



Pak Datacom

Pak Datacom Ltd.

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PDL No: PDL/RTN/1670/2020

Dated: 17th December 2020

Syed Usman Ali Shah
Management Executive (MSD)
Securities Market Division
Market Supervision Department
Securities and Exchange Commission of Pakistan
Islamabad

RE: SHARE PRICE OF PAK DATACOM LIMITED ('PAKD')

Dear Sir,

Reference your letter # SMD/SSED/PAKD/342/2016/2461, dated: 15th December 2020, requesting an explanation for the substantial increase in the share price of Pak Datacom Limited ('the Company') pursuant to section 97 of the Securities Act 2015, we are pleased to furnish our reply as follows:

The Company is following its share price on the Pakistan Stock Exchange ('PSX') and has noted that its share price has significantly increased from the 7th December 2020 onwards. The Company believes that the significant increase in the share price of the Company is as a result of the renewed trust that the shareholders and investors have reposed within the Company as a consequence of the actions taken by the board and management of the Company.

The Company is primarily of this view as from June to August 2020 the share price of the shares of the Company remained in the price range of Rs. 40 and following the announcements of the Company, of a change in senior management, on the 6th August and 18th August on the PSX website, the share price of the shares of the Company began to rise from the 2nd September 2020 onwards to reach a price range of Rs. 60 and to remain within that price range up till the 19th

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November 2020. The increase in share price of the shares of the Company from the price range of Rs. 40 to 60 can therefore be attributed to the appointment of a full-time chief executive officer of the Company with impeccable credentials, and the appointment of a company secretary, both positions which had previously been held by employees of the Company as additional charge.

However, it may be equally true that the increase in share price of the shares of the Company from the price range of Rs. 40 to 60 may be attributed to timing, i.e. the month of September. This is so as the share price of the Company's shares rose during September, which is when the Company is normally expected to release its financial results and declare any disbursement/entitlement for the shareholders/investors, and as share prices of companies normally tend to increase nearer to the release of their financial results - considering the fact that in the past 5 years the Company has consistently given cash dividends to its shareholders and investors in the range of 35 to 50 per cent, and that in the past 2 years, i.e. in 2018 and 2019, distributed a cash dividend of 40 per cent, that it would not be unusual for the share price of the shares of the Company to be valued at Rs. 80 as a 40 per cent cash dividend on that share price would amount to a dividend yield of 5 per cent for the shareholder/investor on his/her investment.

Nevertheless, despite this, the Company still firmly believes, and is of the view that the increase in the share price of the Company is as a result of the renewed trust that the shareholders and investors have reposed within the Company as a consequence of the actions taken by the board and management of the Company, because from the 20th November to 1st December 2020 the share price of the shares of the Company plummeted into the price range of Rs. 50 due to no intimation of the release of the financial results of the company but following the announcement on the PSX website of the meeting of the board of the Company to consider the annual accounts and any entitlement/distribution for the shareholders/investors, the share price recovered to the price range of Rs. 60. Thereafter on the 7th December 2020 on the financial results of the Company along with the distribution/entitlement being announced on PSX website the share price of the shares of the Company soared and is continuing to soar consistently.



Bearing in mind the above context, the Company believes that the price of the shares of the Company has increased significantly because of the entitlement/distribution recommended by the board, i.e. in particular the decision to issue bonus shares which have not been issued by the Company in over 8 years, reflecting growth and expansion, and as a result of actions taken by the board and management which have been communicated in the Chairman's Review Report and the Directors' Report of the 2020 Annual Report of the Company, and have been reproduced for you from the 2020 Annual Report of the Company as under:

1. For the first time in the history of PDL, a five year strategic master plan for the Company has been formulated. On Chairman's initiative, the Board directed and helped the management formulate this long term plan so as to ensure that there is sustainability in the company's services, revenues and profits, rather than having to rely on a risky 'year to year' ad hoc based planning, as per the historical practice. This will enable PDL to concentrate on businesses that are best suited to it globally and locally, keeping in view the opportunities and threats that the external markets present over the next 5 years and tailoring its internal attributes to meet those market trends. The main initiatives of this first five year plan includes, Digital Transformation of the company thereby making it into a paperless entity, brand awareness and also targeting the market as part a Telecom foundation group, thereby taking advantage of the products and services offered by the other telecom foundation companies such as fibre optic laying and duct manufacturing products, hence providing a 'one stop shop' solution to our potential clients.
2. Strategic Planning is the basic prerequisite for long term income sustainability in the company. To ensure such sustainability, the Board on the Chairman's direction recommenced the "Strategic & Project Appraisal Committee" after 15 years of inactivity. The formation of 05 Years Master Plan, identification of fresh revenue



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generation streams and many operational excellence initiatives were proposed by this “Strategic & Project Appraisal Committee” to the Board and management.

3. In the month of October 2020, PDL managed to gain 0.5 Million USD additional saving which was unanticipated in books. This extra ordinary achievement was made only possible with visionary insight of the present Board and diligent efforts of the current Chief Executive Officer. This achievement is concrete evidence that Board & management are working in close coordination within their purviews and domain to achieve success for PDL.
4. During the past three months, PDL has also won two mega projects worth more than 1 Million USD. This should provide the shareholder with a lot of reassurance and confidence, going forward.
5. The Board also has a strong adherence to the compliance of corporate laws and statutory requirements in full letter and spirit. In this context, the change from an individual Tax consultant to one of the top tax firms this year, is a clear evidence that the Board is not compromising on quality and integrity. Due to this step, a visible clarity and fixing of the tax matters was observed.’

I trust that the information provided to you above is of assistance and to your satisfaction. If, however, you have any queries, or require further assistance, please do not hesitate to contact me.

Yours sincerely,

Jibran S Abbas
Company Secretary

 COMPANY SECRETARY
PAKDATACOM LIMITED
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Umar Plaza, Blue Area, Islamabad