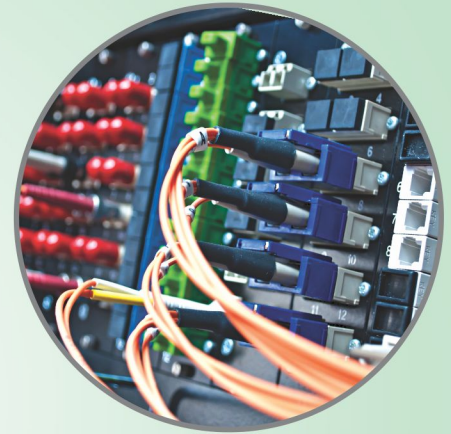




Pak Datacom



**PAK DATACOM LIMITED**

Annual Report  
2019



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## **COMPANY PROFILE**

### **BOARD OF DIRECTORS**

1. Mr. Zomma Mohiuddin Chairman
2. Syed Jamal Nasir Chief Executive
3. Mr. Farrukh Ahmad Hamidi
4. Engr. Perwaiz Khan
5. Ms. Rubina Safir
6. Syed Junaid Imam
7. Mr. Muhammad Waheed
8. Mr. Arshad Rasheed Chaudhary

### **AUDIT COMMITTEE**

1. Ms. Rubina Safir Chairman
2. Mr. Farrukh Ahmad Hamidi
3. Mr. Muhammad Waheed
4. Mr. Arshad Rasheed Chaudhary

### **HUMAN RESOURCES COMMITTEE**

1. Mr. Arshad Rasheed Chaudhary Chairman
2. Mr. Farrukh Ahmad Hamidi
3. Syed Junaid Imam
4. Mr. Muhammad Waheed

### **PROCUREMENT COMMITTEE**

1. Mr. Zomma Mohaiuddin Chairman
2. Syed Junaid Imam
3. Mr. Muhammad Waheed
4. Mr. Arshad Rasheed Chaudhary

### **NOMINATION COMMITTEE**

1. Mr. Zomma Mohaiuddin Chairman
2. Syed Junaid Imam
3. Mr. Muhammad Waheed

### **CHIEF FINANCIAL OFFICER**

Syed Muhammad Asif Makhdoomi

### **COMPANY SECRETARY**

Mr. Muhammad Naeem Rao

### **REGISTERED OFFICE**

1st Floor, TF Complex, 7-Mauve Area, G-9/4, Islamabad.

### **HEAD OFFICE**

3rd Floor, Umar Plaza, Blue Area, Islamabad. Tel: (051) 2344123, 2344125, Fax: (051) 2344111

### **SHARES DEPARTMENT**

CDC Shares Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400. Tel: (92-21) 111-111-500

### **AUDITORS**

KPMG Taseer Hadi & Co., Chartered Accountants, 6th Floor, State Life Building # 5, Jinnah Avenue, Blue Area, Islamabad.

### **LEGAL ADVISOR**

Kundi & Kundi, Advocates & Legal Consultants, 29, Street # 63, Sector F – 10 / 3, Islamabad.

## **VISION STATEMENT**

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Progressive and reliable member of the Economic Global Village

## **MISSION STATEMENT**

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To provide enhanced, fast, cost effective and dependable worldwide communication services with optimised return to shareholders of the Company

## **CORPORATE STRATEGY**

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To provide reliable high speed data transmission and other communication facilities at competitive rates with constant up-gradation in the service range incorporating the penetrative marketing strategy to broaden the clientele base with optimum of satisfaction, safeguarding the interest of shareholders and utilize Company resources ensuring maximum return

## ہماری بصیرت / ویژن

اقتصادی گلوبل ویج کا ترقی پسند اور قابل اعتماد رکن بننا

## ہمارا نصب العین / مشن

اپنے صارفین کو وسیع تر، تیز رفتار، کم لاگت اور دنیا بھر کی قابل اعتماد مواصلاتی خدمات فراہم کرنا اور کمپنی کے حصص مالکان کو ان کی سرمایہ کاری کا بہتر نعم البدل ادا کرنا

## ہماری تجارتی / کارپوریٹ حکمت عملی

اپنے صارفین کو مسابقتی شرح پر ڈیٹا کی انتہائی قابل اعتماد تیز رفتار منتقلی کی سروس اور دیگر مواصلاتی خدمات فراہم کرنا۔ اپنی خدمات کو مسلسل بہتر اور جدید بنانا اور ایک ایسی مارکیٹنگ حکمت عملی تشکیل دینا جس سے نہ صرف اپنے صارفین کی تعداد میں اضافہ ہو بلکہ حصص مالکان کے مفادات کا بھی تحفظ ہو۔ کمپنی زیادہ سے زیادہ فوائد حاصل کرنے کے لیے اپنے وسائل کو بروئے کار لائے گی۔

## PDL PRODUCTS

### VSAT



VSAT (Very Small Aperture Terminal) is a sophisticated communications technology that allows for the use of small fixed satellite antennas to provide highly reliable communication between a central hub and almost any number of geographically dispersed sites.

With a satellite network, there are no physical limitations in terms of geography or distance to make deployment difficult.

VSAT is also taking on an expanding role in a variety of interactive, on-line data, voice and multimedia applications and is known to have a very high reliability and network availability rate with seamless Upgrade methods.

PDL offers satellite capacity in the C-band and Ku-band that covers both regional and international markets.

### Salient Features

- Most reliable satellite based 2-way VSAT system
- Network monitoring and management via Network Management System.
- Installation and commissioning of VSAT sites in fastest possible time
- Post-commissioning Services
- 24 x 7 x 365 customer service & support
- Expert engineering team with years of experience in designing similar networks

## PDL PRODUCTS



iDirect

The iDirect Platform is a C, Ku and Ka-Band, satellite based, end-to-end IP VSAT service running on the world renowned iDirect Technologies platform.

It is engineered to deliver quality broadband connectivity wherever and whenever it's needed. It changes the nature of what satellite communications is capable of achieving, transforming satellite's 'reach' into a mainstream solution able to extend high-speed, secure connectivity to any geography, environment or communications application within the enterprise.

PDL supports multiple customers from various sectors, including Banking, United Nations Organizations, Telecom Providers, Government Departments, Private Sector and Oil & Gas Companies

PDL has a highly scalable and flexible 5 IF iDirect Hub in Islamabad, Quetta and Karachi designed to support complete enterprise network.

### Salient Features

- Over twenty five years of experience deploying similar networks
- Operational flexibility for affordable, reliable and efficient solutions
- Nationwide footprint for providing fast services
- Support all IP centric applications
- Supports real time traffic management
- Up to 18 Mbps downstream (Hub to Remote)
- Up to 4.2 Mbps Upstream (Remote to Hub)

## PDL PRODUCTS

### DXX

Digital Cross Connect (DXX) offers high speed data connectivity of desired speed to meet demands of corporate and banking sector. Government sector departments and Private Sector, Banks and Organizations like PIFRA, NHA, NBP and British Telecom are also using PDL DXX services. DXX supports online banking through dedicated Leased Line unlike in DSL where there is a shared medium. Network coverage is available in all major cities and towns.

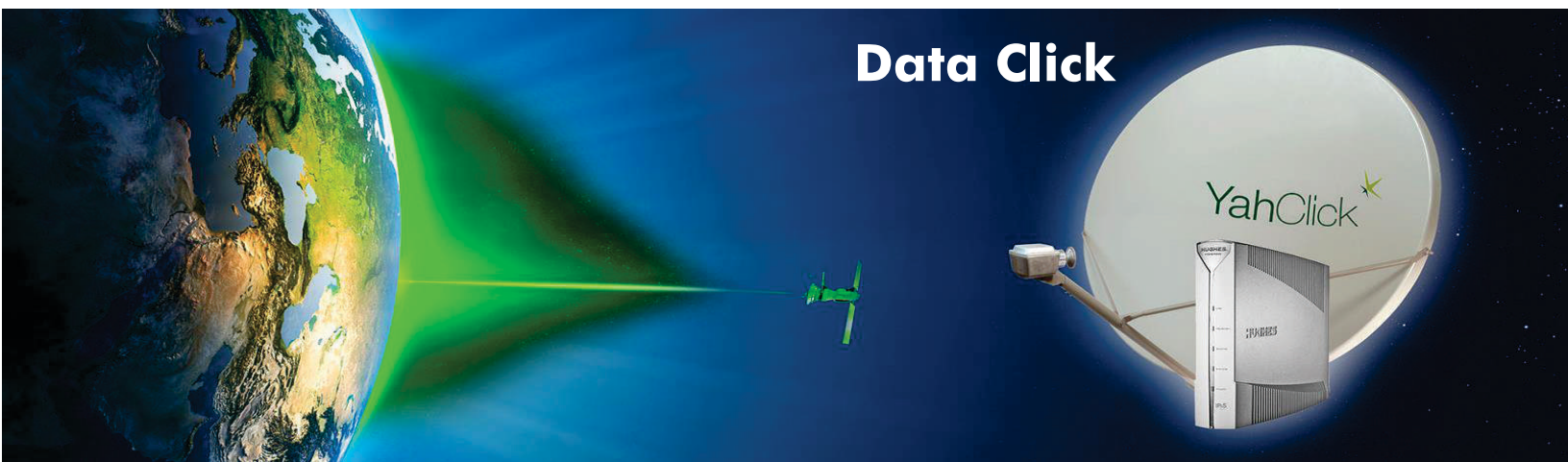
DXX also interconnects fiber optic equipment and T1/E1, etc. and even provide compatibility between SDH, PDH and SONET. More T1s can be connected with single SDH for maximum medium utilization through multiple DXXs. Higher costs can be avoided through DXX by using DSX cross connect path panels.

PDL has a highly scalable and flexible NMS connected with Digital Transit Exchanges in all major cities.

### Salient Features

- Traffic Switching
- Secure Connectivity
- Interoperability between network devices and network speeds.
- Higher levels of flexibility
- Synchronization between Higher & lower Speed.
- 24 x 7 x 365 customer service & support
- Expert engineering team with years of experience in designing similar networks

## PDL PRODUCTS



### Data Click

It is a breakthrough satellite broadband service for users in Pakistan. We offer our customers, anywhere in the coverage area, uninterrupted high-speed internet and VPN. With its state-of-the-art Ka-band multi spot-beam technology, Y1B (YAHSAT) delivers a truly cost-effective broadband service.

#### Applications:

- Internet via Satellite
- Distance Learning
- Telemedicine
- Internet Cafés
- Voice over IP
- IP-based Corporate Applications
- Satellite News Gathering

PDL brings cost effective, high bandwidth broadband to Pakistan, a variety of service options for host of different applications.

#### Salient Features

- Small Antenna
- (Dish Size 74cm, 98cm & 120 cm)
- Six New Packages from 2Mbps to 7Mbps
- Flexible Service offering

#### Sectors

- Oil & Gas
- Defence
- Enterprise
- Education
- Health Care
- NGO
- Construction

## PDL PRODUCTS

### Wireless

PDL provides state of the art Spread Spectrum Radio communication technology for its respected clients. Spread Spectrum is a fast, reliable and High Data Rate communication technology for short distance communication (20-35 Km).

It can also be used as a last mile option where fiber is not available due to remote conditions.

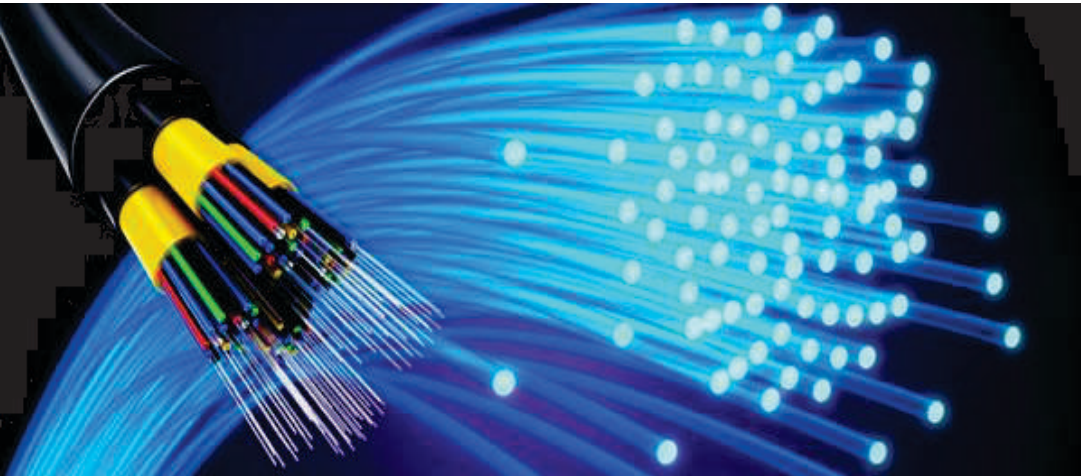
PDL offers point to point and point to multipoint Digital Radio System (DRS).

PDL has wide experience of Design and implementing radio and microwave wireless network for Corporate Networks.

### Salient Features

- Up to 20 – 35 Km
- Operates in point-to-point and point-to-multipoint networks
- Repeater capability for flexible network extension and coverage of difficult terrain
- Optional Omni directional or directional antennas
- 24/7 customer support
- Spares Available in case of any malfunction of the equipment.

## PDL PRODUCTS



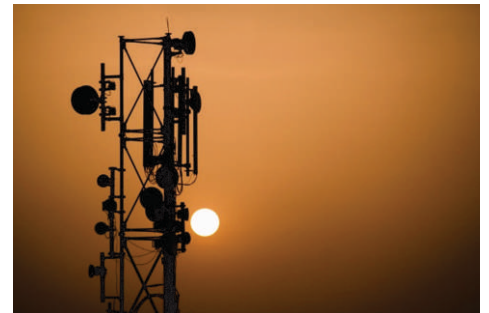
## Telecom Infrastructure

In compliance to the award of all Pakistan Telecom Infrastructure License, PDL has successfully completed the OFC / OSP laying projects of telecom service providers.

- Planning, procurement and implementation of Satellite Based Communication System for NLC.
- Successful completion of OFC laying project of NTC in Lahore city.
- Strong contender for OFC project (720 km of OFC laying in KPK) of USFCo Pakistan.
- Efficient O&M of countrywide leased OFC links of PDL.

### Salient Features

- Cost Effective Infrastructure
- BTS (Build to Suit)
- Buy and Lease Solution
- Technical Assistance



PDL has a Telecommunication Infrastructure License and 20 year experience of countrywide development.

## SUPPORT SERVICES

**PDL** has 13 offices in the country, 11 round the clock maintenance centers, more than seventy-five engineers and more than sixty other technical staff members.

### Online Complaint Management System

[www.cms.pakdatacom.com.pk](http://www.cms.pakdatacom.com.pk)

Pak Datacom Enterprise Applications System [Sign In](#)

Progressive and reliable member of the Economic Global Village.

**Sign In**

User ID 

Password 

Remember Me

 [Forgot Password](#)

All rights reserved 2013.

### Support Service Email

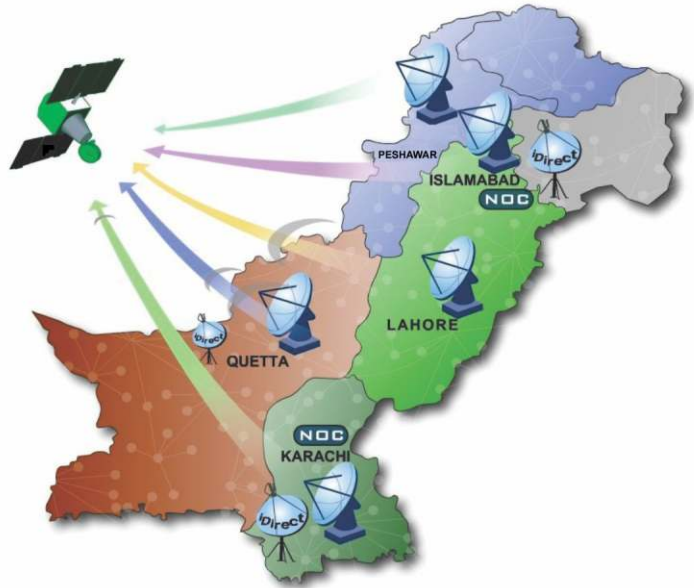
[nmsisb@pakdatacom.com.pk](mailto:nmsisb@pakdatacom.com.pk)  
[nmskhi@pakdatacom.com.pk](mailto:nmskhi@pakdatacom.com.pk)  
[nmslhr@pakdatacom.com.pk](mailto:nmslhr@pakdatacom.com.pk)  
[info@pakdatacom.com.pk](mailto:info@pakdatacom.com.pk)

### Phone Service

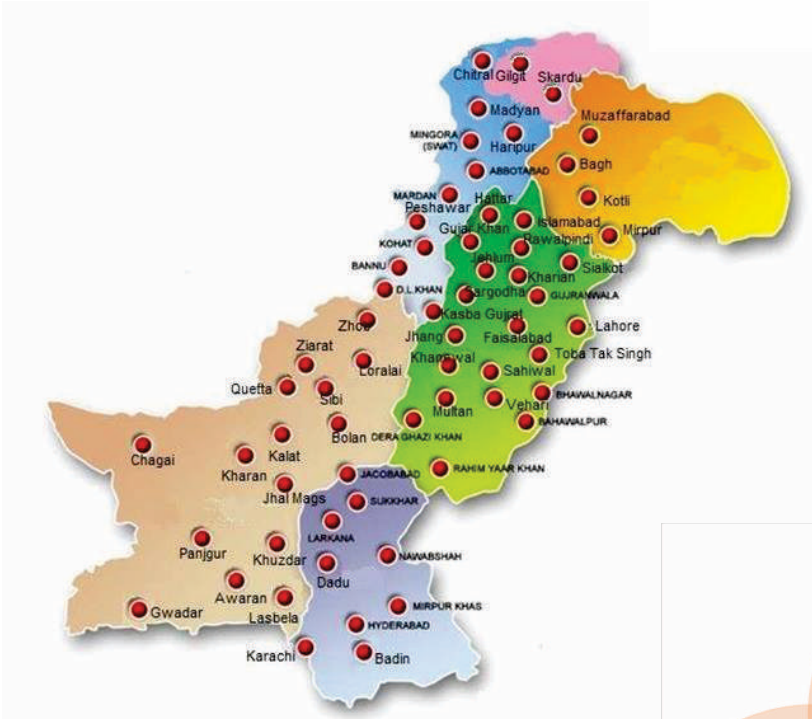
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# PDL COVERAGE

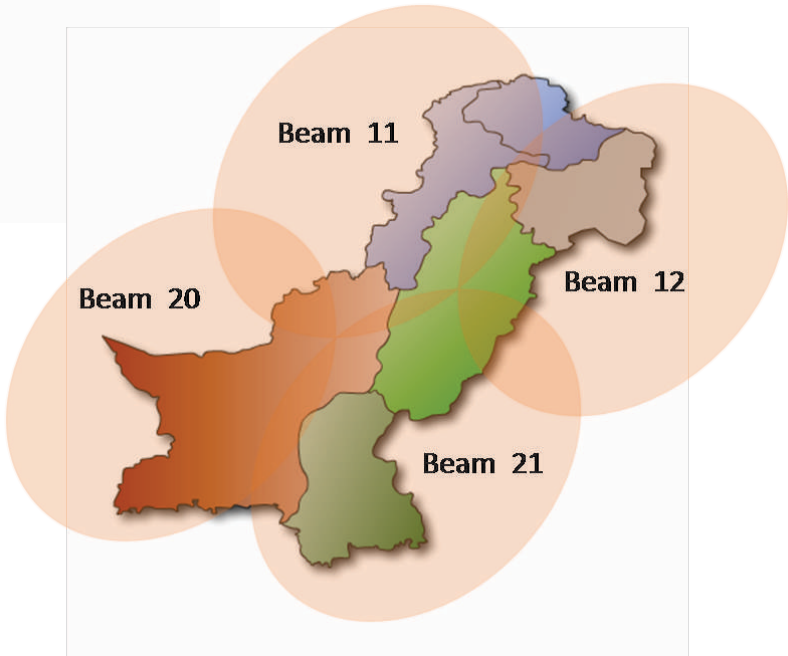
iDirect & VSAT Coverage



DXX Coverage



Data Click Coverage



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of Pak Datacom Limited will be held on Wednesday, November 27, 2019 at 11:00 a.m at Hotel Margala, Shahrah-e-Kashmir Road, Shakar Parian, Islamabad to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of 26th Annual General Meeting held on November 27, 2018.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon.
3. To approve, as recommended by the Board of Directors, the payment of final cash dividend to the shareholders @ 40% i.e. Rs. 4.00 per share for the year ended June 30, 2019.
4. To appoint auditors for the year ending June 30, 2020 and fix their remuneration.
5. To transact such other business as may be placed before the meeting with the permission of the Chair.

On behalf of the Board

**Pak Datacom Limited, 3rd Floor,  
Umar Plaza, Blue Area, Islamabad.  
November 06, 2019**

**Muhammad Naeem Rao  
Company Secretary**

### NOTES:

#### 1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from November 20, 2019 to November 27, 2019 (both days inclusive). Transfers received in order at the Shares Registrar's Office of the Company by the close of business on November 19, 2019 will be treated in time for the purpose of payment of the final cash dividend.

#### 2. Participation in the Annual General Meeting

A member entitled to attend and vote at the meeting is entitled to appoint another member as proxy. Proxies in order to be effective must be received at the Head Office of the Company not less than 48 hours before the meeting.

#### 3. Change in Particulars

Members are requested to notify any changes in their addresses immediately.

#### 4. PAYMENT OF DIVIDEND THROUGH BANK ACCOUNT OF THE SHAREHOLDER

In accordance with Section 242 of the Companies Act, 2017, cash dividend can only be paid through electronic mode directly into the respective bank account designated by the entitled shareholders. Shareholders are requested to provide their bank account details (IBAN format) directly to our share registrar (for physical shares) or to their respective participant/ broker (for CDS shares) as the case may be. The subject Form is available at Company's website i.e., [www.pakdatacom.com.pk](http://www.pakdatacom.com.pk).

#### 5. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

## **6. Deduction of The Income Tax from Dividend under section 150 of the Income Tax Ordinance 2001 (“Income Tax Ordinance”)**

Pursuant to the provisions of Finance Act, 2019, effective July 01, 2019, the rates of deduction of Income Tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:

- a) Rate of tax deduction for persons who are appearing in the Active TAX Payers List 15%
- b) Rate of tax deduction for persons who are not appearing in the Active TAX Payers List 30%

All shareholders/ members of the Company who hold shares in Physical Form are therefore requested to send a valid copy of their CNIC and NTN certificate, to the Company’s Shares Registrar, CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi – 74400. Tel: (92-21) 111-111-500 to allow the Company to ascertain the status of shareholder/ member.

Shareholders/ members who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company Pakistan Limited (CDC) are requested to send valid copies of their CNIC and NTN Certificates to their CDC participants/ CDC Investor Account Services.

## **7. Additional Requirements for CDC Account Holders**

CDC individual account holders or Sub account holders are requested to bring with them their original Computerised National Identity Card (CNIC)/ original Passport along with participant’s ID number and their account number in order to facilitate identification vide Circular # 1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

## **8. TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH CD/DVD**

The Company has circulated annual financial statements to its members through CD at their registered address. Printed copy of above referred statements can be provided to members upon request. Request form is available on the website of the Company i.e., [www.pakdatacom.com.pk](http://www.pakdatacom.com.pk).

## **9. TRANSMISSION OF ANNUAL REPORTS THROUGH E-MAIL**

The SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option for shareholders to receive audited financial statements along with Notice of Annual General Meeting electronically through e-mail. Hence members who are interested in receiving the annual report and Notice of Annual General Meeting electronically in future are requested to send their e-mail addresses on the consent form placed on the Company’s website i.e., [www.pakdatacom.com.pk](http://www.pakdatacom.com.pk). The Company shall, however additionally provide hard copy of the annual report on request, free of cost to its members

## **10. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY’S WEBSITE**

The audited accounts of the Company for the year ended June 30, 2019 will be placed on the Company’s website [www.pakdatacom.com.pk](http://www.pakdatacom.com.pk), in addition to the annual and quarterly financial statements for the prior years.

## **11. CONSENT FOR VIDEO CONFERENCE FACILITY**

In accordance with Section 132(2) of the Company’s Act, 2017, if the Company receives the consent from members holding in aggregate 10% or more shareholding residing in geographical location to participate in the Meeting through video conference at least 07 days prior to the date of the Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility, a request is to be submitted to the Company Secretary of the Company on the given address;

**Company Secretary, Pak Datacom Limited, 3rd Floor, Umar Plaza, Blue Area, Islamabad.**

## سالانہ اجلاس عام کانوٹس

تمام متعلقہ افراد کو مطلع کیا جاتا ہے کہ پاک ڈیٹا کام لمیٹڈ کا 27 واں سالانہ اجلاس عام 27 نومبر 2019ء کو دن 11 بجے ہوٹل مارگلہ، شاہراے کشمیر روڈ، شکر پڑیاں، اسلام آباد مندرجہ ذیل اُمور کی انجام دہی کے لیے منعقد ہوگا:

### عمومی اُمور

- 1- اجلاس میں 27 نومبر 2018ء کو منعقد کیے گئے اجلاس عام کے فیصلوں کی منظوری دی جائے گی۔
- 2- 30 جون 2019ء کو ختم ہونے والے سال کے آڈٹ شدہ کھاتوں اور ڈائریکٹرز اینڈ آڈیٹرز رپورٹ کی وصولی، غور اور عملدرآمد طے پائے گا۔
- 3- بورڈ آف ڈائریکٹرز کی سفارش کے مطابق حصص مالکان کو 30 جون 2019ء کو ختم ہونے والے سال کے حتمی نقد منافع کی ادائیگی 40% فیصد یعنی 4.00 روپے فی شیئر کے حساب سے کی جائے گا۔
- 4- 30 جون 2020ء کو ختم ہونے والے سال کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کیا جائے گا۔
- 5- صدر نشین کی اجازت سے دیگر اُمور بھی اجلاس میں زیر غور لائے جاسکتے ہیں۔

منجانب بورڈ

محمد نعیم راؤ  
کمپنی سیکرٹری

پاک ڈیٹا کام، تھرڈ فلور،

عمر پلازہ، بلیو ایریا، اسلام آباد

6 نومبر، 2019ء

### نوٹس:

- 1- شیئرز ٹرانسفر بکس کی بندش  
کمپنی کی شیئرز ٹرانسفر بکس 20 نومبر 2019ء تا 27 نومبر 2019ء بند رہیں گی (دونوں دن شامل ہیں)۔ 19 نومبر 2019ء تک کاروبار بند ہونے سے پہلے کمپنی کے شیئرز رجسٹر آفس کو موصول ہونے والی ٹرانسفرز کو حصص مالکان سے منظوری کی صورت میں حتمی نقد منافع کی ادائیگی بروقت کی جائے گی۔
- 2- سالانہ اجلاس عام میں شرکت  
جس ممبر کو مذکورہ بالا اجلاس میں شرکت اور ووٹ ڈالنے کا اختیار ہے، وہ اپنی جگہ کسی اور ممبر کو بھی پراکسی مقرر کر سکتا ہے۔ پراکسی کو موثر بنانے کے لیے اُسے اجلاس سے 48 گھنٹے پہلے کمپنی کے ہیڈ آفس میں موصول ہو جانا چاہیے۔

3- کوائف میں تبدیلی

حصص مالکان سے درخواست کی جاتی ہے کہ اگر ان کے ڈاک پتے میں کوئی تبدیلی ہوگئی ہو، تو وہ فوری طور پر مطلع کریں۔

4- منافع (ڈیویڈنڈ) کی بذریعہ بینک ادائیگی

کمپنی ایکٹ 2017 کی سیکشن 242 کے مطابق نقد منافع صرف اس مقصد کے لیے حصص مالکان کے نامزد کردہ بینک اکاؤنٹ میں الیکٹرونک ٹرانسفر کے ذریعے ادا کیا جائے گا۔ اس سلسلے میں حصص مالکان کو بینک اکاؤنٹ (IBAN فارمیٹ) کی تفصیلات براہ راست شیئر رجسٹرار کو یا اپنے متعلقہ بروکر (سی ڈی سی شیئرز کے لیے)، جو بھی صورت ہو، کو فراہم کرنا ہوں گی۔ اس سلسلے میں فارم کمپنی کی ویب سائٹ پر دیا گیا ہے۔

www.pakdatacom.com.pk

5- منافع سے انکم ٹیکس / زکوٰۃ کی کٹوتی سے استثنیٰ

ایسے ممبران جو انکم ٹیکس کی کٹوتی سے استثنیٰ چاہتے ہیں یا وہ کم شرح سے ٹیکس کی کٹوتی کے اہل ہیں تو انہیں ایک کارآمد ٹیکس سرٹیفکیٹ یا ضروری دستاویزات جو بھی صورت ہو ثبوت کے طور پر جمع کروانا ہوں گی۔ ایسے ممبران جو زکوٰۃ کی کٹوتی نہ چاہتے ہوں انہیں بھی اس سلسلے میں ایک بیان حلفی جمع کروانا ہوگا۔

6- انکم ٹیکس آرڈیننس 2001ء کی دفعہ 150 کے تحت منافع (ڈیویڈنڈ) سے انکم ٹیکس کی کٹوتی

فنانس ایکٹ 2019ء کی شرائط جو یکم جولائی 2019ء سے موثر بہ عمل ہیں، انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے تحت منافع سے انکم ٹیکس کی کٹوتی کے لیے شرحوں میں درج ذیل نظر ثانی کی گئی ہے:

a- ٹیکس گزاروں کی فعال فہرست میں موجود افراد کے لیے کٹوتی کی شرح 15 فیصد

b- ٹیکس گزاروں کی فعال فہرست میں غیر موجود افراد کے لیے کٹوتی کی شرح 30 فیصد

اس لیے کمپنی کے تمام شیئر ہولڈرز / ممبران جو مادی شکل میں حصص کے حامل ہیں سے درخواست کی جاتی ہے کہ وہ اپنے کارآمد شناختی کارڈ اور نیشنل ٹیکس نمبر سرٹیفکیٹ کی کاپی کمپنی کے شیئر رجسٹرار، شیئر رجسٹرار ڈیپارٹمنٹ، سی ڈی سی ہاؤس، 99 بی، بلاک بی، SMCHS، مین شاہراہ فیصل، کراچی-74400، ٹیلی فون نمبر 111-111-21-92 کو ارسال کریں تاکہ شیئر ہولڈر / ممبر کے موجودہ سٹیٹس کا تعین کیا جاسکے۔

وہ ممبران جنہوں نے اپنے کھاتے (شیئرز) سینٹرل ڈیپازٹری کمپنی آف پاکستان (سی ڈی سی) کے سنٹرل ڈیپازٹری سسٹم میں جمع کر رکھے ہیں سے درخواست کی جاتی ہے کہ وہ اپنے شناختی کارڈ اور نیشنل ٹیکس نمبر سرٹیفکیٹس کی کاپیاں اپنے متعلقہ سی ڈی سی شرکاء / سی ڈی سی انویسٹر اکاؤنٹ سروسز کو ارسال کریں۔

7- سی ڈی سی اکاؤنٹ ہولڈرز کے لیے اضافی تقاضے

سی ڈی سی انفرادی اکاؤنٹ ہولڈرز یا ذیلی اکاؤنٹ ہولڈرز سے گزارش ہے کہ وہ اپنا قومی شناختی کارڈ، پاسپورٹ، شرکاء کا شناختی نمبر اور اپنے اکاؤنٹ نمبر ہمراہ لائیں تاکہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے 26 جنوری 2000ء کو جاری کیے گئے سرکلر نمبر 1 کے تحت ان کی شناخت میں آسانی ہو۔

8 سی ڈی / ڈی وی ڈی کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشواروں کی فراہمی

کمپنی نے تمام ممبران کی طرف سے فراہم کیے گئے پتوں پر سالانہ مالیاتی گوشوارے سی ڈی کی صورت میں ارسال کر دیے ہیں۔ گوشواروں کی پرنٹ کاپی ممبران کی درخواست پر فراہم کی جاسکتی ہے۔ درخواست کا فارم کمپنی کی ویب سائٹ [www.pakdatacom.com.pk](http://www.pakdatacom.com.pk) پر دستیاب ہے۔

9- ای میل کے ذریعے سالانہ رپورٹس کی فراہمی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے جاری کردہ ایس آر او 787(1) 2014 تا تاریخ 8 ستمبر 2014 کے تحت کمپنیوں کو یہ اجازت دی گئی ہے کہ وہ اپنے ممبران کو سالانہ بیلنس شیٹ، نفع و نقصان کی معلومات، آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ وغیرہ (آڈٹ شدہ مالیاتی گوشوارے) اور سالانہ اجلاس عام کانوٹس بذریعہ ای میل بھیجے۔ جو ممبران اس میں دلچسپی رکھتے ہیں ان سے گزارش ہے کہ وہ اپنے ای میل پتے کمپنی کی ویب سائٹ پر دیے گئے فارم کی صورت میں فراہم کر سکتے ہیں۔ تاہم کمپنی ممبران کی درخواست پر سالانہ رپورٹ کی ہارڈ کاپی بغیر کسی قیمت کے فراہم کرے گی۔

10- آڈٹ شدہ مالی گوشواروں کی کمپنی کی ویب سائٹ پر دستیابی

30 جون 2019ء کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ کھاتوں (اکاؤنٹس) کی تفصیلات کمپنی کی ویب سائٹ [www.pakdatacom.com.pk](http://www.pakdatacom.com.pk) پر شائع کی جائیں گی، اس کے علاوہ سابقہ سہ ماہی یا سالانہ رپورٹس بھی سائٹ پر دستیاب ہیں۔

11- ویڈیولنک کی سہولت

کمپنیز ایکٹ 2017ء کی دفعہ (2) 132 کے مطابق، اگر کمپنی کو کسی علاقے میں مجموعی طور پر 10 فیصد یا اس سے زائد شیئر رکھنے والے ممبران کی طرف سے سالانہ اجلاس عام سے کم از کم 7 دن قبل ویڈیولنک کے ذریعے اجلاس میں شرکت کی درخواست موصول ہوتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت موجود ہونے کی صورت میں اس کا بندوبست کرے گی۔ اس سہولت کے حصول کے لیے کمپنی سیکرٹری کے دیے گئے ایڈریس پر ممبران کو درخواست دینا ہوگی۔

کمپنی سیکرٹری، پاک ڈیٹا کام لمیٹڈ، تھر ڈفلور، عمر پلازہ، بلیو ایریا، اسلام آباد۔

## **CHAIRMAN'S STATEMENT / CHAIRMAN'S REVIEW REPORT**

**Dear Shareholders,**

It gives me great pleasure to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2019.

### **Results**

Your Company's performance has been better than last year. The revenue of the Company has increased by 17.02% from preceding year and net profit has increased from Rs. 18.965 million to Rs. 88.462 million. This increase is mainly attributed to hard work and better performance of the organization as a whole.

The financial and operational performance indicators have been described in more detail in Directors' Report to the shareholders along with the audited financial statements.

### **Out Look**

During this year, the telecom industry continued to grow inspite of the economic challenges in terms of substantial devaluation of Pak Rupee, rise in the discount rate by the State Bank of Pakistan and significant increase in utility prices and resultant inflation. Being a leading data network operator with proven credentials, PDL that has always taken pride in delivering quality customer care, service provision and state of the art technologies, continued to take effective measures to enhance revenue from its regular business. As we move forward, the Company, in addition to growing its existing business endeavors to fully capitalize on new profitable and sustainable revenue opportunities in line with the incoming global and local market trends.

On behalf of the Board, I would like to assure all the stakeholders that in line with the emergence of such new business opportunities in the technology sector of Pakistan, we in our capacity as Board members, shall continue to guide PDL's management to formulate and implement sustainable strategic business plans that make the best possible use of such opportunities.

### **Acknowledgement**

On behalf of the Board, I would also like to acknowledge with thanks the contributions made, and the support provided, by the management staff, employees, regulatory authorities and various Government functionaries, without which these results would not have been possible.

**Zomma Mohiuddin**

Chairman, Pak Datacom Limited  
Islamabad.  
Nov 04, 2019

## DIRECTORS' REPORT

### Dear Shareholders,

Your Directors are pleased to present the financial statements of Pak Datacom Limited (PDL) for the year ended June 30, 2019.

### Principal Activities and Development

The Company continued to follow best practices to ensure reliability, availability and operational performance. PDL Management has taken effective measures to constantly update themselves with the latest ideas and standards in sustainable development, and to seek in-depth understanding of the demand of the Company's stakeholders, so as to incorporate sustainable development into our corporate strategies. Apart from concentrating on growth due to prudent management, terrestrial cost, satellite bandwidth/ media cost, related operational cost and network cost were rationalized and reduced. Moreover, PDL is also exploring new avenues to broaden its operations, and it is worth mentioning that PDL team has demonstrated outstanding performance and technical skills in an ongoing satellite communication equipment supply project.

PDL will continue its growth trajectory, while making further improvements in its product portfolio and providing better service to its clients. Round the clock maintenance centers are operational and monitoring tools in these centers have been upgraded to improve the overall network monitoring operations up to the component level. A team of professional engineers and technicians remains available for customers to provide round the clock support services related to their respective networks. Special training is frequently provided to the support team so as to offer superior services to our valuable customers. Internal controls and procedures have been further improved which will yield better results.

### Future Development, Performance and Position of the Company

In order to meet current marketing challenges in IT & Telecom business, the Company is always striving hard to enhance its capacity and introduce latest technologies which are not only price competitive but that also meet the existing marketing requirement. Without increasing the product verticals, it is very difficult to generate significant revenue from the existing saturated market segment.

In this way PDL will not only position its resources for different projects but will also open doors for new revenue streams. The most important task for the Company is to further increase the customers satisfaction through its excellent support structure coupled with state of the art technologies and competitive tariffs.

PDL plans to concentrate more on the core business of DXX and VSAT based data services by providing backhaul services and enhancing loyalty relationship with present customers and other allied related businesses. Keeping this strategy intact, PDL will participate in major government, national and international projects.

Agreements for the supply and commissioning of telecom equipment to strategic organizations are now becoming the major revenue stream of the Company. PDL has always taken pride in providing great customer care and state of the art technologies to its clients. Following this policy, the Company will continue to strive to explore new revenue streams.

### Financial Performance

Your Company's performance has been steady. Revenue for the current year is Rs.933.88 million as against Rs. 798.06 million of last year. Your Company's net profit for the year is Rs. 88.46 million (2018: Rs. 18.97 million).

## Key Financial and Operating Data of Six Years is as Follows;

### COMPARISON OF KEY FINANCIAL DATA OF THE SIX FINANCIAL YEARS

	Year Ended June 30				(Rs. in million)	
	2019	2018	2017	2016	2015	2014
Non-Current Assets	266.691	248.758	245.14	247.66	259.377	276.218
Share Capital and Reserves	805.088	780.650	799.229	828.251	815.279	798.287
Revenue	933.876	798.063	704.297	654.603	706.422	732.66
Operating Profit	42.139	1.327	16.911	25.417	95.311	96.778
Profit before taxation	143.729	35.56	26.577	54.579	131.741	150.393
Profit after taxation	88.462	18.965	11.69	37.096	88.146	99.716
Earnings per Share - Rupees	9.03	1.94	1.19	3.78	8.99	10.17
Price Earnings Ratio	4.93	30.90	43.28	19.05	8.57	7.15
Break Up Value of Shares	82.14	79.65	81.55	84.51	83.18	81.45
Return on Fixed Assets (%)	44.68	8.39	5.07	15.83	35.46	37.06
Operating Profit Ratio (%)	4.51	0.17	2.40	3.88	13.49	13.21
Net Profit Ratio (%)	9.47	2.38	1.66	5.67	12.48	13.61
Current Ratio (%)	2.43	2.84	3.11	3.49	3.37	2.94
Dividend Payout Ratio (%)	44.30	206.19	294.12	112.43	55.62	59.00
Dividend (%) - Cash	40.00	40.00	35.00	42.50	50.00	60.00
- Bonus Shares	-	-	-	-	-	-
Share Price	44.48	59.95	51.50	72.00	77.00	72.68

### Corporate Social Responsibility, Safety, Health and Quality

Your Company works with all stakeholders to ensure that it complies with all applicable regulations, contributes to community development and welfare programs, provides the highest standards of safety, health and environment, and offers competitive wages and benefits to its employees.

### Internal Audit and Control

The independent internal audit function headed by a qualified person reporting to the Audit Committee has been in operation. The system of internal control within the Company is clearly defined which broadly involves review and evaluation, safeguarding of assets and ensuring the accuracy and completeness of accounting record.

### Funded gratuity Scheme

The Company operates a funded gratuity scheme, registered under the Income Tax Ordinance, 2001 as PDL Employees Gratuity Fund ("The Fund") for all its employees completing the minimum qualifying period of service as specified by the scheme. The value of investments of the fund amount to Rs. 231 million as disclosed in the latest audited accounts of the Fund.

### Dividend

The Board has recommended a final cash dividend of 40% (Rs. 4.00 per share) for the year ended June 30, 2019 to the shareholders for their approval in Annual General Meeting. No interim dividend during the year was recommended by the Board.

## CORPORATE AND FINANCIAL REPROTING

### Changes in Board of Directors

During the year, the directors Ms. Ameena Sohail and Mr. Muhammad Nehmatullah Toor were appointed in place of Mr. Malik Muhammad Nasir Ayyaz and Mr. Yousuf Hussain as nominee Directors of Telecom Foundation. Besides that the nominee Director of State Life Insurance Corporation (SLIC), Mr. Shoaib Mir tendered his resignation and in his place Mr. Farrukh Ahmed Hamidi was nominated as Director by SLIC. Mr. Basit Waheed – Director having shareholding of 15.5% on his name, resigned from the Board and Mr. Muhammad Waheed was appointed in his place by the Board to fill the casual vacancy arising on the Board.

Later on Telecom Foundation replaced Mr. Yasir Qadir, Ms. Ameena Sohail, Mr. Tahir Mushtaq, and Mr. Muhammad Nehmatullah Toor with Mr. Zomma Mohiuddin, Syed Junaid Imam, Ms. Rubina Safir and Engr. Perwaiz Khan as nominee directors of Telecom Foundation on October 30, 2019. Mr. Zomma Mohiuddin was appointed as Chairman of the Board in place of Mr. Yasir Qadir.

### Board of Directors

The total number of Directors are Eight as per following;

A	Male	7
B	Female	1

### Composition of the Board:

Members of the Board as on  
June 30, 2019

Category	Name
Independent Director	Mr. Arshad Rasheed Chaudhary
Other Non-Executive Directors	Mr. Yasir Qadir Mr. Muhammad Tahir Mushtaq Mr. Muhammad Nehmatullah Toor Ms. Ameena Sohail Mr. Farrukh Ahmad Hamidi Mr. Muhammad Waheed
Executive Director/CEO	Syed Jamal Nasir

Members of the Board as on  
October 30, 2019

Category	Name
Independent Director	Mr. Arshad Rasheed Chaudhary
Other Non-Executive Directors	Mr. Zomma Mohiuddin Mr. Syed Junaid Imam Engr. Perwaiz Khan Ms. Rubina Safir Mr. Farrukh Ahmad Hamidi Mr. Muhammad Waheed
Executive Director/CEO	Syed Jamal Nasir

### Committees of the Board

#### Audit Committee

Members of the Audit Committee as on  
June 30, 2019

Mr. Arshad Rasheed Chaudhary	Chairman
Mr. Muhammad Nehmatullah Toor	Member
Mr. Muhammad Waheed	Member

Members of the Audit Committee as on  
October 30, 2019

Ms. Rubina Safir	Chairman
Mr. Farrukh Ahmad Hamidi	Member
Mr. Muhammad Waheed	Member
Mr. Arshad Rasheed Chaudhary	Member

## **Human Resource & Remuneration Committee**

Members of the Human Resource & Remuneration Committee as on June 30, 2019

Mr. Arshad Rasheed Chaudhary	Chairman
Mr. Farrukh Ahmad Hamidi	Member
Mr. Muhammad Tahir Mushtaq	Member
Mr. Muhammad Waheed	Member

Members of the Human Resource & Remuneration Committee as on October 30, 2019

Mr. Arshad Rasheed Chaudhary	Chairman
Mr. Farrukh Ahmad Hamidi	Member
Syed Junaid Imam	Member
Mr. Muhammad Waheed	Member

## **Procurement Committee**

Members of the Procurement Committee as on June 30, 2019

Mr. Yasir Qadir	Chairman
Mr. Arshad Rasheed Chaudhary	Member

Members of the Procurement Committee as on October 30, 2019

Mr. Zomma Mohiuddin	Chairman
Syed Junaid Imam	Member
Mr. Muhammad Waheed	Member
Mr. Arshad Rasheed Chaudhary	Member

## **Nomination Committee**

Members of the Nomination Committee as on June 30, 2019

Mr. Yasir Qadir	Chairman
Mr. Muhammad Waheed	Member

Members of the Nomination Committee as on October 30, 2019

Mr. Zomma Mohiuddin	Chairman
Syed Junaid Imam	Member
Mr. Muhammad Waheed	Member

## **Director's Remuneration**

The Company has not paid any remuneration to Non-Executive Directors and Independent Director except TA/DA and meeting fee of Rs. 30,000 net off tax for each meeting.

## **Statement of Directors Responsibilities**

The Board is committed in following the Code of Corporate Governance and in maintaining a high quality standard of good corporate governance. The Company is complying with the provisions of the codes as set out by the Securities and Exchange Commission of Pakistan. There has been no material departure from the practices of Code of Corporate Governance as detailed in listing regulations.

All the Directors on the Board are fully cognizant of their duties and responsibilities as Directors of a corporate body. The Directors were apprised of their duties and responsibilities through orientation courses. The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not trade in shares of the Company except as disclosed in the pattern of shareholding.

## **Presentation of Financial Statements**

The financial statements, prepared by the Management of the Company, fairly present the Company's state of affairs, the results of its operations, and cash flows and changes in equity.

## **Books of Accounts**

The company has maintained proper books of accounts.

**Accounting Policies**

Appropriate accounting policies have been consistently applied in the preparation of financial statements except for those disclosed in the financial statements of the Company.

**Application of International Financial Reporting Standards**

International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements.

**Going Concern**

There is no significant doubt upon the Company’s ability to continue as a going concern.

**Board Meetings**

During the financial year, eleven (11) meetings of the Board of Directors were held. The attendance of each Director is given below.

<b>Name of Directors</b>	<b>Number of Meetings Attended</b>
Mr. Yasir Qadir	11/11
Ms. Ameena Sohail	8/8
Mr. Muhammad Tahir Mushtaq	8/11
Mr. Muhammad Nehmatullah Toor	6/6
Mr. Basit Waheed	9/10
Mr. Mr. Shoaib Mir	3/4
Mr. Farrukh Ahmad Hamidi	6/6
Mr. Muhammad Waheed	1/1
Mr. Arshad Rasheed Chaudhary	10/11
Mr. Malik Muhammad Nasir Ayyaz	1/1
Mr. Yusuf Hussain	1/2
Syed Jamal Nasir	10/11

The Board granted leaves of absence to the members who could not attend the meeting(s).

**Audit Committee Meetings**

During the financial year, ten (10) meetings of the Audit Committee were held. The attendance of each member is given below.

<b>Name of Audit Committee Members</b>	<b>Number of Meetings Attended</b>
Mr. Arshad Rasheed Chaudhary	10/10
Mr. Basit Waheed	8/10
Mr. Malik Muhammad Nasir Ayyaz	1/1
Mr. Shoaib Mir	5/5
Mr. Muhammad Nehmatullah Toor	3/3

## HR & Remuneration Committee Meetings

During the financial year, four (4) meetings of the HR & Remuneration Committee were held. The attendance of each member is given below.

Name of HR & R Committee Members	Number of Meetings Attended
Mr. Arshad Rasheed Chaudhary	4/4
Mr. Basit Waheed	4/4
Mr. Muhammad Tahir Mushtaq	2/4
Mr. Shoaib Mir	2/2
Mr. Farrukh Ahmad Hamidi	2/2

## Related Party Transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length, at normal commercial rates and on the same terms and conditions as third party transactions using valuation mode as admissible. The Company has fully complied with the best practice on transfer pricing as contained in the listing regulation of Pakistan Stock Exchange.

## Earnings Per Share

The Company recognized earnings per share of Rs. 9.03 during the year (2018: Rs. 1.94).

## Auditors

M/S KPMG Taseer Hadi & Co. Chartered Accountants have completed the annual audit for the year ended 30 June 2019 and will retire on conclusion of Annual General Meeting. The Audit Committee has recommended that the retiring auditors has quoted much higher fee for the next financial year ending 2020 along with their consent. The Company has already increased their remuneration during the previous financial year ending June 30, 2019. In this regard, the Board recommended to observe Companies Act, 2017 accordingly.

## Compliance of Code of Corporate Governance

Compliance statement of Code of Corporate Governance formulated by Securities and Exchange Commission of Pakistan is annexed with this report.

## Pattern of Shareholding

Statement showing the pattern of shareholding as at June 30, 2019 is annexed with this report.

## Acknowledgement

The Directors of your Company would like to show their appreciation to the shareholders, customers, regulators, and Pakistan Stock Exchange for their continued confidence, trust, and committed support for the progress and prosperity of the Company. The Directors of your Company would also like to express their deep appreciation for the services, loyalty and efforts being continuously rendered by the employees of the Company, and hope that they will continue to do so in the future.

**For and on Behalf of the Board**

**Islamabad  
November 04, 2019**

**Syed Jamal Nasir  
Chief Executive**

**Arshad Rasheed Chaudhary  
Director**

## ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز

آپ کے ڈائریکٹرز 30 جون 2019ء کو ختم ہونے والے سال کے لیے پاک ڈیٹا کام لمیٹڈ (PDL) کے مالیاتی گوشوارے پیش کرنے پر انتہائی خوشی محسوس کر رہے ہیں۔

### بنیادی سرگرمیاں اور ترقی

کمپنی نے اعتماد، دستیابی اور آپریشنل کارکردگی کو یقینی بنانے کے لیے بہترین طرز عمل پر عملدرآمد جاری رکھا۔ PDL انتظامیہ نے خود کو جدید نظریات اور پائیدار ترقی کے معیارات سے ہم آہنگ رکھنے اور اپنے اسٹیک ہولڈرز کے مطالبات کو باریک بینی سے سمجھنے کے حوالے سے موثر اقدامات کیے ہیں تاکہ ہم پائیدار ترقی کو اپنی کاروباری حکمت عملی کا حصہ بنا سکیں۔ ترقی کے عمل پر توجہ دینے کے ساتھ ساتھ دانشمندانہ انتظامیہ کی بدولت علاقائی / زمینی اخراجات، سیٹلائٹ بینڈ ویڈتھ، میڈیا کی لاگت، اور دیگر آپریشنل اور نیٹ ورک کی لاگت کو معقول بنانے کے ساتھ کم کیا گیا۔ مزید برآں PDL اپنے آپریشنز / سرگرمیوں کو مزید ترقی دینے کے لیے نئے راستے تلاش کر رہی ہے۔ یہ ایک اعزاز کی بات ہے کہ حال ہی میں ایک جاری شدہ سیٹلائٹ کمیونٹی کیشن کے ساز و سامان کی فراہمی کے منصوبے میں PDL کی ٹیم نے اعلیٰ درجے کی کارکردگی اور تکنیکی صلاحیتوں کا عملی مظاہرہ کیا ہے۔

پاک ڈیٹا کام لمیٹڈ ترقی کے اس سفر کو جاری رکھے گا اور مصنوعات کے پورٹ فولیو اور اپنے گاہکوں / صارفین / کلائنٹس کو مزید بہتر خدمات کی فراہمی کے ذریعے اپنی کارکردگی میں مزید بہتری لائے پیدا کرے گا۔ چوبیس گھنٹے کام کرنے والے دیکھ بھال کے مراکز ہر وقت فعال رہتے ہیں اور ان مراکز میں نصب مانیٹرنگ کے آلات اپ گریڈ کیے گئے ہیں تاکہ نیٹ ورک کے مجموعی مانیٹرنگ آپریشنز کو صلاحیت کے بہترین معیار پر رکھا جاسکے۔ صارفین کو ان کے متعلقہ نیٹ ورکس سے متعلقہ بہترین خدمات کی چوبیس گھنٹے فراہمی کے لیے پیشہ ورانہ انجینئرز اور تکنیکی عملے پر مشتمل ٹیم ہر وقت موجود رہتی ہے۔ معزز صارفین کو اعلیٰ معیار پر مبنی خدمات فراہم کرنے کے لیے سپورٹ ٹیم کے لیے خصوصی ٹریننگز کا اہتمام بھی کیا جاتا ہے۔ داخلی کسٹومرز اور طریقہ ہائے کار کو مزید بہتر بنایا گیا ہے جن کے بہتر نتائج برآمد ہوں گے۔

### مستقبل میں ترقی، کارکردگی اور کمپنی کی پوزیشن

آئی ٹی اور ٹیلی کام بزنس میں مارکیٹنگ کے موجودہ چیلنجز سے نمٹنے کے لیے کمپنی اپنی صلاحیتوں میں مسلسل اضافہ کرنے اور جدید ترین ٹیکنالوجی متعارف کروانے کی جہد و جہد میں مصروف عمل ہے جو قیمت کم ہونے کے ساتھ ساتھ وہ مارکیٹنگ کے موجودہ تقاضوں کو بھی پورا کرتی ہوں۔ مصنوعات کے حوالے سے عمومی بہتری لائے بغیر مارکیٹ کے موجودہ ڈھانچے سے موثر محاصل کا حصول بہت مشکل ہے۔

اس طرح سے PDL نہ صرف مختلف منصوبوں کے لیے اپنے وسائل مختص اور مخصوص کرے گی بلکہ محاصل کے نئے راستے کے دروازے بھی کھولے گی۔ کمپنی کے لیے سب سے اہم ہدف یہ ہوگا کہ اپنے شاندار سپورٹ سٹرکچر، جدید ترین ٹیکنالوجی اور مارکیٹ سے کہیں کم نرخوں / قیمتوں کے ایک مجموعے کے ذریعے صارفین کے اطمینان کو مزید بڑھایا جائے۔

پاک ڈیٹا کام لمیٹڈ بیک ہال سروسز، موجودہ صارفین ان سے متعلقہ کاروباروں کے ساتھ بھرپور سے پر مبنی تعلق کو بڑھا کر DXX اور VSAT پر مبنی ڈیٹا سروسز کے اہم کاروبار پر توجہ مرکوز کرنا چاہتی ہے۔ اس حکمت عملی کو مد نظر رکھتے ہوئے PDL بڑے حکومتی / قومی اور بین الاقوامی منصوبوں میں شرکت کرے گی۔

اسٹریٹجک تنظیموں کو ٹیلی کام آلات کی فراہمی اور ان کی فعالیت / تفویض اختیار کے معاہدے فی الوقت کمپنی کے لیے محصولات کے حصول کے بڑے ذرائع ثابت ہو رہے ہیں۔ PDL کو صارفین کی دیکھ بھال اور انہیں جدید ترین ٹیکنالوجیز کی فراہمی پر ہمیشہ سے فخر رہا ہے۔ اس پالیسی پر عمل کرتے ہوئے، محصولات حاصل کرنے کے نئے ذرائع کو تلاش کرنے کے عمل کو جاری رکھا جائے گا۔

## مالیاتی کارکردگی

آپ کی کمپنی کی کارکردگی مستحکم رہی ہے۔ اس سال کے لیے محصولات 933.88 ملین روپے رہے جبکہ پچھلے سال محصولات 798.06 ملین روپے تھے۔ اس سال کے لیے آپ کی کمپنی کا خالص منافع 88.46 ملین روپے ہے جبکہ 2018ء میں منافع 18.97 ملین روپے تھا۔

6 سال کا مالیاتی اور آپریٹنگ ڈیٹا کچھ اس طرح سے ہے؛

30 جون کو ختم ہونے والا سال						
(ملین روپوں میں)						
2014	2015	2016	2017	2018	2019	
276.218	259.377	247.660	245.140	248.758	266.691	نان کرنٹ اثاثے
798.287	815.279	828.251	799.229	780.650	805.088	شیر سرمایہ اور ریزرو
732.660	706.422	654.603	704.297	798.063	933.876	محصولات
96.778	95.311	25.417	16.911	1.327	42.139	آپریٹنگ منافع
150.393	131.741	54.579	26.577	35.56	143.729	ٹیکس سے قبل منافع
99.716	88.146	37.096	11.69	18.965	88.462	ٹیکس کے بعد منافع
10.17	8.99	3.78	1.19	1.94	9.03	فی شیئر آمدن، روپے
7.15	8.57	19.05	43.28	30.90	4.93	قیمت، آمدن کی شرح
81.45	83.18	84.51	81.55	79.65	82.14	شیرز کی بریک اپ ویلیو
37.06	35.46	15.83	5.07	8.39	44.68	کلڈ اثاثوں پر منافع (فیصد)
13.21	13.49	3.88	2.40	0.17	4.51	آپریٹنگ منافع کی شرح (فیصد)
13.61	12.48	5.67	1.66	2.38	9.47	خالص منافع کی شرح (فیصد)
2.94	3.37	3.49	3.11	2.84	2.43	کرنٹ شرح (فیصد)
59.00	55.62	112.43	294.12	206.19	44.30	منافع (ڈیویڈنڈ) کی ادائیگی کی شرح
60.00	50.00	42.50	35.00	40.00	40.00	ڈیویڈنڈ (فیصد)۔ کیش
-	-	-	-	-	-	بونس شیئر
72.68	77.00	72.00	51.50	59.95	44.48	شیر کی قیمت

## کاروباری سماجی ذمہ داری، تحفظ، صحت اور معیار

آپ کی کمپنی تمام نافذ العمل ضوابط کے ساتھ مطابقت کو یقینی بنانے، معاشرے کی ترقی اور بہبود کے پروگراموں میں اپنا حصہ ڈالنے، تحفظ، صحت اور ماحولیات کے بہترین معیارات کی فراہمی اور ملازمین کو مسابقتی اجرتیں اور منافع جات کی ادائیگی کے لیے تمام سٹیک ہولڈرز کے ساتھ مل کر کام کرتی ہے۔

## داخلی آڈٹ اور کنٹرول

ایک ماہر کی سربراہی میں آزاد داخلی آڈٹ کا شعبہ فعال ہے جو کہ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ کمپنی کے اندر داخلی کنٹرول کا سسٹم بہت واضح ہے جس میں جائزہ اور جانچ پڑتال، اثاثوں کا تحفظ اور حساب کتاب کے ریکارڈ کی درستگی اور مکمل ہونا شامل ہیں۔

## فنڈ ڈگریجویٹی سکیم

کمپنی اپنے ان تمام ملازمین کے لیے جو سکیم کے تحت مختص کردہ ملازمت کی کم سے کم مدت پوری کرتے ہیں، فنڈ ڈگریجویٹی سکیم چلاتی ہے جو کہ انکم ٹیکس آرڈیننس، 2001ء کے تحت IDPL ایمپلائز گریجویٹی فنڈ (فنڈ) کے نام سے رجسٹرڈ ہے۔ فنڈز کے اکاؤنٹس کے تازہ ترین آڈٹ کے مطابق اس فنڈ کے تحت کی گئی سرمایہ کاری 231 ملین روپے ہو چکی ہے۔

## ڈیویڈنڈ اور جنرل ریزروز

بورڈ نے 30 جون 2019ء کو ختم ہونے والے سال کے لیے شیئرز ہولڈرز کو 40 فیصد (4 روپے فی شیئر) حتمی کیش ڈیویڈنڈ کی تجویز دی ہے جس کی منظوری سالانہ اجلاس عام میں دی جائے گی۔ بورڈ کی طرف سے سال کے دوران کسی عبوری ڈیویڈنڈ کی سفارش نہیں کی گئی۔

## کارپوریٹ اور مالیاتی رپورٹنگ

### بورڈ آف ڈائریکٹرز میں تبدیلیاں

سال کے دوران مسٹر ملک محمد ناصر ایاز اور مسٹر یوسف حسین کی جگہ ٹیلی کام فاؤنڈیشن کے نامزد کردہ محترمہ امینہ سہیل اور مسٹر محمد نعمت اللہ طور کو ڈائریکٹرز کے طور پر مقرر کیا گیا۔ اس تقرر کے علاوہ اسٹیٹ لائف انشورنس کارپوریشن کے نامزد ڈائریکٹر مسٹر شعیب میر نے استعفیٰ دے دیا اور ان کی جگہ اسٹیٹ لائف انشورنس کے نامزد کردہ مسٹر فرخ احمد جمیدی کو ڈائریکٹر مقرر کیا گیا۔ مسٹر باسط وحید - ڈائریکٹر (ان کے نام پر کمپنی کے 15.51 فیصد شیئرز ہیں) نے اپنی جگہ مسٹر محمد وحید کو مقرر کیا۔

بعد ازاں ٹیلی کام فاؤنڈیشن نے سید جنید امام، محترمہ روبینہ سفیر اور انجینئر پرویز خان کو محترمہ امینہ سہیل، مسٹر طاہر مشتاق اور مسٹر محمد نعمت اللہ طور کی جگہ ڈائریکٹرز مقرر کر دیا۔ مسٹر محمد محی الدین کو مسٹر باسط وحید کی جگہ ڈائریکٹر/چیئر مین مقرر کر دیا گیا۔

## بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کی کل تعداد مندرجہ ذیل کے مطابق 8 ہے:

7	مرد	A
1	خواتین	B

بورڈ کی ترتیب:

بورڈ کے ممبران 30 اکتوبر، 2019

نام	کیٹیگری
مسٹر ارشد رشید چودھری	آزاد ڈائریکٹر
مسٹر زومہ محی الدین	دیگر نان ایگزیکٹو ڈائریکٹرز
مسٹر سید جنید امام	
انجینئر پرویز خان	
محترمہ روبینہ سفیر	
مسٹر فرخ احمد جمیدی	
مسٹر محمد وحید	
سید جمال ناصر	ایگزیکٹو ڈائریکٹر/سی ای او

بورڈ کے ممبران 30 جون، 2019

نام	کیٹیگری
مسٹر ارشد رشید چودھری	آزاد ڈائریکٹر
مسٹر یاسر قدیر	دیگر نان ایگزیکٹو ڈائریکٹرز
مسٹر طاہر مشتاق	
مسٹر نعمت اللہ طور	
محترمہ امینہ سہیل	
مسٹر فرخ احمد جمیدی	
مسٹر محمد وحید	
سید جمال ناصر	ایگزیکٹو ڈائریکٹر/سی ای او

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

آڈٹ کمیٹی کے ممبران 30 اکتوبر، 2019

محترمہ روبینہ سفیر	چیئر مین
مسٹر فرخ احمد جمیدی	ممبر
مسٹر محمد وحید	ممبر
مسٹر ارشد رشید چودھری	ممبر

آڈٹ کمیٹی کے ممبران 30 جون، 2019

مسٹر ارشد رشید چودھری	چیئر مین
مسٹر نعمت اللہ طور	ممبر
مسٹر محمد وحید	ممبر

انسانی وسائل اور معاوضے کی کمیٹی

انسانی وسائل اور معاوضوں کی کمیٹی کے ممبران 30 اکتوبر، 2019

مسٹر ارشد رشید چودھری	چیئر مین
مسٹر فرخ احمد جمیدی	ممبر
سید جنید امام	ممبر
مسٹر محمد وحید	ممبر

انسانی وسائل اور معاوضوں کی کمیٹی کے ممبران 30 جون، 2019

مسٹر ارشد رشید چودھری	چیئر مین
مسٹر فرخ احمد جمیدی	ممبر
مسٹر محمد طاہر مشتاق	ممبر
مسٹر محمد وحید	ممبر

## پروکیورمنٹ کمیٹی

پروکیورمنٹ کمیٹی کے ممبران 30 اکتوبر، 2019

چیرمین	مسٹر زومحی الدین
ممبر	سید جنید امام
ممبر	مسٹر محمد وحید
ممبر	مسٹر ارشد رشید چودھری

پروکیورمنٹ کمیٹی کے ممبران 30 جون، 2019

چیرمین	مسٹر یاسر قدیر
ممبر	مسٹر ارشد رشید چودھری

## نامزدگیوں کی کمیٹی

نامزدگیوں کی کمیٹی کے ممبران 30 اکتوبر، 2019

چیرمین	مسٹر زومحی الدین
ممبر	سید جنید امام
ممبر	مسٹر محمد وحید

نامزدگیوں کی کمیٹی کے ممبران 30 جون، 2019

چیرمین	مسٹر یاسر قدیر
ممبر	مسٹر ارشد رشید چودھری

## ڈائریکٹر کا معاوضہ

کمپنی نے نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹر کو ٹی/ای ڈی اے اور فی میٹنگ فیس 30 ہزار روپے (ٹیکس کٹوتی کے بعد) کے علاوہ معاوضے کی مد میں کوئی ادائیگی نہیں کی۔

## ڈائریکٹرز کی ذمہ داریوں کا بیان

بورڈ کا عزم ہے کہ اچھی کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو برقرار رکھنے کے لیے کارپوریٹ گورننس کے ضابطہ اخلاق پر عملدرآمد جاری رکھا جائے گا۔ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے ضابطہ اخلاق کی طے شدہ شقوں پر عملدرآمد کر رہی ہے۔ کوڈ آف کارپوریٹ گورننس کے طرز عمل کی کسی بھی طرح سے کوئی خلاف ورزی نہیں کی گئی۔

بورڈ میں شامل تمام ڈائریکٹرز ایک کاروباری ادارے کے ڈائریکٹرز کے طور پر اپنی فرائض اور ذمہ داریوں سے بخوبی آگاہ ہیں۔ ڈائریکٹرز کو تعارفی کورسز کے ذریعے ان کے فرائض اور ذمہ داریوں سے آگاہ کیا گیا۔ ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کے اہل خانہ و چھوٹے بچے کمپنی کے شیئرز کا کاروبار نہیں کرتے ماسوائے اس کے کہ جس کی اجازت شیئر ہولڈنگ کے پیٹرن میں دی گئی ہے۔

## مالیاتی گوشواروں کی پریزنٹیشن

کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشواروں میں شفافیت کے ساتھ کمپنی کے معاملات، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کے بارے میں بتایا جاتا ہے۔

## اکاؤنٹس بکس

کمپنی باقاعدہ طور پر اکاؤنٹس بکس کو برقرار رکھتی ہے۔

## اکاؤٹنگ کی پالیسیاں

مالیاتی گوشواروں کی تیاری کے دوران اکاؤٹنگ کی مناسب پالیسیوں پر تسلسل سے عمل کیا جاتا ہے ماسوائے اس کے کہ جس کی صراحت کمپنی کے مالیاتی گوشواروں میں کردی گئی ہو۔

## مالیاتی رپورٹنگ کے عالمی معیارات کا اطلاق

مالیاتی رپورٹنگ کے عالمی معیارات (IFRS) جیسا کہ پاکستان میں نافذ ہیں، مالیاتی گوشواروں کی تیاری کے وقت ان پر عملدرآمد کیا گیا ہے۔

## حالیہ تشویش

کمپنی کی استعداد کار کے حوالے سے کوئی تشویش نہیں پائی جاتی ہے۔

## بورڈ اجلاس

مالیاتی سال کے دوران بورڈ آف ڈائریکٹرز کے 11 اجلاس ہوئے جبکہ ہر ڈائریکٹر کی حاضری مندرجہ ذیل رہی؛

میٹنگ میں حاضری	ڈائریکٹر کے نام
11/11	مسٹر یاسر قادر
8/8	محترمہ امینہ کنول
8/11	مسٹر طاہر مشتاق
6/6	مسٹر محمد نعت اللہ طور
9/10	مسٹر یاسط وحید
3/4	مسٹر شعیب میر
6/6	مسٹر فرخ احمد جمیدی
1/1	مسٹر محمد وحید
10/11	مسٹر ارشد رشید چودھری
1/1	مسٹر ملک محمد ناصر ایاز
1/2	مسٹر یوسف حسین
10/11	سید جمال ناصر

ایسے ممبران جو اجلاس میں حاضر ہونے کے قابل نہیں تھے، انہیں بورڈ کی طرف سے حاضری سے استثنیٰ دیا گیا۔

## آڈٹ کمیٹی کے اجلاس

مالیاتی سال کے دوران آڈٹ کمیٹی کے 10 اجلاس منعقد ہوئے، کمیٹی میں ڈائریکٹرز کی حاضری مندرجہ ذیل رہی۔

میٹنگ میں حاضری	ڈائریکٹر کے نام
10/10	مسٹر ارشد رشید چودھری
8/10	مسٹر یاسط وحید
1/1	مسٹر ملک محمد ناصر ایاز
5/5	مسٹر شعیب میر
3/3	مسٹر محمد نعت اللہ طور

## انسانی وسائل اور معروضوں کی کمیٹی کے اجلاس

مالیاتی سال کے دوران انسانی وسائل اور معروضوں کی کمیٹی کے 4 اجلاس منعقد ہوئے، کمیٹی میں ڈائریکٹرز کی حاضری مندرجہ ذیل رہی۔

میٹنگ میں حاضری	ڈائریکٹر کے نام
4/4	مسٹر ارشد رشید چودھری
4/4	مسٹر یاسط وحید
2/4	مسٹر محمد طاہر مشتاق
2/2	مسٹر شعیب میر
2/2	مسٹر فرخ احمد جمیدی

## متعلقہ فریق کی ٹرانزیکشنز/ترسیلات زر

ایسی ٹرانزیکشنز جن میں منسلکہ فریقین شامل ہوں جو عمومی کاروبار کے دوران سامنے آتی ہیں، انہیں مروجہ کاروباری ریٹس پر انجام دیا جاتا ہے اور اس کے لیے تیسرے فریق کے حوالے سے صراحت کردہ قواعد و ضوابط لاگو ہوتے ہیں۔ کمپنی نے ٹرانسفر پرائسنگ کے حوالے سے سٹاک ایکسچینج میں لسٹنگ کی ریگولیشنز کے حوالے سے جاری بہترین طرز عمل پر پوری طرح عملدرآمد کیا ہے۔

## فی شیئر آمدن

کمپنی کی سال کے دوران فی شیئر آمدن 9.03 روپے فی شیئر رہی (سال 2018ء کے دوران 1.94 روپے تھی)۔

## آڈیٹرز

میسرز KPMG تاخیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2019ء کو ختم ہونے والے سال کے لیے سالانہ آڈٹ مکمل کیا اور سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ آڈٹ کمیٹی نے سفارش کی ہے کہ ریٹائر ہونے والے آڈیٹرز نے اپنی رضامندی کے ساتھ 2020 کو ختم ہونے والے اگلے مالی سال کے لئے بہت زیادہ فیس کا مطالبہ کیا ہے۔ کمپنی نے 30 جون، 2019 کو ختم ہونے والے مالی سال کے لئے ان کی تقرری کے دوران پہلے ہی ان کے معاوضے میں اضافہ کیا تھا۔ اس سلسلے میں، بورڈ نے کمپنی کے ایکٹ، 2017 کے مطابق مشاہدہ کرنے کی سفارش کی ہے۔

## کوڈ آف کارپوریٹ گورننس کی تعمیل

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے تیار کیے گئے کوڈ آف کارپوریٹ گورننس کی تعمیل کی سیٹمنٹ اس رپورٹ کے منسلکہ کے طور پر دی گئی ہے۔

## شیئر ہولڈنگ کا پیٹرن

30 جون 2019ء تک شیئر ہولڈنگ کے پیٹرن کی سیٹمنٹ اس رپورٹ کے منسلکہ کے طور پر دی گئی ہے۔

## اظہار تشکر

آپ کی کمپنی کے ڈائریکٹرز اپنے شیئر ہولڈرز، صارفین، ریگولیٹرز اور پاکستان سٹاک ایکسچینج کے مشکور ہیں کہ انہوں نے کمپنی کی ترقی اور خوشحالی کے لیے اپنے مسلسل اعتماد اور معاونت سے نوازا۔ آپ کی کمپنی کے ڈائریکٹرز کمپنی کے ملازمین کی طرف سے فراہم کی جانے والی خدمات، ان کی وفاداری اور کوششوں کا بھی اعتراف کرتے ہیں اور امید کرتے ہیں کہ وہ مستقبل میں بھی اس لگن کو جاری رکھیں گے۔

## منجانب بورڈ

ارشدر شید چوہدری

ڈائریکٹر

سید جمال ناصر

چیف ایگزیکٹو

اسلام آباد

4 نومبر، 2019ء

## **INDEPENDENT AUDITORS' REVIEW REPORT**

**To the members of Pak Datacom Limited**

**Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Pak Datacom Limited for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried procedures to access and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

We would like to highlight that the Ministry of Law and Justice vide letter dated 30 September 2016 has opined that the Telecom Foundation, established under the Charitable Endowment Act, 1890 falls within the ambit of "instrumentality or agency" of the Government under Public Sector Companies (Corporate Governance) Rules, 2013 (the "Rules") and accordingly the Company falls under the ambit of the Public Sector Companies as Telecom Foundation owns more than fifty percent of shares of the Company. However the Company has chosen to ignore this opinion and has not complied with Public Sector Companies (Corporate Governance) Rules, 2013 as specified and the Company has not presented the Statement of Compliance with the Rules. Accordingly, our review report is restricted to the compliance of the Company with the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the note/ paragraph reference where this is stated in the Statement of Compliance:

<b>Serial No.</b>	<b>Reference No.</b>	<b>Description</b>
1	Paragraph 2	The independent director is less than one third of the total members of the Board.



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Islamabad.  
04 November 2019

## **STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

Name of the company: **Pak Datacom Limited**

Year ending: **30 June 2019**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are as per the following:

- a. Male: seven
- b. Female: one

2. The composition of the Board is as follows:

Category	Names
Independent Directors	1) Mr. Arshad Rasheed Chaudhry
Executive Directors	1) Syed Jamal Nasir
Non-Executive Directors	1) Mr. Yasir Qadir 2) Mr. Tahir Mushtaq 3) Mr. Nehmatullah Toor 4) Ms. Ameena Sohail 5) Mr. Farrukh Ahmad Hamidi 6) Mr. Muhammad Waheed

3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. These documents have been approved by the Board and record of such approvals and amendments has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged directors' training program for the following directors:

Names	Category
Mr. Yasir Qadir	Chairman/ Director
Ms. Ameena Sohail	Director
Mr. Muhammad Waheed	Director
Mr. Arshad Rasheed Chaudhary	Director
Mr. Farrukh Ahmad Hamidi	Director
Syed Jamal Nasir	Executive Director

10. The Board has approved appointment of Chief Financial Officer, Head of Internal Audit, including its remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Mr. Zahid Mehmood has relinquished the charge of CFO on July 17, 2018. Ms. Farhat Mansoor – Dy GM (Finance) has been assigned the charge of CFO by the Board up-to April 30, 2019. Subsequently, after obtaining approval of SECP, Mr. Sanullah – Dy GM (Accounts) has been given the Charge of CFO up-to July 02, 2019. Regular CFO has assumed the Charge on July 03, 2019 as approved by the Board.

11. The financial statements of the Company were duly endorsed by the Chief Financial Officer and Chief Executive Officer, before approval of the Board.

12. The Board has formed committees comprising of members given below:

#### **Audit Committee**

- i) Mr. Arshad Rasheed Chaudhry (Chairman)
- ii) Mr. Nehmatullah Toor
- iii) Mr. Muhammad Waheed

#### **Human Resource & Remuneration Committee**

- i) Mr. Arshad Rasheed Chaudhry (Chairman)
- ii) Mr. Muhammad Waheed
- iii) Mr. Tahir Mushtaq
- iv) Mr. Farrukh Ahmad Hamidi

#### **Procurement Committee**

- i) Mr. Yasir Qadir (Chairman)
- ii) Mr. Arshad Rasheed Chaudhry

#### **Nomination Committee**

- i) Mr. Yasir Qadir (Chairman)
- ii) Ms. Ameena Sohail
- iii) Mr. Muhammad Waheed

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
14. The Board has set up an effective internal audit function.
15. The frequency of meetings (quarterly/ half yearly/ yearly) of the committee were as per following:
  - a. Audit Committee (quarterly)
  - b. HR and Remuneration Committee (yearly)
  - c. Procurement Committee (No meeting held during the year)
  - d. Nomination Committee (No meeting held during the year)
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

**Zomma Mohiuddin**

Chairman, Pak Datacom Limited  
Islamabad.  
Nov 04, 2019

## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of Pak Datacom Limited**

#### **Report on the audit of the Financial Statements**

We have audited the annexed financial statements of Pak Datacom Limited, which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

We draw attention to note 11.2 to the financial statements which describes the uncertainty relating to outcome of the contingency.

Our opinion is not modified in respect of 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.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Recognition of Revenue</b></p> <p>(Refer to notes 3.2, 4.7 and 22 to the financial statements)</p> <p>The Company is engaged in setting up, operating and maintaining a network of data communication.</p> <p>The Company recognized revenue during the year from data communication services, telecom infrastructure services and projects amounting to Rs. 775.115 million, Rs. 2.258 million and Rs. 269.582 million respectively.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets and that during the year IFRS 15 “Revenue from contracts with customers” became applicable to the Company which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when the control is transferred to the customer.</p>	<p><b>Our audit procedures, amongst others, included the following:</b></p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process relating to recognition of revenue and tested the design and implementation of key internal controls over recording of revenue;</li> <li>• Assessed the appropriateness of the Company’s accounting policies for revenue recognition and compliance of those policies with accounting and reporting standards as applicable in Pakistan;</li> <li>• In respect of revenue against provision of data communication and telecommunication infrastructure facilities, compared a sample of revenue transactions recorded during the year with invoices, agreements/demand notes and other relevant underlying documents;</li> <li>• In respect of revenue against provision of data communication and telecommunication infrastructure facilities, inspected the commissioning and closing certificates issued subsequent to the year end to assess whether revenue has been recorded in correct accounting period;</li> <li>• Considered the appropriateness of the accounting policy for revenue recognition and comparing it with the applicable accounting standards;</li> <li>• Reviewed management’s assessment of impact of IFRS 15 “Revenue from contracts with customers” on the Company in respect of revenue recognition;</li> <li>• Assessed the adequacy of disclosures related to revenue as required under applicable financial reporting standards; and</li> <li>• Compared the details of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation.</li> </ul>
2.	<p><b>Valuation of trade debts in accordance with IFRS 9 – Financial Instruments</b></p> <p>(Refer note 3.1, 4.5, 4.13 and 15 to the financial statements)</p>	<p>Our audit procedures, amongst others including evaluation of ECL on trade debts in accordance with IFRS 9 – “Financial Instruments” included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of and testing the design and implementation of management’s key internal controls relating to credit control, debt collection and recording Expected Credit Loss allowance;</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>As at 30 June 2019, the Company's gross trade debtors were Rs. 439.652 million against which provision for doubtful debts of Rs. 96.335 million was recorded.</p> <p>The Company has adopted IFRS 9 with effect from 1 July 2018. The new standard requires, among other matters, the Company to recognize impairment loss for financial assets using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company under IAS 39.</p> <p>Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.</p> <p>We have considered the first time application of ECL requirements as a key audit matter due to significance of estimates and judgments in this regard.</p>	<ul style="list-style-type: none"> <li>• Circularized, on a sample basis, request for direct confirmation of balance due from customers, reviewed confirmations received and tested reconciliations, where differences were identified;</li> <li>• Tested, on sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation;</li> <li>• Compared, on sample basis, cash receipts from customers subsequent to the financial year end from trade debtor balances existing as at 30 June 2019 with bank statements;</li> <li>• Assessed the methodology developed and applied by the Company to estimate the ECL in relation to trade debts;</li> <li>• Assessed and evaluated the assumptions used in applying the ECL methodology based on historical credit loss experience and forward-looking macro-economic information as relevant for such estimates;</li> <li>• Assessed the integrity and quality of the data used for ECL computation based on the accounting records of the Company as well as the related external sources as used for this purpose;</li> <li>• Checked the mathematical accuracy of the ECL model by performing recalculation on test basis; and</li> <li>• Assessed the adequacy of disclosures related to ECL as required under applicable financial reporting standards.</li> </ul>

## Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) 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 to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

## Auditors' 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 auditors' 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 as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 the board of directors 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 the board of directors 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, related safeguards.

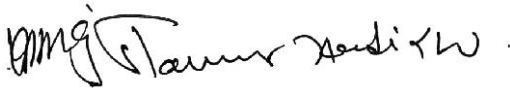
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes 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

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Islamabad

4 November 2019

**STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2019**

	Note	2019	2018
Rupees			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	5	98,010,000	98,010,000
Revenue reserves	6	707,077,733	682,639,902
Total share capital and reserves		805,087,733	780,649,902
<b>NON - CURRENT LIABILITIES</b>			
Deferred employees' benefits	7	46,051,088	43,636,433
Liability against assets subject to finance lease	8	6,977,448	12,378,468
		53,028,536	56,014,901
<b>CURRENT LIABILITIES</b>			
Customers' deposits	9	197,668,959	140,433,318
Contract liability		7,320,000	-
Trade and other payables	10	195,261,255	163,632,587
Provision for taxation	19	428,586	-
Current portion of liability against assets subject to finance lease	8	4,819,063	5,306,597
Unclaimed dividend		9,227,967	10,157,011
		414,725,830	319,529,513
<b>Total liabilities</b>		467,754,366	375,544,414
<b>Total equity and liabilities</b>		1,272,842,099	1,156,194,316
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	12	197,975,402	226,070,394
Intangible assets	13	5,017,250	5,444,250
Deferred taxation	14	63,698,700	17,243,610
		266,691,352	248,758,254
<b>CURRENT ASSETS</b>			
Trade debts	15	343,316,340	252,192,359
Contract assets	16	297,080,864	168,907,149
Advances	17	17,247,010	9,114,973
Trade deposits and short term prepayments	18	24,200,280	65,262,199
Other receivables		1,308,939	419,225
Interest accrued		5,060,357	7,719,683
Advance tax	19	-	63,889,454
Short term investments	20	112,000,000	256,000,000
Cash and bank balances	21	205,936,957	83,931,020
		1,006,150,747	907,436,062
<b>Total assets</b>		1,272,842,099	1,156,194,316

The annexed notes from 1 to 38 form an integral part of these financial statements.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Arshad Rasheed Chaudhary**  
Director

**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019	2018
		Rupees	
Revenue	22	933,876,238	798,063,305
Cost of services	23	(715,656,553)	(649,070,392)
Gross profit		218,219,685	148,992,913
Administrative expenses	24	(96,121,872)	(97,975,312)
Marketing expenses	25	(25,415,414)	(23,665,353)
Impairment loss		(52,673,393)	(24,093,680)
Finance cost		(1,870,419)	(1,931,493)
		42,138,587	1,327,075
Other income	26	101,590,110	34,233,001
Profit before taxation		143,728,697	35,560,076
Taxation	27	(55,266,416)	(16,595,001)
Profit for the year		88,462,281	18,965,075
<b>Earning per share - basic and diluted (Rupee)</b>	28	9.03	1.94

The annexed notes from 1 to 38 form an integral part of these financial statements.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Arshad Rasheed Chaudhary**  
Director

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>2019</b>	<b>2018</b>
	<b>Rupees</b>	
<b>Profit for the year</b>	88,462,281	18,965,075
Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Remeasurement gain/(loss) on defined benefit plan	8,920,729	(3,240,467)
<b>Total comprehensive income for the year</b>	<b>97,383,010</b>	<b>15,724,608</b>

The annexed notes from 1 to 38 form an integral part of these financial statements.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Arshad Rasheed Chaudhary**  
Director

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Revenue reserves		Total
	Issued, subscribed and paid-up	General reserve	Unappropriated profit	
	Rupees			
Balance as at 01 July 2017 - restated	98,010,000	586,500,000	114,718,794	799,228,794
<b>Total comprehensive income for the year</b>				
<b>Profit for the year</b>	-	-	18,965,075	18,965,075
Other comprehensive income (loss)	-	-	(3,240,467)	(3,240,467)
Total comprehensive income for the year	-	-	15,724,608	15,724,608
Transfer to general reserve	-	5,000,000	(5,000,000)	-
<b>Transactions with owners of the company</b>				
<b>Distributions</b>				
Final dividend for the year ended 30 June 2017 (Rs. 2.50 per share)	-	-	(24,502,500)	(24,502,500)
Interim dividend for the year ended 30 June 2018 (Rs. 1.00 per share)	-	-	(9,801,000)	(9,801,000)
Total transactions with the owners of the Company	-	-	(34,303,500)	(34,303,500)
<b>Balance as at 30 June 2018</b>	<u>98,010,000</u>	<u>591,500,000</u>	<u>91,139,902</u>	<u>780,649,902</u>
Balance as at 01 July 2018	98,010,000	591,500,000	91,139,902	780,649,902
Adjustment on initial application of IFRS 9 (Refer Note 3.1.2)	-	-	(43,542,179)	(43,542,179)
Adjusted balance as at 01 July 2018	98,010,000	591,500,000	47,597,723	737,107,723
Total comprehensive income for the year				
Profit for the year	-	-	88,462,281	88,462,281
Other comprehensive income	-	-	8,920,729	8,920,729
Total comprehensive income for the year	-	-	97,383,010	97,383,010
<b>Transactions with owners of the Company</b>				
<b>Distributions</b>				
Final dividend for the year ended 30 June 2018 (Rs. 3.00 per share)	-	-	(29,403,000)	(29,403,000)
Total transactions with the owners of the Company	-	-	(29,403,000)	(29,403,000)
<b>Balance as at 30 June 2019</b>	<u>98,010,000</u>	<u>591,500,000</u>	<u>115,577,733</u>	<u>805,087,733</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Arshad Rasheed Chaudhary**  
Director

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019	2018
Rupees			
<b>Cash flows from operating activities</b>			
Profit before taxation		143,728,698	35,560,076
<b>Adjustments for:</b>			
Depreciation		34,691,639	39,698,300
Amortization	13	427,000	427,000
Property, plant and equipment - write off		237,716	3,523,148
Loss on disposal of property, plant and equipment		234,833	(2,862,605)
Provision for doubtful debts		-	24,093,680
Impairment loss		52,673,393	-
Finance cost		1,870,419	1,931,493
Interest income	26	(10,552,167)	(18,114,219)
Exchange gain	26	(91,272,776)	-
Provision for gratuity	10.1	14,335,403	13,617,379
Provision for earned leave encashment	7	3,513,523	9,987,188
		149,887,681	107,861,440
<b>Changes in:</b>			
Trade debts		(144,582,112)	101,575,380
Contract assets		(128,173,715)	(65,988,345)
Advances		(8,132,037)	(3,715,470)
Trade deposits and short term prepayments		41,061,919	(22,229,453)
Other receivables		(889,714)	5,102,859
Bank balances and deposits		-	-
Customers' deposits		57,235,641	16,045,119
Contract liability		7,320,000	-
Trade and other payables		37,665,463	12,245,201
<b>Cash generated from/ (used in) operations</b>		11,393,126	150,896,731
Taxes paid	19	(22,889,408)	(28,054,899)
Gratuity paid	10.1	(20,944,624)	(13,971,271)
Leave encashment paid	7	(1,098,868)	(8,085,359)
Interest received		13,211,493	14,906,166
Finance cost paid		(1,870,419)	(911,667)
		(33,591,826)	(36,117,030)
Net cash from/ (used in) operating activities		(22,198,700)	114,779,701
<b>Cash flows from investing activities</b>			
Capital expenditure	12.1	(8,171,058)	(18,321,172)
Proceeds on the disposal of property, plant and equipment		1,101,862	3,160,313
Encashment / (purchase) of investments		144,000,000	(70,000,000)
Net cash generated from / (used in) investing activities		136,930,804	(85,160,859)
<b>Cash flows from financing activities</b>			
Dividend paid		(30,332,044)	(33,206,817)
Payment of finance lease obligation		(5,888,554)	(8,702,475)
Net cash used in financing activities		(36,220,598)	(41,909,292)
<b>Net increase / (decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year	21	78,511,506	(12,290,450)
Effect of movements in exchange rates on cash and cash equivalents		83,931,020	96,221,470
		43,494,431	-
<b>Cash and cash equivalents at end of the year</b>		205,936,957	83,931,020

The annexed notes from 1 to 38 form an integral part of these financial statements.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Arshad Rasheed Chaudhary**  
Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 1 LEGAL STATUS AND OPERATIONS

Pak Datacom Limited (the Company), a subsidiary of Telecom Foundation, Pakistan (TF), was incorporated in Pakistan on July 13, 1992 as a private limited company under the Companies Ordinance, 1984 (now the Companies Act 2017) and was converted into a public limited company on June 26, 1994. The Company started its commercial activities on July 1, 1994. The Company is listed on Pakistan Stock Exchange Limited (formerly Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Company is located at 1st Floor, TF Complex, 7 - Mauve Area, G - 9/4, Islamabad. The objective of the Company is to set up, operate and maintain a network of data communication and to serve the needs of the subscribers against approved tariff charges. The Company is also authorized to carry out any business relating to communication and information technology whether manufacturing or otherwise, that may seem to the Company capable of being conveniently carried on to enhance the value of or render profitable any of the Company's property or rights or which it may be advisable to undertake with a view to improve the profitability of the Company subject to applicable licenses from Pakistan Telecommunication Authority.

Geographical location and addresses of all other business units of the company have been disclosed in note 12.4.

### 2 BASIS OF PREPARATION

#### 2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.1.1** The Securities and Exchange Commission of Pakistan (SECP) through its S.R.O 888(I)/2019 dated 29 July 2019 notified certain amendments in disclosure requirements of fourth schedule to the Companies Act, 2017. The S.R.O has been notified to be applicable on companies preparing financial statements as on 30 June 2019 and onwards by SECP through S.R.O 961(I)/2019 dated 23 August 2019. Accordingly, the financial statements have been prepared to reflect the amendments of the said S.R.O. The amendment resulted in deletion of certain disclosures related to taxation, loan to employees and significant events and transactions during the year as disclosed in financial statements for the year ended 30 June 2018.

#### 2.2 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the obligation under certain employee benefits which have been measured at present value.

This is the first set of the Company's annual financial statements in which IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have been applied. Changes to significant accounting policies are described in Note 3.

#### 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupee (PKR) which is the Company's functional currency.

#### 2.4 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of these financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that year, or in the year of the revision and any future year affected.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgments which are significant to these financial statements:

##### 2.4.1 Property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 2.4.2 Employee benefits

Defined benefit plans are provided for all employees of the Company. The employees gratuity plan is structured as separate legal entity managed by trustees. The Company recognizes deferred liability for unearned leaves. These calculations require assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used vary for the different plans as they are determined by independent actuaries annually.

Cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employees service during the year and the interest on the net liability/(asset) in respect of employee's service in previous years. Calculations are sensitive to changes in the underlying assumptions.

### 2.4.3 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

### 2.4.4 Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs;
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios, economic inputs, their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs)."

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

## 2.5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following International Financial Reporting Standards (IFRS Standards), interpretations and the amendments are effective for accounting periods beginning from the dates specified below:

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments are not likely to have impact on Company's financial statements.
- Amendments to IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2019) on prepayment features with negative compensation. The amendments allow companies to measure particular prepayable financial assets with so called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss. The amendments are not likely to have impact on Company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently assessing the requirements of IFRIC 23 to analyze its implications, if any, on the financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
  - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company except for the changes as indicated below:

#### 3.1 IFRS 9 'Financial Instruments'

IFRS 9 'Financial instruments' replaces IAS 39 "Financial Instruments: Recognition and measurement" and is effective for the year ended 30 June 2019.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 "Presentation of Financial Statements", which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss. Previously, the Company's approach was to include the impairment loss in cost of services and administrative expenses.

Consequently, the Company reclassified impairment losses amounting to Rs. 43.542 million, recognized under IAS 39 for the year ended 30 June 2018.

"IFRS 9 introduces new requirements for:

- the classification and measurement of financial assets and financial liabilities;
- impairment of financial assets; and
- hedge accounting."

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of 01 July 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's financial statements are described below:

#### 3.1.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 requires the Company to assess the classification of financial assets in its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial assets.

IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 has different requirements for debt and equity financial assets.

Debt instruments should be classified and measured at either:

- amortized cost, where the effective interest rate method will apply
- fair value through other comprehensive income (FVTOCI), with subsequent recycling to the profit or loss
- fair value through profit or loss (FVTPL).

Investment in equity instruments, other than those to which consolidation or equity accounting applies should be classified and measured at:

- fair value through other comprehensive income (FVTOCI), with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
- fair value through profit or loss (FVTPL).

The adoption of IFRS 9 has no significant effect on the Company's accounting policies related to financial liabilities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The effect of adopting IFRS 9 on the classification, measurement and carrying amounts of financial assets at 01 July 2018 is as follows:

	Classification category		Measurement category		Carrying amount	
	New (IFRS 9)	Original (IAS 39)	New (IFRS 9)	Original (IAS 39)	New (IFRS 9)	Original (IAS 39)
<b>Financial assets</b>						
Trade debits	Amortized cost	Loans and receivables	Amortized cost	Amortized cost	211,322,242	252,192,359
Unbilled revenue	Amortized cost	Loans and receivables	Amortized cost	Amortized cost	168,907,149	168,907,149
Trade deposits	Amortized cost	Loans and receivables	Amortized cost	Amortized cost	29,225,352	31,749,553
Other receivables	Amortized cost	Loans and receivables	Amortized cost	Amortized cost	419,225	419,225
Short term investments	Amortized cost	Loans and receivables	Amortized cost	Amortized cost	256,000,000	256,000,000
Cash and bank balances	Amortized cost	Loans and receivables	Amortized cost	Amortized cost	83,783,160	83,931,020
						(40,870,117)
						(2,524,201)
						-
						-
						(147,860)
<b>Financial liabilities</b>						
Trade and other payables	Amortized cost	Other financial liabilities	Amortized cost	Amortized cost	163,632,587	163,632,587
Customers' deposits	Amortized cost	Other financial liabilities	Amortized cost	Amortized cost	140,433,318	140,433,318
Contract liability	Amortized cost	Other financial liabilities	Amortized cost	Amortized cost	-	-
Unclaimed dividend	Amortized cost	Other financial liabilities	Amortized cost	Amortized cost	10,157,011	10,157,011
Liability against assets subject to finance lease	Amortized cost	Other financial liabilities	Amortized cost	Amortized cost	17,685,065	17,685,065

### 3.1.2 Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected loss" model. The new impairment model applies to financial instruments measured at amortized cost, and contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The standard also provides a simplified approach to measure expected credit losses using a lifetime expected loss allowance. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate loss allowance.

The Company has adopted IFRS 9 by taking cumulative effect of initially applying IFRS 9 to the opening unappropriated profit at the beginning of annual reporting period i.e. 01 July 2018. In choosing the transition method for IFRS 9, the Company has taken advantage of exemption allowed from IFRS 9 from restating prior period in respect of IFRS 9 classification and measurement including impairment requirement.

The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of unappropriated profit:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Impact of adopting IFRS 9 at 01 July 2018</b>
	<b>Rupees</b>
<b>Unappropriated profit</b>	
Recognition of impairment loss under IFRS 9	58,056,239
Related tax	(14,514,060)
<b>Impact at 01 July 2018</b>	<b>43,542,179</b>

The Company does not have any financial instruments eligible for hedge accounting, accordingly there was no impact to the Company as a result of adopting IFRS 9.

**3.2 IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5 - step approach to revenue recognition:

- Step 1 Identify the contract(s) with a customer.
- Step 2 Identify the performance obligations in the contract.
- Step 3 Determine the transaction price.
- Step 4 Allocate the transaction price to the performance obligations in the contract.
- Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption, if any, is recognized in unappropriated profit as of 01 July 2018 and comparatives are not restated. The Company has reviewed its revenue stream i.e. CVAS data communication services and underlying contracts with the customers and, as a result of this review, the adoption of IFRS did not have a material impact on the Company's statement of profit or loss, statement of comprehensive income and financial position. However, as prescribed by IFRS 15, the Company has disclosed disaggregated revenue streams in Note 22.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**4.1 Employees' benefits**

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company. The accounting policy for gratuity and leave encashment is described below:

**4.1.1 Gratuity and leave encashment**

The Company has established an approved gratuity fund under defined benefit plan covering all its employees who have completed the minimum qualifying period of six months of the service. The fund operates under a trust administered by the Board of Trustees.

The Company also provides benefit to its employees for accumulating their annual earned leaves. Unutilized earned leaves may be encashed up to thirty (30) days during the year subject to the Company's approval at any time by retaining minimum forty days leave balance. Up to 100 days of accumulated leaves can be encashed on retirement.

The Company makes contributions or records liability in respect of defined benefit plans on the basis of actuarial valuations, carried out annually by independent actuaries. The latest actuarial valuations were carried out as of 30 June 2019. The calculations of actuaries are based on the Projected Unit Credit Method, net of the assets guaranteeing the plan, if any, with the obligation increasing from year to year, in a manner that it is proportional to the length of service of the employees. The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the net defined benefit liability/(asset).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the year in which they arise. Past service costs are recognized immediately in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 4.2 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in profit or loss except to the extent that it relates to items recognized outside profit or loss (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside profit or loss.

#### 4.2.1 Current

Provision for taxation is based on taxable income at applicable tax rates after taking into account tax credits, rebates and exemptions available, if any.

#### 4.2.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits 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 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 same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted.

### 4.3 Property, plant and equipment

#### Owned

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any except for freehold land and capital work in progress, which are stated at cost less impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs.

Depreciation is provided using the reducing balance method, at the rates specified in note 12. Lease hold land is amortized over the period of lease term.

Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed off.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

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" in the statement of profit or loss.

The Company reviews the useful life and residual value of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amount of the respective items of property, plant and equipment with a corresponding effect on depreciation charge and impairment.

#### Leased

Assets subject to finance lease in which the Company bears substantially all risks and rewards of ownership of the assets are recognized at the inception of lease at lower of their fair value and the present value of minimum lease payments. Related obligations under the agreement are accounted for as liabilities and financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability. Depreciation is charged on leased assets at the rates given in note 12.

### 4.4 Intangible assets

These are carried at cost less accumulated amortization and any identified impairment losses. Amortization is calculated using the straight line method over the period of useful life of the asset at the rates specified in note 13. Costs associated with maintaining intangibles are recognized as expense as and when incurred.

Amortization on additions is charged from the month in which an intangible asset is acquired or capitalized, while no amortization is charged for the month in which the intangible asset is disposed off.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 4.5 Impairment

#### (i) Non - derivative financial assets

##### Policy applicable from 1 July 2018

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:

- " the counter party is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or"
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

##### Measurement of ECLs

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

##### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the counterparty will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

##### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the carrying amount of the assets and charged to profit or loss.

##### Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

##### Policy applicable before 1 July 2018

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

### 4.6 Investments

#### **Policy applicable after 01 July 2018**

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Company. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

#### **Amortized Cost**

Investments at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, less any impairment allowance.

#### **Policy applicable before 01 July 2018**

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Company. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

#### **Investments held to maturity**

Investments with fixed or determinable payments and fixed maturity and where the Company has positive intent and ability to hold investments to maturity are classified as investments held to maturity. These are initially recognized at cost inclusive of transaction costs and are subsequently carried at amortized cost using the effective interest rate method, less any impairment losses.

#### **Loans and receivables**

These are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

### 4.7 Revenue recognition

#### **Policy applicable after 01 July 2018**

Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. Revenue associated with the sale is measured based on the consideration specified in contracts with customers. Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control coincides with title passing to the customer and the customer taking physical possession. The Company principally satisfies its performance obligations at over the time and the amounts of revenue recognized relating to performance.

Revenue is measured at the fair value of the consideration received or receivable which the Company expects to be entitled in exchange for transferring goods, net of levies. Prices of the goods and services are specified in relevant agreements.

Billings are generally raised by either the end of each month or quarterly which are payable within 30 to 45 days in accordance with the contractual arrangement with customers. Amounts billed or received prior to being earned, are deferred and recognized as contract liability.

#### **Policy applicable before 01 July 2018**

Revenue arising from provision of data communication, maintenance of network and allied services to customer is recognized as the services are rendered. Revenue from sale of equipment is recognized on delivery of equipment to customers. Revenue arising from other projects is recognized on the basis of stage of completion. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity. Amount of revenue recognized but not billed to the customers is recognized as unbilled revenue in the statement of financial position. Amount received in excess of revenue recognized is recognized as advance from customers.

### 4.8 Finance income and expense

Finance income primarily comprises of interest income on funds invested. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Finance cost comprises interest expense on lease liability and bank charges. Mark up, interest and other charges on lease liability are charged to profit or loss in the period in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 4.9 Joint operation arrangements

The Company recognizes its share of the assets, liabilities, revenue and expenses relating to its interest in the joint operations in accordance with applicable IFRSs.

### 4.10 Operating leases

Leases in which a significant portion of the risk and rewards of ownership is retained by the lesser are classified as operating leases. Payments made under operating leases/ Ijarah contracts are charged to statement of profit or loss on a straight-line basis over the period of the lease.

### 4.11 Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into PKR at the rate of exchange ruling on the balance sheet date and exchange differences, if any, are charged to profit or loss for the year.

### 4.12 Financial instruments

#### (i) Recognition and initial measurement

Trade debts are initially recognized when they are originated. All other financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of an instrument.

A financial asset (unless it is a trade debt without significant financing component) or financial liability is initially measured at fair value, plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. A trade debt without a significant financing component initially measured at the transaction price.

#### (ii) Classification and subsequent measurement

##### (a) Financial assets - Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at amortized cost, FVTOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest of the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

##### (b) Financial assets - Policy applicable before 1 July 2018

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. These are derecognized when the Company ceases to be a party to the contractual provisions of the instrument.

Financial assets mainly comprise investments, loans and receivables, advances, deposits, unbilled revenue, trade debts, interest accrued, other receivables, short term investments and cash and bank balances.

All financial assets are initially measured at fair value. These financial assets are subsequently measured at fair value, amortized cost or cost, as the case may be.

##### (c) Financial liabilities - Policy applicable from 1 July 2018

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); and
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### (d) **Financial liabilities - Policy applicable before 1 July 2018**

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. These are derecognized when the Company ceases to be a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are trade and other payables.

All financial liabilities are initially measured at fair value. These financial liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

### (iii) **Derecognition**

#### (a) **Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### (b) **Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of modified liability are substantially different, in which case a new financial liability is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

#### (iv) **Off-setting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

### **4.13 Trade debts**

Trade debts and other receivables are stated at original invoice amount as reduced by appropriate expected credit losses. Bad debts are written off when identified while debts considered doubtful of recovery are provided for as per policy mentioned in note 4.5.

### **4.14 Trade and other payables**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### **4.15 Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise of cash in hand and at bank and includes short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### **4.16 Dividend**

Dividend is recognized as a liability in the period in which it is declared.

### **4.17 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimates.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### **4.18 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

**NOTES TO THE FINANCIAL STATEMENTS  
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	Note	2019	2018
		Rupees	
<b>5 SHARE CAPITAL</b>			
5,400,000 (June 2018: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash		54,000,000	54,000,000
4,401,000 (June 2018: 4,401,000) ordinary shares Rs. 10/- each issued as bonus shares		44,010,000	44,010,000
	5.1	<u>98,010,000</u>	<u>98,010,000</u>
<p><b>5.1</b> Out of total issued share capital, Rs. 5,398,353 (June 2018: Rs. 5,398,353) ordinary shares equivalent to 55.08% (June 2018: 55.08%) of the total shares capital are held by Telecom Foundation, Pakistan.</p> <p><b>5.2</b> All ordinary share holders have same rights regarding voting, board selection, right of first refusal and block voting.</p>			
	Note	2019	2018
		Rupees	
<b>6 REVENUE RESERVES</b>			
General reserve	6.1	591,500,000	591,500,000
Unappropriated profit		115,577,733	91,139,902
		<u>707,077,733</u>	<u>682,639,902</u>
<p><b>6.1</b> The general reserve is set aside by the Company from distributable profits.</p>			
		2019	2018
		Rupees	
<b>7 DEFERRED EMPLOYEES' BENEFITS</b>			
<b>Leave encashment</b>			
Present value of defined benefit obligation at beginning of the year		43,636,433	41,734,604
Charge for the year - net		3,513,523	9,987,188
		<u>47,149,956</u>	<u>51,721,792</u>
Payments made during the year		(1,098,868)	(8,085,359)
Present value of defined benefit obligation at end of the year		<u>46,051,088</u>	<u>43,636,433</u>
<b>Significant assumptions</b>			
Discount rate		14.50 %	10.00 %
Salary increase rate		14.50 %	10.00 %
Leave accumulation factor		15 days p.a.	15 days p.a.
<p><b>7.1</b> The mortality rate, withdrawal rate and weighted average duration of the obligation is the same as disclosed in note 10.1.</p>			
		2019	2018
		Rupees	
<b>8 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
<b>Present value of minimum lease payments</b>			
Not later than one year (current portion)		4,819,063	5,306,597
Later than one year but not later than five years		6,977,448	12,378,468
		<u>11,796,511</u>	<u>17,685,065</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

**8.1** The Company has entered into lease agreements with Soneri Bank for vehicles. Lease instalments are payable on monthly basis in arrears and carry interest/mark up rates ranging from 7.56% to 14.50% (2018: 7.56% to 7.81%) per annum. Title of the vehicles is transferable to the Company upon payment of entire lease obligations and on adjustment of lease deposits.

### 9 CUSTOMERS' DEPOSITS

Customers' deposits comprise of security deposits for services to be provided, and no deposit is utilizable under the relevant Agreements. An amount of Rs. 112 million has been invested in term deposit receipts (TDRs) while the remaining amount of Rs. 85.668 million has not been placed in a separate bank account. Also refer to note 20.

	Note	2019	2018
Rupees			
<b>10 TRADE AND OTHER PAYABLES</b>			
Advances from customers		13,425,841	24,841,149
Advances from employees		2,672,708	1,371,654
Trade creditors		157,510,084	87,470,077
License fee payable		3,379,178	2,796,235
Accrued liabilities		16,513,589	38,183,757
Taxes payable		1,759,855	2,932,920
Employees' gratuity payable	10.1	-	6,036,795
		<u>195,261,255</u>	<u>163,632,587</u>
<b>10.1 The amount recognized in the statement of financial position is as follows:</b>			
Present value of defined benefit obligation		225,611,458	210,782,919
Fair value of plan assets		(235,104,613)	(204,746,124)
Net liability/ (asset) at end of the year		<u>(9,493,155)</u>	<u>6,036,795</u>
<b>The movement in liability/ (asset) recognized in the statement of financial position is as follows:</b>			
Opening liability		6,036,795	3,150,220
Expense for the year		14,335,403	13,617,379
Remeasurement (gain)/ loss recognized in other comprehensive income during the year		(8,920,729)	3,240,467
Payments to the fund during the year		(20,944,624)	(13,971,271)
Closing liability/ (asset)		<u>(9,493,155)</u>	<u>6,036,795</u>
<b>The movement in the present value of defined benefit obligation is as follows:</b>			
Present value of obligation at beginning of the year		210,782,919	192,452,903
Current service cost		15,437,367	14,815,881
Interest cost		20,213,844	16,549,359
Benefits paid during the year		(4,120,721)	(8,839,124)
Remeasurement gain recognized in other comprehensive income		16,701,951)	(4,196,100)
Present value of defined benefit obligation at end of the year		<u>225,611,458</u>	<u>210,782,919</u>
<b>The movement in the fair value of plan assets is as follows:</b>			
Fair value of plan assets at beginning of the year		204,746,124	189,302,683
Contributions		20,944,624	13,971,271
Expected return on plan assets		21,315,808	17,747,861
Benefits paid during the year		(4,120,721)	(8,839,124)
Remeasurement loss recognized in other comprehensive income		(7,781,222)	(7,436,567)
Fair value of plan assets at end of the year		<u>235,104,613</u>	<u>204,746,124</u>
<b>Expense recognized is as follows:</b>			
Current service cost		15,437,367	14,815,881
Net interest cost		(1,101,964)	(1,198,502)
		<u>14,335,403</u>	<u>13,617,379</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Remeasurement chargeable in other comprehensive income:**

Remeasurement loss/ (gain) on defined benefit obligation due to change in:

Financial assumptions  
Experience adjustments

Remeasurement loss on plan assets

Total remeasurement (gain)/loss chargeable in other comprehensive income

**Significant actuarial assumptions used were as follows:**

Valuation discount rate per annum  
Salary increase rate per annum  
Expected return on plan asset  
Mortality rate  
Withdrawal rates  
Retirement assumption  
Weighted average duration of the obligation

**Plan assets comprise:**

Amount invested in TDR's

**Fair value:**

TDR'S

Amount in banks

Fair value of assets at end of the year

	2019	2018
	Rupees	
	1,201,115	-
	(17,903,066)	(4,196,100)
	(16,701,951)	(4,196,100)
	7,781,222	7,436,567
	(8,920,729)	3,240,467
	14.50%	10.00%
	14.50%	10.00%
	14.50%	10.00%
	SLIC 2001-2005	SLIC 2001-2005
	Low	Low
	Age 60 years	Age 60 years
	10 years	11.45 years
	235,000,000	200,000,000
	233,577,830	201,321,260
	1,526,783	3,424,864
	235,104,613	204,746,124

The plan exposes the Company to various actuarial risks: investment risk, salary risk and longevity risk from the gratuity plan.

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in respective assumptions:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	Rupees		

- Valuation discount rate

1% (19,962,820) 23,022,785

- Salary increase rate

1% 23,088,554 (20,376,655)

Contribution for the next year will be paid to the employees' gratuity trust from defined benefit asset at year end, (2018: Rs. 20.945 million payable) and the expected expense for the next year amounts to Rs. 12.914 million.

**11 CONTINGENCIES AND COMMITMENTS**

**11.1** Guarantees issued by the bank on behalf of the Company amounted to Rs. 186.82 million (June 2018: Rs. 194.54 million).

**11.2** The Company had entered into an agreement with a reseller of satellite bandwidth in Pakistan for provisioning of satellite segment. Due to certain technical issues, the bandwidth was never operational or utilized. Management after appropriate measures for the recovery of advance payments of US\$ 0.64 million referred the matter to the arbitration, which in its award given on 3 May 2012 imposed additional payment of US \$ 0.64 million on the Company. The Company has filed the case in Islamabad High Court against the award, outcome of which is still pending. The Company had made provision against the advance payment of US \$ 0.64 million during the year ended 30 June 2012 as a matter of abandon caution. However the Board and the management is of the opinion that the maximum loss even if the case is decided against the Company will not exceed US\$ 1.27 million. The reseller had also filed a counter claim in the Civil Court, Islamabad for recovery of the Arbitration Award, which has been adjourned sine-die since the matter is already in the Honorable Islamabad High Court. During the year ended 30 June 2017, the case has been transferred from the Honorable Islamabad High Court to Civil Court Islamabad due to pecuniary jurisdiction.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- 11.3** The Company entered into an agreement with a customer for up-linking facility in Pakistan on 1 January 2007. The Company satisfactorily provided services up to 31 January 2012. The services were disconnected on 31 January 2012 based on the customer's request. The Company filed a suit in the Honorable Islamabad Civil Court for recovery of trade debts and the Company has made provision against trade debts amounting to Rs. 6.75 million during the year ended 30 June 2012. Consequent upon decree by the Honorable Civil Court, the Company filed an appeal in the Honorable Islamabad High Court on 17 February 2017. The appeal is in the initial stages and management believes that the expected outcome will be in favour of the Company.
- 11.4** The Company has filed appeal before Commissioner Inland Revenue Appeals (CIRA) on 12 November 2018 against order dated 27 June 2018 from Deputy Commissioner Inland Revenue, creating demand of Rs. 38.96 million. While the Company's appeal were pending adjudication, the Company apprehending the recovery proceedings, has obtained a restraining order from Islamabad High Court through a writ petition dated 15 November 2018 till the disposal of appeal before CIRA. The matter is still pending before CIRA.
- 11.5** The Company has filed appeal before Appellate Tribunal Inland Revenue on 22 August 2016 against the appellate order of Commissioner Inland Revenue Appeals (CIRA) creating a demand of Rs. 38.196 million on account of disallowance of certain expenses which were claimed by the Company in the tax return of Tax year 2010. The case is expected to be decided in favour of the Company.
- 11.6** The Company has filed appeal before Appellate Tribunal Inland Revenue on 22 August 2016 against the appellate order of Commissioner Inland Revenue Appeals (CIRA) creating a demand of Rs. 32.813 million on account of disallowance of certain expenses which were claimed by the Company in the tax return of Tax year 2013. The case is expected to be decided in favour of the Company.
- 11.7** Capital commitments outstanding in respect of purchase of equipment amounted to Rs. 7.152 million (June 2018: Rs. 36.75 million).
- 11.8** Letters of credit issued by the Bank on behalf of the Company in ordinary course of the business, outstanding at year end amounted to Rs. 40.60 million (June 2018: Rs. 110.23 million).
- 11.9** All operating (Ijarah) lease payments are under cancellable operating lease arrangements under Shariah/ other arrangements and are due as follows:

	2019	2018
	Rupees	
Not later than one year	-	398,143
Later than one year but not later than five year	-	-
	-	398,143

## 12 PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		Rupees	
Net book value - Pakistan	12.1	197,975,402	225,838,098
Net book value - UAE	12.2	-	232,296
		197,975,402	226,070,394



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### PROPERTY, PLANT AND EQUIPMENT - UAE - 30 JUNE 2018

Particulars	C O S T					Rate	D E P R E C I A T I O N					Net book value as at 30-Jun-18 Rupees
	As at 1-Jul-17	For the Year			As at 30-Jun-18		As at 1-Jul-17	For the Year			As at 30-Jun-18	
		Additions	Write-offs	Disposals			Additions	Write-offs	Disposals			
		Rupees					Rupees					
<b>Owned</b>												
Datacom system machinery	639,623	-	-	-	639,623	20	386,366	50,651	-	-	437,017	202,606
Office equipment	130,558	-	-	-	130,558	25	90,971	9,897	-	-	100,868	29,690
	770,181	-	-	-	770,181		477,337	60,548	-	-	537,885	232,296

**12.3** First charge of Rs. 215 million (June 2018: Rs. 140 million) on fixed assets, present and future current assets of the Company of Rs. 400 million (June 2018: Rs. 400 million) for unfunded facility amounting to Rs. 250 million (June 2018: Rs. 250 million) from Soneri Bank Limited, Islamabad. Also refer to note 11.8.

**12.4** Particulars of Company's significant immovable property and business units including location and area of land are as follows:

Particulars	Location	District	Area of land
Hattar Land	Village Shadi, Hattar, Haripur.	KPK	9 Kinal & 5-1/2 Marlas
Office Building	Flat No.14/A, Block-A, 2nd Floor, Cantonment Plaza, Fakhre-e-Alam Road, Peshawar Cantt.	KPK	750-Sqft.
Office Building	Flat No.1-2, Davis Hytes, 38-Davis Road, Lahore.	Punjab	1165-Sqft.
Office Building	Flat no.17, Davis Hytes, 38-Davis Road, Lahore.	Punjab	795-Sqft.
Office Building	Flat no.23, Leeds Centre, Gulberg-III, Lahore.	Punjab	1271-Sqft.
Office Building	Flat/Room no.203, 1st Floor, Business Centre, 8/8 new Civil Line, Faisalabad.	Punjab	337-1/2-Sqft.
Office Building	Flat/Shop no.8,, Liberty Centre, LMQ Road, Dera Adda, Multan.	Punjab	2-Marla
Office Building	House No.225-C, Block-2, PECHS, Society, Karachi.	Sindh	625-Sq.yd
Office Building	Flat/Shop no.59, 60, 62 & 64, A-64, Sindhi Housing Society, Airport Road, Sukkur.	Sindh	100-Sq.yd
Office Building	Flat No.4, 1st Floor, Ashiana Paradise, Muhammadi Town, Qasim Abad, Wahdu Rd., Hyderabad.	Sindh	888-Sqft.
Office Building	Bangalow no.01, St. no.2, Arbab Town, Samungli Road, Quetta.	Baluchistan	2530-Sqft.

### 13 INTANGIBLE ASSETS - 30 JUNE 2019

Particulars	C O S T					Rate	A M O R T I Z A T I O N					Net book value as at 30-Jun-19 Rupees
	As at 1-Jul-18	For the Year			As at 30-Jun-19		As at 1-Jul-18	For the Year			As at 30-Jun-19	
		Additions	Write-offs	Disposals			Additions	Write-offs	Disposals			
		Rupees					Rupees					
<b>Owned</b>												
Software	3,204,006	-	-	-	3,204,006	33.33	3,204,006	-	-	-	3,204,006	-
Infrastructure license	8,540,000	-	-	-	8,540,000	5	3,095,750	427,000	-	-	3,522,750	5,017,250
	11,744,006	-	-	-	11,744,006		6,299,756	427,000	-	-	6,726,756	5,017,250

### 13.1 INTANGIBLE ASSETS - 30 JUNE 2018

Particulars	C O S T					Rate	A M O R T I Z A T I O N					Net book value as at 30-Jun-18 Rupees
	As at 1-Jul-17	For the Year			As at 30-Jun-18		As at 1-Jul-17	For the Year			As at 30-Jun-18	
		Additions	Write-offs	Disposals			Additions	Write-offs	Disposals			
		Rupees					Rupees					
<b>Owned</b>												
Software	3,204,006	-	-	-	3,204,006	33.33	3,204,006	-	-	-	3,204,006	-
Infrastructure license	8,540,000	-	-	-	8,540,000	5	2,668,750	427,000	-	-	3,095,750	5,444,250
	11,744,006	-	-	-	11,744,006		5,872,756	427,000	-	-	6,299,756	5,444,250

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019	2018
Rupees			
<b>14 DEFERRED TAXATION</b>			
The balance of deferred tax recognized is in respect of following temporary differences:			
Impairment on doubtful debts, deposits and prepayments		74,728,028	29,940,067
Accelerated depreciation/ amortization		(14,450,316)	(17,117,723)
Others		3,420,988	4,421,266
		<u>63,698,700</u>	<u>17,243,610</u>
<b>15 TRADE DEBTS</b>			
Trade debts		439,651,978	295,069,866
Less: impairment loss		(96,335,638)	(42,877,507)
		<u>343,316,340</u>	<u>252,192,359</u>
<b>16 CONTRACT ASSETS</b>			
Unbilled revenue	16.1	266,371,068	168,907,149
Prepayments related to contract with customers		30,709,796	-
		<u>297,080,864</u>	<u>168,907,149</u>
<b>16.1</b> Unbilled revenue		297,813,487	168,907,149
Less: impairment loss		(31,442,419)	-
		<u>266,371,068</u>	<u>168,907,149</u>
<b>17 ADVANCES</b>			
Employees' retirement and other service benefits - Gratuity fund contribution	10.1	9,493,155	-
Advances - considered good to			
Suppliers	17.1	-	2,800,000
Employees	17.2	7,753,855	6,314,973
		<u>17,247,010</u>	<u>9,114,973</u>
<b>17.1</b> Advances to supplier- secured		2,800,000	2,800,000
Less: impairment loss		(2,800,000)	-
		<u>-</u>	<u>2,800,000</u>
<b>17.2</b> Advances to employees include an amount of Rs. 2.02 million (2018: Rs. 2.295) paid to an employee which will be adjusted against the salary in next year and Rs. 1.73 million (2018: Rs. 1.025 million) to another employee for project expenses which will be adjusted against the expenses incurred on behalf of the Company. Both of the advances are secured against the respective employees' gratuity if not adjusted/recovered.			
	Note	2019	2018
Rupees			
<b>18 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Margin and guarantees with banks		10,087,951	371,451
Trade deposits	18.1	12,496,947	31,749,553
Prepayments	18.2	1,615,382	33,141,195
		<u>24,200,280</u>	<u>65,262,199</u>
<b>18.1</b> Trade deposits		86,921,452	70,190,934
Less: impairment loss		(74,424,505)	(38,441,381)
		<u>12,496,947</u>	<u>31,749,553</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
<b>18.2 Prepayments</b>		
Less: provision for doubtful prepayments	53,653,239 (52,037,857)	71,582,576 (38,441,381)
	<u>1,615,382</u>	<u>33,141,195</u>
<b>19 PROVISION FOR TAXATION</b>		
Balance at beginning of the year	(63,889,454)	(61,003,211)
Tax provision for the year	87,207,448	25,168,656
Income tax paid during the year	(22,889,408)	(28,054,899)
Balance at end of the year	<u>428,586</u>	<u>(63,889,454)</u>

### 20 SHORT TERM INVESTMENTS

These represent local currency investments of Rs.112.00 million (June 2018: Rs. 256.00 million) in term deposit receipts maturing in the short term and carry interest rate ranging from 5.40 % to 9.00 % (June 2018: 5.35% to 6.00% ) per annum. Rs. 112.00 million (June 2018: Rs. 76.00 million ) are pledged against unfunded bank facility. The Company does not have any investments under arrangement of Islamic Shariah. Also refer to note 9.

	Note	2019	2018
		Rupees	
<b>21 CASH AND BANK BALANCES</b>			
Cash in hand		-	-
Cash at bank:			
Current accounts	21.1	174,058,265	37,376,158
Deposit accounts	21.2	15,585,053	27,622,244
Deposit accounts with Islamic Banks - under Shariah arrangements		6,669,031	7,853,465
Current accounts-dividend		10,267,041	11,079,153
		<u>206,579,390</u>	<u>83,931,020</u>
Less: impairment loss		(642,433)	-
		<u>205,936,957</u>	<u>83,931,020</u>

**21.1** Current accounts include foreign currency deposits of UAE Dirham 0.009 million equivalent to Rs. 0.41 million (June 2018: UAE Dirham 0.012 million equivalent to Rs.0.41 million) and \$ 1.047 million equivalent to Rs. 171.76 million (June 2018: US\$ 0.298 million equivalent to Rs. 36.14 million).

**21.2** Deposit accounts include foreign currency deposits of US\$ 0.004 million equivalent to Rs. 0.63 million (June 2018: US\$ 0.004 million equivalent to Rs. 0.46 million) and carry interest rate of 4.50% to 10.25% (June 2018: 3.75% to 4%).

	2019	2018
	Rupees	
<b>22 REVENUE</b>		
<b>Gross Revenue</b>		
CVAS data communication services	775,115,097	639,589,256
Telecom infrastructure services	2,257,552	4,346,095
Other projects revenue	269,581,988	260,747,321
	<u>1,046,954,637</u>	<u>904,682,672</u>
Less: sales tax	(113,078,399)	(106,619,367)
	<u>933,876,238</u>	<u>798,063,305</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019	2018
Rupees			
<b>23 COST OF SERVICES</b>			
Channel and local lead rentals		172,349,043	130,723,805
Space segment rentals		109,557,462	92,579,154
Salaries and other benefits	23.1	152,075,509	149,660,924
Repair and maintenance expenses		13,770,381	16,435,584
License fee		3,435,298	2,796,235
Depreciation		31,363,629	35,798,405
Amortization		427,000	427,000
Travelling and local conveyance		1,300,988	3,839,740
Telephone expenses		345,797	683,486
Vehicle running expenses		12,938,508	10,911,038
Insurance		1,817,076	1,723,480
Entertainment		955,087	941,907
Rent, rates and taxes		5,884,880	4,756,243
Utilities		4,320,970	3,658,798
Operating lease rentals		-	840,318
Other projects cost		205,114,925	193,294,275
		<u>715,656,553</u>	<u>649,070,392</u>

**23.1** Salaries and other benefits include employees' retirement and other service benefits of Rs.11.60 million (June 2018: Rs. 15.34 million).

	Note	2019	2018
Rupees			
<b>24 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	24.1	68,348,514	67,929,260
Travelling and local conveyance		2,767,184	778,975
Telephone expenses		949,010	1,057,418
Vehicle running expenses		4,003,954	5,080,936
Insurance		232,895	224,654
Depreciation		2,660,000	3,260,243
Entertainment		1,244,853	1,162,152
Rent, rates and taxes		4,086,264	3,714,780
Legal and professional charges		6,877,354	5,813,553
Printing and stationery		1,383,996	1,661,266
Utilities		1,975,044	1,677,454
Welfare expenses		-	4,000,000
Auditors' remuneration	24.2	1,382,500	991,150
Operating lease rentals		210,304	623,471
		<u>96,121,872</u>	<u>97,975,312</u>

**24.1** Salaries and other benefits include employees' retirement and other service benefits of Rs. 4.82 million (June 2018: Rs. 6.37 million).

	2019	2018
Rupees		
<b>24.2 Auditors' remuneration</b>		
Statutory audit fee including half yearly review fees	900,000	675,000
Other certification fees	300,000	286,000
Out of pocket expenses	182,500	30,150
	<u>1,382,500</u>	<u>991,150</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	Rupees	
		2019	2018
<b>25 MARKETING EXPENSES</b>			
Advertisement and marketing expenses		2,873,501	888,549
Salaries and other benefits	25.1	18,761,703	20,027,904
Travelling and local conveyance		1,156,189	784,423
Telephone expenses		149,135	169,027
Vehicle running expenses		1,452,930	907,194
Insurance		52,321	37,284
Depreciation		668,010	639,652
Entertainment		113,785	-
Operating lease rentals		187,840	211,320
		<b>25,415,414</b>	<b>23,665,353</b>

**25.1** Salaries and other benefits include employees' retirement and other service benefits of Rs.1.43 million (June 2018: Rs.1.90 million).

	Note	Rupees	
		2019	2018
<b>26 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Return on short term investments		7,680,832	15,906,316
Return on bank deposits		2,284,049	1,952,143
Return on bank deposits with Islamic Banks		587,286	255,760
Exchange gain		91,272,776	13,204,505
Others		-	114,500
		<b>101,824,943</b>	<b>31,433,224</b>
<b>Income from non-financial assets</b>			
Gain/(loss) on disposal of property, plant and equipment		(234,833)	2,799,777
		<b>101,590,110</b>	<b>34,233,001</b>
<b>27 TAXATION</b>			
<b>Current - charge</b>			
- for the period		84,601,413	22,329,772
- for the prior period		2,606,035	2,838,884
Deferred tax income		(31,941,032)	(8,573,655)
	27.1	<b>55,266,416</b>	<b>16,595,001</b>
<b>27.1 Reconciliation of tax charge for the year</b>			
Accounting profit		143,728,697	35,560,076
Tax on accounting profit at 29% (June 2018: 30%)		41,681,322	10,668,023
Effect of change in tax rate		8,786,027	4,379,792
Effect of prior years		2,606,035	2,838,884
Others		2,193,032	(1,291,698)
		<b>55,266,416</b>	<b>16,595,001</b>
<b>28 EARNING PER SHARE (BASIC AND DILUTED)</b>			
Profit after taxation		88,462,281	18,965,075
Basic and diluted earnings per share (Rupees/ share)		<b>9.03</b>	<b>1.94</b>

Weighted average number of ordinary shares as at 30 June 2019 are 9,801,000 (30 June 2018: 9,801,000) and there are no dilutive ordinary shares till 30 June 2019.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**29 TRANSACTIONS WITH RELATED PARTIES**

Telecom Foundation owns 55.08 % (June 2018: 55.08 %) shares of the Company. The related parties comprise of holding and associated companies, companies with common directorship, directors, key management staff and employees retirement and other service benefits;

	Note	2019	2018
Rupees			
<b>Telecom Foundation - Holding Company</b>			
Dividend paid during the year		16,195,059	18,894,236
Donations paid during the year		-	4,000,000
Payments against joint operations during the year		-	1,714,781
<b>TF Logistics - Subsidiary of Holding Company</b>			
Payment against warehouse rent during the year		30,000	390,000
Payable against ware house rent at year end		-	30,000
<b>TF Technologies (Private) Limited - Subsidiary of Holding Company</b>			
Receivable against consultancy charges at year end		118,525	114,500
<b>Other related parties</b>			
Contribution to gratuity fund		20,944,624	13,971,271
Remuneration of key management	29.1	24,315,493	25,399,190

**29.1 Key management personnel**

Key management personnel comprises of Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Officer (A&HR) and General Managers of the Company.

	2019	2018
Rupees		
Managerial remuneration	19,657,676	18,312,274
Gratuity	1,399,400	1,484,361
Leave encashment	953,892	954,749
Meeting fee	930,000	2,921,501
Other benefits	1,374,525	1,726,305
	24,315,493	25,399,190

**29.2** The names of key management personnel during the year or at year end are as follows:

1	Syed Jamal Nasir (CEO)	Present
2	Zahid Mehmood (CFO)	Acted as CFO till July 17, 2018
3	Abid Awan (Chief officer admin and HR)	Present
4	Hussain Raza (GM Marketing)	Present
5	Shafqat Ali (GM North)	Present
6	Farhat Mansoor (CFO)	Acted as CFO till April 30, 2019
7	Sanallah (CFO)	Acted as CFO till July 02, 2019

**30 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amounts charged in the financial statements for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company, are as follows:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees			Rupees		
Managerial remuneration	4,948,641	-	14,864,789	2,758,921	-	-
Gratuity	326,742	-	1,072,658	117,587	-	-
Earned leaves	217,828	-	736,064	43,566	-	-
Meeting fee	600,000	2,914,963	300,000	712,500	2,486,101	-
Other benefits	814,620	1,633,526	559,905	101,206	504,791	-
	<u>6,907,831</u>	<u>4,548,489</u>	<u>17,533,416</u>	<u>3,733,780</u>	<u>2,990,892</u>	<u>-</u>
Number of persons	1	7	6	2	11	-

**30.1** The employees on posts of manager and above are also provided Company maintained vehicles for official purpose only.

### 31 NUMBER OF EMPLOYEES

	2019	2018
	No of Employees	
Total number of employees as at the year end	220	208
Average number of employees during the year	217	215

### 32 FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company finances its operations through equity and management of working capital with a view to maintain a reasonable mix and to minimize risk.

#### 32.1 Market risk

Market risk is the risk that change in market prices, such as foreign exchange rates, interest rates and service charge out rate will affect the Company's incomes or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return on risk.

##### 32.1.1 Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to change in market interest rates. The Company does not have any long term or short term borrowing. The Company adopts policy to make fixed rate investment in instruments like TDRs so as to minimize the interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument was:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018	2019	2018
	Percentage		Rupees	
<b>Fixed rate instrument</b>				
<b>Financial assets</b>				
Short term investments	6.35 to 9.00	5.35 to 6.00	112,000,000	256,000,000
Bank balances - deposit accounts	4.50 to 10.25	3.75 to 4.00	22,254,084	35,475,709
			134,254,084	291,475,709
<b>Financial liabilities</b>			-	-
			134,254,084	291,475,709

The Company does not account for any fixed rate financial asset and liability at fair value through 'profit and loss' therefore a change in interest rate at the statement of financial position date would not affect profit or loss of the Company.

**32.1.2 Foreign currency risk management**

PKR is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than Pak Rupees. Exposure to Company's receivables and payables, which are primarily denominated in the currency other than Pak Rupees, arises from the currency exchange rate fluctuation. The activities of the Company expose it to foreign exchange risk, primarily with respect of US Dollars and UAE Dirham. To mitigate the Company's exposure to foreign currency risk, non-Pak Rupees cash flows are monitored in accordance with Company's risk management policies. The Company does not enter into forward exchange contracts.

The Company's exposure to foreign currency risk was as follows based on carrying values:

	2019	2018
	Rupees	
Financial assets- US Dollars	637,732,457	281,310,825
Financial assets- AED	412,381	410,036
	638,144,838	281,720,861
Financial liabilities-US Dollars	(263,521,061)	(152,338,354)
	374,623,777	129,382,507

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2019	2018	2019	2018
	Rupees			
<b>USD 1</b>	136.28	110.09	164	121.15

**Foreign currency sensitivity analysis**

A 10 percent strengthening of the PKR against the USD at 30 June 2019 would have decreased/ increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2018.

	2019	2018
	Rupees	
(Decrease)/ Increase in profit	(37,421,140)	(12,897,247)

**32.2 Credit risk analysis**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognized at the statement of financial position date, as summarized below:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
Unbilled revenue	297,080,864	168,907,149
Trade debts	343,316,340	252,192,359
Advances	7,753,855	6,314,973
Trade deposits	22,584,898	32,121,004
Other receivables	1,308,939	419,225
Interest accrued	5,060,357	7,719,683
Short term investments	112,000,000	256,000,000
Cash and bank balances	205,936,957	83,931,020
	<u>995,042,210</u>	<u>807,605,413</u>

The Company's management continuously monitors the defaults of customers and other counterparties, whether of individual or of group. Where available at reasonable cost, external credit ratings on counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Management considers that all the above financial assets that are not impaired for each of the reporting dates under review are good credit quality, including those that are past due.

Unimpaired trade debts that are past due as at the reporting date can be shown as follows:

	2019	2018
	Rupees	
Not more than 3 months	282,558,467	190,481,909
More than 3 months but not more than 6 months	28,913,378	29,623,887
More than 6 months but not more than 1 year	25,146,794	11,761,101
More than 1 year	103,033,339	20,325,462
	<u>439,651,978</u>	<u>252,192,359</u>
Impairment loss on trade debts, contract assets and trade deposits recognized in profit or loss were as follows:		
Impairment loss on trade debts	(1,035,359)	-
Impairment loss on contract assets	31,442,419	-
Impairment loss on trade deposits	-	24,093,680
Impairment loss on advances	21,821,046	-
Impairment loss on bank balances	445,287	-
	<u>52,673,393</u>	<u>24,093,680</u>
Some of the unimpaired other receivable that are past due as at the reporting date can be shown as follows:		
Balance at beginning of the year	42,877,507	18,783,827
Provision made during the year	(42,877,507)	24,093,680
	<u>-</u>	<u>42,877,507</u>

In respect of trade debts, the Company's exposure is influenced mainly by the individual characteristics of each customer however management also considers that may influence credit risk of the customer base. The Company is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristic. Trade receivables consists of large number of customers in various industries and geographical areas.

The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The credit rating of counterparties is as follows:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Expected credit loss for trade debts**

The Company uses an allowance matrix to measure the ECLs of trade debts from customers, which comprises a very large number of small balances.

Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. Roll rates are calculated separately for exposure in different segments based on following common characteristics for e.g. age of customer relationship.

The following table provides information about the exposure to credit risk and ECL for trade debts as at 30 June 2019.

**Movement in the allowance for expected credit losses in respect of trade debts**

The movement in the allowance for expected credit losses in respect of trade debts during the year was as follows. Comparative amounts for 2018 represent the allowance account for impairment losses under IAS 39.

	2019	2018
	Rupees	
<b>Balance at 01 July under IAS 39</b>	42,877,507	18,783,827
Adjustment on initial application of IFRS 9	54,493,990	-
<b>Balance at 01 July under IFRS 9</b>	97,370,997	18,783,827
Remeasurement of loss allowance	(1,035,359)	24,093,680
Balance as at 30 June	96,335,638	42,877,507

**Expected credit loss for contract assets, trade deposits and other receivables**

The Company held contract assets, trade deposits and other receivables of Rs. 297.08 million, Rs. 86.921 million and Rs. 1.308 million as at 30 June 2019 (2018: Rs. 168.907 million, Rs. 70.190 million and Rs. 0.419 million).

Impairment on contract assets, trade deposits and other financial assets have been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its contract assets and trade deposits have low credit risk as the outstanding balance is not yet due and there are no other indicators present that suggest an increase in credit risk. In case of other financial assets the Company considers it to have low credit risk as no amount is outstanding from an ex-employee and recovery of the balance can be made form final settlement of employees in case of default.

**Expected credit loss for short term investments and bank balances**

The Company held short term investments in TDRs and cash at bank of Rs. 112 million and Rs. 206.579 million respectively as at 30 June 2019 (2018: Rs. 256 million and Rs. 83.931 million). The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The credit rating of counterparties is as follows:

	2019		2018		Credit rating agency
	Short term	Long term	Short term	Long term	
National Bank of Pakistan	A-1+	AAA	A-1+	AAA	JCR-VIS
Askari Bank Limited	A1+	AA+	A1+	AA+	PACRA
Mashreq Bank	P-2	Baa2	P-2	Baa2	Moody's
Bank Al-Habib limited	A1+	AA+	A1+	AA+	PACRA
Faysal Bank	A1+	AA	A1+	AA	JCR-VIS
Habib Bank Limited	A-1+	AAA	A-1+	AAA	JCR-VIS
Dubai Islami Bank	A-1	AA-	A-1	AA-	JCR-VIS
MCB Bank Limited	A1+	AAA	A1+	AAA	PACRA
Soneri Bank Limited	A1+	AA-	A1+	AA-	PACRA
Meezan Bank Limited	A-1+	AA+	A-1+	AA+	JCR-VIS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Impairment on short term investments and cash at bank has been measured on 12 month expected loss basis and reflect the short maturities of the exposures. The Company considers that its short term investments and cash at bank have low credit risk based on external credit rating of the counterparties.

### 32.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

At statement of financial position date, the Company's liabilities have contractual maturities (including the impact of estimated future interest payments) as summarized below:

	Carrying amount	Contractual cash flows	Within one year	One to five years
	Rupees			
<b>30 June 2019</b>				
Customers deposits	197,668,959	197,668,959	197,668,959	-
Trade and other payables	195,261,255	195,261,255	195,261,255	-
Finance lease liability	6,977,448	11,796,511	6,977,448	4,819,063
Unclaimed dividend	9,227,967	9,227,967	9,227,967	-
	<u>409,135,629</u>	<u>413,954,692</u>	<u>409,135,629</u>	<u>4,819,063</u>
<b>30 June 2018</b>				
Customers deposits	140,433,318	140,433,318	140,433,318	-
Trade and other payables	135,858,518	135,858,518	135,858,518	-
Finance lease liability	17,685,065	20,234,801	6,578,724	13,656,077
Unclaimed dividend	10,157,011	10,157,011	10,157,011	-
	<u>304,133,912</u>	<u>306,683,648</u>	<u>293,027,571</u>	<u>13,656,077</u>

### 32.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital consists of equity as stated in statement of financial position. The Board of Directors monitor the return on capital and the level of dividend to the shareholders. There were no changes to the company's approach to capital management during the period and the company is not subject to externally imposed capital requirements.

## 33 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

**33.1** The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

30 June 2019					
Carrying amount		Fair value			
Amortized Cost	Total	Level 1	Level 2	Level 3	Total
Rupees					

**30 June 2019**

**Financial assets not measured at fair value**

Contract assets	297,080,864	297,080,864	-	-	-	-
Trade debts	343,316,340	343,316,340	-	-	-	-
Advances	7,753,855	7,753,855	-	-	-	-
Trade deposits and short term prepayments	22,584,898	22,584,898	-	-	-	-
Other receivables	1,308,939	1,308,939	-	-	-	-
Interest accrued	5,060,357	5,060,357	-	-	-	-
Short term investments	112,000,000	112,000,000	-	-	-	-
Cash and bank balances	205,936,957	205,936,957	-	-	-	-
	<u>995,042,210</u>	<u>995,042,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Financial liabilities not measured at fair value**

Liability against assets subject to finance lease	6,977,448	6,977,448	-	-	-	-
Customers' deposits	197,668,959	197,668,959	-	-	-	-
Trade and other payables	164,821,948	164,821,948	-	-	-	-
Current portion of liability against assets subject to finance lease	4,819,063	4,819,063	-	-	-	-
	<u>374,287,418</u>	<u>374,287,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 33 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	30 June 2018						
	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>30 June 2018</b>	<b>Rupees</b>						
Financial assets not measured at fair value							
Contract assets	168,907,149	-	168,907,149	-	-	-	-
Trade debts	252,192,359	-	252,192,359	-	-	-	-
Advances	6,314,973	-	6,314,973	-	-	-	-
Trade deposits and short term prepayments	19,826,764	-	19,826,764	-	-	-	-
Other receivables	419,225	-	419,225	-	-	-	-
Interest accrued	7,719,683	-	7,719,683	-	-	-	-
Short term investments	256,000,000	-	256,000,000	-	-	-	-
Cash and bank balances	83,931,020	-	83,931,020	-	-	-	-
	<u>795,311,173</u>	<u>-</u>	<u>795,311,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>							
Liability against assets subject to finance lease	-	12,378,468	12,378,468	-	-	-	-
Customers' deposits	-	140,433,318	140,433,318	-	-	-	-
Trade and other payables	-	115,101,878	115,101,878	-	-	-	-
Current portion of liability against assets subject to finance lease	-	5,306,597	5,306,597	-	-	-	-
	<u>-</u>	<u>273,220,261</u>	<u>273,220,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**33.2** The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

### 34 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

30 June 2019

Liabilities	Equity		
	Share Capital	General reserve	Un appropriated profit
<b>Liabilities against assets subject to finance lease</b>			
	<b>Rupees</b>		
<b>Balance at 1 July 2018</b>	<b>17,685,065</b>	<b>98,010,000</b>	<b>591,500,000</b>
<b>Changes from financing cash flows</b>			
Payment of finance lease liabilities	(5,888,554)	-	-
Dividend paid	-	-	(29,403,000)
<b>Total changes from financing cash flows</b>	<b>(5,888,554)</b>	<b>-</b>	<b>(29,403,000)</b>
<b>The effect of changes foreign exchange rates</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other changes</b>			
<b>Liability related</b>			
Finance cost for the period	1,470,736	-	-
<b>Total liability related other changes</b>	<b>1,470,736</b>	<b>-</b>	<b>-</b>
<b>Equity related</b>			
Total comprehensive income for the year	-	-	97,383,010
Adjustment on initial application of IFRS 9 (Refer Note 3.1.2)	-	-	(43,542,179)
<b>Total equity related other changes</b>	<b>-</b>	<b>-</b>	<b>53,840,831</b>
<b>Balance at 30 June 2019</b>	<b>13,267,247</b>	<b>98,010,000</b>	<b>591,500,000</b>
			<b>115,577,733</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

30 June 2018

	30 June 2018			
	Liabilities	Equity		
	Liabilities against assets subject to finance lease	Share Capital	General reserve	Un appropriated profit
	Rupees			
<b>Balance at 1 July 2017</b>	4,697,714	98,010,000	586,500,000	114,718,794
<b>Changes from financing cash flows</b>				
Payment of finance lease liabilities	(8,702,475)	-	-	-
Dividend paid	-	-	-	(34,303,500)
<b>Total changes from financing cash flows</b>	<b>(8,702,475)</b>	<b>-</b>	<b>-</b>	<b>(34,303,500)</b>
<b>The effect of changes in foreign exchange rates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other changes</b>				
<b>Liability related</b>				
New finance leases	20,670,000	-	-	-
Finance cost for the year	1,019,826	-	-	-
<b>Total liability related other changes</b>	<b>21,689,826</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity related</b>				
Total comprehensive income for the year	-	-	-	15,724,608
Transfer to general reserve	-	-	5,000,000	(5,000,000)
Total equity related other changes	-	-	5,000,000	10,724,608
<b>Balance at 30 June 2018</b>	<b>17,685,065</b>	<b>98,010,000</b>	<b>591,500,000</b>	<b>91,139,902</b>

**35 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX**

Following information has been disclosed as required under para 10 of Part-I of the Fourth Schedule to the Companies Act, 2017.

<u>Description</u>	<u>Explanation</u>	2019	2018
		Rupees	
i) Bank balances	Placed under interest arrangement	15,585,053	27,622,244
	Placed under Shariah permissible arrangement	6,669,031	7,853,465
ii) Return on bank Deposits	Placed under interest arrangement	2,284,049	1,952,143
	Placed under Shariah permissible arrangement	587,286	255,760
iii) Exchange gain earned from actual currency		91,272,776	5,062,258
iv) Relationship with banks having Islamic windows	Meezan Bank Limited, Dubai Islamic Bank and Muslim Islamic Bank.	-	-

**36 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE**

The Board of Directors recommended final cash dividend at the rate of Rs. 4.00 per share amounting to Rs. 39.204 million in its meeting held on November 04, 2019.

**37 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Company on November 04, 2019.

**38 GENERAL**

Figures have been rounded off to the nearest Rupee, unless otherwise stated.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Arshad Rasheed Chaudhary**  
Director

**PATTERN OF HOLDING OF THE SHARES HELD BY THE  
SHAREHOLDERS OF PAK DATACOM LIMITED AS AT JUNE 30, 2019  
FORM 34 (SECTION 236(1) AND 464)**

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
1363	1	100	48,906
384	101	500	120,604
71	501	1000	56,782
99	1001	5000	251,474
23	5001	10000	167,215
8	10001	15000	100,736
5	15001	20000	88,953
1	35001	40000	40,000
1	55001	60000	57,000
1	65001	70000	70,000
1	175001	180000	178,898
1	235001	240000	240,000
1	705001	710000	705,291
1	755001	760000	756,288
1	1520001	1525000	1,520,500
1	5395001	5400000	5,398,353
1962			9,801,000

CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
Individuals	1,113,066	11.3567
Associated companies, undertakings and related parties	6,154,641	62.7961
Directors and their spouse(s) and minor children	1,521,500	15.5239
Public sector companies and corporations	125	0.0013
Mutual Funds	178,898	1.8253
Financial Institutions	721,755	7.3641
Foreign Companies	27,975	0.2854
Others	83,040	0.8473
<b>Grand Total</b>	<b>9,801,000</b>	<b>100.0000</b>

**NAME WISE DETAIL OF SHAREHOLDERS  
AS AT JUNE 30, 2019**

<b>Categories of shareholders</b>	<b>Physical</b>	<b>Shares Held</b>	<b>Percentage (%)</b>
<b>Directors and their spouse(s) and minor children</b>			
ARSHAD RASHEED CHAUDHRY	1	500	0.01
BASIT WAHEED	1	1,520,500	15.51
MUHAMMAD WAHEED	1	500	0.01
<b>Associated Companies, undertakings and related parties</b>			
TELECOM FOUNDATION	1	5,398,353	55.08
STATE LIFE INSURANCE CORP. OF PAKISTAN	1	756,288	7.72
<b>Executives</b>	2	4	0.00
Public Sector Companies and Corporations	1	125	0.00
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>	4	721,755	7.36
<b>Mutual Funds</b>			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	178,898	1.83
<b>General Public</b>			
a. Local	1,935	1,113,062	11.36
b. Foreign	0	-	-
<b>Foreign Companies</b>	4	27,975	0.29
<b>Others</b>	10	83,040	0.85
<b>Total</b>	<b>1,962</b>	<b>9,801,000</b>	<b>100.00</b>

**SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING RIGHTS IN THE COMPANY**

<b>Shareholders More Than 5.00%</b>	<b>Shares Held</b>	<b>Percentage %</b>
TELECOM FOUNDATION	5,398,353	55.08
BASIT WAHEED	1,520,500	15.51
STATE LIFE INSURANCE CORP. OF PAKISTAN	756,288	7.72
NATIONAL BANK OF PAKISTAN	705,391	7.20

**DIVIDEND MANDATE FORM**

**Dear Shareholder,**

**Re: Dividend Mandate Form**

With reference to the captioned subject, it is to inform you that under Section 242 of the Companies Act, 2017 a shareholder may, if so desire, directs the Company to pay dividend through his/her/its Bank Account.

In pursuance of the directions given by the Securities & Exchange Commission of Pakistan vide Circular Number 19 of 2012 & Reference No. SMD/CJW/Misc/19/2009 date June 05, 2012, I/we \_\_\_\_\_ request being the registered shareholder of \_\_\_\_\_ having Folio No. \_\_\_\_\_ hereby gives the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company in future.

[PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS].

Do you wish that the cash dividend declared by the Company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick “✓” any of the following boxes:

Yes

No

If yes then please provide the following information:

Transferee Detail	
Title of Bank Account	
Bank Account Number	
Bank Name	
Branch Name And Address	
Computerized National Identity Card [CNIC]	
Cell Number of Transferee	
Landline Number of Transferee, if any	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

**Signature of the Member/Shareholder**

**Note:**

Physical certificate holders are requested to please submit the Dividend Mandate Form duly completed to the Share Registrar. In case of CDC account holder, please submit this Mandate Form to the concerned Participant/ Broker.

**INCOME TAX RETURN FILING STATUS FORM**

**Confirmation for filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2019**

**Share Registrar:** Pak Datacom Limited

CDC Shares Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 Pakistan.

Tel: (92-21) 111-111-500.

I, Mr/Mrs/Ms.....S/O, D/O, W/O..... hereby confirm that I am registered as National Tax Payer. My relevant detail is given below : Folio/ CDC

Folio/CDC ID/AC#	Name	National Tax #	CNIC # (in case of individuals)*	Income tax return for the year 2019 filed (yes or no)**

It is stated that the above-mentioned information is correct.

\_\_\_\_\_  
Signature of the Shareholder

The Shareholders having their accounts with Central Depository Company (CDC) have also to communicate confirmation of tax payment status information to relevant Member Stock Ex-change in addition to the company secretary.

\*Please attach attested photocopy of the CNIC.

\*\* Please attach attested photocopy of acknowledgment of income tax return.

## Investors' Education

In pursuance of SRO 924 (I)/ 2015 dated September 09, 2015 issued by Securities and Exchange Commission of Pakistan, the following informational message has been reproduced to educate investors:

[www.jamapunji.pk](http://www.jamapunji.pk)



**Be aware, Be alert,  
Be safe**

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

### Key features:

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk)

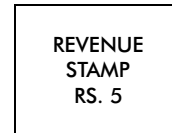
[@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices

**Form of Proxy**

I/We \_\_\_\_\_ of \_\_\_\_\_  
 being a member(s) of Pak Datacom Limited and holding \_\_\_\_\_  
 ordinary shares, as per Register Folio No./CDC Account and Participant's I.D. No. \_\_\_\_\_  
 do hereby appoint \_\_\_\_\_ Folio No./CDC Account and Participant's I.D.  
 No. \_\_\_\_\_ of \_\_\_\_\_  
 or failing him/her \_\_\_\_\_ Folio No./CDC Account and Participant's I.D.  
 No. \_\_\_\_\_ of \_\_\_\_\_  
 another member of the Company as my/our proxy to vote for me/us and on my/our behalf at the Twenty Seventh  
 Annual General Meeting of the Company to be held at Hotel Margala, Shahrah-e-Kashmir Road, Shakar Parian, Islamabad  
 on November 27, 2019 at 11:00 a.m. or at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2019.



**SIGNATURE OF MEMBER (S)**

(The signature of the shareholder should agree with the specimen signature registered with the Company/ Share Registrar or as per CNIC / Passport in case the share(s) is / are registered in CDC account).

**Witnesses:**

1. Signature _____	2. Signature _____
Name _____	Name _____
Address _____	Address _____
CNIC/Passport No. _____	CNIC/Passport No. _____

**Note:**

1. A member entitled to attend the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person shall act as proxy (except for a corporation) unless he/she is entitled to be present and vote in his/her own right.
2. CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his / her own as well as the proxy's CNIC / Passport with the proxy form. The proxy shall also produce his / her original CNIC / Passport at the time of the meeting. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted along with proxy form.
3. The instrument appointing a proxy should be signed by the member or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.
4. The proxy forms, together with the power of attorney (if any), under which it is signed or a notarially Certified copy thereof, shall be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

## مختار نامہ

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ بحیثیت ممبر (رکن) پاک ڈیٹا کام لمیٹڈ اور  
 حال \_\_\_\_\_ عام حصص، بمطابق شیئر رجسٹر فلیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹنرسپینٹ  
 آئی ڈی نمبر \_\_\_\_\_ ممبر (رکن) محترم / محترمہ \_\_\_\_\_ فلیو نمبر / سی ڈی سی اکاؤنٹ  
 اور پارٹنرسپینٹ آئی ڈی نمبر \_\_\_\_\_ کو یا ان کی غیر حاضری میں ممبر (رکن)  
 محترم / محترمہ \_\_\_\_\_ فلیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹنرسپینٹ آئی ڈی نمبر \_\_\_\_\_ کو اپنے / ہمارے ایما پر 27 نومبر  
 2019 صبح 11 بجے دن بمقام ہوٹل مارگلہ، شاہراہ کشمیر روڈ، شکر پڑیاں، اسلام آباد میں منعقد ہونے والے کمپنی کے ستائیسواں سالانہ اجلاس عام میں حق رائے دہی استعمال  
 کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراکسی) مقررہ کرتا / کرتی ہوں / کرتے ہیں۔

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2019 کو دستخط کئے گئے۔

ممبر (رکن) کے دستخط کمپنی میں رجسٹر شدہ دستخط کے ساتھ مماثلت رکھتے ہوں اور سی ڈی سی اکاؤنٹ ہولڈرز کے دستخط ان کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کے نمونہ دستخط سے  
 مماثل ہونا ضروری ہے۔

گواہان:

پانچ روپے مالیت کا  
 رسیدی ٹکٹ پر دستخط

ممبران کے دستخط

1 دستخط \_\_\_\_\_ نام \_\_\_\_\_  
 2 دستخط \_\_\_\_\_ نام \_\_\_\_\_  
 پتہ \_\_\_\_\_ پتہ \_\_\_\_\_  
 \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ کا نمبر \_\_\_\_\_ کمپیوٹرائزڈ قومی شناختی کارڈ کا نمبر \_\_\_\_\_

- ۱- ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو اپنی جگہ کسی اور ممبر (رکن) کو بطور مختار (پراکسی) شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔ سی ڈی سی اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز کو کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پر کسی کو منسلک کرنی ہوگی۔ مختار (پراکسی) کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔
- ۲- کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد / پاور آف اٹارنی بمعہ نمونہ دستخط ہمراہ مختار نامہ (پراکسی فارم) جمع کرانا ہوئے۔
- ۳- مختار نامہ (پراکسی فارم) پر ممبر (رکن) یا ان کے اٹارنی کے دستخط لازمی ہے۔ کارپوریٹ ادارہ ہونے کی صورت میں مختار نامہ (پراکسی فارم) پر کمپنی کی مہر ہونا بھی ضروری ہے۔
- ۴- مختار نامہ (پراکسی فارم) بمعہ نامزد کرنے والے شخص کی تصدیق شدہ پاور آف اٹارنی (حسب ضرورت) کمپنی کے رجسٹر آفس میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل جمع کرانا ضروری ہے۔

Notes

Notes



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