

**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**

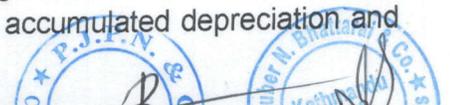
The Company entered the contract for the nationwide 4G/LTE network covering Core and Radio Access Network (RAN) I and II, with an aggregate contract value of NPR 19.68 billion, which were required to be completed within 12 months by February 2020 (Falgun 16, 2076). Due to non-completion within the stipulated 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**

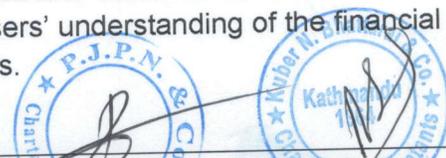
The financial statements include sundry creditors amounting to NPR 7.98 billion (Previous Year NPR 8.92 billion), which comprise several long outstanding and unexplained balances. These include, among others, NPR 31.6 million relating to bank cheque returns, NPR 62.8 million relating to bid bond forfeited 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

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.

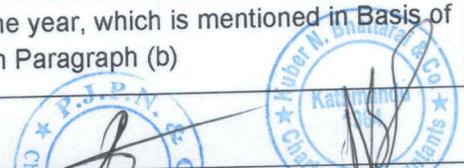
**KEY AUDIT MATTERS**

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
<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</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</p>

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**

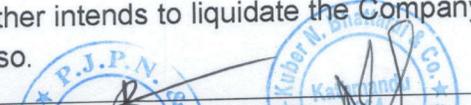
The Company's management is responsible for the preparation of the other information. The other information comprises the information included in the management report, the report of the Board of Directors, the Chairperson's statement and Managing Director's statement but does not include the financial 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.

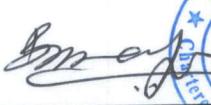


We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards. 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. 251223CA00037tW6Wd



Nepal Doorsanchar Company Limited  
Bhadrakali Plaza, Kathmandu

Standalone Statement of Financial Position

As at Ashadh 32, 2082 (16 July, 2025)

Figures in NPR

Particulars	Notes	Current Year Ashadh 32, 2082	Previous Year Ashadh 31, 2081 (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		441,104,749
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	10.1.2	8,972,463,744	8,147,545,104
Contract Cost Assets	26.3	417,353,639	365,151,702
	2		
<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		315,137,808
Employee Loan	10.1.2	369,246,192	983,950,227
Accruals, Advance & Others Receivables	10.1.3	1,817,534,143	1,516,047,428
Trade & Other Receivable	10.1.4	1,097,788,771	35,555,380,000
Term Deposits and Other Investments	10.1.5	29,757,000,000	294,540,242
Loan Investments	10.1.6	441,810,363	4,175,272,795
Cash & Cash Equivalents	10.1.7	9,550,231,571	46,548,006,321
<b>Total Current Assets</b>		<b>131,549,389,416</b>	<b>138,146,866,864</b>
<b>Total Assets</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		<b>98,347,356,799</b>	<b>97,459,706,697</b>
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	9,730,048,108	18,249,216,939
Deferred Government Grant	27	1,824,061,236	1,661,198,871
Financial Liabilities			59,987,070
Subscriber Deposits	10.2.1	56,224,136	2,164,421,073
Lease Liability	8	2,012,454,653	13,622,788,133
<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		319,324,040
Lease Liability	8	308,013,850	10,482,835,655
Current Liabilities	10.2.3	10,077,698,982	627,486,297
Trade Payable	10.2.2	849,929,600	252,910,307
Provisions	11	308,342,371	6,869,779,915
Non-Financial Liabilities	9.3	8,035,259,681	19,579,244,484
<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

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

Rajendra Aryal  
Chief Financial Officer

Karna Bahadur Shrestha  
For Manager



## Standalone Statement of Profit or Loss

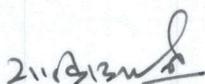
For the Year ended Ashadh 32, 2082 (16 July, 2025)

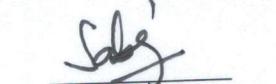
Figures in NPR

Particulars	Notes	Current Year FY 2081-82	Previous Year FY 2080-81 (Restated)
Revenue from contract with customers	16	33,894,522,688	34,560,265,983
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	26.2	(4,632,255,151)	(114,418,895)
Current Income Tax	26.3	788,768,472	(3,371,816,950)
Deferred Taxes		6,006,722,217	7,948,470,273
<b>Profit For the Period</b>		<b>33.37</b>	<b>44.16</b>
Earnings Per Share (Basic)		33.37	44.16
Earnings Per Share (Diluted)			
<b>Net Profit attributable to:</b>		<b>6,006,722,217</b>	<b>7,948,470,273</b>
Equity holders of the company			
Non-controlling interest			
<b>Profit For the Period</b>		<b>6,006,722,217</b>	<b>7,948,470,273</b>

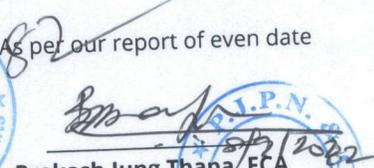
Significant Accounting Policies and Explanatory Notes are integral part of this financial statements.

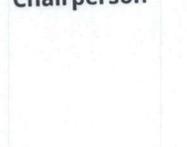
As per our report of even date

  
Radhika Aryal  
Chairperson

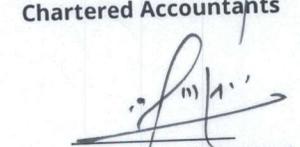
  
Sabina Maskey Pradhan  
Managing Director

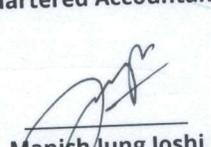
  
Narendra Bhattarai, FCA  
Kuber N. Bhattarai & Co.  
Chartered Accountants

  
Prakash Jung Thapa, FCA  
P.J.P.N & Co.  
Chartered Accountants

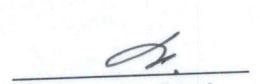
  
Aruna Joshi  
Director

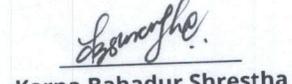
  
Tanka Prasad Pandey  
Director

  
Subas Chandra Shiwakoti  
Director

  
Manish Jung Joshi  
Director

  
Lok Bahadur Katuwal  
Director

  
Rajendra Aryal  
Chief Financial Officer

  
Karna Bahadur Shrestha  
For Manager



Nepal Doorsanchar Company Limited  
Bhadrakali Plaza, Kathmandu

## Standalone Statement of Other Comprehensive Income

For the Year ended Ashadh 32, 2082 (16 July, 2025)

Figures in NPR

Particulars	Notes	Group		Current Year	Previous Year
		Current Year FY 2081-82	Previous Year FY 2080-81 (Restated)	Current Year FY 2081-82	Previous Year FY 2080-81 (Restated)
<b>Profit for the Period</b>		5,963,162,423	7,901,020,424	6,006,722,217	7,948,470,273
<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	-	1,888,879,457	
Investments in Equity Instruments (FV changes)	13.2	(2,012,667,940)	1,751,369,620	(2,012,667,940)	1,751,369,620
Remeasurements of defined retirement benefit plans of employees	5	3,287,921	(212,999)	3,287,921	(212,999)
Shares of Other Comprehensive Income of Associates	26.3	36,150,168	(525,346,986)	36,150,168	(525,346,986)
Income Taxes relating to items that will not be reclassified					
<b>Total Comprehensive Income for the Period</b>		<b>5,878,812,029</b>	<b>9,126,830,059</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		5,895,499,415	9,144,755,556	5,922,371,824	9,174,279,908
Non-controlling interest		(16,687,386)	(17,925,497)		
<b>Total Comprehensive Income for the Period</b>		<b>5,878,812,029</b>	<b>9,126,830,059</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.

Radhika Aryal  
Chairperson

Sabina Maskey Pradhan  
Managing Director

Aruna Joshi  
Director

Tanka Prasad Pandey  
Director

Lok Bahadur Katuwal  
Director

Rajendra Aryal  
Chief Financial Officer

As per our report of even date  
  
Narendra Bhattarai, FCA  
Kuber N. Bhattarai & Co.  
Chartered Accountants

Subas Chandra Shiwakoti  
Director

As per our report of even date  
  
Prakash Jung Thapa, FCA  
P.J.P.N & Co.  
Chartered Accountants

Manish Jung Joshi  
Director

Karan Bahadur Shrestha  
For Manager

Date : 7 Poush, 2082  
Place : Kathmandu



Nepal Doorsanchar Company Limited  
Bhadrakali Plaza, Kathmandu

## Standalone Statement of Changes in Equity

For the Year ended Ashadh 32, 2082 (16 July, 2025)(Restated)

Figures in NPR

	Share Capital	Retained Earning	Deferred Tax Reserve	FVOCI Reserve	Revaluation Reserve	Total
<b>Particulars (FY 2080-81)</b>						
Balance as on Shrawan 1, 2080	18,000,000,000	42,228,075,646	9,913,516,551	-	23,509,660,706	93,651,252,903
Profit for the year	-	(296,871,494)	-	-	-	(296,871,494)
Dividend to equity shareholder	-	56,865	-	-	-	56,865
Bonus Share Issued	-	(203,974)	-	-	-	(203,974)
Cash Dividend paid	-	2,131,192,489	-	-	-	2,131,192,489
Transfer from Revaluation Reserve	-	(2,131,192,489)	-	-	-	-
Transfer to Revaluation Reserve	-	2,131,192,489	-	-	-	2,131,192,489
Transfer To Deferred Tax Reserve	-	-	(3,897,163,936)	-	-	(3,897,163,936)
Adjusted Opening Balance	18,000,000,000	41,931,057,044	12,044,709,040	-	23,509,660,706	95,485,426,789
Profit for the year	-	9,174,279,908	-	-	-	9,174,279,908
Dividend to equity shareholder	-	(7,200,000,000)	-	-	-	(7,200,000,000)
Bonus Share Issued	-	48,011,437	-	-	(48,011,437)	-
Cash Dividend paid	-	-	-	-	-	-
Transfer from Revaluation Reserve	-	3,897,163,936	-	-	-	3,897,163,936
Transfer to Revaluation Reserve	-	-	(3,897,163,936)	-	-	(3,897,163,936)
Transfer To Deferred Tax Reserve	-	-	8,147,545,104	-	23,461,649,269	32,755,140,377
Adjusted Opening Balance	18,000,000,000	47,850,512,324	8,147,545,104	-	23,461,649,269	97,459,706,697
Profit for the year	-	47,850,512,324	8,147,545,104	-	-	56,048,069,752
Dividend to equity shareholder	-	366,273,158	-	-	-	366,273,158
Bonus Share Issued	-	(1,020,157)	-	-	-	(1,020,157)
Cash Dividend paid	-	25,276	-	-	-	25,276
Transfer from Revaluation Reserve	-	(5,400,000,000)	-	-	(47,048,766)	(5,447,048,766)
Transfer to Revaluation Reserve	-	47,048,766	-	-	1,888,879,457	1,935,928,223
Transfer To Deferred Tax Reserve	-	(1,888,879,457)	-	-	-	(1,888,879,457)
Adjusted Opening Balance	18,000,000,000	48,215,790,601	8,147,545,104	-	23,461,649,269	97,824,984,975
Profit for the year	-	5,922,371,824	-	-	-	5,922,371,824
Dividend to equity shareholder	-	(5,400,000,000)	-	-	-	(5,400,000,000)
Bonus Share Issued	-	47,048,766	-	-	-	47,048,766
Cash Dividend paid	-	(1,888,879,457)	-	-	-	(1,888,879,457)
Transfer from Revaluation Reserve	-	(824,918,640)	-	-	-	(824,918,640)
Transfer to Revaluation Reserve	-	824,918,640	-	-	-	824,918,640
Transfer To Deferred Tax Reserve	-	-	8,972,463,744	-	25,303,479,961	34,275,943,705
Adjusted Opening Balance	18,000,000,000	46,071,413,093	8,972,463,744	-	25,303,479,961	98,347,356,799

Balance as on Ashadh 32, 2082

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

Radhika Aryal  
Chairperson

Aruna Joshi  
Director

Tanka Prasad Pandey  
Director

Sabina Maskey Pradhan  
Managing Director

Rajendra Aryal  
Chief Financial Officer

Subas Chandrab Shiwakoti  
Director

Karna Bahadur Shrestha  
For Manager

Mansh Jung Joshi  
Director

Prakash Jung Thapa, FCA  
P.J.P.N & Co.  
Chartered Accountants

Narendra Bhattarai, FCA  
Kuber N. Bhattarai & Co.  
Chartered Accountants

Nepal Doorsanchar Company Limited  
Chartered Accountants

As per our report of even date



Nepal Doorsanchar Company Limited  
Bhadrakali Plaza, Kathmandu

**Standalone Statement of Cash Flows**  
For the Year ended Ashadh 32, 2082 (16 July, 2025)

Figures in NPR

Particulars	Current Year	Previous Year
	FY 2081-82	FY 2080-81 (Restated)
<b>Cash Flow from Operating Activities</b>	<b>6,006,722,217</b>	<b>7,948,470,273</b>
<b>Net Profit for the Year</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	(5,371,264,700)	(7,172,067,804)
Dividend Paid		
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(5,371,264,700)</b>	<b>(7,172,067,804)</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>5,333,691,541</b>	<b>(1,264,804,958)</b>
Effect of exchange rate fluctuations on Cash and Cash equivalents	41,267,235	29,950,423
<b>Cash &amp; Cash Equivalents at Beginning of the Period</b>	<b>4,175,272,795</b>	<b>5,410,127,330</b>
<b>Cash &amp; Cash Equivalents at the End of the Period</b>	<b>9,550,231,571</b>	<b>4,175,272,795</b>

Significant accounting policies and explanatory notes are integral part of this financial statements.

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

As per our report of even date

