



Nepal Doorsanchar Company Limited
Bhadrakali Plaza, Kathmandu

Condensed Consolidated Statement of Financial Position

As at Poush 29, 2077 (13 January, 2021)

NPR in '000

	Group		Company	
	Current Period As at Poush 29, 2077	Previous Year As at Ashadh 31, 2077	Current Period As at Poush 29, 2076	Previous Year As at Ashadh 31, 2077
Assets				
Non-Current Assets				
Intangible Assets	135,640	14,694	135,640	14,694
Property, Plant and Equipment	47,891,524	45,949,151	47,889,236	45,949,151
Capital Work-in-Progress	12,953,852	13,726,176	12,953,852	13,726,176
Investment	17,216,244	14,490,814	17,115,133	14,490,814
Deferred Tax Asset	9,907,452	9,018,039	9,907,452	9,018,039
Employee Loan	3,791,558	3,659,712	3,791,558	3,659,712
Contract Cost Assets	312,122	278,722	312,122	278,722
Total Non-Current Assets	92,208,393	87,137,308	92,104,993	87,137,308
Current Assets				
Inventory	416,977	257,862	416,977	257,862
Prepayment and Current Tax Assets	2,328,889	1,685,504	2,329,134	1,685,504
Accruals, Advance & Others Receivables	2,283,951	351,474	2,284,301	351,474
Trade Receivable	3,000,816	2,255,210	3,000,816	2,255,210
Investment	43,449,080	41,690,720	43,449,080	41,690,720
Cash & Cash Equivalents	11,580,884	11,912,383	11,521,198	11,912,383
Total Current Assets	63,060,597	58,153,152	63,001,505	58,153,152
Total Assets	155,268,990	145,290,460	155,106,498	145,290,460
Equity and Liabilities				
Equity				
Share Capital	15,000,000	15,000,000	15,000,000	15,000,000
Reserve and Surplus	80,373,533	76,842,186	80,370,054	76,842,186
Total Equity attributable to Equityholders	95,373,533	91,842,186	95,370,054	91,842,186
Non Controlling Interest	153,224			
Total Equity	95,526,756	91,842,186	95,370,054	91,842,186
Non-Current Liabilities				
Post Employment Benefits	16,083,902	15,448,013	16,083,902	15,448,013
Deferred Government Grant	20,552	23,089	20,552	23,089
Subscriber Deposits	1,812,192	1,724,690	1,812,192	1,724,690
GSM License Fee Renewal	6,657,213	6,248,774	6,657,213	6,248,774
Total Non-Current Liabilities	24,573,858	23,444,565	24,573,858	23,444,565
Current Liabilities and Provisions				
Current Tax Liabilities				
Deferred Government Grant	5,074	5,074	5,074	5,074
GSM License Fee Renewal	3,962,200	3,962,200	3,962,200	3,962,200
Provisions	9,592,068	7,377,870	9,592,068	7,377,870
Current Liabilities	18,735,919	14,865,129	18,730,131	14,865,129
Other Non-Financial Liabilities	2,873,114	3,793,436	2,873,114	3,793,436
Total Current Liabilities and Provisions	35,168,375	30,003,709	35,162,586	30,003,709
Total Equity and Liabilities	155,268,990	145,290,460	155,106,498	145,290,460


Dilli Ram Adhikari
Managing Director

Condensed Consolidated Statement of Other Comprehensive Income

Profit for the period	1,775,922	3,294,986	2,392,371	4,939,150	1,771,625	3,289,394	2,392,371	4,939,150
Other Comprehensive Income								
Total Comprehensive Income for the Period	1,775,922	3,294,986	2,392,371	4,939,150	1,771,625	3,289,394	2,392,371	4,939,150
Net Profit attributable to:								
Equity holders of the company	1,775,433	3,292,874	2,392,371	4,939,150	1,771,625	3,289,394	2,392,371	4,939,150
Non-controlling interest	489	2,112	-	-	-	-	-	-
Earnings Per Share (Basic) - Annualized				65.86		43.86		65.86
Earnings Per Share (Diluted) - Annualized				65.86		43.86		65.86

(Signature)

Dilli Ram Adhikari
Managing Director

Notes to Condensed Consolidated Financial Statements:

- 1 Above presented figures are subject to change as per the directions, if any, of Statutory Auditor.
- 2 Group Financial Statements include Nepal Doorsanchar Company Limited. (Parent Co.) and Nepal Digital Payment Company Ltd. (Subsidiary Co.).
- 3 All inter-company transactions and outstanding balances among Group Companies are excluded in Group Financial Statements.
- 4 The financial information has been prepared in accordance with Nepal Accounting Standard 34 "Interim Financial Reporting". They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the last published audited financial statements.
- 5 The company consistently follows accounting policies and applies accounting estimates on consistent basis.
- 6 There has been no material change in accounting policies from the policies that have been disclosed in the last published audited financial statements.
- 7 For interim financial reporting the company makes estimates and assumption, wherever required, on the basis of past experience, budget, performance achievements and annualization of transactions. Therefore, the quarterly published interim financial reports may, on occasions, approximate the financial position and performance of the company. The adjustments, if required, are affected on annual basis in the audited financial statements.
- 8 The company was obligated to pay GSM License second renewal fee of NPR 20 billion. However Government of Nepal's decision dated 2076/02/10 rescheduled the payment of NRs. 20 Billion with the due amount to be paid in five annual installments starting from FY 2075/76.
- 9 As per the Government of Nepal's decision dated 2076/02/10, the company renewed its GSM license for Period 2076- 2081 by paying NPR 189 million during last financial year. A provision has been made for this financial year based on past obligation imposed by GON's decision.
- 10 Finance costs comprises of the unwinding of the GSM License fee liability carried at fair value using the applicable discount rates. These are non-cash expenditures charged to Statement of Profit or Loss to comply with requirement of NFRS.
- 11 Previous interim period's figures have been regrouped and rearranged wherever necessary.
- 12 The detailed interim report has been published in the website "www.ntc.net.np" of the Company.

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Dhire Ram Achikari
Managing Director

NEPAL DOORSANCHAR COMPANY LTD.
Disclosure as per Securities Registration and Issue Regulations, 2073
Related to sub-Regulation (1) of Regulation (26)
Quarterly Report as of Poush End 2077 (Jan 13, 2021)

1. Financial Statements

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

Published along with this report

B. Major Financial Ratios

Earning Per Share (Rs.)	43.86	Net worth per share (Rs.)	635.80
P/E ratio	28.80	Current Ratio	1.79
Total Assets per share (Rs.)	1034.04		

C. Related Party Disclosure

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

2. Management Analysis

Despite the challenging business environment in terms of competitive telecom landscape as well as increase in competition, operating expenses and operational unease created by COVID-19 outbreak, Nepal Telecom has managed to record a noteworthy performance by expanding its products/ services. It has adequate facilities in place and robust cash flows to meet its liquidity requirements for executing its business plans and meeting with any evolving requirements.

3. Details Related to Legal Proceedings

In the current period, there has been three legal cases registered against the company and two legal cases registered by the company.

4. Analysis of Company's Shares Transactions

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

Maximum Share Price	: NPR 1387
Minimum Share Price	: NPR 699
Closing Share Price	: NPR 1263
Total Number of Transactions	: 36493
Total Number of Shares Traded	: 9,179,435
Total Number of Transaction Days	: 58

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

5. Problems and Challenges

External:

- Fierce market competition
- Rapid development and advancement in telecom technologies
- Shift in business from voice business to data business as per global trends
- Negative Impact in international business due to Over The Top (OTT) applications and its revenue
- Changes in tastes & preferences of customers and available choices in the market for customers
- Catering to fast changing customers' expectations of services as per their demands
- Decline in flow of migrant workers in key employment destinations
- Compliance of procurement rules and regulations
- The coronavirus (COVID-19) outbreak resulting in restrictions on movement has a potential impact on network uses and resiliency resulting decrease in service income.
- Roaming and ILD impact due to COVID-19.

Internal:


Managing Director

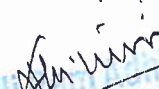


- Change in the work style of employees
- Lengthy deployment time for expansion projects affecting improvement in quality of services.
- Delay in service deliveries and maintenance mostly in remote areas
- Impact on service expansion, recharge sales channel and necessary service maintenance.

Strategies Initiated by Management to Solve the Problems and Challenges:

- Establishing modern telecommunication infrastructures for providing quality services in all the areas of Nepal and to cater customer needs and demands.
 - In order to gain competitive advantage over competitors, focus has been on new technologies such as GSM (4G, 3G, 2G), FTTH, NGN, Lease line for providing customers with quality services at reasonable prices.
 - Increasing Value Added Services (VAS) to cater changing customer preferences of telecommunication services.
 - Installation of additional and new equipment's of wireless services in order to cater the need created by the state restructuring and several districts of Terai Region uncovered in existing network. Initiation of regular monitoring process for the optimization of existing networks of the company.
 - Implementing Convergent Real Time Billing (CRTB) system for convergence of all the services of the company in order to provide one stop billing charging solution to the customers.
 - Establishing the technology related Customer Relationship Management (CRM) in order to solve the customer queries and grievances through Call Centers, Complain Desk.
 - Identification of possible areas and implementation of outsourcing mechanism of job performance on regular basis to increase the efficiency as well as effectiveness of the services provided by the company, as per necessity.
 - Providing counseling/ trainings to employees with customer focus to adopt in competitive business environment.
 - Planning to introduce Enterprise Risk Management and Revenue Assurance technologies.
 - Focusing on automation of business processes to reduce operation costs.
 - Implementing performance based incentives for business units/ NT offices and employees
 - Restructuring the organization structure as per its business need and National State/Province Structure
 - The company has established the Nepal Digital Payment Company Ltd to provide mobile financial services in collaboration with Rastriya Banijya Bank to explore the new avenue of revenues.
 - The company has invested in Nagarik Stock Dealer Company as an equity investment which is established in collaboration with Citizen Investment Trust and Nepal Reinsurance Company Ltd.
 - The company has implemented the nationwide 4G/LTE services to cater the increasing demand of customers. These services are currently provided in all 77 districts of Nepal. Further expansion is continuing.
 - The company has planned to substitute the PSTN/ADSL services to FTTH service which provides voice, data and IPTV services at a more efficient mode of transmission. The company has also initiated promotional offers to customers for the purpose of migration from PSTN/ADSL to FTTH service.
 - For providing quality telecommunication services, the company is committed to build and operate optical fiber networks under RTDF grant as awarded through agreement with NTA.
 - To neutralize the decreasing trend of interconnection revenue, the company has taken effective measures to maintain the revenue and it is expected that the decreasing impact on interconnection revenue will be offset from new revenue sources such as 4G/LTE and FTTH services.
 - The company has introduced various low cost service data packages to meet the increased demand of customer staying at home and remote working.
6. **Corporate Governance**
- Citizen Charter (Nagarik Badapatra), Employees Code of Conduct, Central level Governance Unit has been in practice in order to strengthen the Corporate Governance in the company.
 - Company has been providing necessary and important information to its customers along and other members of the public through its website as well as frequent media announcements in order to maintain transparency.
 - In order to strengthen the internal control mechanism of the Company, a separate Internal Audit and Inspection Department has been established. The department carries out audits of various departments of the company on a continuous manner and makes necessary recommendations to the Audit Committee. Accordingly, the Audit Committee holds regular meetings to implement the recommendations thereof.
7. **Declaration by Managing Director on Truthfulness of Information**
- I hereby, declare that all the information provided in this document is true, complete and factual and that I take personal responsibility for any deviations thereof. I also declare that the Company's information or data, that assist investors in making informed investment decisions, have not been misstated in any way.

Managing Director
Nepal Doorsanchar Company Limited


Dilip Kumar Bhandari
Managing Director