



Connecting Pakistan  
to the Future

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# Vision, Mission & Core Values



## Vision

To be the leading ICT service provider in the region by achieving customers' satisfaction and maximizing shareholders' value.

## Mission

To achieve our vision by having:

- An organizational environment that fosters professionalism, motivation and quality.
- An environment that is cost effective and quality conscious.
- Services that are based on the most optimum technology.
- 'Quality' and 'Time' conscious customer services.
- Sustained growth in earnings and profitability.

## Core Values

- Professional Integrity
- Teamwork
- Customer Satisfaction
- Loyalty to the Company

# Connecting Voice with Clarity





LANDLINE



# Board of Directors

**Khalifa Al Shamsi**  
Member PTCL Board



**Serkan Okandan**  
Member PTCL Board



**Hatem Dowidar**  
Member PTCL Board



**Sardar Ahmad  
Nawaz Sukhera**  
Member PTCL Board



**Rizwan Bashir Khan**  
Chairman PTCL Board



**Mudassar Hussain**  
Member PTCL Board

**Dr. Waqar Masood Khan**  
Member PTCL Board

**Dr. Daniel Ritz**  
President & CEO



**Abdulrahim A. Al Nooryani**  
Member PTCL Board

**Hesham Al Qassim**  
Member PTCL Board

# Corporate Information

## Management

**Dr. Daniel Ritz**

President & Chief Executive Officer

**Muhammad Nehmatullah Toor**

Chief Financial Officer

**Syed Mazhar Hussain**

Chief Human Resource Officer

**Saad Muzaffar Waraich**

Chief Technology & Information Officer

**Muhammad Nasrullah**

Chief Technical Officer

**Sikandar Naqi**

Chief Business Development Officer

**Adnan Shahid**

Chief Commercial Officer

**Kamal Ahmed**

Chief Digital Services Officer

**Raed Yousef Ali Abdel Fattah**

Chief Information Officer

**Jamal Abdalla Salim Hussain Al Suwaidi**

Chief Procurement Officer

**Jahanzeb Taj**

Chief Business Operations Officer

**Muhammad Shehzad Yousuf**

Chief Internal Auditor

**Tariq Salman**

Senior Advisor GPON Project

## Company Secretary

**Saima Akbar Khattak**

## Legal Affairs

**Zahida Awan**

## Auditors

Deloitte Yousuf Adil

(Formerly M. Yousuf Adil Saleem & Co.)

Chartered Accountants

## Bankers

Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
The Bank of Punjab  
Dubai Islamic Bank  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Silkbank Limited  
SME Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited

## Registered Office

PTCL Headquarters,  
Block-E, Sector G-8/4,  
Islamabad-44000, Pakistan.

Fax: +92-51-2263733

E-mail: [company.secretary@ptcl.net.pk](mailto:company.secretary@ptcl.net.pk)

Web: [www.ptcl.com.pk](http://www.ptcl.com.pk)

## Share Registrar

M/S FAMCO Associates (Pvt.) Limited  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi

Tel: +92-21-34380101-2

Fax: +92-21-34380106

E-mail: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk)

# Connecting Freedom with Possibilities





# The Management Team

**Adnan Shahid**

Chief Commercial Officer

**Sikandar Naqi**

Chief Business  
Development Officer

**Saad Muzaffar Waraich**

Chief Technology &  
Information Officer



**Dr. Daniel Ritz**  
President & CEO

**Muhammad Nehmatullah Toor**  
Chief Financial Officer

**Syed Mazhar Hussain**  
Chief Human Resource Officer

**Jamal Abdalla Salim  
Hussain Al Suwaidi**  
Chief Procurement Officer

**Jahanzeb Taj**  
Chief Business  
Operations Officer

**M. Shehzad Yousuf**  
Chief Internal Auditor

**Tariq Salman**  
Senior Advisor  
GPON Project



**M. Nasrullah**  
Chief Technical Officer

**Raed Yousef Ali Abdel Fattah**  
Chief Information Officer

**Kamal Ahmed**  
Chief Digital  
Services Officer

# Operating & Financial Highlights

Year ended Dec 31 / Jun 30

Year ended  
Dec 31, 2015

Year ended  
Dec 31, 2014

## KEY INDICATORS

### Operating

Pre tax margin (EBIT margin)	%	17.94	10.19
Net margin	%	11.56	6.39

### Performance

Fixed assets turnover	Times	0.87	0.99
Debtors' turnover	Times	5.04	4.75
Return on equity	%	9.82	5.40
Return on capital employed	%	6.73	3.83
Retention	%	(16.44)	(144.84)

### Leverage

Debt Equity	Ratio	32:68	30:70
Debt ratio	%	49.01	47.20

### Liquidity

Current	Times	1.55	1.57
Quick	Times	1.49	1.51

### Valuation

Earnings per share	Rs	1.72	1.02
Breakup value per share	Rs	16.91	18.07
Dividend payout ratio	%	116.44	244.84
Price earnings ratio	Times	9.60	22.55
Market price to breakup value	Times	0.98	1.27
Dividend per share	Rs	2.00	2.50
Dividend yield	%	12.13	10.86
Dividend cover ratio	Times	0.86	0.41
Market value per share (as on Dec 31 & Jun 30)	Rs	16.49	23.03

## HISTORICAL TRENDS

### Operating Results

Revenue	Rs (m)	75,752	81,513
Profit / (loss) before tax	Rs (m)	13,272	8,012
Profit / (loss) after tax	Rs (m)	8,760	5,207
Dividend	Rs (m)	10,200	12,750

### Financial Position

Share capital	Rs (m)	51,000	51,000
Reserves	Rs (m)	35,218	40,815
Shareholders' equity	Rs (m)	86,218	92,144
EBITDA	Rs (m)	23,073	17,825
Working capital	Rs (m)	25,778	25,280
Current assets	Rs (m)	72,592	69,625
Total assets	Rs (m)	180,378	179,574
Non current liabilities	Rs (m)	47,345	43,085

### Operational\*

ALIS as on Dec 31 & Jun 30	No (000)	4,119	4,323
Average ALIS per employee	No	230	207

\*Exclusive of Primary and Basic Rate interface



Year ended  
Dec 31, 2013

Six Months ended  
Dec 31, 2012

Year ended  
Jun 30, 2012

Year ended  
Jun 30, 2011

24.90 (3.02) 19.13 21.03  
15.66 (2.18) 12.01 13.44

1.06 0.49 0.80 0.75  
4.77 3.06 6.69 5.71  
12.85 (0.81) 7.19 7.50  
9.29 (0.61) 5.78 6.27  
19.66 100.00 100.00 (20.15)

28:72 28:72 21:79 18:82  
42.49 39.33 30.87 32.27

1.94 2.05 2.30 1.39  
1.85 1.95 2.16 1.27

2.49 (0.16) 1.41 1.46  
19.78 18.97 20.07 19.27  
80.34 - - 120.15  
11.42 (109.52) 9.68 9.76  
1.44 0.91 0.68 0.74  
2.00 - - 1.75  
7.03 - - 12.31  
1.24 - - 0.83  
28.44 17.35 13.69 14.22

81,061 37,033 60,038 55,254  
19,838 (1,255) 11,006 11,414  
12,696 (808) 7,212 7,428  
10,200 - - 8,925

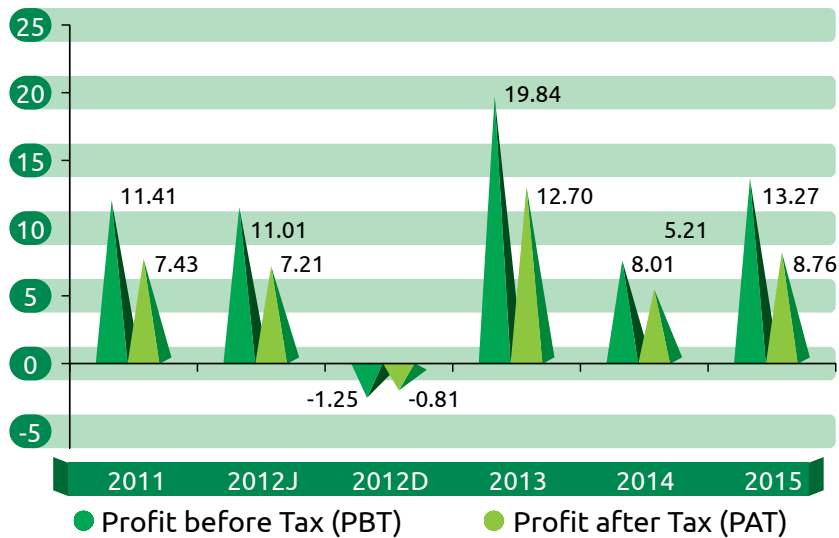
51,000 51,000 51,000 51,000  
49,782 45,677 51,312 47,262  
100,872 96,729 102,375 98,292  
28,311 3,482 16,840 15,656  
36,335 29,067 26,811 10,991  
74,918 56,688 47,359 39,012  
181,908 164,185 156,949 152,520  
42,453 39,835 34,025 26,207

4,014 4,035 4,144 4,393  
183 165 153 153

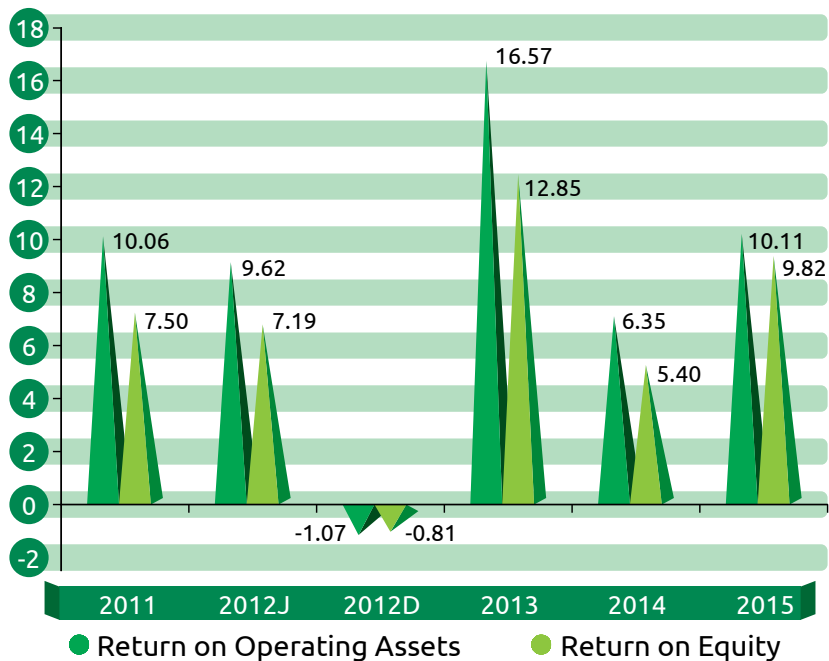
# Operating & Financial Highlights

## Graphical Presentation

**PROFIT BEFORE AND AFTER TAX**  
(RUPEES IN BILLION)



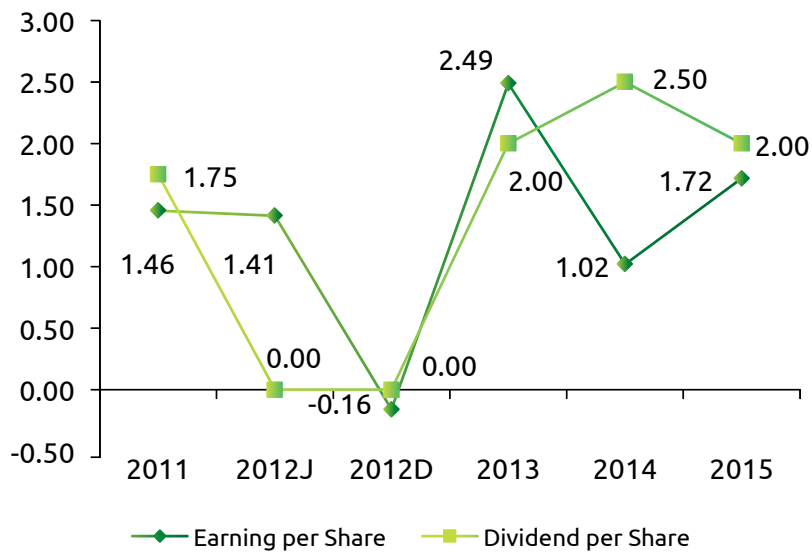
**RETURN ON OPERATING ASSETS & EQUITY**  
(PERCENTAGE)



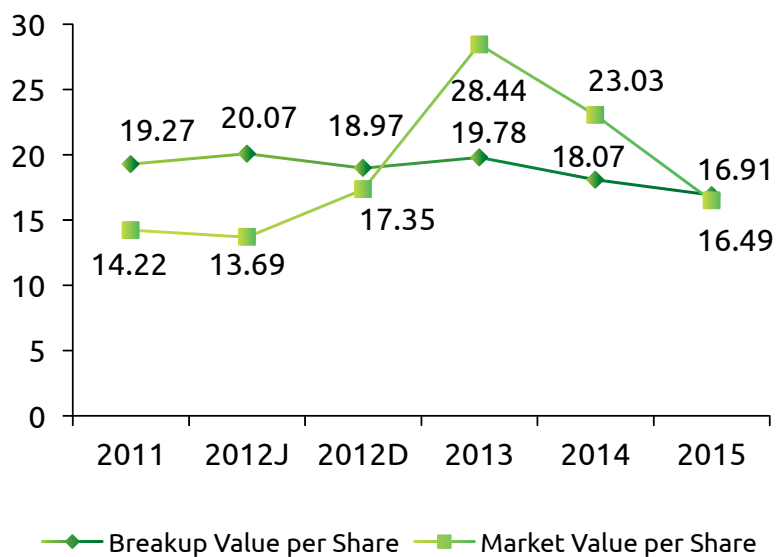
# Operating & Financial Highlights

## Graphical Presentation

DIVIDEND PAYOUT PER SHARE (RUPEES)



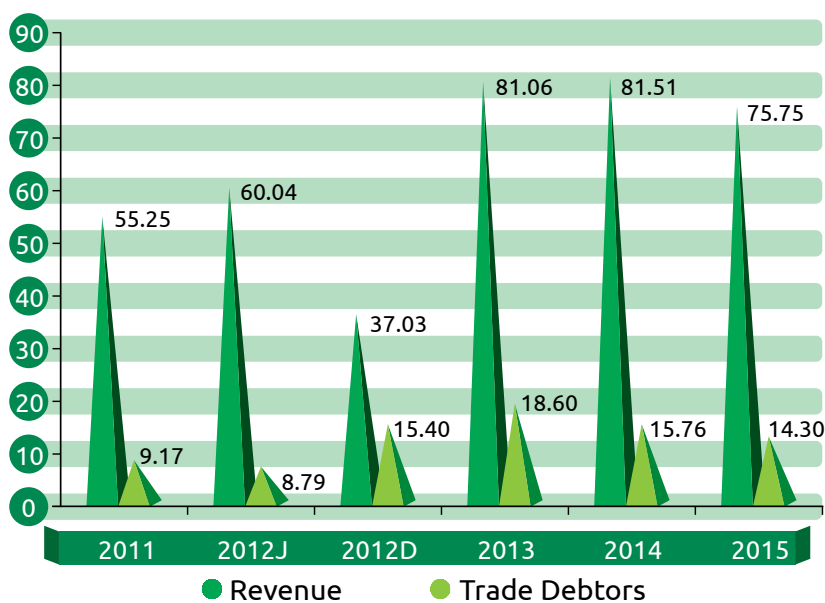
BREAKUP VALUE VS MARKET VALUE (RUPEES)



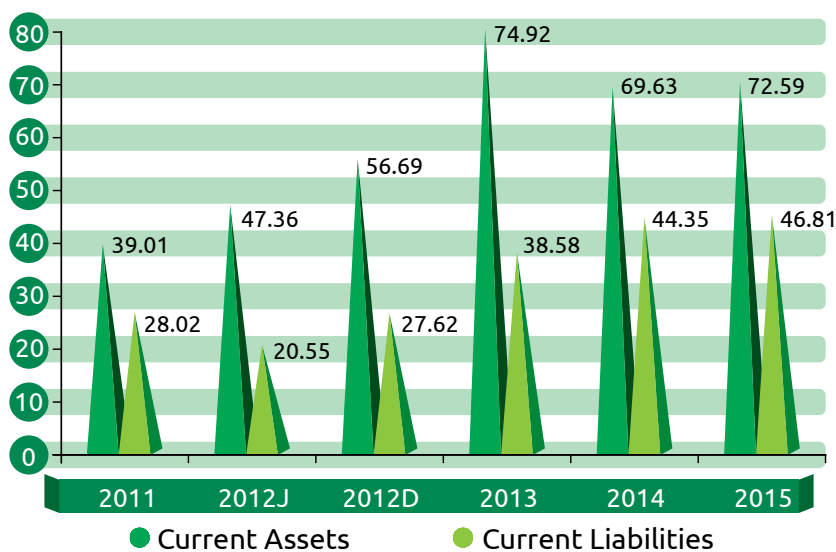
# Operating & Financial Highlights

## Graphical Presentation

### REVENUE AND TRADE DEBTS (RUPEES IN BILLION)



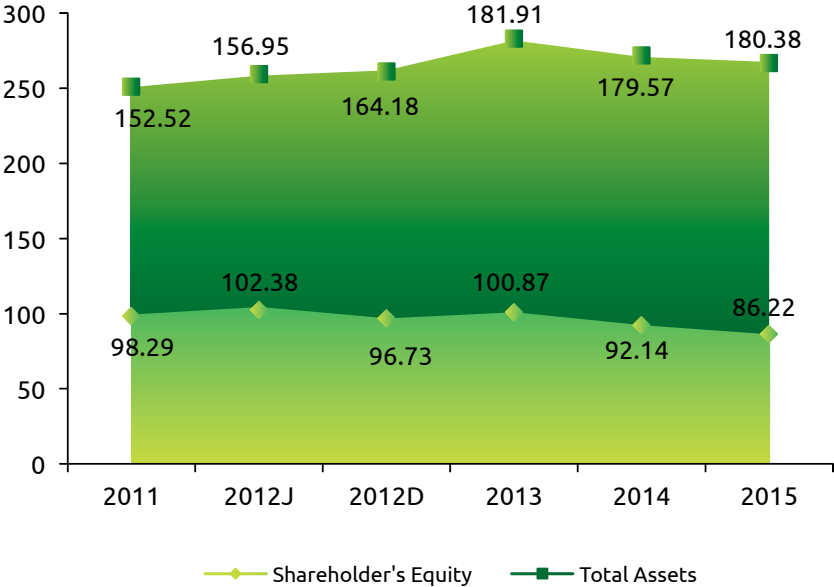
### CURRENT ASSETS AND CURRENT LIABILITIES (RUPEES IN BILLION)



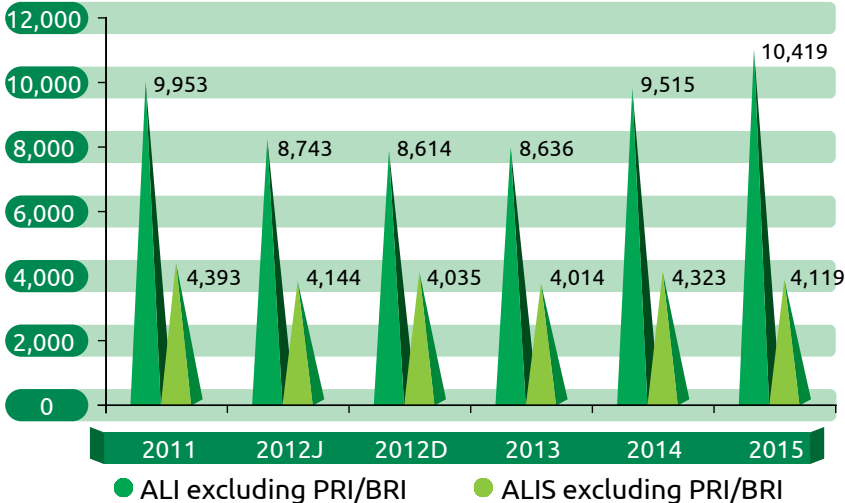
# Operating & Financial Highlights

## Graphical Presentation

TOTAL ASSETS VS SHARE HOLDERS' EQUITY  
(RUPEES IN BILLION)



CAPACITY: INSTALLED VS IN SERVICE  
(NUMBERS IN THOUSEND)



# Connecting Convenience with Speed





# Group CEO's Message

Pakistan telecommunication industry in 2015 remained highly vibrant and active, bringing all sorts of excitements and opportunities to this critical sector of the economy. During this year, we witnessed many concurrent developments such as the official release of the much awaited new telecommunication policy covering all facets of the industry, new regulations for handling incoming international traffic and the launch and completion of biometric verification for all cellular customers of Pakistan. With these changes and challenges, PTCL Group managed to steer towards continued and sustainable growth in consolidating its position as the leading and the largest telecommunication operator in Pakistan.

PTCL continued to enjoy the leading position as national broadband provider of the country where data services now constitute more than 40% of its total revenue. For wireless broadband segment, Ufone continued to enhance and expand its 3G coverage in more cities not only in terms of footprint but bringing a better quality of service experience to the customers with attractive packages; whereas to further strengthen its existing CharJi EVO, PTCL has successfully concluded the purchase and acquisition of spectrum from the market and has actively participated in AJK spectrum auction, securing adequate capacity to provide quality of service and extend services to remote areas of AJK and Gilgit Baltistan.

For fixed segment, PTCL retained its position as the backbone of data and broadband services in Pakistan, and invested in expanding its bandwidth of national and international transport network to cope with



*"I believe that Pakistan telecommunication landscape remains rife with unlimited opportunities and given PTCL track performance, investment capabilities and future readiness, I am wholly convinced that success and growth will be the hall mark for PTCL Group in 2016."*



the resulting increase in the data traffic of the country. For enhanced Fiberization, various projects comprising fiber to the home and fiber to the business were deployed in various metropolis of the country thus providing ultra-high-speed internet connectivity with scalable upgrades.

PTCL successfully positioned itself as a premier media & content aggregator and distributor this year. We are the first to launch "SMART TV" Over The Top application in the market, enabling customers to view more than 140 channels on the move using multiple screens. Our partnerships with media providers, continue to bring in quality content to the customers, building a national TV distribution network around the communities. Media servers have accordingly been deployed in most of the cities to improve the quality of experience for content viewership. PTCL was a leading participant in Direct to The Home (DTH) auction process and we are excited about the prospects of PTCL becoming the national DTH provider when the right opportunity is presented.

On the digitalization and content services, PTCL further enhanced its products portfolio by launching more digital and cloud-based services encompassing business software, media and conferencing services. Cloud-based services are vital to enable future growth of the ICT industry and PTCL is highly committed to remain an active and prominent player in the digital inclusion. Fully realizing this role and responsibility, we shall continue to invest in expanding and enhancing the network and IT infrastructure, improving and fostering its marketing & sales channels, customer touch points and will firmly continue for the adoption of collaborative business models to ensure the launching of innovative digital solutions and services to consumers and businesses.

This year PTCL and Ufone both completed and officially launched "Project One" which is culmination of more than one year continuous work from design to development stage, envisioned to provide ease and convenience to the customers. Project One provides customers with the capability to buy and pay online for all the products & services in real time through multiple channels using websites and mobile applications.

PTCL's success is undoubtedly attributed to the sheer hard work and relentless contributions of its talented workforce. To nurture our talent, we introduced an assorted blend of development interventions, crafted to take the overall organizational human capital capability a notch up and to particularly develop a strong talent and leadership pipeline. PTCL's investment in human capital was further enhanced in the year 2015 with the introduction of structured succession planning, globally recognized online learning tool i.e. Harvard Manage Mentor and other top notch development initiatives providing a total of 63,010 trainee days to our employees. Our second batch of Etisalat Group Hipo Program successfully graduated this year and two years in-house Fuel program for future leaders was also completed.

I would like to seize the opportunity here to sincerely thank our customers for their continuous trust and loyalty, our employees for their continuous hard work and commitment for taking PTCL to attain new heights of success, our shareholders for the continuous support they have extended. I would also like to specially thank the regulatory authorities and policy makers who have been thoroughly engaged and keen for the sustainable growth of the telecommunication and ICT industry in this country.

I believe that Pakistan telecommunication landscape remains rife with unlimited opportunities and given PTCL track performance, investment capabilities and future readiness, I am wholly convinced that success and growth will be the hall mark for PTCL Group in 2016.



**Dr. Daniel Ritz**  
President & Chief Executive Officer

Islamabad: March 04, 2016

گئی ہے۔ ان میں ہارورڈ بزنس منٹور (Harvard Manage Mentor) اور دیگر ترقی پذیر ڈیولپمنٹ اقدامات شامل ہیں جو ہمارے ملازمین کو 63,010 ترقیاتی دن فراہم کرتے ہیں۔ ہمارے اتصالات گروپ ہاپو پروگرام کے دوسرے بیج نے اس سال کامیابی سے گریجویٹیشن کی ہے نیز مستقبل کی قیادت کو ابھارنے والے دو سالہ ان ہاؤس فیول پروگرام کو بھی مکمل کیا ہے۔

میں اس موقع سے فائدہ اٹھاتے ہوئے غیر متزلزل اعتماد اور وابستگی پر اپنے صارفین، پی ٹی سی ایل کو کامیابیوں کی نئی رفتوں کی جانب گامزن کرنے کیلئے انتھک محنت کرنے پر اپنے ملازمین اور لگاتار حمایت فراہم کرنے پر اپنے شیئر ہولڈرز کا تہہ دل سے شکریہ ادا کرنا چاہوں گا۔ میں ریگولیٹری اتھارٹیز اور پالیسی سازوں کا بھی خصوصاً مشکور ہوں جو اس ملک میں ٹیلی کمیونیکیشن اور آئی سی ٹی کی صنعت کی پائیدار ترقی میں عملی معاونت اور بھرپور دلچسپی کا اظہار کرتے رہے ہیں۔

مجھے اس بات کا یقین ہے کہ پاکستان ٹیلی کمیونیکیشن کا منظر نامہ ہمیشہ لامحدود مواقع پیدا کرتا رہے گا اور پی ٹی سی ایل کی فرد عمل اور گذشتہ کارکردگی، سرمایہ کاری کی صلاحیتوں اور مستقبل کی تیاری کے پیش نظر مجھے یقین واثق ہے کہ 2016 میں بھی کامیابی اور ترقی پی ٹی سی ایل کا ہی مقدر ٹھہرے گی۔



ڈاکٹر ڈینیل رٹز  
صدر و چیف ایگزیکٹو آفیسر

اسلام آباد: 04 مارچ 2016

فابریکیشن میں اضافے کیلئے ملک کے کئی بڑے شہروں میں کئی منصوبے جیسے فابریکیشن اور فابریکیشن شروع کیے ہیں جن سے برق رفتار انٹرنیٹ کو نیکو ٹی بیج قابل اضافہ اپ گریڈز کی فراہمی میں مدد ملی ہے۔

پی ٹی سی ایل نے اس سال کامیابی کے ساتھ خود کو سب سے بڑے میڈیا اور مواد کے پیش کار کی حیثیت سے تسلیم کرایا ہے۔ ہم نے مارکیٹ میں سب سے پہلے اور دی ٹاپ اپلیکیشن سمارٹ ٹی وی کو متعارف کرانے کا اعزاز حاصل کیا ہے۔ جس کے باعث کسٹمرز اپنی کثیر لچکتی سکرینوں کو استعمال کرتے ہوئے 140 سے زائد چینلوں سے لطف اندوز ہو سکتے ہیں۔ میڈیا پرووائیڈرز کے ساتھ ہماری شراکت داری جس کی وجہ سے کسٹمرز کو معیاری مواد دیکھنے کو ملتا ہے مختلف کیونٹینٹ کیلئے ایک قومی وی ڈسٹری بیوشن نیٹ ورک قائم کرنے کا باعث بنی ہے۔ اس حوالے سے مواد کی پوروشپ کے معیار کو بلند تر کرنے کیلئے زیادہ تر شہروں میں میڈیا سرور نصب کیے گئے ہیں۔ پی ٹی سی ایل ”ڈائریکٹ ٹو دی ہوم (DTH)“ نیلامی کے عمل میں ایک بڑا حصہ دار تھا اور موزوں موقع کی دستیابی کی صورت میں ہم پی ٹی سی ایل کے قومی DTH فراہم کنندہ ہونے کے امکانات کے بارے میں پرجوش ہیں۔

ڈیجیٹل نیشن اور مواد کی خدمات کے حوالے سے پی ٹی سی ایل نے برنس سافٹ ویئر، میڈیا اور کانسٹریکٹنگ کی خدمات کا احاطہ کرنے والی ڈیجیٹل اور کلاؤڈ بیسڈ خدمات کو متعارف کرانے کے ذریعے اپنی مصنوعات کے پورٹ فولیو میں مزید اضافہ کیا ہے۔ آئی سی ٹی کی صنعت کو مستقبل میں مزید پھولنے کیلئے کلاؤڈ بیسڈ خدمات کلیدی اہمیت کی حامل ہیں۔ جبکہ ڈیجیٹل انکلوژن میں ایک متحرک اور اہم ترین فریق کے طور پر اپنے وجود کو برقرار رکھنے کے سلسلے میں پی ٹی سی ایل پر عزم ہے۔ اس کردار اور اس سے وابستہ ذمہ داریوں کا مکمل احساس کرتے ہوئے ہم مارکیٹنگ اور سیلز چینلوں نیز کسٹمر ٹچ پوائنٹس میں بہتری اور تیزی لانے کے ذریعے نیٹ ورک اور آئی ٹی انفراسٹرکچر کو بڑھانے اور وسعت دینے کے عمل پر کاربند رہیں گے۔ علاوہ ازیں صارفین اور کاروباری اداروں کو نئی خدمات اور ڈیجیٹل سلوشنز کو متعارف کرانے کے عمل کو یقینی بنانے کیلئے شراکتی برنس ماڈل کو اپنانے کا سلسلہ بھی جاری رکھیں گے۔

اس برس پی ٹی سی ایل اور یوفون دونوں نے ”پراجیکٹ ون“ کو مکمل کر کے لانچ کر دیا ہے جو بزنس آن سے ڈیولپمنٹ کے مراحل میں ایک سال پر محیط محنت شاقہ کا ثمر ہے۔ ہمیں یقین ہے کہ اس کے نتیجے میں کسٹمرز کو سہولت اور آسانی میسر ہوگی۔ پراجیکٹ ون کسٹمرز کو ویب سائٹس اور موبائل ایپس کے ذریعے متعدد طریقوں سے تمام مصنوعات اور خدمات کو خریدنے اور ان کیلئے ادائیگی کرنے کی سہولت مہیا کرتا ہے۔

پی ٹی سی ایل کی کامیابی بلاشبہ شبہ اس کے باصلاحیت کارکنوں کی شب و روز کی محنت شاقہ کی مرہون منت ہے۔ اپنے ٹیلنٹ کو نکھارنے کیلئے ہم نے ڈیولپمنٹ انٹروینشنز کے ایک حسین امتزاج کو متعارف کرایا ہے جسے مجموعی تنظیمی انسانی سرمائے کی استعداد کار کو بڑھانے اور خاص طور پر ٹیلنٹ اور قائدانہ صلاحیتوں کے تسلسل کو ترقی دینے کیلئے بنایا گیا ہے۔ مزید برآں مربوط و مسلسل منصوبہ بندی، بین الاقوامی طور پر تسلیم شدہ آن لائن آکد اکتساب کو متعارف کرانے کیلئے پی ٹی سی ایل کی جانب سے انسانی سرمائے میں سرمایہ کاری کو 2015 میں مزید جلا بخشی

# گروپ سی ای او کا پیغام

پاکستان کی مواصلاتی صنعت 2015 کے دوران خاصی جاندار اور متحرک رہی۔ جس نے اس دوران معیشت کے اس اہم شعبے میں ہر قسم کے مواقع اور دلچسپیاں متعارف کرائیں۔ اسی برس کے دوران ہم نے کئی متوازی تبدیلیاں رونما ہوتے دیکھیں جن میں ایک جامع اور ہمہ جہت سرکاری ٹیلی کمیونیکیشن پالیسی بھی شامل ہے جس کا بہت مدت سے انتظار کیا جا رہا تھا۔ اس کے علاوہ انٹرنیشنل ٹریفک کو منضبط کرنے والے قواعد و ضوابط اور پاکستان میں تمام سیلولر کسٹمز کیلئے بائیومیٹرک ویری فیکیشن کے عمل کی تکمیل بھی اس برس رونما ہونے والی تبدیلیوں میں شامل ہیں۔ ان تبدیلیوں اور چیلنجوں کے ساتھ پاکستان میں سب سے معتبر اور سب سے بڑے مواصلاتی کمیونیکیشن آپریٹر کی حیثیت سے اپنی پوزیشن کو مستحکم کرنے کے حوالے سے پی ٹی سی ایل گروپ نے مسلسل اور پائیدار گروتھ کی جانب پیش رفت کی ہے۔

پی ٹی سی ایل نے ملک میں نیشنل براڈ بینڈ پرووائیڈر کے طور پر قائم اندازہ حیثیت کو مسلسل برقرار رکھا ہوا ہے جہاں ڈیٹا کی خدمات اس کے کل ریونیو کے 40 فیصد کے سے بھی زائد ہیں۔ وائرلیس براڈ بینڈ کے شعبے میں یوفون نے نہ صرف فٹ پرنٹ بلکہ کسٹمز کیلئے پرکشش ہیکٹیو کے ساتھ خدمات کے بہتر معیار کے اعتبار سے زیادہ سے زیادہ شہروں میں اپنی تھری جی خدمات کو بڑھانے اور پھیلانے کا سلسلہ جاری رکھا ہوا ہے۔ جبکہ اپنی موجودہ چارجی ایوو (Charji Evo) کو مزید بہتر اور مضبوط کرنے کیلئے پی ٹی سی ایل نے مارکیٹ سے پیکیٹرم کے حصول اور خرید کو کامیابی کے ساتھ پایہ تکمیل تک پہنچایا ہے اور اپنی خدمات کا دائرہ آزاد کشمیر اور گلگت۔ بلتستان کے دور افتادہ علاقوں تک بڑھانے کیلئے توسیعی خدمات اور ان کے بہتر معیار کی فراہمی کو یقینی بناتے ہوئے آزاد کشمیر میں پیکیٹرم کی نیلامی میں متحرک انداز میں شرکت کی ہے۔

فلسفہ سیکمنٹ کے سلسلے میں پی ٹی سی ایل نے پاکستان میں ڈیٹا اور براڈ بینڈ میں اپنی ریڈھ کی ہڈی کی حیثیت کو برقرار رکھا ہے۔ علاوہ ازیں اس نے ملک میں بڑھتی ہوئی ڈیٹا ٹریفک کی طلب کو پورا کرنے کیلئے اپنے قومی اور بین الاقوامی ٹرانسپورٹ نیٹ ورک کی بینڈ وڈتھ کے دائرہ کار کو پھیلانے کیلئے سرمایہ کاری بھی کی ہے۔

’مجھے اس بات کا یقین ہے کہ پاکستان ٹیلی کمیونیکیشن مواصلات کا منظر نامہ ہمیشہ لاسحدود مواقع پیدا کرتا رہے گا اور پی ٹی سی ایل کی فرد عمل اور گذشتہ کارکردگی، سرمایہ کاری کی صلاحیتوں اور مستقبل کی تیاری کے پیش نظر مجھے یقین واثق ہے کہ 2016 میں بھی کامیابی اور ترقی پی ٹی سی ایل گروپ کا ہی مقدر ٹھہرے گی۔‘



# Connecting Innovation with Lifestyle





PTCL Smart TV App



# Directors' Report

On behalf of the Board of Directors of Pakistan Telecommunication Company Limited (PTCL), we are pleased to present the annual report and the audited financial statements for the year ended December 31, 2015 together with the auditors' report thereon.

The year 2015 presented a multitude of challenges and events making it more competitive to sustain your Company's market share and leadership position. Despite the challenges, PTCL successfully rolled-out vital projects to foster growth and resultant enhancement in customer experience. Key milestones were achieved with regards to network expansion by further extending our reach to untapped areas. In 2015, your Company expanded its wireless footprint by launching services in Azad Jammu and Kashmir & Gilgit-Baltistan (AJK & GB) areas and also launched the flagship Charji services in seven new cities. A significant number of wireline and wireless product launches as well as creative win-back and upgrade campaigns have all contributed to stable business results for the year.

Forthcoming sections elucidate your Company's performance during the year.

## 1. Industry Outlook

The year 2015 has been challenging and momentous for the economy at large and for the telecom sector in particular. In comparison to previous years, there were visible signs of improvement in the economic fundamentals owing to the decline in global oil and commodity prices, peak level of foreign exchange remittances, low inflation and improvement in external account as well as fiscal deficit. These developments enabled the economy to pick up momentum which is expected to accelerate going forward.

The telecom sector benefited from economic stimulus and tremendous surge in broadband usage as well as growth in traditional voice traffic. The number of broadband subscribers (including 3G/4G) increased from 16.89 million in 2014 to about 26.29 million in 2015 showing exponential growth. While broadband wave spread across the country during the year, voice communication remained the bedrock of revenue for the industry. The national voice traffic originated in Pakistan reached 400 billion minutes - an increase of 15% over 2014. The biometric verification initiated by Pakistan Telecommunication Authority (PTA) resulted in the closure of 26 million mobile phone SIMs, paring down the number of active mobile subscribers to 125.9 million.

To meet the increasing demand for data services, various initiatives were undertaken by PTCL to push the boundaries of its Broadband services portfolio by upgrading the existing packages to enable the consumers to enrich their experience. The strategy was aimed at establishing 4Mbps service as the baseline for fixed broadband and enable consumers to experience the delight of unlimited high speed Internet. This commercial strategy was well aligned with the technology roadmap of deep fiber penetration in the access network to support high bandwidth services for retail and corporate customers. In this regard, it is



pertinent to mention the launch of 8 to 100 Mbps packages powered by VDSL (Very High-Speed Digital Subscriber Line) and GPON (Gigabit Passive Optical Network) technologies which reinforced PTCL's position as the leading enabler of digital economy transformation in the country. PTCL also extended its flagship CharJi services to take advantage of the opportunities in wireless broadband space in the country.

The Government authorities announced two key policy measures impacting the telecom business environment. Earlier in the year, the annulment of ICH (International Clearing House) policy and full deregulation of international incoming traffic rates was announced. This decision caused rates of Pakistan-bound international traffic to undergo a steep decline resulting in revenue dip for nearly all telecom operators. Later in the year, the much awaited Five Year Telecom Sector Policy was announced outlining Government's priorities and objectives for development of the telecom sector whereby growth of broadband services is identified as the key priority.

In order to facilitate the wireless services, trading in spectrum was permitted. Spectrum auction for fixed wireless services was held by PTA for Azad Jammu and Kashmir & Gilgit-Baltistan areas in which PTCL successfully secured 1900 MHz and 3500 MHz spectrum to extend wireless broadband services in these two regions.

Pakistan ranks high on the list of heavily taxed telecom industries in the world. Taxes on telecom services account for about one third of the total service cost to consumers. To add to this burden, additional taxes were imposed on the use of internet services as well as on revenues from international incoming traffic at provincial levels. The increasing tax burden on telecom has become a cause of serious concern for consumers, operators and other stakeholders at large.

The dynamics of intensely competitive telecom industry paved way for aggressive business approaches by telecom operators. Consequently, Mobilink and Warid made a much awaited consolidation move in the sector by announcing to merge their operations in Pakistan. After regulatory approvals, a merged company with over 45 million customers is expected to emerge in Pakistan.

On the broadcast media and content vertical, PTCL continues to maintain a leading position in

the market through Smart TV, the only national time-shift TV service in the country. In order to consolidate its position as the leading multimedia service provider, PTCL's subsidiary 'Smart Sky' participated in the PEMRA (Pakistan Electronic Media Regulatory Authority) licensing process for Direct-to-home (DTH) satellite TV service. However, PEMRA has put the DTH licensing process on hold.

The foray of Mobile Financial Services (MFS) beyond bill payments and remittances has opened up new avenues of growth which has found firm footing in the country's financial industry landscape. The growth in fixed and mobile broadband services has become a key driver of e-commerce, which is experiencing double digit growth. Almost half of all traffic on the local online shopping sites is originated from mobile networks. This trend is likely to accelerate as online shopping becomes common place and MFS service providers are able to provide integrated payment solutions for the digital consumers.

## 2. Financial Performance

Performance of your Company remained stable during 2015. The Data services grew both in terms of revenue and subscribers. Profits for the year also increased culminating in increased earnings per share (EPS).

### Profitability

PTCL's net profit for the year at Rs. 8.8 billion increased by 68% over last year mainly due to effective cost optimization measures as well as the exceptional expenses of the voluntary separation scheme and loss of assets due to fire recorded in 2014. PTCL's Group profit after tax for 2015 was Rs. 1.9 billion. The PTCL Group profitability for the year remained subdued mainly on account of financing cost and amortization expenses related to 3G network roll out by Ufone – the 100% owned subsidiary of PTCL.

PTCL's earnings per share (EPS) for the year was Rs. 1.72 whereas for PTCL Group the EPS was Rs. 0.37.

### Revenues

During the year, PTCL Group revenues were at Rs. 118.6 billion. PTCL's revenues of Rs. 75.8 billion for the year registered decrease compared to last

year mainly on account of decline in Voice revenues caused by deregulation of ICH. However, the Data segment comprising of Broadband, both wireline and wireless, as well as Content and Multimedia performed well resulting in 12% increase in revenues from these services. Similarly, the Digital Services also yielded an increase in revenues based upon its multitude of products meeting the needs of diversified corporate customers.

## Operating Costs

Based upon effective cost optimization measures in place during the year, the total operating cost for PTCL decreased by 3% compared to previous year (excluding the exceptional expense of last year as stated earlier). On similar basis, the decrease in PTCL's Group operating expenses was 1% per annum as well. Of the PTCL operating expenses, the cost of services of Rs. 53.8 billion decreased by 3% and administrative and general expenses of Rs. 9.8 billion decreased by around 1%. Selling and marketing expenses of Rs. 3.5 billion, however, increased by 7% as compared to last year due to aggressive marketing campaigns launched during the year encompassing broad range of the products being offered by your Company. Salaries, allowances and other benefits; foreign operators' cost and satellite charges; depreciation on property, plant and equipment; amortization of intangible assets; fuel and power; advertisement and distribution charges and store, spares and loose tools consumed were the main constituents of the operating expenses.

## Dividends and Appropriations

For the year under review, the Directors have recommended a final cash dividend of 10% (Re. 1.0 per share) which is in addition to the interim cash dividend of 10% (Re. 1.0 per share). The total dividends for the year thus stood at 20% (Rs. 2.0 per share).

For equalizing the final dividend declared, the Directors have approved transfer of Rs. 3 billion from general reserve to unappropriated profits. Also, the income of Rs. 0.2 billion earned on insurance reserve funds was transferred from unappropriated profits to the insurance reserve.

## Other Matters

Your attention is drawn to note 12.12 of PTCL's financial statements as well as note 17.12 of the

consolidated financial statements for the year, which contains the information and explanation regarding the review petitions filed by the Company, Pakistan Telecommunication Employees Trust and the Federal Government before the Supreme Court of Pakistan against its order dated June 12, 2015 as highlighted by external auditors in their audit reports.

## 3. Product & Services

Your Company, having the distinction of being the only fully integrated telecom service provider in the country, serves all segments of the customers ranging from households to enterprises as well as other telecom operators based upon its extensive and advanced network capabilities. Towards this end, PTCL continued to offer new products and services and also strengthened the existing offerings as per customers' requirements by introducing new features at competitive and affordable prices.

During 2015, the products portfolio encompassing broadband, contents and media, voice, services for corporate and enterprise segments, interconnect offerings, international connectivity etc. was further streamlined and augmented, a brief of which is provided in ensuing paragraphs.

### Wireline Broadband

Wireline Broadband services encompassing diversified technologies such as ADSL (Asymmetric Digital Subscriber Line), VDSL (Very High-Speed Digital Subscriber Line) and GPON (Gigabit Passive Optical Network) showed steady growth during 2015 in revenues as well as in subscribers' base. The growth was made possible through a number of product launches, enhancements as well as win-back and upgrade campaigns with tariff rationalization which were well received by the customers.

Continuing the momentum of 'Broadband 4 Mbps for All' campaign introduced during last year, the subscribers of 1Mbps and 2Mbps were upgraded to 4Mbps speed at existing price for a limited period with discounted rate offerings for additional period. A '4 Mbps Triple Play Bundle' was also launched offering voice, broadband and smart TV at single economical price.

Similarly, through Broadband Double Speed Promotion, the customers were provided with the





opportunity to avail 2Mbps Student and 2Mbps Capped data rates in price of existing 1Mbps packages for a limited time with additional benefit of waiver of Smart TV monthly charges during the offer period.

Further, the 8Mbps Promotion was launched as an auto upgrade campaign wherein all 4Mbps subscribers with feasible lines were upgraded to 8Mbps without any additional charges for a limited time period with discounted price for additional period. PTCL also launched an 8Mbps promotional package targeting 4Mbps GPON users.

Your Company also launched a commercial Broadband Reconnect campaign with attractive discount as well as remission of installation/restoration charges upon full payment of the outstanding PTCL dues. Building on our efforts towards promoting double and triple play packages, an appealing campaign offered waiver of DSL installation charges for single play customers connected through MSAGs (Multi Services Access Gateways) with the aim to enhance utilization of the MSAG capacity by offering customers uninterrupted double/triple play services.

Besides these measures, PTCL also rationalized pricing of various 1Mbps and 2Mbps packages with enhanced download volumes in certain cases with the objective to retain and enlarge the respective customer base forming a considerable part of the Broadband business segment.

Moreover, an all-product-bundle branded as 'Power Pack' which comprises of a combination of EVO, Broadband, Smart TV and landline was launched during the period. Both existing and new customers can purchase the bundle and receive a unified postpaid bill for all services. Creating the concept of

a 'PTCL Digital Home', the product is positioned as a single convenient bundle catering to the voice and data needs of an average Pakistani household.

For the internet gaming enthusiasts using PTCL's Broadband packages, your Company launched a Pakistan Gaming Lounge service which focuses towards multiplayer gaming users and youth of Pakistan.

## Wireless Broadband

Based on the careful analysis of contemporary market dynamics resulting in identification of areas of potential growth, several innovative products and campaigns were launched with a view to retain and increase the existing customer base of wireless Broadband.

During the year, Charji EVO service was extended to various cities viz. Faisalabad, Multan, Peshawar, Sialkot, Gujranwala, Lalamusa and Kharian, enabling access to CharJi EVO products (CharJi EVO Wingle, CharJi EVO Clouds and CharJi EVO Tablets) with improved data rates and high speed wireless internet up to 36 Mbps. Launch of CharJi EVO service in these cities enabled your Company to address the growing demand for high speed internet services thus maintaining PTCLs' image of ensuring extensive network coverage across the country.

PTCL also introduced a new product viz. CharJi EVO Tablet. The dual sim (CharJi & GSM) high performance quad core tablet has attractive features and is packaged with free capped data usage, a complimentary Smart-TV application valid for one year, free on-net Ufone minutes, a free Sygic GPS navigation application, a complimentary car tablet-holder and vehicle charger. Additionally,



through the Wireless Upgrade offer, existing users can trade-in any EVO device for an upgrade with attractive discount. Resultantly, a number of subscribers upgraded to newer devices with higher tier packages.

In order to address the needs of price-savvy customers, PTCL introduced EVO Limitless Offer with the view to retain and enhance the EVO subscriber base through economical packages. The new limitless package tariffs are designed to stay abreast of the market competition and meet the requirements of price-conscious wireless subscribers. The offer is in addition to the earlier-launched un-bundled CharJi EVO packages for the same customer segment. A new CharJi EVO Wingle device was also introduced in the product mix.

Besides the EVO Recharge Offer for inactive EVO 9.3 subscribers with discounted line rent, a time-bound, lucky-draw promotion viz. EVO Luck Patti Promotion was launched to encourage usage and recharges for Charji and EVO services. Subscribers wishing to participate in the offer had to simply recharge, upgrade or purchase any CharJi or EVO device to qualify for attractive daily cash prizes. The campaign helped to increase the recharges by the users thus enhancing the revenues.

An EVO Reconnect Offer was launched aimed at enticing inactive subscribers, who had not recharged their pre-paid device or paid their post-paid bills. Subscribers opting for the offer receive unlimited packages, valid for 1 month, by simply recharging Rs. 100. Besides, EVO 3.1 inactive subscribers were offered discounted packages at joining back.

In compliance of the regulatory requirements, your

Company launched an EVO Biometric Campaign whereby the EVO / Charji subscribers, new and existing, are required to have ownership of their devices biometrically verified. For the customers to have the devices verified easily, PTCL has established various touch-points throughout its vast distribution network by providing the needed equipment and connectivity at each such location.

## Content & Multimedia

With the objective to make PTCL the largest multimedia content aggregator thus providing quality entertainment and video contents meeting the needs of PTCL's diversified customer base, your Company's Smart TV services were further enriched during the year.

Your Company collaborated with Akamai for the installation of CDN (Content Delivery Network) nodes in Karachi, Lahore and Islamabad. These nodes will not only enhance customers' video streaming experience but will also conserve international bandwidth by serving the contents locally.

Under the partnership with ARY Network - the leading content house of Pakistan, the ARY content archives were made accessible over the internet benefiting the entire Broadband user base of PTCL.

PTCL also signed a content deal with eVision (Subsidiary of Etisalat) for provision of Kids content on PTCL Smart TV which ranges from pre-school series to grown-up kids titles.

Your Company launched OTT (Over the Top) Smart TV Application on the occasion of ICC Cricket World Cup featuring ad-free cricket matches. The application offers more than 140 live TV channels, video on demand service and interactive features such as TVOD (Transactional Video on Demand), PVR (Personal Video Recording) parental lock etc.

Moreover, as part of furthering PTCL Group's multi-screen strategy, the Smart TV application was extended to Ufone customers' base through easy registration and subscription methodology. This was in addition to the earlier offer of pre-installed Dailymotion application on Ufone smart phones.

PTCL also re-launched smart TV App with easy in-app registration process using prepaid and PTCL billing options, along with enhanced app features. It allows any internet user to download the application from the app



stores and register it at his/her convenience. Further, through a new application, interaction with Smart TV programs / advertisements was also made possible.

In collaboration with various film makers, contents of Smart TV Video on Demand (VOD) service were further enlarged with addition of popular films.

## Voice

Being the pioneer of fixed line telephony in Pakistan, PTCL introduced an appealing landline package for its subscribers. The 'Utalk Bundle' package at economical price was launched in collaboration with Ufone with the objective to encourage subscribers to enhance the landline usage with unlimited monthly minutes for calling Ufone numbers. The package proved successful as a sizeable number of customers subscribed to this service in a short span of time increasing both number of calls made and minutes consumed.

Building on to the tradition of introducing innovative products, PTCL launched a landline application named SmartLink making the traditional PTCL landline mobile. SmartLink android application aims at offering mobility to all landline users and enables them to make audio calls, enjoy video calling and access mobile TV on the go. In this regard, an EVO-PSTN Bundle promotion was launched offering the landline customers a free 3G EVO Wingle or any Charji EVO device on convenient monthly installments included in normal PSTN bills.

With the objective to increase value for PSTN existing and new customers, a PSTN VAS (Value Added Services) Bundle was also launched. The

product offers various useful value added services at economical price.

In order to encourage timely bill payment by landline subscribers thus further improving the cash flows, PTCL launched the campaign titled 'PTCL Eidi Offer' in the month of Ramadan with attractive prize schemes based upon lucky draws.

With the view to increase volume of international outgoing traffic, your Company further rationalized the tariff for selected international destinations after thorough analysis of customers' preferences.

## Carrier and Wholesale Services

Being the only fully integrated telecom operator in the country, PTCL is well positioned to serve other carriers and telecom operators based upon its extensive and modern technical networks. In this regard, the products offered by your Company include interconnection, IP bandwidth, backhaul and active / passive infrastructure services at affordable price thus enabling the carriers to build and extend their networks and provide a broad range of voice and data services to their end-users.

Based upon its vast fiber footprint across the country, PTCL continued to offer its consistent support to carriers in their launch and expansion of next generation data (3G & 4G) services capitalizing on the increased demand for IP bandwidth capacity by adopting a competitive pricing strategy. As a result, the carries have increased utilization of the IP bandwidth of PTCL through deployment of 10 GE (Gigabit Ethernet) interfaces. With the inclusion of Wi-Fi Hotspots offering, Managed Colocation Services and Tower Sites Leasing in the existing product range, PTCL has proven its commitment towards innovation and progression.

## International Business

PTCL is the major provider of IP bandwidth in the country serving all segments of its vast customer base ranging from retail to enterprises as well as other carriers and telecom operators. The said provisioning is made possible based upon the extensive network capabilities in the form of three submarine cable systems owned by your Company with required redundancy. During the year, PTCL continued to invest in upgradation of these cables as 2nd and 4th upgradation of I-ME-WE and SEA-ME-WE-4 submarine cables respectively were duly

undertaken. As a result, the ever-increasing country-wide demand of the IP bandwidth was satisfactorily met by your Company at economical cost.

Further, in spite of challenges like growth in OTT (Over the Top) traffic and reducing termination rates and volumes because of ICH (International Clearing House) deregulation, PTCL continued to maintain its leading position during the year as being the preferred LDI (Long Distance and International) carrier in domestic market as well as neighboring countries for international traffic and media provisioning at reducing costs made possible due to adoption of modern technologies and practices.

## Digital Services

During the year, PTCL further expanded the customer base of digital services besides broadening the service portfolio to the existing enterprise customers. As a result, the related revenues during the year increased by 6% over last year. Additionally, your Company also focused on different ICT (Information and Communication Technology) projects providing a wider range of services in collaboration with various system integrators which also contributed towards higher business growth.

In the wake of the requirements of our customers to address their security needs, focus on providing appropriate solutions based on iSentry – IP Camera Surveillance services was intensified. Similarly, the managed services portfolio was expanded to incorporate up-to-date offerings such as Managed Wi-Fi. Point-to-Multipoint connectivity, another modern technology, was also introduced for corporate customers.

Besides growing the business with large-sized enterprises of the country in major cities, your Company's focus on targeting tier-II cities resulted in continuous expansion of enterprise customer base in these areas as well.

Moreover, SMEs (Small and Medium Enterprises) is a sizeable market opportunity for PTCL. Although, the segment is highly fragmented in fulfilling their ICT needs, however, based upon the dedicated efforts, PTCL attained sizeable growth in this sector as well.

In cloud services, PTCL launched SaaS (Software as a Service) platform, targeting SMEs and business customers. The platform hosts six applications comprising of web building tool, HD video

conferencing, email marketing tool with analytics, online storage box, end-point protective software and patient management system for doctors and clinics.

PTCL also signed an exclusive agreement with 'IT Butler', a front-end partner of Blackboard to offer fully managed LMS (Learning Management System) in Pakistan. The Blackboard LMS software for automating the administration, documentation, tracking, reporting, delivery of e-learning education courses and blended training programs will address the needs of public and private universities, educational institutions, government departments and the corporate sector.

## 4. Support Functions

### Network Infrastructure

Commensurate with the potentials in business growth, PTCL continued expansion of its network infrastructure during the year. Capacity enhancement in access – wireline and wireless both, core and transport networks was made to ensure that new business opportunities, with innovative products and improved IP based technologies, are timely availed by your Company.

Network resilience was strengthened through various initiatives. Health, safety and environment aspects of major transmission hub sites were further improved with modern and sophisticated techniques for the increased protection of assets and to ensure seamless service availability to the customers. In this regard, a new hub site was established at Lahore which ensures protection and availability of all types of services throughout PTCL network.

Your Company expanded its wireline access network to meet the growing demand of higher speed and enhanced quality of various broadband services and products. Towards this end, GPON (Gigabit Passive Optical Network) based FTTH (Fiber to the Home) pilot projects were launched in selected areas of Islamabad, Lahore, Karachi and Faisalabad. The projects encompass end-to-end fiber connectivity enabling provisioning of ultrahigh speed broadband to the valued customers. Similarly, existing brown field areas are also being progressively migrated from copper to fiber network through deployment of MSAGs (Multi Services Access Gateways) which are also GPON-enabled thus paving way for further extension of FTTH services.

For the wireless access network, PTCL extended its flagship 'EVO CharJi' services to seven more cities. The wireless footprint was further expanded through commissioning of new BTS (Base Transceiver Station) sites while a number of BTS sites were upgraded to 3G – EVDO (Evolution-Data Optimized) technology. With the objective to enhance experience of customers availing PTCL wireless broadband services, your Company not only acquired additional 5MHz spectrum during the year but also reframed the spectrum to mitigate interference to 3G/4G cellular operators. PTCL also launched EVDO services in 1900 MHz in Haripur, Abbotabad, Mansehra, Mardan, Swabi, Charsadda, Nowshera and Peshawar, providing superior service to the subscribers in these areas. Your Company also acquired another 5 MHz spectrum in Azad Jammu and Kashmir & Gilgit-Baltistan areas in 1900 MHz band and up to 60 MHz spectrum in 3.5 GHz band to provide quality service to customers of these areas.

For the core transport network, PTCL doubled the long-haul DWDM (Dense Wavelength Division Multiplexing) capability by increasing it from 40 Lambdas to 80 Lambdas. Likewise, capacity of Internet Gateway was also expanded to 450 Gbps. These upgradations enable PTCL to offer upgraded and customized broadband packages to its esteemed diversified customer base. Existing spurs legacy transmission nodes were replaced with IP based MPLS-TP (Multi-Protocol Label Switching – Transport Profile) nodes with multi-folds capacity to cater to the increasing bandwidth requirements with flexible options. Also, additional media and fiber at multiple paths made the existing transport network more resilient enabling uninterrupted service availability especially to corporate customers and other operators. Further, deployment of Web and Video Content Caching solution at domestic core sites and selected edge sites not only conserved usage of international core bandwidth thus saving costs but, more importantly, enabled speedier access of popular content by our valued customers.

Your Company also introduced a state-of-the-art and the only DDoS (Distributed Denial of Service) detection and mitigation system in the country. The system provide comprehensive visibility with real-time reporting of critical network traffic, services and applications to proactively protect against DDoS attacks, including comprehensive protection for dual-stack IPv4/IPv6 infrastructure. The system contains a full suite of countermeasures that surgically remove DDoS attack traffic while enabling the flow of legitimate traffic without interrupting the service thus ensuring quality of service and

reliable performance of PTCL IP network.

PTCL continued its effort to support public agencies for the execution of different welfare projects. An example in this regard is successful delivery of GPON based connectivity solution to Rawalpindi/ Islamabad Metro Bus Project to interlink its stations and ticketing systems.

In order to meet the growth in international traffic, international submarine cable station expansion and associated projects are progressing as per agreed plan with the consortium AAE-1 (Asia-Africa-Europe-1) thus enabling high bandwidth channels on international routes. A new project was also initiated for international connectivity with Afghan Telecom on Torkhum – Karachi route.

To overcome prevailing power crisis in the country, your Company deployed alternate power back-up solutions for telecom equipment. These include enhanced battery backup, deployment of new technologies like smart switches and fast charging batteries leading to improvement in network performance. PTCL also introduced state-of-the-art shell-based precision cooling system for essential equipment to reduce operational expenses. Additionally, PTCL has deployed solar based power solution at BTS sites to ensure the uninterrupted power availability.

## Information Technology (IT)

In line with the technological advancements and to facilitate the subscribers more, PTCL further expanded its information technology capabilities during the year effectively supporting the core business functions. Commensurate with the growth in internet penetration and to enhance the customer experience, your Company implemented online Web and Mobile interfaces which include the online shop, complaints registration and notifications for customer information.

The capabilities of bill collections through online real time channels were further enhanced and the ratio of collections through these modern channels increased to 98% of total bill collections during the year. The facility not only enabled timely collections but, more importantly, was instrumental in improving customers' satisfaction levels by redressing the related complaints instantly.

The customer segmentation was implemented in the CRM (Customer Relationship Management)

application enabling tailor-made priority services including fast provisioning to high-value customers.

Your Company further optimized the IT infrastructure through measures like consolidation of storage, data back-up solution, optimization of licenses and re-negotiation of contracts etc. with resultant reduction in related operating costs as well as economies in usage of available resources. In this regard, the newly implemented Enterprise Data Warehouse System provides insights into the various business segments through dashboards and interactive reports in such a way that 360-degree view of all transactions related to various products, services and customers is obtained through one data model.

PTCL also undertook several measures to ensure information security especially with regards to its customer data such as introduction of new security policies which include 'Information Classification and Exchange Policy' and 'Mobile Secure Environment Policy'. Implementation of latest anti-virus software and corporate back-up solutions as well as strengthening of passwords were also undertaken in this direction.

## Human Resources

With the objective to further develop a strong talent and leadership pipeline, a number of initiatives were introduced by PTCL during the year. The key initiatives included the increased emphasis on succession planning through SuccessFactors (The Leader in Cloud Solutions for HR) with enhanced benchmarking against business critical positions; development of a Functional Competency Framework for leadership skills; globally recognized online learning program HMM (Harvard ManageMentor®) for members of Leadership Excellence and Future Leadership Program as well as a customized Strategic Visioning Retreat held in UAE for the future leaders. Further, distinctive training interventions like 'The 8th Habit®', 'Silicon Valley Best Practices in Culture, Organization & Leadership' and 'Disruptive Innovation & Technology Trends' were also conducted by world-renowned trainers to help senior leaders stay abreast with latest industry trends. Also, a strategic action plan viz. 'ACE' focused on maximizing employee engagement by building an Aligned, Capable and Energized workforce to achieve business excellence.

Further, under the Professional Enrichment Program (PEP), personal and professional development of employees was accelerated through partnership

with LUMS (Lahore University of Management Sciences) to offer prestigious Executive development opportunities to PTCL's mid-career and senior executives through the Management Development Program and Executive MBA conducted by LUMS. Moreover, trainings were imparted to the management cadre for Creativity & Innovative Thinking and Taking Ownership & Speedy Execution.

Your Company focused on employee recognition and welfare to enhance the motivation and productivity of staff. Notable initiatives included launch of a web-based e-Rewards & Recognition system; the prestigious annual Business Excellence Awards; discounted hospitalization services to

previously non-entitled dependents of employees; e-Medical Service portal; Company sponsored Hajj for 21 employees; a 24/7 helpline relating to PTCL's products and services with exclusive discounts for the employees; flexible time arrangement for all employees and work from home facility for working mothers. To promote culture of a healthy and safe work environment, extensive firefighting and safety awareness trainings and cleanliness campaigns were also launched.

To strengthen PTCL's image as the employer of choice, campus drive viz. 'O2 Lounge' was organized in renowned educational institutions. Your Company also attained the status of authorized training employer for the prestigious Institute of Chartered Accountants in England and Wales (ICAEW).

For the second consecutive year, your Company was awarded the prestigious HR Excellence Award (EFQM), for the 'Most Improved OPCO' by Etisalat Group, in recognition of its effective human resource practices.

## Marketing and Communication

Based on continuous and comprehensive marketing campaigns and inspiring branding initiatives, PTCL brand perception and equity grew substantially during the year. To extend our reach to hitherto untapped customer segments, various research initiatives were taken and marketing campaigns were specifically tailored for both traditional and digital media.

Special emphasis remained on digital media space, which led to registering PTCL's value proposition and brand equity to expanded demographic segments. Special collaboration with Google was also

undertaken through 'Techmela' and with the leading e-commerce site 'Daraz' for Black Friday sales event to promote PTCL products for online purchase.

To serve the growing data communication and infotainment needs of customers and to increase brand loyalty, various campaigns were launched during the year, coupled with promotion drives and bundle offers. A focused 360 degree campaign on Charji was launched in the seven cities where the Charji service was extended during the year, which was supported by various marketing activities with wide coverage in mainstream media. Another widely-covered campaign related to promotion of Pakistan Gaming Lounge (PGL) which was unveiled through comprehensive brand activation activity. In compliance with the regulatory requirements, a campaign was also undertaken with national zeal for biometric verification of EVO & CharJi devices. The innovative side of the brand was amplified through the Smart TV Application launch showing Ad-Free World Cup and Smart Link campaign, while the value and convenience of PTCL landline service was emphasized through a thematic campaign – 'Lagataar'.

The company's brand visibility was amplified through presence in mainstream media, boosting customers recall value and ensuring maximum attention of existing and prospective customers. Positive reputation of PTCL was strengthened through placement of company news and events in national media and integration of strategic communication initiatives.

## Customer Care

In order to rectify the customer complaints in shortest possible time, a pilot project was implemented in ITR (Islamabad Telecom Region) efficiently integrating





the NOC (Networks Operations Centre) with CRM (Customer Relationship Management) application which enables instant redressal of customers' complaints with regard to network outages. Your Company intends to replicate the project in selected regions going forward. Moreover, to expedite fault rectification complaints, customer care back offices were set up in each region.

PTCL also consolidated related customer care functions under single administrative leadership in order to further enhance the customer satisfaction levels at each touch point. Based on detailed data analysis, segmentation of PTCL's wireline and wireless customer base was also carried out thus enabling priority services to high value customers.

Customer retention initiatives were further augmented thus improving Company's perception amongst valued customers. The online channel accessibility was increased by adding online shop and payment facilities. The staff was empowered to settle bill disputes to provide speedier service to our subscribers. The Company also undertook

various programs to improve customer satisfaction level such as strict monitoring, guidance and process reengineering to minimize customer complaints at all levels. The bill format was redesigned for easier understanding of the customers as to the service charges.

In addition to telemarketing, Contact Centers ensured up-selling high-end package plans to increase yield and to reduce churn while ensuring quality and timely service. Contact Center activities have consistently supported business zones and contributed in new order registration.

To facilitate regional customers, Pashto language IVR (Interactive Voice Response) was launched. The digital medium also remained a key focus area for serving customers an example of which is increased online chat transactions with subscribers via internet.

## Internal Audit

Your Company's internal audit (IA) function provides the needed assurance and advisory service in line with the regulatory requirements and contemporary corporate practices. The IA functions of PTCL and Ufone are the first in Pakistan to achieve prestigious Quality Certification from IIA (Institute of Internal Auditors), Spain having its head office in USA. Both companies' IA functions succeeded in attaining the highest rating of 'Generally Conforms' with the IIA standards, and were also rated amongst the top 5 percentile IA functions globally which is an exceptional feat.

## Regulatory Affairs

During the year your Company acquired 100% ownership of DVCOM Data (Private) Limited along with the 5 MHz spectrum in 1900 MHz band licensed to it in nine telecom regions by fully complying with all the regulatory requirements. PTCL also acquired the additional spectrum in 1900 MHz and 3.5 GHz spectrum for the three regions of Azad Jammu Kashmir & Gilgit-Baltistan.

In line with previous year's performance, PTCL continued to be successful in achieving significant progress with respect to Universal Service Fund (USF) projects and accordingly received subsidy of Rs. 2.6 Billion during the year for different USF projects.

As per directives of the regulators, your Company equipped its sales channels with needed resources



to enable timely biometric verification of the EVO and Charji devices owned by its customers.

## Quality Assurance

With the objective to bring in continuous improvement in quality of service to our esteemed customers, concerted measures were undertaken to ensure higher network availability through network resilience management coupled with periodic risk assessment measures. Further, the device testing, network health check, assessment of customer satisfaction levels, sample-based quality testing of installations and quality check of different network elements such as MSAGs were the other major initiatives undertaken by PTCL during the year.

Your Company also achieved Quality Management certifications with regards to quality of service and customer satisfaction, including the one for 'One Stop Shop' in Peshawar. Hitherto, 23 units of PTCL have successfully achieved this international certification which focuses on standardization of processes and procedures to enhance customer service levels.

## 5. Corporate Social Responsibility

Your Company takes pride in being a socially responsible and active organization, undertaking a wide range of initiatives in the fields of education, health, disaster relief and welfare.

PTCL proactively reached out to almost 6,400 flood victims in collaboration with the local authorities and Pakistan Army by setting up 40 mobile medical camps in affected areas of Khyber Pakhtunkhwa, Sindh and Punjab. Throughout the year, 395 mobile medical units were set up across the Country to provide free health awareness and medical care to more than 32,000 local residents. To extend a helping hand to the victims of the recent earthquake, your Company stepped forward by taking up the task of complete rehabilitation of three educational institutes (2 schools and 1 girls college) in the calamity struck areas of Swat and Chitral. In these institutes, special computer labs were developed with full connectivity and latest equipment by PTCL with donations worth Rs. 3.5 million during the year.

Triple-E (Enrichment, Encouragement & Evolution) Internship Program was being carried out successfully for the third consecutive year. This unique program offered business and engineering graduates from

local universities- who were selected through a transparent and rigorous merit-based process- an opportunity to undergo internship of one year at PTCL. Objective of the program was to impart on-job practical experience of the corporate world to the participants, polishing their professional skills while getting paid a handsome stipend. The real-time corporate environment and world-class systems at PTCL offer a unique chance for the youth to get themselves acquainted with the practicalities of the actual business environment.

Your Company also participated in 'PlanX Startup Demo Day', a project of Punjab Information Technology Board, to encourage entrepreneurs and startups towards empowerment. To build a greener environment, tree plantation drives were organized and World Environment Day was celebrated. PTCL employees participated in blood donation drives and also visited various orphanages including SOS and Pak Sweet Homes to spend quality time with the children there.

Further, PTCL provides free internet access at Metro buses and stations in Islamabad to thousands of commuters every day. Moreover, events and noble causes like Annual Entrepreneurial Conference, a Christmas event for children, awareness for spinal cord patients, Pink Ribbon campaign to create awareness regarding breast cancer and Lahore Literacy Festival were some other initiatives supported by PTCL during the year.





## 6. Subsidiaries

### Pak Telecom Mobile Limited- Ufone

2015 would be remembered as one of the most challenging years in terms of revenue and subscribers decline for the mobile cellular industry. Biometric customer verification exercise which was concluded in May 2015 resulted in 15 % drop in the overall subscriber base. Revenues from voice, SMS and value added services declined due to escalation in utilization of 3G & 4G data services by subscribers. The growth in data services revenue could not offset the decrease in overall revenues. However, in the last quarter of 2015, Ufone managed to achieve growth in net subscribers' addition as well as in revenues over same period last year and accordingly was second among CMOs (Cellular Mobile Operators) in this respect.

To counter the adverse impact of declining revenues, Ufone implemented effective cost rationalization and optimization measures during the year which resulted in only less than 1% increase in operating costs. The cost optimization measures included several innovative measures including, but not limited to, alignment of strategies, requirements and operations within PTCL Group companies to benefit from synergies and volumetric discounts.

Ufone aggressively expanded its 3G coverage in more than 80 cities during the year touching a total of 104 cities in Pakistan. As part of customer centricity drive, Ufone further extended its backhaul capacity to provide higher speed and enhanced customer experience.

Product of Super Card, launched in 2014, offering great value for money to customers, reached new

levels of acceptability among the subscribers during 2015 and over 2 million subscribers opted for the Rs. 499 denomination Super Card. In spite of the fierce competition, this economical product continues to attract a large segment of customers proving the lead of Ufone in industry changing initiatives.

In collaboration of Meezan bank, the leading Islamic bank in Pakistan, Ufone successfully launched Meezan-UPaisa - the world's first branchless Islamic banking product, through which the customers are provided with state-of-the-art financial services in accordance with the sharia-compliant principles.

Ufone initiated 'Own Shop' project - first of its kind in the country, which has evolved the retail experience. The shops provide access to customers to perform self service activities, acquire first-hand experience of the handsets and seek assistance of trained customer services staff. By the end of 2015, six company-operated service centers and forty franchise shops were transformed into new 'Own Shop' model.

The introduction of biometric verification for new connections as per the regulatory requirements made the old process of new connection activation from the call center redundant thus creating vacant capacity at the call centers. The vacant capacity was effectively utilized by attracting other companies to outsource their call center business to Ufone which generated sizeable additional income.

Acknowledging the hardship faced by farmers because of unfavorable weather conditions, falling income and declining trend in prices of agricultural commodities, Prime Minister of Pakistan announced a relief package to revive the agriculture sector. In line with our core values of social responsibility to help people in need, Ufone came up with a simple yet innovative way of

biometric verification for fair cash disbursements amongst the farmers on behalf of the Government.

Ufone achieved significant milestones in its branding activities. All major telecom companies in Pakistan participated in 'Pakistan Advertising Society (PAS) Awards' and sent multiple entries. Out of the 18 total entries, all top 3 award finalists for the PAS 2015 belonged to Ufone, amplifying the strength of Ufone's brand communication.

## U Microfinance Bank Limited- Ubank

Ubank, a 100% owned subsidiary of PTCL, is engaged in providing micro-finance and branchless banking services in line with the licenses granted by the State Bank of Pakistan. The branchless banking services are delivered in collaboration with Ufone under the 'U-Paisa' brand.

During the year, performance of Ubank remained satisfactory. With the growth in business in terms of increased deposits and advances under microfinance banking, profitability of the bank increased over previous year. The said increase was result of successful execution of the bank's long term strategy of achieving continuous growth in advances and deposits and the resultant income coupled with strong risk management.

For the branchless banking services, synergies with Ufone to further strengthen the 'U-Paisa' brand were enhanced. In this regard, new venues of fund transfer in the form of mobile wallet and bank-to-bank transfer were successfully implemented by the bank. Besides the tested services including

bill payments and donations disbursement, more innovative products, based upon the available capabilities are in offering.

Geographical spread of the bank's operations was also further extended during the year to cover hitherto untapped segments of the society in need of bank's services. Resultantly, by end of 2015, the said services were provided through 45,000 franchise outlets, 27 fully- operational branches and 11 service centers.

## DVCOM Data (Private) Limited- DVCOM Data

Effective, 1st April, 2015, PTCL acquired 100% ownership of DVCOM Data (Private) Limited along with the 5 MHz spectrum in 1900 MHz band licensed to it in nine telecom regions to provide Wireless Local Loop (WLL) operations after fully complying with all the regulatory requirements. The said company was acquired with the objective to supplement the EVDO wireless broadband services of PTCL through synergies within PTCL Group companies. Towards this end, formal commercial arrangements were put in place in between PTCL and DVCOM Data during the year.

## Smart Sky Private Limited- Smart Sky

Smart Sky, a 100% owned subsidiary of PTCL, was incorporated in October 2015 with the objective to provide Direct-to-Home (DTH) television services throughout Pakistan under the license from Pakistan Electronic Media Regulatory Authority (PEMRA). As the said license is yet to be auctioned by the regulators, Smart Sky has not started its commercial operations during the year.



## 7. Financial Reporting Framework

The Company has complied with all the material requirements of the Code of Corporate Governance and Directors are pleased to confirm the following:

- The financial information prepared by the management of the Company present fairly its state of affairs, the results of its operations, its cash flows and its changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial information and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial information and if any departure there from, the same has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in listed regulations.
- The Audit Committee has recommended the appointment of M/s Deloitte Yusuf Adil, Chartered Accountants as auditors of the Company for the financial year ending December 31, 2016.
- Information regarding outstanding taxes and levies is given in notes to the accounts of the financial information.
- The value of assets of Pension and Gratuity Funds as per audited accounts amounted to Rs. 91.8 billion and Rs. 1.0 billion respectively at December 31, 2015 (December 31, 2014: Rs. 84.0 billion and Rs. Nil respectively).
- During the year, Directors Training Program as per the criteria specified by the Securities and

Exchange Commission of Pakistan (SECP) was arranged for the Directors. All existing Directors have completed their required Directors Certification except for Dr. Waqar Masood Khan who has been exempted by the SECP for such certification.

## Change in President & Chief Executive Officer

In a meeting of Board of Directors held on March 02, 2016, the Board appointed Dr. Daniel Ritz as President & Chief Executive Officer of PTCL and PTCL Group, in place of Mr. Walid Irshaid who had earlier resigned from the said post. The Board has placed on record its appreciation for the diligent service of Mr. Walid Irshaid to PTCL and PTCL Group.

Historic business indicators, composition of Audit Committee, Human Resource & Remuneration (HR&R) Committee, number of Board Meetings, attendance of Directors and Shareholding Pattern are part of this report.

## 8. Challenges and Way Forward

Pakistan lies in a geographic region where GDP (Gross Domestic Product) is expected to grow at the fastest rate among developing regions. The decreasing global oil and commodity prices, easing inflation and fiscal pressures and progress on structural reforms have provided space for growth-oriented strategies for the economy of Pakistan. The China Pakistan Economic Corridor (CPEC) agreement, which envisages investment of about US\$ 45 billion in energy, infrastructure and transportation sectors is expected to bolster the economic growth for the country in the near to medium term.

In this background of growing economic prospects, PTCL Group is well positioned with its infrastructure, product portfolio and services to support the digital consumers who play a dominant role in creation of value through consumption and transport of contents and transactions via internet links, be it fixed lines, mobile phones or branchless banking channels. Broadband connectivity value chain along with the delivery avenues provided by PTCL Group is at the heart of digital transformation taking place in the economy where the middle class now represents about half of the population placing Pakistan among the top five countries with fastest growing middle class populations in the Asia Pacific Region.

Consumers in the vital middle class segment, armed with high performance digital services, are driving the demand for high speed broadband internet for video streaming, gaming, multiparty collaboration and creation and transport of high definition contents and transactions. Your Company has strong reasons to be optimistic about the future of this evolving marketplace where it can leverage the unique assets of PTCL Group and play a leading role in developing the digital ecosystem. PTCL is also the leader in the enterprise connectivity market where its services are critical for business continuity in all industry verticals. Ultra-high speed connectivity, managed services, cloud services, custom-made solutions, IoT (Internet of Things) and M2M (Machine to Machine) connectivity will drive the growth in corporate services market, going forward.

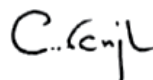
The prospective opportunities in sight outweigh the current challenges faced by telecom sector in Pakistan. PTCL, the only integrated ICT service provider along with its subsidiaries, is well positioned to take full advantage of the prospects offered by use of digital services by consumers across all segments of the economy.

## 9. Acknowledgements

The Board of Directors of the Company would like to thank all our customers, suppliers, contractors, service providers, stakeholders and shareholders for their continued support.

We would also like to appreciate the hard work, diligence and dedicated efforts of our employees across the country which enabled the Company to successfully face the challenges of a highly competitive operating environment. We would also like to express our special thanks to the Government of Pakistan and Etisalat Group for their continued support and encouragement in striving to achieve the objective of enhancing shareholders' value.

On behalf of the Board of Directors



AZMAT ALI RANJHA  
Chairman PTCL Board



DR. DANIEL RITZ  
President & Chief Executive Officer

Islamabad: March 04, 2016

پیش آئندہ مواقع پاکستان کی ٹیلی کام صنعت کو درپیش موجودہ مسائل سے زیادہ اہمیت کے حامل ہیں۔ پی ٹی سی ایل بشمول اس کے ذیلی اداروں کے واحد مربوط ICT خدمات فراہم کرنے والا ادارہ ہے اور اس حیثیت میں یہ ادارہ ان تمام مواقع سے فائدہ حاصل کرنے کی اچھی پوزیشن میں ہے جو معیشت کے تمام شعبوں سے منسک صارفین ڈیجیٹل خدمات کے استعمال کی صورت میں فراہم کرتے ہیں۔

بہ طرف بورڈ آف ڈائریکٹرز

C. Raja



عظمت علی رانجھا

ڈاکٹر ڈینیل رٹز

چیئر مین پی ٹی سی ایل بورڈ

صدر و چیف ایگزیکٹو آفیسر

اسلام آباد: 04 مارچ 2016

زر اور مالیاتی دباؤ میں کمی کے باعث پاکستان کی نمونہ معیشت میں ترقیاتی منصوبوں کو عملی جامہ پہنانا نسبتاً آسان ہے۔ چنانچہ پاکستان اکنامک کوریڈور کے تحت بجلی، انفراسٹرکچر اور ٹرانسپورٹیشن کے شعبوں میں 145 ارب امریکی ڈالر کی سرمایہ کاری متوقع ہے جو مستقبل قریب میں پاکستان کی معیشت میں اضافہ کی رفتار میں تیزی لاسکے گی

بڑھتی ہوئی معیشت کے تناظر میں پی ٹی سی ایل گروپ انفراسٹرکچر، پراڈکٹ پورٹ فولیو اور خدمات کے شعبہ میں ڈیجیٹل صارفین کے لئے بڑا مفید ثابت ہو گا۔ Content کے ٹرانسپورٹ اور استعمال کرنے میں بذریعہ انٹرنیٹ یعنی فکسڈ لائن، موبائل فونز اور براؤزنگ لیس بینکنگ کے ذرائع اہمیت کا درجہ رکھتے ہیں۔

ایشیا پیسیفک ریجن کی اکثر معیشتوں میں متوسط طبقہ تیزی سے ترقی کر رہا ہے۔ براڈ بینڈ کنیکٹیوٹی چین جس کی ڈیلیوری کے مواقع پی ٹی سی ایل دے رہا ہے اب وہ معیشت میں متوسط طبقے کے زیادہ زیر استعمال ہے۔ اس طبقہ کی آبادی 50 فیصد سے بھی بڑھ گئی ہے جس سے پاکستان خطے میں ان پہلے پانچ بڑے ملکوں میں شمار ہونے لگا ہے جہاں متوسط طبقے کی آبادی تیزی سے بڑھ رہی ہے۔

متوسط طبقے کے صارف جو ہائی پرفارمنس ڈیجیٹل سروسز سے لیس ہیں۔ ویڈیو سٹریمنگ، گیمنگ، ملٹی پارٹی کولیبریشن خصوصاً ہائی ڈیفینیشن کے Content کی تخلیق اور ٹرانسپورٹ اور ٹرانزیکشن ہائی سپیڈ براڈ بینڈ انٹرنیٹ کی طلب میں اضافہ کا باعث ہیں۔ آپ کی کمپنی کے مستقبل کے لئے یہ بڑھتی ہوئی مارکیٹ خوش آئند ہے جہاں پی ٹی سی ایل گروپ کے اثنا شجاعت کو ہمیز مل رہی ہے جس سے ہم ڈیجیٹل ایکوسٹم میں نمایاں ترین خدمات انجام دینے کی اہلیت رکھتے ہیں۔ کاروباری اداروں کے مابین پی ٹی سی ایل رابطے کا موثر ترین ذریعہ ہے اور تمام صنعتوں کی مربوط ترقی میں نمایاں خدمات انجام دے رہا ہے۔ اس سلسلے میں آگے بڑھتے ہوئے کاروباری خدمات کی دنیا میں ہم الٹرا ہائی سپیڈ کنیکٹیوٹی، مینیجڈ سروسز، کسٹم میسڈ سولوشنز، IOT (انٹرنیٹ آف تھنگز) اور M2M (مشین ٹو مشین) کنیکٹیوٹی کے ساتھ ترقی کی منازل طے کر رہے ہیں۔

# مالیاتی جائزہ اور دیگر اہم امور برائے 2015

## 1- مالیاتی کارکردگی

نئی مصنوعات و خدمات کے لیے موثر مارکیٹنگ ہے۔ تنخواہیں، الاؤنسز اور دیگر اخراجات، فارن آپریٹرز کی لاگت اور سٹیلٹ چارجز پلانٹ، آلات اور جائیداد کی Depreciation، Amortization، ایندھن اور بجلی، اشتہارات اور ڈسٹری بیوشن کے چارجز اور سٹورز سپیرز، اور ٹولز آپریٹنگ اخراجات کی مرکزی مدیں رہیں۔

سال 2015 کے دوران آپ کی کمپنی کی کارکردگی مستحکم رہی۔ ڈیٹا سروسز میں ریونیو اور صارفین دونوں لحاظ سے اضافہ ہوا۔ سال کا منافع بھی بڑھا جس سے فی شیئر آمدنی بڑھ گئی۔

## منافع

### ڈیویڈنڈ اور اختصا

زیر جائزہ سال کے لیے ڈائریکٹرز نے فائل کیش ڈیویڈنڈ کی مد میں 10 فیصد (ایک روپیہ فی شیئر) کی سفارش کی جو کہ ایک روپیہ فی شیئر کے عبوری کیش ڈیویڈنڈ کے علاوہ ہے۔ اس طرح پورے سال کے دوران ڈیویڈنڈ 20 فیصد رہا (2 روپے فی شیئر)۔ اعلان شدہ فائل ڈیویڈنڈ کو مساوی (Equalize) کرنے کے لیے ڈائریکٹرز نے عمومی ریزرو کے 3 ارب روپے غیر مختص نفع میں منتقل کرنے کی منظوری دی۔ اسی طرح 0.2 ارب روپے کی آمدن بھی غیر مختص نفع سے انشورنس کے ریزرو میں ٹرانسفر کر دی گئی۔

گزشتہ برس کے مقابلے میں آپ کی کمپنی کا خالص منافع 68 فی صد اضافے کے ساتھ 8.8 ارب روپے رہا۔ یہ کارکردگی لاگت میں کمی کے ساتھ ساتھ 2014 میں رضا کارانہ علیحدگی سکیم پر غیر معمولی اخراجات اور آتشزدگی سے اثاثوں کو پہنچنے والے نقصان کے باوصف رہی۔ پی ٹی سی ایل گروپ کا بعد از ٹیکس منافع 1.9 ارب روپے رہا۔ پی ٹی سی ایل گروپ کا نفع مالیاتی لاگت اور Amortization کے اخراجات کی وجہ سے جن میں یونون کے لیے 3G نیٹ ورک کے اخراجات شامل ہیں، دباؤ کا شکار رہا یونون پی ٹی سی ایل 100 فی صد ملکیتی ذیلی ادارہ ہے۔ پی ٹی سی ایل کا منافع فی شیئر 1.75 روپے جبکہ پی ٹی سی ایل گروپ کا منافع فی شیئر 0.37 روپے رہا۔

### دیگر معاملات

آپ کی توجہ اس سال کے پی ٹی سی ایل کے فنانشل سٹیٹمنٹ کی شق 12.12 کے ساتھ مربوط فنانشل سٹیٹمنٹ کی شق 17.12 کی جانب مبذول کروا رہے ہیں جن میں کمپنی، پاکستان ٹیلی کمیونیکیشن ایسپلاز ٹرسٹ اور فیڈرل گورنمنٹ کی جانب سے سپریم کورٹ میں جمع کرائی گئی نظر ثانی درخواستوں کے بارے میں معلومات دی گئی ہیں یہ درخواستیں سپریم کورٹ کے 12 جون 2015 کے حکم نامے کے خلاف ہیں جیسا کہ بیرونی آڈیٹرز نے اپنی آڈٹ رپورٹس میں واضح کیا ہے۔

امسال پی ٹی سی ایل گروپ کی سالانہ آمدن 118.6 ارب روپے تھی۔ پی ٹی سی ایل کی سالانہ آمدن میں کمی دیکھنے میں آئی اور یہ آمدن 75.8 ارب روپے رہی جس کی بڑی وجہ ICH کی ڈی ریگولیشن سے پی ٹی سی ایل کے واکس ریونیو میں کمی ہے۔ تاہم ڈیٹا جو کہ وائر لائن اور وائرلیس براڈ بینڈ کے ساتھ ساتھ مواد (Content) اور ملٹی میڈیا پر مشتمل ہے کے نتائج بہت اچھے رہے۔ یہی وجہ ہے کہ ڈیٹا کے شعبے میں آمدن 12 فیصد زیادہ رہی۔ اسی طرح کارپوریٹ کسٹمرز کی ہمہ جہت ضروریات پوری کرتے ہوئے ڈیجیٹل سروسز سے حاصل ہونے والے ریونیو میں بھی اضافہ ہوا۔

## آمدن

### 2- صدر اور چیف ایگزیکٹو آفیسر کی تبدیلی

02 مارچ 2016 کو منعقد ہونے والی بورڈ آف ڈائریکٹرز کی میٹنگ میں بورڈ نے ولید ارشد کے مستعفی ہونے پر ڈاکٹر ڈبیل رٹو کی بحیثیت پی ٹی سی ایل اور پی ٹی سی ایل گروپ کے صدر اور چیف ایگزیکٹو آفیسر تقرری کر دی۔ بورڈ نے اس موقع پر ولید ارشد کی پی ٹی سی ایل اور پی ٹی سی ایل گروپ کے لئے خدمات کو خراج تحسین پیش کیا۔

## آپریٹنگ اخراجات

دوران سال موثر کفایتی اقدامات کے سبب پی ٹی سی ایل کے آپریٹنگ اخراجات میں گزشتہ سال کی نسبت 3 فیصد کمی واقع ہوئی (جیسا کہ پہلے بیان کیا گیا ہے ان میں گزشتہ سال کے درج بالا غیر معمولی اخراجات شامل نہیں)۔ اسی طرح پی ٹی سی ایل گروپ کے سالانہ آپریٹنگ اخراجات میں ایک فیصد کمی دیکھنے میں آئی۔ پی ٹی سی ایل کے خدمات سے منسلک اخراجات جو کہ 53.8 ارب روپے تھے ان میں 3 فیصد کمی ہوئی جبکہ انتظامی اور عمومی اخراجات میں ایک فی صد کمی ہوئی اور اس میں 9.8 ارب روپے کے اخراجات ہوئے تاہم ہیل اور مارکیٹنگ کے اخراجات سات فیصد اضافے کے ساتھ 3.5 ارب روپے رہے۔ اس اضافے کی بڑی وجہ گزشتہ سال کی نسبت

### 3- درپیش مسائل اور متوقع مستقبل

پاکستان ایک ایسے خطے میں واقع ہے جہاں ترقی پذیر دنیا کے دیگر ممالک کی نسبت جی ڈی پی کی شرح تیزی سے بڑھنے کے امکانات ہیں۔ عالمی سطح پر تیل اور دیگر اشیاء کی قیمتوں میں کمی، افراط

# Composition of Audit Committee

## Members Audit Committee

Mr. Serkan Okandan	Chairman
Mr. Abdulrahim A. Al Nooryani	Member
Sardar Ahmad Nawaz Sukhera	Member
Mr. Mudassar Hussain	Member
Mr. Javier Garcia	Member

## ATTENDANCE OF DIRECTORS-MEMBERS OF THE COMMITTEE DURING FY-2015.

Total 07 Meetings of the Audit Committee were held during the Financial Year ended December 31, 2015.

Sr. #	Name of Director-Member	Attendance
1.	Mr. Serkan Okandan	7
2.	Mr. Abdulrahim A. Al Nooryani	6
3.	Sardar Ahmad Nawaz Sukhera	7
4.	Mr. Mudassar Hussain	7
5.	Mr. Javier Garcia	7

## FUNCTIONS OF AUDIT COMMITTEE

Assist the Board of Directors in approving Company's financial statements and appointment of External Auditors. Review the scope of internal control, monitors statutory compliances, determines the appropriate measures to safeguard Company's assets, evaluates placement/borrowing of funds and accordingly recommends the policies/suggestions to the Board. It also ensures the coordination between the internal and external auditors of the Company.

# Composition of Human Resource & Remuneration Committee

## Members HR & R Committee

Mr. Abdulrahim A. Al Nooryani	Chairman
Mr. Serkan Okandan	Member
Sardar Ahmad Nawaz Sukhera	Member
Mr. Mudassar Hussain	Member
Mr. Rainer Rathgeber	Member

## ATTENDANCE OF DIRECTORS-MEMBERS OF THE COMMITTEE DURING FY-2015.

Total 03 Meetings of the HR & R Committee were held during the Financial Year ended December 31, 2015.

Sr. #	Name of Director-Member	Attendance
1.	Mr. Abdulrahim A. Al Nooryani	3
2.	Mr. Serkan Okandan	3
3.	Sardar Ahmad Nawaz Sukhera	2
4.	Mr. Mudassar Hussain	3
5.	Mr. Rainer Rathgeber	2

## FUNCTIONS OF HUMAN RESOURCE & REMUNERATION COMMITTEE

Review and recommends development and maintenance of long term HR policies, effective employee development programs, appropriate compensation and benefit plans and good governance model in line with statutory requirements and best practices of good corporate governance. It ensures that the governance and HR policies and procedures are aligned with the strategic vision and core objectives of the Company. It also provides leadership and guidance for the organizational transformation required to achieve Company's corporate objectives.



# Attendance of PTCL Board Members

Total 08 Board Meetings were held during the Financial Year ended December 31, 2015.

Sr. #	Name of Director		Attendance
1	Mr. Azmat Ali Ranjha	Chairman	8
2	Mr. Abdulrahim A. Al Nooryani	Member	8
3	Dr. Waqar Masood Khan	Member	8
4	Mr. Serkan Okandan	Member	8
5	Sardar Ahmad Nawaz Sukhera	Member	8
6	Mr. Fadhil Al Ansari	Member	3
	Mr. Hesham Abdulla Al Qassim		4
7	Dr. Daniel Ritz	Member	8
8	Mr. Mudassar Hussain	Member	8
9	Mr. Rainer Rathgeber	Member	8

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# Pakistan Telecommunication Company Limited

## Statement of compliance with the code of corporate governance

### For the year ended December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Rule No. 5.19.23 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

Pakistan Telecommunication Company Limited (the "Company") has applied the principles contained in the Code in following manner:

1. The Board of Directors (the "Board") comprises nine Members. Pursuant to the provisions of the Share Purchase Agreement effected as per provisions of the Privatization Commission Ordinance, 2000, between Government of Pakistan ("GoP") and the Strategic Investor, as well as under the Articles of Association of the Company, the GoP nominates four (04) Members on the Board of the Company while Etisalat International Pakistan ("EIP") nominates five (05) Members. The afore-said constitution of PTCL Board is covered under the proviso to the clause of the Code titled 'Composition of the Board'.
2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution or a Non-Bank Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurring on the Board on April 10 and June 18, 2015 were filled up by the Directors within 30 days thereof.
5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer ("CEO") and executives have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the period, Directors Training Program as per the criteria specified by the Securities and Exchange Commission of Pakistan ("SECP") was arranged for the Directors. All existing Directors have completed their required Directors Certification except for Dr. Waqar Masood Khan who has been exempted by the SECP for such certification.
10. The Board appoints the Chief Financial Officer, Company Secretary and Head of Internal Audit, and determines their respective remuneration and terms and conditions of employment. The post of Company Secretary fell vacant during 2015, and was duly filled by the Board.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises five members, of whom four (04) members, including the Chairman of the Committee, are non-executive Directors.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee formulated by the Board have been communicated to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises five members and all members including the Chairman of the Committee are non-executive Directors.
18. The Board has set up an effective internal audit function.
19. 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"), 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.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Closed Period', prior to the announcement of interim/final results was determined and business decisions, which may materially affect the market price of Company's securities, were determined and intimated to Directors, employees and the stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with.

**Islamabad;**  
March 04, 2016



**Dr. Daniel Ritz**  
President & Chief Executive Officer

# Review report to the members on statement of compliance with the code of corporate governance

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Pakistan Telecommunication Company Limited (the Company), for the year ended December 31, 2015 to comply with the Listing Regulation No 5.19.23 of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report, if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As 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's statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail at arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2015.

*Deloitte Yousuf Adil*

Deloitte Yousuf Adil

Chartered Accountants

Karachi March 04, 2016

**Engagement Partner:** Asad Ali Shah

# Connecting Technology with Entertainment







# Financial Statements





