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**Bhutan Telecom Ltd**

# Annual Report 2025

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Registered Office

Drophen Lam 2/28, PO Box 134

Chubachu, Thimphu Bhutan

Tel: +975-2-343434

[www.bt.bt](http://www.bt.bt)

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## The Year in Review

The financial year ended 31 December 2025 was a year of strong overall performance for Bhutan Telecom Limited, marked by strong financial results, continued network expansion, strengthened operational resilience, and important progress on long-term strategic direction. The company significantly exceeded most financial targets, maintained a healthy financial position, and delivered substantial returns to its shareholder and the government. However, the Customer Satisfaction Index slightly missed the target, indicating the need for continued focus on service quality, responsiveness, and customer perception.

BTL recorded total revenue of Nu. 6,675.24 million in 2025, representing a growth of 4.75% compared to 2024. Profit before tax stood at Nu. 3,379.17 million, reflecting a growth of 1% over the previous year, while profit after tax stood at Nu. 2,279.79 million, reflecting a marginal decline of 3.28%. The company contributed Nu. 1,099.38 million as Corporate Income Tax, an increase of 11.26% over the previous year, and Nu. 341.38 million as license fee to BICMA. In addition, BTL paid a dividend of Nu. 2,371.00 million to DHI, bringing the total contribution to the government through taxes, license fee, and dividend to Nu. 3,811.75 million. The strong financial performance was driven by robust growth in mobile services and mobile handset sales, supported by disciplined cost management, healthy cash flows, and a strong balance sheet.

BTL continued to strengthen its customer value proposition by expanding service coverage and enhancing network capacity. During the year, the company added 25 new 5G nodes, built 89 new 4G sites including 14 sites in Gelephu Mindfulness City (GMC) and enhanced the capacity of existing 139 sites to improve mobile broadband reach and supporting growing data demand. The expansion of the IPLC link from 40 Gbps to 63 Gbps was another critical infrastructure achievement, enabling smoother data flow and more robust internet performance for both mobile subscribers and enterprise customers. The company also maintained exceptionally low customer churn, reflecting strong customer loyalty and continued trust in BTL's services. However, the slight shortfall in the Customer Satisfaction Index shows that network expansion and service availability must be matched by stronger customer experience, faster issue resolution, better communication, and more consistent frontline service.

Operationally, BTL made meaningful progress in strengthening resilience, governance, and internal capabilities. The deployment of SIEM tools enhanced cybersecurity monitoring and response capabilities, while the implementation of ITIL V4 strengthened IT service management and operational discipline. The company also demonstrated strong governance, with no unresolved or repeat audit issues identified during the year. In 2025, BTL invested over Nu. 1,139.36 million, with significant investments directed toward enhancing mobile network services. In addition, the company spent Nu. 15.42 million on employee talent development, reflecting its commitment to building internal capabilities and preparing its workforce for future technology and business requirements. These investments were essential to maintain network quality, expand capacity, strengthen organizational capability, and support future growth.

A major strategic milestone during the year was the successful launch of the Corporate Strategic Plan 2026–2035, which sets out a clear direction for BTL to defend and strengthen its core connectivity business while progressively diversifying into adjacent digital businesses and, over time, becoming an integrated digital service provider. The plan also provides a pathway for BTL's gradual evolution from a traditional telco to a more technology-driven company. It aligns closely with DHI's 10X Roadmap, which focuses on scaling digital infrastructure, accelerating innovation, and embracing diversification to remain resilient

and relevant in a rapidly evolving future. Through this strategic direction, BTL is positioned as one of the key enablers of DHI's 10X aspirations and an important contributor to GMC initiative and Bhutan's economic transformation.

Despite these achievements, BTL continued to face important challenges, including the loss of qualified and experienced employees, rapid technology changes requiring new capabilities, rising competition, and increasing saturation of the core connectivity market. The growing need to replace or modernize end-of-life systems at shorter intervals also poses a significant financial burden for telcos, although such investments are necessary to improve agility, reduce system risk, support product innovation, and enhance customer experience. Looking ahead, the proposed 50% reduction in data tariffs remains the most significant external risk, with potential to severely impact revenue in 2026. The company must therefore proactively engage with policymakers, optimize costs, retain critical talent, prioritize investments carefully, and accelerate diversification to protect financial sustainability while supporting national affordability objectives.

Overall, BTL delivered a financially sound and operationally resilient performance in 2025. The company achieved healthy revenue growth, maintained strong profitability, delivered significant contributions to the government and shareholder, expanded network infrastructure, strengthened cybersecurity and IT service management, and launched a long-term strategic plan for sustainable growth. Its ability to sustain this position in 2026 and beyond will depend on how effectively it improves customer satisfaction, manages tariff-related revenue risks, retains critical talent, modernizes key systems, and continues investing in reliable national connectivity and digital services.



Jamyang

Chief Executive Officer

## 1. Company Profile

### 1.1 Mission, Vision & Value Statements

- ❖ **Mission:** To connect people and enterprise with innovative and reliable digital solutions that enrich lives and drive national progress.
- ❖ **Vision:** To be the most trusted and preferred digital partner, shaping a connected, inclusive, and knowledge driven society.
- ❖ **Values**

#### Teamwork



- We collaborate across teams and functions, supporting one another to achieve the best outcomes for the company and our customers.

#### Integrity



- We conduct our business with honesty, transparency, accountability, and the highest standards of corporate ethics.

#### Growth



- We continuously develop our people, capabilities, and mindset through learning, innovation, and professional development.

#### Excellence



- We strive to deliver reliable, high-quality services by understanding customer needs, seeking feedback, and continuously improving what we do.

#### Responsiveness



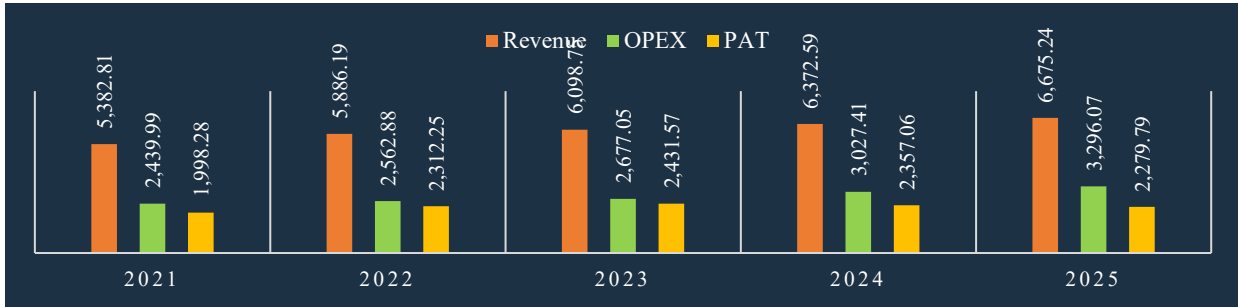
- We anticipate and respond quickly to the evolving needs of our customers, market, and business environment.





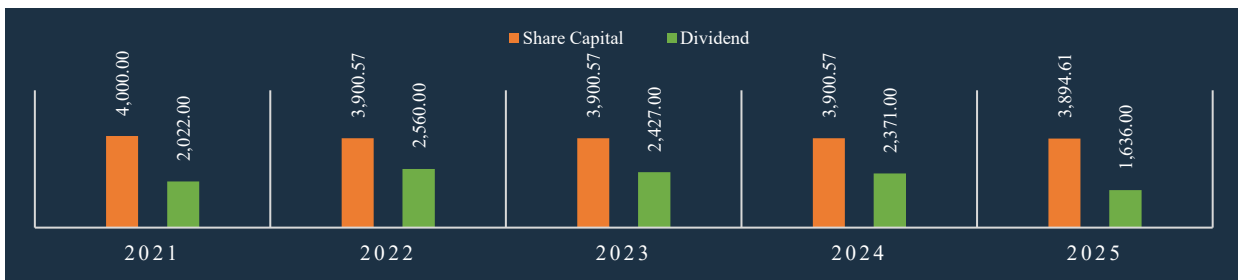
### 1.3 Financials

#### Revenue, Expenditure and Profit after Tax

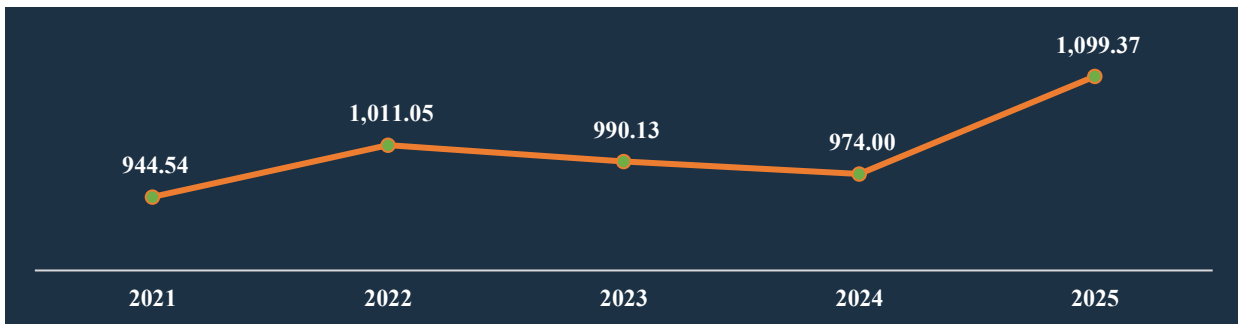


Year	2021	2022	2023	2024	2025
Revenue	5,382.81	5,886.19	6,098.75	6,372.59	6,675.24
OPEX	2,439.99	2,562.88	2,677.05	3,027.41	3,296.07
PAT	1,998.28	2,312.25	2,431.57	2,357.06	2,279.79

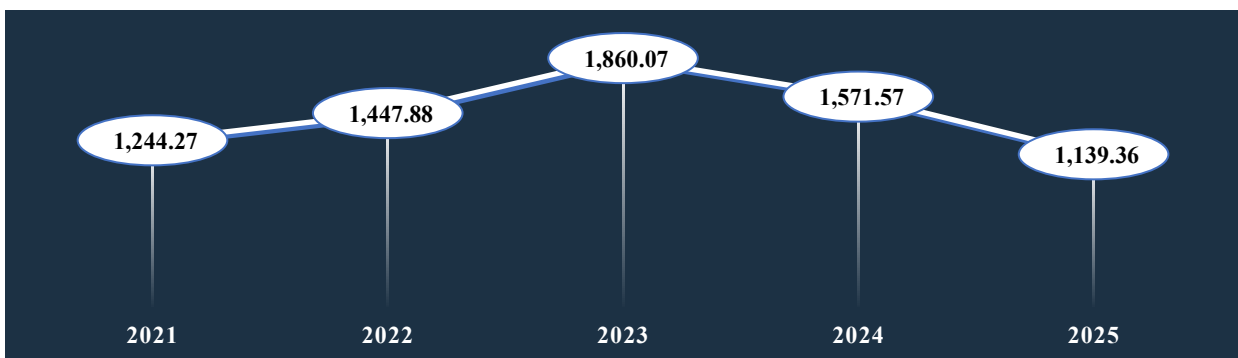
#### Dividend in Million Nu



#### Corporate Income Tax in Million Nu



#### Capital Expenditure in Million Nu



## 2. Board Directors



**Mr. Ujjwal Deep Dahal** is the Chief Executive Officer of Druk Holding and Investments. He has over 22 years of experience in project management, shaping energy strategies, driving innovation in science and technology, and leading research and development initiatives. Since March 8, 2024, he has been serving as a non-independent, non-executive director and Chairman of the BT Board.



**Dasho Tshewang C. Dorji** is the Secretary of the Ministry of Education and Skills Development. He has over 32 years of experience in government service and has served as the Ambassador of Bhutan to Thailand, Singapore, Myanmar, and Australia. Since April 13, 2022, he has been serving as a non-independent, non-executive director on the BT Board.



**Mr. Kinzang Tobgay** is the Chief Executive Officer of Lhojong Construction Private Limited. He has over 25 years of experience in the corporate and financial sectors, including as Director of Finance of Druk Holding and Investments. Since March 8, 2024, he has been serving as an independent, non-executive director on the BT Board.



**Mr. Sonam Penjor** is the Director of the Department of Media, Creative Industry and Intellectual Property under the Ministry of Industry, Commerce & Employment. He has over 22 years of experience in public policy and economic planning, holding key roles across the Ministry of Finance, the NCWC, and the Cabinet Secretariat. Since March 8, 2024, he has been serving as a non-independent, non-executive director on the BT Board.



**Mrs. Kuenga Zam** is the Director of the Department of Digital Transformation at the GovTech Agency. She has over 19 years of experience in project planning and management, as well as business analytics, having held key roles in the Royal Civil Service Commission and the GovTech Agency. Since March 8, 2024, she has been serving as a non-independent, non-executive director on the BT Board.



**Mr. Karma Chophel** is the Associate Director of Investment Abroad Division at Druk Holding and Investments Limited. He has over 13 years of experience in global portfolio management, capital market investments, corporate finance, project finance, and risk management. Since March 8, 2024, he has been serving as a non-independent, non-executive director on the BT Board.



**Mr. Jamyang** is the Chief Executive Officer of Bhutan Telecom Limited. He has more than 23 years of experience in telecom industry with deep expertise in business strategy and project management. He holds a Master of Business Administration from Curtin University, Australia and Bachelor of Engineering in Electronics and Communication from Delhi College of Engineering (now Delhi Technological University), India.



### 3. Management Team



**Mr. Jamyang** is the Chief Executive Officer of Bhutan Telecom Limited. He has over 23 years of experience in telecom industry with deep expertise in business strategy and project management.



**Mr. Karma Tshewang** is the Director, Technical Department with more than 29 years of work experience in the field of management and telecommunications.



**Mr. Sangay Wangdi** is the Director, Business Department with more than 23 years of work experience in the field of Marketing and Finance.



**Mr. Jambay Sither** is the General Manager, Operations Division with more than 32 years of work experience in the field of telecommunications.



**Mr. Chendra Dorji** is the General Manager, Finance & Accounts Division with more than 17 years of work experience in the field of Finance and Accounts.



**Ms. Kinga Choden** is the General Manager, Customer Services Division. She has more than 19 years of work experience in IT, Marketing, and telecom billing and CRM.



**Ms. Kezang Choden** is the General Manager, Corporate Support Services Division. She has 25 years of work experience in the field of Human Resource Management



**Mr. Budhi Krishna Adhikari** is the General Manager, Information Technology Division with more than 15 years of experience in a range of positions in value-added services, system engineering, and enterprise networking.

## 4. Directors' Report

### Introduction

On behalf of the Board of Directors and Management of Bhutan Telecom Limited, I am pleased to present the Directors' Report for the Financial Year 2025. This report outlines the Company's operational performance, audited financial statements, corporate governance, corporate social responsibility initiatives, key challenges, and the strategic direction for the year ahead.

### Operational Highlights

In line with its social mandate, Bhutan Telecom continued to expand mobile connectivity in urban centres, remote villages, and along national highways by upgrading 139 existing LTE (4G) sites and deploying an additional 89 new LTE sites nationwide. These investments strengthened network infrastructure to meet the growing demand for mobile data services and to support major national events. During the year, the Company enhanced cellular network capacity in Changlimithang and adjacent areas to ensure reliable connectivity during the Global Peace Prayers, one of the largest events in the country, reinforcing its role as a critical national telecommunication service provider.

To further strengthen capacity, security, and service delivery, the Company implemented targeted technology and network initiatives. Key interventions included upgrading the IPLC transit backbone through the replacement of five transit routers in Singapore and Bhutan, completing a cybersecurity compliance assessment, and implementing ITIL-aligned tools for Problem and Demand Management to improve operational efficiency. The deployment of a Security Information and Event Management (SIEM) system enhanced real-time threat monitoring, while digital signing for all official correspondence was enabled through the Bhutan National Digital Identity (NDI) system. International connectivity was also strengthened through the establishment of a Mumbai Point of Presence (POP) Demux service, supported by IPLC links and CDN cross-connects, alongside the rollout of 26 new ISP POPs nationwide.

The Company recorded growth across key service segments during the year, reflecting sustained demand for its core connectivity offerings. The active mobile subscriber base increased from 465,281 in 2024 to 471,017 by the end of 2025, while leased line internet subscriptions increased from 7,453 to 8,625 over the same period. The Company also maintained 1,987 active fixed broadband internet subscriptions and served 5,705 fixed-line customers as of year-end. Growth was driven largely by enterprise and institutional customers, highlighting the importance of reliable, high-capacity network infrastructure.

Human capital development remained a key strategic priority. During the year, the Company implemented a range of training and certification programmes to strengthen technical and managerial capabilities, including 11 events and seminars, 16 ex-country trainings, 20 domestic trainings, and three online courses. At the end of 2025, the workforce comprised 613 employees, including 536 regular employees, nine contract employees, 52 ESPs, 12 employees on deputation, and four local caretakers. During the year, 23 employees were recruited to support operational and strategic requirements, while 31 employees resigned from the Company, highlighting ongoing challenges in talent retention.

### Financial Position and Key Financial Performance Highlights

The company performed well financially, generating Nu 6,675.24 million in revenue for the period ending December 31, 2025, reflecting a 4.75% increase from the previous year. Along with revenue growth, the profit before tax has also grown by over 1%. However, profit after tax decreased by 3.28% to Nu 2,279.79 million, primarily due to higher operational costs, investments in network infrastructure, and adjustment of deferred taxes due to change in the CIT rate. Despite this, the company remains focused on improving profitability through strategic cost management and continued service enhancements.

### Financial highlights for 2025:

#### Revenue (in Billion Nu.)

Nu. 6.675 b 4.75%

#### Expenditure (in Billion Nu.)

Nu. 3.296 b 8.87%

The Revenue marked a growth of 4.75% and the Operating Expenditure increased by 8.87% in 2025.

#### Cash from Operations in Billion Nu.

Nu. 3.417 b 2.63%



#### PBT in Billion Nu.

Nu 3.379 b 1.02%

#### PAT in Billion Nu.

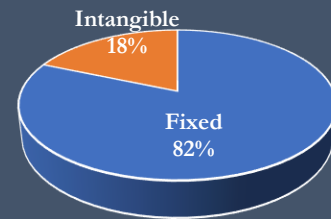
Nu 2.279 b 3.28%

The PBT increased by 1.02% and PAT decreased by 3.28% in 2025.

#### Assets in Billion Nu.

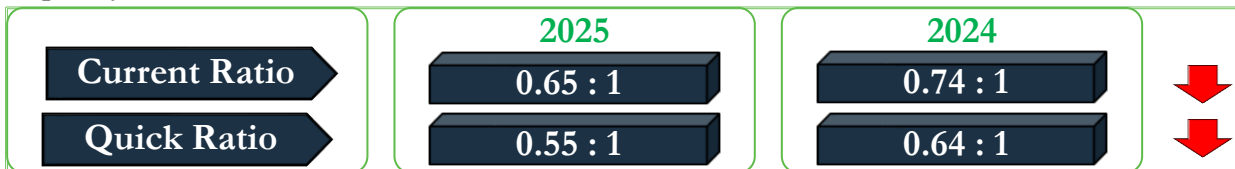
Tangible Assets Nu 4.896 b

Intangible Assets Nu 1.060 b



The overall percentage increase in asset is 0.27% in 2025

#### Liquidity

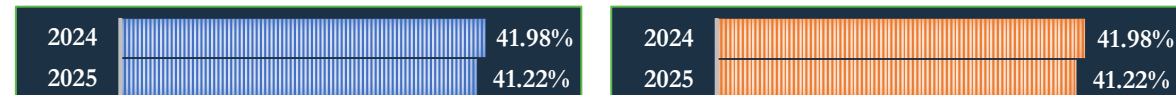


The current ratio decreased from 0.74:1 to 0.65:1 in 2025, and the quick ratio decreased from 0.64:1 in 2024 to 0.55:1 in 2025.

#### Profitability

##### Return on Capital Employed

##### Return on Equity



Both RoCE and RoE decreased from 41.98% to 41.22% in 2025

#### Audit Issues:

The Company was audited by statutory auditors, GSA & Associates LLP, Chartered Accountants based in Delhi, India. The audit revealed no significant observations of concern.

## Board's Recommendation of Dividend

The dividend of Nu. **1,636** million is recommended for 2025, which accounts for **72%** of the Profit-After-Tax (PAT) of the year.

## Corporate Governance

The Company adheres to the Corporate Governance Code and Ownership Policy established by Druk Holding and Investments Limited (DHI), in addition to the Companies Act 2016 and other applicable statutory requirements. The continuous business review process and the systematic implementation of related action points have further strengthened the Company's corporate governance framework. Following the integrity pledge signed with the Anti-Corruption Commission (ACC) on 27 December 2017, the Company has continued to uphold a robust business code of conduct and internal control environment, with established procedures to mitigate the risks of fraud, non-compliance, and financial loss.

All members of the Board of Directors are appointed by DHI and subsequently endorsed at the Company's Annual General Meetings. DHI also conducts orientation programs to familiarize newly appointed Directors with their fiduciary duties, roles, and responsibilities. At the end of 2025, the Board comprised seven Directors, including the Chief Executive Officer, and met ten times during the year, in addition to holding a Mid-Term Review and the Annual General Meeting. The Board was supported by three Committees (the Board Audit Committee, the Board Human Resources Committee, and the Board Tender Committee), which provided focused oversight in their respective areas.

## Corporate Social Responsibility

As part of its Corporate Social Responsibility (CSR) commitments, the Company continued to expand telecommunication services to remote and commercially unviable regions, ensuring that underserved communities have access to essential connectivity. These efforts reflect the Company's mandate to bridge the digital divide and promote inclusive nationwide communication, even where service provision may not be financially viable. In addition, the Company supported events of social and national importance by providing free internet services to facilitate connectivity and public participation. Beyond infrastructure and service initiatives, the Company contributed Nu. 151,215 towards various social causes, including community development programs, educational sponsorships, and other welfare initiatives, reinforcing its continued commitment to social responsibility and national development.

## Challenges and Way Forward

As a national telecommunications service provider, Bhutan Telecom continues to operate in a challenging and rapidly evolving environment. One of the key challenges during the year was the attrition of skilled and experienced employees, with 31 staff resignations, largely driven by opportunities abroad. This loss of critical talent poses risks to operational continuity and capability development. To address this, the Board and Management, in collaboration with DHI, are implementing targeted measures to strengthen talent retention, workforce engagement, and succession planning. In addition, the Company faces pressure from rapid technological advancements, intensifying competition, and evolving industry standards, which necessitate sustained capital investment to meet rising service demand and maintain network quality. The proposed government-mandated tariff reductions present a further challenge, with potential implications for financial sustainability and increased network utilization that could exacerbate system congestion, degrade quality of service, and affect revenue generation.

Customer experience remains a key area of focus. In 2025, the Company's Customer Satisfaction Index (CSI) improved to 3.77 compared to 2024, although it fell short of the target score of 4.00. The survey results indicate that Customer Care and Service Efficiency were the strongest performing dimensions, reflecting the effectiveness of front-end service delivery and the professionalism of staff. However, lower satisfaction levels in Value for Money and Complaint Handling highlight the need for further improvement, particularly in technical areas such as data speed, network reliability, and outage management, which require immediate and sustained strategic attention.

Going forward, and in response to intensifying regulatory pressures, market saturation, OTT substitution, and emerging competition from satellite broadband, Bhutan Telecom enters the 2026–2035 planning horizon with a clear strategic imperative to transition from a traditional connectivity provider into a future-ready digital service provider. The Company's strategy is anchored on strengthening financial resilience while accelerating digital transformation, with a focus on defending and modernizing the core connectivity business through network modernization, operational efficiency, and cost discipline. This is complemented by the progressive diversification of revenue into enterprise ICT, cloud, and data center services, cybersecurity, IoT, and other digital platforms. Execution will follow a phased three-horizon roadmap of defending the core, diversifying through adjacencies, and ultimately reinventing as a national digital platform leader, supported by disciplined capital allocation, workforce upskilling, ecosystem partnerships, and enhanced digital customer experiences. Together, these strategic directions position Bhutan Telecom as the backbone of Bhutan's digital economy, aligning its public mandate with long-term commercial sustainability and DHI's 10X transformation agenda.

### **Acknowledgements**

We extend our sincere appreciation to the Company's valued customers for their continued loyalty, cooperation, and support during the year. Despite certain service shortcomings, the Company remained committed to improving customer experience through substantial investments in 2025 and will continue to invest progressively in 2026. With the improvements implemented and the trust placed in the Company to date, we remain confident of our customers' continued support. The Company also acknowledges the invaluable guidance and unwavering support of Druk Holding and Investments Limited (DHI) throughout 2025, which enabled the successful execution of several major initiatives and ensured the continuity of essential telecommunications services. The Board and Management place on record their sincere thanks to DHI and all other stakeholders for their support during the year. Finally, the Board expresses its deep appreciation to the Management and employees of Bhutan Telecom for their dedication and contributions, and looks forward to their continued commitment and success in the year ahead.

On behalf of the Board of Directors



(Ujjwal Deep Dahal)

**CHAIRMAN**



## 5. Corporate Governance

Bhutan Telecom Limited is mostly compliant with the provisions of the Corporate Governance Code and the Ownership Policy developed and introduced by its owner Druk Holding and Investments Limited (DHI), the Companies Act of Bhutan 2016, and other statutory requirements.

### Board of Directors

All the members of the Board of BT are identified and appointed by the DHI. All appointments are submitted to the BT's Annual General Meetings for endorsement. The BT Board Comprised of Seven Directors, including the Chief Executive Officer. Necessary disclosures about each Board Director are provided below:

Name:	Address	Category	Appointment to present term	Cessation	Term
Mr. Ujjwal Deep Dahal	CEO, DHI.	Non-Independent, Non-Executive	March 08, 2024		1 <sup>st</sup> Term
Dasho Tshewang C. Dorji	Secretary, MoE & SD	Non-Independent, Non-Executive	March 08, 2024		2 <sup>nd</sup> Term
Mr. Kinzang Tobgay	CEO, Lhojong Construction Pvt. Ltd.	Independent, non-executive	March 08, 2024		1 <sup>st</sup> Term
Mr. Sonam Penjor	Director, DoMCI&IP, MoICE	Non-Independent, Non-Executive	March 08, 2024		1 <sup>st</sup> Term
Ms. Kuenga Zam	Director, DoDT GovTech Agency	Non-Independent, Non-Executive	March 08, 2024		1 <sup>st</sup> Term
Mr. Karma Chopel	Associate Director, Investments, DHI	Non-Independent, Non-Executive	March 08, 2024		1 <sup>st</sup> Term
Mr. Jamyang	CEO, Bhutan Telecom	Non-Independent, Executive	September 04, 2026		

### Board Meetings

A total of ten board meetings were held in 2025 and the meetings were held as frequently as required and gap between any two meetings never exceeded three months, as required by the Companies Act of Bhutan 2016. Board Meetings in 2025 were held on the following dates:

#	# Meeting Number	Date	Status
1	202 <sup>nd</sup> Board Meeting	February 13, 2025	Held
2	203 <sup>rd</sup> Board Meeting	February 19, 2025	Held
3	204 <sup>th</sup> Board Meeting	March 27, 2025	Held
4	205 <sup>th</sup> Board Meeting	April 22, 2025	Held
5	206 <sup>th</sup> Board Meeting	June 27, 2025	Held
6	207 <sup>th</sup> Board Meeting	July 22, 2025	Held
7	208 <sup>th</sup> Board Meeting	August 20, 2025	Held
8	209 <sup>th</sup> Board Meeting	September 30, 2025	Held
9	210 <sup>th</sup> Board Meeting	November 7, 2025	Held
10	211 <sup>th</sup> Board Meeting	November 21, 2025	Held

**Board Attendance:**

Board Meetings	202 <sup>nd</sup>	203 <sup>rd</sup>	204 <sup>th</sup>	205 <sup>th</sup>	206 <sup>th</sup>	207 <sup>th</sup>	208 <sup>th</sup>	209 <sup>th</sup>	210 <sup>th</sup>	211 <sup>th</sup>	Total
	3-Feb	19-Feb	27-Mar	22-Apr	27-Jun	22-Jul	20-Aug	30-Sep	7-Nov	21-Nov	
Mr. Ujjwal Deep Dahal (Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Dasho Tshewang C. Dorji	✓	✓	⊙	✓	⊙	✓	✓	✓	✓	⊙	7/10
Mr. Kinzang Tobgay	✓	✓	✓	✓	✓	✓	✓	⊙	✓	✓	9/10
Mr. Sonam Penjor	✓	✓	⊙	✓	✓	✓	✓	✓	✓	⊙	8/10
Ms. Kuenga Zam	✓	✓	✓	⊙	✓	⊙	✓	✓	⊙	✓	7/10
Mr. Karma Chopel	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Mr. Karma Jurme (CEO)	✓	✓	✓	✓	✓	✓	✓	<i>Retired</i>			7/7
Mr. Jamyang (CEO)								✓	✓	✓	3/3
Meeting Quorum	7/7	7/7	5/7	6/7	6/7	6/7	7/7	6/7	6/7	5/7	

**⊙Leave of Absence**

The calendar for the Board Meetings during the entire year is proposed at the beginning of the year. The calendar is reviewed and the date for the next Board Meeting is confirmed in every Board Meeting. All the Board Meetings in 2025 were held at the Conference Hall of the Company’s Headquarter in Chubachu, Thimphu, and also used virtual meeting platforms. The agenda and related documents for the Board Meetings are generally circulated to the Board Members at least five working days in advance of the Meetings.

The following Board Committees are in place:

1. Board Audit Committee (BAC).
2. Board Tender Committee (BTC).
3. Board HR Committee (BHRC).

**Board Audit Committee (BAC):**

The Board Audit Committee was established to monitor the internal control system and internal audit activities. The Committee held four meetings in 2025 on the following dates:

- 45<sup>th</sup> BAC Meeting was held on March 20, 2025.
- 46<sup>th</sup> BAC meeting was held on July 16, 2025.
- 47<sup>rd</sup> BAC meeting was held on October 13, 2025.
- 48<sup>th</sup> BAC meeting was held on December 30, 2025



Meeting	45 <sup>th</sup> BAC	46 <sup>th</sup> BAC	47 <sup>th</sup> BAC	48 <sup>th</sup> BAC
Mr. Kinzang Tobgay (Chair)	✓	✓	✓	✓
Ms. Kuenga Zam	✓	⊙	✓	✓
Mr. Karma Chophel	✓	✓	⊙	✓
Mr. Kelzang Chophel (Secretary)	✓	✓	✓	✓

### Board Tender Committee (BTC):

The Board Tender Committee was established to make decision and approve works/ procurements which are beyond the management's authority. The Committee held one meeting in 2025 on the following date:

1. 41<sup>st</sup> BTC Meeting was held on January 6, 2025.

Meeting Number:	41st BTC
Mr. Sonam Penjor (Chair)	✓
Mr. Karma Chophel	✓
Mr. Karma Jurme	✓
Mr. Sangay Wangdi (Secretary)	✓

### Board HR Committee (BHRC):

The Board HR Committee was established to make decisions on HR related issues which are beyond the authority of the management. The Committee held five meetings in 2025 on the following dates:

1. 71<sup>st</sup> BHRC Meeting - 19th June 2025
2. 72<sup>nd</sup> BHRC Meeting - 11th August 2025
3. 73<sup>rd</sup> BHRC Meeting - 27th October 2025
4. 74<sup>th</sup> BHRC Meeting - 25th November 2025

Meeting Number:	71 <sup>st</sup> BHRC	72 <sup>nd</sup> BHRC	73 <sup>rd</sup> BHRC	74 <sup>th</sup> BHRC
Mr. Karma Jurme	✓	✓	<i>Retired</i>	
Mr. Jamyang			✓	✓
Mr. Karma Chophel	✓	✓	✓	✓
Ms. Kuenga Zam (Chair)	✓	✓	✓	✓
Ms. Kezang Choden (Secretary)	✓	✓		
Mr. Sangay Wangdi (Offtg. Secretary)			✓	✓

### Board Remuneration

Name of the Board Directors	Particulars	Sitting Fees		Remarks
		2025	2024	
Mr. Ujjwal Deep Dahal	Chairperson	129,000	64,000	Appointed during the 21 <sup>st</sup> AGM
Dasho Tshewang C. Dorji	Director	64,000	68,000	Reappointed during the 21 <sup>st</sup> AGM
Mr. Kinzang Tobgay	Director	101,000	80,000	Appointed during the 21 <sup>st</sup> AGM
Mr. Sonam Penjor	Director	78,000	64,000	Appointed during the 21 <sup>st</sup> AGM
Ms. Kuenga Zam	Director	99,000	64,000	Appointed during the 21 <sup>st</sup> AGM
Mr. Karma Chophel	Director	152,000	88,000	Appointed during the 21 <sup>st</sup> AGM
<b>Total</b>		<b>623,000</b>	<b>540,000</b>	

### Chief Executive Officer's Remuneration

Name	Particulars	2025	2024
Mr. Jamyang	Salary	1,034,280	-
(Present)	Leave travel concession	-	-
	Leave Encashment	39,100	-
	Salary Arrears	-	-
	Bonus and PBVA	-	-
	Contribution to superannuation fund	59,670	-
	Sitting fess	45,000	-
	<b>Total</b>	<b>1,178,050</b>	<b>-</b>
Name	Particulars	2025	2024
Mr. Karma Jurme	Salary	2,569,584	3,780,936
(Retired)	Leave travel concession	-	15,000
	Leave Encashment	114,832	133,286
	Salary Arrears	-	-
	Bonus and PBVA	634,746	634,746
	Contribution to superannuation fund	156,000	228,492
	Sitting fess	93,000	136,000
	<b>Total</b>	<b>3,568,162</b>	<b>4,928,460</b>

### Annual General Meeting

The 23<sup>rd</sup> Annual General Meeting was held on March 23, 2026 at BTL CHQ, Chubachu and attended by the Shareholder, Board Directors and the key members of the management team. The 23<sup>rd</sup> Annual General Meeting transacted the following business items:

- Ratification of the Minutes of 22<sup>nd</sup> Annual General Meeting.
- Consideration of audited accounts for the financial year ending December 31, 2025, Auditor's Report and Directors' Report.
- Declaration of remuneration for CEO and Directors.
- Declaration of dividend.
- Retirement and appointment of Directors.
- Appointment of Auditors.
- Review and assessment of Compact 2025.

## 6. Key Events & Highlights

### 6.1 BT Day Celebration

BT Day was observed on May 17 in line with World Telecommunication and Information Society Day, led globally by the International Telecommunication Union. The occasion highlighted the vital role of telecommunications in connecting communities, enhancing digital access, and supporting national development. Employees and stakeholders marked the day through various activities, reflecting on the organization's progress in delivering reliable and inclusive communication services.

The celebration also emphasized the importance of innovation, digital inclusion, and sustainable practices. It served as an opportunity to reaffirm the commitment to expanding connectivity, improving customer experience, and contributing to a more digitally empowered and connected society.



## 6.2 Service Award Ceremony



*Gold Medal Recipients*



*Silver Medal Recipients*

***The Service Medal Ceremony honoured employees for their dedication, loyalty, and invaluable contributions to the organization's success.***

## 6.3 Service Launch

### Launch of Handset EMI Scheme to Corporate Employees and Civil Servants

In February 2025, BTL introduced the Handset EMI Scheme to provide corporate employees and civil servants with easier access to smartphones through affordable and flexible instalment plans. The initiative was designed to ease the financial burden of upfront payments, making modern devices more accessible to a wider segment of customers.

Through this scheme, BTL aims to promote digital inclusion and encourage the adoption of smart technologies, enabling users to better access digital services, communication platforms, and online resources. It also helped hundreds of customers upgrade their mobile devices, aligning with the ongoing digital transformation journey and the shift towards a more connected and technology-driven society.

### Product Diversification

BTL marked a significant step in its product diversification journey by introducing Apple products to its portfolio from February 2025. This strategic initiative was undertaken to provide customers with access to premium and globally recognized devices, thereby enhancing choice and value.

The introduction of Apple products supports the organization's commitment to meeting evolving customer needs and aligning with global technology trends. It further contributes to improving customer experience by offering high-quality devices that complement BTL's digital services ecosystem.

## 7 Independent Auditor's Report

To,  
The Members of  
Bhutan Telecom Limited (BTL)

### Opinion

We have audited the financial statements of **Bhutan Telecom Limited** (the company), which comprise the Statement of Financial Position as at **December 31, 2025**, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and Notes to the financial statements, including significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at **December 31, 2025** and its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

### Emphasis of Matter

We would like to draw your attention to Note 36 to the financial statements, which explains that during the financial year ended December 31, 2025, management identified an error in the computation of deferred tax assets pertaining to earlier periods. Accordingly, the comparative figures for the year ended December 31, 2024 have been restated, and a third balance sheet as at January 01, 2024 has been presented, in accordance with the requirements of "BAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors", to give effect to the correction of the error and the related reclassification of affected balances in the Statement of Financial Position and the Statement of Comprehensive Income.

Our opinion is not modified with respect to this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sl.No.	Key Audit Matter	Auditor's Response
1	<p><b>Revenue</b></p> <p>We considered accuracy and completeness of revenues relating to prepaid and postpaid mobile services as a key audit matter because of the complexity of the IT systems, significance of volumes of data processed by the IT systems and the impact of changing pricing models (tariff structures and discounts, etc.). Refer note 4 "Revenue recognition" for accounting policies, and note 24 on disclosures</p>	<p><b>Our audit procedure included the following:</b></p> <ul style="list-style-type: none"> <li>We obtained an understanding, evaluated the design and tested the operating effectiveness of (i) controls over recording of revenue relating to prepaid and postpaid mobile services; and (ii) control over reconciliations;</li> <li>We performed substantive analytical procedures over the significant revenue streams;</li> <li>We tested inter se reconciliations between relevant IT systems (such as billing system, prepaid application systems, active customer database) and with general ledger, and performed verification of revenue recognized, deferred and</li> </ul>



	related to Revenue from operations in the financial statements.	<p>unbilled revenue. Further, we have also performed data analytics and trend analysis;</p> <ul style="list-style-type: none"> <li>We verified the appropriateness of the accounting policies and the disclosures related to Revenue from operations in note 4 and note 24 respectively in the financial statements.</li> </ul>
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**Information other than financial statement & Auditor’s Report thereon**

The company’s board of directors is responsible for the other information. The other information comprises the information included in Annual Report but does not include the financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit report of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and if required issue a revised Audit report on financial statement.

**Responsibilities 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 BAS, 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 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 is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we have exercised professional judgment and maintained professional scepticism throughout the audit. Our responsibilities are to:

- i. Identify and assess the risks 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 basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the Company's internal control;
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that 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 audit report. However, future events or conditions, particularly those mentioned in note 45 of the financial statements, may cause the Company to cease to continue as a Going concern; and

- v. 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.

We communicate 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 identify during our audit.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 266 of the Companies Act of Bhutan 2016, we enclose the Minimum Audit Examination and Reporting Requirements as *Appendix I* with statements on the matters specified therein to the extent applicable.

Further, as required under Section 265 of the Companies Act of Bhutan 2016, we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account as required by the Companies Act of Bhutan, 2016, have been kept by the Company insofar as it appears from our examination of those books;
- The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with BAS; and
- Based on the information, explanations and management representations received during the course of our audit, the Company has complied with other legal and regulatory requirements to the extent applicable to the Company.

For **GSA & Associates LLP**

Chartered Accountants

Firm Registered No: **000257N/ N500339**



(Tanuj Chugh)  
Partner

M. No. 529619

Place: **New Delhi**

Date: 28<sup>th</sup> April, 2026

## 8 Minimum Audit Examination and Reporting Requirements

### *As required by Section 266 of the Companies Act of Bhutan, 2016*

As required by section 266 of the Companies Act of Bhutan 2016, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we report as follows:

#### **General:**

- a) The current year evaluation of the Company on corporate governance scorecard, as required by its Holding Company, is still pending. In the absence of the said evaluation, we are unable to comment on the complete adherence by the Company for Corporate Governance Guidelines and Regulations as applicable to them.
- b) The governing board/authority pursue a prudent and sound financial management practice in managing the affairs of the company.
- c) The financial statements are prepared applying the Bhutanese Accounting Standards issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
- d) The proper books of accounts have been maintained and financial statements are in agreement with the underlying accounting records.
- e) The adequate records as specified under Section 228 of the Companies Act of Bhutan 2016 have been maintained.
- f) Based on the information and explanation provided by the management, there is no mandatory obligations social or otherwise, entrusted on the Company to fulfil.
- g) The amount of tax is computed correctly and reflected in the financial statements.

#### **Regulatory norms in examining the accounts of the corporations subject to such statutory audit contains the following:**

- 1.a) The Company has maintained Property, Plant & Equipment Register showing full particulars including quantitative details and situation of PPE.
- b) The Company has a program of physical verification of Property, plant and equipment "PPE", so to cover at least PPE pertaining to one region in a year, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to information explanation given to us, no material discrepancies were noticed on such verification.
2. The fixed assets of the Company have not been revalued during the year under audit.
3. As explained to us, physical verification of inventories has been conducted at reasonable intervals by the management for reconciling Inventories between the System and actual physical inventories.
4. In our opinion, the procedures followed for physical verification of inventories are considered reasonable and adequate in relation to the size of the Company and the nature of its business.
5. According to information given to us, the Company is conducting physical verification of Inventory on quarterly basis and there was no material discrepancies noticed during review of quarterly reports. Wherever variations are identified, the same have been properly dealt with in the books of accounts.
6. On the basis of our examination and information's given to us, the Company has maintained reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the respective jobs, commensurate with its size and nature of its business.
7. In our opinion and basis of information given to us, the quantitative reconciliation is carried out at the end of accounting year in respect of all major items of inventories by the Company.
8. The Company has adequately created provision for obsolete, damaged, slow moving and surplus goods/inventories which is based on policy of the Company. The Company has unused provision balance of Nu. **11.86** million as at December 31, 2025.
9. As explained to us, the obsolete and surplus inventories were disposed off and proceeds from such disposals are accounted for appropriately.
10. According to information given to us, the approval of appropriate authority is obtained for writing off amounts due to material loss/discrepancies in physical/book balances of inventories including Tele equipment, stores and spares.



11. On the basis of our examination of stock records, we are satisfied that the valuation is fair and proper in accordance with the applicable Accounting Standards issued by the Accounting and Auditing Standard Board of Bhutan (AASBB). The basis of valuation of stock is same as that in the previous year. In addition, the Company has adequate provision for non-moving inventory lying for long time (refer to clause 8).
12. According to information given to us, the rate of interest and the other terms and conditions of loans availed by the company whether secured or unsecured are prima facie not prejudicial to the interest of the company.
13. In our opinion and information given to us, the Company has refrained from granting loans to other parties which are *ultra-vires* to the Article of Incorporation and other relevant Acts and regulations.
14. According to information given to us, the advances granted to officers/staffs are in keeping with the provision of service rules. No excessive/frequent advances are granted and accumulation of large advances against particular individual is avoided.
15. In our opinion and according to the information and explanations given to us, the Company has established system of internal control in place to ensure completeness, accuracy, and reliability of accounting records, for carrying out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the rules & regulations, systems and procedures. Although there are certain improvements required in few of the processes, as highlighted in management appraisal report.
16. According to the information and explanation given to us, the Company has reasonable system of authorization at proper levels, and adequate system of internal control commensurate with the size of the Company and nature of its business, on issue of stores and allocation of materials and labour to jobs.
17. In our opinion and according to information and explanations given to us, the Company has reasonable system of obtaining competitive bids/quotations from the vendors in respect of purchase of stores, plant & machinery, equipment and other assets commensurate with the size of the Company and nature of its business. Although there are certain improvements required in the process of bid evaluations for tenders, as highlighted by the RAA in their preliminary Compliance Audit Report.
18. (a) As informed to us, there is no transaction for purchase and sale of goods and services made in pursuance of contracts or agreements entered into with the directors or any other parties related to directors or with the Company or firms in which the directors are directly or indirectly interested.  
(b) As informed to us, the company has not entered into the transactions wherein the directors are directly or indirectly interest. Hence this clause is not applicable to the company.
19. According to the information and explanations given to us, the expenses charged to the Company accounts represent legitimate business expenses and no personal expenses have been debited to the Statement of Comprehensive Income, except for those payable under contractual obligations.
20. According to the records, unserviceable or damaged inventories, Tele equipment or spares parts were determined during year 2025 and provision for loss have been adequately accounted for in books of account.
21. As explained to us, the Company, in generally, has a reasonable system of ascertaining and identifying point of occurrence of breakage/damages of stores, spares and capital goods while in transit, during loading/unloading in storage and during handling etc. so that responsibility could be fixed and compensation sought from those responsible.
22. Since Company is majorly into service sector, it is maintaining records related to service inventory as well as consumable inventory on proper basis. Proper controls have been put in place to ensure the safety of inventory of the Company.
23. The Company is maintaining reasonable records for sales and disposal of unusable and scrap items.
24. According to the records, the company is generally regular in depositing rates and taxes, duties, provident funds, and other statutory dues with the appropriate authorities during the year 2025. Provision for Corporate Income Tax is adequate and necessary adjustments have been made to compute the amount of tax required to be paid under The Rules on the Income Tax Act of Bhutan, 2001, and has been appropriately disclosed in the financial statement.
25. According to the books records and the computation of tax, Company has payable of Corporate Income Tax (CIT) **Nu. 491.73 million** for year 2025 and no other undisputed amount payable in respect of rates and taxes, royalties, provident funds, and other statutory deductions at the year end.

26. The company is a service-oriented organization and not a manufacturing concern and there is no system of allocating man hours utilized to the respective jobs etc.
27. The said clause is not applicable in view of its nature of business.
28. The credit sales policy and credit rating of customers is not applicable for the Company.
29. The Company has engaged some agents in connection with BT products and services through appropriate screening. The agency commission structure is in keeping with the industry norms / market conditions. Generally, the Company has adequate system of evaluating performance of each agent on a periodic basis.
30. As explained to us, the Company has reasonable system of follow-up with debtors and other parties for recovery of outstanding amounts. The management have also done age-wise analysis of outstanding amount to realize the old debts and follow-up action.
31. According to records, the management of liquid resources particularly cash / bank and short-term deposits etc. is adequate in respect of nature and size of the business.
32. According to the information and explanations given to us and on the basis of examination of books and records on test check basis, the activities carried out by the Company are in our opinion lawful and intra-vires the Articles of Incorporation of the Company.
33. According to the information and explanations given to us, the Company has a system of approval of the Board for all capital investment decision and investments in new projects are made only after ascertaining the technical and economic feasibility.
34. The Company has established an adequate and effective budgetary control system.
35. The company is service oriented company and therefore the system of input-output relationship, standard costing and variance analysis is not applicable to the company.
36. In our opinion and according to the information and explanations given to us, the details of remuneration to the Board of Directors including the Chief Executive Officer have been disclosed in the notes to accounts of the financial statements.
37. In our opinion and on the basis of information and explanations given to us, the directives of the Board issued have been complied with.
38. According to the information and explanations, we are given to understand that the officials of the Company have not transmitted any price sensitive information, which is not made publicly available, unauthorized to their relatives/friends/associates, or close persons, which would directly or indirectly benefit themselves. We have however relied on the management assertion on the same and cannot independently verify the same.
39. According to our examination of books and records, the Company have maintained proper records for inter unit transaction/ services and arrangements for services made with other agencies. The periodic reconciliations also done between its units.
40. In our opinion, the Company has maintained reasonable records related to leases and other items. As of date there is no machinery/ equipment's are acquired on lease or leased out to others.
41. To the extent revealed by our examination, the Company maintains a reasonable system of costing to ascertain the cost of its services and enable it to make proper pricing decisions for its services

#### **Computerized Accounting Environment**

The company has implemented smart ERP NEXT system since beginning of the year 2022. In our opinion the system development controls and other internal control system were adequate with respect to size and nature of computer installations.

In our opinion, the Company appears to have taken adequate measures and back up facilities commensurate with the size and nature. As explained, the Company has a main system at Phuntsholing and standby server installed at Thimphu and backup are taken daily at both the location.

The Company has a Disaster Recovery Plan (DRP) in place, the Company keeps a back-up data for the entire Company in a standby server installed at Phuentsholing and the same is being maintained at Thimphu.

The operational controls in the Company are adequate to ensure correctness and validity of input data and output information.

According to the information and explanations given to us, measures to prevent unauthorized access to the computer installation and files are adequate.

According to the information given to us, there is no data migration happened from old to new system during the year.

## GENERAL

### 1. Going Concern Issues

On the basis of the attached Financial Statements as at 31<sup>st</sup> December, 2025 and according to the information and explanations given to us, the financial position of the company is healthy and we have no reason to believe that the Company is likely to become sick in the near future. However, we would like to draw attention to note 45 of the financial position related to the recent announcement made by the Government of The Kingdom of Bhutan regarding 50% reduction in internet cost.

### 1. Ratio Analysis

Financial and operational ratio in respect of the Company is given in the statement of Ratio Analysis.

### 2. Compliance of Companies Act of Bhutan, 2016:

The Company has complied with the provisions of The Companies Act of Bhutan 2016 concerning conducting of meetings, filing requirements, maintenance of records, issue of shares, raising of loans and all other matters specified in the said Act.

### 3. Adherence of Laws, Rules & Regulations:

The audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and review of the financial statements, as produced to us by the management. In the course of audit, we have reviewed compliance to the Companies Act and its Articles of Incorporation and as explained to us, the Company has been complying with appropriate laws, rules and regulations, systems, procedures and practices.

For **GSA & Associate LLP**

Chartered Accountants

Firm Registered No: **000257N/ N500339**



(Tanuj Chugh)

Partner

M. No. 529619

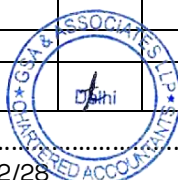
Place: **New Delhi**

Date: 28<sup>th</sup> April, 2026

9 Statement of Financial Position as at 31<sup>st</sup> December, 2025

The amounts are in Nu.

Particulars	Note No.	As at 31 <sup>st</sup> December,2025	As at 31 <sup>st</sup> December,2024	As at 01 <sup>st</sup> January,2024
<b>I. ASSETS:</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2(a)	4,896,111,405	4,973,397,978	4,625,108,259
Intangible assets	2(b)	1,060,475,126	1,086,177,290	1,040,855,207
Capital work-in-progress	2(c)	153,572,401	440,970	16,255,215
Investments	3	5,565,447	4,251,668	1,000,000
Deferred tax assets (net)	4	134,044,009	185,396,051	199,722,352
Right to use lease	5	41,346,985	24,765,631	24,559,313
<b>Total Non-Current Assets</b>		<b>6,291,115,373</b>	<b>6,274,429,588</b>	<b>5,907,500,346</b>
<b>Current assets</b>				
Investments	6	-	1,019,370	4,285,836
Inventories	7	101,623,396	89,367,620	48,025,398
Trade receivables	8	260,602,420	124,137,290	92,278,158
Cash and bank balances	9	274,525,212	441,254,114	968,323,032
Other receivable	10	1,462,304	968,850	2,126,416
Other current assets	11	12,368,029	10,099,378	10,225,168
		<b>650,581,361</b>	<b>666,846,622</b>	<b>1,125,264,008</b>
Asset classified as held for distribution to owners	12	-	5,964,125	5,964,125
<b>Total Current Assets</b>		<b>650,581,361</b>	<b>672,810,747</b>	<b>1,131,228,133</b>
<b>Total Assets</b>		<b>6,941,696,734</b>	<b>6,947,240,335</b>	<b>7,038,728,479</b>
<b>II. EQUITY AND LIABILITIES:</b>				
<b>EQUITY</b>				
Equity share capital	13	3,894,610,000	3,900,574,000	3,900,574,000
Other equity	14	1,635,658,465	1,713,708,285	1,774,794,029
<b>Total Equity</b>		<b>5,530,268,465</b>	<b>5,614,282,285</b>	<b>5,675,368,029</b>
<b>Non-Current Liabilities</b>				
Deferred government grants	15	366,910,102	393,100,550	369,183,234
Long term employee benefits	16	15,182,150	15,196,575	15,136,829
Lease liability	17	39,764,316	23,169,126	24,890,478
<b>Total Non-Current Liabilities</b>		<b>421,856,568</b>	<b>431,466,251</b>	<b>409,210,541</b>
<b>Current Liabilities</b>				
Trade and other payables	18	113,256,769	64,279,161	113,760,134
Other payables	19	169,393,176	167,936,215	76,898,772
Short term provision	20	553,710,422	518,427,435	576,299,656
Other current liabilities	21	142,151,997	139,968,653	156,228,449
Short term employee benefits	22	3,958,427	4,328,947	27,190,179
Lease liability	23	7,100,910	6,551,388	3,772,719
<b>Total Current Liabilities</b>		<b>989,571,701</b>	<b>901,491,799</b>	<b>954,149,909</b>
<b>Total Liabilities</b>		<b>1,411,428,269</b>	<b>1,332,958,050</b>	<b>1,363,360,450</b>
<b>Total Equity and Liabilities</b>		<b>6,941,696,734</b>	<b>6,947,240,335</b>	<b>7,038,728,479</b>



Summary of significant accounting policies 1.

The above accompanying notes are integral parts of the financial statements

This is the statement of financial position referred to our report date.

For **GSA & Associates LLP**

Chartered Accountants

Firm Registered No: **000257N/ N500339**

For and on behalf of board of directors



(Tanuj Chugh)  
Partner

M. No. 529619

Place: **New Delhi**

Date: 28<sup>th</sup> April 2026



**Chairman**



**Chief Executive Officer**

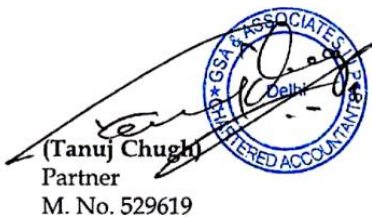

**10 Statement of Comprehensive Income for the year ended 31<sup>st</sup> December, 2025**

The amounts are in Nu.

Particulars	Note No.	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024
<b>Income:</b>			
Income from operations	24	6,638,060,290	6,300,271,761
Other income	25	37,180,861	72,320,792
<b>Total Income</b>		<b>6,675,241,151</b>	<b>6,372,592,553</b>
<b>Expenses:</b>			
Network operating expenses	26	1,068,494,404	992,771,614
Cost of trading goods	27	347,475,461	161,700,459
Employee benefit expenses	28	504,770,741	489,694,127
Depreciation and amortization	29	1,116,502,328	1,060,985,214
Finance cost	30	20,988,079	11,889,644
Other expenses	31	237,838,057	310,364,094
<b>Total Expenses</b>		<b>3,296,069,070</b>	<b>3,027,405,152</b>
<b>Profit Before Tax</b>		<b>3,379,172,081</b>	<b>3,345,187,401</b>
<b>Tax expenses:</b>	32		
Current tax		1,048,226,637	977,594,221
Deferred income tax		1,711,721	10,532,087
Deferred tax related to earlier years		49,438,947	-
<b>Total Tax Expense</b>		<b>1,099,377,305</b>	<b>988,126,308</b>
<b>Profit After Tax for the year</b>		<b>2,279,794,776</b>	<b>2,357,061,093</b>
<b>Other comprehensive income</b>	32A		
Re-measurement (gains)/losses on defined benefit plans		(13,356,778)	(12,647,376)
Income tax relating to component for other comprehensive income		201,374	3,794,213
Other comprehensive income, net of tax		(13,155,404)	(8,853,163)
<b>Total comprehensive income for the year</b>		<b>2,292,950,180</b>	<b>2,365,914,256</b>
<b>Earnings Per Share (Basic and Diluted)</b>	33	585.37	604.29

For GSA & Associates LLP  
Chartered Accountants  
Firm Registered No: 000257N/ N500339

(Tanuj Chugh)  
Partner  
M. No. 529619

Place: New Delhi  
Date: 28<sup>th</sup> April 2026

For and on behalf of board of directors



Chairman



Chief Executive Officer

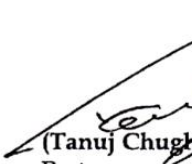
**11 Statement Of Changes in Equity for the Year Ended 31<sup>st</sup> December, 2025**


The amounts are in Nu.

Particulars	Share Capital	Retained Earnings	Total Equity
<b>Balance as at 01<sup>st</sup> January, 2024</b>	<b>3,900,574,000</b>	<b>2,087,050,593</b>	<b>5,987,624,593</b>
Adjustments related to prior period errors		(312,256,564)	(312,256,564)
<b>Restated Balance as at 01<sup>st</sup> January, 2024</b>	<b>3,900,574,000</b>	<b>1,774,794,029</b>	<b>5,675,368,029</b>
Profit for the year 2024	-	2,357,061,093	2,357,061,093
Other comprehensive income	-	8,853,163	8,853,163
Dividend for the year	-	(2,427,000,000)	(2,427,000,000)
Land transferred to DHI	-	-	-
<b>Balance at 31<sup>st</sup> December, 2024</b>	<b>3,900,574,000</b>	<b>1,713,708,285</b>	<b>5,614,282,285</b>
Profit for the year	-	2,279,794,776	2,279,794,776
Other comprehensive income	-	13,155,404	13,155,404
Dividend for the year	-	(2,371,000,000)	(2,371,000,000)
Land transferred adj. with share capital	(5,964,000)	-	-
<b>Total Comprehensive Income for the Year</b>	<b>-</b>	<b>(78,049,820)</b>	<b>(78,049,820)</b>
<b>Balance at 31<sup>st</sup> December, 2025</b>	<b>3,894,610,000</b>	<b>1,635,658,465</b>	<b>5,530,268,465</b>

For **GSA & Associates LLP**  
Chartered Accountants  
Firm Registered No: **000257N/ N500339**

For and on behalf of board of directors

  
(Tanuj Chugh)  
Partner  
M. No. 529619





Chairman



Chief Executive Officer

Place: **New Delhi**  
Date: 28<sup>th</sup> April 2026

12 Cash Flow Statement for the Year Ended 31<sup>st</sup> December, 2025

The amounts are in Nu.

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024
<b>Cash Flow from Operating Activities</b>		
Net profit before tax	3,379,172,081	3,345,187,401
Add/Less: Gain on sale of PPE	(1,486)	(1,872)
Add/Less: Gain or loss on scrapping	2,562,396	6,562,651
Add/Less: Provision for old inventories	573,566	6,751,263
Add/Less: Provision for loss allowance	(4,457,910)	-
Add/Less: Interest expenses	18,259,241	9,454,555
Add/Less: Liabilities no longer required written back	(655,775)	(4,165,656)
<b>Net profit before tax and after adjustment of provisions</b>	<b>3,395,452,113</b>	<b>3,363,788,342</b>
<b>Adjustment for:</b>		
Depreciation during the year	1,116,502,328	1,060,985,214
Interest received	(314,409)	(275,166)
<b>Net Profit from Operating Activities Before Working Capital Changes</b>	<b>4,511,640,032</b>	<b>4,424,498,391</b>
<b>Adjustment for:</b>		
Inventories	(12,829,342)	(48,093,485)
Non-current/current financial and other assets	(134,772,638)	(30,782,095)
Non-current/current financial and other liabilities/provisions	56,037,412	8,016,197
(Increase)/Decrease in post-employment obligations	12,971,832	12,647,376
<b>Cash Generated from Operating Activities</b>	<b>4,433,047,296</b>	<b>4,366,286,386</b>
Income tax paid	(1,015,952,889)	(1,036,373,988)
<b>Net Cash Flow from Operating Activities</b>	<b>3,417,094,408</b>	<b>3,329,912,397</b>
<b>Cash Flow from Investing Activities</b>		
Payment for property plant and equipment	(798,168,589)	(1,208,084,426)
Payment for intangible assets	(341,196,375)	(363,490,436)
Payment for capital work in progress	(153,131,431)	15,814,245
Sale of property plant and equipment (actual cash received)	819,940	1,580,034
Change in investment	(294,409)	-
<b>Net Cash Used in Investing Activities</b>	<b>(1,291,970,863)</b>	<b>(1,554,180,583)</b>
<b>Cash Flow from Financing Activities</b>		
Lease payment related to finance lease	(6,627,553)	(7,247,174)
Interest on borrowings	(15,386,569)	(6,381,831)
Receipt of grant from BICMA	101,161,676	137,828,273
Payment of dividend	(2,371,000,000)	(2,427,000,000)
<b>Net Cash Used in Financing Activities</b>	<b>(2,291,852,446)</b>	<b>(2,302,800,731)</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(166,728,902)</b>	<b>(527,068,918)</b>
Cash and cash equivalents at the beginning of the financial year	441,254,114	968,323,032
Closing cash and cash equivalents	274,525,212	441,254,114
<b>Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(166,728,902)</b>	<b>(527,068,918)</b>

Note:

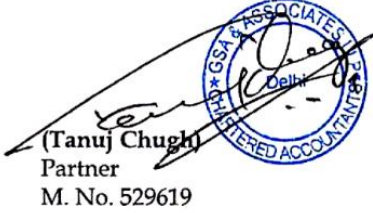
- 1) The above Cash Flow Statement has been prepared in accordance with the "Indirect method" as set out in the BAS - 7 on "Cash Flows Statements"
- 2) The amendments to the BAS 7 cash flows statement requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The required disclosure is made below:



Particulars	1 <sup>st</sup> January,2025	Cashout Flow	Non-Cash	31 <sup>st</sup> December,2025
Lease Liabilities*	29,720,513.52	(7,190,913.00)	24,335,626.00	46,865,226.52

\*Including current lease liability

For GSA & Associates LLP  
Chartered Accountants  
Firm Registered No: 000257N/ N500339



(Tanuj Chugh)  
Partner  
M. No. 529619

Place: New Delhi  
Date: 28<sup>th</sup> April 2026

For and on behalf of board of directors



Chairman



Chief Executive Officer

13 Notes to the standalone financial statements as at 31<sup>st</sup> December, 2025

Note: 2(a)(b)(c) Property, Plant and Equipment

The amounts are in Nu.

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	01.01.2025	Addition	Adjustment	31.12.2025	01.01.2025	Addition	Adjustment	31.12.2025	31.12.2025	31.12.2024
<b>Note A: Tangible Assets:</b>										
Buildings	1,165,846,040	27,318,212	7,401,395	1,185,762,856	423,554,488	46,184,206	6,316,611	463,422,082	722,340,774	742,291,552
Tele equipments	10,005,283,689	531,869,923	89,305,865	10,447,847,746	7,197,796,700	581,565,536	88,510,995	7,690,851,241	2,756,996,506	2,807,486,989
Office equipments	133,998,624	8,571,325	3,170,333	139,399,616	86,833,481	15,291,564	2,335,805	99,789,240	39,610,376	47,165,142
Power system and cables	3,460,001,218	227,957,824	33,980,468	3,653,978,574	2,100,440,061	220,948,028	33,318,496	2,288,069,592	1,365,908,982	1,359,561,157
Furniture and fixtures	26,448,151	537,444	195,568	26,790,028	20,564,298	1,245,853	191,295	21,618,856	5,171,171	5,883,853
Vehicles	122,880,928	1,913,860	-	124,794,788	111,871,643	6,839,549	-	118,711,192	6,083,596	11,009,285
<b>Total (A)</b>	<b>14,914,458,649</b>	<b>798,168,589</b>	<b>134,053,629</b>	<b>15,578,573,609</b>	<b>9,941,060,671</b>	<b>872,074,736</b>	<b>130,673,203</b>	<b>10,682,462,203</b>	<b>4,896,111,405</b>	<b>4,973,397,978</b>
<b>Note B: Intangible Assets:</b>										
Software applications	4,004,874,799	341,196,375	3,226,325	4,342,844,849	2,918,697,510	366,898,115	3,225,902	3,282,369,723	1,060,475,126	1,086,177,290
<b>Total (B)</b>	<b>4,004,874,799</b>	<b>341,196,375</b>	<b>3,226,325</b>	<b>4,342,844,849</b>	<b>2,918,697,510</b>	<b>366,898,115</b>	<b>3,225,902</b>	<b>3,282,369,723</b>	<b>1,060,475,126</b>	<b>1,086,177,290</b>
<b>Note C: Capital work in progress:</b>	-	-	-	-	-	-	-	-	153,572,401	440,970

Note: for the details related to government grant and its amortization, refer note 15.

For GSA & Associates LLP  
Chartered Accountants  
Firm Registered No: 000257N/ N500339



(Tanuj Chugh)  
Partner  
M. No. 529619

For and on behalf of board of directors



Chairman



Chief Executive Officer

Place: New Delhi  
Date: 28<sup>th</sup> April 2026



Notes to the standalone financial statements as at 31<sup>st</sup> December, 2024

Note: 2(a)(b)(c) Property, Plant and Equipment

The amounts are in Nu.

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	01.01.2024	Addition	Adjustment	31.12.2024	01.01.2024	Addition	Adjustment	31.12.2024	31.12.2023
<b>Note A: Tangible Assets:</b>									
Buildings	1,110,631,756	56,003,391	789,107	1,165,846,040	378,942,402	44,986,930	374,845	742,291,552	731,595,657
Tele equipment	9,362,650,338	811,292,565	168,659,214	10,005,283,689	6,798,627,592	565,171,880	166,002,772	2,807,486,989	2,564,022,746
Office equipment	127,826,702	21,444,896	15,272,974	133,998,624	87,747,890	12,546,573	13,460,982	47,165,142	40,078,812
Power system and cables	3,223,488,362	317,316,120	80,803,264	3,460,001,218	1,962,591,876	215,958,901	78,110,716	1,359,561,157	1,260,835,995
Furniture and fixtures	25,814,416	1,077,664	443,929	26,448,151	19,584,054	1,408,256	428,012	5,883,853	6,230,362
Vehicles	121,931,137	949,791	-	122,880,928	99,586,450	12,285,193	-	11,009,285	22,344,687
<b>Total (A)</b>	<b>13,972,342,711</b>	<b>1,208,084,426</b>	<b>265,968,488</b>	<b>14,914,458,649</b>	<b>9,347,080,264</b>	<b>852,357,734</b>	<b>258,377,327</b>	<b>4,973,397,978</b>	<b>4,625,108,259</b>
<b>Particulars</b>									
<b>Note B: Intangible Assets:</b>									
Software applications	3,656,625,590	363,490,436	15,241,227	4,004,874,799	2,615,966,615	317,512,991	14,782,097	1,086,177,290	1,040,855,207
<b>Total (B)</b>	<b>3,656,625,590</b>	<b>363,490,436</b>	<b>15,241,227</b>	<b>4,004,874,799</b>	<b>2,615,966,615</b>	<b>317,512,991</b>	<b>14,782,097</b>	<b>1,086,177,290</b>	<b>1,040,855,207</b>
<b>Note C: Capital work in progress:</b>	-	-	-	-	-	-	-	440,970	16,255,215

Note: for the details related to government grant and its amortization, refer note 15.

For GSA & Associates LLP  
Chartered Accountants  
Firm Registered No : 000257N/ NS00339

(Tanuj Chugh)  
Partner  
M. No. 529619



Chairman



Chief Executive Officer




**Note: 3 Investments**

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
Investment in fixed deposits	5,000,000	4,000,000	1,000,000
Accrued income on investments	565,447	251,668	-
<b>Total</b>	<b>5,565,447</b>	<b>4,251,668</b>	<b>1,000,000</b>

**Note: 4 Deferred Tax Assets (Net)**

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
<b>Deferred Tax Assets</b>			
Property, plant, and equipment	120,508,560	165,956,941	159,036,011
Provision for leave encashment	-	-	3,075,163
Lease liability	10,310,350	8,916,154	8,598,959
Provision for doubtful debt	5,662,556	9,059,041	9,466,305
Provision for bonus	-	-	17,674,990
Provision for old inventories	2,609,635	3,605,709	3,877,789
Provision for separation allowance	1,680,917	2,163,221	2,189,365
Provision for carriage allowance	687,411	961,456	982,198
Provision for travel allowance	1,680,917	2,163,220	2,189,365
<b>Total Deferred Tax Asset</b>	<b>143,140,346</b>	<b>192,825,741</b>	<b>207,090,146</b>
<b>Deferred Tax Liability</b>			
Right of use assets	9,096,337	7,429,690	7,367,794
<b>Total Deferred Tax Liability</b>	<b>9,096,337</b>	<b>7,429,690</b>	<b>7,367,794</b>
<b>Total</b>	<b>134,044,009</b>	<b>185,396,051</b>	<b>199,722,352</b>

**Note: 5 Right of Use of Assets**

**For Company as a Lessee:**

The Company has lease contracts for land in its operations. Leases of land are ranging from lease terms of two years to thirty years. The companies' obligations under its leases are secured by the lessor's title to the leases assets. Generally, the Company is restricted from assigning and sub leasing the leased assets. The Company also has certain leases with low value item like optic fiber, ADSS and tower sharing. The company applies lease of low-value assets recognition exemptions for these leases.

i. Set out below are the **carrying amounts of right-of-use-assets** recognized and the movements during the year.

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
Right of use of asset	45,206,367	39,974,600	31,215,751
Addition during the year	21,462,954	5,231,766	8,758,850
Opening accumulated depreciation	(20,440,735)	(15,415,288)	(11,471,577)
Depreciation expenses during the year	4,881,601	5,025,447	3,943,711
<b>Total</b>	<b>41,346,985</b>	<b>24,765,631</b>	<b>24,559,313</b>

ii. Following are the amounts recognised in profit or loss;

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024
Depreciation expenses of right of use of assets	4,881,601	5,025,447
Interest expenses on lease liabilities	2,872,672	3,072,724
<b>Total amount recognised in profit &amp; loss</b>	<b>7,754,274</b>	<b>8,098,171</b>

(iii) Total cash outflow of lease

The total cash out flow at the end of the year is Nu. 7,190,913 (PY Nu 7,247,174)

Addition to the right of use assets during the year is Nu. 21,462,953.57 (PY Nu. 5,231,766)

(iv) Extension and termination option

Extension and termination options are included in some of the leases executed by the Company. These are used to maximise operational flexibility in the terms of managing the assets used in company's operations. Generally, these options are exercisable mutually by both the lessor and the lessee. There are restrictions imposed by the lease agreements.



There are no contingent rents. The operating lease agreements are renewable on a periodic basis. Some of these agreements have price escalation clause.

(v) Incremental borrowing rate of 10.11% to 12.26% p.a has been applied for measuring the lease liability.

(vi) The Company has not sub-leased any property.

**Maturity analysis of lease liabilities**

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
<b>Lease liabilities (discounted cash flows)</b>			
Current	7,100,910	6,551,388	3,772,719
Non-Current	39,764,316	23,169,126	24,890,478
<b>Total</b>	<b>46,865,226</b>	<b>29,720,514</b>	<b>28,663,197</b>

**Maturity analysis-contractual undiscounted cash flows**

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
Within one year	6,489,314	7,619,493	7,619,493
Later than one year but less than five years	21,742,585	22,727,920	22,727,920
Later than five years	35,871,002	74,707,778	74,707,778
<b>Total</b>	<b>64,102,901</b>	<b>105,055,191</b>	<b>105,055,191</b>

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
Short term/low value leases (refer note 26)	6,301,405	6,420,362	4,629,535
Variable lease payments	NIL	NIL	NIL

**Company as a lessor**

The company has given certain properties on short term basis.

The total lease rental recognised as income during the year is Nu. 7,805,784 (PY Nu. 6,737,540)

**Note: 6 Investments**

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
Investment in short term deposits with FIs	-	1,000,000	4,000,000
Accrued income on investments	-	19,370	285,836
<b>Total</b>	<b>-</b>	<b>1,019,370</b>	<b>4,285,836</b>

**Note: 7 Inventories**

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
Inventory-consumables	42,889,563	39,546,076	28,912,100
Inventory - traded goods	70,595,809	61,840,573	32,710,448
<b>Inventories</b>	<b>113,485,372</b>	<b>101,386,649</b>	<b>61,622,548</b>
Provision for inventories	(11,861,976)	(12,019,029)	(13,597,150)
<b>Total Inventories</b>	<b>101,623,396</b>	<b>89,367,620</b>	<b>48,025,398</b>

**Note 8: Trade Receivables**

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
Unsecured, considered good	286,341,313	154,334,092	123,832,507
Less: - expected credit loss	(25,738,893)	(30,196,802)	(31,554,350)
<b>Total</b>	<b>260,602,420</b>	<b>124,137,290</b>	<b>92,278,158</b>

**Note: 9 Cash and bank balances**

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
Cash and bank balance with regions	723,030	2,395,733	1,297,876
Balances lying with bank and current account	273,802,182	438,858,380	967,025,155
<b>Total</b>	<b>274,525,212</b>	<b>441,254,114</b>	<b>968,323,032</b>

**Note: 10 Other receivables**

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
Security deposit – others	1,462,304	968,850	2,126,416
<b>Total</b>	<b>1,462,304</b>	<b>968,850</b>	<b>2,126,416</b>



**Note: 11 Other Current Assets**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
Advance to suppliers	-	-	992,589
Advance to others	1,527,675	1,516,676	797,245
Prepaid expense	10,840,354	8,582,702	8,435,334
<b>Total</b>	<b>12,368,029</b>	<b>10,099,378</b>	<b>10,225,168</b>

**Note: 12 Asset Classified as Held for Distribution to Owners**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
Asset classified as held for distribution to owners	-	5,964,125	5,964,125
<b>Total</b>	<b>-</b>	<b>5,964,125</b>	<b>5,964,125</b>

**Note: 13 Equity Share Capital**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
<b>Authorized equity share capital</b>			
5,000,000 equity shares of Nu. 1000 each	<b>5,000,000,000</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>
<b>Issued, subscribed and fully paid-up equity share capital</b>			
3,894,610 equity shares of Nu. 1000 each.	3,894,610,000	3,900,574,000	3,900,574,000
	<b>3,894,610,000</b>	<b>3,900,574,000</b>	<b>3,900,574,000</b>

**(i) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Nu.1000/- per share. Each holder of equity shares is entitled to one vote per share. Each holder of these ordinary shares is entitled to receive dividends as and when declared by the company.

**(ii) Details of shareholding of the company**

Particulars	31 <sup>st</sup> December, 2025		31 <sup>st</sup> December, 2024		01 <sup>st</sup> January,2024	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Druk Holdings & Investment Ltd.	3,894,610	100	3,900,574	100	3,900,574	100
<b>Total</b>	<b>3,894,610</b>	<b>100</b>	<b>3,900,574</b>	<b>100</b>	<b>3,900,574</b>	<b>100</b>

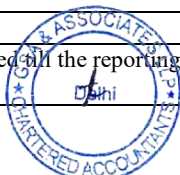
**iii Reconciliation of number of shares**

Particulars	31 <sup>st</sup> December, 2025		31 <sup>st</sup> December, 2024		01 <sup>st</sup> January,2024	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>Equity shares</b>						
At the beginning of the year	3,900,574	3,900,574,000	3,900,574	3,900,574,000	3,900,574	3,900,574,000
Land transferred to DHI	5,964	5,964,000	-	-	-	-
<b>Outstanding at Year end</b>	<b>3,894,610</b>	<b>3,894,610,000</b>	<b>3,900,574</b>	<b>3,900,574,000</b>	<b>3,900,574</b>	<b>3,900,574,000</b>

**Note 14: Other Equity**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
Retained Earnings	1,635,658,465	1,713,708,285	1,774,794,029
<b>Particulars</b>		<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
<b>Opening balance</b>		<b>1,713,708,285</b>	<b>2,087,050,593</b>
<b>Adjustments related to prior period errors</b>			<b>(312,256,564)</b>
<b>Restated Opening balance</b>		<b>1,713,708,285</b>	<b>1,774,794,029</b>
Add: Profit for the year		2,279,794,776	2,357,061,093
Add: Other compressive income for the year		13,155,404	8,853,163
Less: Dividend for the year		(2,371,000,000)	(2,427,000,000)
<b>Closing balance</b>		<b>1,635,658,465</b>	<b>1,713,708,285</b>

Retained earnings are the profit that the company has earned till the reporting date, less any transfer to general reserve, dividends or other distribution made to shareholders.



**Note: 15 Deferred Government Grants**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
Grant from RGoB*	322,751,645	259,280,924	145,626,666
Grant from JICA**	44,158,457	133,819,626	223,556,569
<b>Closing amount of deferred government grants#</b>	<b>366,910,102</b>	<b>393,100,550</b>	<b>369,183,234</b>

\* Monetary grant received against investment in property, plant and equipment in rural areas. The same is treated as deferred income and is recognised in the statement of comprehensive income on a systematic or rational basis over the useful life of the assets.

\*\* Non-monetary grant received in the form of property, plant and equipment, where the grant and the corresponding PPE have been accounted on the fair value on the receipt, Subsequently, the same is treated as deferred income and is recognized in the statement of comprehensive income on a systematic or rational basis over the useful life of the asset.

# Closing amount of Grant from RGoB is Nu. 322,751,645 (PY 2024 259,280,924) & Grant from JICA is Nu. 44,158,457 (PY Nu. 133,819,626).

**Note: 16 Employee Benefit Obligation**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
Provision for separation allowance	6,372,461	6,278,998	6,234,563
Provision for carriage allowance	2,437,227	2,638,580	2,667,703
Provision for travel allowance	6,372,461	6,278,998	6,234,563
<b>Total</b>	<b>15,182,150</b>	<b>15,196,575</b>	<b>15,136,829</b>

**Note: 17 Lease Liability**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
Lease liability – for details, refer note 5	39,764,316	23,169,126	24,890,478
<b>Total</b>	<b>39,764,316</b>	<b>23,169,126</b>	<b>24,890,478</b>

**Note: 18 Trade and Other Payables - Current**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
Sundry creditors - domestic	18,459,209	33,672,598	84,243,776
Sundry Creditors - international	85,375,655	18,295,226	18,394,341
Retention money payable	9,034,905	10,837,452	10,992,017
Other payables	387,000	1,473,885	130,000
<b>Total</b>	<b>113,256,769</b>	<b>64,279,161</b>	<b>113,760,134</b>

**Note: 19 Other Payables - Current**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
Lincense payable	165,763,176	164,476,215	73,507,972
Security deposits - customer	3,630,000	3,460,000	3,390,799
<b>Total</b>	<b>169,393,176</b>	<b>167,936,215</b>	<b>76,898,771</b>

**Note: 20 Short Term Provision**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
Income tax payable (Net off tax deducted at source)	491,732,029	459,212,766	517,383,023
Provision for PBVP	61,978,393	59,214,669	58,916,634
<b>Total</b>	<b>553,710,422</b>	<b>518,427,435</b>	<b>576,299,656</b>

**Note: 21 Other Current Liabilities**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
<b>Contract liability*</b>			
Advances from customer	4,448,406	6,520,814	673,200
Advance from post-paid customer	2,971,612	2,019,755	3,646,751

Salary payable	238,503	-	-
Deferred income	10,714,477	-	-
Service tax payable	129,772	65,803	-
Liability for unearned income	123,596,208	131,309,861	151,755,216
Bank overdraft facility	598	-	-
Other deductions	52,420	52,420	153,282
<b>Total</b>	<b>142,151,997</b>	<b>139,968,653</b>	<b>156,228,449</b>

\*The services are being provided on the basis of usage by the subscribers. Un-provided services will be availed by the subscribers in the following year.

**Note: 22 Short Term Employee Benefits**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
Provision for carriage allowance	687,369	566,273	606,291
Provision for separation allowance	1,268,070	931,736	1,063,320
Provision for travel allowance	1,268,070	931,736	1,063,320
Provision for gratuity	734,918	1,899,203	14,206,705
Provision for leave encashment	-	-	10,250,543
<b>Total</b>	<b>3,958,427</b>	<b>4,328,947</b>	<b>27,190,179</b>

**Note: 23 Lease Liability**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024	01 <sup>st</sup> January,2024
Lease liability current –for details, refer note 5	7,100,910	6,551,388	3,772,719
<b>Total</b>	<b>7,100,910</b>	<b>6,551,388</b>	<b>3,772,719</b>

**Note: 24 Income from Operations**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
<b>Revenue from contracts with customers - service revenue</b>		
• Landline	36,757,240	43,324,366
• Mobile	5,706,797,481	5,656,663,561
• Internet	446,746,210	381,436,008
• Others	64,457,949	59,057,084
<b>Total</b>	<b>6,254,758,878</b>	<b>6,140,481,019</b>
<b>Sale of products</b>		
Telecom products	383,301,412	159,790,742
<b>Total</b>	<b>6,638,060,290</b>	<b>6,300,271,761</b>

The following table shows reconciliation of revenue recognised with contract price.

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
<b>Contract price</b>	6,761,656,498	6,431,581,622
<b>Adjustments for:</b>		
Contract liabilities - liability for unearned income	123,596,208	131,309,861
<b>Revenue from operations</b>	<b>6,638,060,290</b>	<b>6,300,271,761</b>
<b>Timing of revenue recognition</b>		
<b>Particulars</b>	<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
Products and services transferred at a point in time	383,301,412	159,790,742
Products and services transferred over time	6,254,758,878	6,140,481,019
<b>Total</b>	<b>6,638,060,290</b>	<b>6,300,271,761</b>

**Note: 25 Other Income**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
Income from fine & penalties	8,508,507	14,482,114
Interest income from investments	314,409	275,166
Income from AMC services	375,465	1,054,075
Liabilities written back during the year	6,672,508	-
Miscellaneous income	13,739,065	43,069,110
Income from depository works	7,570,907	13,418,777
<b>Total</b>	<b>37,180,861</b>	<b>72,320,792</b>



<b>Note:26 Network Operating Expenses</b>		
Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
Internet bandwidth & other direct expenses	635,254,735	604,854,193
Power and fuel	62,407,184	58,430,431
Repair and maintenance	344,619,007	305,406,078
Rent	6,301,405	6,420,362
Others	19,912,072	17,660,549
<b>Total</b>	<b>1,068,494,404</b>	<b>992,771,614</b>

<b>Note:27 Cost of Trading Goods</b>		
Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
Cost of trading goods	347,475,461	161,700,459
<b>Total</b>	<b>347,475,461</b>	<b>161,700,459</b>

<b>Note:28 Employee Benefit Expenses</b>		
Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
Salaries and other benefits	436,065,776	426,540,699
Provident fund contribution	29,847,846	29,206,190
Expense on gratuity	13,420,450	13,642,983
Staff welfare expenses	6,514,595	5,812,111
Expense on separation allowance	634,401	1,052,207
Expense on carriage allowance	541,652	803,226
Expense for travel allowance	1,043,643	1,027,945
Others	16,702,378	11,608,765
<b>Total</b>	<b>504,770,741</b>	<b>489,694,127</b>

<b>Note:29 Depreciation and Amortization Expenses</b>		
Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
Depreciation*	876,956,337	857,383,181
Amortization*	239,545,991	203,602,033
<b>Total</b>	<b>1,116,502,328</b>	<b>1,060,985,214</b>
* Depreciation and amortization expense has been netted off with amortization of government grant. For details, refer note 15.		

<b>Note:30 Finance Cost</b>		
Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
Interest expenses	15,386,569	6,381,831
Interest expenses on lease liability	2,872,672	3,072,724
Bank charges	2,728,838	2,435,089
<b>Total</b>	<b>20,988,079</b>	<b>11,889,644</b>

<b>Note:31 Other Expenses</b>		
Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
Rates and taxes	675,045	999,981
Deposit work expenses	5,987,098	12,497,218
Communication (fax, mail, post)	99,878	78,397
Telecommunication expenses	1,989,770	2,549,917
Business promotion	3,496,473	4,216,513
Advertisement	1,492,728	680,368
Commission	112,488,637	169,827,184
Brand and management fees	44,156,372	44,593,275
Carriage outward and inward	2,085,777	2,698,132
Vehicle running expense	10,257,788	11,193,009
Audit Fees	387,000	136,500



Audit expenses	568,318	622,999
Printing and stationery	1,208,026	1,000,123
Insurance	240,399	300,276
Gain/Loss on sale or retirement of asset	2,560,909	6,560,779
Professional fees	2,254,403	2,278,151
Corporate social responsibility	151,215	275,000
Travel - local	13,386,585	10,656,749
R&M building - service	7,314,878	4,548,291
R&M building (residential)	54,332	39,105
Repair and maintenance others	17,421,996	13,514,263
Provision for old inventories	573,566	6,751,263
Other expenses	8,986,866	14,346,600
<b>Total</b>	<b>237,838,057</b>	<b>310,364,094</b>

**Note: 32 Tax Expenses**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
Deferred tax income	1,711,721	10,532,087
Corporate income tax paid	1,048,226,637	977,594,221
Deferred tax related to earlier years (change in rate of tax)	49,438,947	-
Tax expense related to prior period	-	-
<b>Total</b>	<b>1,099,377,305</b>	<b>988,126,308</b>

**Refer Note 34 for tax expense reconciliation**

**Note: 32A Other Comprehensive Income**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
-Items that will not be reclassified subsequently to statement of comprehensive income.	-	-
-Remeasurement (gains)/losses on defined benefit plans	(13,356,778)	(12,647,376)
-Income tax relating to component for other comprehensive income	201,374	3,794,213
<b>Total</b>	<b>(13,155,404)</b>	<b>(8,853,164)</b>

**Note: 33 Earnings Per Share**

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
(a) Profit for the year attributable to equity holders of the company	2,279,794,776	2,357,061,093
(b) Weighted average number of equities shares outstanding for calculating earnings per share.	3,894,610	3,900,574
(C) Nominal value of equity share (in Nu.)	1,000	1,000
(d) Basic and diluted earnings per share (Nu.)	585.37	604.29

**Note 34: Income Tax Expenses**

This note provides an analysis of the Company's income tax expense showing amounts that are recognised in profit or loss or other comprehensive income and how the tax expense is affected by non-assessable and non-deductible items.

Particulars	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
<b>(a) Income tax expense</b>		
<b>Current tax</b>		
Current tax on profits for the year	1,048,226,637	977,594,221
Current income tax charge for the year		
Adjustment for current tax of prior periods	-	-
<b>Total current tax expenses</b>	<b>1,048,226,637</b>	<b>977,594,221</b>
<b>Deferred tax</b>		
Decrease (increase) in deferred tax assets	1,913,095	14,326,300
(Decrease) increase in deferred tax liabilities	-	-
Deferred tax related to earlier years (change in rate of tax)	49,438,947	-
Income tax recognized in other comprehensive Income	(201,374)	(3,794,213)

<b>Total deferred tax expense/(benefit)</b>	<b>51,150,668</b>	<b>10,532,087</b>
<b>Total</b>	<b>1,099,377,305</b>	<b>988,126,308</b>
<b>Particulars</b>	<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
<b>Current tax expenses recognised in profit or loss</b>		
Current tax on profits for the year	1,048,226,637	977,594,221
Adjustment for current tax of earlier years	-	-
<b>Total current tax expense (A)</b>	<b>1,048,226,637</b>	<b>977,594,221</b>

<b>Deferred tax expense recognized in profit or loss</b>	<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
<b>Deferred taxes.</b>		
Total deferred tax expense recognised in profit or loss (B)	51,352,041	14,326,300
Total deferred tax expense recognised in other comprehensive income (C)	(201,374)	(3,794,213)
Total deferred tax for the year (B+C)	51,150,668	10,532,087
<b>Total income tax expense recognized in profit &amp; loss (A+B)</b>	<b>1,099,578,679</b>	<b>991,920,521</b>
Total income tax recognized in other comprehensive (C)	(201,374)	(3,794,213)
<b>Total income tax expense (A+B+C)</b>	<b>1,099,377,305</b>	<b>988,126,308</b>
<b>Particulars</b>	<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
Profit before tax	3,379,172,081	3,345,187,401
Tax at the rate of 30% (December 31, 2025 – 30%)	1,013,751,624	1,003,556,220
Effect of non-deductible expenses, exempt income and others	36,186,734	(19,224,126)
Effect of change in rate of tax for future periods	49,438,947	-
Adjustment for current tax of earlier years	-	-
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>1,099,377,305</b>	<b>988,126,308</b>



## 14 Accounting Policies and Notes to Accounts

### Notes to the financial statements as at December 31, 2025

#### Note 1: Significant Accounting Policies

Bhutan Telecom Limited ("Company") was formed as a public corporation by virtue of Telecommunication Act of Kingdom of Bhutan, 1999. The principal activities of Bhutan Telecom Limited are providing the telecom services like landline service, mobile service, internet and other allied services. Company is also engaged in providing data centre and contact centre services. The holding company is Druk Holding and Investments Limited.

The financial statements were approved and authorized for issue in accordance with the resolution of the Company's Board of Directors on 24<sup>th</sup> February 2026.

The accounting policies adopted in the preparation of these financial statements are set out as below:

#### a. Basis of Preparation:

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. The financial statements are presented in Nu and all values are rounded off to the nearest Nu.

#### a). Compliance with BAS/BFRS:

The financial statements of the Company have been prepared to comply with the Bhutanese Accounting Standards (BAS) 2020 including the relevant provisions of Companies Act of Bhutan, 2016 further company has decided to adopt all the applicable Standards of BAS 2020.

#### b). Historical cost convention:

The financial statements have been prepared on a historical cost basis, except for long term employee obligations, which are based on actuarial valuations.

#### 2. Use of estimates:

The preparation of Financial Statements in conformity with BAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

The areas involving critical estimates or judgments are:

- Estimation of defined benefit obligation - Note No. 40 to 43
- Estimation of useful life of Property plant and equipment/Intangible Asset - Note"2 (a& b)
- Income Taxes: Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. - Note No. 34
- Recognition of deferred tax asset - Note No.35
- Estimation of Right of Use of Assets and lease liability – Note No. 5

#### 3. Current and Non-current Classification:

The Company presents assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is treated as current when:

- It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realise the asset within twelve months after the reporting period; or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current maturities of non-current asset are also termed as current assets.

All other assets are classified as non-current.

An entity shall classify a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Current maturities of non-current liabilities are also termed as short-term liability.



Company always classifies deferred tax assets (liabilities) as non-current assets (liabilities). All other liabilities are classified as non-current.

The operating cycle of a company is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

#### 4. Revenue recognition:

Revenue is recognized 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, and process waivers. 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. To the extent that the intermediary is considered a principal, the consideration to which the Company is entitled is determined to be that received from the intermediary.

Revenue is recognized when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

##### a). Service revenue:

Service revenues mainly pertain to usage, subscription and customer onboarding charges for voice, data, messaging and value-added services. It also includes revenue from interconnection / roaming charges for usage of the Company's network by other operators for voice, data, messaging and signalling 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 recognizes revenue from these services as they are provided. Revenue is recognized based on actual units of telecommunication services provided during the reporting period as a proportion of the total units of telecommunication services to be provided. Subscription charges are recognized over the subscription pack validity period. Customer on boarding revenue and associated cost is recognized upon successful on boarding of customer i.e. upfront. Revenues in excess of invoicing are classified as contract assets while invoicing / collection in excess of revenue are classified as contract liabilities.

Service revenues also include revenue from interconnection / roaming charges for usage of the Company's network by other operators for voice, data, messaging and signalling services. These are recognized upon transfer of control of services being transferred over time. Certain business services revenues include revenue from registration and installation, which are amortized over the period of agreement since the date of activation of service. Revenues from long distance operations comprise of voice services and bandwidth services (including installation), which are recognised on provision of services and over the period of respective arrangement.

##### b). Sale of Trading goods:

Revenue from the sale of goods mainly pertain to sale of telecommunication equipment and related accessories for which revenue is recognized when the control of equipment is transferred to the customer, i.e. transferred at a point in time when the risk and rewards of the goods are transferred to the buyer. However, in case of equipment sale forming part of multiple-element revenue arrangements which is not a distinct performance obligation, revenue is recognized over the customer relationship period.

##### c). Interest income:

Interest income is recorded using the effective interest rate (EIR) for the long-term investments, and any interest income earned from short term deposits with banks and bank balances are recorded at prevailing market interest rates offered by respective financial institutions.

##### d). Rental income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature.

##### e). Other Claims:

All other miscellaneous incomes are booked in the accounts only when collection is made.



## 5. Property, Plant and Equipment

a). PPE is initially recognized at cost. The company follows cost model for Property, plant and equipment and are stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Only those costs are recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Cost of software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

The Property, plant and equipment are derecognized when no future economic benefits are expected from its use or on disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other income / other expenses" in Statement of comprehensive income.

### b). Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item only when 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. The carrying amount of the replaced part is derecognized. All other costs incurred for the running and maintenance of property, plant and equipment are expensed off in the year in which they are incurred.

### c). Depreciation:

i. Depreciation is recorded by a charge to operating profit computed on a straight-line basis so as to write off the cost of the assets to their residual values over the expected useful lives. The residual value and the useful life of an asset are reviewed at each year end.

ii. Estimated useful life of Assets applied is as follows:

Asset Type	Useful Life
<b>1. Land</b>	NA
<b>2. Building</b>	
a. Permanent structure	50 yrs
b. Semi-permanent structure	15 yrs
c. Temporary structure	5 yrs
<b>3. Tele-equipment</b>	
a. Tower	30 yrs
b. Rest	7 yrs
<b>4. Power systems &amp; cable</b>	
a. Air conditioner	5 yrs
b. Rest	10 yrs
<b>5. Furniture</b>	10 yrs
<b>6. Office equipment</b>	5 yrs
<b>7. Vehicle</b>	5 yrs
<b>8. Software application</b>	5 yrs
<b>9. Leases</b>	As per lease tenure

## 6. Capital Work in Progress:

Expenditure on material, labour, contract expenses and directly attributable cost such as employee costs and overheads, project management expenses incurred during construction period for executing the particular project are included in CWIP till these are capitalized. Indirect expenditures and overheads incurred is expensed off and are not capitalized. Work, which is still in progress relating to civil construction, is accounted for under capital work-in-progress after settling the project system in ERP Next on monthly basis. Capitalization of work-in-progress has been done on the basis of completion certificate issued by the concerned authority.

## 7. Intangible Assets:

### Software:

The intangible assets are initially measured at cost and carried as per cost model. Intangible assets having finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

#### a) Subsequent Expenditure:

Subsequent expenditure is capitalized only when 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. All other expenditure, including expenditure on internally generated goodwill and brands, are expensed off in the year in which they are incurred.

#### b) Amortization:

These costs are amortized over their estimated useful lives of 5 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Intangible assets include license fees which is amortized over the period of license.

## 8. Leases:

### Company as a Lessor:

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

### Lease Income:

Lease income from operating lease is recognized in statement of comprehensive income on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern of the user's benefit.

### Accounting for Leases where the Company as a Lessee:

Leases are broadly categorized into Finance & Operating lease, based on the substance of lease agreement, all Finance leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date). Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

#### a. ROU Assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated as per the tenure of lease agreement, on a straight-line basis.

#### b. Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and Payments of penalties for terminating the lease, if the lease term reflects the Company and exercising that option.

Since interest implicit rate cannot be readily determined, Company has used incremental borrowing rates offered by financial institutions in the Country. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment, terms and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### c. Remeasurement of Lease Liabilities

In determining the lease term, the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company has re-assess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in the remeasurement of the lease liabilities.

### 9. Government Grants:

Grants from Government and Government agencies including non-monetary grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Grants related to income are recognized in the Statement of comprehensive income on a systematic basis over the periods in which the entity recognizes expenses and the related costs for which the grants are intended. The unallocated portion of such grant is presented as part of deferred income in the Statement of Financial Position. Government grants related to depreciable assets is treated as deferred income and are recognized in comprehensive income statement on a systematic basis over the useful life of assets. Government Grants related to assets are presented in the statement of financial position by setting up the grant as deferred income. Amount of depreciation on property, plant and equipment acquired through grant has been transferred to statement of comprehensive income by reducing depreciation expense. A government grant received or 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 recognized in Statement of comprehensive income in the year it is received or becomes receivable. A government grant may take form of a transfer of a non-monetary asset, such as land or other resources, for the use of company. In these circumstances, the fair value of the non-monetary asset is assessed, and both the grant and asset are accounted for at that fair value.

### 10. Employee Benefits:

Employee benefits are accrued in the period in which the associated services are rendered by employees of the company as detailed below:

#### a). Defined Contribution Plan (Pension and Provident Fund):

As required by National Pension & Provident Fund, both the employee and employer make monthly contributions to the provident fund, which is a Defined Contribution Plan, equal to a specified percentage of employee's basic salary. The company has no further obligations under the plan beyond its monthly contributions. The company does not have any legal or constructive obligation to pay further contributions if the Fund does not have sufficient assets to pay all of the employee's entitlements. Obligation for contributions to the plan is recognized as an employee benefit expense in statement of comprehensive income when the contribution to the Fund becomes due.

#### b). Defined Benefit Plans (Gratuity):

In accordance with the BTL service rule, the company provides for gratuity, a defined benefit retirement plan (the Gratuity Plan) covering all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the company. The company's net obligation in respect of the gratuity plan is calculated by estimating the number of future benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method and amount of obligation is provided in the statement of comprehensive income. Measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur and presented in other comprehensive income.

#### c). Short Term Benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**d). Earned Leave Encashment:**

As per the Company's policy, the employees can have the option of either availing leave or encashing the earned leave within the same financial year. Out of the 30 days of earned leave accrued during the year, if employee avails leave during the year and has balance earned leave, the balance shall be encashed on pro rata basis. Unused casual leave shall be merged to earned leave at the financial year end for the purpose of encashment, however, shall not exceed 30 days (1 month's basic pay). Accordingly, leave encashment expense is accounted for as short term employees benefit.

**e). Other Long-Term Benefits:**

As per company's service rules, the employee who have rendered minimum three years of service are entitled to Travelling allowance of an amount equal to one month's last basic pay of the employee, Transfer grant of an amount equal to one month's last basic pay of the employee and Carriage charges at the time of leaving the service. One-month basic pay for this purpose is the pay at the time of leaving the service. The company's net obligation in respect of this terminal benefit is calculated by estimating the number of benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary and amount of obligation is provided in Statement of comprehensive income. The plan is unfunded.

**11. Fair Value Measurement:**

The Company measures some financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in level 1 that are observed for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes transfers between levels of the fair value hierarchy at the end of reporting period during which the change has occurred. The management has an established control framework with respect to fair value measurement. This includes a valuation team that has an overall responsibility for overseeing all significant fair value measurement, including level 3 fair values, and reports directly to the management.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates, and assumptions
- Financial instruments (including those carried at amortized cost)."

**12. Current & Deferred Income Tax:**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (Tax Base).

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the tax authority on the taxable entity, further they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously. A deferred

tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

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 realized.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiary, associate, and joint venture where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

### 13. Provisions:

Provisions are recognized if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. A provision for onerous contracts is recognized when the expected benefits to be derived by the entity from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

### 14. Contingent Liabilities and Contingent Assets:

Contingent liabilities is not recognized but disclosed for all possible obligations that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets is also not recognized but disclosed for all possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

### 15. Foreign Currencies:

Transactions in foreign currencies are initially recognized in the financial statements in functional currency using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Foreign exchange gains and losses are generally recognised in statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the Statement of comprehensive income on a net basis within other income or other expenses.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

### 16. Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost of inventories includes all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and conditions.

**Traded goods:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**Consumables and Stores & Spares:** The Stock of stores & spare parts are charged to revenue account except loose tools. Stores are valued at cost calculated on the basis of yearly weighted average method. Provisions are made for unserviceable, damaged, obsolete, slow moving, defective stores and spares identified during the physical stock taking.

### 17. Segmental Reporting:

The company is in the Business of providing telecom services and its operating facilities are all situated in the Royal Kingdom of Bhutan only. Under the broad segment of telecom services, the company has subsidiary segments of fixed line service, mobile service, data center and cloud service and internet service. Further as the company's share are not listed with any stock exchange market, the provision of BFRS-8 - Operating segments is not applicable to the company.



## 18. Impairment:

At the end of each reporting period, entity assesses whether there is any indication that an asset (tangible or intangible) may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset. Asset is impaired when its carrying value exceeds its recoverable amount. Where an indication of impairment exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## 19. Investments & Other Financial Assets:

BFRS-9 Financial Instruments replaces BAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1<sup>st</sup> January 2022, bringing together all the aspects of the accounting for financial instruments: classification and measurement; impairment.

No material effect to the financial statement recognition and presentation for all periods presented, due to the adoption of BFRS 9, except for following changes in accounting policies.

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected credit loss "ECL".

### a) Initial Measurement:

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

### b) Classification and Subsequent Measurement:

For the purpose of subsequent measurement, financial assets of the company are classified in the following categories:

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);
- Financial assets measured at fair value through profit and loss (FVTPL)

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

#### i. Financial Assets Measured at Amortized Cost:

Financial assets are measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income and the losses arising from impairment are also recognized in the same. This category generally applies to trade and other receivables, bank deposits, security deposits, investment in government securities, bonds, cash and cash equivalents and employee loans, etc.

#### ii. Financial Instruments Measured at Fair Value through Other Comprehensive Income:

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- The asset's contractual cash flow represents SPPI.

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value. Fair value movements are recognized in other comprehensive income (OCI). Currently, the company does not have any asset classified under this category.

#### iii. Financial instruments measured at fair value through profit and loss:

Fair value through profit and loss is the residual category. Any financial instrument which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified at

FVTPL. Financial instruments included within FVTPL category are measured initially as well as at each reporting period at fair value. Fair value movements are recorded in statement of profit and loss.

**c. Impairment of Financial Assets:**

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. Impairment losses are incurred, if and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset.

Loss events are events which have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The amount of loss is recognized in statement of profit or loss.

**d. De-recognition of Financial Assets:**

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily de-recognized only when:

- i. the rights to receive cash flows from the asset have been transferred, or
- ii. the company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the company has transferred an asset, it evaluates whether it has substantially transferred all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the company has not transferred substantially all the risks and rewards of ownership of a financial asset, the financial asset is not derecognized. When the company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the entity has not retained control of the financial asset. When the entity retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the asset.

Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Investments in fixed deposits, Treasury Bills and Bonds are considered as low risk of default.

**e. Income Recognition:**

**Interest Income:** Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**20. Financial Liabilities:**

**a) Initial Recognition and Measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, borrowings including bank overdrafts.

**b) Subsequent Measurement:**

The measurement of financial liabilities depends on their classification, as described below.

**i. Financial Liabilities at Fair Value through Profit or Loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in BFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of comprehensive income. The Company has not designated any financial liability as at fair value through profit and loss.

**ii. Embedded Derivatives:**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract - with the effect that some of the cash flows of the combined instrument vary in a way similar

to a stand-alone derivative. An embedded derivative cause some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through statement of comprehensive income. If the hybrid contract contains a host that is a financial asset within the scope of BAS 9, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in BAS 9 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through statement of comprehensive income. These embedded derivatives are measured at fair value with changes in fair value recognized in statement of comprehensive income, unless designated as effective hedging instruments.

**iii. Trade and Other Payables:**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**c) De-recognition:**

A financial liability is derecognized 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 recognized in the Statement of comprehensive income. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in Statement of comprehensive income.

**21. Offsetting:**

Financial assets and financial liabilities or income and expenses are offset and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income when, and only when, the entity has a legal right and is allowed by the standard to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

**22. Cash & Cash Equivalents:**

Cash and cash equivalents include cash in hand, demand deposits with banks, other short - term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

**23. Trade & Other Receivables:**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

**24. Trade & Other Payables:**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**25. Assets Held for Sale:**

Non-current assets or disposal groups comprising of assets and liabilities are classified as ‘held for sale’ when all of the following criteria's are met: (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition. (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Statement of financial position date.

Subsequently, such non-current assets and disposal groups classified as ‘held for sale’ are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortized.



**26. Earnings Per Share:**

**b. Basic earnings per share:**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

**c. Diluted earnings per share:**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.



Note 35: Deferred Tax Assets/Liabilities

Particulars	Property, Plant and Equipment	Provision for Leave Encashment	Provision for Doubtful Debt	Provision for Bonus	Provision for Old Inventories	Provision for Separation Allowance	Provision for Carriage Charges	Provision for Travel Allowance	Right of Use	Lease Liability	Total
At 1st January 2024	159,036,011	3,075,163	9,466,305	17,674,990	3,877,789	2,189,365	982,198	2,189,365	(7,367,794)	8,598,959	199,722,352
Charged/(credited):											
- to profit or loss	6,920,930	(3,075,163)	(407,264)	(17,674,990)	(272,080)	(26,144,900)	(20,742,225)	(26,145)	(61,896)	317,195	(14,326,301)
- to other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
At 31st December 2024	165,956,941	-	9,059,041	-	3,605,709	2,163,221	961,456	2,163,220	(7,429,690)	8,916,154	185,396,050
Charged/(credited):											
- to profit or loss	(45,448,381)	-	(3,396,484)	-	(996,074)	(482,303.62)	(274,044.38)	(482,304)	(1,666,647)	1,394,196	(51,352,041)
- to other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
At 31st December 2025	120,508,560	-	5,662,556	-	2,609,635	1,680,917	687,411	1,680,917	(9,096,337)	10,310,350	134,044,009



Notes Forming Part of the Financial Statements as at 31st December, 2025

Note 36: Disclosure as per BAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and BAS 1 - Presentation of Financial Statement

In accordance with BAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and BAS 1 'Presentation of Financial Statements, the Company has retrospectively restated its Balance Sheet as at 31st December, 2024 and as at January 1, 2024 (beginning of the preceding period) for the reasons as stated below:

At the time of Calculation of Deferred Tax related to Property, Plant and Equipment, the written down value of intangible assets is considered in tax base but not in carrying amount. This resulted in a mismatch between the tax base and the carrying amount of PPE and intangible assets and consequently led to an incorrect recognition of deferred tax assets/ liabilities in the earlier periods.

Upon identification of the above error, the deferred tax balances have been recomputed and corrected in accordance with BAS 12 – Income Taxes and BAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The impact of the correction has been retrospectively adjusted, and the comparative figures have been restated to the extent applicable.

Reconciliation of financial statement line items which are retrospectively restated are as under (to the extent practicable):

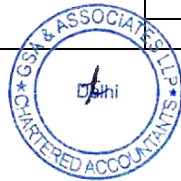
Reconciliation of Statement of Financial Position as at 31<sup>st</sup> December 2024 and 1<sup>st</sup> January 2024.

Particulars	31 <sup>st</sup> December, 2024			01 <sup>st</sup> January, 2024		
	Balance	Adjustment	Restated	Balance	Adjustment	Restated
<b>I. ASSETS:</b>						
<b>Non-current assets</b>						
Property, plant and equipment	4,973,397,978	-	4,973,397,978	4,625,108,259	-	4,625,108,259
Intangible assets	1,086,177,290	-	1,086,177,290	1,040,855,207	-	1,040,855,207
Capital work-in-progress	440,970	-	440,970	16,255,215	-	16,255,215
Investments	4,251,668	-	4,251,668	1,000,000	-	1,000,000
Deferred tax assets (net)	511,249,238	(325,853,187)	185,396,051	511,978,915	(312,256,564)	199,722,352
Right of Use of Asset - Lease	24,765,631	-	24,765,631	24,559,313	-	24,559,313
<b>Total non-current assets</b>	<b>6,600,282,775</b>	<b>(325,853,187)</b>	<b>6,274,429,588</b>	<b>6,219,756,910</b>	<b>(312,256,564)</b>	<b>5,907,500,346</b>
<b>Current assets</b>						
Investments	1,019,370	-	1,019,370	4,285,836	-	4,285,836
Inventories	89,367,620	-	89,367,620	48,025,398	-	48,025,398
Trade receivables	124,137,290	-	124,137,290	92,278,158	-	92,278,158
Cash and bank balances	441,254,114	-	441,254,114	968,323,032	-	968,323,032
Other receivable	968,850	-	968,850	2,126,416	-	2,126,416
Other current assets	10,099,378	-	10,099,378	10,225,168	-	10,225,168
	<b>666,846,622</b>	<b>-</b>	<b>666,846,622</b>	<b>1,125,264,007</b>	<b>-</b>	<b>1,125,264,007</b>
Asset classified as held for	5,964,125	-	5,964,125	5,964,125	-	5,964,125
<b>Total current assets</b>	<b>672,810,747</b>	<b>-</b>	<b>672,810,747</b>	<b>1,131,228,132</b>	<b>-</b>	<b>1,131,228,132</b>
<b>Total assets</b>	<b>7,273,093,522</b>	<b>(325,853,187)</b>	<b>6,947,240,335</b>	<b>7,350,985,042</b>	<b>(312,256,564)</b>	<b>7,038,728,478</b>
<b>II. EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>						
Equity share capital	3,900,574,000	-	3,900,574,000	3,900,574,000	-	3,900,574,000
Other equity	2,039,561,472	(325,853,187)	1,713,708,285	2,087,050,593	(312,256,564)	1,774,794,029
<b>Total equity</b>	<b>5,940,135,472</b>	<b>(325,853,187)</b>	<b>5,614,282,285</b>	<b>5,987,624,593</b>	<b>(312,256,564)</b>	<b>5,675,368,029</b>
<b>Non-current liabilities</b>						
Deferred government grants	393,100,550	-	393,100,550	369,183,234	-	369,183,234
Long term employee benefits	15,196,575	-	15,196,575	15,136,829	-	15,136,829

Lease liability	23,169,126	-	23,169,126	24,890,478	-	24,890,478
<b>Total non-current liabilities</b>	<b>431,466,251</b>	-	<b>431,466,251</b>	<b>409,210,541</b>	-	<b>409,210,541</b>
<b>Current liabilities</b>						
Trade and other payables	64,279,161	-	64,279,161	113,760,134	-	113,760,134
Other payables	167,936,215	-	167,936,215	76,898,772	-	76,898,772
Short term provision	518,427,435	-	518,427,435	576,299,656	-	576,299,656
Other current liabilities	139,968,653	-	139,968,653	156,228,449	-	156,228,449
Short term employee benefits	4,328,947	-	4,328,947	27,190,179	-	27,190,179
Lease liability	6,551,388	-	6,551,388	3,772,719	-	3,772,719
<b>Total current liabilities</b>	<b>901,491,799</b>	-	<b>901,491,799</b>	<b>954,149,909</b>	-	<b>954,149,909</b>
<b>Total liabilities</b>	<b>1,332,958,050</b>	-	<b>1,332,958,050</b>	<b>1,363,360,450</b>	-	<b>1,363,360,450</b>
<b>Total equity and liabilities</b>	<b>7,273,093,522</b>	<b>(325,853,187)</b>	<b>6,947,240,335</b>	<b>7,350,985,043</b>	<b>(312,256,564)</b>	<b>7,038,728,479</b>

**Reconciliation of Statement of Comprehensive Income for the year ended 31<sup>st</sup> December, 2024.**

Particulars	31 <sup>st</sup> December, 2024		
	Balance	Adjustment	Restated Balance
<b>Income:</b>			
Income from operations	6,300,271,761	-	6,300,271,761
Other income	72,320,792	-	72,320,792
	<b>6,372,592,553</b>	-	<b>6,372,592,553</b>
<b>Expense:</b>			
Network operating expenses	992,771,614	-	992,771,614
Cost of trading goods	161,700,459	-	161,700,459
Employee benefit expenses	489,694,127	-	489,694,127
Depreciation and amortization	1,060,985,214	-	1,060,985,214
Finance cost	11,889,644	-	11,889,644
Other expenses	310,364,094	-	310,364,094
<b>Total Expenses</b>	<b>3,027,405,152</b>	-	<b>3,027,405,152</b>
<b>Profit before tax</b>	<b>3,345,187,401</b>	-	<b>3,345,187,401</b>
Tax expenses	-	-	-
Current tax	977,594,221	-	977,594,221
Deferred tax	(3,064,536)	13,596,623	10,532,087
Deferred tax related to earlier years (change in rate of tax)	-	-	-
<b>Total tax expense</b>	<b>974,529,685</b>	<b>13,596,623</b>	<b>988,126,308</b>
<b>Profit after tax for the year</b>	<b>2,370,657,716</b>	<b>(13,596,623)</b>	<b>2,357,061,093</b>
<b>Other comprehensive income</b>			
Remeasurement (gains)/losses on defined benefit plans	(12,647,376)	-	(12,647,376)
Income tax relating to component for other comprehensive income	3,794,213	-	3,794,213
Other comprehensive income, net of tax	(8,853,163)	-	(8,853,163)
<b>Total comprehensive income for the year</b>	<b>2,379,510,879</b>	<b>(13,596,623)</b>	<b>2,365,914,256</b>



**Note 37: Fair Value Measurements**

**Financial Instruments by Category**

Particulars	31 <sup>st</sup> December, 2025			31 <sup>st</sup> December, 2024			01 <sup>st</sup> January, 2024		
	FVPL	FVOCI	Amortized cost	FVPL	FVOCI	Amortized cost	FVPL	FVOCI	Amortized cost
<b>Financial Assets</b>									
Investment in fixed deposits	-	-	5,000,000	-	-	5,000,000	-	-	5,000,000
Accrued income on investments	-	-	565,447	-	-	271,038	-	-	285,836
Trade receivables	-	-	260,602,420	-	-	124,137,290	-	-	92,278,158
Cash and cash equivalent	-	-	274,525,212	-	-	441,254,114	-	-	968,323,032
Security deposits	-	-	1,462,304	-	-	968,850	-	-	2,126,416
<b>Total Financial Assets</b>	-	-	<b>542,155,384</b>	-	-	<b>571,631,292</b>	-	-	<b>1,068,013,438</b>
<b>Financial Liabilities</b>									
Sundry creditors	-	-	103,834,864	-	-	51,967,824	-	-	102,638,117
Other payables	-	-	387,000	-	-	1,473,885	-	-	130,000
License fee payable	-	-	165,763,176	-	-	164,476,215	-	-	73,507,972
Retention	-	-	9,034,905	-	-	10,837,452	-	-	10,992,017
Security deposits	-	-	3,630,000	-	-	3,460,000	-	-	3,390,799
Provision for PBVP	-	-	61,978,393	-	-	59,214,669	-	-	58,916,634
Lease Liabilities	-	-	46,865,226	-	-	29,720,514	-	-	28,663,197
<b>Total Financial Liabilities</b>	-	-	<b>391,493,565</b>	-	-	<b>321,150,559</b>	-	-	<b>278,238,736</b>

**i) Fair Value Hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**Note:** a) There have been no transfers between Level 1 and Level 2 for the years ended 31 December 2025, and 31 December 2025.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

(i) the fair value of the financial instruments is determined using discounted cash flow analysis.

**(iii) Fair Value of Financial Assets and Liabilities Measured at Amortised Cost**

Particulars	31 <sup>st</sup> December, 2025		31 <sup>st</sup> December, 2024		01 <sup>st</sup> January, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Investment in fixed deposits	5,565,447	5,565,447	5,271,038	5,271,038	5,285,836	5,285,836
Security deposit	3,630,000	3,630,000	3,460,000	3,460,000	3,390,799	3,390,799
<b>Total financial assets</b>	<b>9,195,447</b>	<b>9,195,447</b>	<b>8,731,038</b>	<b>8,731,038</b>	<b>8,676,635</b>	<b>8,676,635</b>
<b>Financial liabilities</b>						
Long term loan	-	-	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-	-	-

(a) Fair value of borrowings in table above is estimated by discounting expected future cash flows.

(b) The management assessed that the fair values of remaining financial assets and liabilities at amortised cost approximate to their carrying amounts largely due to the short-term maturities of these instruments.

(c) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

**Note 38: Capital management**

**(a) Risk Management**

**The company's objectives when managing capital are to;**

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The Company is formed as a wholly owned subsidiary of Druk Holding & Investments Limited (DHI). The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through equity.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary, adjust, its capital structure. The Company is not subject to any externally imposed capital requirements.

The amount mentioned under total equity in balance sheet is considered as Capital.

**(b) Dividends Paid and Proposed**

Particulars	31 <sup>st</sup> December, 2026	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024
<b>(i) Equity shares</b>			
Final dividend for the year	1,636,000,000	2,371,000,000	2,427,000,000
<b>(ii) Dividends not recognized at the end of the reporting period</b>			
The board has in their meeting dated 23 <sup>rd</sup> March 2026 the board proposed dividend of Nu.		1,636,000,000	2,371,000,000

**Note 39: Financial Risk Management**

The Company's activities expose it to credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of it in the financial statements.

Risk	Exposure Arising	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis	Diversification of bank deposits, customer base and credit limits
Liquidity risk	Trade payables and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in ngultrum (Nu.)	Cash flow forecasting Sensitivity analysis	Diversification of liability
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Portfolio of loan contains fixed interest loans from financial institutions

**(A) Credit Risk**

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 38.

**(I) Trade and Other Receivables**

Apart from cash and cash equivalents, company's majority of the financial assets are in the form of trade receivables only. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. As significant portion of the company's sale is in cash (all prepaid services), total trade receivables outstanding at the reporting date are also not significant in comparison of the company's total revenue. These trade receivables are non-interest bearing and are generally on credit term of 30-90 days. The Company regularly monitors its outstanding customer receivables. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation.

The credit risk related to the trade receivables is managed by the Company through established policy and procedures and control relating to customer credit risk management, by setting appropriate payment terms and credit period, and by setting and monitoring internal limits on exposure to individual customers. The credit period provided by the Company to its customers generally ranges 30-90 days.

Company categorised its trade receivables mainly into two categories, due from international customers and from domestic customers. In case of international debtors, there is no history of default and delay risk. Further, as per the arrangement and company's policy in case of majority of the international customers, receivables balances are settled on regular interval. Therefore, considering the forward-looking approach management believes that the credit risk in case of international customers is not significant and however loss allowance is created in during the year.

In case of domestic trade receivables, company have history of delay in recovery as well as default in recovery. However, as per the company policy, in case of delay in recovery, company billed and recover delay charges for the delay period. Accordingly, company is not exposed to delay risk. For default risk, company based on history, past trends and forwarding looking approach provides for loss allowance following expected credit loss method.

The Company uses expected loss model to measure loss allowance on trade receivables which is based on provision matrix.

The ageing of trade receivables (net of provisions) as of balance sheet date is given below. The age analysis has been considered from the due date:

Particulars	Less than 180 days	More than 180 days	Total
Trade receivables as at 31.12.2025 (gross)	190,991,930	95,349,383	286,341,313
Less: Loss allowance	(12,537,999)	(13,200,893)	(25,738,893)
<b>Trade receivables as at 31.12.2025</b>	<b>178,453,931</b>	<b>82,148,489</b>	<b>260,602,420</b>
Particulars	Less than 180 days	More than 180 days	Total
Trade receivables as at 31.12.2024 (gross).	108,003,106	46,287,045	154,290,152
Less: Loss allowance	(24,221,885)	(5,974,917)	(30,196,802)
<b>Trade receivables as at 31.12.2024</b>	<b>83,781,221</b>	<b>40,312,128</b>	<b>124,093,350</b>
Particulars	Less than 180 days	More than 180 days	Total
Trade receivables as at 01 January 2024 (gross)	87,003,880	36,828,627	123,832,507
Less: Loss allowance	(22,088,045)	(9,466,305)	(31,554,350)
<b>Trade receivables as at 01<sup>st</sup> January 2024</b>	<b>64,915,835</b>	<b>27,362,322</b>	<b>92,278,158</b>

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

#### Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance division in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Companies' Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. None of the company's cash equivalents with banks, deposits and other receivables were past due or impaired as at 31st December 2025.

#### (i) Credit Risk Management

Credit risk from balances with banks and financial institutions is managed by the Company's finance department. Currently the Company has investment in fixed deposits which are made only with approved counterparties in accordance with the Company's policy.

Apart from cash and cash equivalents, company's majority of the financial assets are in the form of trade receivables only. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. As significant portion of the company's sale is in cash (all prepaid services), total trade receivables outstanding at the reporting date are also not significant in comparison of the company's total revenue. These trade receivables are non-interest bearing and are generally on credit term of 30-90 days. The Company regularly monitors its outstanding customer receivables.

Company categorised its trade receivables mainly into two categories, due from international customers and from domestic customers. In case of international debtors, there is no history of default and delay risk. Further, as per the arrangement and company's policy in case of majority of the international customers, receivables balances are settled on regular interval. Therefore, considering the forward-looking approach management believes that the credit risk in case of international customers is not significant and no loss allowance is required to be provided.

In case of domestic trade receivables, company has history of delay in recovery as well as default in recovery. However, as per the company policy, in case of delay in recovery, company billed and recover delay charges for the delay period. Accordingly, company is not exposed to delay risk. For default risk, company based on history, past trends and forwarding looking approach provides for loss allowance following expected credit loss method.

#### (B) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally performed in accordance with practice and limits set by the Company.

(i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**Contractual Maturities of Financial Liabilities:**

Particulars	Less than 1 year	More than 1 year	Total
<b>31<sup>st</sup> December,2025</b>			
License fee payable	165,763,176	-	165,763,176
Sundry creditors	103,834,864	-	103,834,864
Other payables	387,000	-	387,000
Provision for PBVP	61,978,393	-	61,978,393
Retention money payable	9,034,905	-	9,034,905
Security deposits	3,630,000	-	3,630,000
Lease liabilities	7,100,910	39,764,316	46,865,226
<b>Total non-derivative liabilities</b>	<b>351,729,248</b>	<b>39,764,316</b>	<b>391,493,565</b>
<b>31<sup>st</sup> December,2024</b>			
License fee payable	164,476,215	-	164,476,215
Sundry creditors	51,967,824	-	51,967,824
Other payables	1,473,885	-	1,473,885
Provision for PBVP	59,214,669	-	59,214,669
Retention money payable	10,837,452	-	10,837,452
Security deposits	3,460,000	-	3,460,000
Lease Liabilities	6,551,388	23,169,126	29,720,514
<b>Total non-derivative liabilities</b>	<b>297,981,433</b>	<b>23,169,126</b>	<b>321,150,559</b>
<b>01<sup>st</sup> January,2024</b>			
License fee payable	73,507,972	-	73,507,972
Sundry creditors	102,638,117	-	102,638,117
Other payables	130,000	-	130,000
Provision for	58,916,634	-	58,916,634
Retention money payable	10,992,017	-	10,992,017
Security deposits	3,390,799	-	3,390,799
Lease Liabilities	3,772,719	24,890,478	28,663,197
<b>Total non-derivative liabilities</b>	<b>253,348,258</b>	<b>24,890,478</b>	<b>278,238,736</b>

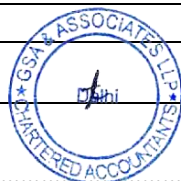
(C) Market Risk

(i) Foreign Currency Risk

Foreign Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company does not operate internationally, however, expose to the foreign currency risk due to receivables/payables denominated in foreign currency for the various transactions such as interconnect agreement with foreign operators, and providing network services to the foreign operator's customers, etc. Foreign currency risk, is closely monitored by the Management to decide on the requirement of hedging. The position of foreign currency exposure to the Company as at the end of the year is expressed in USD are as follows:

Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January,2024
	USD	USD	USD
Financial assets	333,400	643,420	237,014
Financial liabilities	704,373	153,307	58,909
<b>Net exposure to foreign currency risk</b>	<b>(370,972)</b>	<b>490,113</b>	<b>178,105</b>
Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January,2024
	Euro	Euro	Euro
Financial assets	-	-	537
Financial liabilities	-	257	-
<b>Net exposure to foreign currency risk</b>	<b>-</b>	<b>(257)</b>	<b>537</b>



### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Change in currency exchange rate	Impact on profit before tax		
		31 <sup>st</sup> December,2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January,2024
USD sensitivity				
Appreciation in Nu. *	5%	(1,667,150)	2,098,449	741,697
Deprecation in Nu. *	-5%	1,667,150	(2,098,449)	(741,697)
EURO sensitivity			-	-
Appreciation in Nu. *	5%	-	(1,148.15)	2,471.54
Deprecation in Nu. *	-5%	-	1,148.15	(2,471.54)

\* Holding all other variables constant

As value of Nu. is constantly equal to the INR, company is not exposed to any foreign currency risk relating to amount receivables/payables in INR.

### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. As company does not have any variable rate borrowing outstanding or investment, company is not exposed to significant interest rate risk.

### (iii) Price Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The Company does not have any financial asset investments which are exposed to price risk.

Note :40 Disclosure as per BAS 19, 'Employees Benefit' as regards defined benefit scheme (Gratuity)			
A	Change in Defined Benefit Obligation (DBO)	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	DBO at end of prior period	234,925,969	229,095,871
2	Current service cost	13,344,482	13,074,715
3	Interest cost on the DBO	18,506,152	17,871,540
4	Add: Past service cost	-	-
5	Actuarial (gain)/loss – experience	(7,198,148)	(13,712,918)
6	Benefits paid from plan assets	(12,662,787)	(11,403,239)
	<b>DBO at end of current period</b>	<b>246,915,668</b>	<b>234,925,969</b>
B	Statement of Profit & Loss	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Current service cost	13,344,482	13,074,715
2	Net interest on net defined benefit liability / (asset)	18,506,152	17,871,540
3	Less: Expected interest on plan asset	(18,430,184)	(17,303,272)
	<b>Cost Recognized in P&amp;L</b>	<b>13,420,450</b>	<b>13,642,983</b>
C	Defined Benefit Cost	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Expenses recognized I profit or loss	13,420,450	13,642,983
2	Actuarial (gains)/ losses recognized in OCI	(12,685,533)	(11,743,780)
	<b>Defined Benefit Cost</b>	<b>734,917</b>	<b>1,899,202</b>
D	Development of Net Financial Position	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Defined Benefit Obligation (DBO)	246,915,668	234,925,969
2	Fair Value of Plan Assets (FVA)	246,180,752	233,026,767
3	Funded Status (Surplus/(Deficit))	(734,917)	(1,899,202)
	<b>Net Defined Benefit Liability</b>	<b>(734,917)</b>	<b>(1,899,202)</b>



E	Reconciliation of Net Balance Sheet Position	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Net defined benefit asset/ (liability) at end of prior period	234,925,969	229,095,871
2	Service cost	13,344,482	13,074,715
	Add: Past service cost	-	-
3	Net interest on net defined benefit liability/ (asset)	18,506,152	17,871,540
4	Actuarial (gain) or losses due to experience adjustment	(12,662,787)	(13,712,918)
5	Benefit paid directly by the Company	(7,198,148)	(11,403,239)
	<b>Net defined benefit liability at end of current period</b>	<b>246,915,668</b>	<b>234,925,969</b>
F	Other Comprehensive Income (OCI)	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Actuarial (gain)/loss due to liability experience	(12,662,787)	(13,712,918)
2	Return on plan assets (greater)/less than discount rate	(22,746)	1,969,138
	<b>Expense recognized as OCI</b>	<b>(12,685,533)</b>	<b>(11,743,780)</b>
G	Reconciliation of changes in Fair Value of Plan Asset	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Fair value at the beginning of the year	233,026,767	214,889,167
2	Contribution paid into the plan	1,899,203	14,206,705
3	Return on plan assets	18,430,184	17,303,272
4	Benefits paid from the plan	(7,198,148)	(11,403,239)
5	Return on plan assets greater or (less) than discount rate	22,746	(1,969,138)
	<b>Fair value at the end of period</b>	<b>246,180,752</b>	<b>233,026,767</b>
I	Expected benefit payments for the year ending	31 <sup>st</sup> December,2025	
1	December 31,2026	33,700,624	
2	December 31,2027	30,369,767	
3	December 31,2028	35,422,898	
4	December 31,2029	29,512,790	
5	December 31,2030	31,610,342	
6	December 31, 2031 to December 31, 2035	176,663,739	
7	December 31, 2036 to December 31, 2045	472,743,027	

i. Expected employer contributions for the period ending 31st December, 2025 - NA

ii. Weighted average duration of defined benefit obligation – 13.07 years

iii. Significant estimates: actuarial assumptions and sensitivity

Sensitivity Analysis			
<b>a</b>	<b>Discount Rate</b>		
	<b>Discount Rate as at 31 December 2025</b>	0.50%	-3.50%
1	Effect on DBO due to 0.5% increase in Discount Rate	238,241,801	(8,673,867)
	Base rate	246,915,668	-
2	Effect on DBO due to 0.5% decrease in Discount Rate	256,173,011	9,257,343
		-0.50%	3.75%
<b>b</b>	<b>Salary Escalation rate</b>		
	<b>Salary Escalation rate as at 31 December 2025</b>	0.50%	4.00%
1	Effect on DBO due to 0.5% increase in Salary escalation rate	256,786,421	9,870,752
	Base Rate	246,915,668	-
2	Effect on DBO due to 0.5% decrease in Salary escalation rate	237,585,598	(9,330,070)
		<b>-0.50%</b>	<b>-3.78%</b>
<b>c</b>	<b>Mortality rate</b>		
	<b>Salary Escalation rate as at 31 December 2025</b>	0.50%	0.00%
	Effect on DBO due to 0.5% increase in Discount Rate	246,915,668	-
	Base Rate	246,915,668	-
	Effect on DBO due to 0.5% decrease in Discount Rate	246,915,668	-
		-0.50%	0.00%
<b>d</b>	<b>Employee turnover rate</b>		
	<b>Salary Escalation rate as at 31 December 2025</b>	0.50%	-0.98%
1	Effect on DBO due to 0.5% increase in Salary escalation rate	244,483,580	(2,432,088)
	Base Rate	246,915,668	-
2	Effect on DBO due to 0.5% decrease in Salary escalation rate	249,500,397	2,584,728
		-0.50%	1.05%

**(iv) Risk exposures**

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

**1. Discount rate risk**

The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.

**2. Salary growth risk**

As the gratuity benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher-than-expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.

**3. Employer turnover risk**

Employee turnover experience of BTL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.

**4. Demographic risk**

In the absence of credible scheme-specific data, the IALM 2012-14 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.

**5. Regulatory risk**

The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning gratuity benefit such as increase in gratuity ceiling, introduction of gratuity floor, change in vesting period or benefit accrual rate would eventually alter the liability.

**6. Investment risk**

As the gratuity scheme, there is a risk that the fund's investment is not able to earn the assumed rate of return. In such situation, the ultimate cost of the plan will be affected

**7. Asset-liability mismatch risk**

This risk arises from the unavailability of investments suitable and commensurate with the nature of liability, especially in the absence of well-developed capital market.

**Note: 41 Disclosure as per BAS 19, 'Employees Benefit' as regards defined benefit scheme (Carriage Allowance)**

A	Change in Defined Benefit Obligation (DBO)	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	DBO at end of prior period	3,204,853	3,273,994
2	Current service cost	216,195	234,787
3	Interest cost on the DBO	245,204	249,497
4	Actuarial (gain)/loss – experience	-	-
5	Actuarial (gain)/loss - financial assumptions	(262,039)	(242,869)
6	Benefits paid directly by the Company	(279,616)	(310,555)
	<b>DBO at end of current period</b>	<b>3,124,596</b>	<b>3,204,853</b>
B	Statement of Profit & Loss	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Current service cost	216,195	234,787
2	Past Service Cost	-	-
3	Service cost	216,195	234,787
4	Net interest on net defined benefit liability / (asset)	245,204	249,497
	<b>Cost recognized in P&amp;L</b>	<b>461,399</b>	<b>484,284</b>
C	Defined Benefit Cost	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Expenses recognise in profit or loss	461,399	484,284
2	Expenses recognise in other comprehensive income	(262,039)	(242,869)
	<b>Defined Benefit Cost</b>	<b>199,359</b>	<b>241,415</b>
D	Development of Net Financial Position	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Defined Benefit Obligation (DBO)	3,124,596	3,204,853
2	Fair Value of Plan Assets (FVA)	-	-
3	Funded Status (Surplus/(Deficit))	(3,124,596)	(3,204,853)
	<b>Net Defined Benefit Liability</b>	<b>(3,124,596)</b>	<b>(3,204,853)</b>
E	Reconciliation of Net Balance Sheet Position	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Net defined benefit asset/ (liability) at end of prior period	3,204,853	3,273,994
2	Service cost	216,195	234,787

3	Past Service Cost	-	-
4	Net interest on net defined benefit liability/ (asset)	245,204	249,497
5	Amount recognized in OCI	(262,039)	(242,869)
6	Benefit paid directly by the Company	(279,616)	(310,555)
<b>Net defined benefit liability at end of current period</b>		<b>3,124,596</b>	<b>3,204,853</b>
<b>F</b>	<b>Other Comprehensive Income (OCI)</b>	<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
1	Actuarial (gain)/loss due to liability experience	(262,039)	(242,869)
2	Actuarial (gain)/loss due to liability assumption changes	-	-
<b>Actuarial (Gain) or Loss Recognized via OCI at Current Period End</b>		<b>(262,039)</b>	<b>(242,869)</b>
<b>G</b>	<b>Expected benefit payments for the year ending</b>	<b>31<sup>st</sup> December,2025</b>	
2	December 31,2026		742,359
3	December 31,2027		693,000
4	December 31,2028		637,823
5	December 31,2029		616,586
6	December 31,2030		600,812
7	December 31, 2031 to December 31, 2035		2,976,954.95
8	December 31, 2036 to December 31, 2045		5,677,550.28

i Expected employer contributions for the period ending 31 December 2025

Not Applicable

ii Weighted average duration of defined benefit obligation 9.17 years

iii Significant estimates: actuarial assumptions and sensitivity

Sensitivity Analysis			
a	Discount Rate		
<b>Discount Rate as at 31 December 2025</b>		<b>0.50%</b>	<b>-3.01%</b>
1	Effect on DBO due to 0.5% increase in Discount Rate	3,030,606	(93,990)
	Base rate	3,124,596	
2	Effect on DBO due to 0.5% decrease in Discount Rate	3,224,487	99,890
		<b>-0.50%</b>	<b>3.20%</b>
<b>b</b>	<b>Salary Escalation rate</b>		
<b>Salary Escalation rate as at 31 December 2025</b>		<b>0.50%</b>	<b>3.56%</b>
1	Effect on DBO due to 0.5% increase in Salary escalation rate	3,235,744	111,148
	Base Rate	3,124,596	
2	Effect on DBO due to 0.5% decrease in Salary escalation rate	3,019,200	(105,397)
		<b>-0.50%</b>	<b>-3.37%</b>
<b>c</b>	<b>Mortality rate</b>		
<b>Mortality rate as at 31 December 2025</b>		<b>10.00%</b>	<b>0.00%</b>
	Effect on DBO due to 0.5% increase in Discount Rate	3,124,596	-
	Base Rate	3,124,596	-
	Effect on DBO due to 0.5% decrease in Discount Rate	3,124,596	-
		<b>-10.00%</b>	<b>0.00%</b>
<b>d</b>	<b>Employee turnover rate</b>		
<b>Employee turnover rate as at 31 December 2025</b>		<b>0.50%</b>	<b>-0.98%</b>
1	Effect on DBO due to 0.5% increase in Salary escalation rate	3,142,779	18,182
	Base Rate	3,124,596	
2	Effect on DBO due to 0.5% decrease in Salary escalation rate	3,105,709	(18,887)
		<b>-0.50%</b>	<b>1.05%</b>

#### iv. Risk Exposures

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

##### 1. Discount Rate Risk

The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.

##### 2. Employer Turnover Risk

Employee turnover experience of BTL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.

### 3. Demographic Risk

In the absence of credible scheme-specific data, the IALM 2012-14 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.

### 4. Regulatory Risk

The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Carriage Allowance benefit such as increase in Carriage Allowance ceiling, introduction of Carriage Allowance floor and change in vesting period or benefit accrual rate would eventually alter the liability.

### 5. Liquidity Risk

Finally, there is a risk that BTL may not be able to honour the Carriage Allowance payments in the short-run due to liquidity constraints.

**Note: 42 Disclosure as per BAS 19, 'Employees Benefit' as regards defined benefit scheme (Separation Allowance)**

<b>A</b>	<b>Change in Defined Benefit Obligation (DBO)</b>	<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
1	DBO at end of prior period	7,210,734	7,297,883
2	Current service cost	483,154	475,510
3	Interest cost on the DBO	-	552,435
4	Past service cost	560,489	-
5	Actuarial (gain)/loss - experience	(204,603)	(330,207)
6	Benefits paid directly by the Company	(409,242)	(784,887)
	<b>DBO at end of current period</b>	<b>7,640,531</b>	<b>7,210,734</b>
<b>B</b>	<b>Statement of Profit &amp; Loss</b>	<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
1	Current service cost	483,154	475,510
2	Past service cost-plan amendments	-	-
3	Service Cost	483,154	475,510
4	Net interest on net defined benefit liability / (asset)	560,489	552,435
	<b>Cost recognized in P&amp;L</b>	<b>1,043,643</b>	<b>1,027,945</b>
<b>C</b>	<b>Defined Benefit Cost</b>	<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
1	Expense recognized in profit or loss	1,043,643	1,027,945
2	Actuarial (gains)/ losses recognized in OCI	(204,603)	(330,207)
	<b>Defined Benefit Cost</b>	<b>839,040</b>	<b>697,737</b>
<b>D</b>	<b>Development of Net Financial Position</b>	<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
1	Defined Benefit Obligation (DBO)	7,640,531	7,210,734
2	Funded Status (Surplus/(Deficit))	(7,640,531)	(7,210,734)
	<b>Net Defined Benefit Liability</b>	<b>(7,640,531)</b>	<b>(7,210,734)</b>
<b>E</b>	<b>Reconciliation of Net Balance Sheet Position</b>	<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
1	Net defined benefit asset/ (liability) at end of prior period	7,210,734	7,297,883
2	Service cost	483,154	475,510
3	Net interest on net defined benefit liability/ (asset)	560,489	552,435
4	Amount recognized in OCI	(204,603)	(330,207)
	<b>Net defined benefit liability at end of current period</b>	<b>7,640,531</b>	<b>7,210,734</b>
<b>F</b>	<b>Other Comprehensive Income (OCI)</b>	<b>31<sup>st</sup> December,2025</b>	<b>31<sup>st</sup> December,2024</b>
1	Actuarial (gain)/loss due to liability experience	(204,603)	(330,207)
	<b>Actuarial (Gain) or Loss Recognized via OCI at Current Period End</b>	<b>(204,603)</b>	<b>(330,207)</b>
<b>G</b>	<b>Expected benefit payments for the year ending</b>	<b>31<sup>st</sup> December,2025</b>	
1	December 31,2026	1,369,516	
2	December 31,2027	1,313,209	
3	December 31,2028	1,305,387	
4	December 31,2029	1,223,488	
5	December 31,2030	1,260,779	
6	December 31, 2031 to December 31, 2035	6,639,033	
7	December 31, 2036 to December 31, 2045	15,172,833	



i Expected employer contributions for the period ending 31 December 2025

Not Applicable

ii Weighted average duration of defined benefit obligation 10.49 years

iii Significant estimates: actuarial assumptions and sensitivity

Sensitivity Analysis		
<b>a Discount Rate</b>		
<b>Discount Rate as at 31 December 2025</b>		
	0.50%	-3.38%
1 Effect on DBO due to 0.5% increase in Discount Rate	7,382,009	(258,523)
Base rate	7,640,531	-
2 Effect on DBO due to 0.5% decrease in Discount Rate	7,916,127	275,595
	-0.50%	3.61%
<b>b Salary Escalation rate</b>		
<b>Salary Escalation rate as at 31 December 2025</b>		
	0.50%	3.86%
1 Effect on DBO due to 0.5% increase in Salary escalation rate	7,935,269	294,737
Base Rate	7,640,531	-
2 Effect on DBO due to 0.5% decrease in Salary escalation rate	7,361,591	(278,940)
	-0.50%	-3.65%
<b>c Mortality rate</b>		
<b>Mortality rate as at 31 December 2025</b>		
	10.00%	0.00%
Effect on DBO due to 0.5% increase in Discount Rate	7,640,531	-
Base Rate	7,640,531	-
Effect on DBO due to 0.5% decrease in Discount Rate	7,640,531	-
	-10.00%	0.00%
<b>d Employee turnover rate</b>		
<b>Employee turnover rate as at 31 December 2025</b>		
	0.50%	-0.98%
1 Effect on DBO due to 0.5% increase in Salary escalation rate	7,630,999	(9,533)
Base Rate	7,640,531	-
2 Effect on DBO due to 0.5% decrease in Salary escalation rate	7,651,255	10,723
	-0.50%	1.05%

#### iv. Risk exposures

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the plan is exposed to a variety of risk as discussed herein.

##### 1. Discount Rate Risk

The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.

##### 2. Salary Growth Risk

As the Separation Allowance benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher-than-expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.

##### 3. Employer Turnover Risk

Employee turnover experience of BTL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.

##### 4. Demographic Risk

In the absence of credible scheme-specific data, the IALM 2012-14 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.

##### 5. Regulatory Risk

The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Separation Allowance benefit such as increase in separation allowance ceiling, introduction of Separation Allowance floor and change in vesting period or benefit accrual rate would eventually alter the liability.

##### 6. Liquidity Risk

Finally, there is a risk that BTL may not be able to honour the separation allowance payments in the short-run due to liquidity constraints.



Note: 43 Disclosure as per BAS 19, 'Employees Benefit' as regards defined benefit scheme (Travel Allowance)

A	Change in Defined Benefit Obligation (DBO)	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	DBO at end of prior period	7,210,734	7,297,883
2	Current service cost	483,154	475,510
3	Interest cost on the DBO	-	552,435
4	Past service cost	560,489	-
5	Actuarial (gain)/loss - experience	(204,603)	(330,207)
6	Benefits paid directly by the Company	(409,242)	(784,887)
	<b>DBO at end of current period</b>	<b>7,640,531</b>	<b>7,210,734</b>
B	Statement of Profit & Loss	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Current service cost	483,154	475,510
3	Service Cost	483,154	475,510
4	Net interest on net defined benefit liability / (asset)	560,489	552,435
	<b>Cost recognized in P&amp;L</b>	<b>1,043,643</b>	<b>1,027,945</b>
C	Defined Benefit Cost	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Expense recognized in profit or loss	1,043,643	1,027,945
2	Actuarial (gains)/ losses recognized in OCI	(204,603)	(330,207)
	<b>Defined Benefit Cost</b>	<b>839,040</b>	<b>697,737</b>
D	Development of Net Financial Position	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Defined Benefit Obligation (DBO)	7,640,531	7,210,734
2	Funded Status (Surplus/(Deficit))	(7,640,531)	(7,210,734)
	<b>Net Defined Benefit Liability</b>	<b>(7,640,531)</b>	<b>(7,210,734)</b>
E	Reconciliation of Net Balance Sheet Position	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Net defined benefit asset/ (liability) at end of prior period	7,210,734	7,297,883
2	Service cost	483,154	475,510
3	Net interest on net defined benefit liability/ (asset)	560,489	552,435
4	Amount recognized in OCI	(204,603)	(330,207)
5	Benefit paid directly by the Company	(409,242)	(784,887)
	<b>Net defined benefit liability at end of current period</b>	<b>7,640,531</b>	<b>7,210,734</b>
F	Other Comprehensive Income (OCI)	31 <sup>st</sup> December,2025	31 <sup>st</sup> December,2024
1	Actuarial (gain)/loss due to liability experience	(204,603)	(330,207)
	<b>Actuarial (Gain) or Loss Recognized via OCI at Current Period End</b>	<b>(204,603)</b>	<b>(330,207)</b>
G	Expected benefit payments for the year ending	31 <sup>st</sup> December,2025	
1	December 31,2026	1,369,516	
2	December 31,2027	1,313,209	
3	December 31,2028	1,305,387	
4	December 31,2029	1,223,488	
5	December 31,2030	1,260,779	
6	December 31, 2031 to December 31, 2035	6,639,033	
7	December 31, 2036 to December 31, 2045	15,172,833	

i Expected employer contributions for the period ending 31 December 2025

Not Applicable

ii Weighted average duration of defined benefit obligation 10.49 years

iii Significant estimates: actuarial assumptions and sensitivity

Sensitivity Analysis		
a	Discount Rate	
	<b>Discount Rate as at 31 December 2025</b>	0.50%
1	Effect on DBO due to 0.5% increase in Discount Rate	7,382,009
	Base rate	7,640,531
2	Effect on DBO due to 0.5% decrease in Discount Rate	7,916,127
		-0.50%
b	Salary Escalation rate	
	<b>Salary Escalation rate as at 31 December 2025</b>	0.50%
1	Effect on DBO due to 0.5% increase in Salary escalation rate	7,935,269
	Base Rate	7,640,531
2	Effect on DBO due to 0.5% decrease in Salary escalation rate	7,361,591
		-0.50%

c	Mortality rate		
	<b>Mortality rate as at 31 December 2025</b>	10.00%	0.00%
	Effect on DBO due to 0.5% increase in Discount Rate	7,640,531	-
	Base Rate	7,640,531	-
	Effect on DBO due to 0.5% decrease in Discount Rate	7,640,531	-
		-10.00%	0.00%
d	Employee turnover rate		
	<b>Employee turnover rate as at 31 December 2025</b>	0.50%	-0.98%
1	Effect on DBO due to 0.5% increase in Salary escalation rate	7,630,999	(9,533)
	Base Rate	7,640,531	-
2	Effect on DBO due to 0.5% decrease in Salary escalation rate	7,651,255	10,723
		-0.50%	1.05%

**(iv) Risk exposures**

Valuing a defined benefit plan is fundamentally an exercise in estimating the future cost of the benefit, the exact value for which only time will reveal. It relies on a set of financial and demographic assumptions along with prevalent regulatory framework in valuing liability. Thus, the Plan is exposed to a variety of risk as discussed herein.

**1. Discount Rate Risk**

The present value of the defined benefit obligation is heavily dependent on the discount rate. As such, the quantity is highly sensitive to the discount rate and a slight decrease in this assumption parameter will result in an ultimate cost that is significantly higher and vice versa.

**Salary Growth Risk**

As the Travel allowance benefit is a final-pay scheme, the actual cost of the plan will depend on the growth rate of salary over the years. As such, a higher-than-expected growth in salary will result in a cost which is higher than the estimate. Similarly, a slower salary growth will result in actual liability being lower than projected.

**3. Employer Turnover Risk**

Employee turnover experience of BTL will have a significant impact on the design of the benefit and consequently the overall cost of the plan. Furthermore, deviation in actual experience from assumption would also lead to change in the liability of the plan.

**4. Demographic Risk**

In the absence of credible scheme-specific data, the IALM 2012-14 mortality rate has been used in projecting the benefits. Thus, deviation of the actual experience from the rates used will result in change in the cost of the plan.

**5. Regulatory Risk**

The present value of the defined benefit obligation has been arrived at using the current set of regulatory frameworks. As such, any change in the relevant rules and regulations concerning Travel allowance benefit such as increase in Travel allowance ceiling, introduction of Travel allowance floor and change in vesting period or benefit accrual rate would eventually alter the liability.

**6. Liquidity Risk**

Finally, there is a risk that BTL may not be able to honour the Travel allowance payments in the short-run due to liquidity constraints.

**Note 44: Related Party Disclosure**

**1. Related Party Disclosure**

As identified by the management and in accordance with the Bhutanese Accounting Standard -24 following are the list of related parties;

List of related parties where control exists and related parties with whom transactions have taken place during the period and relationships:

**i. Parent and Subsidiary:**

Nature of relationship	Name of entity	Acronym used
Holding Company	Druk Holding & Investment Ltd.	DHI

**ii. Key Management Personnel**

Position	Name	Remarks
Chairperson	Mr. Ujjwal Deep Dahal	Present
Director	Dasho Tshewang C Dorji	Present
Director	Mr. Kinzang Tobgay	Present
Director	Mr. Sonam Penjor	Present
Director	Ms. Kuenga Zam	Present
Director	Mr. Karma Chophel	Present
Chief Executive Officer	Mr. Jamyang	Present

**iii. Entities under Common Control**



Nature of relationship	Name of entity	Acronym used
Subsidiary of Holding Company	Bhutan Power Corporation Ltd	BPC
Subsidiary of Holding Company	Drukair Corporation Ltd	DACL
Subsidiary of Holding Company	Druk Green Power Corporation	DGPC
Subsidiary of Holding Company	Dungsam Cement Corporation Ltd	DCCL
Subsidiary of Holding Company	Natural Resource Development Corporation Ltd	NRDCL
Subsidiary of Holding Company	Construction Development Corporation Ltd	CDCL
Subsidiary of Holding Company	State Mining Corporation Ltd	SMCL
Subsidiary of Holding Company	Koufuku International Private Ltd	KIPL
Subsidiary of Holding Company	MenjongSorig, Pharmaceuticals Corporation Ltd	MSPCL
Controlled Company of Holding Company	Dungsam Polymers Ltd	DPL
Controlled Company of Holding Company	State Trading Corporation of Bhutan Ltd	STCBL
Controlled Company of Holding Company	Thimphu Techpark Limited	TTPL
Controlled Company of Holding Company	Khorlonghhu Hydropower Plant	KCHL
Controlled Company of Holding Company	Crawfish Himalayan Ltd	CHL
Controlled Company of Holding Company	Bhutan Hydropower Services Limited	BHSL
Linked Company of Holding Company	Bhutan Board Product Ltd	BBPL
Linked Company of Holding Company	Penden Cement Authority Ltd	PCAL

**a) Transactions with related parties during the year:  
Government Agencies**

Nature of relationship	Name of entity	Acronym used
Government Agencies	Ministry of Education & Skills Development	MoESD
Government Agencies	Ministry of Agriculture & Live Stock	MoAL
Government Agencies	Ministry of Energy & Natural Resources	MoENR
Government Agencies	Ministry of Foreign Affairs & External Trade	MoFAET
Government Agencies	Ministry of Finance	MoF
Government Agencies	Ministry of Home Affairs	MoHA
Government Agencies	Ministry of Health	MoH
Government Agencies	Ministry of Industry, Commerce & Employment	MoICE
Government Agencies	Ministry of Infrastructure & Transport	MoIT

**i. Board sitting fee paid to Board Directors**

Name of Board of Directors	Particulars	2025	2024
		Sitting Fee	Sitting Fee
Mr. Ujjwal Deep Dahal	Chairperson	129,000	64,000
Dasho Tshewang C Dorji	Director	64,000	68,000
Mr. Kinzang Tobgay	Director	101,000	80,000
Mr. Sonam Penjor	Director	78,000	64,000
Ms. Kuenga Zam	Director	99,000	64,000
Mr. Karma Chophel	Director	152,000	88,000
		<b>623,000</b>	<b>428,000</b>

**ii. Chief Executive Officer's remuneration:**

Name	Particulars	2025	2024
Mr. Jamyang	Salary	1,034,280	-
	Leave travel concession	-	-
	Leave Encashment	39,100	-
	Salary Arrears	-	-
	Bonus and PBVA	-	-
	Contribution to superannuation fund	59,670	-
	Sitting fee	45,000	-
	<b>Total</b>	<b>1,178,050</b>	-
Name	Particulars	2025	2024
Mr. Karma Jurme**	Salary	2,569,584	3,780,936
	Leave travel concession	-	15,000
	Leave Encashment	114,832	133,286
	Salary Arrears	-	-



	Bonus and PBVA	634,746	634,746
	Contribution to superannuation fund	156,000	228,492
	Sitting fee	93,000	136,000
	<b>Total</b>	<b>3,568,162</b>	<b>4,928,460</b>

iv. Intergroup transaction with DOC companies

Group GL Code	GCOA Ledger	Entity	Inter CO ID	31 <sup>st</sup> December 2025	Amount
1101020103	Intragroup - Balances with BoBL	BTL	I BOBL	2025.DEC	157,745,876.02
1101020104	Intragroup - Deposit with BoBL (less than 3 months)	BTL	I_BOBL	2025.DEC	2,281,658.74
1109010102	Intragroup - Trade receivables	BTL	I DI01	2025.DEC	332,390.23
1109010102	Intragroup - Trade receivables	BTL	I PCAL	2025.DEC	77,990.24
1109010102	Intragroup - Trade receivables	BTL	I DPL	2025.DEC	72,536.83
1109010102	Intragroup - Trade receivables	BTL	I CDCL	2025.DEC	146,221.59
1109010102	Intragroup - Trade receivables	BTL	I BPC1	2025.DEC	1,192,119.76
1109010102	Intragroup - Trade receivables	BTL	I NDII	2025.DEC	4,714.67
1109010102	Intragroup - Trade receivables	BTL	I TTPL	2025.DEC	62,450.00
1109010102	Intragroup - Trade receivables	BTL	I BHSL	2025.DEC	38,250.00
1109010102	Intragroup - Trade receivables	BTL	I NRDCL	2025.DEC	84,285.50
1109010102	Intragroup - Trade receivables	BTL	I DGPC	2025.DEC	5,185,811.48
1109010102	Intragroup - Trade receivables	BTL	I KIL	2025.DEC	34,643.96
1109010102	Intragroup - Trade receivables	BTL	I DH01	2025.DEC	567.56
1109010102	Intragroup - Trade receivables	BTL	I SMCL	2025.DEC	294,555.05
1109010102	Intragroup - Trade receivables	BTL	I DACL	2025.DEC	87,082.96
1109010102	Intragroup - Trade receivables	BTL	I MSPCL	2025.DEC	13,300.00
1109010102	Intragroup - Trade receivables	BTL	I BOBL	2025.DEC	882,872.09
1109010102	Intragroup - Trade receivables	BTL	I DC01	2025.DEC	45,242.00
1109010102	Intragroup - Trade receivables	BTL	I BHSL	2025.DEC	38,250.00
1109010102	Intragroup - Trade receivables	BTL	I NRDCL	2025.DEC	84,285.50
1109010102	Intragroup - Trade receivables	BTL	I DGPC	2025.DEC	5,185,811.48
1109010102	Intragroup - Trade receivables	BTL	I KIL	2025.DEC	34,643.96
1109010102	Intragroup - Trade receivables	BTL	I DH01	2025.DEC	567.56
1109010102	Intragroup - Trade receivables	BTL	I SMCL	2025.DEC	294,555.05
1109010102	Intragroup - Trade receivables	BTL	I DACL	2025.DEC	87,082.96
1109010102	Intragroup - Trade receivables	BTL	I MSPCL	2025.DEC	13,300.00
1109010102	Intragroup - Trade receivables	BTL	I BOBL	2025.DEC	882,872.09
1109010102	Intragroup - Trade receivables	BTL	I DC01	2025.DEC	45,242.00
1109020103	Intragroup - Short term deposits with BOBL (More than 3 months)	BTL	I_BOBL	2025.DEC	5,313,753.42
1109020104	Intragroup - Security/Performance deposits	BTL	I BPC1	2025.DEC	736,400.73
1109020104	Intragroup - Security/Performance deposits	BTL	I TTPL	2025.DEC	10,800.00
1111010103	Intragroup - Advances	BTL	I STCBL	2025.DEC	361,000.00
2103010302	Intragroup - Trade Payables	BTL	I PCAL	2025.DEC	(4,455.00)
2103010302	Intragroup - Trade Payables	BTL	I TTPL	2025.DEC	(39.00)
2103010302	Intragroup - Trade Payables	BTL	I DACL	2025.DEC	-139800
2103020002	Intragroup - Non trade payables	BTL	I DI01	2025.DEC	(49,112.33)
2103060302	Intragroup - Performance/ Security deposits received	BTL	I_STCBL	2025.DEC	(94,739.67)
2103060302	Intragroup - Performance/ Security deposits received	BTL	I_NRDCL	2025.DEC	(95,548.16)
2501010001	Equity Shares held by DHI	BTL	I DI01	2025.DEC	(3,894,610,000.00)
2503010002	Retained earnings	BTL	I DI01	2025.DEC	657,291,714.51
3105020006	Intragroup - Purchase of Services	BTL	I BBPL	2025.DEC	24,810.00
3105020006	Intragroup - Purchase of Services	BTL	I BPC1	2025.DEC	69,361,064.21
3105020006	Intragroup - Purchase of Services	BTL	I NRDCL	2025.DEC	955,481.58
3105020006	Intragroup - Purchase of Services	BTL	I MSPCL	2025.DEC	5,400.00
3105020006	Intragroup - Purchase of Services	BTL	I TTPL	2025.DEC	2,606,104.17
3105020006	Intragroup - Purchase of Services	BTL	I STCBL	2025.DEC	6,421,025.06
3105020006	Intragroup - Purchase of Services	BTL	I DACL	2025.DEC	3,700,787.00
3105020006	Intragroup - Purchase of Services	BTL	I BOBL	2025.DEC	637,444.05
3105020006	Intragroup - Purchase of Services	BTL	I PCAL	2025.DEC	23,720.70
3105020006	Intragroup - Purchase of Services	BTL	I DI01	2025.DEC	959,494.62
3109010045	Intragroup - Corporate Guarantee & Mgt Fees	BTL	I_DI01	2025.DEC	44,156,371.70
3110010002	Intragroup - Interest on Borrowings	BTL	I DI01	2025.DEC	6,967,035.60
4105010004	Intragroup - Revenue from Services	BTL	I NDII	2025.DEC	(485,832.22)
4105010004	Intragroup - Revenue from Services	BTL	I BHSL	2025.DEC	(483,920.10)



4105010004	Intragroup - Revenue from Services	BTL	I BHSL	2025.DEC	(483,920.10)
4105010004	Intragroup - Revenue from Services	BTL	I KIL	2025.DEC	(125,521.69)
4105010004	Intragroup - Revenue from Services	BTL	I DI01	2025.DEC	(9,145,651.33)
4105010004	Intragroup - Revenue from Services	BTL	I PCAL	2025.DEC	(926,560.29)
4105010004	Intragroup - Revenue from Services	BTL	I THEL	2025.DEC	(42,211.00)
4105010004	Intragroup - Revenue from Services	BTL	I DPL	2025.DEC	(870,441.96)
4105010004	Intragroup - Revenue from Services	BTL	I CDCL	2025.DEC	(83,158.35)
4105010004	Intragroup - Revenue from Services	BTL	I BPC1	2025.DEC	(15,025,643.60)
4105010004	Intragroup - Revenue from Services	BTL	I KHEL	2025.DEC	(631,472.28)
4105010004	Intragroup - Revenue from Services	BTL	I BBPL	2025.DEC	(439,726.05)
4105010004	Intragroup - Revenue from Services	BTL	I TTPL	2025.DEC	(749,700.00)
4105010004	Intragroup - Revenue from Services	BTL	I NRDCL	2025.DEC	1,484,178.26
4105010004	Intragroup - Revenue from Services	BTL	I DH01	2025.DEC	(14,313.58)
4105010004	Intragroup - Revenue from Services	BTL	I DGPC	2025.DEC	(16,712,477.60)
4105010004	Intragroup - Revenue from Services	BTL	I SMCL	2025.DEC	(1,785,115.77)
4105010004	Intragroup - Revenue from Services	BTL	I DACL	2025.DEC	(2,006,681.14)
4105010004	Intragroup - Revenue from Services	BTL	I MSPCL	2025.DEC	(159,600.00)
4105010004	Intragroup - Revenue from Services	BTL	I BOBL	2025.DEC	(20,175,521.05)
4105010004	Intragroup - Revenue from Services	BTL	I DC01	2025.DEC	(4,038,606.15)
4105010005	Intragroup - Revenue from Trading	BTL	I BPC1	2025.DEC	(2,853,330.00)
4105010005	Intragroup - Revenue from Trading	BTL	I KHEL	2025.DEC	(9,960.00)
4105010005	Intragroup - Revenue from Trading	BTL	I STCBL	2025.DEC	(78,089.00)
4105010005	Intragroup - Revenue from Trading	BTL	I DC01	2025.DEC	(156,299.00)
4107010505	Intragroup - Income from Lending & Deposits	BTL	I_BOBL	2025.DEC	(313,753.42)

**iv. Outstanding Balances with Holding Company**

Particulars	Amount
Paid-up share capital	3,894,610,000
Intergroup trade receivable	

**v. Outstanding balances with Entities under Common Control**

Particulars	Amount
Trade Receivables	8,555,034
Trade Payable	193,406

**Note 45: Provisions and Contingent Liabilities**

a) Contingent Liabilities			
Particulars	31 <sup>st</sup> December, 2025	31 <sup>st</sup> December, 2024	01 <sup>st</sup> January, 2024
Income Tax matter	-	3,287,546	-

**Note: 46** The Government of Kingdom of Bhutan has made an announcement for 50% reduction in the internet charges which may have significantly negative impact on the Company's revenue and the Company's infrastructure capacity to handle increased traffic. The matter, as of now is under discussions with the government and it is not possible to comment on the impact of the same on the Company's financial position in coming years.

**Note: 47** Previous year's figures have been regrouped and/or reclassified wherever necessary to confirm to the current year's groupings and classifications.

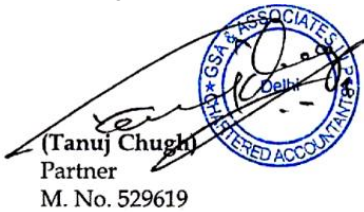



## 15 Ratio Analysis

Ratio Analysis for the year ended 31st December 2025		
Particulars	2025	2024
<b>1. LIQUIDITY</b>		
A. Current Ratio	0.65:1	0.74:1
B. Quick Ratio: Quick Assets/Quick Liabilities	0.55:1	0.64:1
C. Accounts Receivable Period 365/Accounts receivable turnover	114.23 Days	77.62 Days
D. Working Capital to Sales Average Current Assets-Average Current Liabilities/Net sales	-4.32%	-0.50%
<b>2. SOLVENCY:</b>		
A. Term Debt to Total Fixed Assets Long term Debt/Total Fixed Asset-Net	0.00%	0.00%
B. Debt Equity Ratio: Debt/(Capital Fund+Reserve& Surplus)	0.00%	0.00%
<b>3. PROFITABILITY:</b>		
A. Return on Capital Employed:		
a) PBT/Capital Employed	61.10%	59.58%
b) PAT/Capital Employed	41.22%	41.98%
Capital Employed=Equity Capital + Loan Fund		
B. Return on Equity: Profit After Tax/Total Equity	41.22%	41.98%
Total Equity= Capital + Reserve & Surplus		
C. Return on Sales PBT/Operating Income	50.90%	53.09%
D. Employee Cost to Gross Income Total Employee Expenses/Operating Income	7.60%	7.77%
E. Profit per Employee: PAT/Total no. of Employees	3.74 million	3.83 million

For GSA & Associates LLP  
Chartered Accountants  
Firm Registered No: 000257N/ N500339

(Tanuj Chugh)  
Partner  
M. No. 529619

Place: New Delhi  
Date: 28<sup>th</sup> April 2026

For and on behalf of board of directors



Chairman



Chief Executive Officer