PRESS RELEASE

TELETALK PRIVATE LIMITED

July 2026

Rating

Instruments/ Facilities	Amount (NPR Mn)	Rating	Rating Action
Long Term Bank Facilities	161.97 (Reduced from 186.60)	IRN B	Reaffirmed
Short Term Bank Facilities	654.00 (Enhanced from 464.00)	IRN A4	Reaffirmed
Total	**815.97**		

Details of Facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN B (Single B) assigned to long term bank facilities of NPR 161.97 Mn and IRN A4 (A Four) to short term bank facilities of NPR 654.00 Mn.

Detailed Rationale

The reaffirmation of Teletalk Private Limited (TTPL), primarily reflects modest yet improving the scale of operations with Total Operating Income (TOI) increased ~25% y-o-y to ~NPR 687 Mn in FY25 from ~NPR 549 Mn in FY24, reversing a sharp decline witnessed in the previous years. This improvement was largely driven by the introduction of new smartphone brands, namely HMD and Meizu, contributing ~22% and ~6% of total revenues respectively, along with continued distribution of Nokia and BoAt products. Additionally, TTPL diversified its product portfolio with introduction of new brand 'POCO' from mid-February 2026, contributed ~45% of total revenue of ~NPR 481 Mn as of Mid-May 2026. The ratings also factors in the significant improvement in EBITDA margin to ~6% in FY25 from negative in FY24, with PAT margin also remained positive in FY25. The ratings also factors in improvement in coverage indicators with interest coverage ratio of ~1.49x as of mid-July 2025 (negative in FY24). Likewise, DSCR also marginally improved to ~0.56x as of mid-July 2025 (~0.27x in FY24). Further, the ratings continue to derive comfort from the association with the established brands along with the parentage of "Ramesh Corp" and an experienced management team.

However, the ratings remain constrained by TTPL's continued stressed financial profile as reflected in negative tangible net worth position in FY25 despite marginal profitability, reflecting deeper operational and structural weakness that could comprise the company's long term viability. The ratings also take note of weakened capital structure driven by negative tangible net worth and inadequate coverage metrices as indicated by DSCR of ~0.57x as of mid-July 2025 (~0.27x in FY24). The ratings also further factor in working capital intensive nature of businesses as evidenced by high working capital intensity of ~60% in FY25 (~62% in FY24). The ratings also note exposure to the risk associated with competitive and technology intensive smartphone industry, exposure to foreign exchange fluctuation and regulatory risks pertaining to electronic industry. Going forward, the company's ability to improve its revenue profile, operating margins, and capital structure whilst improving its operating cycle will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Parentage of Ramesh Corp TTPL is an integral part of Ramesh Corp and derives its strength from promoters having a strong presence in Nepal through their group entities in broad sectors including manufacturing, service, trading businesses among others. The directors of TTPL have over a decade of experience in trading businesses associated with consumer electronics, such as mobile phones and

home appliances. TTPL's Chairman, Mr. Rohit Gupta, is also the Vice Chairman of Ramesh Corp and holds directorship in various other group companies.

Established dealer network with diversified product portfolio

TTPL has established a strong distribution network across Nepal through its long-standing presence in the mobile handset and consumer electronics sector. Since September 2019, the company has served as the sole but non-exclusive authorized distributor of Nokia mobile phones in Nepal, while also distributing BoAt wearable and audio products. To diversify its product portfolio and strengthen its market presence, TTPL commenced distribution of HMD smartphones in FY25 and POCO smartphones from mid-February 2026. The addition of these brands has supported revenue growth and reduced dependence on a single product category.

Improvement in scale of operations

TTPL's operating performance improved in FY25 following the introduction of new smartphone brands and gradual diversification of its product portfolio. Previously, the company was engaged in trading of BoAt products, Nokia smartphones, and Colors smartphones (subsequently discontinued). During FY25, TTPL commenced distribution of HMD and Meizu smartphones also, contributing ~22% and ~6% of total revenue, respectively. Supported by these additions, TOI increased by ~25% y-o-y to ~NPR 687 Mn in FY25 from ~NPR 549 Mn in FY24, reversing the prior year's decline. Subsequently, Meizu was discontinued from mid-July 2025 due to weak market acceptance, while the company shifted focus to established brands. Accordingly, TTPL commenced POCO smartphone sales from mid-February 2026, contributing ~45% of total revenue, with total revenue of ~NPR 481 Mn as of mid-May 2026. Profitability also improved in FY25, with EBITDA margin rising to ~6% from negative in FY24, supported better product mix and sale of higher margin smartphones. PAT margin remained modest at ~0.05% in FY25, albeit improved from negative in FY24. Subsequently, Gross Cash Accruals (GCA) also improved to ~NPR 5 Mn from negative levels. Going forward, the company's ability to sustain operating performance, profitability and improve cash accruals will remain key monitorable.

Key Rating Weaknesses

Leveraged capital structure

TTPL's total debt declined significantly to ~NPR 348 Mn in FY25 from ~NPR 236 Mn in FY24. The increase in debt was primarily driven by higher utilization of working capital borrowings, in line with the growth in business operations and inventory requirements during the year. The company's financial risk profile has also weakened due to loss reported in previous fiscals, which have resulted in a complete erosion of tangible net worth as of FY25. Consequently, company's overall gearing ratio has turned negative in FY25. The TOL/TNW ratio also remains negative, indicating a highly leveraged capital structure on account of negative net worth. However, company's coverage ratios shows improvement as indicated by interest coverage ratio of ~1.49x as of mid-July 2025 from negative in FY24, supported by recovery in operating profitability along with lower interest costs during the year. Likewise, DSCR although improved remained inadequate during FY25 at ~0.57x from ~0.27x in FY24.

Working Capital Intensive nature of business

The company's operating cycle of the company remained elevated at ~281 days in FY25, albeit declined from ~396 days in FY24, primarily driven by a inventory and receivable management efforts of the company. The average inventory holding period reduced to ~189 days in FY25 from ~269 days in FY24, while the average collection period improved to ~95 days from ~132 days over the same period. This has resulted a marginal improvement in working capital intensity of ~60% in FY25 from ~62% in FY24. Nevertheless, the operating cycle remains relatively elongated, resulting in continued reliance on working capital borrowings and maintaining pressure on company's liquidity position.

Competitive smartphone industry coupled with technological risks

The product life cycle of smartphone and wearable products is typically short due to rapid changes in

technology and intense competition among mobile phone manufacturers. Hence, the ability to launch innovative products at a competitive rate and increase its market share would have a bearing on TTPL's short term financial outlook, as the fortunes of TTPL are currently linked with Nokia and boat only as Colors and Meizu brand was discontinued in FY24 and FY26 respectively, owing to poor performances in the market.

Exposure to regulatory changes and foreign exchange risks

TTPL is partially constrained by a regulatory risk arising from various laws, regulations and policies relating to consumer electronics like mobile phones and its accessories. However, implementation of Mobile Device Management System (MDMS) effective from May 2023 onwards is expected to single out grey phones currently in circulation and prevent the usage of illegally imported phones in the future. In addition, TTPL is exposed to foreign exchange fluctuations due to currency mismatches, as the products are imported (in USD) while the realization of traded goods is in the local currency. Nevertheless, TTPL's current pricing policy reduces exposure to foreign exchange risk to some extent.

Analytical Approach: Standalone

Applicable Criteria:

Corporate Credit Rating Methodology

Link to Past Rating Rationale:

Teletalk Private Limited: Bank Facilities Rating Reaffirmed and Removed from watch with negative implications

Teletalk Private Limited: Bank Facilities Rating Revised and Removed from Issuer not Cooperating Category with notice of withdrawal

About the Company:

Incorporated on February 20, 2008 as Teletalk Private Limited which is promoted by Mr. Rohit Gupta, Mr. Pratik Jalan and Mr. Sanjay Agrawal all belonging to Ramesh Corp. Currently, the company is involved in sales of different smartphones such as Nokia, HMD, POCO and BoAt brand products. Company also started distribution and selling of POCO brand phones from mid-February 2026 while discontinuing Meizu smartphones from mid-July 2026.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	1,423	900	549	687
EBITDA Margin (%)	5.95	3.04	Negative	5.20
Interest Coverage Ratio (x)	1.48	0.34	Negative	1.49
Current Ratio (x)	1.23	2.19	2.06	1.67
Overall Gearing Ratio (x)	4.05	7.63	Negative	Negative

Earnings before Interest Tax Depreciation Amortization (EBITDA)

**Classification as per Infomerics Nepal standards*

Annexure 1: Details of Facilities:

Name of Instruments/ Facilities	Types of Facilities	Amount (NPR Mn)	Rating
Long Term Bank Facilities - Term Loan	Long Term	161.97	IRN B
Short Term Bank Facilities – Working Capital Loan	Short Term	189.00	IRN A4
Short Term Bank Facilities – Letter of Credit	Short Term	465.00	IRN A4
Total		**815.97**	

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About Infomerics Credit Rating Nepal Limited:

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