000	49,430,964
Investment in Associates	1,612,435,580	2,463,341,250	(850,905,670)
Long Term Loan and Advances	978,745,695	1,158,956,448	(180,210,753)



Particulars (FY 2024.25)	Carrying Amount	Tax Base	Temporary Difference
Contract Cost Assets	417,353,639		417,353,639
Translation Gain/(Loss)	13,034,643		13,034,643
<b>Liability and Provisions</b>			-
Defined Benefit Plan Provision- Non-Contributory	9,099,715,046	(27,434,683,030)	(36,534,398,077)
Defined Benefit Plan Provision-Contributory	630,333,061	-	(630,333,061)
Provision for Telecom Allowance	868,578,664	-	(868,578,664)
Provision for Staff Bonus	1,733,838,989	-	(1,733,838,989)
Provision for expenses	308,342,371		(308,342,371)
Lease Liability (net)	402,598,608		(402,598,608)
Deferred Sim Activation Revenue	151,298,733		(151,298,733)
<b>Total</b>			<b>(29,908,212,481)</b>
	Tax Rate @	30%	(8,972,463,744)
<b>Deferred Tax Liability / (Asset) - FY 2023.24</b>			<b>(8,147,545,104)</b>
<b>Deferred Tax Expense / (Income) FY 2024.25</b>			<b>(824,918,640)</b>
<b>Deferred Tax liability / (Asset) 16 July 2025</b>			<b>(8,972,463,744)</b>
<b>Deferred Tax Expense / (Income) - FY 2024.25 P&amp;L</b>			<b>(788,768,472)</b>
<b>Deferred Tax Expense / (Income) - FY 2024.25 OCI</b>			<b>(36,150,168)</b>

Fig in NPR

Particulars (FY 2023.24)	Carrying Amount	Tax Base	Temporary Difference
<b>Assets</b>			
Property, Plant & Equipment	25,274,878,828	33,117,022,695	(7,842,143,867)
Land	23,085,052,066	586,900,301	22,498,151,765
Intangible assets	1,512,403,472	1,591,091,383	(78,687,911)
Loan Investment	14,186,015,028	14,343,796,793	(157,781,765)
Trade Receivable	1,516,047,428	2,815,531,787	(1,299,484,359)
Accruals, Advances and Other Receivables	983,950,227	1,043,232,047	(59,281,820)
Inventory	521,072,182	769,857,389	(248,785,207)
Capital WIP	3,790,036,603	5,169,195,366	(1,379,158,763)
Prepayments and Other Non-Financial Assets	820,680,348	860,874,218	(40,193,870)
Investment in Mutual Fund	186,499,300	190,000,000	(3,500,700)
Investment in Equity	225,571,449	204,436,000	21,135,449
Investment in Associates	1,728,732,563	2,463,341,250	(734,608,687)
Long Term Loan and Advances	852,758,962	946,143,646	(93,384,684)
Contract Cost Assets	365,151,702	-	365,151,702
<b>Liability and Provisions</b>			-
Provision for License Fee		-	-
Defined Benefit Plan- Non-Contributory	18,010,557,483	(14,542,598,017)	(32,553,155,500)
Defined Benefit Plan- Contributory	238,659,456		(238,659,456)
Provision for Telecom Allowance	915,005,760	-	(915,005,760)
Provision for Staff Bonus	1,215,406,942	-	(1,215,406,942)
Provision for expenses	252,910,307	-	(252,910,307)
Translation gain/(loss)			67,518,549
Taxable loss carried Forward			(2,513,864,574)
Lease Liability (Net)	338,963,140		(338,963,140)
Deferred Sim Activation Revenue	145,463,836		(145,463,836)
<b>Total</b>			<b>(27,158,483,681)</b>
	Tax Rate @30%		(8,147,545,104)
<b>Deferred Tax Liability / (Asset) - FY 2022.23 (Restated)</b>			<b>(12,044,709,040)</b>
<b>Deferred Tax Expense / (Income) FY 2023.24</b>			<b>3,897,163,936</b>
<b>Deferred Tax liability / (Asset) 15 July 2024</b>			<b>(8,147,545,104)</b>
<b>Deferred Tax Expense / (Income) - FY 2023.24 P&amp;L</b>			<b>3,371,816,950</b>
<b>Deferred Tax Expense / (Income) - FY 2023.24 OCI</b>			<b>525,346,986</b>

**26.4. RECONCILIATION OF PROFIT REPORTED IN THE FINANCIAL STATEMENTS AND AS REPORTED TO THE TAX RETURN**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Profit before tax as per Financial Statement	9,850,295,867	11,434,706,117
Net Adjustments under Income Tax Act	3,084,787,496	11,250,651,361
Profit for Tax Purpose	12,935,083,363	-
Corporate Income Tax rate	30%	30%
<b>Total</b>	<b>3,880,525,009</b>	<b>-</b>

**27 GOVERNMENT GRANT:****ACCOUNTING POLICIES**

Government Grants are assistance by the government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:

- (a) the entity will comply with the conditions attaching to them; and
- (b) the grants will be received.

Government Grant related to assets, including non-monetary grants at fair value, shall be recognised as deferred income which is recognised in profit or loss on a systematic basis over the useful life of the asset. Grants related to depreciable assets are recognised in profit or loss over the periods and in the proportions in which depreciation expense on those assets is recognised.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

**EXPLANATORY NOTES****Deferred Government Grant**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Opening Balances	1,661,198,871	1,517,075,728
Addition during the year	393,151,246	338,595,042
Income recognized during the year	(230,288,881)	(194,471,900)
<b>Closing Balances</b>	<b>1,824,061,236</b>	<b>1,661,198,871</b>

**28 ASSETS HELD FOR SALE****EXPLANATORY NOTES**

Company holds dismantled assets, mainly in the nature of maintenance returns and scraps that are in the process to be sold. In addition to the scraps and dismantled assets there are some assets that are already notified for auction sale. These assets have been retired from the books and are represented at zero or Re 1 carrying amount. As per the requirement of NFRS 5 'Non-Current Assets Held for Sale and Discontinued Operation', these are to be valued at fair value less cost of sale.

Considering the significance of such assets, which management feels are low in terms of materiality these have not been recognised in the financial statements. Furthermore, there are practical difficulties in determining the value of such assets. Management assumes that the impact of such assets in terms of company's financial position and performance will be negligible.

There is no discontinued operation of the company.



## 29 INTEREST IN OTHER ENTITIES

### ACCOUNTING POLICIES

The company follows NFRS 12 'Disclosure of Interest in Other Entities' for disclosing the extent of the investment, control and influence.

### EXPLANATORY NOTES

#### Interest in Other Entities - Percentage of shareholding

Fig in NPR

	FY 2024.25	FY 2023.24
Nepal Digital Payments Company Limited	62.22%	62.22%
Trishuli Jalvidhyut Company Limited	41.42%	41.42%
Upper Tamakoshi Hydropower Limited	6.00%	6.00%
Vidhyut Utpadan Company Limited	3.21%	3.21%
Nagarik Stock Dealer Company Limited	12.86%	12.86%
	Treatment	Treatment
Nepal Digital Payments Company Limited	Subsidiary	Subsidiary
Trishuli Jalvidhyut Company Limited	Associate	Associate
Upper Tamakoshi Hydropower Limited	Associate	Associate
Nagarik Stock Dealer Company Limited	Associate	Associate
Vidhyut Utpadan Company Limited	Equity Investment	Equity Investment
National Fund Management Limited	Equity Investment	Equity Investment
Sarbottam Cement Limited	Equity Investment	Equity Investment

The company holds 41.42% of equity investment as at reporting date in Trishuli Jalvidhyut Company Limited. However, the company does not hold control of Trishuli Jalvidhyut Company Limited, therefore Trishuli Jalvidhyut Company Limited is continued to be recognized as an associates.

The Capital structure of Trishuli Jalvidhyut Company Limited is structured in such a way that the company will ultimately hold 30% and the current equity holding is just a temporary effect.

## 30 EARNINGS PER SHARE

### ACCOUNTING POLICIES

Basic earnings per share are calculated by dividing the net profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

### EXPLANATORY NOTES

NAS 33 'Earnings per Share' requires that earnings per share (EPS) information be presented in the financial statements.

The company's ordinary shares or potential ordinary shares are traded in a listed stock exchanges and the company files its financial statements with the respective regulatory bodies.

#### Earnings Per Share

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Profit Attributable to shareholders</b>	<b>6,006,722,217</b>	<b>7,948,470,273</b>
Number of Shares (weighted average)	180,000,000	180,000,000
<b>EPS (Basic)</b>	<b>33.37</b>	<b>44.16</b>
<b>EPS (Diluted)</b>	<b>33.37</b>	<b>44.16</b>

There are no instruments of the company, current or prospective that will have any bearing on dilution of Earnings per Share. Therefore, the company has same basic and diluted EPS.

## 31 CONTINGENCIES AND CAPITAL COMMITMENTS

### 31.1 CONTINGENT LIABILITIES

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably.

#### 31.1.1 Tax related dispute

The final tax assessments for Income Years 2014.15 through 2020.21 have been completed, and the Company has received reassessment orders relating to both Tax Deduction at Source (TDS) and Income Tax. The Company filed an Administrative Review appeal with the Director General of the Inland Revenue Department and has deposited the required amounts in this regard. The Company made an appeal to the Revenue Tribunal against the final assessment order for the Income Year 2014.15 and 2015.16.

Fig in NPR

Years	Deposit made for Administrative Review	Deposit made for Revenue Tribunal
2014.15	83,662,881	143,097,863
2015.16	155,613,123	
2016.17	35,610,870	
2017.18	15,462,584	
2018.19	23,064,641	
2019.20	4,935,375	
2020.21	-	
<b>TOTAL</b>	<b>318,349,474</b>	<b>143,097,863</b>

Except for Income Year 2014.15, the reassessment matters for the remaining years are currently under review, and the decisions are pending resolution. The Company has received the final decision from the Supreme Court regarding the Income Tax assessment for fiscal year 2014.15, which upheld the earlier ruling of the Revenue Tribunal. Following the Supreme Court's decision, the Company has submitted a request to the Tax Office for reassessment of Income Year 2014.15. The response to this request is still pending.

Based on the Supreme Court's decision, the contingent liability for Tax Deduction at Source (TDS), VAT and Income Tax and the fine amount up to the date of settlement would exist against the company for Income Year 2016.17, 2017.18, 2018.19, 2019.20 and 2020.21 respectively, if the appeal goes against the company.

Fig in NPR

Fiscal year	Income tax	VAT	TDS
2014.15	212,889,516		4,793,900
2015.16	412,889,067		6,253,413
2019.20		11,256,344	
<b>Total</b>	<b>625,778,583</b>	<b>11,256,344</b>	<b>11,047,313</b>

#### 31.1.2 Legal cases

The Company has received a decision from the Labour Court in respect of a dispute filed by 21 contract labourers relating to wage claims against the Company. The Company has subsequently filed an appeal before the Supreme Court, which has granted a stay order on the execution of the Labour Court's decision. The matter is pending adjudication before the Supreme Court. Based on management's assessment, should the final decision be adverse to the Company, an estimated liability of NPR 9,608,056 would become payable.

During the current financial year, the Commission for the Investigation of Abuse of Authority (CIAA) has filed a case before the Special Court in relation to certain matters involving 14 officials of the Company. Pending the final decision of the Special Court, payment of financial compensation to the concerned officials has been withheld. In the event the decision is rendered in favour of the officials, the Company would be liable to pay the withheld compensation amount of NPR 720,511.



During the current fiscal year, the Company has taken disciplinary action against 26 employees.

There are 42 major legal cases against the company pending in the court of law during the year. Liability, if those are decided against the company, could not be assessed reliably; management feels that such liability would not be significant requiring quantified disclosure except the matter provided in above note 31.1.1 about Tax related dispute.

### 31.1.3 Dispute with Nepal Telecommunication Authority (NTA)

There is a dispute with NTA regarding the payment of frequency fee from fiscal Year 2006.07 in Frequency Band 2100MHz. The Supreme Court made a decision with that respect, and the Company paid NPR 350,026,230 (including NPR 6,000,000 for FY 2024.25), including applicable fines and penalties to Ministry of Communication and Information Technology. The issue is still under discussion in the Ministry of Communication and Information Technology after NTA filed an appeal for review of the same.

The contingent liability of NPR 1.31 billion for frequency fee and the fine amount up to the date of settlement, if any, would exist against the company, if the appeal goes against the company.

## 31.2 COMMITMENTS

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets such as network infrastructure and IT systems. These amounts are not recorded in the statement of financial position since the company has not yet received the goods or services from the supplier. The amounts below are the minimum amounts that the company is committed to pay:

<b>Capital Commitments</b>		Fig in NPR
<b>Particulars</b>	<b>16 July, 2025</b>	<b>15 July, 2024 (Restated)</b>
Commitment for Civil Works	161,895,098	88,817,232
Commitment for Procurement of Plant & Equipment	6,548,332,414	6,200,674,742
<b>Total</b>	<b>6,710,227,512</b>	<b>6,289,491,974</b>

## 32 RELATED PARTY DISCLOSURES

### ACCOUNTING POLICIES

The Company follows requirements of NAS 24 'Related Parties' and other legal requirements for disclosures of related party transactions and balances.

### EXPLANATORY NOTES

#### 32.1 IDENTIFICATION OF RELATED PARTY DISCLOSURES

Following has been identified as related parties of the company:

1. The Government of Nepal - which is the principal owner of the company (please refer Share Capital note 14)
2. Directors of the company
3. Key Management Personnel of the company - all personnel level 11 and above are considered to influence management decision of the company.
4. Relatives of directors and key management personnel
5. Nepal Telecom employee retirement Fund maintained with Citizen Investment Trust (CIT) & Employee Provident Fund (EPF)
6. Nepal Telecom employee retirement Fund earmarked with Nepal Bank Limited, Rastriya Banijya Bank Limited, Agricultural Development Bank Limited and with other bank and Financial Institutions.
7. Trishuli Jal Vidhyut Company Limited
8. Upper Tamakoshi Hydropower Limited.
9. Nagarik Stock Dealer Company Limited.
10. Nepal Digital Payments Company Limited.

## 32.2 TRANSACTIONS WITH RELATED PARTIES

### 32.2.1 Transaction with Government of Nepal

The company has contributed NPR 18,460,715,187 on account of tax and non-tax revenue to government treasury. It also paid NPR 4,940,794,800 dividend on equity share investment.

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Advance Tax including withholding tax	650,000,000	1,700,000,000
Value Added Tax-Collection Deposited	3,764,297,320	3,461,087,208
Telecom Service Charge- Collection Deposited	3,230,737,216	3,144,794,737
Ownership Fee- Collection Deposited	614,823,207	684,193,353
Custom duty -Paid on import	142,981,676	175,127,300
Royalty and RTDF -Liability Paid	2,051,252,986	2,158,060,109
Frequency Fee	2,423,647,955	2,046,595,006
Dividend	4,940,794,800	6,587,726,400
Property Tax	53,377,133	58,273,766
Licence Fee	300,000	16,989,500,000
Tax Deducted at Source (TDS)	588,502,894	4,587,949,832
<b>Total</b>	<b>18,460,715,187</b>	<b>41,593,307,711</b>

Service charges collection for providing telecommunication services to the Government of Nepal has been charged on commercial terms. During the year, the Company has generated revenue of NPR 195,733,528 for availing various telecommunication services to various offices of the Government of Nepal.

Regulatory charges provided to the Nepal Telecommunication Authority (an autonomous regulatory body established by GoN) has been made as per the legal and regulatory requirements.

### 32.2.2 Directors and Key Management Personnel

During the year ended 16 July 2025, neither any directors nor any key management personnel or any associate or family member (relative) of the directors and key management personnel was indebted to the company.

There has been no material transactions or proposed transactions with directors and key management personnel or their relatives and associates except for the compensations and/or remuneration paid under the company's regulations.

## COMPENSATION PAID

### a. Board of Directors (BoD)

The members of the Board of Directors have been paid board meeting fees of NPR 2,242,500 during this financial year. There were 42 Board meetings conducted during this financial year.

The Composition of Board of Directors during the year is as below:

S.N.	Name	Board Meetings FY 2081-82	
		Designation	Number of Meetings Attended
1	Ms. Radhika Aryal	Chairperson	40
2	Mr. Ram Krishna Subedi	Chairperson	2
3	Mr. Komal Bahadur Khatri	Member	23
4	Ms. Nirmala Adhikari Bhattarai	Member	7
5	Mr. Yagya Prasad Bhattarai	Member	16
6	Mr. Dhaniram Sharma	Member	17
7	Dr. Tokraj Pandey	Member	4
8	Mr. Kosh Hari Niraula	Member	30
9	Mr. Baburam Bhandari	Member	8



S.N.	Name	Board Meetings FY 2024.25	
		Designation	Number of Meetings Attended
10	Ms. Sabina Maskey Pradhan	Member	10
11	Ms. Sangita Pahadee (Aryal)	Member	32
12	Mr. Manish Jung Joshi	Member	41
13	Mr. Lok Bahadur Katuwal	Member	27
14	Mr. Dwarika Prasad Paudel	Member Secretary	34
15	Mr. Rajendra Aryal	Member Secretary	8

#### Travelling Expenses paid to Board of Directors (BoD) members

S.N	Name	Amount (NPR)
1	Ms. Radhika Aryal	631,257
2	Mr. Kosh Hari Niraula	261,514
3	Mr. Dhaniram Sharma	443,978
4	Mr. Komal Bahadur Khatri	346,121
5	Mr. Manish Jung Joshi	406,634
6	Ms. Sangita Pahadee (Aryal)	405,765
<b>Total</b>		<b>2,495,269</b>

#### b. Audit Committee

The members of the Audit Committee have been paid meeting fees of NPR 255,000.00 during this financial year. There were 7 meetings conducted during this financial year.

The composition of Audit Committee during the year is as below:

S.N.	Name	Designation	Audit Committee Meetings FY 2024.25
			Number of Meetings Attended
1	Ms. Nirmala Adhikari Bhattarai	Chairperson	1
2	Mr. Dhani Ram Sharma	Chairperson/Member	3
3	Mr. Yagya Prasad Bhattarai	Chairperson	3
4	Dr. Tok Raj Pandey	Member	1
5	Mr. Baburam Bhandari	Member	1
6	Mr. Komal Bahadur Khatri	Member	5
7	Mr. Kosh Hari Niraula	Member	6
8	Mr. Manish Jung Joshi	Member	7
9	Mr. Dwarika Prasad Paudel	Member Secretary	2
10	Mr. Rajendra Shrestha	Member Secretary	5

The Chairperson and the members of the Board of Directors are provided with a monthly Telephone (Landline/Mobile) facility with a maximum limit of 1200 STD minutes, 700 ISD minutes and internet facilities of 50 Mbps ADSL/FTTH as per Article of Association (AoA) of the company.

#### c. Key Management Personnel

Key management personnel include level 11 and above officials, are paid salary and compensation in accordance with the company's regulations. The compensation paid to Key Management Personnel including Managing Director are presented below:

Key Managerial Personnel Compensation	Fig in NPR	
	16 July, 2025	15 July, 2024
Particulars		
Short term Employee Benefits	24,069,595	1,91,65,615
Post-Employment Benefits		
Defined Contribution Plan	868,314	7,81,624
Other Long-term Benefits		
Termination benefits		
<b>Total</b>	<b>24,937,909</b>	<b>1,99,47,239</b>

Total Post-Employment Benefits (refer Employee Benefit note 13) includes the Key Managerial Personnel's defined benefits plan as well.

Key Management personnel are also provided with the following benefits and disclosed under short term employee benefits.

- Benefits as per employees' regulations.
- Bonus as per Bonus Act/Regulations.

### 32.3 TRANSACTION WITH NEPAL DIGITAL PAYMENTS COMPANY LIMITED:

The following transactions have been carried out during the current year between the Company and subsidiary on arm's length principle.

Nature of transactions	Transaction amount		Outstanding balance Receivable/(payable)
	Dr.	Cr.	
House Rent Expenses		36,00,000	
Telephone and Internet Expenses		220,219	8,114
Reimbursement of salary		298,531	7,594,462
Commission for Electricity Bill Payment	5,367,500		22,352,000
MPOS Purchase		29,562,660	
<b>Total</b>	<b>5,367,500</b>	<b>33,681,410</b>	<b>29,954,576</b>

Fig in NPR

### 32.4 BALANCES WITH / BY RELATED PARTIES:

- Balances with Nepal Telecom employment retirement fund maintained with Citizen Investment Trust (CIT) and Employee Provident Fund (EPF) is disclosed under Defined benefit plan in Note 13.2.
- The equity investment in Trishuli Jal Vidhyut Company Limited/ Upper Tamakoshi Hydropower Ltd/ Nagarik Stock Dealer Company Ltd. and share of profit/(loss) has been disclosed under Investments in Associates in Note 5.
- The equity investment in Trishuli Jal Vidhyut Company Limited has been pledged to Nabil Bank Ltd under consortium project financing. In addition, the company has given corporate guarantee amounting to NPR 2.30 billion as well.
- The Loan Investment in Upper Tamakoshi Hydropower Ltd has been disclosed under Loan Investments in Note 10.1.6

## 33 SEGMENTAL REPORTING

### ACCOUNTING POLICIES

The company reports on operating segments, based on its service streams. The company's organisation is structured based on the service lines and products.

The reporting segments of the company are:

#### Wireless Services

Wireless services segment includes the GSM segment. These services cover voice and data telecom services provided through wireless technology GSM. This includes the value-added services provided through the intermediary on a revenue sharing basis.

#### Fixed Line Services

These services cover voice and data communications through fixed-line network and broadband technology for individuals as well as corporate customers. This includes Landline (PSTN), ADSL, FTTH, IPTV and Leased line data connectivity services.

#### Treasury

This includes the management of investment, cash and cash equivalent other than directly related with reported segment. This includes foreign currency denominated investment as well. The surplus funds of the company as a whole are professionally managed to generate maximum return.

#### Unallocated

It includes expenses / results, assets and liabilities of corporate office of the Company, current taxes, deferred taxes, and certain financial assets and liabilities, not allocated to the operating segments.

EXPLANATORY NOTES

Segmental Analysis  
(Note 33)

Particulars	Fixed Network		Wireless		Treasury		Unallocated		Total	
	FY 2024.25	FY 2023.24	FY 2024.25	FY 2023.24	FY 2024.25	FY 2023.24	FY 2024.25	FY 2023.24	FY 2024.25	FY 2023.24
<b>Revenue</b>										
External Sales	2,691,456,869	3,401,907,950	31,203,065,819	31,158,358,033	3,497,709,298	6,601,240,393	795,874,196	955,404,168	38,188,106,183	42,116,910,544
Inter-Segment Sales	-	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>2,691,456,869</b>	<b>3,401,907,950</b>	<b>31,203,065,819</b>	<b>31,158,358,033</b>	<b>3,497,709,298</b>	<b>6,601,240,393</b>	<b>795,874,196</b>	<b>955,404,168</b>	<b>38,188,106,183</b>	<b>42,116,910,544</b>
Operating Expenses	1,469,010,734	1,798,147,441	18,682,923,418	21,684,574,553	644,964,758	259,850,501	401,649,303	75,905,934	21,198,548,214	23,818,478,428
Depreciation and Amortisation	1,465,032,882	2,137,537,845	5,256,130,762	3,523,722,249	-	-	418,185,429	1,386,520,662	7,139,349,072	7,047,780,756
Segment Result	(242,579,999)	(533,777,336)	7,264,089,867	5,950,061,231	2,852,744,540	6,341,389,892	(167,706,484)	1,244,134,194	9,706,547,923	13,001,807,982
<b>Operating Profit</b>	<b>(242,579,999)</b>	<b>(533,777,336)</b>	<b>7,264,089,867</b>	<b>5,950,061,231</b>	<b>2,852,744,540</b>	<b>6,341,389,892</b>	<b>(167,706,484)</b>	<b>1,244,134,194</b>	<b>9,706,547,923</b>	<b>13,001,807,982</b>
Corporate Income Tax (Current + Deferred)									(3,809,325,887)	(5,545,939,335)
<b>Net profit</b>									<b>5,897,221,936</b>	<b>7,455,868,647</b>
<b>Other Information</b>										
Segment Assets	11,125,111,199	13,746,869,597	15,099,091,386	19,502,948,525	58,765,082,180	60,361,642,391	-	-	84,989,284,765	93,611,460,513
Deferred tax assets (Net)	-	-	-	-	-	-	-	-	8,970,474,267	4,412,498,352
Unallocated Corporate Assets	-	-	36,761,616,114	36,105,868,091	36,761,616,114	36,105,868,091	-	-	36,105,868,091	36,105,868,091
<b>Total assets</b>	<b>11,125,111,199</b>	<b>13,746,869,597</b>	<b>15,099,091,386</b>	<b>19,502,948,525</b>	<b>58,765,082,180</b>	<b>60,361,642,391</b>	<b>36,761,616,114</b>	<b>36,105,868,091</b>	<b>130,721,375,146</b>	<b>134,129,826,956</b>
Segment Liabilities	1,594,997,746	2,547,271,601	17,116,922,644	18,622,461,365	-	-	-	-	18,711,920,390	21,169,732,966
Unallocated Corporate Liabilities	-	-	-	-	-	-	14,490,025,255	19,053,041,756	14,490,025,255	19,053,041,756
<b>Total Liabilities</b>	<b>1,594,997,746</b>	<b>2,547,271,601</b>	<b>17,116,922,644</b>	<b>18,622,461,365</b>	<b>-</b>	<b>-</b>	<b>14,490,025,255</b>	<b>19,053,041,756</b>	<b>33,201,945,645</b>	<b>40,222,774,722</b>

### 33.1 ASSUMPTIONS FOR SEGMENTAL REPORTING

1. Revenue, expenses, assets and liabilities that relate to the Company as a whole which are not allocable to a particular segment on direct and/or reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".
2. Revenue is taken on the basis of the product line for each service.
3. International services are being provided through the network/infrastructure of Fixed line and mobile services segments. Interconnection revenue is allocated to Fixed line and Mobile services on an estimated basis before considering inter-connection revenue.
4. Depreciation on PPE are allocated on actual basis and Operation and Maintenance expenses are allocated on the basis of Property, Plant and Equipment for each service.

### 33.2 GEOGRAPHICAL SEGMENTS

The company operates from seven provincial directorates located in seven different provinces of the country. However, the services delivered from those provincial offices are also managed by centrally located service directorates (Business Units). Therefore, information on provincial segments for the purpose of NFRS 8 'Operating Segments' cannot be segregated, and the management feels that the costs to develop such information would be excessive than the benefit that it would derive.

Further, the geographical operation is within the single legal jurisdiction and operational environment. Therefore, the company assumes to operate in a single geographical segment.

## 34 DISCLOSURE ON RECLASSIFICATION AND RESTATEMENT:

Material prior period errors shall be corrected retrospectively either by restating the comparative amounts for the prior period(s) in which the error occurred; or when the error(s) occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for that period so that the financial statements are presented as if the error had never occurred.

In this respect, the prior period errors are restated retrospectively by restating the opening balances of assets, liabilities and equity with following effects:

- a) In FY 2023.24, Plant and Machinery were understated by NPR 121,860,329, while accumulated depreciation relating to Plant and Machinery and Heating and Lighting was understated by NPR 116,837,260 and NPR 226,808, respectively. The comparative figures for the corresponding previous year have been restated, and the cumulative impact has been adjusted against opening retained earnings in the current financial year.
- b) The opening carrying amount of PPE of FY 2023.24 has been restated by NPR 17,336,975 by the depreciation of prior period capitalized assets and the closing carrying amount has been restated by NPR 5,910,407, with corresponding restatement in retained earnings and previous year's Profit and Loss.
- c) During the current financial year, certain items of Plant and Machinery relating to the FTTH category that had been erroneously classified under the PSTN category in prior years were reclassified to the FTTH category. This reclassification resulted in a change in the depreciation charge. Accordingly, the carrying amount of Plant and Machinery has been restated by NPR 57,125,577, and the corresponding previous year's profit or loss has been restated by NPR 29,867,864.
- d) During the current financial year, the opening balance of deferred government grants has been restated by NPR 3,249,730 and adjusted against opening retained earnings. This adjustment arose from the reclassification of certain items of Plant and Machinery from the PSTN category to the FTTH category
- e) Opening retained earnings have been adjusted by NPR 11,128,038 in respect of adjustments to Right-of-Use assets and lease liabilities. In addition, the comparative figures for the previous year have been restated to reflect an increase in finance costs on lease liabilities of NPR 22,748,199 and amortisation of Right-of-Use assets of NPR 25,675,859.
- f) In a prior year, the tax base of Plant and Machinery amounting to NPR 2,137,570,430.28 was erroneously overstated as a result of which the current tax expense of the respective years were To correct this error, opening retained earnings have been adjusted by NPR 177,952,738, and the corresponding previous year's figures have been restated by NPR 69,497,758.



- g) The investment in associate has been restated by NPR 152,026,570. The share of result of associates has been restated by the same amount in profit and loss of corresponding previous year.
- h) Deferred employee expenses have been restated by NPR 363,747,688, with a corresponding restatement of reserves. This adjustment arises from a change in the measurement methodology for employee loans, from a portfolio-based approach to an individual employee-level assessment.
- i) The Defined Benefit Obligation joining before 2009 has been restated by NPR 138,894,075 and the retained earnings has been given effect of the same amount. The Plan Assets for the employees joining before 2009 has been restated by NPR 77,452,546 with corresponding restatement in Cash and Cash Equivalent of the same amount. Similarly, the Defined Benefit Obligation and Plan Assets of the employees joining after 2009 has been restated by NPR 307,587.
- j) The Deferred Tax Assets has been restated by NPR 54,136,730 for tax loss being carried out different in the financial statement than tax return with the corresponding effect in previous year figure.
- k) With respect to the deferred tax calculation on the Net Defined Benefit Obligation, the deferred tax assets and the corresponding deferred tax reserve of the previous year have been restated by NPR 2,673,370,471, with a comparative adjustment for the preceding year amounting to NPR 1,707,841,393.
- l) With respect to the deferred tax calculation on the Contract Cost Assets, the deferred tax liability and the corresponding deferred tax reserve of the previous year have been restated by NPR 117,167,470, with a comparative adjustment for the preceding year amounting to NPR 7,621,959.
- m) With respect to the deferred tax calculation on the Deferred Sim Activation Revenue, the deferred tax assets and the corresponding deferred tax reserve of the previous year have been restated by NPR 46,727,266, with a comparative adjustment for the preceding year amounting to NPR 3,088,115.
- n) The opening figure of investment in the unlisted shares has been restated by NPR 35,571,449, with a corresponding effect in the Profit & Loss of the previous period.
- o) As a result of restatement and reclassification of above-mentioned amount, amount of NPR. 3,735,046,753 has been adjusted in Deferred Tax Reserve and Deferred Tax Assets.

### **35 INTERIM FINANCIAL REPORTING**

The company follows NAS 34 'Interim Financial Reporting' for publishing condensed interim financial statements in the print media. The company also complies with the requirements of Securities Board of Nepal (SEBON), Nepal Stock Exchange (NEPSE), Companies Act, 2063 BS by disclosing information in addition to condensed interim financial statements. The company also published detailed condensed interim financial statements as per NAS 34 in the company's website [www.ntc.net.np](http://www.ntc.net.np).

### **36 EVENT OCCURRING AFTER REPORTING PERIOD**

During Bhadra September 8, 9 2025, various properties and operational assets of Nepal Telecom, including buildings, mobile towers, vehicles, and telecommunication equipment located in Birtamod, Biratnagar, Birgunj, Pokhara, Singhadurbar, Kapan, Sundhara, Kirtipur, Tripureshwor, and Gongabu, were damaged or destroyed due to the Gen-Z protest incidents. The total estimated loss arising from these events amounts to NPR 73,390,728 based on management's assessment. The affected assets were insured at the time of occurrence, and the Company has submitted the insurance claims to the respective insurers for compensation. The recoverable amount from insurance shall be recognised upon confirmation and approval of the claims by the insurance companies. Any unrecoverable portion of the loss will be recognised in profit or loss in accordance with applicable accounting standards.

Except for the above-mentioned post reporting period event there are no material events that has occurred subsequent to 16 July 2025 till the signing of these financial statements on 22 December 2025.

### 36.1 CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS (BOD)

There has been following changes in the representation to the Board of Directors (BoD) for the year 2024.25 (2081.82) and within the date of signing this financial statement.

SN	Name	Designation	Representative Office (Designation therein)	Appointment Date (BS)	Person Replaced	Reason
1	Ms. Radhika Aryal	Chairperson	Ministry of Communications & Information Technology	2081/04/14	Mr. Ram Krishna Subedi	Decision of Transfer from the GoN
2	Mr. Subas Chandra Shiwakoti	Member	Ministry of Communications & Information Technology	2082/08/12	Mr. Kosh Hari Niraula	Decision of Transfer from the GoN
3	Mr. Kosh Hari Niraula	Member	Ministry of Communications & Information Technology	2081/07/23	Mr. Baburam Bhandari	Decision of Transfer from the GoN
4	Ms. Aruna Joshi	Member	Ministry of Law, Justice and Parliamentary Affairs	2082/07/12	Mr. Komal Bahadur Khatri	Decision of Transfer from the GoN
5	Mr. Komal Bahadur Khatri	Member	Ministry of Law, Justice and Parliamentary Affairs	2081/07/05	Ms. Nirmala Adhikari Bhattarai	Decision of Transfer from the GoN
6	Mr. Tanka Prasad Pandey	Member	Ministry of Finance	2082/06/21	Mr. Yagya Prasad Bhattarai	Decision of Transfer from the GoN
7	Mr. Yagya Prasad Bhattarai	Member	Ministry of Finance	2081/12/05	Mr. Dhaniram Sharma	Decision of Transfer from the GoN
8	Mr. Dhaniram Sharma	Member	Ministry of Finance	2081/05/20	Dr. Tok Raj Pandey	Decision of Transfer from the GoN
9	Ms. Sabina Maskey Pradhan	For. Managing Director	Nepal Telecom	2082/02/28	Ms. Sangita Pahadee (Aryal)	Position Vacant and Decision of Government of Nepal
10	Mr. Lok Bahadur Katuwal	Member	Nepal Telecom (Employee Representative)	2081/08/28	Mr. Shanker Lamichhane	Term Completion

### 37 PRIOR PERIOD ADJUSTMENTS AND EXCEPTIONAL ITEMS

Previously reported financial statements and financial statements for the current financial year as reported has been restated in compliance with the requirements of NFRS.

The following adjustments are made for the identified omissions and misstatements for the financial year 2080-81 as per the provision of NAS 8. Net prior period amount of NPR 994,881 has been adjusted to the identified financial year. In cases where such identification could not be made, adjustment has been made in the opening equity.

S.N.	Particulars	Fig in NPR	
		Expenditure	Income
1	Operating Income		25,276
2	Operating Expenses	1,020,157	
	<b>Total</b>	<b>1,020,157</b>	<b>25,276</b>
	<b>Net Effect</b>		<b>994,881</b>

Exceptional items wherever they occur are disclosed separately.



## 38 OTHER DISCLOSURES

### 38.1 THE ALTERNATIVE WAY OF PRESENTATION OF THE STATEMENT OF PROFIT OR LOSS IS AS FOLLOWS:

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Operating Revenues</b>	<b>33,894,522,688</b>	<b>34,560,265,983</b>
<b>Operating Expenses</b>		
Depreciation	(6,031,162,847)	(5,987,264,555)
Amortisation	(1,108,186,225)	(1,098,375,575)
Employee Benefit Expenses	(7,966,861,810)	(8,686,682,966)
Service Operation and Maintenance Costs	(5,881,292,327)	(6,383,643,665)
Sales Channel, Marketing and Promotion Costs	(342,185,111)	(281,252,823)
Office Operation Expenses	(1,280,740,494)	(1,233,577,330)
Regulatory Fees, Charges and Renewals	(4,312,116,630)	(7,290,527,537)
Foreign Exchange (Loss)/Gain	210,731,237	98,007,213
Impairments - net of reversals	(1,321,416,109)	472,349,634
<b>Total Operating Expenses</b>	<b>(28,033,230,316)</b>	<b>(30,390,967,604)</b>
<b>Profit from Operation</b>	<b>5,861,292,372</b>	<b>4,169,298,379</b>
Finance Income	3,766,720,638	6,816,450,633
Other Income	526,862,856	762,706,542
Shares of results of Associates	(119,584,904)	(123,076,464)
Finance Cost	(185,082,066)	(190,672,971)
<b>Profit Before Tax</b>	<b>9,850,208,897</b>	<b>11,434,706,117</b>
<b>Income Tax Expenses</b>		
Current Income Tax	(4,632,255,151)	(114,418,895)
Deferred Taxes	788,768,472	(3,371,816,950)
<b>Profit For the Period</b>	<b>6,006,722,217</b>	<b>7,948,470,273</b>

### 38.2 EXCHANGE RATES USED

Exchange Rates	16 July, 2025	15 July, 2024
USD: NPR	137.00	133.36
EURO: NPR	159.91	145.46
GBP: NPR	184.19	173.29

### 38.3 THE FIGURES FOR THE PREVIOUS PERIOD HAVE BEEN REGROUPED/REARRANGED WHEREVER NECESSARY TO MAKE THEM COMPARABLE WITH THE CURRENT PERIOD'S FIGURES.

Significant Accounting Policies and Explanatory Notes are integral part of this financial statements.

As per our report of even date

**RADHIKA ARYAL**  
CHAIRPERSON

**SABINA MASKEY PRADHAN**  
MANAGING DIRECTOR

**NARENDRA BHATTARAI, FCA**  
KUBER N. BHATTARAI & CO.  
CHARTERED ACCOUNTANTS

**PRAKASH JUNG THAPA, FCA**  
P.J.P.N & CO.  
CHARTERED ACCOUNTANTS

**ARUNA JOSHI**  
DIRECTOR

**TANKA PRASAD PANDEY**  
DIRECTOR

**SUBAS CHANDRA SHIWAKOTI**  
DIRECTOR

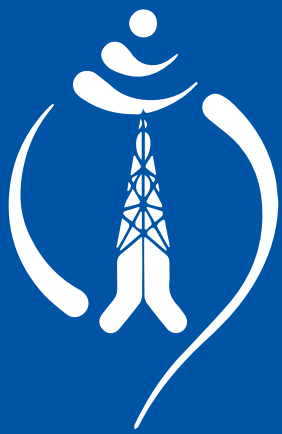
**MANISH JUNG JOSHI**  
DIRECTOR

**LOK BAHADUR KATUWAL**  
DIRECTOR

**RAJENDRA ARYAL**  
CHIEF FINANCIAL OFFICER

**KARNA BAHADUR SHRESTHA**  
FOR MANAGER

DATE : 22 DECEMBER, 2025  
PLACE : KATHMANDU



**FINANCIAL STATEMENTS  
CONSOLIDATED**

**INDEPENDENT AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF**

**NEPAL DOORSANCHAR COMPANY LIMITED (NEPAL TELECOM)**

**REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**QUALIFIED OPINION**

We have audited the Consolidated Financial Statements of Nepal Doorsanchar Company Limited ("Nepal Telecom"/"the Company") which comprise the Statement of Financial Position (SOFP) as at Ashadh 32, 2082 (July 16, 2025), and Statement of Profit or Loss (SOPL), Statement of Other Comprehensive Income (OCI), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Consolidated Financial Statements, including a Summary of Significant Accounting Policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying Financial Statements read with the Notes to the Financial Statements present fairly, in all material respects, the financial position of the Company as at 32 Ashadh, 2082 (July 16, 2025), and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

**BASIS FOR QUALIFIED OPINION**

**a. 4G/LTE Project – Contract Expiry, Liquidated Damages, and Irregular Payments**

The Company entered the contract for the nationwide 4G/LTE network covering Core and Radio Access Network (RAN) I and II, with an aggregate contract value of NPR 19.68 billion, which were required to be completed within 12 months by February 2020 (Falgun 16, 2076). Due to non-completion within the stipulated period, the Board extended the contract up to April 14, 2022 (Chaitra end 2078). No further extension was formally approved until Kartik 12, 2082, when management (Managing Director) approved an extension up to December 31, 2026, based on Board Decision No. 4162 (ka) dated Ashwin 9, 2082.

Notwithstanding the expiry of the contract, the Company continued transactions with the contractor and made payments amounting to NPR 530 million during FY 2081-82 (Previous Year NPR 971 million). Such transactions undertaken without a valid contract are irregular. As of Ashadh-end 2082, the Company capitalized 4,186 sites (100% achievement) and paid NPR 16.04 billion.

Furthermore, the Company has not recognized or claimed liquidated damages as provided under the contract for delayed completion. Accordingly, income is understated by the amount of liquidated damages, which could be up to a maximum of 10% of the total contract price. We were unable to determine the exact amount of liquidated damages due to lack of management estimation and documentation.

**b. Property, Plant and Equipment – Derecognition, Impairment, and Revaluation**

The Company's policy relating to derecognition of Property, Plant and Equipment (PPE) has significant limitations. As at Ashadh-end 2082, the gross carrying amount of Plant & Machinery was NPR 79.37 billion (Previous Year: NPR 77.21 billion), with accumulated depreciation and



impairment of NPR 62.02 billion (Previous Year: NPR 55.34 billion), resulting in a net carrying amount of NPR 17.35 billion (Previous Year: NPR 21.00 billion).

Legacy copper cable systems with a written-down value (WDV) of NPR 310.31 million continue to be recognized as PPE, although NPR 153 million has been provided as impairment during FY 2081-82. Additionally, scrap and obsolete PPE exist but have not been fully identified, derecognized, or auctioned or disposed of, and the extent and value thereof could not be reliably determined.

The financial statements also include buildings with a carrying amount of NPR 3.56 billion (Previous Year: NPR 3.43 billion). We observed that several buildings lack valid legal ownership documents and certain buildings are not generating economic benefits. Further, due to the lack of prompt auction or disposal of obsolete assets and weak physical condition management of plant and machinery, including copper cables, we were unable to assess the consequential impact, if any, on the fair value of PPE.

During the year, the Company revalued land and buildings, recognizing a revaluation surplus of NPR 1,681 million for land and NPR 147 million for buildings. We noted that, in cases where market prices were unavailable or lower than the government-fixed rates, the valuator used prices fixed by the local government as a benchmark. As per NFRS 13, fair value represents the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Since government-fixed prices are meant for taxation purposes and may not reflect market participant assumptions, we were unable to determine the fairness of the revalued land amounts.

**c. Inventory and Capital Work-in-Progress – Impairment Assessment**

The Company's accounting policy requires impairment provisioning for inventory based on classification, i.e., 25% for slow-moving, 50% for non-moving, and 100% for obsolete items. As at Ashadh-end 2082, inventories amounting to NPR 2.73 billion (Previous Year: NPR 3.53 billion) were recorded under Capital Work-in-Progress and NPR 282 million (Previous Year: NPR 521 million) under Inventory.

The impairment assessment is based solely on inventory classification without adequate consideration of usability, condition, or future economic benefits. We noted that certain obsolete items have been classified as regular inventory. Further, persistent over-procurement, accumulation of slow-moving and non-moving items, lack of timely disposal, and weak physical inventory management raise concerns regarding value for money and propriety.

Accordingly, we were unable to determine the adequacy of impairment provisioning and the consequential impact, if any, on the carrying value of inventory and work-in-progress.

**d. Wireline Segment – Operating Losses and Impairment Indicators**

The Wireline segment, comprising investments in FTTH amounting to NPR 12.66 billion and PSTN amounting to NPR 310.31 million, incurred an operating loss of NPR 242.58 million during the year (Previous Year: NPR 533.77 million) against total revenue of NPR 2.69 billion (Previous Year: NPR 3.40 billion).

In respect of FTTH services, the Company has deployed 4,283 Fiber Distribution Cabinets and 2,252,910 Fiber Access Points (FAPs), of which only 481,542 were occupied as at the reporting date, representing a utilization rate of 23.96%. The segment generated revenue of NPR 1.67 billion during the year (Previous Year: NPR 2.17 billion). These factors indicate weak cost recovery, declining revenue, and uncertainty regarding the long-term viability of the technology.

Management has performed an impairment assessment of the FTTH segment and concluded that no impairment was required during the year. However, the segment has incurred continuous and persistent operating losses for the past five years since inception, accompanied by a low utilization rate of FAPs and a decline in revenue during the year. These conditions indicate the existence of significant impairment indicators. Due to limitations in management's impairment assessment and the lack of sufficient appropriate audit evidence supporting the recoverability assumptions, we were unable to determine whether the carrying amount of the segment's assets, amounting to NPR 6.94 billion, is recoverable. Accordingly, there is material uncertainty regarding the timing of cost recovery and the long-term profitability and sustainability of the FTTH segment as a cash-generating unit (CGU).

**e. Asset Retirement Obligation (ARO) – Network Towers on Leased Properties**

The Company has installed network towers on leased properties, including rooftops of residential buildings and schools. At the expiry or early termination of lease agreements, the Company may be required to dismantle and restore these sites, resulting in unavoidable future costs.

As at Ashadh-end 2082, the Company had 3,834 towers installed on leased properties. However, no provision for Asset Retirement Obligation has been recognized, and management has not estimated the related obligation. This represents non-compliance with Nepal Financial Reporting Standards (NFRS) requirements, which require recognition of a provision for present obligations arising from asset installation when the obligation can be reliably estimated. We were unable to determine the impact of this omission on the financial statements.

**f. Sundry Creditors – Long-Outstanding and Unconfirmed Balances**

The financial statements include sundry creditors amounting to NPR 7.98 billion (Previous Year NPR 8.92 billion), which comprise several long outstanding and unexplained balances. These include, among others, NPR 31.6 million relating to bank cheque returns, NPR 62.8 million relating to bid bond forfeited in July 2016 and other liability of a foreign party, NPR 63.47 million relating to employee-related liabilities, other liabilities of NPR 542.68 million outstanding for more than five years, and meeting allowance payable of NPR 4.7 million, of which NPR 1.52 million is outstanding for more than two years.

No balance confirmations were obtained from the respective creditors. Given the age, nature, and lack of supporting documentation for these balances, we were unable to verify their existence, accuracy, and completeness.

We have conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our Report. We are independent of the Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities and ICAN's Handbook of Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**EMPHASIS OF MATTER**

We draw attention to the following matters disclosed in the financial statements, which, in our judgment, are of such importance that they are fundamental to users' understanding of the financial statements. Our opinion is not modified in respect of these matters.



**a. Convergent Real-Time Billing (CRTB) System – AMC Contract and New Billing System (Note 13.2.3)**

The Annual Maintenance Contract (AMC) for the Convergent Real-Time Billing (CRTB) system between Nepal Telecom and the AMC contractor was originally signed on December 21, 2011. As per the contract terms, the AMC could be renewed annually at the option of Nepal Telecom, with the cost of each subsequent year equal to the previous year's cost less a 5% discount.

Contrary to the annual renewal provision, the Company entered into a consolidated AMC agreement for a period of four plus one years on January 8, 2023, covering the period from September 20, 2022 to September 19, 2027. A case relating to this matter is pending before the Special Court, and the amount under litigation (बिगो रकम) is NPR 334.82 million (USD 2,443,620).

Further, to procure a new billing system, a bid was invited on March 18, 2025 (Chaitra 05, 2081), and the technical evaluation was completed on August 24, 2025 (Bhadra 08, 2082). However, the financial proposal has not yet been opened, and the procurement process remains stalled. Considering the critical nature of the billing system and the lead time required for vendor onboarding, any further delay may pose operational and financial risks and could even disrupt the continuity of the Company's core business functions. The existing CRTB AMC is scheduled to expire on September 18, 2027 (Ashwin 02, 2084).

**b. Employees' Bonus Provision – Basis of Computation and Pending Litigation (Note 9.3)**

As per the letter issued by the Ministry of Finance dated Baishakh 16, 2081, employees' bonus is required to be calculated based on operating profit, amounting to NPR 5.86 billion for FY 2081-82, NPR 4.17 billion for FY 2080-81, and NPR 4.41 billion for FY 2079-80. However, the Company has calculated, and recognized employees' bonus based on total profit, amounting to NPR 9.85 billion for FY 2081-82, NPR 11.43 billion for FY 2080-81, and NPR 11.74 billion for FY 2079-80. A court case challenging the Ministry of Finance decision is pending, and no bonus has been paid for FY 2079-80 and FY 2080-81. As a result, the cumulative difference in bonus provision amounts to NPR 928 million, comprising NPR 199 million for FY 2081-82, NPR 363 million for FY 2080-81, and NPR 366 million for FY 2079-80.

**c. Defined Benefit Obligation and Funding Gap (Note 13.2)**

As per the actuarial valuation conducted as at Ashadh-end 2082, the Company's defined benefit obligation amounts to NPR 38.29 billion. During the year, the Company contributed NPR 13.15 billion to the plan assets, bringing the total plan assets to NPR 28.56 billion. Consequently, a funding shortfall of NPR 9.73 billion remains as at the reporting date.

**d. Trade and Other Receivables – Old and Unexplained Balances (Note 10.1.4)**

The gross balance of sundry debtors and trade receivables amounts to NPR 3.20 billion, against which the Company has recognized an expected credit loss of NPR 2.10 billion, resulting in a net carrying amount of NPR 1.10 billion.

The sundry debtors balance includes receivables from the public, ministries, government offices, domestic interconnection, and international interconnection services. It also includes old receivables amounting to NPR 286.28 million relating to PSTN services, for which supporting details and documentation were not available for review and assessment of recoverability.

**e. Prepayments and Advances – Long-Outstanding and Unconfirmed Balances (Note 9.1)**

The financial statements include prepayments amounting to NPR 368.07 million, other non-financial assets of NPR 639.07 million, and advances to suppliers for the supply of goods and

services totaling NPR 1,158.95 million. Significant components of these balances include advances to NEA of NPR 100.87 million, the Road Department of NPR 60.27 million, inter-company balances of NPR 4.30 million, and advances to contractors with no subsequent transactions amounting to NPR 48.12 million.

Of these balances, NPR 162.30 million has been outstanding for more than three years and NPR 78.91 million for more than five years the balances of which are not confirmed. Although it is expected that these advances are to be settled in the normal course of operations, they have remained outstanding for several years. An impairment provision of NPR 197.01 million has been recognized in the accounts.

#### OTHER AUDIT MATTERS

The following matters are presented that are other than those presented or disclosed in the financial statements that, in our judgment, are relevant to users' understanding of the audit, the auditor's responsibilities, or the auditor's report. The audit opinion is not modified because of these matters.

- a. **Audit of Subsidiary Company:** We did not audit the financial statement of subsidiary namely Nepal Digital Payments Company Ltd. (NDPC). The financial statements have been audited by other auditor whose report has been furnished to us by the management. There is unexplained difference of NPR 10.62 million in the inter-company transactions between Nepal Telecom and NDPC. Our opinion on the financial statements and disclosures included in respect of the subsidiary is based solely on the report of other auditor.
- b. **Role of Board of Directors:** The Company is operating in an environment marked by delay in decision making in technology selection, procurement, and contract management, which requires urgent correction through proactive and timely decision-making aligned with organizational objectives and operational needs. Delays in procuring appropriate technology, particularly in critical systems such as the Billing System, pose serious risks to business continuity and may have severe operational and financial consequences. These risks are further heightened during periods of frequent changes in top management, often arising from investigations or charges by the CIAA, which can adversely affect management morale and discourage decisive, long-term decision-making. In such circumstances, the Board's role becomes paramount, and it must exercise strong leadership and assume responsibility for steering the Company through uncertainty to protect its sustainability and long-term interests.
- c. **Business Strategy of the Company:** In the context of the rapidly evolving global telecommunications industry, the absence of a properly documented business strategy and a clear mid- to long-term plan exposes the Company to significant operational and existential risks. Although a Strategy Plan Document (Vision 2030) has been placed before the Board which is yet to be formally endorsed. There is an urgent need to prepare and approve a comprehensive, written business strategy that clearly articulates the Company's vision, mission, and strategic objectives, along with defined roadmaps for short-term (1–3 years), medium-term (3–5 years), and long-term horizons. The strategy should be forward-looking and aligned with emerging industry trends such as 5G, the Internet of Things (IoT), and artificial intelligence to ensure the Company's sustained competitiveness and relevance.
- d. **Restructuring of the Company:** Board of Directors of the Company (Meeting Number 961 dated Kartik 26, 2079) had decided to conduct an Organization and Management Survey (O & M Survey) for restructuring of the Company and to plan and implement a Voluntary Retirement Scheme (VRS) but it has not been implemented. In view of the huge expenditure for employee's salary, benefit, and expenses (NPR 7.96 billion in FY 2081-82 and NPR 8.68 billion

in FY 2080-81) and the changed operational and market context, an Organization and Management Survey (O&M Survey) should be conducted for restructuring of the Company and to assess and determine the optimum number and appropriate mix of employees required by the Company.

- e. **Effective Human Resource Management:** The practice of "unpaid *Kaa*" (where per diem and travel costs are not reimbursed) continues to prevail, reflecting an employee-induced practice rather than a requirement arising from the Company's operational needs. The number of such instances have increased to 638 employees (3,630 person days) during the FY 2081-82. There is a noticeable imbalance in manpower deployment, with shortages in rural areas and surpluses in urban locations. Additionally, substantial expenditure has been incurred on outsourced human resources, alongside significant spending on casual labor, indicating inefficiencies in workforce planning and utilization.
- f. **Procurement Practices:** The Company's procurement practices reveal significant weaknesses, particularly the absence of prudent procurement discipline. Procurement decisions have frequently been driven by budget availability rather than actual operational needs, resulting in the acquisition of surplus assets that remain idle. We observed the instances of needless procurement (NPR 275.23 million), split procurement (3 instances of NPR 74 million), additional or supplementary procurements (11 instances of NPR 738 million) and procurement approvals exceeding prescribed authority limits. The additional or supplementary procurements are based on existing contracts which are executed without cost estimate and needs assessment. Furthermore, procurement planning and cost estimation processes have not adhered as per fundamental principles of public procurement and, in some cases, reflect misinterpretation of contractual provisions. The accumulation of substantial underutilized, non-moving, and idle assets indicates a clear misalignment between procurement strategies and operational requirements, raising serious concerns about the effectiveness and prudence of the Company's procurement approach.
- g. **Effectiveness of INOC:** The Integrated Network Operation Centre (INOC) is operational with core technical staff and representatives from relevant departments such as WSD (Wireless Service Department) and WCSD (Wireline Customer Service Department); however, its overall effectiveness remains limited. Recurrent service outages have been observed, yet management has not calculated the estimated monetary losses. While systems have been developed to identify risks associated with service outages, no formal risk assessment has been undertaken to implement appropriate corrective and preventive measures or to promote evidence-based decision-making. Outage tickets continue to be generated manually through separate software systems, leading to delays in resolution and compromised service quality. Moreover, insights gained from outage tracking have not been adequately translated into preventive actions or policy-level improvements.
- h. **Third-Party Managed Services:** Although contractual provisions exist to impose penalties on the Contractor for delays in service restoration, these have not been enforced, with responsibility for outages frequently attributed to Nepal Telecom. Despite outsourcing restoration of 2G and 3G services, accountability for service disruptions remains unclear, and a strategic review of technology transfer and the appropriate balance between in-house capability and outsourcing has not been undertaken. During FY 2081-82 alone, the Company incurred substantial expenditure on outsourced repair and maintenance services, with spending NPR 399.30 million (NPR 70.34 million for Warranty and NPR 328.96 million for Outsourcing Contractor) covering core systems, 2G/3G networks, and related network

domains. Review of the service scope suggests that many of these activities could be managed internally, particularly given Company's continued investment in staff training, the annual expenditure for foreign training is also significant (NPR 17.8 million annually on an average). Vendor reports further indicate that most site outages arise from power interruptions or damaged cables, which fall outside the managed service scope and remain Company's responsibility. A critical review of the continuation of managed services and the preparation of a transparent, verifiable calculation of managed service fees are therefore necessary.

- i. **5G Readiness and Implementation Strategy:** The Contractor of 4G/LTE completed the installation, testing, commissioning, and on-airing of four 5G NSA sites assigned by Nepal Telecom and had also installed one temporary trial 5G site at the Nepal Telecom Central Office for the NT Day function, without any additional cost to the Company, in accordance with Clause 32 of the Contract. These activities were undertaken to verify the upgradability of the supplied equipment for 5G features and concluded that the supplied equipment can be upgraded for 5G features. However, despite this progress, a comprehensive and approved strategy for the phased implementation of 5G has yet to be formulated and executed. The absence of a clearly defined 5G implementation roadmap may delay the Company's readiness to capitalize on next-generation mobile technologies and associated business opportunities.
- j. **Mobile License:** The previous license of the mobile services issued by the Nepal Telecommunication Authority (NTA) to the Company expired on May 10, 2024 (Baishakh 28, 2081). NTA issued a new license for mobile services on May 10, 2024 (Baishakh 28, 2081) for a period of 5 years under the condition that the renewal fee and condition of the license shall be as decided by NTA. The Company has paid the license fee of NPR 210 million. As no communication has been received from NTA, the Company has not made any provision of the renewal fee, nor is any contingent liability disclosed to this effect.
- k. **Need for Research and Development (R&D) to Strengthen the Telecom Business:** To enhance competitiveness and ensure long-term sustainability, Nepal Telecom needs to institutionalize a structured Research and Development (R&D) function within the organization. Research activities should focus to promote knowledge sharing, innovation, and informed decision-making among technical and managerial staff. In parallel, inter-industry and market-oriented research should be undertaken to assess domestic competition, particularly from private sector telecom and ISP operators to benchmark performance, pricing, service quality, and emerging business models. Continuous monitoring and analysis of global technological developments and industry trends—and their potential implications for Nepal Telecom's operations, revenue streams, and service offerings—are equally essential. A strong R&D framework will support evidence-based strategy formulation, timely technology adoption, and the development of innovative services aligned with evolving market and customer expectations.
- l. **Capital Expenditure:** The Company had budgeted NPR 21.33 billion for FY 2081-82, but the expenditure was as low as NPR 4.04 billion with the achievement rate of only 18.7% (previous year 19%).
- m. **Revenue Assurance System (RAS) and Fraud Management System (FMS):** The RAS was procured at USD 532,000 in July 2022; however, its implementation commenced only in November 2024, reflecting a significant delay in the effective utilization of the procured system, and resulting in avoidable waste of procurement investment as well as potential revenue benefits. Similarly, FMS was also procured at USD 79,485 from the vendor of RAS. At present, only a limited number of system features are operational, and significant discrepancies have

been identified in revenue data and traffic timing, indicating a potential loss of revenue. Although the Revenue Department submits reports to the IT Department, the communication process appears largely one-directional, with no documented evidence of corrective actions or system enhancements, as similar issues have persisted from November 2024 through December 2025. To ensure the system's effectiveness and safeguard revenue, the IT Department should actively monitor system performance, promptly address reported deficiencies, and ensure the provision of reliable and quality services. As the system remains under the warranty period, all identified deficiencies should be rectified without delay to achieve the intended objectives of the RAS and FMS.

- n. **Sustainability of Defined Benefit Plan:** The Company has increased its contribution to the Defined Benefit Plan to NPR 28.55 billion against an actuarially determined obligation of NPR 38.28 billion, resulting in a funding gap of NPR 9.73 billion. The obligation is recognized by charging it to the Statement of Profit or Loss; however, it is added back for tax computation purposes, giving rise to deferred tax assets (equivalent to 30% of Defined Benefit Obligation). Consequently, the effective impact of the plan assets comprises both the actual contributions to the plan and the related deferred tax assets, while the Company continues to bear an open-ended and potentially unlimited liability under the Defined Benefit Plan. In contrast, contributions to a Defined Contribution Plan are charged to profit and are deductible for tax purposes, with no exposure to unlimited future liabilities. In view of the financial risk and long-term sustainability concerns, the Company should transition to a Defined Contribution Plan without further delay.
- o. **Upgradation of ERP System:** The Enterprise Resource Planning (ERP) system was upgraded in May 2025 at a cost of NPR 22.39 million; however, its intended benefits have not yet been fully realized. Notably, the procurement management module—one of the most critical functional areas—has not been incorporated into the system. While the ERP is expected to support effective project planning, budgeting, and monitoring, these functionalities are not being optimally utilized. Of the 14 available modules, three remain unused and are not integrated with other supporting software systems, resulting in continued reliance on manual processes and data entry. This partial implementation and lack of system integration undermine the efficiency, control, and transparency objectives of the ERP upgrade and require prompt management attention to ensure full utilization of the investment.
- p. **Noncompliance of Different Acts:** The Company has not complied with the provisions of the Labor Act, 2074, and Labor Regulation, 2075, relating to contractual employees, labor audits, and requirements of the Social Security Act 2075; the Corporate Social Responsibility (CSR) as mandated by Industrial Enterprise Act relating to non-allocation of one percent of annual net profit; the Bonus Act; and regulations relating to the maintenance and operation of the Employees Welfare Fund; and Interconnection Guidelines 2076 relating to international and domestic usage charges. Furthermore, the ICT Security Policy and Business Continuity Plan (BCP) are not approved as mandated by NTA Cyber Security By-laws, 2077.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Consolidated financial statements. These matters were addressed in the context of our audit of the Consolidated financial statements, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matters described in the Basis for



Qualified Opinion Section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the matter
<p><b>Revenue Recognition</b></p> <p>We considered the accuracy of revenues relating to the voice and data services provided as a key audit matter due to the complexity of the IT systems, the significance of the volumes of data processed by the IT systems, and the impact of changing pricing models (tariff structures, incentive arrangements, discounts, etc.). The amount of revenue involved in the financial statement is material to the financial statements, and due to the complexity of the system, processes, and products/services used to record revenue, having multiple software programs is a reliance on automated processes and controls.</p> <p>The Company has used a billing system that captures, values, and records the revenue data generated from various software, which are heavily reliant on IT systems with processes and controls over the transactions.</p> <p>Revenue Assurance System (RAS) is under implementation from November 2024. Similarly, the Fraud Management System (FMS) is under implementation to monitor international operations (international call bypass) of the Company.</p> <p>Disclosures relating to revenue recognition can be found at Note 16.</p>	<p>We evaluated the design and operating effectiveness of key controls over the capture and measurement of revenue transactions across all significant revenue streams, including evaluating the relevant IT systems with supporting evidence such as service detail records and evidence of customer payment.</p> <p>We obtained an understanding of the nature of various services provided by the Company, comprising prepaid, postpaid, international, and fixed-line services.</p> <p>The accuracy and completeness of revenue amounts recorded is an inherent risk. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• System recorded transactions: real-time test of recording of transactions in the system, subsequently recorded to the accounting system. Information is processed in a separate directorate independent of the accounting directorate, resulting in additional control over billed records and accounted records.</li> <li>• Manual control over transactions: testing the design and implementation of various operating effectiveness of manual control over initiation, authorization, and testing of revenue transactions. These included testing of tariff rates, packages, treatment related to discounts, and recording to ERP, including major contracts.</li> <li>• Performing substantive testing, including analytical procedures, over major streams of revenue generation Testing of manual journal entries and end-to-end reconciliation from data records to billing systems and accounting ledgers.</li> <li>• Testing the delivery of goods and services rendered for recording of revenue from advance/deposits received.</li> <li>• Testing of result of Revenue Assurance System and Fraud Management System.</li> <li>• Based on the result of the sample testing and mix use of manual and automated controls that are in place, we have relied on the information generated by the system and process followed by the Company for revenue recognition.</li> </ul>



Key Audit Matter	How our audit addressed the matter
<p><b>Information Technology (IT) System and Controls</b></p> <p>The Company uses several IT/software systems with or without integrating with the ERP system for the management of its business operations. A significant part of the Company's financial process is heavily reliant on IT systems with automated processes and controls over the capturing, valuing, and recording of transactions and manual interventions on the same while recording the data into ERP. This is a key part of our audit because of the complex IT environment supporting the business processes, the mix of manual and automated controls, the multiple internal and outsourced support arrangements, and the complexity of the billing systems, which result in revenue being recognized.</p>	<p>We assessed the manual and automated controls relating to IT systems relevant to financial reporting, including the recognition of revenue.</p> <p>A separate IS audit has been carried out. We tested a sample of automated controls that are designed to enforce appropriate segregation of duties, roles, and controls. This included assessing the design of relevant automated processes and controls.</p> <p>We reviewed a sample of the financial information produced by various systems, recording in ERP and reporting.</p> <p>We evaluated the effectiveness of the controls in the systems.</p>
<p><b>Impairment</b></p> <p>The assets owned by the Company include property, plant, and equipment (PPE) and other assets. Given the dynamic nature of the industry in which the Company operates, there is a risk that there could be material impairment to intangible assets, investments, and other assets. Determination as to whether there is an impairment relating to an asset or Cash Generating Unit (CGU) involves significant judgment about the future cash flows and plans for these assets and CGUs.</p>	<p>We reviewed the policies and processes of impairment of each class of assets.</p> <p>We assessed the determination of cash-generating units (CGUs) used for their impairment assessment and to assess the impairment models and evaluate the reasonableness of key assumptions, including discount rate, growth rates, and forecast growth assumptions. We also performed sensitivity analysis around the key drivers of the cash flow projections.</p> <p>We reviewed the impairment matrix prepared for expected losses, mainly for accounts receivable and inventories, as per the policies.</p> <p>We tested the adequacy of impairment on investments, receivables, and other assets, including PPE of the Company. We reviewed the impairment of all significant classes of assets, basis, and adequacy, including reversals.</p> <p>Management has performed an impairment assessment of the FTTH segment with no indication of impairment during the year, which is mentioned in Basis of Qualified Opinion paragraph (d)</p>
<p><b>Fair Value Measurement</b></p> <p>The Company has investments in shares and debentures that are measured at fair value. Similarly, property, plant, and equipment—mainly land and buildings—have been reassessed by the management technical experts of the Company, which was independently valued in FY 2078/79 and revalued during the year. The Company categorizes assets or liabilities carried</p>	<p>We reviewed the basis and categorization of assets or liabilities carried on the reporting date at fair value using a three-level hierarchy, including key assumptions around discounted cash flow to estimate fair value.</p> <p>We reviewed land and building reassessment reports obtained by the management with the involvement of the committee and experts. We assessed the methodology and the assumptions applied in determining the fair value. We have assessed the</p>

Key Audit Matter	How our audit addressed the matter
<p>on the reporting date at fair value using a three-level hierarchy. Determination of fair value is based on a high degree of judgment and input from data that is not directly observable in the market. Further, the fair value is significantly influenced by the expected pattern of future benefits of the tangible assets.</p>	<p>objectivity, independence, and competence of the specialists involved in the process.</p> <p>We assessed the adequacy of disclosure in Note 12 to the financial statements.</p> <p>Management has carried out revaluation of the land and building during the year, which is mentioned in Basis of Qualified Opinion Paragraph (b)</p>
<p><b>Provisions and contingencies tax, legal and other regulatory matters</b></p> <p>The Company has recognized provisions for probable outflows relating to legal, tax, and other regulatory matters and has disclosed contingencies for legal, tax, and other regulatory matters where the obligations are considered possible. The Company assesses the likelihood that a pending matter relating to tax, legal, or regulatory will succeed. In performing this assessment, the Company applies judgment and has recognized provisions based on whether additional amounts will be payable and has disclosed contingent liabilities where economic outflows are considered possible.</p> <p>We have considered the provisions recorded and the contingencies relating to tax, legal, and other regulatory matters as a key audit matter, as there is significant judgment to determine the possible outcome of matters under dispute and determining the amounts involved, which may vary depending on the outcome of the matters.</p>	<p>We obtained an understanding, evaluated the design, and tested the operating effectiveness of internal controls relating to:</p> <ul style="list-style-type: none"> <li>• Identification evaluation, recognition of provisions, and disclosure of contingencies for matters under review or appeal with relevant adjudicating authorities by considering the assumptions and information used by management in performing this assessment.</li> <li>• Completeness and accuracy of the underlying data/information used in the assessment.</li> </ul> <p>For tax matters, we evaluated the reasonableness of the management's positions by considering tax regulations and past decisions from tax authorities. For regulatory fees and other matters, we evaluated the reasonableness of the management's positions by considering relevant past assessment orders, commitments, and payments made. We also evaluated the disclosures provided in the notes to the financial statements concerning these matters.</p>

**INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

The Company's management is responsible for the preparation of the other information. The other information comprises the information included in the management report, the report of the Board of Directors, the Chairperson's statement and Managing Director's statement but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during our audit or otherwise appears to be materially misstated. As the other information documents are in the process of completion, the management has provided written representation that the final version of the documents will be provided when available.

## **RESPONSIBILITY OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit. Management Letter outlining such findings and deficiencies has been issued on this date.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards. From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period, therefore they are described in our Auditor's Report.

#### REPORT ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS

- a. We have obtained satisfactory information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b. The financial statements, including the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows, including a Summary of Significant Accounting Policies and the to the Financial Statements, have been prepared in all material respects in accordance with the provisions of the Companies Act, 2063, and they are in agreement with the books of accounts of the Company, and the accounts and records of the Company are maintained in accordance with the prevailing laws.
- c. To the best of our information and according to the explanations given to us during our audit, we observed that the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority.
- d. We did not come across cases of accounting-related fraud, and the cases where the board of directors or any director or any office bearer of the Company acted contrary to the provisions of law except as reported in this report and as reported in Note 31.1.2 to the financial statements or caused loss or damage to the Company or committed any misappropriation of the funds of the Company.

Kathmandu, Nepal  
Date: Poush 8, 2082

  
Prakash Jung Thapa, FCA  
Partner  
P.J. P.N. & Co.  
Chartered Accountants  
UDIN No. 251223CA000529naFJ

  
Narendra Bhattarai, FCA  
Principal Partner  
Kuber N. Bhattarai & Co.  
Chartered Accountants  
UDIN No. 251223CA00037tW6Wd

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 16 July 2025

Fig in NPR

Particulars	Notes	Current Year 16 July, 2025	Previous Year 15 July, 2024 (Restated)
<b>Assets</b>			
<b>Non- Current Assets</b>			
Intangible Assets	1	1,159,173,145	1,572,717,065
Property, Plant and Equipment	3	46,547,280,394	48,417,217,907
Right of Use (ROU) Assets	7	1,917,869,894	2,155,619,035
Capital Work-in-Progress	4	3,232,836,696	3,792,366,603
Long Term Loan and Advances	8.2	978,745,695	852,758,962
Investment in Associates	5	1,612,435,580	1,728,732,563
Financial Assets	9		
Equity & Mutual Fund Investments	9.1.1	463,296,664	441,104,749
Term Deposits and Other Investments	9.1.5	3,196,550,000	3,576,550,000
Loan Investments	9.1.6	12,904,983,361	13,891,474,786
Employee Loan	9.1.2	3,439,491,338	3,524,935,570
Deferred Tax Asset	25	9,034,045,773	8,187,907,204
Contract Cost Assets	2	417,353,639	365,151,702
<b>Total Non-Current Assets</b>		<b>84904062179.4927</b>	<b>88,584,295,277</b>
<b>Current Assets</b>			
Inventory	6	282,906,179	522,383,660
Prepayments & Non-Financial Assets	8.1	2,749,846,693	2,396,863,274
Current Tax Assets (Net)	25	486,970,729	3,830,377,170
Financial Assets			
Employee Loan	9.1.2	369,246,192	315,137,808
Accruals, Advance & Others Receivables	9.1.3	1,850,813,558	1,021,500,572
Trade & Other Receivable	9.1.4	1,098,694,411	1,517,710,617
Term Deposits and Other Investments	9.1.5	29,852,000,000	35,757,880,000
Loan Investments	9.1.6	441,810,363	294,540,242
Cash & Cash Equivalents	9.1.7	9,649,477,667	4,191,500,676
<b>Total Current Assets</b>		<b>46781765791.5073</b>	<b>49847894019.0374</b>
<b>Total Assets</b>		<b>131,685,827,971</b>	<b>138354430166.487</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share Capital	13	18,000,000,000	18,000,000,000
Reserve and Surplus	14	80,239,504,205	79,378,053,358
Total Equity attributable to Equityholders		98,239,504,205	97,378,053,358
Non Controlling Interest		84,745,946	101,535,861
<b>Total Equity</b>		<b>98,324,250,151</b>	<b>97,479,589,218.878</b>
<b>Non-Current Liabilities</b>			
Post Employment Benefits	12.2	9,730,048,108	18,249,216,939
Deferred Government Grant	26	1,824,061,236	1,661,198,871
Financial Liabilities		-	-
Subscriber Deposits	9.2.1	56,224,136	59,987,070
Lease Liability	7	2,012,454,653	2,175,761,318
<b>Total Non-Current Liabilities</b>		<b>13,622,788,133</b>	<b>22,146,164,197.753</b>
<b>Current Liabilities and Provisions</b>			
Current Tax Liabilities (Net)			
Financial Liabilities			
Lease Liability	7	308,013,850	319,324,040
Current Liabilities	9.2.3	10,233,116,544	10,654,770,246
Trade Payable	9.2.2	849,929,600	627,486,297
Provisions	10	308,342,371	252,910,307
Non-Financial Liabilities	8.3	8,039,387,322	6,874,185,859
<b>Total Current Liabilities and Provisions</b>		<b>19,738,789,686.8207</b>	<b>18,728,676,749.0592</b>
<b>Total Equity and Liabilities</b>		<b>131,685,827,970.556</b>	<b>138,354,430,165.69</b>

Significant Accounting Policies and Explanatory Notes are integral part of this financial statements.

As per our report of even date

RADHIKA ARYAL  
CHAIRPERSONSABINA MASKEY PRADHAN  
MANAGING DIRECTORTANKA PRASAD PANDEY  
DIRECTORMANISH JUNG JOSHI  
DIRECTORNARENDRA BHATTARAI, FCA  
KUBER N. BHATTARAI & CO.  
CHARTERED ACCOUNTANTSPRAKASH JUNG THAPA, FCA  
P.J.P.N & CO.  
CHARTERED ACCOUNTANTSARUNA JOSHI  
DIRECTORSUBAS CHANDRA SHIWAKOTI  
DIRECTORLOK BAHADUR KATUWAL  
DIRECTORRAJENDRA ARYAL  
CHIEF FINANCIAL  
OFFICERKARNA BAHADUR SHRESTHA  
FOR MANAGER

DATE : 22 DECEMBER, 2025

PLACE : KATHMANDU



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year ended 16 July 2025

Fig in NPR

Particulars	Notes	Current Year FY 2024.25	Previous Year FY 2023.24 (Restated)
Revenue from contract with customers	15	33,877,538,871	34,533,233,893
Finance Income	16	3,773,218,193	6,835,921,764
Other Income	17	517,615,525	757,611,615
<b>Total Income</b>		<b>38,168,372,589.0584</b>	<b>42,126,767,271.7023</b>
Employee Benefit Expenses	12.1	(7,995,858,948)	(8,713,373,970)
Service Operation and Maintenance Costs	18	(5,881,596,725)	(6,380,257,296)
Sales Channel, Marketing and Promotion Costs	19	(343,856,121)	(290,198,477)
Office Operation Expenses	20	(1,259,730,636)	(1,214,016,670)
Regulatory Fees, Charges and Renewals	21	(4,312,116,630)	(7,290,527,537)
Foreign Exchange (Loss)/Gain	24	206,873,915	95,681,995
Shares of results of Associates	5	(119,584,904)	(123,076,464)
<b>Earning Before Interest ,Taxes, Depreciation and Amortisation (EBITDA)</b>		<b>18,462,502,539.2977</b>	<b>18,210,998,852.9143</b>
Finance Cost	22	(185,082,066)	(192,066,888)
Depreciation	3	(6,046,045,316)	(6,004,227,573)
Amortisation	1,2,7	(1,124,529,875)	(1,114,670,754)
Impairments - net of reversals	23	(1,321,416,109)	472,349,634
<b>Profit Before Tax</b>		<b>9,785,429,172.86473</b>	<b>11,372,383,272.1999</b>
Income Tax Expenses			
Current Income Tax	25.2	(4,632,255,151)	(114,418,895)
Deferred Taxes	25.3	809,988,402	(3,356,943,953)
<b>Profit For the Period</b>		<b>5,963,162,423.35778</b>	<b>7,901,020,424.95805</b>
Earnings Per Share (Basic)		33.13	43.89
Earnings Per Share (Diluted)		33.13	43.89
<b>Net Profit attributable to:</b>			
Equity holders of the company		5,979,849,809	7,918,945,923
Non-controlling interest		(16,687,386)	(17,925,497)
<b>Profit For the Period</b>		<b>5,963,162,422.95778</b>	<b>7,901,020,425.45805</b>

Significant Accounting Policies and Explanatory Notes are integral part of this financial statements.

As per our report of even date

**RADHIKA ARYAL**  
CHAIRPERSON

**SABINA MASKEY PRADHAN**  
MANAGING DIRECTOR

**NARENDRA BHATTARAI, FCA**  
KUBER N. BHATTARAI & CO.  
CHARTERED ACCOUNTANTS

**PRAKASH JUNG THAPA, FCA**  
P.J.P.N & CO.  
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DIRECTOR

**MANISH JUNG JOSHI**  
DIRECTOR

**LOK BAHADUR KATUWAL**  
DIRECTOR

**RAJENDRA ARYAL**  
CHIEF FINANCIAL OFFICER

**KARNA BAHADUR SHRESTHA**  
FOR MANAGER

DATE : **22 DECEMBER, 2025**  
PLACE : **KATHMANDU**

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Year ended 16 July 2025

Fig in NPR

Particulars	Notes	Current Year FY 2024.25	Previous Year FY 2023.24 (Restated)
<b>Profit for the Period</b>		<b>5,963,162,422.95778</b>	<b>7,901,020,423.95805</b>
<b>Other comprehensive income/(expense)</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange difference of translation of foreign operation			
Cash Flow Hedges			
Income Taxes relating to items that may be reclassified			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Gains on Property Revaluation	3	-	-
Investments in Equity Instruments (FV changes)			
Remeasurements of defined retirement benefit plans of employees	12.2	(2,012,667,940)	1,751,369,620
Shares of Other Comprehensive Income of Associates	5	3,287,921	(212,999)
Income Taxes relating to items that will not be reclassified	25.3	36,150,168	(525,346,986)
<b>Total Comprehensive Income for the Period</b>		<b>5,878,812,029</b>	<b>9,126,830,059</b>
<b>Total Comprehensive Income attributable to:</b>			
Equity holders of the company		5,895,499,415	9,144,755,556
Non-controlling interest		(16,687,386)	(17,925,497)
<b>Total Comprehensive Income for the Period</b>		<b>5,878,812,029.45057</b>	<b>9,126,830,059.23805</b>

Significant accounting policies and explanatory notes are integral part of this financial statements.

As per our report of even date

**RADHIKA ARYAL**  
CHAIRPERSON**SABINA MASKEY PRADHAN**  
MANAGING DIRECTOR**NARENDRA BHATTARAI, FCA**  
KUBER N. BHATTARAI & CO.  
CHARTERED ACCOUNTANTS**PRAKASH JUNG THAPA, FCA**  
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DIRECTOR**SUBAS CHANDRA SHIWAKOTI**  
DIRECTOR**MANISH JUNG JOSHI**  
DIRECTOR**LOK BAHADUR KATUWAL**  
DIRECTOR**RAJENDRA ARYAL**  
CHIEF FINANCIAL OFFICER**KARNA BAHADUR SHRESTHA**  
FOR MANAGERDATE : **22 DECEMBER, 2025**  
PLACE : **KATHMANDU**



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended 16 July 2025

Fig in NPR

Particulars (FY 2023.24)	Share Capital	Retained Earning	Deferred Tax Reserve	FVtOCI Reserve	Revaluation Reserve	Non Controlling Interest
<b>Balance as on 16 July 2023</b>	<b>18,000,000,000</b>	<b>42,174,119,473</b>	<b>9,913,516,551</b>	<b>-</b>	<b>23,509,660,706</b>	<b>118,351,996</b>
Previous Period Adjustment		(295,044,309)	-	-	-	1,109,362
Prior Period Income		56,865	-	-	-	-
Prior Period Expenses		(203,974)	-	-	-	-
Prior Period Accounting Adjustment		2,131,192,489	-	-	-	-
Adjustment of prior period		(2,131,192,489)	2,131,192,489	-	-	-
		-	-	-	-	-
<b>Restated Opening Balance</b>	<b>18,000,000,000</b>	<b>41,878,928,055</b>	<b>12,044,709,040</b>	<b>-</b>	<b>23,509,660,706</b>	<b>119,461,358</b>
Profit for the year	-	9,144,755,556	-	-	-	(17,925,497)
Share of non controlling interest						
Dividend to equity shareholder	-	-	-	-	-	-
Bonus share to equity shareholder	-	-	-	-	-	-
Cash Dividend paid	-	(7,200,000,000)	-	-	-	-
Transfer from Revaluation Reserve	-	48,011,437	-	-	(48,011,437)	-
Transfer To Deferred Tax Reserve	-	3,897,163,936	(3,897,163,936)	-	-	-
<b>Balance as on 15 July 2024</b>	<b>18,000,000,000</b>	<b>47,768,858,984</b>	<b>8,147,545,104</b>	<b>-</b>	<b>23,461,649,269</b>	<b>101,535,861</b>
<b>Balance as on 16 July 2024</b>	<b>18,000,000,000</b>	<b>47,768,858,984</b>	<b>8,147,545,104</b>	<b>-</b>	<b>23,461,649,269</b>	<b>101,535,861</b>
Previous Period Adjustment		366,946,314	-	-	-	(102,530)
Prior Period Income		-	-	-	-	-
Prior Period Expenses		(1,020,157)	-	-	-	-
Prior Period Accounting Adjustment		25,276	-	-	-	-
Adjustment of Stock		-	-	-	-	-
<b>Restated Opening Balance</b>	<b>18,000,000,000</b>	<b>48,134,810,417</b>	<b>8,147,545,104</b>	<b>-</b>	<b>23,461,649,269</b>	<b>101,433,332</b>
Profit for the year	-	5,895,499,415	-	-	-	(16,687,386)
Dividend to equity shareholder	-	-	-	-	-	-
Bonus Share Issued	-	-	-	-	-	-
Cash Dividend paid	-	(5,400,000,000)	-	-	-	-
Transfer from Revaluation Reserve	-	47,048,766	-	-	(47,048,765)	-
Transfer to Revaluation Reserve	-	(1,888,879,457)	-	-	1,888,879,457	-
Transfer To Deferred Tax Reserve	-	(846,138,570)	846,138,570	-	-	-
<b>Balance as on 16 July 2025</b>	<b>18,000,000,000</b>	<b>45,942,340,571</b>	<b>8,993,683,674</b>	<b>-</b>	<b>25,303,479,961</b>	<b>84,745,946</b>

Significant accounting policies and explanatory notes are integral part of this financial statements.

As per our report of even date

**RADHIKA ARYAL**  
CHAIRPERSON

**SABINA MASKEY PRADHAN**  
MANAGING DIRECTOR

**NARENDRA BHATTARAI, FCA**  
KUBER N. BHATTARAI & CO.  
CHARTERED ACCOUNTANTS

**PRAKASH JUNG THAPA, FCA**  
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DIRECTOR

**SUBAS CHANDRA SHIWAKOTI**  
DIRECTOR

**MANISH JUNG JOSHI**  
DIRECTOR

**LOK BAHADUR KATUWAL**  
DIRECTOR

**RAJENDRA ARYAL**  
CHIEF FINANCIAL OFFICER

**KARNA BAHADUR SHRESTHA**  
FOR MANAGER

DATE : **22 DECEMBER, 2025**  
PLACE : **KATHMANDU**

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year ended 16 July 2025

Fig in NPR

Particulars	Current Year FY 2024.25	Previous Year FY 2023.24 (Restated)
<b>Cash Flow from Operating Activities</b>	-	-
<b>Net Profit for the Year</b>	<b>5,962,549,721</b>	<b>7,901,020,425</b>
<b>Adjustments</b>		
Income Tax expense recognised in profit or loss	4,632,255,151	114,418,895
Deferred Tax expense recognised in profit or loss	(809,988,402)	3,356,943,953
Depreciation	6,049,031,797	6,004,227,573
Finance Income	(3,504,206,853)	(6,669,390,273)
Impairment Loss/(Reversal of Impairment Loss)	1,321,416,109	(472,349,634)
Finance Costs	186,308,287	192,066,888
Actuarial (Gain)/Loss	(2,012,667,940)	1,751,369,620
Amortization	1,124,529,875	1,114,670,754
Equity loss on Associates	119,584,904	123,076,464
Unrealised (Gain)/Loss on Cash and Cash equivalents	(41,267,235)	(29,950,423)
Movements in Working Capital	-	-
Decrease/(Increase) in Inventory	238,361,312	180,297,062
(Increase)/Decrease in Prepayments & Other Non-Financial Assets	(365,317,482)	(273,797,637)
(Increase)/Decrease in Employee Loan	31,335,848	(218,347,635)
(Increase)/Decrease in Accruals, Advance & Others Receivables	(828,232,908)	(236,779,793)
(Increase)/Decrease in Trade Receivables	(97,880,332)	659,413,142
(Increase)/Decrease in Deferred Taxes	-	-
(Increase)/Decrease in Contract cost assets	(256,908,850)	(167,792,312)
Increase/(Decrease) in Non-Current Liability	(8,360,069,400)	(4,490,545,688)
Increase/(Decrease) in Provisions	55,432,064	(16,511,506,883)
Increase/(Decrease) in Current Liability	(608,729,178)	(2,763,143,574)
Increase/(Decrease) in Trade Payable	222,165,000	(2,041,861,099)
Increase/(Decrease) in Lease Liability	(163,276,609)	(184,131,212)
Increase/(Decrease) in Other Non-Financial Liabilities	1,165,479,766	(206,168,611)
NFRS Adjustments	3,287,921	(212,999)
Previous Year Adjustments	365,278,277	(69,317)
Income Taxes Paid	(1,288,848,711)	(2,170,541,824)
<b>Total Adjustments</b>	<b>(2,822,927,590)</b>	<b>(22,940,104,565)</b>
<b>Net Cash flow from Operating Activities (A)</b>	<b>3,139,622,131</b>	<b>(15,039,084,140)</b>
<b>Cash Flow from Investing Activities</b>		
Acquisition of Intangible Assets	(144,411,274)	(331,385,361)
Acquisition of Property, Plant and Equipment	(2,500,994,179)	(3,538,919,691)
Decrease/(Increase) in ROU Assets	(141,015,971)	(96,880,992)
Decrease/(Increase) in Capital Work in Progress	588,181,969	1,516,302,174
Decrease/(Increase) in long term loan and Advances	(212,812,802)	132,550,349
Decrease/(Increase) in Investment	6,554,940,406	16,632,397,540
Income from Investment & Bank Deposit	3,504,206,854	6,633,818,824
Adjustment in Retained Earning	-	2,936,547.21
Investment in Subsidiary company	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>7,648,095,002</b>	<b>20,950,819,389</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from issuance of shares from non-controlling interest	-	-
Increase in Capital	-	-
Dividend Paid	(5,371,264,700)	(7,172,067,805)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(5,374,864,700)</b>	<b>(7,175,667,805)</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>5,412,852,433</b>	<b>(1,263,932,556)</b>
*Effect of exchange rate fluctuations on Cash and Cash equivalents *	45,124,557	32,275,640
<b>Cash &amp; Cash Equivalents at Beginning of the Period</b>	<b>4,191,500,676</b>	<b>5,423,157,591</b>
<b>Cash &amp; Cash Equivalents at the End of the Period</b>	<b>9,649,477,666</b>	<b>4,191,500,676</b>

Significant accounting policies and explanatory notes are integral part of this financial statements.

As per our report of even date

**RADHIKA ARYAL**  
CHAIRPERSON**SABINA MASKEY PRADHAN**  
MANAGING DIRECTOR**NARENDRA BHATTARAI, FCA**  
KUBER N. BHATTARAI & CO.  
CHARTERED ACCOUNTANTS**PRAKASH JUNG THAPA, FCA**  
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CHARTERED ACCOUNTANTS**ARUNA JOSHI**  
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DIRECTOR**MANISH JUNG JOSHI**  
DIRECTOR**LOK BAHADUR KATUWAL**  
DIRECTOR**RAJENDRA ARYAL**  
CHIEF FINANCIAL OFFICER**KARNA BAHADUR SHRESTHA**  
FOR MANAGERDATE : **22 DECEMBER, 2025**  
PLACE : **KATHMANDU**



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended 16 July 2025

### I. BACKGROUND

The Consolidated Financial Statements comprise financial statements of Nepal Doorsanchar Company Limited ("the Parent company") and its subsidiary "Nepal Digital Payments Company Limited (NDPC)" (hereinafter jointly referred to as "the Group") for the year ended 16 July 2025.

The Group's principal activities include providing a wide range of telecommunication services in line with technological advances and providing service related to Payment Service through the use of communication network.

"The Group" represents the Company and its subsidiary.

### II. BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared under the historical cost convention, as modified by revaluation of Land, Buildings and Physical Structure, certain financial instruments measured at fair value. The Consolidated financial statements are prepared on an accrual basis.

### III. COMPLIANCE WITH NFRS

The accompanying Consolidated Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by Accounting Standards Board Nepal (ASB) and pronounced by the Institute of Chartered Accountants of Nepal (ICAN).

### IV. APPROVAL OF FINANCIAL STATEMENTS

The accompanying Consolidated Financial Statements have been approved and authorised for issue by the Board of Directors (BoD) of the company in its meeting held on on 7th Poush, 2082 (22nd December 2025).

### V. PRESENTATION OF FINANCIAL STATEMENTS

1. The consolidated statement of profit or loss has been prepared using the classification 'By Nature' method.
2. The cash flows from operation within the consolidated statement of cash flows have been derived using the Indirect method.
3. For presentation of consolidated Statement of Financial Position, Assets and Liabilities, wherever applicable, are bifurcated in current and non-current based on their respective maturity, as well as the company's normal operating cycle. Such information has been disclosed in respective notes as applicable.

### VI. BASIS OF CONSOLIDATION

The Consolidated Financial Statements comprise the financial statements of the Parent Company and its subsidiary as at 16 July 2025. Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee; (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above. The Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The size of the Group's holding of voting rights;
- Potential voting rights held by the Group;
- Rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies. The financial statements of all entities



used for the purpose of consolidation are drawn up to the same reporting date as that of the parent Group, i.e., year ended on 32nd Ashadh. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

**Consolidation procedure:**

- a) Combine items of assets, liabilities, equity, income, expenses, and cash flows of the parent company with those of its subsidiaries. For this purpose, the income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent company's investment in each subsidiary and the parent company's portion of equity of each subsidiary.
- c) Eliminate in full intra-Group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra Group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra Group losses may indicate an impairment that requires recognition in the consolidated financial statements.
- d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests, which are not owned, directly or indirectly, by the Parent Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full consolidation.

**Non-controlling interest:**

Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests, which are not owned, directly or indirectly, by the Parent Company.

**VII. PRESENTATION OF CURRENCY**

The Consolidated Financial Statements have been presented in the nearest Nepalese Rupees (NPR). Nepalese Rupees (NPR) is the functional and presentation currency as well.

**VIII. DISCOUNTING**

When realisation of assets and settlement of obligations is for more than one year, the Group considers the discounting of such assets and liabilities where the impact is material. Various internal and external factors have been considered for determining the appropriate discount rate to be applied to the cash flows of the Group. Appropriate discount rate is also used to determine the value in use for assessment of asset impairment as well.

Weighted Average Cost of Capital (WACC), with risk adjustment, is basically used in determining discount rates. For this purpose, Capital Asset Pricing Model (CAPM) is generally used to determine the cost of equity. As the group does not have any debt, weighted average cost of capital for the group would in fact mean cost of equity only. Besides, utilization of CAPM model for expected rate of return would in turn require beta to be determined. Since the parent company is the only listed company in Nepalese telecom industry, market beta may not give an appropriate picture of movement of the market and the company's rate of return.

Therefore, the risk adjusted dividend growth model has been used in determining the appropriate discount rate to be applied for preparation of the financial statements. The rate, thus, derived for discounting the assets and liabilities is 7%.

**IX. ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

**ACCOUNTING POLICIES**

NFRS requires the Group to adopt accounting policies that are most appropriate to the Group's circumstances. In determining and applying accounting policies, management is required to make judgements in respect of items where the choice of specific policy, accounting estimates or assumptions to be followed could materially affect the company's reported financial position, results or cash flows.

The accounting policies adopted by the Group are consistently applied. Specific accounting policies have been included in the specific section of the notes for each item of financial statements which requires disclosures of accounting policies or changes in accounting policies.

Effect and nature of the changes, if any, have been disclosed at appropriate places.

### ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Consolidated Financial Statements in accordance with NFRS requires the management to make judgements, estimates and assumptions applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses, including contingencies and commitments. Due to the inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates. The estimates and the underlying assumptions are reviewed on on-going basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which estimates are revised, if the revision affects only that period; they are recognised in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Group's results and financial position, are given in the respective sections of the notes wherever they have been applied.

## X. GOING CONCERN

The Consolidated Financial Statements are prepared on a going concern basis, as Board of Directors of the Group is satisfied that the Group has resources to continue the business for the foreseeable future. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Group's ability to continue as a going concern, and they do not intend either to liquidate or to cease operations of it.

## XI. LEASE

NFRS 16 'Leases' which supersedes NAS 17 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessee to recognise most leases on the Statement of Financial Position.

Lessor accounting under NFRS 16 is substantially unchanged from NAS 17. Lessor will continue to classify leases as either operating or finance using similar principles as in NAS 17. Therefore, NFRS 16 does not have an impact for leases where the Company is a lessor. As per NFRS 16, the company as a lessee recognises a right to use of asset and liability for future payments arising from a lease contract.

## XII. REPORTING DATES

Particulars	Nepalese Calendar Date/ Period	Gregorian Calendar Date/ Period
Comparative SoFP* Date	31 Ashadh 2081	15 July 2024
Comparative reporting period	1 Shrawan 2080- 31 Ashadh 2081	17 July 2023 - 15 July 2024
NFRS SoFP* Date	32 Ashadh 2082	16 July 2025
NFRS reporting period	1 Shrawan 2081 - 32 Ashadh 2082	16 July 2024 - 16 July 2025

\*SoFP = Statement of Financial Position

## XIII. MATERIALITY

The Group, for the preparation of consolidated financial statements, determines materiality based on the nature or magnitude, or both. Materiality is a pervasive constraint in financial reporting because it is pertinent to all of the qualitative characteristics.



## 1. INTANGIBLE ASSETS

### 1. INTANGIBLE ASSETS

#### ACCOUNTING POLICIES

An intangible asset is a non-monetary asset that can be identified but does not have a physical form. It is a resource that an entity controls as a result of past events, such as purchase or creation, and from which future economic benefits are expected. Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. The useful lives and amortisation methods of the assets are reviewed at least annually. Changes in the estimated useful life or the expected pattern of consumption of future economic benefit embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates in accordance with NAS 8. Amortisation is charged to Statement of Profit or Loss on a straight-line basis over the useful life of intangible assets.

Intangible assets having indefinite useful life are assessed for impairment at each reporting date.

#### SOFTWARE

Software comprises software purchased from third parties, and also the cost of internally developed software. Software purchased from third parties are initially recorded at cost. Costs directly associated with the production of internally developed software, including direct and indirect labour costs of development, where it is probable that the software will generate future economic benefits, the cost of the asset can be reliably measured and technical feasibility can be demonstrated, in which case it is recognised as an intangible asset. Costs which do not meet these criteria and research costs are expensed as incurred.

In case software were considered to be integral part to an item of equipment/system and were classified as property, plant and equipment and depreciated over the useful life of respective equipment/system.

Software are amortised over the period of useful life of software and categorised as follows:

<b>Particulars</b>	<b>Useful Life (Years)</b>
Software Related to Office Automation	5
Software Related to System	7

During the reporting period, management performed an impairment assessment of intangible assets in accordance with NFRS and identified certain assets whose carrying amount of NPR 6,544,621 was impaired. These assets were determined to be non-operational due to supplier-related technical issues and, as a result, were no longer capable of generating future economic benefits. Accordingly, impairment losses amounting to NPR 6,544,621 have been recognised in the statement of profit or loss for the current financial year, and the carrying amounts of the affected intangible assets have been reduced to their recoverable amounts.

**SOFTWARE**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Opening Balance	4,763,389,995	4,763,864,963
Additions during the year	144,468,472	121,385,361
Retirement during the year	(457,344)	(121,860,329)
<b>Total Cost (A)</b>	<b>4,907,401,123</b>	<b>4,763,389,995</b>
Amortisation Up to Last year	(3,494,752,970)	(3,150,030,571)
Amortisation During the Year	(466,612,947)	(466,582,728)
Amortization of Retirement	100,147	121,860,329
<b>Total Amortisation (B)</b>	<b>(3,961,265,771)</b>	<b>(3,494,752,970)</b>
<b>Net Value (A-B)</b>	<b>946,135,352</b>	<b>1,268,637,025</b>
Accumulated Impairment as at 15 July 2024		
Impairment During the Year	(6,544,621)	-
<b>Accumulated Impairment as at 16 July 2025</b>	<b>(6,544,621)</b>	<b>-</b>
<b>Total</b>	<b>939,590,731</b>	<b>1,268,637,025</b>

**Licence Fees**

The net carrying amount of intangible assets pertain to the unamortised portion of various licence fees paid to Nepal Telecommunications Authority (NTA). Licence fees are paid in accordance with regulatory requirements, in advance with the applicable portion being charged to the relevant reporting period.

Under the prevailing Telecommunication Act, 2053 BS, and related regulations, GSM licences have a validity of 25 years and are initially issued for a period not exceeding 10 years. In accordance with these provisions, NT received its first GSM licence on 12 May 1999 for a period of 10 years, which expired on 10 May 2024 after three renewals of 5 years each. In F.Y 2023.24, the company paid its GSM Licence fee amounting to NPR 210,000,000 on 11 May 2024 for the period of 5 years. During the reporting period, the company has paid license fees for internet amounting to NPR. 300,000 for the period of five years. The uncharged portion is carried in the financial statements as intangible assets. The Amortisation is done on the time apportion basis, over the validity period of the licence as specified by NTA as below:

Fig in NPR

Particulars	PSTN	Internet	GSM	Total
Valid from	2021.01.26	2025.04.29	2024.05.11	
Valid to	2026.01.26	2030.04.28	2029.05.11	
Life (in years)	5	5	5	
Total Licence Fee	134,415,000	270,000	210,000,000	
<b>Balance as on 15 July, 2024</b>	<b>41,318,803</b>	<b>42,164</b>	<b>202,405,479</b>	<b>243,766,447</b>
Addition during 2024.25		300,000		300,000
Amortisation for 2024.25	(26,883,000)	(55,315)	(42,000,000)	(68,938,315)
<b>Balance as on 16 July, 2025</b>	<b>14,435,803</b>	<b>286,849</b>	<b>160,405,479</b>	<b>175,128,132</b>

**2. CONTRACT COST ASSETS**

Contract cost assets comprise the incremental costs of obtaining a contract (sales commission paid to dealers for sales of SIM/RUIM cards). These costs are capitalised as it can be assumed that the costs will be compensated by future revenue from the contract. Incremental costs of obtaining a contract are additional costs that would have not been incurred had the contract not been concluded.

The capitalised contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Such costs are thus recognized over the contract period with the customer.



## EXPLANATORY NOTES:

The Group has estimated that the historical average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life and, hence, deferred such incremental costs of obtaining a contract. The Group has estimated anticipated average customer life to be 5 years.

### Contract Cost Assets

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
<b>Opening Balance</b>	<b>365,151,701</b>	<b>390,558,232</b>
Additions during the year	256,908,850	167,792,312
Amortisation during the year	(204,706,913)	(193,198,842)
<b>Closing Balance</b>	<b>417,353,639</b>	<b>365,151,702</b>

## 3. PROPERTY, PLANT AND EQUIPMENT (PPE)

### ACCOUNTING POLICIES

Property, plant and equipment are recognised as assets, if and only if it is probable that future economic benefits associated with the item will flow to the Group; and the cost of the item can be measured reliably. Property, plant and equipment are recognised in the statement of financial position at their cost and are inclusive of all expenses necessary to bring the assets to working condition for its intended use less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable.

For Subsequent recognition, the Land and Building class of assets is recognized under Revaluation Model. Under the revaluation model, after initial recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably should be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Whereas, remaining class of assets are recognized under the historical cost method, in which acquisition or construction cost is used for initial recognition, subject to depreciation over the expected useful life and to possible write-down in the event of a permanent impairment in value.

The depreciation period is based on the expected useful life of an asset. Items of property, plant and equipment are depreciated on pro rata basis in the year of acquisition. The residual values, useful lives and the depreciation methods of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates, they are accounted for as a change in accounting estimates in accordance with NAS 8. For the reporting period the management has decided there is no significant changes in the said estimates.

In addition to the purchase price and cost directly attributable to bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by the management if an item of property, plant and equipment consists of several components with different estimated useful lives, those components that are significant, are depreciated over their individual useful lives. Subsequent costs that do not qualify the recognition criteria under NAS 16 are expensed as and when incurred.

PPE shall be capitalized as and when they are available for use i.e. after the equipment became capable to provide service to the customer.

NAS 16 and IFRIC 1 require cost of PPE to include the estimated cost for dismantling and removal of the assets and restoring the site on which they are located. Management perceives that such costs are difficult to estimate and considering the past practice the amount of such costs are not material to affect the economic decision of the user as a result of such non-inclusion. Therefore, asset retirement obligation (ARO) has not been recognised.

Assets that have been decommissioned or has been identified as damaged beyond economic repair or rendered useless due to obsolescence and are derecognised whenever identified. On disposal of an item of property, plant and equipment or when no economic benefits are expected from its use or disposal, the carrying amount of an item is derecognised. The gain or loss

arising from the disposal of an item of property, plant and equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item is recognised in the statement of profit or loss.

The group has significant investment in network, equipment and infrastructure. The base stations and technology to operate the network form the majority of the company's tangible assets.

## DEPRECIATION

Depreciation is charged so as to expense off the cost of assets, other than land, using straight line method over their estimated useful lives. The depreciation is charged on revalued amount of building and physical structure over the remaining useful life. The additional depreciation if any on revalued amount of building and physical structure is transferred from revaluation reserve to equity. The residual values, useful life and depreciation methods are reviewed at least at each financial year end. If expectations differ from the previous estimates the changes are accounted for as changes in estimates in accordance with NAS 8.

## USEFUL LIFE

Useful lives of material asset categories and their depreciation rate on the Straight-Line Method are disclosed below:

Classification	Sub-Classification	Useful life in Years
Building	RCC Frame Structure	50
	Load bearing structure (brick/stone)-Official Purpose	25
	Load bearing structure (brick/stone)-Equipment Purpose	15
	Metal Structure	15
	Shelter	15
	Compound Wall	15
Plant & Machinery	Underground Network	15
	Overhead Network	10
	Earth Station	7
	ADSL and Internet System	5
	Optical fibre network and system	10
	Billing System related	7
	RAN Equipment (BSC, BTS, BTS VAN, NodeB, eNodeB, RRU, BBU etc.)	7
	Core Equipment related	7
	Transmission Equipment related	7
	Power - Battery	4
	Power - Others	6
	Tools (Subscribers Equipment, Planning / Testing / Loose tools etc.)	5
Other Items	Others	5
	Heating, Lighting, Air-conditioning	5
	Furniture and Fixtures	5
	Office Equipment	5
	Vehicle- Motorcycle/car/jeep/truck	10
Vehicle- Tricycle, cycle and others	5	

If an item of property, plant and equipment consists of several components with different useful lives, those components that are significant are depreciated over their individual useful life. Any component asset's useful life is not considered more than its major assets.

## DE-RECOGNITION

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from the use of that asset. Gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the net disposals proceed, if any and the carrying amount.



## IMPAIRMENT

Property Plant and Equipment are subject to impairment assessment if there is any indication that the carrying value may exceed the recoverable value of the assets. Such impairment assessment of assets is done on the basis of cash generating unit or if not possible on individual asset basis.

## REVALUATION

Freehold land properties, building and physical structure held by the Group is recognised and reported at fair value conducting periodic revaluation. If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The accumulated depreciation on revalued building and physical structure is eliminated against the gross carrying amount of the assets and net amount is restated to the revalued amount of the assets.

During the reporting period, management assessed the existence of impairment indicators in accordance with NFRS at the cash-generating unit (CGU) level. Except for assets relating to the PSTN category, the management did not identify any indicators that would have a material impact on the ability of PPE to generate future cash flows and require impairment. The assessment involved significant management judgement, including consideration of asset utilization, technological obsolescence, and expected future cash flows. Accordingly, impairment losses of NPR 152,620,994 have been recognized including NPR 152,905,755 of PSTN-related assets and reversal of impairment of retired assets of NPR 284,761.

## EXPLANATORY NOTES

### LAND

Land properties with ownership documents (i.e. in occupation and with valid documentation) meeting the asset recognition criteria, also considering the principle of substance over form have been considered as assets of the Group. Fair Value of each of these properties has been assessed by taking into account market consideration and the government rate. All land properties have been revalued to the approximation of fair value as on 16 July 2025 by independent valuator. The fair value of land was determined using Level II information as required by NFRS 13, in the absence of an active real estate market but considering the recent transaction value of the similar land in the similar locality.

Considering the Group's intention to hold the land for a foreseeable future, fair market value was considered taking into account weightage of 60% for prevalent market prices and 40% price determined for government's land revenue charges.

### SUBSTANCE OVER FORM

The Group is in occupation and using land properties even in absence of ownership documents in the Group's name. Considering the perpetuity of the usage and no apparent restriction on economic benefit of such land being used by the Group. those properties have been recognised as assets. The value and details of such land is as follows:

#### Details of Land being used by the group but not in its ownership

SN	Land or Building	No of location	Area (Square Meter)	Carrying Amount (NPR)
<b>1</b>	<b>Land</b>	<b>223</b>	<b>449,854.21</b>	
	a. Land under Forest for tower structure	97	132,295.36	
	b. Land under GoN ownership	95	215,756.02	
	c. Land registered in the name of other offices of Government of Nepal	19	65,240.62	
	d. Land under process of ownership transfer (Government decision for ownership transfer already made)		1236,562.21	
<b>2</b>	<b>Building &amp; Physical Structure</b>			<b>141,790,965.26</b>

## BUILDINGS AND PHYSICAL STRUCTURE

All physical structures have been classified on the basis of their construction type (such as RCC pillar structure, load bearing, stone masonry, shed and other structures etc.). Historical cost of the physical structures reduced by accumulated depreciation computed on the basis of management's estimation of useful life, for each type, have been recognised as assets on the date of the opening NFRS Statement of Financial Position.

The Group has adopted a revaluation model to present the value of its building and physical structure. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The amount of the adjustment arising on the restatement or elimination of accumulated depreciation forms part of the increase or decrease in carrying amount that is accounted for in accordance with accounting policies of the Group. Some of the buildings and physical structures have been constructed in the land property where the Group does not have a document of title. Substance over form has been taken as the basis for recognition of such buildings and physical structures.

Further, there is a regulatory requirement that all physical structures should be supported by the approved design and construction completion certificate from concerned authorities. There are buildings that do not have either approved design or construction completion certificate. These entail risk from regulatory authority including fines and possible demolitions.

## REVALUATION RESERVE

Depreciation is charged on revalued amount of building and physical structure over the remaining useful life. Additional depreciation amounting NPR 47,048,765 on revalued amount of building and physical structure has been transferred from revaluation reserve to equity. The effect of revaluation of Land, Building and Physical Structures as on 16 July 2025 are as below:

Particulars	Fig in NPR		
	Land	Building	Total
Balance As on 15 July, 2024	22,433,646,055	1,028,003,214	23,461,649,269
Upward Revaluation During the Period	1,681,343,007	430,467,215	2,111,810,222
Downward Revaluation During the Period		(222,930,765)	(222,930,765)
Transfer from Revaluation reserve to Retained Earning		(47,048,765)	(47,048,765)
<b>Balance As on 16 July, 2025</b>	<b>24,114,989,062</b>	<b>1,188,490,899</b>	<b>25,303,479,961</b>

## PLANT AND EQUIPMENT

Historical cost of Plant and Equipment reduced by the accumulated depreciation and accumulated impairment loss computed on the basis of the management's estimation of useful life, for each class of assets, have been recognised. Plants and equipment that are either not in existence or in operation have been specifically identified and derecognised as required under NFRS.

## FURNITURE, FIXTURES AND OTHER OFFICE EQUIPMENT

Historical cost of Furniture, Fixtures and Other office equipment reduced by the accumulated depreciation computed on the basis of the management's estimation of useful life, for each class of assets, have been recognised as assets.

## VEHICLES

Historical cost of the vehicles reduced by the accumulated depreciation computed on the basis of the management's estimation of useful life, for each type, have been recognised.

Description	LAND	BUILDINGS	PLANT & MACHINERY	HEATING, LIGHTING & AIR-CONDITION	FURNITURE & FIXTURE	OFFICE EQUIPMENTS	VEHICLES	TOTAL
<b>Original Cost</b>								
<b>As at 15 July, 2024</b>	<b>23,085,052,066</b>	<b>3,704,388,697</b>	<b>77,176,457,156</b>	<b>624,677,193</b>	<b>482,866,690</b>	<b>1,664,518,517</b>	<b>1,297,504,637</b>	<b>108,035,464,956</b>
Adjustment of prior period Capitalization	-	-	121,860,329	-	-	-	-	121,860,329
Revaluation Adjustment	-	-	-	-	-	-	-	-
<b>As at 15 July, 2024</b>	<b>23,085,052,066</b>	<b>3,704,388,697</b>	<b>77,298,317,484</b>	<b>624,677,193</b>	<b>482,866,690</b>	<b>1,664,518,517</b>	<b>1,297,504,637</b>	<b>108,157,325,284</b>
Additions During the Year	7,026,927	117,643,172	2,190,778,393	118,202,065	22,725,393	43,473,907	2,254,950	2,502,104,808
Disposal during the year	-	-	(34,528,893.24)	(53,866.80)	-	(43,804,658.36)	(58,321,224.84)	(136,708,643)
Transfer Adjustment	-	-	-	-	-	-	-	-
Revaluation Adjustment	1,681,343,007	147,086,886	-	-	-	-	-	1,828,429,892
<b>As at 16 July, 2025</b>	<b>24,773,422,000</b>	<b>3,969,118,755</b>	<b>79,454,566,984</b>	<b>742,825,391</b>	<b>505,592,083</b>	<b>1,664,187,766</b>	<b>1,241,438,362</b>	<b>112,351,151,341</b>
<b>Depreciation and Impairment</b>								
<b>As at 15 July, 2024</b>	-	<b>270,745,158</b>	<b>55,384,242,947</b>	<b>485,207,410</b>	<b>417,490,504</b>	<b>1,399,864,185</b>	<b>916,159,147</b>	<b>58,873,709,351</b>
Adjustment of depreciation up to previous year	-	-	82,959,064	226,808	-	-	-	83,185,872
Accumulated Impairment Loss as on 15 July, 2024	-	-	783,212,154	-	-	-	-	783,212,154
Adjustment of impairment loss (write back) up to previous year	-	-	-	-	-	-	-	-
During the Year depreciation	-	133,877,334	5,698,214,972	56,862,687	21,408,256	88,526,992	47,155,075	6,046,045,316
Transfer Adjustment	-	-	152,620,994	-	-	-	-	152,620,994
During the Year Impairment loss/ (write back)	-	-	(34,474,189)	(11,366)	-	(42,462,809)	(58,203,639)	(135,152,003)
Written back on disposals	-	-	(276,025)	554,353	(18,626)	(9,130)	-	249,262
Transfer adjustment	-	(1,310)	62,066,499,918	542,839,892	438,880,133	1,445,919,238	905,110,583	65,803,870,946
<b>As at 16 July, 2025</b>	-	<b>404,621,182</b>	<b>62,066,499,918</b>	<b>542,839,892</b>	<b>438,880,133</b>	<b>1,445,919,238</b>	<b>905,110,583</b>	<b>65,803,870,946</b>
Net Block								
<b>As at 16 July, 2025</b>	<b>24,773,422,000</b>	<b>3,564,497,573</b>	<b>17,388,067,066</b>	<b>199,985,499</b>	<b>66,711,950</b>	<b>218,268,528</b>	<b>336,327,779</b>	<b>46,547,280,394</b>
<b>As at 15 July, 2024 (Restated)</b>	<b>23,085,052,066</b>	<b>3,433,643,539</b>	<b>21,047,903,319</b>	<b>139,242,976</b>	<b>65,376,186</b>	<b>264,654,332</b>	<b>381,345,490</b>	<b>48,417,217,907</b>

## 4. CAPITAL WORK IN PROGRESS (CWIP)

### ACCOUNTING POLICIES

Assets in the course of construction are carried at cost, less any accumulated impairment loss. Depreciation on these assets commence when these assets are ready for their intended use.

The expenditure incurred in acquisition and installation of new systems and equipment till the date of commissioning or civil works under construction till the date of completion is recognised as Capital work in progress. Equipments are capitalised upon commissioning and civil works are capitalised upon handing over after being capable of use.

Capital Inventories under installation are presented net of allowance. The allowance is estimated to approximate the net realisable value of such items. Allowance adjustments are made for those Capital inventories identified by the management as obsolete, non-moving and slow-moving on the basis of last usage of the Capital inventories items lapsing more than five years old, 2-5 years and 1-2 years respectively.

Inventory	Usage	Allowance
Regular	Within 1 year	-
Slow Moving	1 to 2 years	25%
Non-Moving	2 to 5 years	50%
Obsolete	More than 5 years	100%

### EXPLANATORY NOTES

#### Capital Work in Progress

Fig in NPR

Particulars	Capital Works	Capital Inventory under installation	Total
<b>CWIP Balance as 15 July 2024</b>	<b>281,809,895</b>	<b>4,887,385,471</b>	<b>5,169,195,366</b>
Prior Year Adjustment	-	-	-
Restated Balance as on 15 July, 2024	281,809,895	4,887,385,471	5,169,195,366
Net Addition / (Net Transfer) for 2024.25	242,527,779	(830,709,747)	(588,181,968)
<b>CWIP Balance as at 16 July, 2025</b>	<b>524,337,674</b>	<b>4,056,675,724</b>	<b>4,581,013,398</b>
Accumulated Impairment as at 15 July, 2024	24,698,202	1,352,130,561	1,376,828,763
Impairment for FY 2024.25	1,661,171	(30,313,232)	(28,652,061)
Accumulated Impairment as at 16 July, 2025	26,359,373	1,321,817,329	1,348,176,702
	-	-	-
<b>Net Balance as at 16 July, 2025</b>	<b>497,978,301</b>	<b>2,734,858,395</b>	<b>3,232,836,696</b>
Net Balance as at 15 July, 2024	257,111,693	3,535,254,910	3,792,366,603

During the reporting period, management performed a detailed, project-wise review of Capital Work in Progress (CWIP) assets to identify any indicators of impairment, considering factors such as project progress, technical feasibility, and management intent. Projects where development had been stalled for a prolonged period with no reasonable expectation of completion were considered to have impairment indicators.

Based on this assessment, three (3) CWIP projects were identified as non-progressive. These projects remained inactive for an extended period, with no reasonable expectation of completion or realization of future economic benefits.

Accordingly, the Group recognized a 100% impairment on the carrying amounts of these CWIP balances. The total impairment loss recognized during the period amounts to NPR 1,661,171 of Capital Works and reversal of NPR 30,313,232 of Capital goods and has been charged to the Statement of Profit or Loss.



## 5. INVESTMENTS IN ASSOCIATES

### ACCOUNTING POLICIES

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investor but do not have control or joint control over those policies. At the date of acquisition, any excess of cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The results, assets and liabilities of associates are incorporated in the Consolidated Financial Statements using the equity method of accounting. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the company's share of net assets of the associate, less any impairment in the value of the investment. The company's share of post-tax profits or losses are recognised in the statement of profit or loss and company's share in changes in the Other Comprehensive Income has been adjusted in other Comprehensive Income. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

### EXPLANATORY NOTES

During the Reporting Period, the Group has subscribed the right share of Upper Tamakoshi Hydropower Ltd.

#### Investments in Associates

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Investment in Trishuli Jal Vidhyut Company Ltd.		
At cost	741,000,000	741,000,000
Equity adjustment	(122,442,010)	(110,371,446)
Investment in Upper Tamakoshi Hydropower Ltd.		
At cost	1,270,800,000	1,270,800,000
Equity adjustment	(747,222,185)	(592,869,868)
Investment in Nagarik Stock Dealer Company Ltd.		
At cost	451,541,250	451,541,250
Equity adjustment	18,758,525	(31,367,373)
<b>TOTAL</b>	<b>1,612,435,580</b>	<b>1,728,732,563</b>
<b>Associates Share Income/(Expense)</b>	<b>(116,296,983)</b>	<b>(123,289,463)</b>
Associates Share Income/(Expense) to SOPL	(119,584,904)	(123,076,464)
Associates Share Income/(Expense) to SOOCI	3,287,921	(212,999)

The group has pledged its Equity Investment of Trishuli Jal Vidhyut Company Ltd. with Nabil Bank Ltd. (Lead Bank of Trishuli 3B Hydro Project financing) on 23 July 2019 for consortium project financing

#### TRISHULI 3B HYDRO PROJECT BACKGROUND:

Trishuli Jal Vidhyut Company Ltd. (TJVCL) is currently working on developing the Upper Trishuli 3B Hydroelectric Project (UT3B HEP). It is a run-of-river type hydroelectric project located at Rasuwa and Nuwakot district of Nepal. The project is a cascade of Upper Trishuli 3A Hydroelectric Project (60 MW) and has an installed capacity of 37 MW. The gross head of the project is 90 m, length of headrace tunnel is 3,883 m and the average annual energy generation is estimated to be 292.58 GWh.

The power produced by the Project will be evacuated to the under construction Trishuli 3B Hub Sub-station through 3 km long 132kV transmission line.

Total Project financing structure is 30% Equity and 70% Debt.

## UPPER TAMAKOSHI HYDROELECTRIC PROJECT

### BACKGROUND:

Upper Tamakoshi Hydropower Limited is currently working on developing the 456 MW Upper Tamakoshi Hydroelectric Project (UTKHEP).

Upper Tamakoshi Hydroelectric Project (UTKHEP) is the largest project so far in Nepal under the implementation phase. It is a national priority project, and its early commissioning is very important in order to cope with the ongoing electricity crisis in Nepal. It is located in the lower region of the Higher Himalayas, in the catchment of Tamakoshi River. Tamakoshi River is one of the major tributaries of the Sunkoshi River in Koshi River Basin. The intake for hydropower plant is located at Lamabagar Village, which lies at direct distances of about 6 km south of the border with China (Tibet) and 32 km north to northeast of Dolakha District centre, Charikot.

It is a Peaking run-of-river (PRoR) type hydroelectric project. The project has an installed capacity of 456 MW. The gross head of the project is 822 m, design discharge is 66 m<sup>3</sup>/sec, and the average annual energy generation is estimated to be 2281 GWh.

### NAGARIK STOCK DEALER COMPANY LIMITED:

The group has promoter shareholding of 12.85% in Nagarik Stock Dealer Company Limited which has been established with the objective of dealing in securities in the capital market with the stipulated regulations and guidelines of Securities Board of Nepal (SEBON). The Capital structure of Nagarik Stock Dealer Company Limited is structured in such a way that the group will ultimately hold 9% and the current equity holding is just a temporary effect.

## 6. INVENTORY

### ACCOUNTING POLICIES

Inventories are carried at the lower of net realisable value or cost.

Cost comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is measured using First in First out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the necessary estimated expenses.

Inventories are presented net of allowance for obsolete items. The saleable items are valued at lower of cost or net realisable value. The management estimates that cost of other inventories will be recovered during the provision of services. However, Allowance adjustments are made for those inventories identified by the management as obsolete, non-moving and slow-moving on the basis of the last usage of those inventory items lapsing more than five years old, 2-5 years and 1-2 years respectively.

Inventory	Usage	Allowance
Regular	Within 1 year	-
Slow Moving	1 to 2 years	25%
Non-Moving	2 to 5 years	50%
Obsolete	More than 5 years	100%

### EXPLANATORY NOTES

Inventories primarily consist of cash cards, telephone sets (mobile or otherwise), drop wires, Customer Premises Equipment (CPE), fiber cables, accessories and spares and Top-Up balances for resale purposes that are not eligible for capitalization. In addition to this, the Group has identified certain technology-related inventories, including WiMAX, CDMA



<b>Inventory</b>		Fig in NPR
<b>Particulars</b>	<b>16 July, 2025</b>	<b>15 July, 2024</b>
<b>Gross Inventory</b>		
Telephone sets, Drop Wire & Accessories	159,416,755	194,522,297
Cash Cards and Top up Balance for resale purpose	110,077,030	253,185,972
Spares and other Inventories	263,313,770	323,460,599
	532,807,554	771,168,867
<b>Allowance Adjustments</b>		
Telephone sets, Drop Wire & Accessories	64,630,202	56,833,416
Cash Cards and Top up Balance for resale purpose	2,525,568	2,567,371
Spares and other Inventories	182,745,605	189,384,420
	249,901,375	248,785,207
<b>Inventory net of allowances</b>		
Telephone sets, Drop Wire & Accessories	94,786,553	137,688,881
Cash Cards and Top up Balance for resale purpose	107,551,462	250,618,601
Spares and other Inventories	80,568,165	134,076,179
<b>Total</b>	<b>282,906,179</b>	<b>522,383,660</b>

## 7. LEASES

### ACCOUNTING POLICIES

#### IDENTIFICATION OF LEASE

At inception of a contract, the Group determines whether the contract is, or contains a lease. A lease exists if the contract conveys the right to control the use of an identified asset, for a period of time, in exchange for consideration. In making this assessment, the Group considers whether:

- i. The contract involves the use of an identified asset, either explicitly or implicitly. The asset must be physically distinct or represent substantially all the capacity of a physically distinct asset. Assets that a supplier has a substantive right to substitute are not considered distinct.
- ii. The lessee has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- iii. The lessee has the right to direct the use of the asset, in other words, has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Group recognises a lease liability and right-of-use asset at the commencement of a lease. Lease liabilities are initially measured at the present value of lease payments that are due over the lease term, discounted using the incremental borrowing rate.

#### LEASE TERM

The lease term is the non-cancellable period of the lease adjusted for the impact of any extension options that the Group is reasonably certain the lessee will exercise, or termination options that the Group is reasonably certain the lessee will not exercise.

#### INCREMENTAL BORROWING RATE (IBR)

The incremental borrowing rate is the rate that the Group would have to pay for a loan of a similar term, and with similar security, to obtain an asset of similar value.

#### LEASE PAYMENT

Lease payment includes fixed monthly payment mostly in advance for the period of six (6) months or in arrear for the same period.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. They are re-measured if there is a change in future lease payments, or the amount the Group expects to be payable under a residual value guarantee if any.

The Group also re-measures lease liabilities where the lease term changes. This occurs when the non-cancellable period of the lease changes, or on occurrence of a significant event or change in circumstances within the control of the lessee and which changes our initial assessment in regard to whether the lessee is reasonably certain to exercise extension options or not to exercise termination options. Where the lease term changes the Group re-measures the lease liability using the incremental borrowing rate at the date of reassessment. Where a significant event or change in circumstances does not occur, the lease term remains unchanged and the carrying amounts of the lease liability and associated right-of-use asset will decline over time.

Right-of-use assets are initially measured at the initial amount of the corresponding lease liabilities, adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of any decommissioning costs that have been recognised as provisions, less any lease incentives received if any. They are subsequently depreciated using the straight-line method to the earlier of the end of the useful life of the asset or the end of the lease term.

The Group has elected not to recognise lease liabilities and right-of-use assets for short-term leases that have a lease term of 12 months or less, and leases for which underlying assets is of low-value. Leases with the value of underlying assets below NPR 600,000 is considered as low value lease. The group recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term or systematic basis deemed appropriate by the management.

## EXPLANATORY NOTES

### INCREMENTAL BORROWING RATE

The Group has applied the incremental borrowing rates of 8% for leases added in the current year based on considerations specific to the leases by taking into account the risk-free borrowing rates as adjusted for country/ company specific risk premiums.

Lease maturity matrix is disclosed under Note 9.5.

### Right of Use Assets

Fig in NPR

Particulars	Land and Building (Restated)
<b>As at 15 July 2024 (Restated)</b>	<b>3,251,541,227</b>
Addition during the period	159,064,767
Adjustment of 2024.25	(23,915,669)
Retirement of ROU assets	(82,295,814)
<b>Total Value of Assets as on 16 July 2025</b>	<b>3,304,394,511</b>
Accumulation Amortisation	1,106,759,253
Amortisation Charged for the year	367,928,050
Adjustment of Amortisation	(5,866,872)
Retirement of ROU assets	(82,295,814)
<b>Total Amortisation as on 16 July 2025</b>	<b>1,386,524,617</b>
Net ROU Assets As on 16 July 2025	1,917,869,894

### Lease Liability

Fig in NPR

Particulars	Land and Building (Restated)	
Particulars	16 July, 2025	15 July, 2024 (Restated)
Current	308,013,850	319,324,040
Non-Current	2,012,454,653	2,175,761,318
<b>Closing Balance</b>	<b>2,320,468,503</b>	<b>2,495,085,358</b>



## 8. PREPAYMENTS, NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

### 8.1. PREPAYMENTS AND NON-FINANCIAL ASSETS

#### ACCOUNTING POLICIES

Payments made in advance for goods or services relating to future periods are recognized as Prepayments. Such amounts are charged to the Statement of Profit or Loss in the period to which they relate. Other Non-Financial Assets include advances for spare parts, payments to suppliers, employees, and other working advances, for which the goods or services will be received in the normal course of business.

Prepaid expenses and other non-financial assets are stated net of allowances for bad and doubtful debts, determined based on management's assessment of recoverability, creditworthiness of the counterparty, and any balances overdue by more than 12 months.

During the reporting period, the Group has recognized additional allowance of NPR 3,739,943 for prepaid expenses and reversal of allowance of NPR 27,132,255 for Other Non-financial Assets in the Statement of Profit or Loss, based on the Group's assessment of the assets.

#### EXPLANATORY NOTES

Fig in NPR

Prepayments, Non-Financial Assets	Land and Building (Restated)	
Particulars	16 July, 2025	15 July, 2024 (Restated)
Prepaid expenses	346,513,460	133,490,415
Less: Provision for possible losses	(5,095,937)	(1,355,994)
Other Non-Financial Assets	649,700,358	738,848,900
Less: Provision for possible losses	(11,705,621)	(38,837,876)
Deferred Employee Expenses	1,770,434,433	1,564,717,828
<b>Total</b>	<b>2,749,846,693</b>	<b>2,396,863,274</b>

### 8.2. LONG TERM LOAN AND ADVANCES

#### ACCOUNTING POLICIES

These represent advances provided to suppliers for supply of goods and services and other contractual obligations. The advances are expected to be settled in the normal course of operations over a period exceeding one year from the date of disbursement. They are recognized at cost and stated net of allowances on the basis of indications that the supplier may fail to deliver the goods/services or the advance becomes irrecoverable.

During the reporting period, the Company has recognized allowance of NPR 86,826,069 in the Statement of Profit or Loss, based on the company's assessment of the assets.

#### Long Term Loan and Advances

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Opening Balance	946,143,646	1,078,693,995
Net Addition / (Net Transfer) for 2024.25	212,812,802	(132,550,349)
<b>Closing Balance as on 16 July, 2025</b>	<b>1,158,956,448</b>	<b>946,143,646</b>
	-	-
Opening Accumulated Impairment	93,384,684	93,384,684
Impairment for the year	86,826,069	-
<b>Closing Accumulated Impairment</b>	<b>180,210,753</b>	<b>93,384,684</b>
<b>Net Balance as on 16 July 2025</b>	<b>978,745,695</b>	<b>852,758,962</b>

## 8.3. NON-FINANCIAL LIABILITIES

### ACCOUNTING POLICIES

Non-Financial Liabilities include the statutory liabilities which arise as a result of statutory obligation during the normal course of business of the Group. It also includes advance money received/ liabilities on part of the Group to the customers for promised services. It also includes employee bonus and telecom allowances payable as per legal provisions and parent Group's employees service bylaws.

### EXPLANATORY NOTES

#### Other Non-Financial Liabilities

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
VAT Payable	185,379,205	226,366,193
TDS payable	15,585,764	24,374,462
Other Fee Collection Payable	353,736,358	277,855,346
Royalty and Contribution to RTDF Payable	2,012,782,000	1,905,789,150
Advance from Subscribers	1,697,897,105	1,189,181,993
Deferred Sim Activation Revenue	151,298,733	145,463,836
Unearned Cash Card Sales	1,020,290,504	974,742,177
Telecom Allowance Payable	868,578,664	915,005,760
Employee Bonus Payable	1,733,838,989	1,215,406,942
<b>Total</b>	<b>8,039,387,322</b>	<b>6,874,185,859</b>

## 9. FINANCIAL INSTRUMENTS

### ACCOUNTING POLICIES

The Group has elected to apply NFRS 9 Financial Instruments as per new accounting policies that provide more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows.

#### 9.1 FINANCIAL ASSETS

##### (I) Classification

The Group classifies its financial assets in the following measurement categories:

those to be measured subsequently at fair value

- i. through other comprehensive income, or
- ii. through profit or loss
- iii. those to be measured at amortised cost.

The classification depends upon the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

##### (II) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are charged in profit or loss.



## INVESTMENTS AND OTHER FINANCIAL ASSETS

### DEBT INSTRUMENTS

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

#### **a. Amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### **b. Fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

#### **c. Fair value through profit or loss Loss (FVtPL):**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the finance income.

### EQUITY INSTRUMENTS

The Group subsequently measures all equity investments at fair value. Where management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### DE-RECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expires, or it transfers the financial asset, and the transfer qualifies for de-recognition. On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognized in the Statement of Profit or Loss.

### (III) Impairment of financial assets

The Group assesses on a forward-looking basis, the expected credit losses associated with its assets carried at amortised cost and FVtOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets only, the Group applies the simplified approach permitted by NFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group has three types of financial assets subject to NFRS 9's new expected credit loss model. The Group was required to revise its impairment methodology under NFRS 9 for each of these classes of assets.

### (i) Trade & other receivables

For trade & other receivables, the Group applies the simplified approach to providing for expected credit losses as prescribed by NFRS 9, which requires the use of the lifetime expected loss provision for all trade & other receivables.

The ECL is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case-to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

### (ii) Term Deposits & Investments in Debentures

These are debt investments at amortised cost and are considered to be low risk, and thus the impairment is determined as 12 months expected credit losses.

### (iii) Loan Investments

These are debt investments at amortised cost and are considered to be low risk, and thus the impairment is determined as 12 months expected credit losses.

Particulars					
Financial Assets (FY 2024.25)	FVtPL	FVtOCI		At Amortised cost	Total
		Debt	Equity		
Equity Investments	253,866,964				253,866,964
Investment in Mutual Fund	209,429,700				209,429,700
Employee Loan	3,808,737,530				3,808,737,530
Accruals, Advance & Other Receivables	1,850,813,558				1,850,813,558
Trade & Other Receivable				1,098,694,410	1,098,694,410
Term Deposits and other Investments				33,048,550,000	33,048,550,000
Loan Investments				13,346,793,724	13,346,793,724
Cash & Cash Equivalents	9,649,477,667				9,649,477,667
<b>Total</b>	<b>15,772,325,419</b>	<b>-</b>	<b>-</b>	<b>47,494,038,134</b>	<b>63,266,363,553</b>

Particulars					
Financial Assets (FY 2024.25) (Restated)	FVtPL	FVtOCI		At Amortised cost	Total
		Debt	Equity		
Equity Investments	254,605,449				254,605,449
Investment in Mutual Fund	186,499,300				186,499,300
Employee Loan	3,840,073,378				3,840,073,378
Accruals, Advance & Other Receivables	1,021,500,572				1,021,500,572
Trade & Other Receivable				1,517,710,617	1,517,710,617
Term Deposits and Debenture				39,334,430,000	39,334,430,000
Loan Investments				14,186,015,028	14,186,015,028
Cash & Cash Equivalents	4,191,500,676				4,191,500,676
<b>Total</b>	<b>9,494,179,375</b>	<b>-</b>	<b>-</b>	<b>55,038,155,645</b>	<b>64,532,335,020</b>



### 9.1.1 Equity Investments:

#### ACCOUNTING POLICIES

Equity investments are accounted for at fair value in accordance with NFRS 9 'Financial Instruments.' These investments have been classified as per their listing status.

#### Equity Investments

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Listed Equity Investment</b>	<b>33,127,200</b>	<b>29,034,000</b>
Sarbottam Cement Ltd.	14,436,000	14,436,000.00
Change in Fair Value of Investment	18,691,200	14,598,000.00
<b>Unlisted Equity Investment</b>	<b>220,739,764</b>	<b>225,571,449</b>
Vidhyut Utpadan Company Ltd.	130,000,000	130,000,000
National Fund Management Ltd.	60,000,000	60,000,000
Change in Fair Value of Investment	30,739,764	35,571,449
<b>Sub-Total</b>	<b>253,866,964</b>	<b>254,605,449</b>
Investment in Mutual Fund	180,000,000	180,000,000
Investment in National Equity Fund -1	10,000,000	10,000,000
Change in Fair Value of Investment	19,429,700	3,500,700
<b>Net investment in Mutual Fund</b>	<b>209,429,700</b>	<b>186,499,300</b>
<b>Total</b>	<b>463,296,664</b>	<b>441,104,749</b>

The Group has promoter shareholding in Vidhyut Utpadan Company Ltd. and National Fund Management Ltd. For the current reporting period, the fair value of unlisted equity investments has been estimated using the net asset value (NAV) method, where the net assets of the investee company, as per its latest audited financial statement is taken.

The Group reviews the carrying amount of unlisted equity investments at each reporting date and recognises changes in fair value in accordance with NFRS 9. Significant judgements are involved in determining fair value, including assessment of the investee's net assets, capital structure, and any potential restrictions on transferability of shares.

The Group has invested in 36,000 equity shares of Sarbottam Cement Ltd. through book building at the rate of NPR 401 and has received 2,520 bonus shares during the reporting period. The investment has been revalued, and revaluation gain has been booked in Statement of Profit and Loss.

### 9.1.2 Employee Loans

#### ACCOUNTING POLICIES

Employee loans are accounted for fair value through profit or loss. The effective interest and the change in fair value shall be charged/credited to profit and loss.

#### EXPLANATORY NOTES

Employee loans are benefits provided by the Group to its employees. The Group's business model is to hold on to these assets until maturity for the purpose of collecting principal, interest and bonus amount. The Group collects interest at the time of disbursement and principal is collected over the period in accordance with the repayment schedule. For Insured Loan, the employee will pay required premiums annually and final settlement will be done after maturity of Insurance plan. The Group collects the principal amount and agreed proportionate amount of bonus received from the insurance company.

The intrinsic effective interest and the net change in fair value is taken to profit or loss and the principal outstanding is reported at fair value. These loans have the recoverable period from 1 to 20 years. The discount rate that has been considered for computing fair value is the notional average interest rate used for determining the taxable benefit of employees during the year, which is 7% for the reporting period. These assets are considered to have nominal risk of recovery as the employee's current and retirement benefits and Insurance Plan adequately secures the receivables.

**Employee Loan**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Opening Employee Loan	5,352,393,390	5,576,468,097
Fair Value adjustment	(1,543,655,860)	(1,736,394,719)
<b>Total Employee Loan at fair value</b>	<b>3,808,737,530</b>	<b>3,840,073,378</b>
Employee Loan - Current Portion	369,246,192	315,137,808
Employee Loan - Non-Current Portion	3,439,491,338	3,524,935,570
<b>Total Employee Loan at Fair Value</b>	<b>3,808,737,530</b>	<b>3,840,073,378</b>

**Prepayments, Non-Financial Assets**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Prepaid expenses	368,067,664	132,140,371
Less: Provision for possible losses	(5,095,937)	(1,355,994)
Other Non-Financial Assets	639,072,898	728,733,847
Less: Provision for possible losses	(11,705,621)	(38,837,876)
Deferred Employee Expenses	1,770,434,433	1,564,717,828
<b>Total</b>	<b>2,760,773,437</b>	<b>2,385,398,176</b>

**9.1.3 Accruals, Advances and Other Receivables****ACCOUNTING POLICIES**

These comprise of interest accrued, claim against employees, claim against supplier and others. These are expected to be settled in normal course of operation within one-year period of such claims. These are recognised initially at cost and subsequently at fair value through profit or loss.

**INTEREST ACCRUED:**

Interest accrued represents amounts earned on debentures relating to the reporting period but with payment scheduled beyond the reporting date. The risk of non-recovery is nominal.

This also includes interest on the loan investment to Upper Tamakoshi (UTK) that has accrued but not yet been received.

**CLAIMS AGAINST SUPPLIERS AND OTHERS:**

These represent claims to be received by the Group from contractors, suppliers, and other parties, which do not carry any implicit finance charges. The claims are expected to be settled in the normal course of operations, generally within one year from the reporting date. They are carried at cost, which is considered to approximate their fair value.

**CLAIMS AGAINST EMPLOYEES:**

These represent claims to be received from employees, which do not carry any implicit finance charges. The claims are expected to be settled in the normal course of operations, generally within one year from the reporting date. They are carried at cost, which is considered to approximate their fair value.

During the reporting period, the Group has recognized reversal of allowance of NPR 9,088,529 in the Statement of Profit or Loss, based on the Group's assessment of the assets.



## Accruals, Advances and Other Receivables

Fig in NPR

PARTICULARS	16 July, 2025	15 July, 2024
Interest Accrued	589,885,741	559,952,565
Less: Provision of possible losses	-	-
Advance to and Claims Against Others	1,307,687,690	507,157,958
Less: Provision for possible losses	(48,301,324)	(59,183,104)
Advance to and Claims Against Employees	3,433,418	13,671,870
Less: Provision for possible losses	(1,891,967)	(98,716)
<b>Total</b>	<b>1,850,813,558</b>	<b>1,021,500,572</b>

### 9.1.4 Trade & other Receivables

#### ACCOUNTING POLICIES

##### Trade receivables:

Trade receivables comprise of amounts owed to the Group by the customers as per NFRS 15: Revenue from Contracts with customers. Trade receivables do not carry any interest and are measured at the carrying amount at which the items are initially recognised less any impairment losses, i.e. stated at their nominal value as reduced by appropriate allowances. Such allowances are affected by way of write-downs based on the estimated irrecoverable amount. The Group estimates the Expected Credit Loss (ECL) on these instruments in the form of impairments.

Individual trade receivables are written off when management deems them not to be collectible. Write-offs of trade receivables are recognised in some cases using the allowance accounts.

The ECL is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case-to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.

##### Contract Asset:

A contract asset is defined in NFRS 15: Revenue from Contracts with Customers as an entity's right to receive consideration in exchange for goods or services that the entity has already provided to the customer, but payment is still conditional as per the business model of the Group.

##### Impairment:

Trade receivables and contract assets are exposed to customers' credit risk and are subject to impairment assessment. Simplified approach has been applied to provide for expected credit losses which requires the use of the lifetime expected loss provision for all trade receivables or contract assets that result from transactions that are within the scope of Revenue from Contracts with Customers and that do not contain a significant financing component.

In "Simplified approach", expected credit loss is calculated using a provision matrix. A provision matrix is applying the relevant estimated loss rates to the trade receivable balances outstanding (i.e. a trade receivable ageing analysis).

#### EXPLANATORY NOTES

The groupings have been based on the type of customer such as Wireless, Fixed line, Interconnection services – International and Domestic along with appropriate subgroups based on their similar credit risk characteristics to apply the provision matrix. The group uses a portfolio approach based on historical credit loss experience to estimate the lifetime expected credit losses.

The Group's trade receivables are stated after lifetime expected credit loss. In addition to the non-recoverable risk of trade receivables, which the Group believes is adequately covered by the allowances made, these assets are subject to diminishing value due to time value of money and inflationary devaluation as no interest is charged on these accounts.

**Impairment:**

Due to the Global economic crisis, it is expected that an increase in unemployment rates and decline in gross domestic product will exceed the relevant thresholds. Therefore, when estimating the expected credit loss, we have incorporated macro-economic adjustment in arriving at the expected loss rate in addition to historical loss rate derived from default from customers. As a result, we have increased the allowance for Expected Credit Loss to reflect risks and uncertainties brought by the global economic crisis. It is important to note that any future changes in macroeconomic assumptions could significantly impact our allowance for Expected Credit Loss in subsequent years.

**Trade Receivables**

Fig in NPR

PARTICULARS	16 July, 2025	15 July, 2024
<b>Gross Trade &amp; Other Receivable</b>		
Wireless	591,717,729	558,327,725
Fixed Line	1,163,710,540	1,182,684,024
International Inter- connection	911,962,080	878,775,189
Domestic Inter- connection	415,188,289	395,354,428
Contract Assets	117,683,197	87,997,685
<b>Total</b>	<b>3,200,261,836</b>	<b>3,103,139,053</b>
<b>Expected Credit Loss</b>		
Wireless	476,929,264	346,207,794
Fixed Line	1,093,378,102	792,897,745
International Inter- connection	145,913,933	124,438,035
Domestic Inter- connection	350,041,167	273,486,134
Contract Assets	35,304,959	48,398,728
<b>Total</b>	<b>2,101,567,425</b>	<b>1,585,428,436</b>
<b>Trade Receivables net of impairment</b>		
Wireless	114,788,465	212,119,932
Fixed Line	70,332,438	389,786,280
International Inter- connection	766,048,147	754,337,154
Domestic Inter- connection	65,147,122	121,868,294
Contract Assets	82,378,238	39,598,957
<b>Total</b>	<b>1,098,694,411</b>	<b>1,517,710,617</b>

**9.1.5 Term Deposits and Debenture:****ACCOUNTING POLICIES**

The Group recognises deposits and investments in Debenture, Mutual fund initially at fair value and subsequently at amortised cost using effective interest rate. The Group has capacity and intention to hold on these investments until maturity. It is the Group's business model to hold on these investments solely for the purpose of receiving principal and interest.

**Investments in Term Deposits and Debenture:**

Terms deposits in Banks and Investments in Debenture are held with fixed coupon rate of interest and are to be recognised at amortised cost using effective interest rate. Since, under the Group's business model, the Group intends to receive only contractual cash flows from these financial assets with no other costs or premium / discounts being involved. Therefore, the intrinsic coupon rate is taken as the effective interest rate for all the term deposits and Investments in Debenture. Considering the maturity period of the deposits these are classified as current assets.

**EXPLANATORY NOTES**

The Group only invests in Debentures of the government and class 'A' commercial banks and in term deposit of class 'A' commercial banks and Class 'B' National Level Development bank in Nepal. The Banks are regulated and are under strict monitoring of the Central Bank of Nepal. Therefore, the risk of non-recovery on these instruments are considered nominal. Further, in absence of any other incremental costs, the interest rate inherent in these instruments are the effective interest rate and adjust for the credit risk and time value of money.

Term Deposits include Letter of Credit Margin amounting to NPR 1,780,455,588 kept as lien.



## Investment in Term Deposits and Debentures

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Government and Corporate Debenture		
<b>Investment in Debentures</b>	<b>3,671,550,000</b>	<b>3,779,050,000</b>
<b>Term Deposits with Financial Institutions</b>		
in Foreign Currency (US\$)	8,357,000,000	7,934,920,000
in Nepalese Currency	21,020,000,000	27,620,460,000
	33,048,550,000	39,334,430,000
<b>Current</b>	<b>29,852,000,000</b>	<b>35,757,880,000</b>
<b>Non-Current</b>	<b>3,196,550,000</b>	<b>3,576,550,000</b>
<b>Total</b>	<b>33,048,550,000</b>	<b>39,334,430,000</b>

### 9.1.6 Loan Investments

The Group recognises loan investments initially at fair value and subsequently at amortised cost using effective interest rate. The Group has capacity and intention to hold on these investments until maturity. It is the Group's business model to hold on these investments solely for the purpose of receiving principal and interest. Since, under the Group's business model, the Group intends to receive only contractual cash flows from these financial assets with no other costs or premium / discounts being involved. Therefore, the intrinsic coupon rate is taken as the effective interest rate for amortization.

#### EXPLANATORY NOTES

Interest accrued and service charge on Loan Investment provided to M/s Upper Tamakoshi Hydropower Limited has been capitalised as per the loan agreement. Total outstanding, including opening balance, additional loan investment during the year and capitalised interest and service charges as at the year-end.

#### EXPECTED CREDIT LOSSES (ECL) ON UTK LOAN INVESTMENT:

##### Impairment

These are debt investments at amortised cost. The impairment loss determined under the ECL model is recognised as an impairment provision in the statement of profit or loss. The carrying amount of the investment is reduced through the use of an allowance account.

#### EXPLANATORY NOTES

The Loan investment has been made in Upper Tamakoshi Hydropower Limited to develop 456 MW Upper Tamakoshi Hydroelectric Project (UTKHEP) as a consortium Loan with corporate guarantee of Nepal Electricity Authority. The land, property, plant and equipment owned by the Upper Tamakoshi Hydropower Limited itself at present, to be owned in future has been mortgaged in the name of Nepal Doorsanchar Company Limited, Citizen Investment Trust, and Rastriya Beema Sansthan as security against the loan obtained from these institutions. Further, the recoverability of Loan investment is secured by the cash flows to be received from the selling of energy to Nepal Electricity Authority under Power Purchase Agreement (PPA) concluded at project inception. The project started its commercial operation fully from Bhadra 25, 2078.

The Group has provided Expected Credit Losses (ECL) on amortised cost of the debt investment.

Fig in NPR

LOAN INVESTMENTS	16 July, 2025	15 July, 2024 (Restated)
Loan Investments in Upper Tamakoshi Hydropower Ltd.	14,049,256,551	14,343,796,793
Less: Expected Credit Loss	(702,462,828)	(157,781,765)
<b>Net Investment</b>	<b>13,346,793,723</b>	<b>14,186,015,028</b>
Current	441,810,363	294,540,242
Non-Current	12,904,983,361	13,891,474,786
<b>Total</b>	<b>13,346,793,723</b>	<b>14,186,015,028</b>

## 9.1.7 Cash and Cash Equivalents

### ACCOUNTING POLICIES

Cash and cash equivalents are recognised initially at fair value and subsequently at fair value through profit or loss. They are reported at their carrying value. The carrying amount of cash and cash equivalents approximate their fair value.

Cash and cash equivalents have original maturity of less than three months. These enable the Group to meet its short-term liquidity requirements. The majority of the Group's cash and cash equivalents comprise of interest bearing call deposits with commercial banks which are subject to insignificant risk of change in value. These also include cash-in-hand and cheques.

Foreign currency balances with banks falling under the cash and cash equivalents classification, are converted into reporting currency using the closing exchange rates and resulting Foreign exchange gain loss is recognised in profit or loss.

Risk of holding cash and bank balance is the time value of money and the inflationary devaluation which is not fully off set by interest earned by those bank deposits.

<b>Cash and Cash Equivalents</b>		Fig in NPR
<b>Particulars</b>	<b>16 July, 2025</b>	<b>15 July, 2024 (Restated)</b>
Bank Balances	9,622,077,931	4,161,475,754
Non-Interest Bearing	-	-
Cash Balance	19,282	74,499
	9,622,097,213	4,161,550,253
Effect of Exchange rate changes	41,267,235	29,950,423
<b>Total</b>	<b>9,663,364,449</b>	<b>4,191,500,676</b>
Provision for bank during the year	(13,886,782)	-
Accumulated Provision	(13,886,782)	-
<b>Total</b>	<b>9,649,477,667</b>	<b>4,191,500,676</b>

The amount includes bank balances earmarked for payment of dividend amounting to NPR 426,544,882. Cash and Cash equivalents include Letter of Credit Margin amounting to NPR 189,617,730 kept as lien. During the year the Group has provided provision of NPR. 13,886,782 for bank balances.

## 9.2 FINANCIAL LIABILITIES

### (I) Classification

The Group shall classify all financial liabilities as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- Financial guarantee contracts.

The financial liability is accounted for at amortised cost using effective interest rate. The group has considered the discount rate for the future payments and computation of amortised cost. The effective interest is recognised in the statement of profit or loss.

### (II) Measurement

On initial recognition all financial liabilities are recognised at their fair value. The subsequent measurement depends on the classification of the financial liabilities.

### (III) De-recognition of Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such and exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.



## EXPLANATORY NOTES

Financial liabilities of the Group are reported at amortised cost using effective interest rate.

Particulars	NPR		
Financial Liabilities (FY 2024.25)	FVtPL	Amortised cost	Total
Subscriber Deposits		56,224,136	56,224,136
Current Liabilities		10,233,116,544	10,233,116,544
Trade Payable		849,929,600	849,929,600
<b>Total</b>	-	<b>11,139,270,280</b>	<b>11,139,270,280</b>

Financial Liabilities (FY 2023.24)	FVtPL	Amortised cost	Total
Subscriber Deposits		59,987,070	59,987,070
Current Liabilities		10,654,770,246	10,654,770,246
Trade Payable		627,486,297	627,486,297
<b>Total</b>	-	<b>11,342,243,613</b>	<b>11,342,243,613</b>

### 9.2.1 Subscriber Deposits

#### EXPLANATORY NOTES

Subscribers' deposits are deposits from customers for services they have subscribed in accordance with the Group's service policies. It consists of a credit limit and deposit from customers for services they have subscribed to.

#### Subscriber Deposits

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Deposit and Credit Limit from Subscriber	56,224,136	59,987,070
<b>Total</b>	<b>56,224,136</b>	<b>59,987,070</b>

Only nominal value of subscriber deposit is reversed, normally as the result of discontinuance by the subscribers and it is not possible to estimate probable future payments. Therefore, the entire subscriber deposit is classified as non-current.

### 9.2.2 Trade Payable

Trade payables represent liabilities for services received from interconnection telecom operator prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within twelve (12) months after the reporting period. Otherwise, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### EXPLANATORY NOTES

#### Trade Payable

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Payable for Bandwidth Service	544,983,881	427,762,217
Payable for Interconnection Service	304,945,719	199,724,080
Total	849,929,600	627,486,297
<b>Total</b>	<b>56,224,136</b>	<b>59,987,070</b>

### 9.2.3 Current Liabilities

Current liabilities and other payables are recorded at cost. They are expected to be settled within 12 months of normal course of business. The carrying amounts represents the amortised cost.

### EXPLANATORY NOTES

Suppliers include an amount of NPR 126.7 Million retained by the Group in respect of annual maintenance contract for Convergent Real Time Billing System. The payment has been withheld due to a legal case relating to this matter that is currently pending before the Special Court.

Current Liabilities Particulars	Fig in NPR	
	16 July, 2025	15 July, 2024
Sundry Creditors - Suppliers	8,136,648,895	9,090,257,413
Advances Work/Income related	1,877,104,950	1,154,606,912
Other Liabilities	219,362,699	409,905,921
Total	10,233,116,544	10,654,770,246

### 9.3 OFF SETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### 9.4 FINANCIAL GUARANTEE CONTRACT:

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk-free rate of interest.

At the end of each subsequent reporting period financial guarantees are measured at the higher of:

- The amount of the loss allowance; and
- The amount initially recognized less cumulative amortization, where appropriate.

The amount of the loss allowance at each subsequent reporting period initially equals to 12-month expected credit losses. However, where there has been a significant increase in the risk that the specified debtor will default on the contract, the calculation is for lifetime expected credit losses.

Expected credit losses for a financial guarantee contract are the cash shortfall adjusted by the risks that are specific to the cash flows.

Cash shortfalls are the difference between:

- The expected payments to reimburse the holder for a credit loss that it incurs; and
- Any amount that an entity expects to receive from the holder, the debtor or any other party

### EXPLANATORY NOTES

The Group has given financial guarantee and pledged its equity share investment of its associate M/s Trishuli Jalavidhyut Company Limited to Nabil Bank Ltd for Trishuli 3B Hydro Project financing.

### 9.5 FINANCIAL RISK MANAGEMENT

The Group's business activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (Foreign currency risk, interest risk) which may adversely impact the fair value of its financial instruments. Risk management focuses on the unpredictable financial loss and seeks to minimize potential adverse effect on Group's performance.



The Group's Board and senior management has overall responsibility for the establishment and oversight of the Group's risk management. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies/practices and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The risk management is done by management that provides assurance that the Group's financial risk activities are governed by appropriate practices & procedures and that financial risks are identified, measured and managed in accordance with Group's risk objectives.

#### Credit Risk:

Credit risk is the risk of financial loss arising from counterparty to financial instruments if the party fails to repay or service debt according to the contractual terms or obligation. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk, principally consist of investments in debt instruments, trade receivables, terms deposits, accruals, advances and other receivables and loan given to employees. Terms deposits in banks result in material concentrations of credit risks.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty to a financial instrument. For the purpose of risk control of Trade Receivables, Credit limits and deposits are established for each customer, whereby the credit limit represents the maximum open amount for one bill cycle. For loan Investment, Property Plant and Equipment at present and to be owned in future has been mortgaged and corporate guarantee has been obtained.

#### Liquidity Risk:

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due without incurring unacceptable losses. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group's manages the liquidity to ensure sufficient liquidity to meet all liabilities when due, without facing unacceptable losses. Any short-term surplus cash generated by the Group, over and above working capital requirements and other operational requirements including loan and capital commitment, are retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits to maximize its returns on investment.

Fig in NPR

Financial Liabilities (FY 2024.25)	Total	Current Liability	1-2 Years	2-5 Years	5+ years
Subscriber Deposits	56,224,136			56,224,136	
Lease Liability	2,320,468,503	308,013,849	291,430,240	677,255,527	1,043,768,887
<b>Total</b>	<b>2,376,692,639</b>	<b>308,013,849</b>	<b>291,430,240</b>	<b>733,479,663</b>	<b>1,043,768,887</b>

Financial Liabilities (FY 2023.24) RESTARTED	Total	Current Liability	1-2 Years	2-5 Years	5+ years
Subscriber Deposits	59,987,070			59,987,070	
Lease Liability	2,483,745,112	319,324,039	298,556,723	734,572,318	1,131,292,032
<b>Total</b>	<b>2,543,732,182</b>	<b>319,324,039</b>	<b>298,556,723</b>	<b>794,559,388</b>	<b>1,131,292,032</b>

## MARKET RISK:

Market risk is the risk related to changes in market prices, such as interest rates, foreign exchange rates and market economics conditions. The objective of market risk management is to manage and control market risk exposure within acceptable parameters.

**i. Interest Rate Risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Movements in benchmark interest rates may impact the Group's cash flows and overall financing costs.

The Group manages its exposure to interest rate risk through established policies and procedures designed to monitor interest-bearing investments and support diversification of its investment portfolio.

The Group is exposed to variable interest rates primarily on its interest-bearing financial assets, including cash and cash equivalents, term deposits, loan investments, and investments in debentures.

**ii. Foreign Currency Risk:**

The Group is exposed to foreign currency risks on sales and purchases denominated in a currency other than its functional currency (NPR). The two major currencies giving rise to currency risks are US Dollar (USD) and Euro (EURO). However, the Group has not entered into any forward contracts to mitigate such risks. The Group is subject to the risk that changes in foreign currency values impact the Group's transactions/events relating to settlement of interconnection transactions, USD Term Investment and import of inventories, property plant & equipment and services.

The Group closely monitors market economic activity and currency fluctuations in the market so as to respond effectively to the changes in exchange rate.

The following table sets forth information relating to foreign currency exposure except Indian Currency as of July 16, 2025.

	Fig in NPR		
	USD exposure	Euro exposure	Total
Financial Assets	10,719,778,027	19,620,632	10,739,398,659
Financial Liabilities	5,380,321,256	28,341,630	5,408,662,886

5% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Group would result in decrease/increase in the Group's net profit/(loss) before tax by approximately NPR 536.97 million and NPR 270.43 million for financial assets and financial liabilities, respectively for the year ended July 16, 2025.

The following table sets forth information relating to foreign currency exposure except Indian Currency as of July 15, 2024.

	Fig in NPR		
	USD exposure	Euro exposure	Total
Financial Assets	10,211,482,193	3,626,825	10,215,109,019
Financial Liabilities	5,834,635,594	70,379,208	5,905,014,802

**10. PROVISIONS****ACCOUNTING POLICIES**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**EXPLANATORY NOTES**

The provisions have been computed based on the legal provisions and past practices. The timing and actual payment is subject to further approvals. The group estimates that these obligations will be settled within the next 12 months, therefore no discounting has been applied. The carrying amount represents the amortised cost.

The amount of provision recognised is the management's best estimate of expenditure required to settle the present obligation at the reporting date. Management reviews provisions at each balance sheet date and is adjusted to reflect the best current estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision is reversed.



## Provisions

Fig in NPR

Particulars	16 July, 2025	15 July, 2024
Provision for Expenses	308,342,371	252,910,307
Total	308,342,371	252,910,307

## 11. FAIR VALUE MEASUREMENTS OF ASSETS AND LIABILITIES

In accordance with NFRS 13 'Fair Value Measurement', the group categorises assets or liabilities carried on the reporting date at fair value using a three-level hierarchy. Assets or liabilities categorised as Level 1 are valued using quoted market prices and therefore there is minimal judgement applied in determining fair value. However, the fair value of Assets or liabilities categorised as Level 2 and, in particular, Level 3 is determined using valuation techniques including discounted cash flow analysis and other valuation models. In addition, in line with market practice, the group applies credit, debit and funding valuation adjustments in determining the fair value of its non-collateralized assets. A description of these adjustments is set out as under.

These valuation techniques involve management judgement and estimate to the extent of which depends on the complexity of the assets or liabilities and the availability of market observable information.

### VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the quality and reliability of information used to determine the fair values.

#### Level 1

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 predominantly comprise equity shares, treasury bills and other government securities. If no adjustment to the quoted price of the asset is required, the result is a fair value measurement categorised within Level 1 of the fair value hierarchy.

#### Level 2

Level 2 valuations are those where quoted market prices are not available, for example where the assets or liabilities is traded in a market that is not considered to be active, or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Examples of such assets or liabilities include most over-the-counter derivatives, financial institution issued securities, certificates of deposit and certain asset-backed securities.

#### Level 3

Level 3 portfolios are those where at least one input, which could have a significant effect on the valuation, is not based on observable market data. These are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions, including earnings multiples and estimated future cash flows.

### 11.1 ASSETS AND LIABILITIES CARRIED AT FAIR VALUE

#### Particulars

Fig in NPR

Assets and Liabilities (FY 2024.25)	Carrying Amount	Quoted Market Prices	Observable Inputs	Unobservable Inputs
	(Fair Value)	(Level 1)	(Level 2)	(Level 3)
Land	24,773,422,000		24,773,422,000	
Building	3,563,695,814		3,563,695,814	
Equity Investment in Sarbottam Cement	33,127,200	33,127,200		
Unlisted Equity Investment	220,739,764		220,739,764	
Investment in Mutual Funds	209,429,700	209,429,700		
Cash and Cash Equivalent	9,649,477,667	9,033,315,055	616,162,612	
<b>Total</b>	<b>38,449,892,145</b>	<b>9,275,871,955</b>	<b>29,174,020,190</b>	<b>-</b>

<b>Assets and Liabilities (FY 2023.24)</b>	<b>Carrying Amount</b>	<b>Quoted Market Prices</b>	<b>Observable Inputs</b>	<b>Unobservable Inputs</b>
	(Fair Value)	(Level 1)	(Level 2)	(Level 3)
Land	23,085,052,066		23,085,052,066	
Building	3,432,481,389		3,432,481,389	
Equity Investment in Sarbottam Cement	29,034,000	29,034,000		
Unlisted Equity Investment	225,571,449		225,571,449	
Investment in Mutual Funds	186,499,300	186,499,300	186,499,300	
Cash and Cash Equivalent	4,191,500,676	4,191,500,676		
<b>Total</b>	<b>31,150,138,880</b>	<b>4,407,033,976</b>	<b>26,929,604,204</b>	<b>-</b>

Cash and cash equivalent is also presented at the fair value. The cash balance is the quoted price of the denominated currency. Further, the company considers the short-term deposits maintained with the commercial banks to represent the fair value of the balances.

Land revaluation has been periodically done to report the value of the land at fair value. Value of similar land in similar locality is considered for fair value determination. (also refer note 3)

Building and physical structure has been periodically revalued to report at the fair value. The Depreciated Replacement Cost (DRC) approach has been used for fair value determination of building and physical structures.

## 11.2 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

The financial assets and financial liabilities carried at amortised cost have been assessed for their fair values. Since these assets and liabilities are not quoted in the active market and observable inputs for those assets and liabilities are not available, the management has used discounted cash flow to estimate their fair value, applying level 3 assumption under NFRS 13. Details of company are disclosed as under:

### Assets and Liabilities (FY 2024.25)

Fig in NPR

<b>Particulars</b>	<b>Carrying Amount</b>	<b>Fair Value at Amortised Cost</b>	<b>Quoted prices</b>	<b>Observable Inputs</b>	<b>Unobservable inputs</b>
			<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Assets</b>					
Trade & Other Receivable	1,098,694,411	1,098,694,411	-	-	1,098,694,411
Investment in Term Deposits and Debenture	33,048,550,000	33,048,550,000	-	-	33,048,550,000
Loan Investments	13,346,793,724	13,346,793,723			13,346,793,723
<b>Liabilities</b>					
Subscriber Deposits	56,224,136	56,224,136	-	-	56,224,136
Current Liabilities	10,233,116,544	10,233,116,544	-	-	10,233,116,544
Trade Payable	849,929,600	849,929,600			849,929,600

### Assets and Liabilities (FY 2023.24)

Fig in NPR

<b>Particulars</b>	<b>Carrying Amount</b>	<b>Fair Value at Amortised Cost</b>	<b>Quoted prices</b>	<b>Observable Inputs</b>	<b>Unobservable inputs</b>
			<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Assets</b>					
Trade & Other Receivable	1,517,710,617	1,517,710,617	-	-	1,517,710,617
Investment in Term Deposits and Debenture	39,334,430,000	39,334,430,000	-	-	39,334,430,000
Loan Investments	14,186,015,028	14,186,015,028			14,186,015,028
<b>Liabilities</b>					
Subscriber Deposits	59,987,070	59,987,070	-	-	59,987,070
Current Liabilities	10,654,770,246	10,654,770,246	-	-	10,654,770,246
Trade Payable	627,486,297	627,486,297			627,486,297



## 12. EMPLOYEE BENEFITS

### ACCOUNTING POLICIES

Short-term employee benefits, such as salaries, paid leave, performance-based awards and social security costs are recognised over the period in which the employees provide the related services.

The Group operates a number of post-retirement benefit schemes for its employees including both defined benefit and defined contribution plans.

1. A defined benefit scheme is a plan that defines an amount of pension, gratuity or leave compensation benefit that an employee will receive on retirement, dependent on one or more factors such as age, years of service and salary.
2. A defined contribution plan is a plan into which the Group pays fixed contributions; there is no legal or constructive obligation to pay further contributions.

Full actuarial valuations of the Group's defined benefit schemes are carried out periodically with interim reviews in the intervening years; these valuations are updated by qualified independent actuaries. For the purposes of these annual updates, scheme assets are included at their fair value and scheme liabilities are measured on an actuarial basis using actuarial assumptions. The defined benefit scheme liabilities are discounted using rates equivalent to the market yields at the reporting date. The Group's profit or loss charge includes the current service cost, past service costs, net interest expense (income), and plan administration costs that are not deducted from the return on plan assets. Re-measurements, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest expense (income) and net of the cost of managing the plan assets), and the effect of changes to the asset ceiling (if applicable) are reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income are reflected immediately in retained profits and will not subsequently be reclassified to profit or loss.

The Group's consolidated Statement of Financial Position includes the net surplus or deficit, being the difference between the fair value of scheme assets and the discounted value of scheme liabilities at the reporting date. Surpluses are only recognised to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. In assessing whether a surplus is recoverable, the Group considers its current right to obtain a refund or a reduction in future contributions and does not anticipate any future acts by other parties that could change the amount of the surplus that may ultimately be recovered.

The Group provides various loans and advances to its employees as per the employee service by-laws of the Group. The various loans and advances provided are Insured, Uninsured with different maturity period. Employee loan is measured at Fair value. Unamortized employee cost is the difference between the value of loan at carrying amount and present value of employee loan discounted at market rate. Deferred benefits are calculated each year on the closing outstanding balance so that it will consider the prepayment of loan and loan settlement of retired/resigned staff. Deferred benefit is taken from current year calculation as difference between closing value of loan and present value of outstanding loan discounted at market rate less Amortization of such benefit during the year. The discount rate that has been considered for computing fair value is the interest rate used for determining the taxable benefit of employees during the year.

## EXPLANATORY NOTES

## 12.1 EMPLOYEE BENEFITS

## Employee Benefits expenses

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Short term employee benefits</b>		
Salaries & Wages	2,098,759,755	2,165,256,955
Allowances	1,255,372,370	1,304,475,673
Uniform Allowances	38,177,000	39,779,000
Overtime Allowances	38,586,467	38,699,727
Medical Expenses	509,600,967	525,283,839
Telecom Allowances	289,108,813	289,610,797
Employee Statutory Bonus	518,432,047	592,139,545
Other monetary Benefits	14,423,078	16,677,703
Leave Encashment	116,214,980	123,214,356
Finance cost under NFRS	232,043,968	166,880,181
<b>Defined Contribution Plan</b>		
Contribution to Provident Fund	207,565,307	214,294,069
Life Insurance	381,780,711	33,470,624
<b>Defined Benefit Plan</b>		
Leave	174,793,374	147,387,427
Pension and Gratuity- Non-Contributory	1,881,765,500	2,362,239,316
Pension and Gratuity- Contributory	210,936,070	680,890,430
Pension Contributory	-	1,922,123
Other Long term employee benefits	28,298,542	11,152,204
<b>Total</b>	<b>7,995,858,948</b>	<b>8,713,373,970</b>

## 12.2 POST-EMPLOYMENT BENEFITS

## i. Defined Contribution Plan

The Group operates two types of defined contribution plans.

1. The provident fund contribution, where a fixed percentage of ten percent of the salary (basic plus grade) is paid into the fund as and when the salaries become due.
2. The Parent company contributes ninety percent of the insurance premium of the employee's life insurance policies. The amount of policy is different as per the level of employees. The insured amount and the bonus accrued thereon shall be available to the employees on retirement.

## ii. Defined Benefit Plan

The Group provides pension for employees completing 20 years of service with the Group and gratuity for employees who have not completed 20 years of service at the time of retirement/ severance. This scheme is applicable for employees joining before 18 October 2009.

Employees joining after 18 October 2009 will be eligible for pension on completion of 20 years of service, for which 10% contribution is made by the employees with a matching 10% contribution made by the Group. The short amount on settlement of such pension will be borne by the Group. Those employees, who would not complete 20 years of service will be compensated with the amount deposited in respective employee's account maintained in the fund.

The Group has been conducting actuarial assessment of defined benefit plans periodically. The discounted value of liabilities net of benefit plan investments is presented as non-current liabilities. The current service cost, past service cost and net interest (net of unwinding interest and return on plan assets) are charged to statement of profit or loss. The net actuarial re-measurements are charged or credited to the statement of other comprehensive income. The Group pays retirement benefits from the plan assets. The Group also pays the retirement benefits in advance as prepayments up to maximum of 7 years pension.



The defined benefit plans expose the Group to actuarial risks such as longer than expected longevity of members, lower than expected returns on investments and higher than expected inflation, which may increase the liabilities or reduce the value of assets of the plans.

### Defined Benefit Plan Obligation Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Opening DBP Obligations	33,777,344,827	31,860,774,332
Addition of Obligation on transition date	-	543,298,897
Current Service Costs	1,105,242,440	1,629,914,733
Finance Cost	2,491,469,620	2,399,774,630
Benefits Paid	(1,092,430,533)	(1,053,236,244)
Actuarial Remeasurements	2,005,791,090	(1,603,181,520)
<b>Closing DBP Obligation</b>	<b>38,287,417,444</b>	<b>33,777,344,827</b>

### Defined Benefit Plan Assets Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
Fair Value of Plan Assets at beginning	15,528,127,888	8,911,234,903
Employers Contribution Contributory	88,205,909	975,137,451
Employers Contribution- Non-Contributory	12,923,926,664	5,047,452,546
Return on Plan assets	1,214,588,580	717,060,794
(-) Advance Tax on return on plan assets	(55,900,336)	(44,683,062)
(-) Benefits Paid -Contributory	(7,257,315)	(226,262,843)
(-) Benefits Paid - Non- Contributory	(1,127,445,204)	-
Actuarial Remeasurements	(6,876,850)	148,188,100
<b>Closing DBP Assets</b>	<b>28,557,369,336</b>	<b>15,528,127,888</b>
Net Defined Benefit Plan Obligation	<b>9,730,048,108</b>	<b>18,249,216,939</b>
Charged / (credited) to P&L	<b>2,382,123,480</b>	<b>3,312,628,569</b>
Charged / (credited) to OCI	<b>2,012,667,940</b>	<b>(1,751,369,620)</b>

### Defined Benefit Plan Obligation – Pension and Gratuity (Non-contributory) Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Opening DBP Obligation</b>	<b>30,589,848,990</b>	<b>29,873,054,934</b>
Current Service Costs	839,591,160	872,413,540
Finance Cost	2,256,762,920	2,206,886,570
Benefits Paid from Plan Assets	(865,254,821)	(226,262,843)
Benefits Paid directly by employers	-	(577,759,211)
Actuarial Remeasurements	1,724,226,320	(1,558,484,000)
<b>Closing DBP Obligation</b>	<b>34,545,174,569</b>	<b>30,589,848,990</b>

### Defined Benefit Plan Obligation – Pension and Gratuity (Contributory) Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Opening DBP Obligation</b>	<b>1,224,189,327</b>	-
Additional DBO as at transition date	-	543,298,897
Current Service Costs	119,459,080	643,262,780
Finance Cost	91,476,990	37,627,650
Benefits Paid from Plan Assets	(8,992,334)	-
Contribution by Employee	44,102,955	-
Actuarial Remeasurements	282,783,350	-
<b>Closing DBP Obligation</b>	<b>1,753,019,367</b>	<b>1,224,189,327</b>

**Defined Benefit Plan Obligation – Leave**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Opening DBP Obligation</b>	<b>1,963,306,510</b>	<b>1,987,719,397</b>
Current Service Costs	146,192,200	114,238,413
Finance Cost	143,229,710	155,260,410
Benefits Paid by the company	(262,286,332)	(249,214,190)
Actuarial Remeasurements	(1,218,580)	(44,697,520)
<b>Closing DBP Obligation</b>	<b>1,989,223,508</b>	<b>1,963,306,510</b>

**Defined Benefit Plan Assets – Non-Contributory**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Fair Value of Plan Assets at beginning</b>	<b>14,542,598,017</b>	<b>8,911,234,903</b>
Employers Contribution- Non-Contributory	12,923,926,664	5,047,452,546
Return on Plan assets	1,137,638,279	634,750,081
Advance Tax on return on plan assets	(55,900,336)	-
(-) Benefits Paid -Contributory	-	(226,262,843)
(-) Benefits Paid - Non- Contributory	(1,127,445,204)	-
(-) Actuarial Remeasurements	13,865,610	175,423,330
<b>Closing DBP Assets</b>	<b>27,434,683,030</b>	<b>14,542,598,017</b>

**Defined Benefit Plan Assets – Non-Contributory**

Fig in NPR

Particulars	16 July, 2025	15 July, 2024 (Restated)
<b>Fair Value of Plan Assets at beginning</b>	<b>985,529,871</b>	<b>-</b>
Employers Contribution-Contributory	44,102,955	975,137,451
Employee Contribution	44,102,955	-
Return on Plan assets	76,950,301	37,627,650
Advance Tax on return on plan assets	-	-
(-) Benefits Paid -Contributory	(7,257,315)	-
(-) Benefits Paid - Non- Contributory	-	-
(-) Actuarial Remeasurements	(20,742,460)	(27,235,600)
<b>Closing DBP Assets</b>	<b>1,122,686,306</b>	<b>985,529,871</b>



## ACTUARIAL ASSUMPTIONS

Actuarial valuation of defined benefit plan obligation is done on the basis of the following assumptions.

### Non-contributory defined benefit plan

Particulars	FY 2024.25	FY 2023.24
Discount Rate	7%	7.5%
Salary Escalation Rate	7%	7%
Pension Inflation Rate	4%	4%
Expected Return on Assets	7%	7.5%
Marital Status	100% married	100% married
Mortality Rate (Pre- Retirement)	Nepal Assured Mortality 2009	Nepal Assured Mortality 2009
Mortality Rate (Post- Retirement)	Indian Individual Annuitant's Mortality Table (2012-15)*	Indian Individual Annuitant's
Mortality Table (2012-15)*		
Gender for Spouse Pension	100% Male	100% Male
Spouse age difference	5 years	5 years
Withdrawal Rate	Age<45 -0.20%	
Age>=45 -0.50%	Age<45 -2.00%	
Age>=45 -0.50%		

### Contributory defined benefit plan

Particulars	FY 2024.25	FY 2023.24
Discount Rate	7%	7.5%
Salary Escalation Rate	7%	7%
Pension Inflation Rate	4%	4%
Expected Return on Assets	7%	7.5%
Interest on Accumulated Contribution	4.00%	4.00%
Marital Status	100% Married	100% Married
Mortality Rate (Pre- Retirement)	Nepal Assured Mortality 2009	Nepal Assured Mortality 2009
Mortality Rate (Post- Retirement)	Indian Individual Annuitant's Mortality Table (2012-15)*	Indian Individual Annuitant's
Mortality Table (2012-15)*		
Gender for Spouse Pension	100% Male	100% Male
Spouse age difference	5 years	5 years
Withdrawal Rate	Age<45 - 0.20%	
Age>=45 - 0.10%	Age<45 - 3.00%	
Age>=45 - 0.50%		

\* Mortality rate (post-retirement) has been taken with reference to the Indian Individual Annuitant's Mortality Table (2012-15), as latest data for Nepal is not available

## SENSITIVITY ANALYSIS (LEAVE OBLIGATION)

### Non-contributory defined benefit plan

Particulars	FY 2024.25	FY 2023.24
<b>Discount Rate</b>		
Effect on DBO - increase of discount rate by 1%	-13.4%	-13.0%
Effect on DBO - decrease of discount rate by 1%	16.8%	16.3%
<b>Salary Escalation Rate</b>		
Effect on DBO - increase of salary rate by 1%	3.5%	3.9%
Effect on DBO - decrease of salary rate by 1%	-3.2%	-3.6%
<b>Pension Inflation Rate</b>		
Effect on DBO - increase of pension inflation rate to 5%	12.8%	11.9%
Effect on DBO - decrease of pension inflation rate to 3%	-10.6%	-10.0%

**Non-contributory defined benefit plan**

Particulars	FY 2024.25	FY 2023.24
<b>Discount Rate</b>		
Effect on DBO - increase of discount rate by 1%	-24.2%	-23.8%
Effect on DBO - decrease of discount rate by 1%	34.1%	33.3%
<b>Salary Escalation Rate</b>		
Effect on DBO - increase of salary rate by 1%	18.6%	18.7%
Effect on DBO - decrease of salary rate by 1%	-15.6%	-15.7%
<b>Pension Inflation Rate</b>		
Effect on DBO - increase of pension inflation rate to 5%	12.8%	12.3%
Effect on DBO - decrease of pension inflation rate to 3%	-10.5%	-10.0%

**Sensitivity Analysis (Leave Obligation)**

Particulars	FY 2024.25		FY 2023.24	
	Annual Leave		Sick Leave	
<b>Discount Rate</b>				
Effect on DBO - increase of discount rate by 1%	-7.6%	-7.3%	-6.3%	-6.2%
Effect on DBO - decrease of discount rate by 1%	8.7%	8.3%	7.1%	6.9%
<b>Salary Escalation Rate</b>				
Effect on DBO - increase of salary rate by 1%	8.6%	8.3%	7.0%	6.9%
Effect on DBO - decrease of salary rate by 1%	-7.7%	-7.4%	-6.3%	-6.3%

**12.3 PLAN ASSETS:****a) Non-Contributory Plan Assets**

The Group has invested in the Gratuity Fund Scheme (deposit scheme) of Citizen Investment Trust (CIT) and earmarked Fixed Deposits as plan assets. The Group has made a discretionary contribution of NPR 22.06 billion in CIT, NPR 1.89 billion in the earmarked Fixed Deposits maintained at government commercial banks, NPR 3.47 billion in the earmarked Fixed Deposits maintained at commercial and development banks as on current year end. The principal investment objectives are to ensure the availability of funds to pay Gratuity and Lump sum pension from the plan assets and payments will be done from this fund only.

**b) Contributory Plan Assets**

The Group has been operating Contributory pension fund in Retirement Fund Scheme of Employee Provident Fund (EPF). The contributed amount in the fund from both employees and Group is booked as Defined Benefit Assets for the settlement of pension obligation.

**12.4 ESTIMATED FUTURE BENEFIT PAYMENTS:**

Expected Future Benefit Payments are estimated using the same actuarial assumptions used in determining the benefit obligation as at July 16, 2025, because benefit payments will depend on future employment and compensation levels, average service period, and payment election. The following table provides the expected benefit payments under the post-employment obligations on best estimate basis.



### Non-contributory defined benefit plan

Fiscal Year	Pension and Gratuity Benefits (Non-contributory) Amount in NPR '000'	Pension and Gratuity Benefits (Contributory) Amount in NPR '000'	Accumulated Leave Amount in NPR '000'
July 16, 2026	1,035,718	723	105,005
July 16, 2027	1,406,153	1,026	189,831
July 16, 2028	1,495,438	1,744	203,721
July 16, 2029	1,493,670	1,914	183,445
July 16, 2030	1,596,071	2,693	195,283
Year 2030 to July 16, 2034	10,068,261	56,206	960,266

## 13. SHARE CAPITAL

### ACCOUNTING POLICIES

The Group applies NAS 32 'Financial Instruments: Presentation' to determine whether funding is either a financial liability (debt) or equity. Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, from the proceeds.

Dividends and other returns to equity holders are recognised when paid or declared by the members at the AGM and treated as a deduction from equity.

### EXPLANATORY NOTES

Fig in NPR

Share Capital	16 July, 2025	15 July, 2024
No of Shares		
Authorised	250,000,000	250,000,000
Issued	180,000,000	180,000,000
Paid Up	180,000,000	180,000,000
		NPR.
Face Value	100	100
Share Capital		
Authorised	25,000,000,000	25,000,000,000
Issued	18,000,000,000	18,000,000,000
<b>Paid Up</b>	<b>18,000,000,000</b>	<b>18,000,000,000</b>

## 14. RESERVE AND SURPLUS

### ACCOUNTING POLICIES

#### Deferred Tax Reserve

It is the Group's policy to appropriate the equivalent portion of the deferred tax assets when a net deferred tax asset arises. In event where deferred tax liability arises such amounts are reclassified within the equity to retained earnings.

**REVALUATION RESERVE****Land**

The Group has adopted a revaluation model to present the value of its freehold land properties. The upward movement in the value of the land is adjusted by creating an equivalent amount of revaluation reserve. In the cases where there is decrease in the value of the land such decrease is first charged to the revaluation reserve to the extent reserve is available and remaining is charged to profit or loss as impairment loss.

**Building and Physical Structure**

The upward movement in the value of building and physical structure is adjusted by creating an equivalent amount of revaluation reserve. The additional depreciation on revalued amount due to such revaluation in current fiscal year is transferred to equity.

**EXPLANATORY NOTES**

Fig in NPR

<b>Reserve and Surplus</b>	<b>16 July, 2025</b>	<b>15 July, 2024</b>
Retained Earning	45,942,340,571	47,768,858,984
Revaluation Reserve	25,303,479,961	23,461,649,269
Deferred Tax Reserve	8,993,683,674	8,147,545,104
	<b>80,239,504,205</b>	<b>79,378,053,357</b>

Movements in the reserves are given in detail in the Consolidated Statement of Changes in Equity.

**15. REVENUE FROM CONTRACT WITH CUSTOMERS****ACCOUNTING POLICIES**

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Group has received or expects to receive in exchange of those products or services, net of any taxes / duties, discounts.

When determining the consideration to which the Group is entitled for providing promised products or services via intermediaries, the Group assesses whether it is primarily responsible for fulfilling the performance obligation and whether it controls the promised service before transfer to customers. Revenue is recognised when, or as, each distinct performance obligation is satisfied.

Revenue from content services rendered to customers are recognised based on gross amount billed to customers when the Group acts as a principal or recognised after netting off costs paid to content providers when the Group acts as an agent in the transaction.

The Group follows the following 5 stage process in recognition of revenue from contracts with customers.

1. Identify contracts with the customer.
2. Identify the performance obligation within the contract.
3. Determine the transaction price.
4. Allocate the transaction price to each of the performance obligations.
5. Recognise revenue when (or as) the performance obligations are satisfied.

**PORTFOLIO APPROACH:**

This above 5 stage process applies to the accounting for an individual contract with a customer. However, as a practical expedient, the group shall apply this to a portfolio of contracts (or performance obligations) with similar characteristics as the group reasonably expects that the effects on the financial statements of applying this process to the portfolio would not differ materially from applying this process to the individual contracts (or performance obligations) within that portfolio.

When accounting for a portfolio, the group shall use estimates and assumptions that reflects the size and composition of the portfolio.



#### **CONTRACT MODIFICATION:**

A contract modification is the change in the scope or price or both of a contract that is approved by the parties to the contract.

Contract modification shall account as separate contract if the following conditions are present:

- The scope of the contract increases because of the additional promised goods or services that are distinct.
- The price of the contract increases by an amount of consideration that reflects the stand-alone selling price of the additional promised goods and service.

#### **NON-REFUNDABLE UPFRONT FEES:**

Non-refundable, registration, upfront service activation and setup fees associated with service arrangements are deferred and recognized over the associated service contract period or customer life. The receipt of those activation fees does not result in separate performance obligations. Instead, upfront fees are an advance payment for future services and, therefore, are recognised as contract liabilities and are recognised as revenue over the contract period/customer life where services are transferred to customers.

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

- a. Service Revenues
- b. Multiples Deliverables
- c. Equipment sales

#### **SERVICE REVENUES**

Service revenues mainly pertain to usage, subscription charges for voice, data, messaging and value-added services.

Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Group's network and transmitted as data representing a digital signal on the network.

The transmission consumes network bandwidth and therefore, irrespective of the nature of the communication, the customer ultimately receives access to the network and the right to consume network bandwidth.

The group recognises revenue from these services as they are provided. The collection from customer in excess of revenue are classified as deferred revenue / advance from customers/subscribers as the case may be.

Service revenue includes revenue from international services which is revenue from interconnection, roaming charges for usage of the group's network by other operators for voice, data and messaging. It also includes the enterprise lease services. These are recognised upon transfer of control of services over time.

The group collects Ownership Fee, Telecom Service Charge and Value Added Tax on behalf of the Government and therefore, it is not an economic benefit flowing to the Group; hence it is excluded from revenue.

#### **MULTIPLES DELIVERABLES:**

The group has entered into certain multiple element revenue arrangements which involve the delivery or performance of multiple products, services or rights to use assets. At the inception of the arrangement, all the deliverables therein are evaluated to determine whether they represent distinct performance obligations, and if so, they are accounted for separately.

Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their standalone selling prices. The stand-alone selling prices are determined based on the list prices at which the group sells equipment and network services separately.

#### **EQUIPMENT SALES**

Equipment sales mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognised when the control of equipment is transferred to the customer, i.e. transferred at a point in time.

## EXPLANATORY NOTES

Fig in NPR

## Revenue from contract with customers

Particulars	16 July, 2025	15 July, 2024
<b>Revenue from rendering services</b>		
Voice	18,033,106,777	20,288,660,136
Data	13,897,678,057	12,494,273,757
SMS	1,406,378,155	1,343,614,755
Others	251,137,733	154,052,714
Total	33,588,300,722	34,280,601,362
Equipment sales	289,238,149	252,632,531
<b>Total</b>	<b>33,877,538,871</b>	<b>34,533,233,893</b>
<b>Fixed Line</b>		
Local/ Domestic	152,627,302	249,372,229
International Trunk	870,454	1,319,722
Leased Circuits	278,963,876	283,965,395
ADSL	14,445,513	54,287,515
SIP	1,092,776	1,165,159
FTTH - Voice	518,706,755	1,261,341,827
FTTH - Data	1,150,811,230	913,442,233
Others	19,519,063	21,532,531
<b>Fixed Line Total</b>	<b>2,137,036,969</b>	<b>2,786,426,610</b>
<b>GSM</b>		
Voice	15,259,399,897	16,173,148,849
Data	12,387,722,854	11,116,356,491
SMS	451,024,525	390,919,111
Roaming	47,746,025	26,107,238
Others	219,846,072	121,339,788
<b>GSM Total</b>	<b>28,365,739,373</b>	<b>27,827,871,475</b>
<b>Interconnection Services</b>		
Inter-connection - International	1,505,335,465	1,948,561,567
Inter-connection - Domestic	263,796,020	215,319,307
International Roaming (Sharing)	283,531,154	249,815,217
SMS	513,595,717	568,518,748
Others	7,774,033	11,180,395
<b>Interconnection Services Total</b>	<b>2,574,032,389</b>	<b>2,993,395,233</b>
Value Added Services (VAS)	452,574,126	552,824,362
IPTV	58,917,865	120,083,682
<b>Total - Revenue from rendering services</b>	<b>33,588,300,722</b>	<b>34,280,601,362</b>

## MULTIPLES DELIVERABLES:

Products including multiple deliverables (Handset, Customer Premises Equipment, Fibre Cable, Network Services etc.) are allocated to standalone deliverables and recognized based on the same criteria of the individual deliverable. The Revenue of Package subscribed prevailing for more than one year has been recognised on accrual basis and deferred and unused resources has been adjusted to subscriber's liability.

## Non-Refundable Upfront Fees

The group has estimated that the historical average customer life is longer than 12 months and believes that its churn rate provides the best indicator of anticipated average customer life. Thus, the group service revenue that includes revenue from upfront service activation fees associated with service arrangements are deferred and recognized over the associated service contract period or customer life since the date of activation of service.



## 16. FINANCE INCOME

### ACCOUNTING POLICIES

The finance income from the financial instruments are recognised as per effective interest method in accordance with NFRS 9.

### EXPLANATORY NOTES

#### Financial Income

Fig in NPR

PARTICULARS	16 July, 2025	15 July, 2024
Interest Income on Loan Investment	1,316,547,119	1,412,689,056
Interest on Bond & Debentures	358,447,112	360,480,641
Interest on Term Deposits	1,807,020,707	4,847,541,827
Interest on Employee Loan	269,011,340	166,531,490
Change in Fair Value of Investment	22,191,915	48,678,749
<b>Total</b>	<b>3,773,218,193</b>	<b>6,835,921,764</b>

## 17. OTHER INCOME

### ACCOUNTING POLICIES

Dividend income is recognised when the right to receive payment is established. Other incomes are recognised when the amounts can be reliably measured, and the amount is probable to be received. Government grants income shall be recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received (refer Government Grant note 26).

### EXPLANATORY NOTES

#### Other Income

Fig in NPR

PARTICULARS	16 July, 2025	15 July, 2024 (Restated)
LQD and other income	287,027,924	563,139,715
Government Grant Income	230,288,881	194,471,900
<b>Total</b>	<b>517,316,805</b>	<b>757,611,615</b>

## 18. SERVICE OPERATION AND MAINTENANCE COSTS

### EXPLANATORY NOTES

These expenses include expenses incurred with fixed and mobile communications services arising from the operation and maintenance of such telecommunication networks.

#### Service Operation and Maintenance Costs

Fig in NPR

PARTICULARS	16 July, 2025	15 July, 2024
Maintenance - Office Equipment	47,856,146	46,795,664
Maintenance - Buildings	130,475,620	140,087,381
Maintenance - Plants/ Machinery	1,829,514,840	2,007,507,980
Maintenance -Software Expenses	218,750	-
Power, Heating & Lighting	1,418,123,302	1,422,752,363
Fuel for Vehicles	96,399,744	107,308,856
Maintenance vehicles	70,729,962	73,502,336
Freight & Carriages	14,231,905	13,821,227
International IP Lease & Transit Cost	1,012,725,648	911,871,775
Cost of Telephone Sets and Other Materials	307,894,495	425,229,692
Cost of Cash Card	249,869,362	236,365,186
Inquiry Service Expenses	39,583,240	42,968,289

PARTICULARS	16 July, 2025	15 July, 2024
Value Added Services Expenses	4,442,369	79,765,217
Interconnection Expenses- Domestic	278,535,653	278,617,707
Interconnection Expenses-Foreign	153,195,747	259,605,657
Training Expenditure (Contract)	105,300,723	177,342,958
Rent Expense (For Service Operation)	23,190,659	44,823,537
P2P SMS Expenses	30,023,449	28,262,767
Roaming Expenses	24,997,358	11,248,886
Technical Service Charge	41,514,497	69,740,174
Research Expenses	410,495	691,207
Data Entry Expenses	2,362,763	1,948,437
<b>Total</b>	<b>5,881,596,727</b>	<b>6,380,257,296</b>

## 19. SALES CHANNEL, MARKETING AND PROMOTION COSTS

### EXPLANATORY NOTES

#### Sales Channel, Marketing and Promotion Costs

Fig in NPR

PARTICULARS	16 July, 2025	15 July, 2024 (Restated)
Commission on Sales	109,783,438	93,949,833
Advertisement and Trade Promotion	234,072,683	196,248,644
<b>Total</b>	<b>343,856,122</b>	<b>290,198,477</b>

## 20. OFFICE OPERATION EXPENSES

### EXPLANATORY NOTES

#### Office Operation Expenses

Fig in NPR

PARTICULARS	16 July, 2025	15 July, 2024 (Restated)
Travelling Expenses	150,399,424	138,328,963
Rates and Local Taxes	98,745,781	95,261,894
Rent and Leasehold Cost	132,077,009	96,164,475
Board Meeting Allowance	2,624,400	2,508,500
Other Meeting Allowances and Expenses	47,362,500	49,635,451
Printing and Stationery	31,639,667	32,697,437
Bank Charges	21,667,832	17,245,277
Training Expenses	186,456,627	231,091,089
Hospitality Expenses	27,264,111	25,344,453
Office Furnishing	11,481,139	11,642,227
Insurance	41,341,310	30,672,476
Statutory Audit Fee	2,639,867	2,639,867
Tax Audit Fee	800,000	800,000
Audit Expenses	4,986,255	5,512,372
Postage	986,774	1,234,825
Books and Periodicals	2,111,199	2,336,725
Professional fees	5,162,544	6,170,933
Security Expenses	286,527,022	260,380,406
Outsourcing Service expenses	2,328,621	8,318,819
Membership Fee	15,146,878	12,652,407



<b>PARTICULARS</b>	<b>16 July, 2025</b>	<b>15 July, 2024 (Restated)</b>
Business support Expense	43,194,504	58,583,943
Communication Expenses	15,001,901	18,476,141
Anniversary Expenses	5,628,192	5,745,440
Annual General Meeting Expenses	1,709,536	1,909,097
Other Expenses	95,389,684	71,828,491
Miscellaneous Expenses	27,057,859	26,834,963
<b>Total</b>	<b>1,259,730,636</b>	<b>1,214,016,670</b>

## 21. REGULATORY FEES, CHARGES AND RENEWALS

### EXPLANATORY NOTES

#### Regulatory Fees, Charges and Renewals

Fig in NPR

<b>PARTICULARS</b>	<b>16 July, 2025</b>	<b>15 July, 2024</b>
Royalty	1,341,854,667	1,367,501,991
Rural Telecommunication Development Fund Contribution	670,927,333	683,750,995
Frequency Fee	2,299,334,630	1,989,499,222
License Fee Expenses	-	3,249,775,329
<b>Total</b>	<b>4,312,116,630</b>	<b>7,290,527,537</b>

The liabilities on account of Royalty at the rate of 4% of service revenue have been provided for as per Telecommunication Rules, 2054 and contribution to Rural Telecommunication Development Fund (RTDF) at the rate of 2% of the service revenue as per conditions laid down by the Nepal Telecommunications Authority (refer Revenue from contract with customers Note 15).

The Supreme Court has issued its decision on the group's appeal relating to the dispute with NTA regarding the frequency fee for the 2100 MHz band for fiscal year 2006.07, of which contingent liability of NPR 1.66 billion was disclosed in prior years. In accordance with the decision, the group has made total payment of NPR 350,026,230 (including NPR. 6,000,000 for FY 2024.25), including applicable fines and penalties to Ministry of Communication and Information Technology. The amount of NPR 350,026,230 has been recognized as an expense in the statement of profit or loss in the current year.

## 22. FINANCE COSTS

### EXPLANATORY NOTES

These are finance costs calculated using effective interest rate on the Lease Liability.

#### Finance Costs

Fig in NPR

<b>PARTICULARS</b>	<b>16 July, 2025</b>	<b>15 July, 2024 ( Restated)</b>
Finance Costs on lease Liability	185,082,066	190,672,971
<b>Total</b>	<b>185,082,066</b>	<b>190,672,971</b>

## 23. IMPAIRMENT COSTS AND REVERSALS

### ACCOUNTING POLICIES

#### IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment of an item of property plant and equipment is identified by comparing the carrying amount with the recoverable amount. If an individual asset does not generate future cash flows independently of other assets, recoverability is assessed on the basis of cash generating unit (CGU) to which the asset can be allocated.

At each reporting date the Group assesses whether there is any indication that an asset may have been impaired.

Factors that are considered important and which could trigger an impairment review include the following:

- a) Obsolescence or physical damage;
- b) Significant changes in technology and regulatory environments;
- c) Significant changes under performance relative to expected historical or projected future operating results;
- d) Significant changes in the use of its assets or the strategy for its overall business.

The identification of impairment indicators, the estimation of future cash flows and determination of recoverable amount for assets and cash generating units require significant judgement. If such indication exists, the recoverable amount is determined. The recoverable amount of a CGU is determined at the higher of fair value less cost to sell on disposal and value-in-use. Generally recoverable amount is determined by means of discounted cash flows unless it can be determined on the basis of a market price. Cash flow calculations are supported by past trend and external sources of information and discount rate is used to reflect the risk specific to the asset or CGU.

### IMPAIRMENT OF FINANCIAL ASSETS

NFRS 9 establishes a three-stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. These three stages then determine the amount of impairment to be recognised as expected credit losses (ECL) (as well as the amount of interest revenue to be recorded) at each reporting date:

Stage 1: Credit risk has not increased significantly since initial recognition – recognise 12 months ECL, and recognise interest on a gross basis.

Stage 2: Credit risk has increased significantly since initial recognition – recognise lifetime ECL, and recognise interest on a gross basis.

Stage 3: Financial asset is credit impaired (using the criteria currently included in NAS 39 Financial Instruments: Recognition and Measurement) – recognise lifetime ECL, and present interest on a net basis (i.e. on the gross carrying amount less credit allowance).

### EXPLANATORY NOTES

<b>Impairments/ (Reversal of Impairments)</b>	Fig in NPR	
<b>PARTICULARS</b>	<b>16 July, 2025</b>	<b>15 July, 2024</b>
Property Plant and Equipment	213,355,320	57,265,663
Intangible Assets	6,544,621	-
Capital Work in Progress	(28,652,061)	128,970,603
Long Term Advances	86,826,069	-
Prepaid Expenses	3,739,943	-
Non-Financial Assets	(27,132,255)	-
Financial Instruments	-	-
Trade Receivables	516,138,989	(88,213,381)
Inventory	1,116,168	5,235,270
Accruals, Advances and Other Receivables	(9,088,529)	-
Loan Investment	544,681,063	(575,607,788)
Bank	13,886,782	-
<b>Total</b>	<b>1,321,416,109</b>	<b>(472,349,634)</b>

## 24. EFFECTS OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES

### ACCOUNTING POLICIES

Foreign currency transactions are converted into functional currency using the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated into the reporting currency of the Group using the rates prevailing on the reporting date. The resulting gain or loss due to translation is taken as a statement of profit or loss. Non-monetary assets are recorded using the rate of exchange prevalent as on the date of initial recognition and are not subsequently restated.

### EXPLANATORY NOTES



## Effects of Changes in Foreign Currency Exchange Rates

Fig in NPR

PARTICULARS	16 July, 2025	15 July, 2024
Realized Transaction Gain / (Loss)	197,702,975	30,488,664
Unrealized Translation Gain / (Loss)	9,170,940	65,193,332
<b>Total</b>	<b>206,873,915</b>	<b>95,681,996</b>

## 25. INCOME TAX

### ACCOUNTING POLICIES

The Group applies NAS 12 for accounting and reporting income taxes. Income tax on the profit for the year comprises current and deferred tax.

Income tax is recognized directly in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

### CURRENT TAX:

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment made to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

### DEFERRED TAX:

Deferred tax is the tax expected to be payable or recoverable in future arising from temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in computation of taxable profit.

Temporary differences may be either:

- Taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.
- Deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

Tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

The tax base of an asset is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity when it recovers the carrying amounts of the asset. If those economic benefits will not be taxable, the tax base of the asset is equal to its carrying amount.

The tax base of a liability is its carrying amount, less any amount that will be deductible for tax purposes in respect of that liability in future periods. In the case of revenue, which is received in advance, the tax base of the resulting liability is its carrying amount, less any amount of the revenue that will not be taxable in future periods.

It is computed using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets recognised to the extent that it is probable that the temporary differences or taxable profit will be available against which deductive temporary differences can be utilised.

The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, based on the level of future taxable profit forecasts and tax planning strategies.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

## 25.1 NET TAX ASSET / (LIABILITY)

The Group's final income tax assessment has been completed for the Income Year 2077/78. For the remaining financial years, the assets and liabilities have been recognised and carried as under:

Particulars				Fig in NPR
Fiscal Year	Tax Liability	Advance Tax Paid	Net Tax Asset/(Liability)	Cumulative
2019.20	6,271,148,664	6,962,104,678	690,956,014	1,397,453,290
2020.21	4,295,753,360	5,175,225,403	879,472,043	2,276,925,333
2021.22	5,380,142,722	4,769,843,413	(610,299,309)	1,666,626,024
2022.23	4,555,461,469	4,643,258,833	87,797,364	1,754,423,388
2023.24	247,450,497	2,323,404,278	2,075,953,781	3,830,377,170
2024.25	4,727,241,112	1,383,834,672	(3,343,406,439)	486,970,730

## 25.2 CURRENT TAXES

Current tax payable (or recoverable) is based on the taxable profit for the year and any adjustment made to tax payable in respect of previous years. Taxable profit differs from the profit reported in the statement of profit or loss, because some item of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's current tax liabilities are calculated using provisions of the Income Tax Act, 2058 (2002 A.D.), Income Tax Rules, Directives and circulars relating thereto as currently applicable in Nepal.

Income Taxes expense			Fig in NPR
	16 July, 2025	15 July, 2024	
Provision for Tax			
For current year	3,880,525,009	69,497,759	
For prior years	751,730,141	44,921,136	
Deferred Tax	809,988,402	3,356,943,953	
<b>Total</b>	<b>5,442,243,552</b>	<b>3,471,362,847</b>	

## EXPLANATORY NOTES

The Group has received the final decision from the Supreme Court regarding the Income Tax assessment for fiscal year 2071/72, which upheld the earlier ruling of the Revenue Tribunal. Of the four Income Tax cases under dispute, one has been decided in the Group's favour. Similarly, of the two TDS-related cases, one has been resolved in the Group's favour.

Based on the Supreme Court's decision, management has concluded that an outflow of economic resources amounting to NPR 750,525,434 is now probable, the details of which are as follows:

These amounts were previously disclosed as contingent liabilities. Accordingly, a provision of NPR 750,525,434 has been recognised in the statement of profit or loss in the current year.

Years			Fig in NPR
	Income Tax	TDS	
2014.15	131,566,300	20,392,108	
2015.16	203,310,012	-	
2016.17	142,443,478	-	
2017.18	61,850,335	-	
2018.19	74,019,457	18,239,108	
2019.20	52,922,860	8,485,155	
2020.21	37,296,616	-	
<b>TOTAL</b>	<b>703,409,062</b>	<b>47,116,372</b>	



## 25.3 DEFERRED TAXES

### EXPLANATORY NOTES:

Previously, deferred tax relating to employee benefit obligation was calculated by netting the defined benefit assets against the defined benefit obligation and applying deferred tax on the net balance. Upon review, management determined that this treatment was not appropriate for deferred tax purposes.

In accordance with NAS 12 Income Taxes, deferred tax is required to be recognised on temporary differences arising from assets and liabilities separately. Further, contributions made to defined benefit assets are not deductible for income tax purposes at the time of recognition and are allowable as a tax deduction only at the time of actual payment of benefits to employees, in accordance with the prevailing income tax laws.

During the period, management rectified the deferred tax calculation methodology by computing deferred tax on the gross defined benefit obligation, after deducting the portion of employee benefits actually paid during the year, without netting it against defined benefit assets. No deferred tax asset has been recognised in respect of defined benefit assets, as such assets do not give rise to deductible temporary differences.

For rectification of impact up to FY 2022.23 additional deferred tax asset amounting to NPR 2,673,370,471 has been restated in the opening balance of FY 2023.24. The impact of this rectification has been recognised in the corresponding previous period's profit or loss amounting to NPR 1,707,841,393.

Particulars (FY 2081-82)	Carrying Amount	Tax Base	Temporary Difference
Property, Plant & Equipment	21,773,858,394	30,640,293,905	(8,866,435,511)
Land	24,773,422,000	593,927,228	24,179,494,772
Intangible Assets	1,159,173,144	1,070,138,397	89,034,747
Carry Forward of Deductible losses	-	-	(363,941,150)
Loan Investment	13,346,793,723	14,049,256,551	(702,462,828)
Trade Receivable	1,097,788,771	2,913,412,119	(1,815,623,348)
Accruals, Advances and Other Receivables	1,817,534,143	1,867,727,434	(50,193,291)
Inventory	282,334,450	532,235,825	(249,901,375)
Capital WIP	3,230,364,196	4,578,540,898	(1,348,176,702)
Prepayments and Other Non-Financial Assets	990,339,004	1,007,140,562	(16,801,558)
Investment in Mutual Fund	209,429,700	190,000,000	19,429,700
Investment in Equity	253,866,964	204,436,000	49,430,964
Investment in Associates	1,612,435,580	2,463,341,250	(850,905,670)
Long Term Loan and Advances	978,745,695	1,158,956,448	(180,210,753)
Contract Cost Assets	417,353,639	-	417,353,639
Translation Gain/(Loss)	13,034,643	-	13,034,643
Liability and Provisions	-	-	-
Defined Benefit Plan Provision-Non contributory	9,099,715,046	(27,434,683,030)	(36,534,398,077)
Defined Benefit Plan Provision-Contributory	630,333,061	-	(630,333,061)
Provision for Telecom Allowance	868,578,664	-	(868,578,664)
Provision for Staff Bonus	1,733,838,989	-	(1,733,838,989)
Provision for expenses	308,342,371	-	(308,342,371)
Net of Lease Liability/ ROU	402,598,608	-	(402,598,608)
Deferred Sim Activation Revenue	151,298,733	-	(151,298,733)
<b>Total</b>			<b>(30,306,262,224.00)</b>
	Tax Rate @	25% & 30%	<b>(9,034,045,773)</b>
Deferred Tax Liability / (Asset) - FY 2080-81(Restated)			<b>(8,187,907,204)</b>
<b>Deferred Tax Expense / (Income) FY 2024.25</b>			<b>(846,138,570)</b>
<b>Deferred Tax liability / (Asset) 16 July, 2025</b>			<b>(9,034,045,773)</b>
<b>Deferred Tax Expense / (Income) - FY 2024.25 P&amp;L</b>			<b>(809,988,402)</b>
<b>Deferred Tax Expense / (Income) - FY 2024.25 OCI</b>			<b>(36,150,168)</b>

## 26. GOVERNMENT GRANT

### ACCOUNTING POLICIES

Government Grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:

- (a) The entity will comply with the conditions attaching to them; and
- (b) The grants will be received.

Government Grant related to assets, including non-monetary grants at fair value, shall be recognised as deferred income which is recognised in profit or loss on a systematic basis over the useful life of the asset. Grants related to depreciable assets are recognised in profit or loss over the periods and in the proportions in which depreciation expense on those assets is recognised.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

### EXPLANATORY NOTES

<b>Deferred Government Grant</b>		Fig in NPR
<b>Years</b>	<b>Income Tax</b>	<b>TDS</b>
Opening Balances	1,661,198,871	1,517,075,728
Addition during the year	393,151,246	338,595,042
Income recognized during the year	(230,288,881)	(194,471,900)
<b>Closing Balances</b>	<b>1,824,061,236</b>	<b>1,661,198,871</b>

## 27. ASSETS HELD FOR SALE

### EXPLANATORY NOTES

The Group holds dismantled assets, mainly in the nature of maintenance returns and scraps that are in the process to be sold. In addition to the scraps and dismantled assets there are some assets that are already notified for auction sale. These assets have been retired from the books and are represented at zero or Re 1 carrying amount. As per the requirement of NFRS 5 'Non-Current Assets Held for Sale and Discontinued Operation', these are to be valued at fair value less cost of sale.

Considering the significance of such assets, which management feels are low in terms of materiality these have not been recognised in the consolidated financial statements. Furthermore, there are practical difficulties in determining the value of such assets. Management assumes that the impact of such assets in terms of Group's financial position and performance will be negligible.

There is no discontinued operation of the Group.

## 28. INTEREST IN OTHER ENTITIES

### ACCOUNTING POLICIES

The Group follows NFRS 12 'Disclosure of Interest in Other Entities' for disclosing the extent of the investment, control and influence.

### EXPLANATORY NOTES



## Interest in Other Entities – Percentage of shareholding

	16 July, 2025	15 July, 2024
Trishuli Jalvidhyut Company Limited	41.42%	41.42%
Upper Tamakoshi Hydropower Limited	6.00%	6.00%
Vidhyut Utpadan Company Limited	3.21%	3.21%
Nagarik Stock Dealer Company Limited	12.86%	12.86%
	<b>Treatment</b>	<b>Treatment</b>
Trishuli Jalvidhyut Company Limited	Associate	Associate
Upper Tamakoshi Hydropower Limited	Associate	Associate
Nagarik Stock Dealer Company Limited	Associate	Associate
Vidhyut Utpadan Company Limited	Equity Investment	Equity Investment
National Fund Management Limited	Equity Investment	Equity Investment

The group holds 41.42% of equity investment as at reporting date in Trishuli Jalvidhyut Company Limited. However, the group does not hold control of Trishuli Jalvidhyut Company Limited, therefore Trishuli Jalvidhyut Company Limited is continued to be recognized as an associates.

The Capital structure of Trishuli Jalvidhyut Company Limited is structured in such a way that the group will ultimately hold 30% and the current equity holding is just a temporary effect.

## 29. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

### EXPLANATORY NOTES

NAS 33 'Earnings per Share' requires that earnings per share (EPS) information be presented in the financial statements. The Group's ordinary shares or potential ordinary shares are traded in a listed stock exchanges and the Group files its financial statements with the respective regulatory bodies.

### Earnings Per Share

Fig in NPR

	16 July, 2025	15 July, 2024 (Restated)
<b>Profit Attributable to shareholders</b>	5,963,162,423	7,901,020,424
Number of Shares (weighted average)	180,000,000	180,000,000
<b>EPS (Basic)</b>	33.13	43.89
<b>EPS (Diluted)</b>	33.13	43.89

There are no instruments of the group, current or prospective that will have any bearing on dilution of Earnings per Share. Therefore, the group has same basic and diluted EPS.

## 30. CONTINGENCIES AND CAPITAL COMMITMENTS

### 30.1 CONTINGENT LIABILITIES

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably.

#### 30.1.1 Tax related dispute

The final tax assessments for Income Years 2014.15 through 2020.21 have been completed, and the Group has received reassessment orders relating to both Tax Deduction at Source (TDS) and Income Tax. The Group filed an Administrative Review appeal with the Director General of the Inland Revenue Department and has deposited the required amounts in this regard. The Group made an appeal to the Revenue Tribunal against the final assessment order for the Income Year 014.15 and 2015.16.

**Earnings Per Share**

Fig in NPR

Years	Deposit made for Administrative Review	Deposit made for Revenue Tribunal
2014.15	83,662,881	143,097,863
2015.16	155,613,123	
2016.17	35,610,870	
2017.18	15,462,584	
2018.19	23,064,641	
2019.20	4,935,375	
2020.21	-	
<b>TOTAL</b>	<b>318,349,474</b>	<b>143,097,863</b>

Except for Income Year 2014.15, the reassessment matters for the remaining years are currently under review, and the decisions are pending resolution. The group has received the final decision from the Supreme Court regarding the Income Tax assessment for fiscal year 2014.15, which upheld the earlier ruling of the Revenue Tribunal. Following the Supreme Court's decision, the group has submitted a request to the Tax Office for reassessment of Income Year 2014.15. The response to this request is still pending.

Based on the Supreme Court's decision, the contingent liability for Tax Deduction at Source (TDS), VAT and Income Tax and the fine amount up to the date of settlement would exist against the group for Income Year 2016.17, 2017.18, 2018.19, 2019.20, and 2020.21 respectively, if the appeal goes against the group.

Fig in NPR

Fiscal year	Income tax	VAT	TDS
2014.15	212,889,516		4,793,900
2015.16	412,889,067		6,253,413
2019.20		11,256,344	
<b>Total</b>	<b>625,778,583</b>	<b>11,256,344</b>	<b>11,047,313</b>

**30.1.2 Legal cases**

The group has received a decision from the Labour Court in respect of a dispute filed by 21 contract labourers relating to wage claims against the group. The group has subsequently filed an appeal before the Supreme Court, which has granted a stay order on the execution of the Labour Court's decision. The matter is pending adjudication before the Supreme Court. Based on management's assessment, should the final decision be adverse to the group, an estimated liability of NPR 9,608,056 would become payable.

During the current financial year, the Commission for the Investigation of Abuse of Authority (CIAA) has filed a case before the Special Court in relation to procurement-related matters involving 14 officials of the group. Pending the final decision of the Supreme Court, payment of financial compensation to the concerned officials has been withheld. In the event the decision is rendered in favour of the officials, the group would be liable to pay the withheld compensation amount of NPR 720,511.

During the current fiscal year, the group has taken disciplinary action against 26 employees.

There are 42 major legal cases against the group pending in the court of law during the year. Liability, if those are decided against the group, could not be assessed reliably; management feels that such liability would not be significant requiring quantified disclosure except the matter provided in above note 30.1.1 about Tax related dispute.

**30.1.3 Dispute with Nepal Telecommunication Authority (NTA)**

There is a dispute with NTA regarding the payment of frequency fee from fiscal Year 2006.07 in Frequency Band 2100MHz. The Supreme Court made a decision with that respect, and the group paid NPR. 350,026,230 (including NPR. 6,000,000 for FY 2024.25), including applicable fines and penalties to Ministry of Communication and Information Technology. The issue is still under discussion in the Ministry of Communication and Information Technology after NTA filed an appeal for review of the same.



The contingent liability of NPR 1.31 billion for frequency fee and the fine amount up to the date of settlement, if any, would exist against the group, if the appeal goes against the group.

### 30.2 COMMITMENTS

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets such as network infrastructure and IT systems. These amounts are not recorded in the statement of financial position since the Group has not yet received the goods or services from the supplier. The amounts below are the minimum amounts that the Group is committed to pay:

<b>Capital Commitments</b>		Fig in NPR	
<b>Particulars</b>	<b>16 July, 2025</b>	<b>15 July, 2024</b>	
Commitment for Civil Works	161,895,098	88,817,232	
Commitment for Procurement of Plant & Equipment	6,548,332,414	6,200,674,742	
<b>Total</b>	<b>6,710,227,512</b>	<b>6,289,491,974</b>	

## 31. RELATED PARTY DISCLOSURES

### ACCOUNTING POLICIES

The Group follows requirements of NAS 24 Related Parties and other legal requirements for disclosures of related party transactions and balances.

### EXPLANATORY NOTES

#### 31.1 IDENTIFICATION OF RELATED PARTY DISCLOSURES

Following has been identified as related parties of the Group:

- 1.The Government of Nepal - which is the principal owner of the Parent company (please refer Share Capital note 13)
- 2.Directors of the company
- 3.Key Management Personnel of the company - all personnel level 11 and above are considered to influence management decision of the company.
- 4.Relatives of directors and key management personnel
- 5.Nepal Telecom employee retirement Fund maintained with Citizen Investment Trust (CIT) & Employee Provident Fund (EPF)
- 6.Nepal Telecom employee retirement Fund earmarked with Nepal Bank Limited, Rastriya Banijya Bank Limited and Agricultural Development Bank Limited and with other bank and Financial Institutions.
- 7.Trishuli Jal Vidhyut Company Limited
- 8.Upper Tamakoshi Hydropower Limited.
- 9.Nagarik Stock Dealer Company Limited.
- 10.Rastriya Banijya Bank Limited (RBB).

#### 31.2. TRANSACTIONS WITH RELATED PARTIES

##### 31.2.1. Transaction with Government of Nepal

The Parent company has contributed NPR 18,460,685,187 on account of tax and non-tax revenue to government treasury. It also paid NPR 4,940,794,800 dividend on equity share investment.

		Fig in NPR	
<b>Particulars</b>	<b>16 July, 2025</b>	<b>15 July, 2024</b>	
Advance Tax including withholding tax	650,000,000	1,700,000,000	
Value Added Tax-Collection Deposited	3,764,297,320	3,461,087,208	
Telecom Service Charge- Collection Deposited	3,230,737,216	3,144,794,737	
Ownership Fee- Collection Deposited	614,823,207	684,193,353	
Custom duty -Paid on import	142,981,676	175,127,300	
Royalty and RTDF -Liability Paid	2,051,252,986	2,158,060,109	
Frequency Fee	2,423,647,955	2,046,595,006	
Dividend	4,940,794,800	6,587,726,400	
Property Tax	53,377,133	58,273,766	
Licence Fee	3,00,000	16,989,500,000	
Tax Deducted at Source (TDS)	588,502,894	4,587,949,832	
<b>Total</b>	<b>18,460,715,187</b>	<b>41,593,307,711</b>	

Service charges collection for providing telecommunication services to the Government of Nepal has been charged on commercial terms. During the year, the group has generated revenue of NPR 195,733,528 for availing various telecommunication services to various offices of the Government of Nepal.

Regulatory charges provided to the Nepal Telecommunication Authority (an autonomous regulatory body established by GoN) has been made as per the legal and regulatory requirements

### 31.2.2 DIRECTORS AND KEY MANAGEMENT PERSONNEL

During the year ended 16 July 2025, neither any directors nor any key management personnel or any associate or family member (relative) of the directors and key management personnel was indebted to the Group.

There has been no material transactions or proposed transactions with directors and key management personnel or their relatives and associates except for the compensations and/or remuneration paid under the Group's regulations.

### 31.2.3 Intra- Group Transaction:

The following transactions have been carried out during the current year between the Group on arm's length principle.

Nature of transactions	Transaction amount		Outstanding balance Receivable/ (payable)
	Dr.	Cr.	
House Rent Expenses		3,600,000	
Telephone and Internet Expenses		220,219	8,114
Reimbursement of salary		298,531	7,594,462
Commission for Electricity Bill Payment	5,367,500		22,352,000
MPOS Purchase		29,562,660	
<b>Total</b>	<b>5,367,500</b>	<b>33,681,410</b>	<b>29,954,576</b>

Fig in NPR

### 31.2.4 Balances with / by related parties:

- Balances with Nepal Telecom employment retirement fund maintained with Citizen Investment Trust (CIT) and Employee Provident Fund (EPF) is disclosed under Defined benefit plan in Note 12.2.
- The equity investment in Trishuli Jal Vidhyut Company Limited/ Upper Tamakoshi Hydropower Ltd/ Nagarik Stock Dealer Company Ltd. and share of profit/(loss) has been disclosed under Investments in Associates in Note 5.
- The equity investment in Trishuli Jal Vidhyut Company Limited has been pledged to Nabil Bank Ltd under consortium project financing. In addition, the company has given corporate guarantee amounting to NPR 2.30 billion as well.
- The Loan Investment in Upper Tamakoshi Hydropower Ltd has been disclosed under Loan Investments in Note 9.1.6

## 32. DISCLOSURE ON RECLASSIFICATION AND RESTATEMENT

Material prior period errors shall be corrected retrospectively either by restating the comparative amounts for the prior period(s) in which the error occurred; or when the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for that period so that the financial statements are presented as if the error had never occurred.

In this respect, the prior period errors of parent's are restated retrospectively by restating the opening balances of assets, liabilities and equity with following effects:

- In FY 2023.24, Plant and Machinery were understated by NPR 121,860,329, while accumulated depreciation relating to Plant and Machinery and Heating and Lighting was understated by NPR 116,837,260 and NPR 226,808, respectively. The comparative figures for the corresponding previous year have been restated, and the cumulative impact has been adjusted against opening retained earnings in the current financial year.
- The opening carrying amount of PPE of FY 2023.24 has been restated by NPR 17,336,975 by the depreciation of prior period capitalized assets and the closing carrying amount has been restated by NPR 5,910,407, with corresponding restatement in retained earnings and previous year's Profit and Loss.
- During the current financial year, certain items of Plant and Machinery relating to the FTTH category that had been erroneously classified under the PSTN category in prior years were reclassified to the FTTH category. This reclassification resulted in a change in the depreciation charge.



Accordingly, the carrying amount of Plant and Machinery has been restated by NPR 57,125,577, and the corresponding previous year's profit or loss has been restated by NPR 29,867,864.

- d) During the current financial year, the opening balance of deferred government grants has been restated by NPR 3,249,730 and adjusted against opening retained earnings. This adjustment arose from the reclassification of certain items of Plant and Machinery from the PSTN category to the FTTH category
- e) Opening retained earnings have been adjusted by NPR 11,128,038 in respect of adjustments to Right-of-Use assets and lease liabilities. In addition, the comparative figures for the previous year have been restated to reflect an increase in finance costs on lease liabilities of NPR 22,748,199 and amortization of Right-of-Use assets of NPR 25,675,859.
- f) In a prior year, the tax base of Plant and Machinery amounting to NPR 2,137,570,430 was erroneously overstated as a result of which the current tax expense of the respective years was to correct this error, opening retained earnings have been adjusted by NPR 177,952,738, and the corresponding previous year's figures have been restated by NPR 69,497,758.
- g) The investment in associates has been restated by NPR 152,026,570. The share of results of associates has been restated by the same amount in profit and loss of corresponding previous year.
- h) Deferred employee expenses have been restated by NPR 363,747,688, with a corresponding restatement of reserves. This adjustment arises from a change in the measurement methodology for employee loans, from a portfolio-based approach to an individual employee-level assessment.
- i) The Defined Benefit Obligation joining before 2009 has been restated by NPR 138,894,075 and the retained earnings have been given effect of the same amount. The Plan Assets for the employees joining before 2009 have been restated by NPR 77,452,546 with corresponding restatement in Cash and Cash Equivalent of the same amount. Similarly, the Defined Benefit Obligation and Plan Assets of the employees joining after 2009 has been restated by NPR 307,587.
- j) The Deferred Tax Assets have been restated by NPR 54,136,730 for tax loss being carried out different in the financial statement than tax return with the corresponding effect in previous year figure.
- k) With respect to the deferred tax calculation on the Net Defined Benefit Obligation, the deferred tax assets and the corresponding deferred tax reserve of the previous year have been restated by NPR 2,673,370,471, with a comparative adjustment for the preceding year amounting to NPR 1,707,841,393.
- l) With respect to the deferred tax calculation on the Contract Cost Assets, the deferred tax liability and the corresponding deferred tax reserve of the previous year have been restated by NPR 117,167,470, with a comparative adjustment for the preceding year amounting to NPR 7,621,959.
- m) With respect to the deferred tax calculation on the Deferred Sim Activation Revenue, the deferred tax assets and the corresponding deferred tax reserve of the previous year have been restated by NPR 46,727,266, with a comparative adjustment for the preceding year amounting to NPR 3,088,115.
- n) The opening figure of investment in the unlisted shares has been restated by NPR 35,571,449, with a corresponding effect on the Profit & Loss of the previous period.
- o) As a result of restatement and reclassification of above-mentioned amount, amount of NPR 3,810,834,595 has been adjusted in Deferred Tax Reserve and Deferred Tax Assets.

### **33. EVENT OCCURRING AFTER REPORTING PERIOD**

During September 8, 9 2025, various properties and operational assets of Nepal Telecom, including buildings, mobile towers, vehicles, and telecommunication equipment located in Birtamod, Biratnagar, Birgunj, Pokhara, Singhadurbar, Kapan, Sundhara, Kirtipur, Tripureshwor, and Gongabu, were damaged or destroyed due to the Gen-Z protest incidents. The total estimated loss arising from these events amounts to NPR 73,390,728 based on management's assessment. The affected assets were insured at the time of occurrence, and the group has submitted the insurance claims to the respective insurers for compensation. The recoverable amount from insurance shall be recognised upon confirmation and approval of the claims by the insurance companies. Any unrecoverable portion of the loss will be recognised in profit or loss in accordance with applicable accounting standards. Except for the under-stated post reporting period event there are no material events that has occurred subsequent to 16 July 2025 till the signing of these financial statements on 22 December 2025.

## 34. PRIOR PERIOD ADJUSTMENTS AND EXCEPTIONAL ITEMS

Previously reported financial statements and financial statements for the current financial year as reported has been restated in compliance with the requirements of NFRS.

The following adjustments are made for the identified omissions and misstatements for the financial year 2024.25 as per the provision of NAS 8. Net prior period amount of NPR 994,881.36 has been adjusted to the identified financial year. In case where such identification could not be made, adjustment has been made in the opening equity.

Particulars	Fig in NPR	
	Expenditure	Income
Operating Income		25,276
Operating Expenses	1,020,157	
Total	1,020,157	25,276
Net Effect		994,881

Exceptional items wherever they occur are disclosed separately.

## 35. OTHER DISCLOSURES

### 35.1 EXCHANGE RATES USED

Exchange Rates	16 July, 2025	15 July, 2024
USD: NPR	137.00	133.36
EURO: NPR	159.91	145.46
GBP: NPR	184.19	173.29

### 35.2 THE FIGURES FOR THE PREVIOUS PERIOD HAVE BEEN REGROUPED/REARRANGED WHEREVER NECESSARY TO MAKE THEM COMPARABLE WITH THE CURRENT PERIOD'S FIGURES

As per our report of even date

**RADHIKA ARYAL**  
CHAIRPERSON

**SABINA MASKEY PRADHAN**  
MANAGING DIRECTOR

**NARENDRA BHATTARAI, FCA**  
KUBER N. BHATTARAI & CO.  
CHARTERED ACCOUNTANTS

**PRAKASH JUNG THAPA, FCA**  
P.J.P.N & CO.  
CHARTERED ACCOUNTANTS

**ARUNA JOSHI**  
DIRECTOR

**TANKA PRASAD PANDEY**  
DIRECTOR

**SUBAS CHANDRA SHIWAKOTI**  
DIRECTOR

**MANISH JUNG JOSHI**  
DIRECTOR

**LOK BAHADUR KATUWAL**  
DIRECTOR

**RAJENDRA ARYAL**  
CHIEF FINANCIAL OFFICER

**KARNA BAHADUR SHRESTHA**  
FOR MANAGER

DATE : **22 DECEMBER, 2025**  
PLACE : **KATHMANDU**



# Milestones

1913	Establishment of First Telephone Line in Kathmandu	2005	Soft Launch of CDMA
1914	Establishment of Open Wire Trunk Link from Kathmandu to Raxaul (India)	2005	Access Network Services Introduced
1935	Installation of 25 Lines Automatic Exchange in Royal Palace	2005	Outsourcing of PSTN Telephone Inquiry Service (197)
1936	Installation of Open Wire Trunk Line from Kathmandu to Dhankuta	2005	FIN PSTN Credit Limit PCL Service Launched
1950	Establishment of Telegram Service	2006	FIN Nepal Direct Home Country Direct (HCD Service) Launched
1950	Introduction of High Frequency Radio System (AM)	2006	Introduction of IVR 190 Service for PSTN Fault Complaint in Kathmandu Valley
1950	Establishment of CB Telephone Exchange (100 lines) in Kathmandu	2006	CDMA Limited Services in Kathmandu Valley
1951	Installation of Open Wire Trunk Line from Kathmandu to Palpa	2006	10+2 Results Published via IVR 1601 Service
1955	Distribution of Telephone Line to General Public	2006	PSTN Voice Mail Service (VMS) Launched
1962	First Public Telephone Exchange In Kathmandu (300 lines CB)	2007	National Roaming for CDMA Mobile (SkyPhone) Started
1964	Beginning of International Telecommunications Service using HF Radio to India and Pakistan	2007	Expansion of Internet Bandwidth via Optical Link between Nepal & India
1965	First Automatic Exchange in Nepal (1000 lines in Kathmandu)	2007	PSTN Bill Inquiry Service Started via 1606 IVR Service
1971	Introduction of Telex Service	2007	VOIP Call Complaint Registration Started via 188 IVR Service
1974	Microwave Transmission Links Establishment for Internal Trunk	2007	GPRS, 3G and CRBT Services Introduced in GSM Mobile
1982	Establishment of Standard "B" Type Earth Station for International Circuits	2008	Broadband ADSL Service Launched
1982	Establishment of SPC Telex Exchange	2008	IVR Service 1607 Started for GSM and CDMA PUK Inquiry
1983	Establishment of Digital Telephone Exchange	2008	IVR 198 Service Extended for ADSL Fault Complaint Registration
1984	Commencement of STD Service	2008	PSTN VMS-Notice Board Service
1984	Rural Telecom Service (JICA) Started	2009	IVR 198 Service Extended Outside KTM Valley
1987	Commencement of ISD Service	2009	IVR 1606 Service Extended Outside Kathmandu Valley
1995	Installation of Optical Fiber Network	2009	SMS Service from GSM to CDMA Mobile Started
1996	Conversion of all Transmission Link to Digital Transmission Link	2009	Postpaid CDMA Mobile Service Started
1996	Automation of the Entire Telephone Network	2010	EasyPhone (SoftPhone) SIP PCC Service Launched
1996	Independent International Gateway Exchange Established	2010	All 3915 VDCs Served by Nepal Telecom's Services
1997	Introduction of VSAT Services	2010	Volume Based ADSL Service Launched
1997	Digital Link with D.O.T. India through Optical Fiber in Birgunj Raxual	2011	Easy Phone (SoftPhone) SIP PPP Service Launched
1998	Direct Link with Bangladesh Established	2011	GSM 3G Data Card Service Introduced
1999	Launching of GSM Mobile Postpaid Service	2011	First International Carrier Partner's Meet Organized by NT
2000	Implementation of SDH Microwave Radio	2012	WiMAX 4G Service Launched
2000	Launching of Internet Service	2012	IP-CDMA System Commissioned
2001	Launching of Payphone Service	2012	Convergent Real Time Billing and Customer Support System Launched
2001	International Roaming Service Started in GSM Mobile	2013	IP-Based Wireline Network (NGN) Service Launched
2002	East West Highway Optical Fiber Project Started	2014	Wi-Fi Hotspot, NT Official Mobile App
2003	GSM NAMASTE Prepaid Service Launched	2015	FTTH Service Launched
2004	Establishment of NEPAL TELECOM (Transformation from Corporation to Nepal Doorsanchar Company Limited)	2015	Social Site 'Meet' Launched
2004	FIN EasyCall Pre-paid Calling Card Service (PCC Services) Launched	2016	NT PRO Service Launched
2004	SLC Results Published Through 1600 IVR Service	2017	4G/LTE Service Launched
2005	FIN Advanced FreePhone Service (AFS) Launched	2018	Operation of Optical Fiber Link between Kerung Border of Nepal and China
		2019	4G/LTE Service Extended in all Provinces
		2020	4G/LTE Service Extended in 77 Districts
		2021	NTTV Service Launched
		2022	Commercial launch of VOLTE & VILTE Service
		2025	Commercial Launch of VoWiFi Service



# Nepal Telecom


RASTRAKO SANCHAR

## Nepal Doorsanchar Company Limited

Central Office, Bhadrakaliplaza, Kathmandu

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