

# A STUDY ON PROFITABILITY OF NEPAL TELECOM

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A Thesis

Submitted to:

Office of the Dean  
Faculty of Management  
Tribhuvan University

In the partial fulfillment of the requirements for the Master's  
Degree in Business Studies (MBS)

Putali Sadak, Kathmandu, Nepal

March, 2009

# RECOMMENDATION

This is to certify that the thesis  
submitted by

Panu Shrestha  
entitled

"A Study on Profitability of Nepal Telecom"

has been prepared as approved by this Department in the prescribed format of  
Faculty of Management. This thesis is forwarded for examination.

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# VIVA - VOCE SHEET

We have conducted the viva-voce examination of the thesis presented by

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entitled

**"A Study on Profitability of Nepal Telecom"**

and found the thesis to be original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for  
**Master's Degree in Business Studies (MBS)**

## Viva – Voce Committee

Head of Research Department:.....

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# Declaration

I here by declare that the data & work reported in this thesis entitled "A Study on Profitability of Nepal Telecom" submitted to office of the Dean, Faculty of Management, Tribhuvan University is my original work done for the partial fulfillment of the requirement of the degree of Master of Business Studies (MBS) under the guidance and supervision of Dr. Kamal Deep Dhakal, Reader and Mr. Ghanendra Fago, Lecturer of Shanker Dev Campus, Tribhuvan University.

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# Acknowledgement

This research paper has been prepared for partial fulfillment of the requirement for the Master Degree in Business Studies. I would like to extend my gratitude to my respected supervisors Dr. Kamal Deep Dhakal and Ghanendra Fago of this research paper, and whose proper guidance and accurate supervision helped me to present this research report in this form. Without their assistance, advice and encouragement, this research work would not have been completed.

I am also indebted to Prof. Bishwor Man Shrestha, Head, Research department, Shanker Dev Campus, Kathmandu, for his inspiration, valuable suggestion and guidance.

I would also like to thank Mrs. Sunita Bajracharya of Nepal Doorsanchar Company Limited, Central Office, Revenue Department, who helped me providing the necessary documents and Mr. Basant Shrestha for his technical support for this research work.

I would like to express my sincere gratitude to the staffs of Shanker Dev Campus Library for their kind co-operation.

Lastly, I would like to express my deep appreciation to all of my friends who directly and indirectly helped to prepare this research.

11 March, 2009

Panu Shrestha

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# List of Abbreviations

AFS	Advanced Free Phone
BS	Bikram Samvat
CBS	Customer Billing System
CDMA	Code Division Multiple Access
EBIT	Earning Before Income Tax
FRG	French Government
Govt.	Government
GSM	Global System for Mobile Communication
HCD	Home Country Direct
IDA	International Development Assistance
IN	Intelligent Network
ISD	International Subscriber Trunk Dialing
ITU	International Telecommunication Union
IVR	Interactive Voice Response
JICA	Japanese International Co-operation Agency
MARTS	Multi Access Radio Telephone System
MIS	Management Information System
NDF	Nederland Development Fund
NPAT	Net Profit after Tax
NTA	Nepal Telecom Authority
NTC	Nepal Telecom
O-E	Operating Expenses
PCC	Prepaid Calling Card
PCL	PSTN Credit Limit
PE	Public Enterprise
P.E.	Probable Error



PIN	Personal Identification Number
PSTN	Public Switched Telephone Network
ROA	Return on Assets
ROCE	Return on Capital Employed
ROE	Return on Equity
ROI	Return on Investment
SD	Service Division
SDH	Synchronous Digital Hierarchy
SMS	Short Message Service
STD	Subscriber Trunk Dialing
TDC	Telecommunication Development Committee
TTC	Telecommunication Training Center
UAN	Universal Access Number
UHF	Ultra High Frequency
UNDP	United Nation Development Program
VDC	Village Development Committee
VHF	Very High Frequency
V-SAT	Very Small Aperture Terminal
VSM	Voice Mail Service
WLL	Wireless Local Loop

## Description of Particulars as per Financial Statements

<b>After Tax Interest</b>	:	Interest Expenses (1- Average Tax Rate)
<b>Average Tax Rate</b>	:	Taxes divided by Net Profit before Tax.
<b>Bonus and Incentive Package</b>	:	As per Income Statement.
<b>Earning Before Income Tax (EBIT)</b>	:	Net Profit before Tax plus Interest on Long Term Debts.
<b>Interest on Long Term Debts</b>	:	Total of Interest on Loan as per Income Statement.
<b>Net Profit after Tax</b>	:	As per Balance Sheet.
<b>Net Profit before Tax</b>	:	As per Income Statement.
<b>Taxes</b>	:	As per Income Statement.
<b>Total Assets</b>	:	Total Current Assets plus Total Fixed Assets (Net).
<b>Total Capital Employed</b>	:	Total Net Worth and Long Term Liabilities.
<b>Total Cost</b>	:	Total Revenue minus Net Profit after Tax.
<b>Total Current Assets</b>	:	Total of Current Assets and Loans & Advances.
<b>Total Fixed Assets (Net)</b>	:	Total of Fixed Assets (Net), Capital Work-in-Progress and Investments.
<b>Total Liabilities</b>	:	Total Currents Liabilities and Provisions.
<b>Total Long Term Liabilities</b>	:	Total of Loans from Govt. of Nepal against.
<b>Total Net Worth</b>	:	Total of Equity Capital, Reserve & Surplus Minus Deferred Expenditure.
<b>Total Operating Revenue (Sales)</b>	:	Total of Operating Income as per Income Statement.
<b>Total Operating Expenses</b>	:	Total of Expenditure minus Interest on Loan, Bonus and Incentive Package.
<b>Total Revenue</b>	:	Total of Operating plus Non Operating Income.

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