Bringing The Nation Together

Pakistan Telecommunication Company Limited

Annual Report **2021**


THIS IS WHERE WE CREATE MAGIC
THIS IS WHERE WE CREATE MAGIC
THE POWER OF

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VISION

To be the leading and most admired Telecom and ICT provider in and for Pakistan

MISSION

To be the partner of choice for our customers, to develop our people and to deliver value to our shareholders.

CORE VALUES

We care
We put customers first
We work as one team
We embrace change

High-Speed Internet

PTCL Truly Unlimited Internet helps connect people nationwide, especially with its growing Fiber-to-the-Home (FTTH) footprint.

BOARD OF **DIRECTORS**

STANDING
(FROM LEFT TO RIGHT):

Mr. Khalifa Al Shamsi
Non-Executive Director

Mr. Burak Sevilengul
Non-Executive Director

Mr. Hassan Nasir Jamy
Non-Executive Director

SITTING
(FROM LEFT TO RIGHT):

Mr. Hamed Yaqoob Sheikh
Non-Executive Director

Dr. Muhammad Sohail Rajput
Chairman

STANDING
(FROM LEFT TO RIGHT):

Dr. Mohamed Karim Bennis
Non-Executive Director

Syed Hussnain Abbas Kazmi
Non-Executive Director

Mr. Hatem Mohamed Bamatraf
(President & Group CEO)

SITTING
(FROM LEFT TO RIGHT):

Mr. Abdulrahim A. Al Nooryani
Non-Executive Director

Mr. Hatem Dowidar
Non-Executive Director

CORPORATE INFORMATION

Management

- Hatem Mohamed Bamatraf
  President & Group CEO
- Mohammad Nadeem Khan
  Group Chief Financial Officer (GCFO)
- Muhammad Shoaib Baig
  Group Chief Human Resources Officer (GCHRO)
- Naveed Khalid Butt
  Group Chief Regulatory Officer (GCRO)
- Zahida Awan
  Group Chief Legal Officer (GCLO)
- Moqeem Ul Haque
  Group Chief Strategy & Transformation Officer (GCSTO)
- Saad Muzaffar Waraich
  Group Chief Information Officer (GCIO)
- Jafar Khalid
  Group Chief Technology Officer (GCTO)
- Adnan Anjum
  Group Chief Commercial Officer (GCCO)
- Ahmad Kamal
  Group Chief Customer Care Officer (GCCCO)
- Zarrar Hasham Khan
  Group Chief Business Solutions Officer (CBSO)
- Muhammad Shehzad Yousuf
  Chief Business Operations Officer (CBOO)
- Shahid Abbas
  Group Chief Internal Auditor (GCIA)
- Syed Mazhar Hussain
  Advisor to President and Group Chief Executive Officer

Company Secretary

- Saima Akbar Khattak
  Group Company Secretary (GCS)

Legal Advisor

- Zahida Awan
  Group Chief Legal Officer (GCLO)

Auditors

- KMPG Taseer Hadi & Co.
  Chartered Accountants

Bankers

- Conventional

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Citibank N.A.
Deutsche Bank A.G.
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
S.M.E. Bank Limited
Samba Bank Limited
Silk Bank Limited
Sindh Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab
The Punjab Provincial Cooperative Bank Limited
United Bank Limited
Zarai Taraqiati Bank Limited
Mobilink Microfinance Bank Limited
Telenor Microfinance Bank Limited
U Microfinance Bank Limited

- Islamic

Al Baraka Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Burj Bank Limited
Dubai Islamic Bank Pakistan Limited
Meezan Bank Limited
MCB Islamic Bank Limited

Share Registrar

- FAMCO Associates (Pvt.) Limited

8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahra-e-Faisal,
Karachi
Tel # 021- 34380101-2
Fax # 021-34380106
E-Mail: info.shares@famco.com.pk

Registered Office

- PTCL Headquarters,

Block-E, Sector G-8/4,
Islamabad-44000, Pakistan.
Fax: +92-51-2263733
E-mail: company.secretary@ptclgroup.com
Web: www.ptcl.com.pk

THE MANAGEMENT TEAM

STANDING
(FROM LEFT TO RIGHT):

Mr. Shahid Abbas
Group Chief Internal Auditor (GCIA)

Mr. Saad Muzaffar Waraich
Group Chief Information Officer (GCIO)

Mr. Zarrar Hasham Khan
Group Chief Business Solutions Officer (CBSO)

Ms. Zahida Awan
Group Chief Legal Officer (GCLO)

SITTING
(FROM LEFT TO RIGHT):

Mr. Moqeem Ul Haque
Group Chief Strategy & Transformation Officer (GCSTO)

Mr. Muhammad Shoaib Baig
Group Chief Human Resources Officer (GCHRO)

Mr. Mohammad Nadeem Khan
Group Chief Financial Officer (GCFO)

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(FROM LEFT TO RIGHT):

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Group Chief Technology Officer (GCTO)

Mr. Adnan Anjum
Group Chief Commercial Officer (GCCO)

Mr. Ahmad Kamal
Group Chief Customer Care Officer (GCCCO)

Mr. Muhammad Shehzad Yousuf
Chief Business Operations Officer (CBOO)

SITTING
(FROM LEFT TO RIGHT):

Mr. Hatem Mohamed Bamatraf
(President & Group CEO)

Syed Mazhar Hussain
Advisor to President and Group CEO

Mr. Naveed Khalid Butt
Group Chief Regulatory Officer (GCRO)

OPERATING & FINANCIAL HIGHLIGHTS

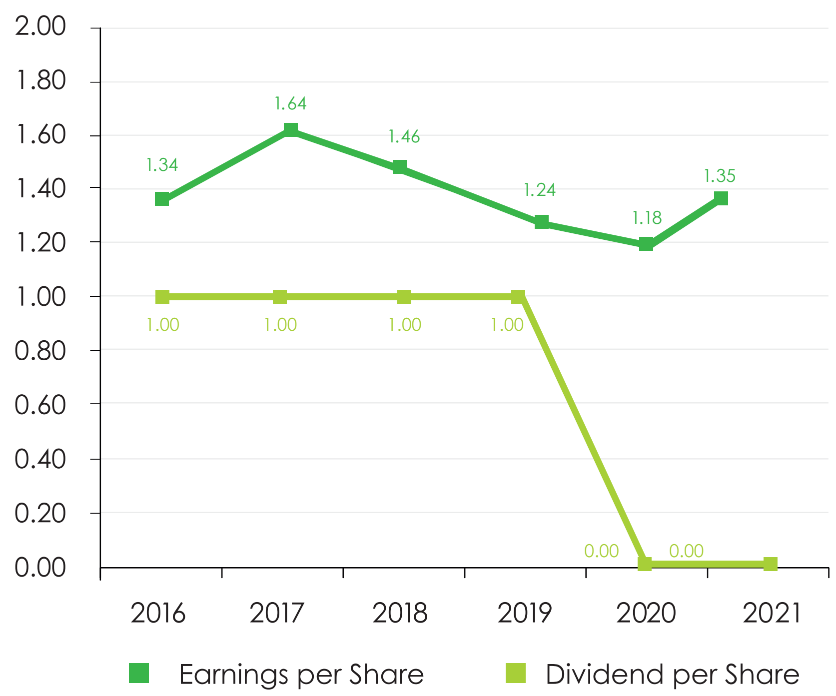
Year ended Dec 31		2021	2020	2019	2018	2017	2016
Key Indicators							
Operating							
Operating profit margin	%	5.42	4.80	6.90	9.14	10.31	12.83
Net profit margin	%	8.94	8.40	8.87	10.41	12.02	9.57
Performance							
Fixed assets turnover	Times	0.73	0.69	0.73	0.78	0.79	0.82
Debtors' turnover	Times	3.01	3.31	3.88	4.36	4.60	5.01
Return on equity	%	7.10	6.64	7.41	8.80	9.96	8.08
Return on capital employed	%	3.13	2.72	4.02	5.45	6.13	7.51
Earnings retention	%	100.00	100.00	19.65	31.29	39.05	25.38
Leverage							
Debt:Equity	Ratio	29:71	27:73	30:70	31:69	28:72	28:72
Debt ratio	%	58.27	55.45	55.39	53.92	50.76	50.57
Liquidity							
Current	Times	0.76	0.86	0.87	1.00	1.14	1.27
Quick	Times	0.71	0.82	0.80	0.91	1.09	1.23
Valuation							
Earnings per share	Rs	1.35	1.18	1.24	1.46	1.64	1.34
Breakup value per share	Rs	19.54	18.43	17.21	16.39	16.69	16.28
Dividend payout ratio	%	-	-	80.35	68.71	60.95	74.62
Price earnings ratio	Times	6.45	7.70	7.52	6.60	7.95	12.82
Market price to breakup value	Times	0.45	0.49	0.54	0.59	0.78	1.06
Dividend per share	Rs	-	-	1.00	1.00	1.00	1.00
Dividend yield	%	-	-	10.68	10.41	7.66	5.82
Dividend cover ratio	Times	-	-	1.24	1.46	1.64	1.34
Market value per share	Rs	8.70	9.10	9.36	9.61	13.05	17.18
Historical Trends							
Operating Results							
Revenue	Rs (m)	76,853	71,804	71,548	71,273	69,620	71,420
Profit before tax	Rs (m)	9,682	8,493	9,331	10,757	12,874	10,201
Profit after tax	Rs (m)	6,874	6,030	6,347	7,422	8,368	6,835
Dividend	Rs (m)	-	-	5,100	5,100	5,100	5,100
Financial Position							
Share capital	Rs (m)	51,000	51,000	51,000	51,000	51,000	51,000
Reserves	Rs (m)	48,653	43,010	36,751	32,571	34,102	32,013
Shareholders' equity	Rs (m)	99,653	94,010	87,751	83,571	85,102	83,013
EBITDA	Rs (m)	20,631	19,592	19,986	21,193	22,693	23,673
Working capital	Rs (m)	(24,662)	(12,812)	(10,400)	139	8,936	16,213
Current assets	Rs (m)	79,881	76,744	68,835	68,658	71,250	75,356
Total assets	Rs (m)	245,735	223,600	209,994	196,523	187,348	182,637
Non-current liabilities	Rs (m)	41,539	40,035	43,008	44,433	39,933	40,481
Operational*							
ALIS as on Dec 31	No. (000)	2,468	2,454	2,467	2,664	2,959	3,336
Average ALIS per employee	No.	153	151	156	170	190	204

* Exclusive of Primary and Basic Rate interface

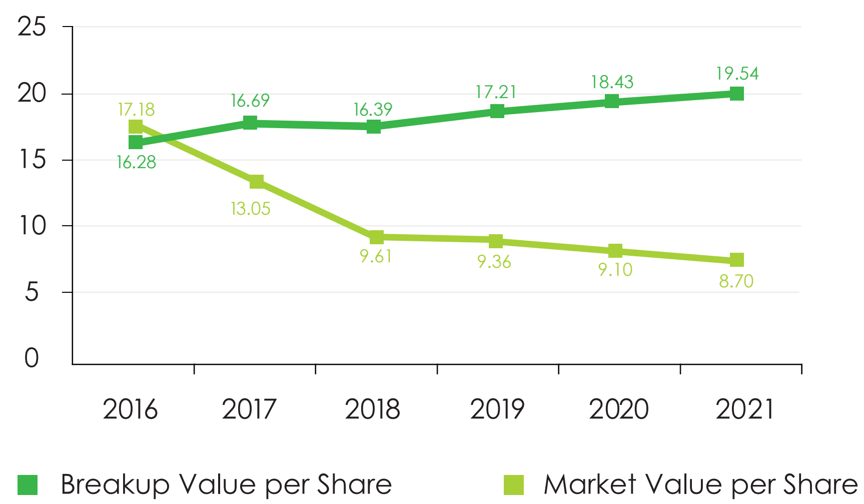
OPERATING & FINANCIAL HIGHLIGHTS

Graphical Presentation

DIVIDEND PAYOUT PER SHARE (RUPEES)



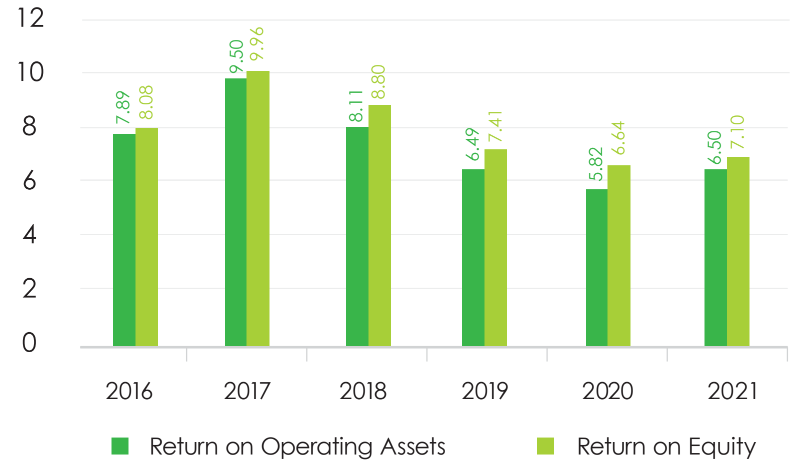
BREAKUP VALUE VS MARKET VALUE (RUPEES)



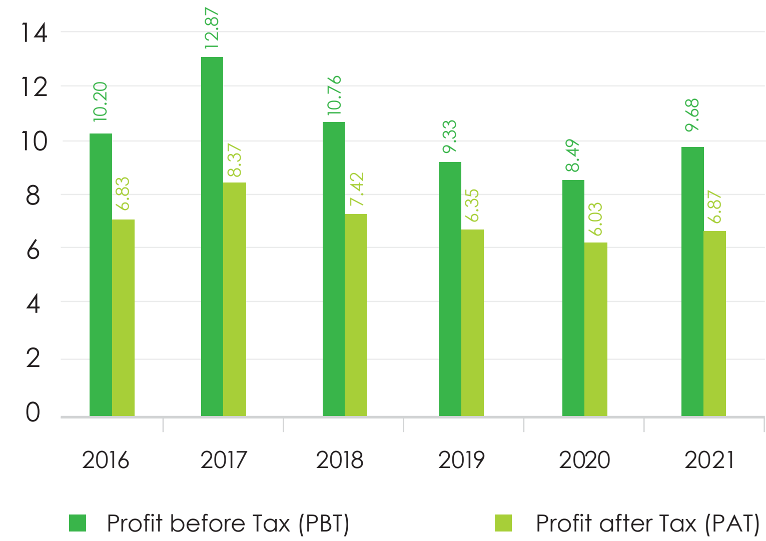
OPERATING & FINANCIAL HIGHLIGHTS

Graphical Presentation

RETURN ON OPERATING ASSETS & EQUITY (PERCENTAGE)



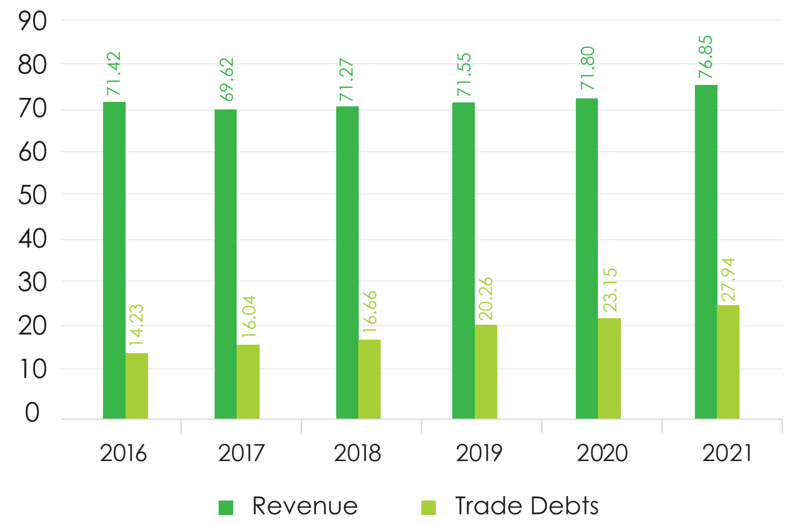
PROFIT BEFORE TAX AND PROFIT AFTER TAX (RUPEES IN BILLION)



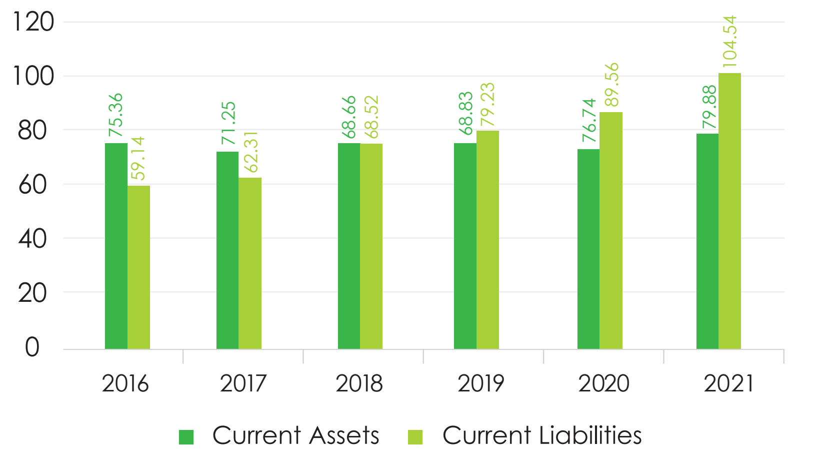
OPERATING & FINANCIAL HIGHLIGHTS

Graphical Presentation

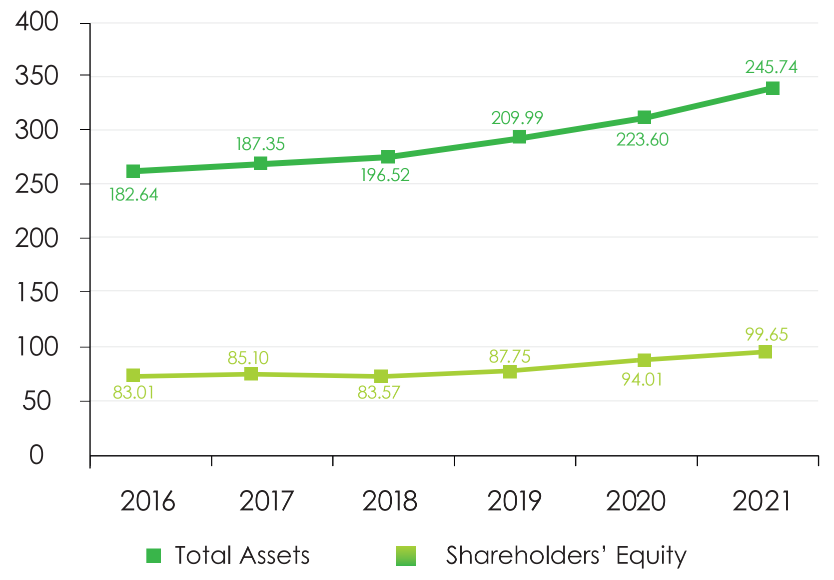
REVENUE AND TRADE DEBTS (RUPEES IN BILLION)



CURRENT ASSETS & CURRENT LIABILITIES (RUPEES IN BILLION)



TOTAL ASSETS VS SHAREHOLDERS' EQUITY (RUPEES IN BILLION)



Telephone

Catering to your needs since 1947, PTCL provides crystal clear voice quality through its largest network across the country.

CHAIRMAN'S REVIEW

The telecom sector has played a leading role throughout the Covid-19 pandemic, showcasing its capacity to be a catalyst and an enabler for the community and other sectors. The sector has significantly enhanced its role and credence in building resilient communities in pursuance of sustainable business growth. The economy is gradually recuperating from the effects of the global pandemic as it recovered with a 5.4% GDP growth rate in 2021 against a 0.5% contraction in 2020. During 2020-2021, the telecom sector has registered an aggregate telecom revenue of Rs 641 billion while witnessing an exchequer contribution of Rs 228 billion.

The government in its spirit to implement the vision of 'Digital Pakistan', and fostering a culture reflecting the same, is showcasing deliberate efforts to adopt the emerging digital technologies, accelerate digital transformation and develop innovative solutions, besides providing avenues for the telecom sector to further expand. As a part of its initiatives, during the year 2021, the government has carried out a successful auction of Next Generation Mobile Services (NGMS) spectrum in Pakistan, Azad Jammu & Kashmir (AJK), and Gilgit Baltistan (GB). Furthermore, considerable Universal Service Fund (USF) projects were awarded to develop telecommunication services in un-served and under-served areas of the country, therefore, enhancing the coverage country wide. Recently, the government has published the Pakistan's Cloud-First Policy to encourage cloud adoption across Pakistan enabling access to cutting edge cloud-based technologies, including but not limited to, Artificial Intelligence, Machine Learning, and the Internet of Things, etc. Thus, evolving more opportunities for telecom industry to reap the benefits from local as well as global cloud demand by developing and deploying cloud-based services and solutions.

PTCL Group's cellular arm - Ufone has acquired 9 MHz NGMS spectrum in the 1800 MHz band in Pakistan and secured 1.2 MHz in the 1800 MHz band in AJK & GB. During the year, PTCL was awarded seven USF optical fiber projects for far flung areas of Punjab, KPK and Sindh provinces. Under these projects, PTCL will deploy 4,690 KMs optical fiber. Ufone was awarded five USF projects under the banner of 'Broadband for Sustainable Development' for the un-served and under-served areas of Baluchistan, which comprises deployment and network upgradation of 205 BTS sites. PTCL Group strives to provide innovative solutions to accelerate growth for 'Digital Pakistan' through robust telecommunication infrastructure and a diverse portfolio of services with enhanced customer experience. This holistic perspective not only targets the achievement of sustainable growth but also focuses on community development to meet the challenges of a globalized economy.

PTCL Group posted a revenue of Rs 137.6 billion during the year 2021 which is 6.3% higher as compared to 2020. Significant hikes in power tariffs and other macro-economic factors have put exigent pressure on the Group's profitability. PTCL Group has posted a net profit of Rs 2.6 billion.

Despite all the challenges, PTCL continued its strong performance throughout the year and registered a revenue of Rs 77 billion, which is 7% higher as compared to last year. Ufone, despite a challenging operating environment, posted a revenue growth of 4.3% as compared to 2020. U bank, the microfinance and branchless banking subsidiary of PTCL, continued its growth trajectory and has achieved 8.4% growth in its revenue over last year.

The Board and its Committees remained committed and aspired to foster the Company's growth. While making efforts to cope with market competition and monetize the emerging opportunities, the Board consciously deliberated in taking timely decisions for expansion and modernization of the Company's network with innovative technologies and smart solutions. We are committed to ensure the provision of seamless connectivity and services and have taken unparalleled customer-centric initiatives besides focusing on a cost optimization program. I assure all the stakeholders that the Board will continue supporting and guiding the management to embrace the growth mindset and accumulate opportunities for value maximization for the shareholders and ensure a keen focus on customer satisfaction.

On behalf of the Board, I greatly acknowledge and appreciate the continuous confidence of our valued shareholders. We believe in strong relationship with shareholders and other stakeholders and will strive hard to secure and maximize the Company's value.

Dr. Muhammad Sohail Rajput

Chairman PTCL Board

Islamabad: February 10, 2022

چیئرمین کا جائزہ

کووڈ 19 کی عالمی وباء کے دوران ٹیلی کام سیکٹر نے دیگر سیکٹرز اور عوام کو رابطوں کی سہولیات فراہم کرنے میں سب سے نمایاں کردار ادا کیا۔ اس سیکٹر نے پائیدار کاروباری ترقی کے حصول کے لئے اپنے کردار کو خاطر خواہ وسعت دی۔ معیشت پر عالمی وباء کے پڑنے والے اثرات میں نمایاں کمی آرہی ہے۔ معیشت نے سال 2020 میں منفی 0.5 فیصد کے مقابلے میں سال 2021 میں 5.4 فیصد جی ڈی پی گروتھ ریٹ حاصل کیا۔ سال 2020-2021 کے دوران، ٹیلی کام سیکٹر نے مجموعی طور پر 641 ارب روپے ریونیو رجسٹرڈ کیا اور قومی خزانے میں 228 ارب روپے جمع کرائے۔

حکومت ''ڈیجیٹل پاکستان'' کی پالیسی کو موثر انداز میں نافذ کرنے کے لئے پُرعزم ہے اور ڈیجیٹل ٹیکنالوجیز، ڈیجیٹل ٹرانسفارمیشن میں تیزی جیسے اقدامات کے ذریعے ٹیلی کام سیکٹر کے فروغ اور اس کی ترقی کے لئے نئی راہیں ہموار کررہی ہے۔ اپنے اقدامات کے حصے کے طور پر سال 2021 میں حکومت نے پاکستان، آزاد جموں وکشمیر اور گلگت بلتستان میں نیکسٹ جنریشن موبائل سروسز (این جی ایم ایس) اسپیکٹرم کی کامیاب نیلامی کا انعقاد کیا۔ مزید برآں، ملک کے دور دراز علاقوں میں جہاں ٹیلی کمیونیکیشن کی سہولیات کا فقدان تھا وہاں ٹیلی کام سروسز کی بلاتعطل فراہمی کے لئے قابل غور یونیورسل سروس فنڈ (یو ایس ایف) پراجیکٹس پر کام شروع کیا گیا اور اس طرح ملک بھر میں کوریج کو بڑھایا گیا۔ حال ہی میں حکومت نے پاکستان کی پہلی کلاؤڈ۔ فرسٹ پالیسی شائع کی ہے تاکہ پاکستان بھر میں جدید ترین کلاؤڈ بیسڈ ٹیکنالوجیز، بشمول مصنوعی ذہانت، مشین لرننگ اور انٹرنیٹ آف تھنگز وغیرہ کے استعمال کی حوصلہ افزائی کی جائے۔ اس کے ذریعے ٹیلی کام انڈسٹری کے لئے نئے مواقع پیدا کئے گئے تاکہ مقامی اور بین الاقوامی کلاؤڈ ڈیمانڈ سے بھرپور استفادہ کیا جاسکے۔

پی ٹی سی ایل کی سیلولر کمپنی۔ یوفون نے پاکستان میں 1800MHz بینڈ میں 9MHz NGMS اسپیکٹرم اور آزاد جموں کشمیر اور گلگت بلتستان میں 1800MHz بینڈ میں 1.2MHz حاصل کیا۔ رواں سال کے دوران پی ٹی سی ایل کو پنجاب، خیبر پختونخواہ اور سندھ کے دور دراز علاقوں کے لئے سات یو ایس ایف آپٹیکل فائبر پراجیکٹس دیئے گئے۔ ان پراجیکٹس کے تحت پی ٹی سی ایل 4,690 کلومیٹر آپٹیکل فائبر کی تنصیب کرے گا۔ جس کے نتیجے میں ان علاقوں میں رہنے والے لوگوں کو ٹیلی کمیونیکیشن کی بہترین اور معیاری سروسز فراہم کرنے میں مدد ملے گی۔

یوفون کو ''مستحکم ترقی کے لئے براڈ بینڈ'' کے تحت بلوچستان کے دور دراز علاقوں کے لئے پانچ یو ایس ایف پراجیکٹس دیئے گئے۔ جس میں 205 بی ٹی ایس سائٹس کی تنصیب اور اپ گریڈیشن شامل ہے۔ پی ٹی سی ایل گروپ جدید ٹیلی کمیونیکیشن انفرااسٹرکچر، منفرد سروسز اور بہترین کسٹمر سروس کے ذریعے ''ڈیجیٹل پاکستان'' کی منزل کی جانب گامزن رہنے کے لئے پُرعزم ہے۔ اس نقطہ نظر سے نہ صرف پائیدار ترقی کے اہداف کے حصول میں مدد ملے گی بلکہ معیشت کو درپیش مسائل سے نمٹنے کے ساتھ عوام کی بہتری پر بھی توجہ مرکوز رہے گی۔

پی ٹی سی ایل گروپ نے سال 2021 کے دوران 137.6 ارب روپے ریونیو ظاہر کیا جو کہ سال 2020 کے مقابلے میں 6.3 فیصد زیادہ ہے۔ بجلی کے نرخ میں اضافہ اور دیگر میکرو۔ اکنامک عوامل، گروپ کے منافع پر اثرانداز ہوئے۔ پی ٹی سی ایل گروپ نے نیٹ منافع 2.6 ارب روپے ظاہر کیا۔

تمام تر مشکلات کے باوجود پی ٹی سی ایل نے رواں سال بہترین کارکردگی کا مظاہرہ کیا اور 77 ارب روپے ریونیو رجسٹرڈ کرایا جو کہ گزشتہ سال کی نسبت 7 فیصد زیادہ ہے۔ یوفون نے مارکیٹ میں سخت مقابلے اور مشکل حالات کے باوجود سال 2020 کے مقابلے میں 4.3 فیصد زیادہ ریونیو ظاہر کیا۔ پی ٹی سی ایل کے ماتحت کام کرنے والے مائیکروفنانس اور برانچ لیس بینک، یو بینک نے اپنی ترقی کا سفر جاری رکھا اور گزشتہ سال کے ریونیو کی نسبت 8.4 فیصد زیادہ ریونیو حاصل کیا۔

بورڈ اور اس کی کمیٹیز، کمپنی کی ترقی کے لئے پُرعزم اور مصروفِ عمل ہیں۔ مارکیٹ میں موجود مقابلے سے نبرد آزما ہونے کے لئے کوشش کرنے اور نئے مواقع سے بھرپور فائدہ اٹھانے کے لئے بورڈ، جدید ٹیکنالوجیز اور سمارٹ سلوشنز کے ساتھ کمپنی کے نیٹ ورک کو جدید بنانے اور فروغ دینے کے لئے بروقت فیصلہ سازی کر رہا ہے۔ ہم لاگت میں کمی لانے پر توجہ مرکوز کرنے کے ساتھ ساتھ صارفین کو بلاتعطل اور معیاری سروسز کی مسلسل فراہمی یقینی بنانے کے لئے پرعزم ہیں۔ میں تمام اسٹیک ہولڈرز کو یقین دلاتا ہوں کہ بورڈ انتظامیہ کی رہنمائی اور معاونت جاری رکھے گا تاکہ صارفین کے اطمینان کے ساتھ ساتھ شیئر ہولڈرز کے منافع میں اضافے کے لئے بھی کوششیں جاری رکھی جاسکیں۔

بورڈ کی جانب سے میں اپنے معزز شیئر ہولڈرز کے مسلسل اعتماد پر ان کا تہہ دل سے شکریہ ادا کرتا ہوں۔ ہم اپنے شیئر ہولڈرز اور دیگر اسٹیک ہولڈرز کے ساتھ مضبوط تعلقات پر یقین رکھتے ہیں اور کمپنی کی ترقی کے لئے سب کے ساتھ مل کر کام کرتے رہیں گے۔

ڈاکٹر محمد سہیل راجپوت

چیئرمین پی ٹی سی ایل بورڈ

اسلام آباد: 10 فروری 2022

GROUP CEO'S MESSAGE

The global community is gradually coming out of the effects of the pandemic and life is steadily moving towards normality. Economies are now recovering from the effects of decline witnessed in economic activity in the year 2020. Pakistan's economy also rebounded during the fiscal year 2021 with a GDP growth rate of 5.4% against a contraction of 0.5% in 2020. The gradual come back to normal life routines and resulting uptake in economic activities is globally creating an inflationary effect and impacting the purchasing power of consumers. Year 2021 saw another spell of devaluation of PKR against USD. Telecom sector, in terms of the operators' CAPEX and operating costs, is extremely susceptible to any such movements. This devaluation has increased the cost of doing business and affected the profitability of telecom operators. Rising power tariffs and interest rates are also putting the profitability under pressure.

PTCL Group, being the largest integrated telecom operator in the country, is the backbone of connectivity in Pakistan. Its customer base is not only limited to the general public rather it spans across a wide array of institutions, corporate entities, banks, healthcare providers, telecom operators (both cellular and fixed line), international partners and government departments. The company is deeply ingrained and rooted in the Pakistani society and boasts a strong presence across the length and breadth of the country. PTCL was successfully able to provide seamless connectivity to the entire nation during the pandemic and rose to the challenge of providing unparalleled service levels even when the connectivity requirements increased significantly during the pandemic.

PTCL Group's financial outlook remained strong during 2021. With a positive contribution from all operating companies, the Group has posted a revenue of Rs 137.6 billion during the year 2021 which is 6.3% higher as compared to 2020. Although, there is a solid topline growth but the rising power tariffs, deteriorating dollar-rupee parity and other economic factors have put a pressure on the Group's profitability. The Group has posted operating profit and net profit of Rs 5.1 billion and Rs 2.6 billion respectively.

PTCL's standalone revenue of Rs 77 billion for the year 2021 is 7% higher than last year. Due to strong focus and prudent investment strategy, PTCL has achieved the highest YoY topline growth since 2013. PTCL registered highest fixed broadband sales and net adds in 2021 since 2015, which has enabled PTCL to achieve 11.7% growth in the fixed broadband segment. PTCL is the fastest growing FTTH operator with the highest net adds within FTTH market in 2021. The company has made significant investments in modernization of its network and deployment of fiber optic to provide robust FTTH services to its customers. The company launched a new brand by the name of 'Flash Fiber' for its FTTH services. This fresh brand ideology has given immense impetus and vigor to the company's efforts to become the largest FTTH operator in the country. During 2021, Flash Fiber has shown a tremendous growth of 61.5% YoY. IPTV revenue grew by 13% YoY. Voice revenue stream has declined on account of lower voice traffic and continued conversion of customers to OTT services. The company is making concerted efforts to arrest this decline through revision in calling rates, introduction of bundles, customer value management (CVM) campaigns and increased customer engagement through diverse communication mediums.

Business services segment continued its growth momentum and sustained market leadership in IP Bandwidth, Cloud, Data Center, and other ICT services segments. With the state-of-the-art international submarine cable network comprising of four diverse routes i.e., AAE1, SMW4, IMEWE and SMW3 and one new submarine cable (Africa-1) in pipeline, PTCL is well positioned to serve the ever-growing data needs of the country. PTCL's corporate business grew by 10% as compared to last year, while carrier and wholesale business continued its growth momentum and achieved 9% overall revenue growth. Similarly, international business growth was recorded at 4%. Despite the external economic pressures, as outlined above, the company was able to translate the revenue growth into a 21% and 14% growth at the operating profit and net profit level respectively through implementation of varied management initiatives. This year also, PTCL has maintained the entity rating of "AAA" (Triple A) and short-term rating of "A-1+" (A-One Plus). This reflects stakeholders' confidence in PTCL's strong financial outlook.

With its vast network footprint, a wide array of product portfolio, excellent customer services and market leadership in the business and wholesale segments, PTCL is perfectly positioned to be a major player and an enabler in the Government's plan to fast-track digitalization of the economy.

In September 2021, Ufone won 9 MHz Next Generation Mobile Services (NGMS) spectrum in 1800 MHz band in Pakistan, which has enabled Ufone to offer higher speeds and high-volume 4G data bundles. Ufone closed the financial year 2021 on a high note despite challenging operating environment and has achieved a 4.3% YoY growth in revenue which is mainly driven by growth in data services. Post-spectrum acquisition, Ufone witnessed 80% growth in the 4G net adds and achieved the 2nd highest 4G net adds market share in Nov'21 and Dec'21, resulting in growth in 4G active base by 15%. Over 50% of Ufone's towers have been upgraded to 4G by the last quarter of 2021. With fast-paced deployment of 4G network to expand its coverage footprint, Ufone is poised to achieve marked improvement in its results in the coming years and rapidly catch-up to the rest of the telecom operators who had previously acquired 4G spectrum.

U Bank, a microfinance banking subsidiary of PTCL, continued its growth momentum and has achieved an 8.4% growth in its revenue over last year by increasing its customers' loan portfolio and deposits. U Bank's balance sheet remained strong as the total assets increased by 48% compared to last year to reach Rs 104.6 billion from Rs 70.7 billion in 2020 due to an increase in loan and investment portfolio. The Bank continues to focus on low-income earning segments of the society while targeting new avenues like Micro, Small and Medium Enterprises (MSME), housing finance, and Islamic banking segments. This enrichment will help U Bank develop into a more resilient customer-centric financial institution.

PTCL Group is playing a key role in supporting Universal Service Fund's (USF) efforts for the development of telecommunication services in un-served and under-served areas of the country. This year, PTCL was awarded seven USF optical fiber projects for far flung areas of Punjab, KPK and Sindh provinces. Under these projects, PTCL will deploy a total of 4,690 KMs optical fiber. Ufone was awarded five USF projects under the Broadband for Sustainable Development (BSD) umbrella during 2021 for the unserved and under-served areas of Baluchistan which involve deployment and network upgrade of 205 BTS sites.

Being a responsible corporate citizen, PTCL strongly believes in playing a positive role on the social front to serve its community. Through its CSR activities during 2021, PTCL has, among other initiatives, contributed towards supporting educational needs of the underprivileged youth, health related requirements of the underserved communities through its mobile medical health units, creating awareness to support the Pakistan Polio Eradication Program and providing training opportunities to persons with disabilities.

I would like to extend my deepest gratitude to all of those who have played a valuable role in the success of PTCL Group in 2021 – our customers for their confidence in our abilities, our employees for all their dedication and hard work, our management team for their commitment and our shareholders for all their support. I am confident that with their continuing support, PTCL stands ready to meet every challenge and capitalize on every opportunity that will enhance the shareholders' value.

Hatem Mohamed Bamatraf
President & Group Chief Executive Officer
Islamabad: February 10, 2022

گروپ چیف ایگزیکٹیو آفیسر کا پیغام

دنیا رفتہ رفتہ عالمی وباء کے اثرات سے باہر آ رہی ہے اور زندگی اپنے معمول کی جانب لوٹ رہی ہے۔ سال 2020 میں معاشی سرگرمیوں میں دیکھے جانے والے منفی اثرات کم ہو رہے ہیں اور معیشتیں بہتری کی جانب گامزن ہیں۔ مالی سال 2021 کے دوران پاکستان کی معیشت پر بھی مثبت اثرات مرتب ہوئے۔ سال 2020 کے دوران جی ڈی پی گروتھ ریٹ منفی 0.5 فیصد کے مقابلے میں سال 2021 میں 5.4 فیصد رہا۔ زندگی معمول کی جانب واپس آنے اور معاشی سرگرمیوں میں تیزی کی وجہ سے مہنگائی میں اضافہ ہو رہا ہے اور صارفین کی قوت خرید متاثر ہو رہی ہے۔ سال 2021 میں ڈالر کے مقابلے میں روپے کی قدر میں مزید کمی آئی۔ سرمائے کی لاگت اور آپریٹنگ اخراجات کے تناظر میں ٹیلی کام سیکٹر اس طرح کی سرگرمیوں سے خاصا متاثر ہوتا ہے۔ روپے کی قدر میں کمی کی وجہ سے لاگت میں اضافہ ہوا ہے اور ٹیلی کام سیکٹر کے منافع پر منفی اثرات مرتب ہوئے ہیں۔ بجلی کے نرخ اور شرح سود میں اضافے کی وجہ سے بھی منافع دباؤ کا شکار ہو جاتا ہے۔

ملک بھر میں سب سے بڑے مربوط ٹیلی کام آپریٹر ہونے کے ناطے، پی ٹی سی ایل گروپ رابطوں کی روانی میں ریڑھ کی ہڈی کی حیثیت رکھتا ہے۔ اس کے صارفین میں عوام الناس کے ساتھ ساتھ، کارپوریٹ ادارے، بینکس، ہیلتھ کیئر سینٹرز، ٹیلی کام آپریٹرز (سیلولر اور فکسڈ لائن دونوں)، انٹرنیشنل پارٹنرز اور حکومتی ادارے شامل ہیں۔ پاکستانی معاشرے میں اس کمپنی کو خاص مقام حاصل ہے اور اس کا نیٹ ورک ملک کے کونے کونے تک پھیلا ہوا ہے۔ عالمی وباء کے دوران بھی پی ٹی سی ایل نے پوری قوم کو مضبوط رابطوں کے ساتھ کامیابی سے جوڑے رکھا اور اس مشکل ترین موقع پر، جب رابطوں کی اشد ضرورت تھی، اپنی سروسز کی بلاتعطل فراہمی کو یقینی بنایا۔

سال 2021 کے دوران پی ٹی سی ایل گروپ کی مالی کارکردگی مستحکم رہی۔ تمام آپریٹنگ کمپنیز کی جانب سے مثبت پیش رفت کی بدولت سال 2021 کے دوران گروپ نے 137.6 ارب روپے آمدن ظاہر کی جو سال 2020 کے مقابلے میں 6.3 فیصد زیادہ ہے۔ اگرچہ ٹاپ لائن گروتھ مستحکم ہے لیکن بجلی کے نرخ میں اضافہ، ڈالر کے مقابلے میں روپے کی گرتی قدر اور دیگر معاشی عوامل نے گروپ کے منافع پر دباؤ ڈالا ہے۔ گروپ نے آپریٹنگ منافع اور خالص منافع بالترتیب 5.1 ارب روپے اور 2.6 ارب روپے ظاہر کیا ہے۔

سال 2021 کے لئے صرف پی ٹی سی ایل کی آمدن 77 ارب روپے رہی جو گزشتہ سال کی نسبت 7 فیصد زیادہ ہے۔ محتاط سرمایہ کاری کی حکمتِ عملی اور بھرپور توجہ کی وجہ سے پی ٹی سی ایل نے 2013 سے اب تک کی سب سے زیادہ سال بہ سال ٹاپ لائن گروتھ حاصل کی۔ پی ٹی سی ایل نے 2021 میں 2015 سے اب تک کی سب سے زیادہ فکسڈ براڈ بینڈ سیلز حاصل کی جس کی بدولت پی ٹی سی ایل فکسڈ براڈ بینڈ آمدن میں 11.7 فیصد اضافہ حاصل کرنے میں کامیاب ہوا۔ سال 2021 میں پی ٹی سی ایل سب سے تیزی سے پھیلتا ہوا فائبر ٹو دی ہوم (FTTH) آپریٹر ہے جس نے رواں سال میں FTTH مارکیٹ میں سب سے زیادہ سیلز کیں۔ کمپنی نے اپنے صارفین کو جدید ترین FTTH سروسز کی فراہمی یقینی بنانے اور اپنے نیٹ ورک میں جدت لانے کے لئے خاطر خواہ سرمایہ کاری کی۔ کمپنی نے اپنی FTTH سروسز کے لئے ''فلیش فائبر'' کے نام سے نئے برانڈ کا آغاز کیا۔ اس نئی حکمتِ عملی کے نتیجے میں، ملک بھر میں سب سے بڑا FTTH آپریٹر بننے کے لئے کمپنی کی کوششوں کے مثبت نتائج سامنے آنے لگے۔ سال 2021 کے دوران فلیش فائبر نے آمدن میں سال بہ سال 61.5 فیصد کا شاندار اضافہ ظاہر کیا۔ آئی پی ٹی وی آمدن میں سال بہ سال 13 فیصد کا اضافہ ہوا۔ صارفین کی او ٹی ٹی سروسز کی جانب مستقل منتقلی اور وائس ٹریفک میں کمی کے نتیجے میں وائس آمدن میں کمی آئی۔ کالنگ ریٹس میں کمی، بنڈلز متعارف کروانے، کسٹمر ویلیو مینجمنٹ (سی وی ایم) کیمپینز جیسے موثر اقدامات کے ذریعے کمپنی اس کمی کو پورا کرنے کی کوشش کر رہی ہے۔

بزنس سروسز سیگمینٹ میں مسلسل اضافہ رہا اور آئی پی بینڈ وڈتھ، کلاؤڈ، ڈیٹا سینٹر اور دیگر آئی سی ٹی سروسز میں نمایاں مقام برقرار رہا۔ چار مختلف روٹس AAE1, SMW4, IMEWE اور SMW3 پر مشتمل جدید انٹرنیشنل سب میرین کیبل نیٹ ورک اور پائپ لائن میں ایک نئی سب میرین کیبل (افریقہ 1) کے ساتھ پی ٹی سی ایل، ملک میں ڈیٹا کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لئے پُرعزم ہے۔ پی ٹی سی ایل کے کارپوریٹ بزنس میں گزشتہ سال کی نسبت 10 فیصد کا اضافہ ہوا، جبکہ کیریئر اور ہول سیل بزنس میں اضافہ برقرار رہا اور مجموعی ریونیو گروتھ 9 فیصد رہی۔

اسی طرح انٹرنیشنل بزنس گروتھ 4 فیصد ریکارڈ کی گئی۔ بیرونی معاشی دباؤ کے باوجود، جیسا کہ اوپر درج کیا گیا ہے، کمپنی مختلف انتظامی اقدامات کے نفاذ کے ذریعے آپریٹنگ منافع اور خالص منافع میں بالترتیب 21 فیصد اور 14 فیصد شرح نمو حاصل کرنے میں کامیاب ہوئی۔ اس سال بھی پی ٹی سی ایل نے اپنی ٹرپل اے ریٹنگ اور شارٹ ٹرم ریٹنگ اے۔ ون پلس کو برقرار رکھا۔ اس سے پی ٹی سی ایل کے مضبوط مالی استحکام پر اسٹیک ہولڈرز کا اعتماد ظاہر ہوتا ہے۔

اپنے وسیع نیٹ ورک، منفرد پراڈکٹ پورٹ فولیو، غیر معمولی کسٹمر سروسز، بزنس اور ہول سیل سیگمینٹس میں نمایاں مقام کے ساتھ پی ٹی سی ایل ملک کی معیشت کو ڈیجیٹل بنیادوں پر استوار کرنے کے حکومتی منصوبے کو عملی جامہ پہنانے میں کلیدی حیثیت کا حامل ہے۔

ستمبر 2021 میں یوفون نے پاکستان میں 1800 MHz بینڈ میں 9 MHz نیکسٹ جنریشن موبائل سروسز (NGMS) اسپیکٹرم جیتا جس کی مدد سے یوفون پہلے سے زیادہ اسپیڈ اور زیادہ والیوم والے 4G ڈیٹا بنڈلز پیش کرنے میں کامیاب ہوا۔ مشکل حالات کے باوجود یوفون نے سال 2021 کا اختتام اچھے انداز میں کیا اور ریونیو میں سال بہ سال 4.3 فیصد گروتھ حاصل کی جو خاص طور پر ڈیٹا سروسز کی بدولت ہے۔ اسپیکٹرم حاصل کرنے کے بعد یوفون کے 4G نیٹ ایڈز میں 80 فیصد اضافہ دیکھنے میں آیا اور نومبر 21 اور دسمبر 21 میں دوسرے نمبر پر سب سے زیادہ 4G نیٹ ایڈز مارکیٹ شیئر حاصل کیا جس کے نتیجے میں 4G ایکٹیو بیس میں 15 فیصد تک اضافہ ہوا۔ سال 2021 کی آخری سہ ماہی تک 50 فیصد یوفون ٹاورز کو 4G پر اپ گریڈ کیا جا چکا ہے۔ اپنے نیٹ ورک کو وسعت دینے کے لئے 4G نیٹ ورک کی تیزی سے تنصیب کے ساتھ یوفون آنے والے سالوں میں بہترین نتائج حاصل کر سکے گا اور پہلے سے 4G اسپیکٹرم حاصل کرنے والے ٹیلی کام آپریٹرز کی کارکردگی تک پہنچ جائے گا۔

یو بینک، جو پی ٹی سی ایل کے ماتحت کام کرنے والا بینکنگ ادارہ ہے، نے اپنی ترقی کا سفر جاری رکھا اور اپنے صارفین کے لون پورٹ فولیو اور ڈیپازٹس میں اضافے کے ذریعے گزشتہ سال کی نسبت اپنی آمدن میں 8.4 فیصد اضافہ حاصل کیا۔ لون اور انویسٹمینٹ پورٹ فولیو میں اضافے کی وجہ سے یو بینک کی بیلنس شیٹ مستحکم رہی کیونکہ مجموعی اثاثہ جات میں گزشتہ سال کی نسبت 48 فیصد اضافہ ہوا۔ اثاثہ جات 104.6 ارب روپے تک پہنچے جو سال 2020 میں 70.7 ارب روپے تھے۔ بینک نے کم آمدنی والے افراد پر توجہ مرکوز رکھی۔ اس کے ساتھ ساتھ مائیکرو، اسمال اینڈ میڈیم انٹرپرائزز، ہاؤسنگ فنانس اور اسلامک بینکنگ سیگمینٹس کے لئے بھی نئی راہیں ہموار کیں۔ اس حکمتِ عملی سے یو بینک کو بہترین کسٹمر سینٹرک مالی ادارہ بننے میں مدد ملے گی۔

پی ٹی سی ایل گروپ، ملک کے دور دراز علاقوں میں مواصلاتی خدمات کی بہتر فراہمی کے لئے یونیورسل سروس فنڈ (یو ایس ایف) کی جانب سے کی جانے والی کوششوں میں معاونت فراہم کرنے کے لئے اہم ترین کردار ادا کر رہا ہے۔ رواں سال پی ٹی سی ایل کو پنجاب، کے پی کے اور سندھ کے دور دراز علاقوں کے لئے سات یو ایس ایف آپٹیکل فائبر پراجیکٹس دیئے گئے۔ ان منصوبوں کے تحت پی ٹی سی ایل مجموعی طور پر 4690 کلومیٹر آپٹیکل فائبر تنصیب کرے گا۔ یوفون کو سال 2021 کے دوران براڈ بینڈ فار سسٹین ایبل ڈیولپمنٹ کے تحت پانچ یو ایس ایف پراجیکٹس دیئے گئے جس کا مقصد بلوچستان کے دور دراز علاقوں میں مواصلاتی سروسز کی فراہمی کو یقینی بنانا تھا اس میں 205 بی ٹی ایس سائٹس کی نیٹ ورک اپ گریڈیشن اور تنصیب شامل ہے۔

ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے پی ٹی سی ایل عوام کی خدمت کرنے کے لئے مثبت کردار ادا کرنے پر یقین رکھتا ہے۔ اپنی دیگر سرگرمیوں کے ساتھ ساتھ سال 2021 کے دوران سی ایس آر سرگرمیوں کے ذریعے مستحق نوجوانوں کی تعلیمی ضروریات میں معاونت، اپنے موبائل میڈیکل ہیلتھ یونٹس کی مدد سے مستحق لوگوں کو علاج کی سہولیات، پاکستان سے پولیو کے خاتمے کی مہم کے بارے میں آگاہی اور معذور افراد کو تربیت کی فراہمی جیسے اقدامات کی مدد سے اپنا اہم ترین کردار ادا کیا ہے۔

میں اپنے صارفین کے اعتماد، اپنے ورکرز کی اَن تھک محنت، مینجمنٹ کے عزم اور شیئر ہولڈرز کی بھرپور معاونت پر آپ سب کا شکریہ ادا کرتا ہوں۔ کیونکہ آپ تمام لوگوں کی وجہ سے ہی سال 2021 میں پی ٹی سی ایل گروپ نے نمایاں کامیابیاں حاصل کیں۔ میں پُراعتماد ہوں کہ ان سب کی مسلسل معاونت کے ساتھ پی ٹی سی ایل کسی بھی طرح کے مشکل حالات سے نمٹنے اور شیئر ہولڈر ویلیو میں اضافے کے لئے پُرعزم ہے۔

حاتم محمد بامطرف

پریزیڈنٹ اینڈ گروپ چیف ایگزیکٹیو آفیسر

اسلام آباد: 10 فروری 2022

WE CARE

WE TREAT EVERYONE WITH **RESPECT, DIGNITY** AND **RESPONSIBILITY.**

WE PUT CUSTOMER FIRST

WE ARE **PASSIONATE** ABOUT SERVING OUR **CUSTOMERS.** THEIR **SATISFACTION** IS A KEY MEASURE OF OUR **SUCCESS.**

WE WORK AS ONE TEAM

WE **SEEK** & **VALUE** EVERYONE'S **CONTRIBUTION. TOGETHER** WE ARE **STRONG.**

WE EMBRACE CHANGE

WE **SHAPE** OUR OWN **DESTINY** BY **BEING PROACTIVE** & OPEN TO **NEW IDEAS.**

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, 2021, together with the auditors' report thereon.

In the year 2021, we witnessed a gradual comeback from the global pandemic to normal life routines. There have been subsequent peaking waves both locally and internationally, but their effects were not as severe as seen in 2020. The economy has rebounded with a 5.4% GDP growth rate in 2021 against a 0.5% contraction in 2020. Nonetheless, there are still some acute challenges on the economic front due to certain external factors. PTCL seamlessly continued to serve its customers through these testing times and has achieved a year-on-year (YoY) topline growth of 7% during 2021 which is the highest since 2013. We have retained our strong financial position and PTCL has maintained the entity rating of "AAA" (Triple A) and short-term rating of "A-1+" (A-One Plus). This reflects stakeholders' confidence in PTCL's strong financial outlook.

With the ever-increasing demand for high-speed data services, PTCL launched a new brand called 'Flash Fiber' to provide FTTH services to its valued customers. Comprehensive marketing campaigns were designed to establish a brand identity for this new service. Owing to an aggressive expansion strategy and the new brand ideology, PTCL remained the fastest-growing FTTH operator during 2021. In September 2021, Ufone acquired 9 MHz Next Generation Mobile Services (NGMS) spectrum in the 1800 MHz band in Pakistan, which has enabled Ufone to offer higher speeds and high-volume 4G data bundles.

To demonstrate its commitment to sustainable development, PTCL has started the practice of reporting publicly on its economic, environmental, and social impacts, and hence its contributions towards the goal of sustainable development. As part of this initiative, Sustainability Report for the year 2020 has been published. This will enable greater transparency and accountability and boost stakeholders' confidence.

An overview of the Company's performance during the year is summarized in the succeeding paragraphs.

INDUSTRY OUTLOOK

The year 2021 proved to be the year of recovery from the effects of the pandemic and activity in the telecom sector has started to gain momentum. Key milestones achieved by the telecom sector during 2021 include NGMS Spectrum Auction 2021 in Pakistan and Azad Jammu & Kashmir (AJK) and Gilgit Baltistan (GB), significant investments in mobile and related infrastructure, accelerated rollout of FTTH networks, uptake in business services segment due to the digitalization of economy and Universal Service Fund (USF) awarding considerable projects to serve the unserved/underserved areas in Pakistan.

The shift in ways of communication and interaction continues to fuel the data demand due to new ways of working like work from home, e-learning, and digitalization. This has resulted in more reliance on connectivity services and data throughput. Telecom operators focused on increasing the offered speed and achieving sustainable growth in the subscriber base.

Pakistan's macroeconomy remained under pressure in 2021. GDP growth was overshadowed by an increase in inflation and dollar-rupee parity. GDP rebounded to 5.4% growth in the fiscal year 2021 after a contraction of 0.5% in the previous year. Inflation reached 12.3% in December 2021; the State Bank of Pakistan kept the policy rate at 9.75% to counter inflationary pressures and ensure that growth remains sustainable. Negative trade balance has put the Pak rupee under pressure especially in the second half of the year, which resulted in the Pak rupee losing its value by around 10% since the start of 2021. Pak rupee devaluation caused an increase in the cost of new investments for all telecom operators. Despite growth in revenues, profitability remained under pressure because of the increase in the cost of doing business.

Ufone acquired 9 MHz NGMS spectrum in the 1800 MHz band in Pakistan. In AJK & GB, Telenor Pakistan secured 15 MHz spectrum in 2100 MHz band and additional 1.2 MHz in 1800 MHz spectrum while CMPak (Zong) secured 11.2 MHz spectrum in 1800 MHz band and Ufone secured 1.2 MHz in 1800 MHz band. Telenor Pakistan, Jazz, and Ufone also renewed their cellular licenses in AJK & GB during the year.

Cellular penetration in Pakistan is around 86% which is lower when compared to an average of 120% penetration in comparable markets including countries like Nigeria, Philippines, Bangladesh, and Sri-Lanka. Fixed broadband household penetration in Pakistan remained low at a mere 6% compared to an average 20% fixed penetration in comparable markets including countries like India, Indonesia, Nepal, Philippines, and Sri Lanka, which indicates an opportunity of growth in the market. Most of the growth in the fixed broadband segment in the year 2021 came from 'Fiber to the Home' (FTTH) services, which grew by 30% YoY, and surpassed 580 thousand subscribers mark in December 2021. Despite ever-growing competition from various large to medium scale operators that are rolling out FTTH networks in cities and potentially high-value pockets, PTCL remained the fastest-growing FTTH services provider of Pakistan owing to its accelerated FTTH rollout and migrating its existing broadband subscriber base to FTTH. As a result, PTCL still holds a 75% market share in fixed-line broadband due to the nationwide delivery of fixed broadband services.

For fixed-line broadband service providers, the growing need for data consumption provides a significant opportunity in the market. Fixed-line operators are keen to upgrade their subscriber base to higher speeds in an effort to offer a high-value proposition and improve customer retention. For PTCL, FTTH rollout, copper loop length reduction and network upgradation are helping to improve the quality of fixed-line access network.

FINANCIAL PERFORMANCE

PTCL Group posted a revenue of Rs 137.6 billion during the year 2021 which is 6.3% higher as compared to 2020. This revenue growth was the result of a positive contribution from all Group companies. Significant hike in power tariffs and other external economic factors have put pressure on the Group's profitability. PTCL Group has posted a net profit of Rs 2.6 billion.

Revenue

PTCL continued its strong performance throughout 2021. PTCL's revenue of Rs 77 billion for the year is 7% higher than 2020, which is mainly driven by growth in broadband and corporate & wholesale business segments. PTCL registered the highest fixed broadband sales and net adds in 2021 since 2015, which allowed PTCL to grow in the broadband business segment. PTCL is the fastest-growing FTTH operator with the highest net adds within the FTTH market in 2021. The company is continuously upgrading its existing infrastructure and network, besides expanding FTTH across the country to offer seamless connectivity for greater customer experience. Prompt deployment of FTTH and strong performance in Corporate and Wholesale segments are the cornerstone in PTCL's topline growth, which along with the focus on cost optimization program, has significantly increased the company's profitability.

In 2021, the company's fixed broadband business grew by 11.7% YoY, whereas the PTCL IPTV segment also grew by 13% YoY. Within the broadband business, PTCL Flash Fiber, the company's landmark FTTH service, showed a tremendous growth of 61.5%, whereas PTCL CharJi (the company's wireless broadband service) grew by 16.5%. Voice revenue stream has declined on account of lower voice traffic and continued conversion of customers to OTT services. The business services segment continued its growth momentum and sustained its market leadership in IP Bandwidth, Cloud, Data Center, and other ICT services segments. PTCL's corporate business grew by 10% as compared to last year, while carrier and wholesale business continued its growth momentum and achieved 9% overall revenue growth. Similarly, international business growth was recorded at 4%.

Being the national telecom carrier and connectivity backbone in Pakistan, PTCL Group strives to provide innovative solutions to accelerate growth for a 'Digital Pakistan' through robust telecommunication infrastructure and a diverse portfolio of services with enhanced customer experience.

Ufone's financial year 2021 ended on a high note despite a challenging operating environment. Ufone's revenue grew by 4.3% as compared to 2020 mainly driven by growth in data services. Ufone acquired an additional 9 MHz 4G spectrum in the 1800 MHz band in NGMS spectrum auction in September 2021, fulfilling its commitment to provide enhanced customer experience through quality services across Pakistan. Post spectrum auction, significant network modernization activity was carried out in Q4 2021 that has allowed Ufone to significantly improve its share of the 4G net adds within the industry.

U Bank, the microfinance and branchless banking subsidiary of PTCL, continued its growth trajectory and has achieved 8.4% growth in its revenue over last year by increasing its advanced portfolio. The balance sheet footing of the bank crossed the Rs 100 billion mark as the bank diversified its funding streams and asset classes while ensuring a positive bottom-line impact.

Profitability

PTCL has posted an operating profit of Rs 4.2 billion, which is higher by 21% compared to 2020. Net profit of Rs 6.9 billion is higher by 14% as compared to last year. PTCL has achieved this despite the challenging economic conditions created as a result of inflation, devaluation of PKR against USD, hike in power tariffs, and other factors. PTCL's earning per share (EPS) for the year is Rs 1.35.

PTCL Group has posted operating and net profits of Rs 5.1 billion and Rs 2.6 billion respectively.

Cash Flows

PTCL's cash flows, generated through operations during the year, were mainly used for capital expenditure towards the expansion of FTTH network. Some investments were also made to safeguard the existing copper customer base, while expansion in subsidiary and metro networks were made to meet the growth requirements of both PTCL and Ufone. At the Group level, the cash flows were also used for Ufone's 4G spectrum acquisition and upgrade of the network sites for enabling 4G services while for U bank investments were made mainly for the expansion of their branch network and investment in software and allied hardware equipment.

Appropriations

No dividend was recommended by the Board of Directors for the financial year 2021 in view of the company's requirement for funds for equity injection in Ufone for 4G license acquisition and related network rollout, further expansion of PTCL's FTTH network, and other network upgrade requirements.

Other Matters

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

Your attention is drawn to note 13.7 of PTCL's financial statements as well as note 19.7 of the consolidated financial statements for the year, which explain that the matters relating to certain employees' rights under the PTCL pension scheme are pending with various courts, as highlighted by the external auditors in their audit reports.

PRODUCTS & SERVICES- CONSUMERS

PTCL continued the trend of launching various innovative and customized product offerings to serve the needs of our customers and to offer them an enriched value proposition. These offerings not only increased our existing customer loyalty but also aided in bringing new customers to our PTCL family.

Wireline Broadband

In 2021, PTCL continued to excel in fixed broadband services. FTTH was aggressively expanded nationwide. This FTTH network expansion enabled PTCL to effectively compete against other FTTH operators and helped in arresting their uncontested growth, particularly in prime locations. Moreover, to monetize this investment, a comprehensive marketing plan was designed including establishing the brand identity of the FTTH network as "Flash Fiber" and performing end-to-end experience management through addressing customers' high data speed needs. These efforts helped flourish subscriber growth especially in urban areas.

Moreover, to ensure Wi-Fi ecosystem enablement for customers, additional range of Wi-Fi extenders and dual-band ONTs (customer premises equipment for FTTH) were added via a third party. This helped in providing customers with an enhanced customer experience. Going forward,

ONTs with multiple voice lines will be part of the portfolio as well to address the needs of the SMEs and corporate sector.

On the other hand, the success of copper-based broadband services was mainly based on improved customer experience KPIs along with competitive offerings. This has helped PTCL in improving customer experience and reducing churn. As a way forward, the focus will be on converting customers to VDSL which will further improve customer experience.

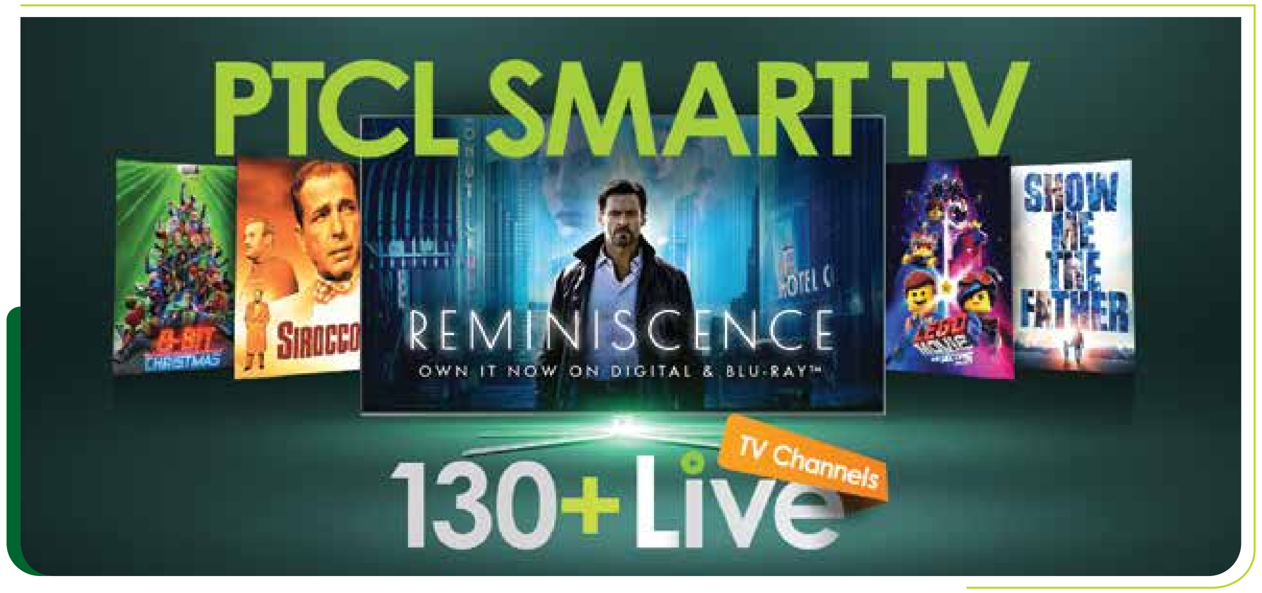
Voice

Voice services continued to decline in line with the international trend but multiple initiatives like revision in calling rates, introduction of bundles, Customer Value Management (CVM) campaigns, and increased customer engagement through diverse communication mediums were carried out throughout the year to reduce the impact of revenue decline.

Smart TV & Content

PTCL Smart TV segment continued its growth in 2021 mainly driven by the enhanced adoption of Triple Play services. PTCL focused on content enrichment to provide quality entertainment to the customers. PTCL Smart TV added around 15 new TV channels and 200+ premium movies to improve and enhance the viewing experience. New channels catered to the most in-demand genres of sports, entertainment, infotainment, movies, kids, and news.

PTCL also carried out the official launch of Zack Snyder's Justice League on its Smart TV service in Pakistan. Within a few hours of the movie's release, the blockbuster was available for all die-hard fans in the entire country through Smart TV and Smart TV App. Moreover, different deals were signed with many of the digital streaming partners like 'Tapmad', 'UrduFlix' and 'Taleemabad'.



Wireless-CharJi

PTCL has registered double-digit growth in CharJi revenue against last year. To boost monthly sales, CharJi Unlimited Offer was launched in September. This unrivaled offering was valid for new customers and provided unlimited usage with a fair usage policy of 150 GB for Rs 1,499/month to customers purchasing their devices within the campaign duration. This attractive value

proposition helped in registering a ~40% increase in sales from the target areas by the end of the campaign in December 2021.

PRODUCTS & SERVICES - BUSINESS

The wide variety of service offerings to our business customers, both local and international, covers digitalization, cloud, data center hosting, managed services, security, and ICT services.

Digital Services

PTCL Digital Services remained on track for steady year-on-year (YoY) double-digit growth with several key initiatives and projects. The focus was to further develop and invest in the Managed Services, Cloud, Security, and ICT portfolio. An extensive and comprehensive digital services connectivity portfolio continued to serve the needs of a major customer base; providing secure,

fast, and reliable services. Managed Surveillance, Managed Wi-Fi, Data centers, Cloud and Security will remain our key focus and growth areas along with adding new products to our portfolio in the digital space based on existing and upcoming market opportunities.

Overall Digital Services exhibited its continued growth in 2021 and was able to secure new and strategic ICT/Cloud Projects along with core connectivity business such as UBL Primary Data Center, Utility Stores Corporation digitalization project, Bata Pakistan, KANUPP Telecom Infrastructure Project, SDWAN for Excise & Taxation Sindh, FBR and connectivity services for major banks such as Bank Alfalah, Bank Al Habib and Meezan Bank for 500+ branches. This performance is a collective result of the aggressive sales strategy, prudent account and relationship management and strong momentum. Focus on adding new customers in diversified business verticals helped to enhance customer base and product penetration into new segments.

PTCL, leveraging its strong position and vast experience in Data Center hosting services, having state of the art Tier-3 certified Data Centers and provider of high-speed connectivity solutions, launched cloud services with innovative offerings using enterprise-grade platforms. PTCL is the country's only telecom operator to achieve two ISO certifications in parallel for its cloud services 'Infrastructure-as-a-Service' (IaaS) offering. The services revenue from hosting grew considerably to pave way for an accelerated growth trajectory in the coming years.

Leading the way for digital transformation in Pakistan, PTCL has enhanced its digital services portfolio from serving the connectivity needs to becoming the customer's trusted choice for their network security. In line with its ICT-centric vision for the company, PTCL expanded its corporate customer base with innovative ICT solutions such as Q-Taleem and Q-Cloud. A strong focus on adding new enterprise customers in diversified business verticals helped PTCL in enhancing its customer base and achieving product penetration into new market segments. Today, PTCL has ICT and Cloud customers across multiple industry segments including education, finance, healthcare, and FMCG. PTCL is in the process of onboarding its first banking cloud customer in Pakistan.

Being the National carrier, PTCL is positioning itself to be the engine behind the digital Pakistan initiative. PTCL helped the Government of Pakistan during the pandemic by enabling call centers and other helpline projects. Going forward, PTCL is working with its customers in the public and private sectors to enable and accelerate their digital transformation journeys. Working together with industry leading technology and service partners, our strategy is to help our corporate customers with robust solutions helping them solve their ICT challenges.

Carrier Services

PTCL being the 'carrier of carriers' is serving the whole Telecom Industry in Pakistan with innovative, reliable, and agile solutions and has become the growth engine for emerging Digital Pakistan.

Having a state-of-the-art international submarine cable network comprising of four diverse routes i.e., AAE1, SMW4, IMEWE and SMW3 and one new submarine cable (Africa-1) in the pipeline, PTCL is well-positioned to serve the data needs of the country. Nation-wide optic fiber reach with multiple redundant links along with resilient core network, metro, and access network, has made PTCL the partner of choice for the carrier industry. Cognizant of the ever-growing carrier connectivity/data needs, PTCL is undertaking a Network Expansion Project and has successfully modernized 46 key sites under IP Edge Phase-1 Project during 2021.

Recent NGMS Spectrum award to CMOs by Pakistan Telecommunication Authority (PTA) including AJK/GB area and nation-wide uptake in FTTH/GPON services has further fueled the demand for Connectivity and ICT services and PTCL is well positioned to take the lead role as a carrier industry enabler.

To enhance customer experience, PTCL has developed an online interactive platform named PTCL Carrier Watch to ensure smooth and un-interrupted round-the-clock carrier-grade services for our valued partners. PTCL is pursuing a continuous improvement strategy to ensure a world-class user experience for its carrier partners.

To meet the carrier industry business needs in this new era of digitalization, PTCL is diversifying its product portfolio covering connectivity, managed services, cloud, datacenter, and ICT products, thereby transforming its role from connectivity provider to a comprehensive solutions provider.

International Business Relations

PTCL continues to provide its valued customers with excellent quality international voice and IP bandwidth / IP transit services. PTCL regularly monitors all its international routes to maintain service quality and high availability for its data and voice services.

Increased use of OTT applications, smartphone penetration, and grey traffic termination had been major challenges facing the voice business revenues throughout the year. PTCL is ensuring concerted efforts in collaboration with PTA, CMOs, and the LDI industry to implement proactive measures for controlling grey traffic through the Web Monitoring System (WMS), installed at the ingress of all international IP bandwidth, to monitor and curb illegal grey traffic.

PTCL is also working with major international operators to stabilize/safeguard its international incoming revenues, to mitigate the declining voice revenues. Through terrestrial connectivity corridors with neighboring countries, PTCL aspires to be a regional transit hub for data and voice connectivity. PTCL is also focusing on enhancing submarine wet segment capacity sales through short/medium-term opportunities. We hope to see a positive impact coming out of these strategic initiatives – which will eventually help to ease pressure from declining voice termination business and help achieve the business objectives.

SUPPORT FUNCTIONS

Network Infrastructure

Being the largest ICT provider in Pakistan, PTCL Group aims to connect people and businesses in every corner of the country to bring modern information and communication services to the masses. Technology infrastructure serves as the key enabler for realizing this ambition. The year 2021 has been a remarkable year towards PTCL's journey in the transformation and expansion of its network. Several key projects were undertaken during the year with the objective of serving our valued customers with the latest technologies and positioning PTCL to maintain its leadership while delivering avenues for sustained growth and profitability.

A flagship project in 2021 has been the IP Edge Network Transformation. This is part of PTCL's vision of end-to-end modernization of its IP Network, under which the transformation of IP Gateway and Core was already completed over the past few years under the Multi-Service Core project. IP Edge project involves consolidation and simplification of PTCL's distributed IP Networks at Edge in order to serve the high bandwidth demand of corporate and carrier customers, through a single Unified IP Edge layer. Given the extensive scale of deployment across the country involving 136 sites in 53 cities, the project was divided into two phases. As a result of tremendous efforts, the first phase comprising of 46 priority sites has been successfully delivered in 2021 and presently undergoing service migrations. This project will serve as a key enabler for increased revenue for PTCL in the coming years.

PTCL being the largest transport network provider in the country, has always been striving for deploying highly scalable and resilient transport technologies. In 2021, a major step forward was the deployment of high capacity long-haul 100/200G Optical Transport Network (OTN) spread over 158 sites in 138 cities thereby extending this scalable solution to fairly large number of tier-2 cities of the country as well. With traffic migrations already initiated, this OTN project will serve to cater to the ever-increasing transmission requirements in the coming years.

With the unprecedented demand for high-speed internet services by residential customers, the availability of fast and reliable connectivity is fast becoming a necessity for home users. Realizing the immense potential in this area, PTCL has embarked on a long-term plan which aims to establish PTCL's leadership in the FTTH market. 2021 has witnessed a record-breaking performance in FTTH rollout with the delivery of 200,000 home passes, thereby increasing the FTTH lines by 2.7 times. This was achieved by laying 3,285 KMs of fiber in 29 cities hence extending our FTTH footprint outside major metros as well. This agility in deployment was achieved without any compromise on quality and safety standards. Moving forward, while PTCL continues its FTTH rollout momentum, another area of focus would be to bring increased automation and digitalization in its operations to enhance customer experience.

PTCL continues to ensure the provisioning of high-quality voice services to its valued customers. In this regard, a major milestone was achieved in 2021 by successfully completing the deployment of a state-of-the-art IP Multimedia Subsystem (IMS). This platform is based on NFV compliant cloud architecture deployed in a geo-redundant configuration to replace PTCL's legacy NGN Core Network and will serve to provide the foundation for the introduction of new and futuristic IMS services. With project deployment and integrations having been completed, extensive phase-wise migrations of voice services will be initiated in 2022.

PTCL, being the backbone of connectivity in Pakistan, has always been committed to meeting the technology needs of multiple Communication Service Providers (CSPs) in Pakistan's telecom industry. In this area, several challenging projects were successfully delivered during 2021. These include IP Transit capacity upgrades for Telenor and Zong thus taking PTCL's total IP Transit capacity to a phenomenal 1.82 Tbps as well as IRU fiber deployment for Jazz, Zong and Telenor. High-capacity long-haul terrestrial links were provided to Transworld Associates (TWA) for meeting its intercity connectivity along with a dedicated international lease circuit for Special Communication Organization (SCO). In addition to the local communication providers, PTCL served its international carrier customer, Aftel, with a new 140 KMs backup optical fiber link.

PTCL has always been at forefront of serving a diversified portfolio of corporate and enterprise customers across multiple industries, businesses, and government institutions with a variety of customized solutions ranging from connectivity, hosted solutions, video management, surveillance solutions, etc. Several important and complex projects were delivered in 2021 to serve the specialized needs of corporate customers including MCB, National Savings, Bank Alfalah, Al Baraka Bank, Bank of Khyber, etc. thereby opening new and important revenue streams for PTCL. Utility Stores connectivity and DC hosting project is a milestone project in this domain covering MPLS connectivity and deployment of video management and surveillance solution at more than 3,000 sites. This project was part of the Prime Minister's 'Digital Pakistan' initiative to digitally transform existing institutions to better serve the general public.

PTCL maintained its momentum of successful USF journey during 2021 with the deployment of 657 KMs of fiber optic cable serving 23 unserved tehsils of KPK under USF FATA Package-1. The project was completed on time under volatile security conditions of North Waziristan and South Waziristan agencies. A total of 7 new USF optical fiber cable projects were awarded to PTCL during 2021 which cover a total fiber length of 4,690 KMs connecting 389 union councils across the country.

These projects will greatly contribute towards the Government of Pakistan's vision of digital inclusion for all.

PTCL has been focusing on the transformation around areas like Business Continuity and Service Assurance where multiple initiatives were undertaken in 2021 to consistently improve offerings and quality of service. These projects covered rehabilitation and improvement of optical fiber health, creation of fiber rings at vulnerable routes for network resilience and fiberization of high-capacity DRS sites, etc. A series of actions including battery backup enhancements, induction of portable DGs etc. were undertaken to handle the prolonged power breakdowns and other weather-related calamities to provide round-the-clock services.

Customer Experience enhancement has also been the key focus area for PTCL during the year. The most prominent initiative in this domain is a major broadband optimization drive which was initiated to improve the stability and performance of the DSL copper network through a series of technical measures. This involved in-depth analysis of customers' current service experience and proposing optimization of the same including technological upgrades, where possible. Complete project setup along with necessary network integrations were completed during 2021 and phase-wise migrations are underway. The project will serve to enhance the customer experience and reduce churn.

Information Technology

In continuation of PTCL's journey to improve the customer experience, PTCL expanded the existing Service Management Platform (SMP) which is providing a unified customer experience through agent-assisted and self-service troubleshooting. The contributing initiatives include the completion and integration of Home Device Management (HDM) and Dynamic Line Management. These initiatives will enable PTCL to provide superior customer care while optimizing costs through automated workflows and a consolidated approach to service management. Internal customer service was also enhanced through a unified service desk in alignment with ITIL best practices to ensure better and improved service levels. This not only helped in decreasing repeated complaints but also improved Mean Time To Resolve (MTTR). A unified artificial intelligence roadmap was also set forth and worked upon in the areas of preventive network maintenance to achieve improved customer experience and revenue enhancement.

To encourage online bill payments, PTCL introduced a new payment gateway called NIFT which has been integrated with the PTCL website and Mobile App (PTCL Touch). It enables customers to pay their PTCL bills directly through bank accounts which will result in improved customer experience and timely collections.

PTCL Group focused on synergy initiatives between PTCL and Ufone in Network Information Security while ensuring that the expertise of both the organizations is utilized for creating resilience against cyber threats. The enablement of a round-the-clock security operation center was one of the key highlights of 2021 which helped the organization to reduce the landscape of critical incidents. Multiple security awareness training modules were also launched to help employees understand the potential risks and threats thereby ensuring that employees are aware of the possible consequences and are able to safeguard their assets.

Human Resource

PTCL started the year 2021 with recognition of its high-performing individuals and teams through its annual Business Excellence Awards. This year PTCL was recognized at the Best Place to Work Awards 2021 organized by the Pakistan Society for Human Resource Management (PSHRM) and

Engage Consulting, during a ceremony held in Karachi. Out of 160 companies that competed from all over Pakistan, PTCL stood out as the one with "The Most Improved Score".

This year, PTCL focused on how to facilitate and enable employees in a post-pandemic world. The goals included adopting an agile operating model while creating an enabling environment for all, improving overall organizational culture, enhancing employee experience, capacity development of diverse teams, and standardizing the organization's design for PTCL Group.

Online employee development programs continued to enable our people to upskill themselves through the courses offered by LinkedIn Learning, Learning Management System, Udemy, and Lead with Franklin Covey, to name a few. PTCL also remained focused on special development programs for aspiring young high potential employees through its flagship programs FueL, Management Development Program and Aspire.

Segmented capacity building and leadership development programs were launched to determine the necessarily required levels of employee skills, knowledge, and abilities for successful performance in a particular role and develop employees against those requirements. To increase the company's bench strength, leadership development plans were created with focused interventions for succession planning. PTCL is also working on an extensive project to make the organizational structure leaner and ensure an effective and efficient workforce.

Even as things return to normal, organizations cannot seem to unsee the many benefits of remote work. To help our teams enhance productivity in the hybrid working model, we launched an initiative called OrganiCer with the purpose of easing the cultural shift, raising awareness on different task management tools, and accelerating digital transformation. To enhance employee experience around the hybrid working model, the company introduced Effi-Meter - a survey to gauge the voice of employees regarding the different working modes and how they see it in terms of productivity.

PTCL re-launched Workplace by Facebook as its core internal communications platform and introduced a plethora of engagement activities on the platform to not only make work fun but to continually enhance employee experience across all levels. To ensure employee engagement and motivation throughout the year, quarterly town halls and meet-up sessions with the leadership team across all functions were carried out. A mix of virtual and physical engagements was conducted on national and global days to keep employees from burning out amidst the challenging uncertainties posed by Covid-19. PTCL, through its year-long efforts, successfully attained an increase in the overall engagement scores in all 21 categories in the Global Employee Engagement Survey with a 100% response rate. An extensive campaign to reiterate the company values was also conducted across the Group by engaging employees in a plethora of virtual and physical activities.

The Pink Club; the company's exclusive club for female staff engaged the women in a campaign to quit processed sugars for a month as a step towards their health and well-being, a month-long awareness campaign was run for Polycystic Ovarian Syndrome (PCOS) in September followed by Breast Cancer Awareness in October. The cause of Breast Cancer awareness was wholeheartedly endorsed by the entire organization such that corporate logos turned pink on all social media platforms, HQ buildings illuminated pink in unison, panel discussions and awareness sessions were conducted across different regional offices and male allies were brought on board with the Strong Men Wear Pink Campaign.

Employee health and well-being remained at the forefront of all efforts amidst the pandemic. Vaccination camps were set up at PTCL medical facilities across the country to ensure 100% of employees are vaccinated against Covid-19. The isolation that is inevitably faced by all those affected by the pandemic, takes a toll on mental wellbeing. To keep a check on this, PTCL organized sessions to spread awareness on mental health and well-being throughout the year.

Customer Care

Customer centricity always remains at the forefront of customer care, and PTCL continued to introduce various customer-centric initiatives to improve the overall customer experience. Amid different waves of Covid-19, PTCL proactively strived to create an enabling environment for its customers over the digital platforms for seamless and unified customer experience and it was further strengthened by deploying a Social Media Monitoring platform for enriching customer insights to serve them better.

'Always Put the Customer First' is one of our core values and customers find it more convenient when they are served in their native language. PTCL embarked on this milestone achievement by introducing Balochi Language for its customers of Baluchistan and became the first telecom operator in Pakistan who is serving customers in 5 different languages. PTCL also commercially launched a 24x7 business WhatsApp service for its customers and established its official presence on WhatsApp to better connect with customers and provide them with a convenient and customer-friendly communication platform.

PTCL contact centers also played a pivotal role in not only improving the overall customer experience and achieving all KPIs but also ensuring the financial growth of the company with the contribution of the highest ever number of new sales and upgrades during 2021. PTCL contact center has successfully completed certification of ISO 9001: 2015 to improve overall quality standards. Compliance with ISO 9001: 2015 quality standard has enabled PTCL in achieving operational excellence, including a proactive approach to managing business performance and improving customer satisfaction through data-driven decision making and an ongoing commitment toward continuous improvement. Contributing to PTCL's corporate social responsibility, customer care provided opportunities for physically impaired persons who are doing wonders by providing excellent customer services.

Customer retention and win-back remained a key focus area where the company executed various initiatives and process improvements resulting in significant improvement in retention and save rates. PTCL customer care has adopted Lean Six Sigma principles for their process improvements and has shown significant improvements in the overall efficiency of different key customer-related processes.

PTCL remained focused on improving customer experience by improving network stability, complaints resolution times, and introducing various customer care processes to proactively manage customer services. With these initiatives, PTCL managed to significantly improve overall customer experience which is also reflected in the improvement in the Customer Happiness Index (CHI) in 2021.

Innovation and team development remained at the forefront of customer care and various initiatives were taken to improve product knowledge of contact centers and shops staff. A digital learning management platform was launched for the entire customer support staff, which has helped to increase their product knowledge and customer handling.

MARKETING AND COMMUNICATION

Building on its equity as the highway to a digital Pakistan, PTCL kickstarted 2021 with a new brand 'Flash Fiber' - the ultimate internet and communication solution for present and emerging heavy data consumers. With a primary focus on creating effective brand awareness among Work From Home (WFH) professionals, start-ups, and gamers, the communications were designed as trendy, energetic, and extremely vibrant with a unique brand persona, tonality, and color palette. Despite currently relying on geofenced marketing and BTL advertising, PTCL Flash Fiber has been

creating quite a stir among the competition and potential users. Coupled with reliable customer service, steady speed as well as unprecedented internet offers, Flash Fiber is now upgrading its value proposition to include even more smart services and VAS products.

The pandemic had forced people to adopt an unprecedented WFH and online schooling regimes thereby making it imperative for PTCL Broadband to fulfill its promise of seamless connectivity and excellent volume through its 'Truly Unlimited Internet'. Compared to other broadband operators, it had no time restrictions on heavy usage and its volume was unmatchable. Under the new headline of Truly Unlimited Internet, PTCL Broadband launched a light-hearted 360-degree communication campaign in November 2021 that focused on easing the fears of regular broadband users. Through this campaign, the company not only reinforced its brand equity but also sustained its strong top-of-mind awareness when it comes to superior broadband.

REGULATORY AFFAIRS

PTCL has actively participated in the consultation processes carried out by the Ministry of IT (MoIT) and PTA for National Broadband Policy 2021, National Cyber Security Policy, Charging of IP bandwidth, licensing framework for Internet of Things (IoT) services, and Mobile Termination Rate (MTR). After consultation with all telecom operators, PTA significantly revised the MTR from the 0.70 rupee per minute to 0.50 rupee with effect from January 1, 2022. Further decrease is also planned to bring it down to 0.40 rupee per minute from July 1, 2022, and 0.30 rupee per minute from July 2023.

After concerted efforts of the telecom industry, MoIT issued a policy directive on Right of Way (RoW) to settle the matter of RoW fees for fixed-line operators in areas falling under Cantonment Boards.

In coordination with the telecom industry and PTA, the expansion of the Web Monitoring System is in progress to meet the monitoring requirements of international bandwidth. This will help in curbing the grey traffic further.

One key milestone in 2021 is the renewal of PTCL's integrated license for another term of 25 years. The license renewal exercise was carried out with extensive deliberations and meetings with internal, and external stakeholders including PTA and MoIT.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

PTCL Group continues to play a positive role in giving back to the society with the help of its efforts pursued on CSR front. PTCL strongly believes in supporting the education sector which is evident from the initiatives taken by the company to support the underprivileged and the youth. In order to bridge the technological gap in deprived societies, PTCL provided an annual internet subscription to 11 campus sites of the Pehli Kiran Schools in Islamabad. This network of schools provides education to children of slums in Islamabad and its vicinities. The connectivity is used for their web-based students and teacher attendance system and helps them in developing relevant

reports along with necessary technical expertise. In addition to this, PTCL joined hands with the School of Leadership (SoL) for the third time in 3 years by providing an opportunity to 10 children of PTCL and Ufone employees to become a part of the Young Leader's Conference held in Karachi. Two additional seats were sponsored for our National Wheelchair Champion and member of the Blind Cricket Team in order to create an inclusive space for multiple population groups at the event.

In an effort to support women's education, PTCL sponsored the Graduation Ceremony of the Girls 4 Girls (G4G) 2021 cohort for Bahria University Islamabad. Project G4G is an international forum that aims to help young women develop the courage, vision, and skills to take on public leadership. Bringing together insights from established leaders and a global network, they mobilize mentors to grow the pipeline of women in public leadership.

To help ease the burden on the country's health sector due to the pandemic, PTCL played its part by setting up Mobile Medical Health Units across the country whereby vans equipped with supplies and medical staff reached out to underserved communities and provided them with basic medical assistance.

PTCL also hosts Health Awareness Sessions for a multitude of medical issues every year. This year, sessions were conducted for Covid-19, diabetes, hypertension, and seasonal illnesses along with the dengue and mental health awareness, among other topics.

PTCL pledged its support to the Pakistan Polio Eradication Program to raise awareness for the cause of vaccination of children across Pakistan and to also uplift the well-being of polio health workers. PTCL played its role in this pledge by using its social media reach to celebrate World Polio Day and encourage parents to get their children vaccinated during the multiple Polio campaigns in the year. PTCL also extended its Exchange buildings to lend support to Polio teams in Lahore and Karachi.

The company, yet again, successfully executed its Justuju Internship Program for Persons with Disabilities (PWDs) in collaboration with 'Network of Organizations Working with Persons with Disabilities, Pakistan' (NOWPDP) with a batch of 19 interns. Each intern was paired with a mentor from within PTCL and Ufone to take their development journey forward against pre-defined scorecards. All mentors underwent Disability Sensitivity Training (DST) courtesy of our technical

partners to equip them with the skills and attitude necessary to manage a resource with multiple needs.

PTCL's in-house employee volunteer force "PTCL Razakaar" partnered with a renowned charitable organization; Akhuwat Clothes Bank and managed to collect clothing for 9,000 deserving persons from the employees of PTCL and Ufone.

The employee volunteer force also participated in a webinar, organized by PTCL, on various aspects of Down Syndrome. The session helped our employees understand what this condition is, how it is caused, the preferred associated vocabulary, and possible streams of employment that the persons with Down Syndrome can excel in.

Moreover, the PTCL Razakaar force arranged open-air picnics for over 1,000 children from impoverished community groups across 17 locations in Pakistan. Primary and senior school children were engaged in a day full of physical and cognitive activities after having to stay indoors amidst the pandemic for over a year.

PTCL has made a conscious shift to sustainable energy sources in the past few years. The company continues to install solar power solutions at multiple exchanges to significantly reduce the company's carbon footprint.

PTCL ran the 'One Nest at a Time' initiative for its employees and installed birdhouses across its different regional offices to bring back disappearing birds to safe homes and provide them with shelter.

Shaukat Khanum Memorial Cancer Hospital & Research Center recognized the PTCL Razakaar Trust; now the Rashid Khan Trust, for its generous donation towards augmenting Covid-19 testing facilities of the center during the peak of the pandemic in 2020. The donation was part of PTCL Group's nationwide disaster response in which it donated over Rs 100 million to the Prime Minister's Covid-19 Relief Fund also.

Not only this but in recognition of its forward-looking human resource practices and work culture, PTCL has won the prestigious Global Diversity, Equity, and Inclusion Benchmark (GDEIB) Award in five categories. The achievement highlights the Group's standing as a progressive and wholly employee-centric organization with unique attributes that have been validated previously as well.

SUBSIDIARIES

Pak Telecom Mobile Limited – Ufone

In September 2021, Ufone won 9 MHz Next Generation Mobile Services (NGMS) spectrum in the 1800 MHz band in Pakistan, which has enabled Ufone to offer higher speeds and high-volume 4G data bundles. Additionally in AJK & GB, Ufone secured 1.2 MHz spectrum in the 1800 MHz band and renewed its cellular license during the year 2021.

Cellular penetration in Pakistan remained low at 86% compared to average of 120% penetration in comparable markets including countries like Nigeria, Philippines, Bangladesh, and Sri Lanka. In 2021, Pakistan's mobile broadband subscribers reached 108 million, taking 3G/4G penetration to 49%. Overall 3G/4G subscribers increased by 18% during 2021 due to cellular mobile operators' focus on infrastructure upgrade and acquisition of more data subscribers. 4G subscribers showed promising 35% YoY growth hence 4G subscribers now account for 47% of total cellular subscribers in Pakistan. 3G subscriber base declined by 26% YoY due to migration towards 4G.

For Ufone, the financial year 2021 ended on a high note despite a challenging operating environment. Ufone's revenue grew by 4.3% as compared to last year which is mainly driven by growth in data services. Post-spectrum acquisition, Ufone witnessed 80% growth in the 4G net adds and achieved the 2nd highest 4G net adds market share in November 2021 and December 2021, resulting in growth in 4G active base by 15%. Over 50% of Ufone's towers have been upgraded to 4G by the last quarter of 2021.

After acquiring spectrum, Ufone has revamped the entire data portfolio by launching new products and modifying the existing ones to meet the growing needs of data customers at competitive prices. These initiatives resulted in an increase in the 4G base, data customers, data revenue, and traffic.

Ufone achieved growth in its revenue which was possible through timely network rollout and upgrades and multiple commercial initiatives that continued to be introduced throughout the year to ensure business growth and sustainability. Ufone has maintained the customer experience rating vs the industry and continues to be among the top two operators in 'customer loyalty measures' in 2021.

ufone 4G

Since its inception in 2001, Ufone has been fulfilling its promise of "It's All About U" by providing the most relevant communication modes and services to customers. This customer-centricity has helped the brand build a subscriber base of 23 million and counting through the years, with network coverage in 9000+ locations.

Ufone's Super Card extended its market leadership in 2021 by launching new variants and upgrading the product to cater to the growing needs of data and voice post Covid-19. The launch of Super Card Max and Super Card Gold acted as a catalyst for acquiring new customers and increasing brand loyalty. This was further strengthened by multiple initiatives of product development where additional resources were offered within these variants. An aggressive digital strategy was put in place to further boost the uptake and increase awareness among the customers more effectively. The digital strategy also helped in engaging the audience to use digital platforms for Super Card subscriptions.

Being a Pakistani brand, Ufone celebrated Independence Day by launching a green colored Azaadi Super Card and offering 1GB to customers so they can celebrate Independence Day with Befikri.

As the Pakistani market gradually moved away from the effects of Covid-19 and started its journey towards normalcy, Ufone geared up and took some aggressive steps to increase its brand's visibility and improve consumer perceptions. 2021 proved to be a remarkable year for the brand with Ufone winning the 4G spectrum. This was a huge leap forward in relation to brand experience and product development. This was manifested effectively in the 4G launch campaign which was revealed on the special occasion of Independence Day of Pakistan. The communication for this campaign focused on the strong resilient faces from different ethnicities of Pakistan, all united in their smiles and hope for a brighter future. The campaign connected with the mobile consumers on a deeply engaged level with stronger product offerings and heart-warming stories. The launch campaign solidified its relationship with the Pakistani audience as well as Ufone 4G's brand positioning of "Tum Hi Tou Ho".

UPaisa, the company's branchless banking service, launched with the ideology of customer ease and convenience, established itself further in the market as the hassle-free digital financial services platform. Throughout the year, multiple offers and promotions were launched to engage customers. To enrich the offerings, developments were undertaken in the current year along with getting a roadmap aligned for the coming years. In 2021, the active customer base grew by 61% and wallet transaction volumes increased by 91% YoY.

To facilitate our customers traveling abroad, Ufone launched "Roam like Home" (Data Roaming) offers in UAE to capitalize on the opportunity presented by the Dubai Expo 2020. For the first time in Pakistan, Ufone has launched a Gift Data Bucket targeting those subscribers who are short of balance during roaming. Anyone from Pakistan can gift a 1 GB data bucket to their loved ones during roaming in Saudi Arabia and UAE.

Ufone participated in independent surveys conducted by PSHRM and Engage Consulting to study human resource management practices and work environment in over 160 companies from all over Pakistan followed by the Best Place to Work Awards 2021. Ufone bagged the accolade for 'The Best in Industry (Telecom)'. The award is a testament to our employer brand and our progressive people practices.

To honor its commitment to attract the best talent for its business functions, Ufone onboarded a cohort of interns from the top universities of Pakistan through online gamified assessment in its flagship Summer Internship Program; Experia. Experians were able to work on real-world business problems and provide creative solutions and out of the box ideas.

Ufone also onboarded its 2021 batch of Summit graduates. These management trainees are the future of the company who will be placed in multiple business units after having completed a rigorous training marathon at the PTCL Training Academy and six months of on-job training.

Ufone has brought a massive transformation in its learning and development interventions. This year the emphasis was on blended learning and digital learning programs where employee participation has shown remarkable growth. Udemy was a signature program introduced to improve self-paced learning on digital media. An Artificial Intelligence Lab has been launched to cultivate innovation and customer-centricity. Under this project, AI-based chatbots are being designed for customer services and contact center teams. In addition to that, AI Lab offers certifications, prototype projects and other innovative solutions.

In the coming year, Ufone intends to capitalize on the opportunity presented through spectrum acquisition by aggressively expanding its coverage footprint and by fully modernizing its network to 4G. Data will remain crucial in driving revenue growth which will be achieved through aggressive product offerings targeting the data-savvy customers and the inclusion of large-screen segment in the product portfolio.

U Microfinance Bank Limited - U Bank

U Bank, while persisting with the larger goal to serve the unbanked or underbanked population, prospered during the year despite the challenging economic conditions and managed to deliver consistent financial results on the back of a robust and resilient balance sheet. U Bank stands firm with the resolve to address all financial needs of the customers in the microfinance ecosystem in Pakistan.

U Bank operates in more than 180 cities in Pakistan with a vision to disrupt and innovate the financial ecosystem and act as an enabler and problem solver for the customers. The vision includes women empowerment by financing micro and small enterprise loans, delivering access to education and finance, nurturing small businesses to help diversify the economy, and leveraging microfinance to help businesses and livelihoods outside metropolitan cities. U Bank believes that access to microfinance services, i.e., access to credit, deposit, and digital services will contribute significantly towards building a more inclusive society.

The financial year 2021 brought many challenges to the financial sector in Pakistan. The aftershocks of Covid-19, higher inflation, and the uncertain economic outlook of the country, coupled with the volatile currency exchange rates and higher oil prices, have put extraordinary pressure on the customers of the microfinance sector. The micro and small businesses were particularly affected as measures to control Covid-19, in addition to the health challenges, limited their ability to do business and disrupted the supply chain. U Bank, with the support of the regulator, took actions to help our customers navigate this economic stress and stay in control of their finances during this turbulent time.

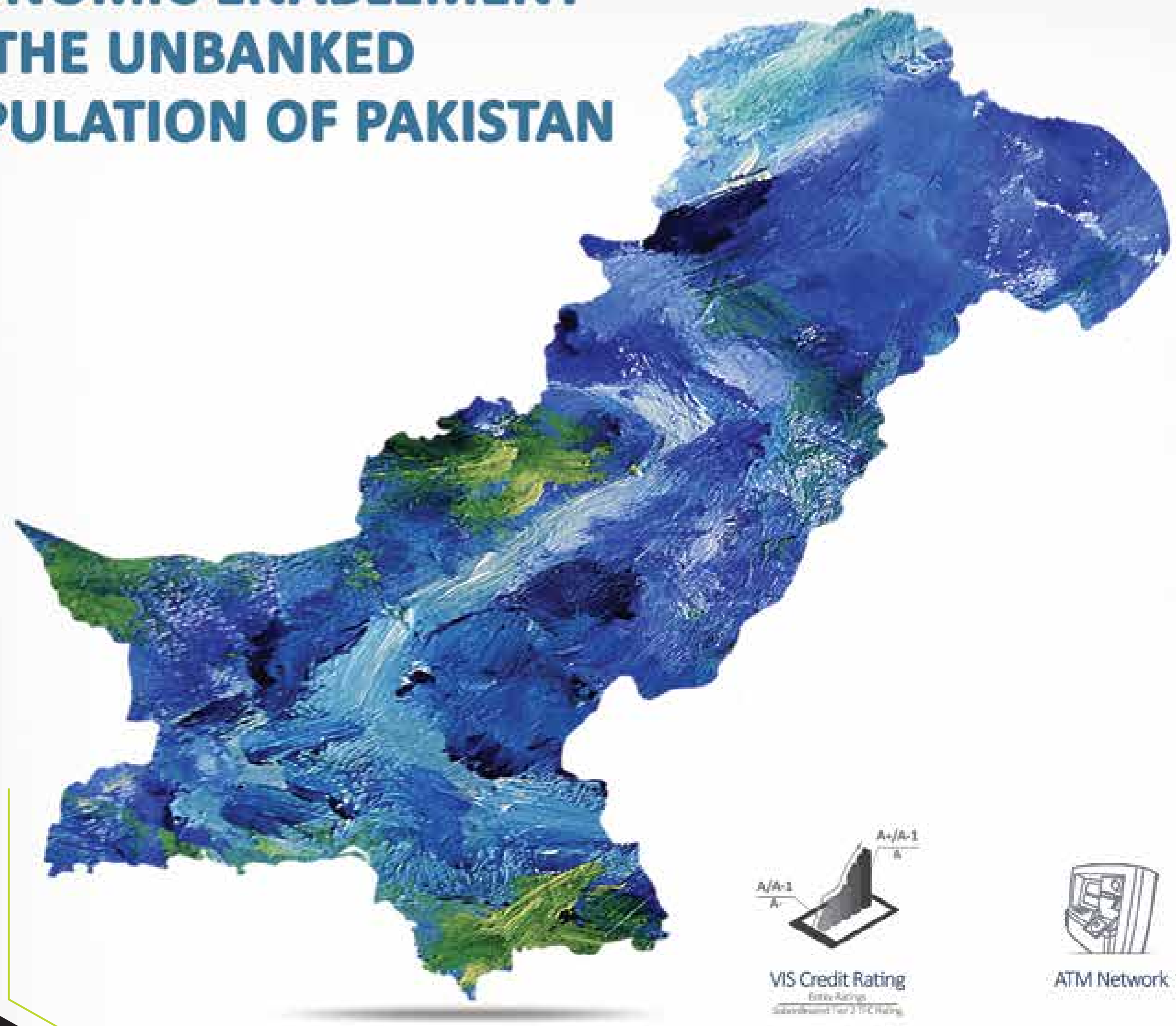
While U Bank will continue to focus on low-income earning segments of the society, the strategy now also includes Micro, Small, and Medium Enterprises (MSMEs), housing finance, and Islamic banking segments. There is added focus on collateralized lending. This enrichment will help U Bank develop into a more resilient customer-centric financial institution.

U Bank, under the vision of financial inclusion through disruptive innovation, is offering a complete suite of digital banking services to its customers, including internet and mobile banking, mobile wallets, and ATMs. U Bank is also actively investing in core banking, process automation, and IT security to ensure continuous service through the digital platforms.

U Bank's balance sheet remained strong despite the challenging financial year. Total assets increased by 48% compared to last year to reach Rs 104.6 billion from Rs 70.7 billion in 2020 mainly due to an increase in loan and investment portfolio. U Bank's credit exposure remained well diversified in secured and unsecured loans, the investment in government securities, and A/A+ rated instruments. U Bank increased the customer deposits by 19% to Rs 55 billion at the end of 2021 compared to Rs 46.1 billion in 2020. This was mainly contributed by an increase in Current Account and Savings Account deposits by 76% from Rs 19.7 billion to Rs 34.7 billion. The Bank also strengthened its strategic funding alliances, which helped diversify its funding base and supported its growth trajectory, while the treasury arm continued to create positive arbitrage opportunities for the Bank to ensure a positive bottom-line impact. The Bank managed the operating expenses despite inflationary pressures, mainly through aggressive cost rationalization measures and process automation.

U Bank's management team has successfully steered the company through a turbulent and challenging year. Despite the difficulties, U Bank was able to post a net profit of Rs 1.1 billion in the year 2021 as compared to Rs 0.9 billion in last year.

WE ARE COMMITTED TO FIGHT POVERTY THROUGH ECONOMIC ENABLEMENT OF THE UNBANKED POPULATION OF PAKISTAN



U microfinance bank

We stand at the forefront of fighting poverty through the economic enablement of the unbanked population of Pakistan. Our expanding geographical footprint is a testament to our commitment to serving the underserved.

DVCOM Data (Private) Limited – DVCOM Data

DVCOM Data, a 100% owned subsidiary of PTCL, possesses a 5 MHz spectrum in the 1900 MHz band. To realize synergies within the PTCL Group, the said spectrum is used through a commercial arrangement with PTCL to supplement the wireless broadband services of PTCL.

Smart Sky (Private) Limited - Smart Sky

Smart Sky is a wholly owned subsidiary of PTCL which was originally incorporated to provide direct-to-home (DTH) entertainment services. The company was not able to acquire the license for DTH services.

CORPORATE GOVERNANCE

The Company has complied with all the material requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (hereinafter referred to as "2019 Regulations") as well as Pakistan Stock Exchange Regulations ("PSX Regulations"). The Directors confirm the following in compliance with the referred Regulations:

Compliance - General

- The vision and mission statement, corporate values, and overall corporate strategy for the Company are prepared, adopted, and reviewed, as and when deemed appropriate by the Board.
- A formal code of conduct is in place and put on the Company's website.
- Adequate systems and controls, including whistle-blowing policy, are in place for identification and redressal of grievances arising from unethical practices.
- The system of internal control, including financial control, is sound in design and has been effectively implemented and monitored.
- Decision on all material transactions and or significant matters are taken by the Board of Directors and the management per the delegation of powers approved by the Board.
- A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- There has been no material departure from the best practices of corporate governance, as detailed in the Regulations.

Compliance - Financial Statement & Auditors

- The financial statements prepared by the management of the Company fairly present 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 preparation of the financial information and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial information and in case of any departure therefrom, the same has been adequately disclosed.
- There are no significant doubts about the Company's ability to continue as a going concern.
- The Audit Committee has recommended the appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as auditors of the Company for the financial year ending December 31, 2022, and the Board has endorsed the same.
- Information regarding outstanding taxes and levies is disclosed in the notes to the financial statements.
- Detail of aggregate amount of remuneration of Directors including perquisites and benefits etc. has been disclosed in note 39 to the financial statements.
- Statement of Value of Investments in respect of employees' retirement plans has been disclosed in note 8.4 to the financial statements.

Compliance – Board Performance

- A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance and of its committees.
- The Chairman of the Board, at the beginning of the term of each Director, issued letter to such Director setting out his role, obligations, powers and responsibilities, remuneration and entitlement in accordance with the Companies Act, 2017, the Company's Articles of Association and policies.
- The Board of Directors has approved the Directors' Remuneration Policy, which is in line with best corporate and governance practices. The Directors receive a fee for attending the meetings of the Board and its sub-Committees. The Board ensures that the remuneration / fee of the Directors and Chairman shall not be at a level that could be perceived to compromise their independence and, that the Directors' remuneration shall encourage value creation within the Company.
- The Board has been reconstituted at the Extraordinary General Meeting of the Company held on November 03, 2021, upon expiry of its term. Directors Certifications under the Directors Training Program will be arranged in due course of time, however, a manual to acquaint the Directors with their role, obligations, powers and responsibilities, was provided to them.
- The Board of Directors for the purposes of clause 5.6.1 and 5.6.4 of the PSX Regulations has set the threshold of Company's employees considered as 'Executive'.

Composition of Board

The Board of Directors ("Board") comprises of nine Members. Pursuant to the provisions of the Shareholders Agreement between the President of Pakistan on behalf of the Government of Pakistan ("GOP") and Etisalat International Pakistan ("Strategic Investor"), as well as the Articles of Association of the Company, the GOP nominates four (04) Members on the Board of the Company, while Strategic Investor nominates five (05) Members. The present Board consists of nine (9) directors as follows:

a. Male: Nine
b. Female: None

The composition of the Board is as follows:

i.	Independent Directors	None
ii.	Non-executive Directors	1. Dr. Muhammad Sohail Rajput, Chairman 2. Mr. Abdulrahim A. Al Nooryani 3. Mr. Hamed Yaqoob Sheikh 4. Mr. Hatem Dowidar 5. Mr. Hassan Nasir Jamy 6. Mr. Khalifa Al Shamsi 7. Syed Hussnain Abbas Kazmi 8. Dr. Mohamed Karim Bennis 9. Mr. Burak Sevilengul
iii.	Executive Directors	None
iv.	Female Directors	None

Further, during the year, following persons were members of the Board:

- Mr. Shoaib Ahmad Siddiqui
- Dr. Muhammad Sohail Rajput
- Mr. Hassan Nasir Jamy
- Mr. Naveed Kamran Baloch
- Mr. Kamran Ali Afzal
- Mr. Yusuf Khan
- Syed Shabahat Ali Shah
- Syed Hussnain Abbas Kazmi
- Mr. Abdulrahim A. Al Nooryani
- Mr. Hatem Dowidar
- Dr. Mohamed Karim Bennis
- Mr. Hesham Al Qassim
- Mr. Khalifa Al Shamsi
- Mr. Burak Sevilengul

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.

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. Material/price-sensitive information was disseminated among all market participants through the stock exchange.

Compliance statement with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Auditors' Review thereon by statutory auditors are part of this report. Chairman's Review, Notice of Annual General Meeting, historical business indicators, the composition of the Audit Committee; the Human Resource & Remuneration Committee; the Investment & Finance Committee; the number of Board Meetings; attendance of Directors, and Shareholding Pattern are also part of this report.

RISK MANAGEMENT

With the everchanging risk landscape and volatility of the operating environment, the importance of dynamically managing critical risks with high responsiveness has become paramount. Failure to effectively manage material risks could affect the success of our strategy, customer experience, reputation, financial position, and capacity to pay dividends.

The Board, through Audit Committee, regulates the Enterprise Risk Management (ERM) of PTCL.

For this purpose, the ERM policy and frameworks are in place that drives the Company's risk profile which is constantly monitored through identification and assessment of possible adverse impacts of risks on PTCL's business.

Following are the key identified risks with the potential to adversely impact Company's ability to achieve its strategic targets:

- Liability on account of Funded Pension Retirement Scheme
- Competition from other operators
- Occupational, health and safety hazards
- Cyber security
- Tax recoverable and related outstanding cases

In coordination with internal and external stakeholders, PTCL continuously evaluates the possible impact of these risks and takes all needed measures to mitigate/reduce the evaluated impact to acceptable levels.

WAY FORWARD

Digitalization is clearly the future due to rapid transformation for nearly all industries including services industries. This in turn would translate into a major growth opportunity in mobile and retail broadband, enterprise, ICT and VAS segments. Mobile operators are eyeing new advancements in LTE technology and an increase in spectrum holding and coverage to meet customer data demand. CMOs will continue to increase their LTE footprint, utilize their spectrum for the most optimal data delivery while synergizing with other operators to optimize costs. Operators are also aiming to transform existing microwave backhaul to fiber to upgrade their transmission capacity to sustain growth in their businesses in the long run. Consumers will be able to benefit from high-speed connectivity and improved experience resulting in a surge in subscribers across all segments.

With a greater spectrum and ambitious LTE rollout, Ufone aims to enhance its offerings and provide an improved customer experience, thereby competing aggressively in the market. Ufone aims to become the leading operator in terms of quality of service in 2022.

The Government has proposed an increase of five percent (5%) in the withholding tax (WHT) on telecommunication services which will have an adverse impact on the revenue in the coming year.

PTCL, as part of its strategy, is moving towards automation to standardize processes and optimize costs alongside providing a superior customer experience to achieve a competitive advantage. To reduce the digital divide in the country, PTCL has secured contracts from Universal Service Fund (USF) to deploy fiber infrastructure in less developed areas and connect existing cell towers with fiber to ease backhaul-related challenges. This initiative promises to quench the growing requirement of voice, data, and video in underdeveloped areas of Pakistan.

The year 2022 and beyond will see telecom operators continue to invest in networks while digitalizing their systems. PTCL, however, has positioned itself to grow its business and support the economy of Pakistan by deploying FTTH, offering quality fixed-line services, connecting CMOs' cell towers with its fiber, and delivering comprehensive suite of business services.

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 who ensured provision of seamless services besides enabling 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

Hatem Mohamed Bamatraf
President & Group Chief Executive Officer

Dr. Muhammad Sohail Rajput
Chairman PTCL Board

Islamabad: February 10, 2022

Fiber-to-the-Tower (FTTT)

PTCL provides high-speed internet access to all mobile operators of the country through its FTTT services.

اسی طرح درج ذیل خطرات کی کمپنی کے سٹریٹجک اہداف کے حصول میں رکاوٹ کے طور پر نشاندہی کی گئی:

- فنڈڈ پنشن ریٹائرمنٹ اسکیم کی ذمہ داری
- دوسرے آپریٹرز سے مقابلہ
- سائبر سیکورٹی
- پیشہ ورانہ، صحت اور تحفظ سے متعلق خطرات
- ٹیکس کی وصولی اور متعلقہ کیسز

اس کے علاوہ اندرونی اور بیرونی شراکت داروں کے ساتھ تعاون کے دوران پی ٹی سی ایل مسلسل ان خطرات کے ممکنہ اثرات کا جائزہ لیتا ہے اور اس کے مطابق قابل قبول سطح پر اس کے متوقع اثرات کو کم کرنے کے لئے تمام ضروری اقدامات کرتا ہے۔

درپیش مسائل اور مستقبل کا لائحہ عمل

ڈیجیٹلائزیشن واضح طور پر ہمارا مستقبل ہے جیسا کہ تقریبا تمام صنعتوں میں تیزی سے اس کی ٹرانسفارمیشن ہو رہی ہے۔جس کے نتیجے میں انٹرپرائز، آئی سی ٹی اور VAS سیگمنٹس میں ترقی کے ہمہ گیر مواقع میسر ہوں گے۔موبائل آپریٹرز بڑے پیمانے پر ایل ٹی ای ٹیکنالوجی اور 5G میں نئی پیشرفت کے خواہاں ہیں تا کہ صارفین کی ڈیٹا کی طلب کو پورا کیا جا سکے۔لہذا موبائل آپریٹرز ایل ٹی ای فٹ پرنٹس کو بڑھانے پر توجہ دینے اور اپنے اسپیکٹرم کو زیادہ سے زیادہ ڈیٹا ڈیلیوری کے لئے استعمال کر رہے ہیں، مزید یہ کہ اخراجات کم کرنے کے لئے دیگر آپریٹرز کے ساتھ تعاون بھی کر رہے ہیں۔آپریٹرز فائبر کی تنصیب کر کے بیک ہال کو وسعت دیتے ہوئے طویل مدت تک برقرار رکھنے کے لئے اپنی ٹرانسمیشن نیٹ ورک کی صلاحیت کو بڑھانا چاہتے ہیں۔

ایک وسیع تر سپیکٹرم اور پر جوش ایل ٹی ای رول آؤٹ کے ساتھ، Ufone کا مقصد اپنی پیشکشوں کو بڑھانا اور صارفین کو بہتر تجربہ فراہم کرنا ہے، اس طرح مارکیٹ میں جارحانہ مقابلہ کرنا ہے۔Ufone کا مقصد 2022 میں سروس کے معیار کے لحاظ سے صف اول کا آپریٹر بننا ہے۔

حکومت نے ٹیلی کمیونیکیشن سروسز پر ود ہولڈنگ ٹیکس (WHT) میں پانچ فیصد اضافے کی تجویز پیش کی ہے جس کا آنے والے سال میں محصولات پر منفی اثر پڑے گا۔

پی ٹی سی ایل، اپنی حکمت عملی کے ایک حصے کے طور پر، مسابقتی فائدہ حاصل کرنے کے لیے اعلیٰ کسٹمر کا تجربہ فراہم کرنے کے ساتھ ساتھ عمل کو معیاری بنانے اور لاگت کو بہتر بنانے کے لیے آٹومیشن کی طرف بڑھ رہا ہے۔

ملک میں ڈیجیٹل تقسیم کو کم کرنے کے لیے، پی ٹی سی ایل نے یونیورسل سروس فنڈ (USF) سے کم ترقی یافتہ علاقوں میں فائبر انفراسٹرکچر کی تعیناتی اور موجودہ سیل ٹاورز کو فائبر سے منسلک کرنے کے لیے کنٹریکٹ حاصل کیے ہیں تا کہ بیک ہال سے متعلقہ چیلنجز کو کم کیا جا سکے۔ یہ اقدام پاکستان کے پسماندہ علاقوں میں آواز، ڈیٹا اور ویڈیو کی بڑھتی ہوئی ضرورت کو پورا کرنے کا عزم ہے۔

سال 2022 اور اس کے بعد ٹیلی کام آپریٹرز اپنے سسٹمز کو ڈیجیٹلائز کرتے ہوئے نیٹ ورکس میں سرمایہ کاری جاری رکھیں گے۔تاہم، پی ٹی سی ایل نے اپنے کاروبار کو بڑھانے اور FTTH کی تعیناتی، معیاری فکسڈ لائن سروسز کی پیشکش، CMOs کے سیل ٹاورز کو اس کے فائبر سے جوڑنے، اور بہترین کاروباری خدمات کی فراہمی کے ذریعے خود کو نمایاں پوزیشن میں لے لیا ہے۔

اعتراف :

کمپنی کے بورڈ آف ڈائریکٹرز اپنے تمام صارفین، سپلائرز، کنٹریکٹرز، سروس فراہم کنندگان، اسٹیک ہولڈرز اور شیئر ہولڈرز کے مسلسل تعاون پر شکر گزار ہیں۔

ہم ملک بھر میں اپنے تمام ملازمین کی انتھک محنت اور لگن کی حوصلہ افزائی کرتے ہیں جن کی کاوشوں سے کمپنی کو درپیش مسائل اور چیلنجز سے نمٹنے میں مدد ملی اور بغیر کسی رکاوٹ کے خدمات کی فراہمی کا سلسلہ جاری رہا۔ہم کمپنی کے مقاصد اور اہداف کے حصول میں حکومت پاکستان اور اتصالات گروپ کے بھرپور تعاون پر ان کا خصوصی طور پر شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

ڈاکٹر محمد سہیل راجپوت
چیئرمین پی ٹی سی ایل بورڈ

حاتم محمد بامطرف
پریزیڈنٹ اینڈ گروپ چیف ایگزیکٹو آفیسر

اسلام آباد: 10 فروری 2022

بورڈ کی تشکیل حسب ذیل ہے:

(i) آزاد ڈائریکٹرز — کوئی نہیں

(ii) نان ایگزیکٹیو ڈائریکٹرز

1. ڈاکٹر محمد سہیل راجپوت، چیئرمین
2. جناب عبدالرحیم اے النوریانی
3. جناب حامد یوسف شیخ
4. جناب حاتم دوئیدار
5. جناب حسن ناصر جامی
6. جناب خلیفہ الشمسی
7. سید حسنین عباس کاظمی
8. ڈاکٹر محمد کریم بینس
9. جناب براق سیویلنگل

(iii) ایگزیکٹو ڈائریکٹرز — کوئی نہیں

(iv) خواتین ڈائریکٹرز — کوئی نہیں

دوران سال درج ذیل ممبران بورڈ میں شامل رہے

- جناب شعیب احمد صدیقی
- جناب نوید کامران بلوچ
- سید شباہت علی شاہ
- جناب حاتم دوئیدار
- جناب خلیفہ الشمسی
- ڈاکٹر محمد سہیل راجپوت
- جناب کامران علی افضل
- سید حسنین عباس کاظمی
- ڈاکٹر محمد کریم بینس
- جناب براق سیویلنگل
- جناب حسن ناصر جامی
- جناب یوسف خان
- جناب عبدالرحیم اے النوریانی
- جناب ہشام القاسم

وہ ڈائریکٹرز، سی ای او اور ایگزیکٹیو جو کمپنی کے شیئرز میں دلچسپی نہیں رکھتے انہیں شیئر ہولڈنگ پیٹرن کے مطابق ظاہر کیا گیا ہے۔

عبوری یا حتمی نتائج کے اعلان سے قبل بند ہونے والی مدت کا تعین کیا گیا تھا اور کمپنی کی سیکیورٹیز کی مارکیٹ قیمت کو مادی طور پر متاثر کرنے والے کاروباری فیصلوں کا تعین کیا گیا تھا جس کے بارے میں ڈائریکٹرز، ملازمین اور اسٹاک ایکسچینج کو آگاہ کیا گیا تھا۔میٹیریئل اور قیمت کے بارے میں حساس معلومات مارکیٹ کے تمام شرکا کو اسٹاک ایکسچینج کے ذریعے پہنچائی گئی۔Compliance statement اور قانونی آڈیٹرز کے ذریعے اس پر آڈیٹرز کا جائزہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت اس رپورٹ کا حصہ ہیں۔چیئرمین کا جائزہ، سالانہ عام اجلاس کا نوٹس، ہسٹوریکل بزنس انڈیکیٹر، آڈٹ کمیٹی کی تشکیل، انسانی وسائل اور معاوضہ کمیٹی، سرمایہ کاری اور مالیاتی کمیٹی، بورڈ کے اجلاسوں کی تعداد، ڈائریکٹرز کی حاضری اور شیئر ہولڈنگ پیٹرن بھی اس رپورٹ کا حصہ ہیں۔

رسک مینجمنٹ

آپریٹنگ ماحول کے بدلتے ہوئے خطرے کے پس منظر اور اتار چڑھاؤ کے ساتھ، اس خطرے سے نمٹنے کے انتظامات کرنا بہت ضروری ہیں۔ان مادی خطرات سے موثر طور پر نمٹنے کی صلاحیت میں ناکامی ہماری حکمت عملی، کسٹمر کے تجربے، ہماری ساکھ، مالی پوزیشن، اور منافع کی ادائیگی کی کامیابی کو متاثر کر سکتی ہے۔

بورڈ آڈٹ کمیٹی کے ذریعے پی ٹی سی ایل کے انٹرپرائز رسک مینجمنٹ (ERM) کو ریگولیٹ کرتا ہے۔اس مقصد کے لیے ERM پالیسی اور فریم ورک کا اطلاق کیا گیا جس کے تحت پی ٹی سی ایل بزنس پر ان کے ممکنہ اثرات اور ان میں کمی کے موجودہ اور ضروری اقدامات کی شناخت کو مسلسل مانیٹر کیا جاتا ہے۔

کیریئر سروسز

پی ٹی سی ایل" کیریئر آف کیریئرز" ہونے کے ناطے پاکستان میں پوری ٹیلی کام انڈسٹری کو جدید، قابل اعتماد اور چست حل فراہم کر رہا ہے اور ابھرتے ہوئے ڈیجیٹل پاکستان کے لیے ترقی کا انجن بن گیا ہے۔۔ چار مختلف روٹس یعنی، AAE1, SMW4, IMEWE اور SMW3 اور ایک زیر تکمیل نئی سب میرین کیبل (افریقہ 1) پر مشتمل جدید ترین بین الاقوامی سب میرین کیبل نیٹ ورک کے ساتھ پی ٹی سی ایل ملک کی ڈیٹا کی ضروریات کو پورا کرنے کے لئے تیار ہے۔ اہم ترین نیٹ ورک، میٹرو اور ایکسز نیٹ ورک کے ساتھ پی ٹی سی ایل ملک بھر میں اولین انتخاب بن چکا ہے۔ صارفین کی بدلتی ضروریات کو پورا کرنے کے لئے پی ٹی سی ایل اپنے نیٹ ورک کو وسعت دے رہا ہے اور سال 2021 کے دوران آئی پی ایج فیز 1 پراجیکٹ کے تحت 46 اہم سائٹس کو کامیابی سے اپ گریڈ کر چکا ہے۔ پاکستان ٹیلی کمیونیکیشن اتھارٹی (PTA) کی طرف سے CMOs کو حالیہ NGMS سپیکٹرم ایوارڈ بشمول AJK/GB اور FTTH/GPON سروسز میں ملک گیر اپٹیک نے کنیکٹیویٹی اور ICT سروسز کی مانگ کو مزید تقویت دی ہے اور PTCL، کیریئر انڈسٹری کو فعال کرنے والے ادارے کی حیثیت سے، ایک اہم کردار ادا کرنے کے لیے اچھی پوزیشن میں ہے۔

صارفین کے تجربے کو بہتر بنانے کے لئے پی ٹی سی ایل نے آن لائن پلیٹ فارم 'پی ٹی سی ایل کیریئر واچ' تیار کیا ہے تا کہ ہمارے معزز پارٹنرز کو سروسز کی بلا تعطل فراہمی یقینی بنائی جاسکے۔ اس کے ساتھ ساتھ پی ٹی سی ایل اپنے پارٹنرز کے لئے عالمی معیار کی فراہمی کے لئے مسلسل کوشاں ہے۔
ڈیجیٹلائزیشن کے اس نئے دور میں کیریئر انڈسٹری کی کاروباری ضروریات کو پورا کرنے کے لیے، پی ٹی سی ایل اپنے پروڈکٹ پورٹ فولیو کو متنوع بنا رہا ہے جس میں کنیکٹیویٹی، مینیجڈ سروسز، کلاؤڈ، ڈیٹا سینٹر اور آئی سی ٹی پروڈکٹس شامل ہیں، اس طرح کنیکٹیویٹی فراہم کرنے والے سے اپنے کردار کو ایک جامع حل فراہم کرنے والے میں تبدیل کر رہا ہے۔

انٹرنیشنل بزنس ریلیشنز

پی ٹی سی ایل اپنے معزز صارفین کو اعلیٰ معیار کی وائس اور آئی پی بینڈ وڈتھ/ آئی پی ٹرانزٹ خدمات کی فراہمی کے لئے مصروفِ عمل ہے۔
پی ٹی سی ایل اپنے ڈیٹا اور وائس خدمات کی دستیابی اور معیار کو برقرار رکھنے کے لئے اپنے تمام بین الاقوامی روٹس کا باقاعدگی سے جائزہ لیتا ہے۔ او ٹی ٹی ایپلی کیشنز اور اسمارٹ فون کے بڑھتے ہوئے استعمال اور گرے ٹریفک جیسے مسائل کی وجہ سے سال بھر وائس بزنس کی آمدن متاثر رہی۔ پی ٹی سی ایل، پی ٹی اے، سی ایم اوز اور ایل ڈی آئی انڈسٹری کے ساتھ اشتراک کو یقینی بنا رہا ہے تا کہ ویب مانیٹرنگ سسٹم کے ذریعے گرے ٹریفک کو کنٹرول کیا جاسکے۔ یہ ڈبلیو ایم ایس سسٹم، بین الاقوامی بینڈ وڈتھ پر نصب کی گئی ہیں تا کہ غیر قانونی ٹریفک کو روکا جائے۔

وائس کی کم ہوتی ہوئی آمدن کو روکنے کے لئے پی ٹی سی ایل نمایاں بین الاقوامی آپریٹرز کے ساتھ مل کر کام کر رہا ہے تا کہ بین الاقوامی آمدن کو مستحکم/محفوظ بنایا جائے۔ ہمسایہ ممالک کے ساتھ رابطوں کی راہداری کے ذریعے پی ٹی سی ایل ڈیٹا اور وائس کنیکٹیویٹی کے لئے علاقائی ٹرانزٹ حب کی حیثیت رکھتا ہے۔ پی ٹی سی ایل، قلیل/ درمیانی مدتی مواقعوں کے ذریعے سب میرین ویٹ سیگمینٹ کیپسٹی سیلز میں اضافے پر بھی توجہ مرکوز رکھے ہوئے ہے۔ ہمیں امید ہے کہ اِن اقدامات کے مثبت نتائج سامنے آئیں گے جن کی مدد سے کاروباری اہداف حاصل کرنے میں آسانی ہوگی۔

کارپوریٹ سوشل ریسپانسیبلیٹی (سی ایس آر)

پی ٹی سی ایل گروپ اپنی سی ایس آر سرگرمیوں کے ذریعے معاشرے کی بہتری کے لئے اپنا مثبت کردار ادا کرتا آ رہا ہے۔ پی ٹی سی ایل تعلیم کے شعبے میں معاونت کرنے پر یقین رکھتا ہے۔ مستحق افراد اور نوجوانوں کی معاونت کے لئے کمپنی کی جانب سے کئے جانے والے اقدامات اس بات کا منہ بولتا ثبوت ہیں۔ رابطوں کی جدید سہولیات سے محروم افراد کے لئے ٹیکنالوجی کا خلاء پُر کرنے کے لئے پی ٹی سی ایل نے اسلام آباد میں پہلی کرن اسکولز کے 11 کیمپس سائٹس کو انٹرنیٹ کی سالانہ سبسکرپشن فراہم کی۔ اسکولوں کا یہ نیٹ ورک اسلام آباد اور اس کے ملحقہ علاقوں کی کچی آبادیوں میں بچوں کو تعلیم فراہم کر رہا ہے۔ یہ کنیکٹیویٹی ان کے ویب بیسڈ طلباء اور اساتذہ کی حاضری کے نظام کے لئے استعمال کی جاتی ہے اس کے ساتھ ساتھ ضروری تکنیکی

مہارت اور متعلقہ رپورٹس کی تیاری میں بھی بروئے کار لائی جاتی ہے۔ اس کے علاوہ پی ٹی سی ایل نے اسکول آف لیڈرشپ کے ساتھ تین سال میں تیسری مرتبہ شراکت کی جس کے ذریعے پی ٹی سی ایل اور یوفون ایمپلائیز کے 10 بچے، کراچی میں ینگ لیڈرز کانفرنس کا حصہ بنے۔ اس تقریب میں مختلف آبادی کے گروپس کی شمولیت کے لئے بلائنڈ کرکٹ ٹیم کے ممبر اور ہمارے نیشنل وہیل چیئر چیمپئن کے لئے دو اضافی نشستیں اسپانسر کی گئیں۔

خواتین کی تعلیم کی معاونت کرتے ہوئے پی ٹی سی ایل نے بحریہ یونیورسٹی اسلام آباد کے لئے Girls 4 Girls (G4G) 2021 کی گریجویشن تقریب اسپانسر کی۔ پراجیکٹ G4G ایک بین الاقوامی فورم ہے جو نوجوان خواتین میں قائدانہ صلاحیتوں کے فروغ کی حوصلہ افزائی کرتی ہے۔ عالمی وباء کی وجہ سے ملک کے شعبہ صحت پر پڑنے والے دباؤ کو کم کرنے کے لئے پی ٹی سی ایل نے ملک بھر میں موبائل میڈیکل ہیلتھ یونٹس کے قیام کے ذریعے اپنا کردار ادا کیا۔ موبائل وینز میں دور دراز علاقوں میں رہنے والے لوگوں کے لئے طبی سامان اور میڈیکل اسٹاف موجود ہوتا تھا۔ پی ٹی سی ایل ہر سال ہیلتھ اویئرنیس سیشنز کا انعقاد کرتا رہتا ہے۔ اس سال کووِڈ 19، ذیابیطس، ہائپرٹینشن، موسمیاتی بیماری، ڈینگی اور ذہنی بیماریوں کے بارے میں آگاہی کے سیشنز منعقد کیئے گئے۔

پی ٹی سی ایل نے پاکستان سے پولیو کے خاتمے کے پروگرام کے بارے میں آگاہی پھیلانے میں اپنی معاونت جاری رکھی تا کہ ملک بھر میں بچوں کو پولیو سے بچاؤ کی ویکسین کی اہمیت اجاگر کرنے کے ساتھ ساتھ پولیو ہیلتھ ورکرز کی حوصلہ افزائی کی جائے۔ اپنے سوشل میڈیا کے ذریعے ورلڈ پولیو ڈے کا انعقاد کیا گیا اور سال بھر کی پولیو مہم کے دوران والدین اور بچوں میں یہ پیغام دیا گیا کہ پولیو ویکسین ضرور لگوائیں۔ لاہور اور کراچی میں پولیو ٹیمز کی معاونت کے لئے پی ٹی سی ایل نے ایکسچینج بلڈنگز پیش کیں۔
کمپنی نے ایک مرتبہ پھر معذور افراد کے لئے 'نیٹ ورک آف آرگنائزیشنز ورکنگ ود پرسنز اینڈ ڈس ایبلٹیز، پاکستان (NOWPDP) کے تعاون کے ساتھ کامیابی سے جستجو انٹرن شپ پروگرام کا انعقاد کیا جس میں 19 انٹرنز نے شرکت کی۔ ہر انٹرن کے ساتھ پی ٹی سی ایل اور یوفون میں سے ایک سُپر وائزر موجود تھا تا کہ انٹرنز کی بہتر طور پر رہنمائی کی جائے۔ تمام سُپر وائزرز Disability Sensitivity Training سے گزرے تا کہ خصوصی افراد کی تربیت میں درکار تمام امور کو مدنظر رکھا جائے۔
پی ٹی سی ایل کے ملازمین کی مالی معاونت کے لئے پی ٹی سی ایل رضا کار نے اخوت کلاتھ بینک کے ساتھ اشتراک کیا اور پی ٹی سی ایل اور یوفون نے مستحق افراد میں کپڑوں کے 9000 جوڑے تقسیم کئے۔ پی ٹی سی ایل کے رضا کار ملازمین نے Down Syndrome کے بارے میں ویبینار کا انعقاد بھی کیا۔ اس سیشن سے ملازمین کو اس بیماری کے بارے میں آگاہی ملی۔

مزید برآں پی ٹی سی ایل رضا کار نے پاکستان میں 17 مقامات پر مختلف کمیونٹی گروپس سے 1000 سے زائد بچوں کے لئے کھلی فضاء میں تفریح کا بندوبست کیا۔ پرائمری اور سینئر اسکول کے بچوں کو صحت بخش سرگرمیوں میں شامل کیا گیا۔ پی ٹی سی ایل نے گزشتہ کچھ سالوں میں پائیدار توانائی کے ذرائع پر منتقل ہونے کی سوچ پر عمل کیا۔ کمپنی نے مختلف ایکسچینجز میں سولر پاور سلوشنز نصب کئے۔

شوکت خانم میموریل سینٹر ہاسپٹل اینڈ ریسرچ سینٹر نے پی ٹی سی ایل رضا کار ٹرسٹ، جس کو اب راشد خان ٹرسٹ کہا جاتا ہے، 2020 میں عالمی وباء کے عروج کے دوران سینٹر میں کووِڈ 19 ٹیسٹنگ کی سہولیات کی فراہمی پر خدمات کا اعتراف کیا۔ پی ٹی سی ایل گروپ نے ملک بھر سے 100 ملین روپے سے زائد رقم عطیہ کی جو وزیراعظم کے کووِڈ ریلیف فنڈ میں جمع کرائی گئی۔
صرف یہ ہی نہیں بلکہ کمپنی کی ہیومن ریسورس سرگرمیوں کے اعتراف پر پی ٹی سی ایل نے پانچ کیٹیگریز میں گلوبل ڈائیورسٹی، ایکویٹی اور انکلوژن بینچ مارک (GDEIB) ایوارڈ حاصل کیا۔ یہ اس بات کا واضح ثبوت ہے کہ گروپ اپنے ملازمین کو کام کرنے کے لئے بہترین ماحول فراہم کرنے کے لئے پُرعزم ہے۔

بورڈ کی تشکیل :

بورڈ آف ڈائریکٹرز ("بورڈ") نو (9) اراکین پر مشتمل ہے۔ حکومت پاکستان ("GOP") اور اتصالات انٹرنیشنل پاکستان ("سٹریٹیجک انویسٹر") کی جانب سے صدر پاکستان اور شیئر ہولڈرز کے درمیان ہونے والے معاہدے کی دفعات اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے تحت بورڈ کے چار اراکین کا انتخاب حکومت پاکستان کرتی ہے جبکہ اسٹریٹجک انویسٹر پانچ (05) اراکین کو نامزد کرتا ہے۔

موجودہ بورڈ درج ذیل نو (9) ڈائریکٹرز پر مشتمل ہے.

مرد اراکین کی تعداد : 9 خواتین اراکین کی تعداد : کوئی نہیں

وائرلیس — چارجی

پی ٹی سی ایل نے گزشتہ سال کے مقابلے میں چارجی ریونیو میں زبردست اضافہ کیا۔ چارجی کی ماہانہ فروخت کو بڑھانے کے لیے، CharJi Unlimited پیشکش ستمبر میں شروع کی گئی تھی۔ یہ بے مثال پیشکش نئے صارفین کے لیے موزوں تھی جس کے ذریعے صارفین کو ان لمیٹڈ ڈیٹا کی آفر کی گئی جس میں 150GB فیئر یوزیج پالیسی شامل تھی۔ اس کیمپین کی مدت کے دوران چارجی ڈیوائس خریدنے والے کسٹمرز کو 1499 روپے ماہانہ کا پیکیج آفر کیا گیا۔ یہ پرکشش پیش کش صارفین میں بہت زیادہ سراہی گئی اور دسمبر 2021 میں ختم ہونے والی اس آفر کے ذریعے ہدف والے علاقوں میں چارجی کی سیلز میں تقریباً 40 فیصد اضافہ ہوا۔

بزنس سے متعلقہ پراڈکٹس اور سروسز

پی ٹی سی ایل کی جانب سے قومی و بین الاقوامی صارفین کے لئے پیش کی گئی خدمات میں ڈیجیٹلائزیشن، کلاؤڈ، ڈیٹا سنٹر ہوسٹنگ، مینیجڈ سروسز اور کنیکٹیویٹی سے منسلک ضروریات شامل ہیں۔

ڈیجیٹل سروسز

کئی اہم اقدامات اور پراجیکٹس کی بدولت سال بہ سال دوہرے ہندسے کی شرح نمو کے ساتھ پی ٹی سی ایل ڈیجیٹل سروسز نے کامیابی کا سفر جاری رکھا۔ مینیجڈ سروسز، کلاؤڈ، سیکیورٹی اور آئی سی ٹی پورٹ فولیو میں سرمایہ کاری اور فروغ پر توجہ مرکوز رہی۔ مربوط اور جامع ڈیجیٹل سروسز کے پورٹ فولیو میں اضافہ جاری رہا جس سے صارفین کو محفوظ، تیز اور قابل اعتماد خدمات کی فراہمی یقینی بنائی گئی۔ موجودہ اور آنے والے نئے مواقع کی بنیاد پر ڈیجیٹل ماحول میں نئی پراڈکٹس میں اضافے کے ساتھ ساتھ، مینیجڈ سرویلنس، مینیجڈ وائی فائی، ڈیٹا سینٹرز، کلاؤڈ اور سیکیورٹی ہماری توجہ کا محور رہیں گے۔

مجموعی طور پر ڈیجیٹل سروسز نے سال 2021 میں مسلسل ترقی دکھائی اور اہم بینکس جیسا کہ بینک الفلاح، بینک الحبیب اور میزان بینک کی 500 سے زائد برانچز کے لئے رابطوں کی خدمات، ایکسائز اینڈ ٹیکسیشن، سندھ، ایف بی آر کے لئے SDWAN ، KANUPP ٹیلی کام انفراسٹرکچر پراجیکٹ، باٹا پاکستان، یوٹیلٹی اسٹورز کارپوریشن ڈیجیٹلائزیشن پراجیکٹ اور یو بی ایل پرائمری ڈیٹا سینٹر کے ساتھ خاص اہمیت کے حامل آئی سی ٹی/کلاؤڈ پراجیکٹس حاصل کرنے میں کامیاب ہوئے۔ یہ سب سیلز کی جارحانہ حکمت عملی، محتاط ریلیشن شپ مینجمنٹ کی بدولت ممکن ہوا۔ نئے صارفین کے اضافے پر توجہ مرکوز رکھنے سے نئے سیگمینٹس میں اضافہ ہوا۔

پی ٹی سی ایل نے، ڈیٹا سینٹر ہوسٹنگ سروسز کے وسیع تجربے اور جدید ترین، ریٹیڈ 3 سرٹیفائیڈ ڈیٹا سینٹرز اور ہائی سپیڈ کنیکٹیوٹی سلوشنز فراہم کرنے والے انٹرپرائز گریڈ پلیٹ فارمز کو بروئے کار لاتے ہوئے جدید آفرز کے ساتھ کلاؤڈ سروسز کا آغاز کیا۔ پی ٹی سی ایل ملک کا وہ واحد ٹیلی کام آپریٹر ہے جسے کلاؤڈ سروسز 'انفرااسٹرکچر بطور سروس' (IaaS) آفرنگ پر دو آئی ایس او سرٹیفکیشنز سے نوازا گیا ہے۔ ہوسٹنگ سروسز سے حاصل ہونے والی آمدن آنے والے برسوں میں ترقی میں مستحکم اضافے کا باعث ہوگی۔

پاکستان میں ڈیجیٹل ٹرانسفارمیشن کی جانب گامزن رہتے ہوئے پی ٹی سی ایل نے اپنے ڈیجیٹل سروسز پورٹ فولیو کو وسعت دی تا کہ نیٹ ورک سیکیورٹی میں پی ٹی سی ایل، صارفین کا اولین اور با اعتماد انتخاب بنے۔ کمپنی کے لئے آئی سی ٹی پر مبنی سوچ کے ساتھ، پی ٹی سی ایل نے آئی سی ٹی سلوشنز جیسا کہ کیو تعلیم اور کیو کلاؤڈ کے ساتھ اپنے کارپوریٹ کسٹمرز میں اضافہ کیا۔
ڈیجیٹل خدمات کے لئے سیکیورٹی میں وسعت دینے پر خصوصی توجہ مرکوز کی گئی جس سے پی ٹی سی ایل نئے مارکیٹ سیگمینٹس میں مزید صارفین حاصل کرنے میں کامیاب ہوا۔ آج پی ٹی سی ایل کے پاس مختلف شعبہ جات بشمول تعلیم، مالیاتی، صحت اور ایف ایم سی جی میں آئی سی ٹی اور کلاؤڈ کسٹمرز موجود ہیں۔ اس کے ساتھ ساتھ پی ٹی سی ایل پاکستان میں اپنے پہلے بینکنگ کلاؤڈ کسٹمرز حاصل کرنے کے مراحل میں ہے۔

قومی ادارہ ہونے کے ناطے، پی ٹی سی ایل ڈیجیٹل پاکستان کی ترقی میں نمایاں اہمیت رکھتا ہے۔ پی ٹی سی ایل نے عالمی وباء کے دوران کال سینٹرز اور دیگر ہیلپ لائن پراجیکٹس کو فعال بناتے ہوئے حکومتِ پاکستان کو معاونت فراہم کی۔ پی ٹی سی ایل پبلک اور پرائیویٹ سیکٹرز میں اپنے کسٹمرز کے ساتھ مل کر ڈیجیٹل ٹرانسفارمیشن کے سفر میں تیزی لانے کے لئے کام کر رہا ہے۔ انڈسٹری کے ٹیکنالوجی اور سروس پارٹنرز کے ساتھ کام کرتے ہوئے ہمارا مقصد ہے کہ آئی سی ٹی کے چیلنجز سے نمٹنے کے لئے اپنے کسٹمرز کو جدید ترین حل فراہم کیئے جائیں۔

آپ کی توجہ اس سال کے پی ٹی سی ایل کی فنانشل سٹیٹمنٹس کی شق 13.7 اور منسلک گروپ فنانشل سٹیٹمنٹس کی شق 19.7 کی جانب مبذول کروا رہے ہیں جس میں عدالت کے زیر جائزہ پی ٹی سی ایل پنشن اسکیم کے تحت کچھ ملازمین کے حقوق کی وضاحت کی گئی ہے جس کو بیرونی آڈیٹرز نے اپنی رپورٹ میں اجاگر کیا ہے۔

صارفین کے لئے پراڈکٹس اور سروسز

ہمارے قابل قدر صارفین کی بڑھتی ہوئی ضروریات سے ہم ہمیشہ آگاہ رہتے ہیں، پی ٹی سی ایل نے اپنے صارفین کی ضروریات کو پورا کرنے کے لئے صارفین کی ضروریات کے عین مطابق جدید اور مخصوص مصنوعات کو متعارف کروایا۔ ان آفرز سے نہ صرف ہمارے موجودہ صارفین کی وابستگی میں اضافہ ہوا بلکہ ہماری پی ٹی سی ایل فیملی میں نئے صارفین کو لانے میں بھی مدد فراہم ہوئی۔

وائرلائن براڈ بینڈ

2021 میں، پی ٹی سی ایل نے فکسڈ براڈ بینڈ سروسز میں بہترین کارکردگی کا مظاہرہ کیا۔ FTTH کو ملک بھر میں نہایت تیزی سے وسعت دی گئی۔ FTTH نیٹ ورک کی توسیع نے PTCL کو دوسرے FTTH آپریٹرز کے مقابلے میں مؤثر طریقے سے مقابلہ کرنے کے قابل بنایا اور خاص طور پر اہم مقامات پر ان کی بلا مقابلہ ترقی کو روکنے میں مدد کی۔ مزید برآں، اس سرمایہ کاری سے فائدہ اٹھانے کیلئے ایک جامع مارکیٹنگ پلان تیار کیا گیا جس میں FTTH نیٹ ورک کی شناخت کو "فلیش فائبر" کے طور پر متعارف کرانا اور صارفین کی تیز رفتار ڈیٹا کی ضروریات کو پورا کرنے کے لئے بہترین سروسز کی فراہمی تھی۔ ان کوششوں نے ملک بھر میں خاص طور پر شہری علاقوں میں صارفین کی تعداد میں خاطر خواہ اضافہ کیا۔
مزید برآں، صارفین کے لیے وائی فائی ایکوسسٹم کو بہتر بنانے کیلئے تیسرے فریق کے ذریعے وائی فائی ایکسٹینڈرس اور ڈوئل بینڈ کی اضافی رینج شامل کی گئی۔ اس سے صارفین کی ضروریات کو بہتر طور پر پورا کرنے کا موقع ملا۔

کاپر پر مبنی براڈ بینڈ سروسز کی کامیابی بنیادی طور پر کسٹمرز کے تجربے پر مبنی کے پی آئی اور مسابقتی پیشکشوں پر مبنی تھی۔ اس سے پی ٹی سی ایل کو کسٹمرز کے تجربے کو بہتر بنانے اور کسٹمر کے اخراج کو کم کرنے میں مدد ملی ہے۔ آنے والے دنوں میں صارفین کے تجربے کو مزید بہتر بنانے کیلئے VDSL میں منتقل کرنے پر توجہ دی جائے گی۔

وائس

بین الاقوامی رجحان کے مطابق وائس سروسز میں مسلسل کمی دیکھی گئی، جس سے نمٹنے کیلئے کئی اقدامات کئے گئے جن میں کالنگ ریٹس کی شرح میں نظر ثانی، بہترین بنڈلز، کسٹمر ویلیو مینجمنٹ کیمپینز، اور کسٹمرز کیلئے پرکشش آفرز وغیرہ شامل تھے۔

سمارٹ ٹی وی اور مواد

پی ٹی سی ایل سمارٹ ٹی وی سیگمنٹ نے 2021 میں اپنی ترقی کے سفر کو جاری رکھا، بنیادی طور پر ٹرپل پلے سروسز میں بہتری لانے کے باعث اس کی مقبولیت میں زیادہ اضافہ ہوا۔
پی ٹی سی ایل نے اس بات پر توجہ دی کہ صارفین کے لئے زیادہ سے زیادہ تفریحی مواد کی فراہمی کو یقینی بنایا جائے۔ پی ٹی سی ایل سمارٹ ٹی وی نے تقریباً 15 نئے ٹی وی چینل اور 200 سے زیادہ پریمیم فلمیں شامل کیں۔ نئے چینل میں اسپورٹس، انٹرٹینمنٹ، انفوٹینمنٹ، فلمز، نیوز اور بچوں کے چینل شامل ہیں۔

پی ٹی سی ایل نے پاکستان میں اسمارٹ ٹی وی سروس پر زیک سنائیڈرز کی فلم جسٹس لیگ کو باقاعدہ ریلیز کیا۔ یہ بلاک بسٹر فلم دنیا بھر میں اپنی ریلیز کے چند گھنٹے بعد ہی سمارٹ ٹی وی اور سمارٹ ٹی وی ایپ کے ذریعے پورے ملک میں تمام ڈائی ہارڈ شائقین کیلئے دستیاب تھی۔ اس کے علاوہ کئی ڈیجیٹل سٹریمنگ پارٹنرز تعلیم آباد، اردو فلیکس اور Tampad کے ساتھ معاہدوں پر بھی دستخط ہوئے۔

مالیاتی جائزہ اور دیگر امور برائے 2021

ہم پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2021 کو ختم ہونے والے سال کیلئے سالانہ رپورٹ اور آڈٹ شدہ مالیاتی حسابات بہ ہمراہ آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کررہے ہیں۔

سال 2021 میں ہم نے کورونا جیسی مہلک عالمی وبا سے باہر نکل کر معمول کی زندگی کی جانب بتدریج اپنی واپسی کا سفر شروع کیا، گو کہ اس دوران مقامی اور بین الاقوامی سطح پر اس کی مختلف لہروں نے جنم لیا لیکن ان کے اثرات اتنے زیادہ شدید نہیں تھے جتنے ہم نے 2020 میں دیکھے تھے۔ 2021 میں جی ڈی پی کی شرح نمو 5.4 فیصد تک رہی جو سال 2020 میں منفی 0.5 فیصد تھی۔ اقتصادی محاذ پر کچھ بیرونی عوامل کے باعث بدستور کچھ چیلنجز کا سامنا رہا لیکن پی ٹی سی ایل نے آزمائش کے اس دور میں بھی بنا کسی تعطل کے اپنے صارفین کو بہترین سروسز کی فراہمی کا سلسلہ جاری رکھا اور سال 2021 میں سال بہ سال شرح نمو 7 فیصد تک حاصل کی جو سال 2013 کے بعد سب سے زیادہ ہے۔ ہمیں خوشی ہے کہ ہم نے ان حالات میں بھی اپنی مضبوط مالی پوزیشن کو برقرار رکھا، پی ٹی سی ایل نے (ٹرپل A) entity AAA ریٹنگ اور شارٹ ٹرم ریٹنگ (اے ون پلس) +A 1 کو قائم رکھا، یہ پی ٹی سی ایل کی مضبوط مالی پوزیشن پر اسٹیک ہولڈرز کے اعتماد کا مظہر ہے۔

تیز رفتار ڈیٹا سروسز کی ڈیمانڈ کو مدنظر رکھتے ہوئے پی ٹی سی ایل نے اس سال اپنے کسٹمرز کیلئے فائبر ٹو دی ہوم سروسز کے تحت ایک نیا برانڈ فلیش فائبر لانچ کیا۔ کسٹمرز کو اس نئے برانڈ کے بارے میں مکمل آگاہی فراہم کرنے کیلئے جامع مارکیٹنگ کیمپینز تیار کی گئیں۔ اپنی اسی جارحانہ حکمت عملی اور نئے برانڈ آئیڈیالوجی کے باعث پی ٹی سی ایل گزشتہ برس سب سے تیزی سے ترقی کرنے والا FTTH آپریٹر رہا۔ ستمبر 2021 میں یوفون نے پاکستان میں 1800 میگا ہرٹز بینڈ میں سے 9 میگا ہرٹز نیکسٹ جنریشن موبائل سروسز (NGMS) سپیکٹرم حاصل کیا، جس نے یوفون کو ہائی سپیڈ اور ہائی والیوم 4G ڈیٹا بنڈلز فراہم کرنے والا نیٹ ورک بنا دیا۔

پائیدار ترقی کے لیے اپنی وابستگی کو ظاہر کرنے کے لیے، پی ٹی سی ایل نے اپنے معاشی، ماحولیاتی اور سماجی اثرات اور پائیدار ترقی کے ہدف کے حصول کے لیے اس کی شراکت کے بارے میں عوامی طور پر رپورٹ کرنے کی مشق شروع کر دی ہے۔ 2020 کی Sustainability رپورٹ کی اشاعت اسی سلسلے کا ایک قدم ہے۔ جس کے ذریعے شفافیت، جوابدہی اور اسٹیک ہولڈرز کے اعتماد میں زیادہ اضافہ ہوگا۔

دوران سال کمپنی کی کارکردگی کا مختصر جائزہ درج ذیل ہے۔

مالیاتی کارکردگی

پی ٹی سی ایل گروپ نے سال 2021 کے دوران 137.6 ارب روپے کی آمدنی حاصل کی جو 2020 کے مقابلے میں 6.3 فیصد زیادہ ہے۔ آمدنی میں یہ اضافہ گروپ کی تمام کمپنیوں کے مثبت تعاون کا نتیجہ ہے۔ بجلی کے نرخوں میں نمایاں اضافہ اور دیگر بیرونی اقتصادی عوامل پی ٹی سی ایل گروپ کے منافع پر اثر انداز ہونے کی وجہ بنے۔ مجموعی طور پر پی ٹی سی ایل گروپ نے 2.6 ارب روپے کا خالص منافع کمایا۔

آمدن

پی ٹی سی ایل نے 2021 کے دوران اپنی مضبوط کارکردگی کے تسلسل کو جاری رکھا۔ پی ٹی سی ایل کو اس سال 77 بلین روپے کی آمدنی ہوئی جو سال 2020 کے مقابلے میں 7 فیصد زیادہ ہے۔ اس کی بنیادی وجہ براڈ بینڈ و کارپوریٹ اور ہول سیل بزنس سیگمنٹس میں نمایاں ترقی ہے۔ پی ٹی سی ایل نے 2015 کے بعد 2021 میں سب سے زیادہ فکسڈ براڈ بینڈ سیلز اور نیٹ ایڈز حاصل کیے، جس کی بدولت پی ٹی سی ایل نے براڈ بینڈ بزنس سیگمنٹ میں زیادہ ترقی کی۔ کسٹمرز کی تعداد میں اضافے کے باعث پی ٹی سی ایل فائبر ٹو دی ہوم کی مارکیٹ میں 2021 کا سب سے تیزی سے ترقی کرنے والا FTTH آپریٹر رہا۔

کمپنی اپنے موجودہ انفراسٹرکچر اور نیٹ ورک کو مسلسل اپ گریڈ کر رہی ہے، اس کے علاوہ FTTH کو بھی ملک بھر میں توسیع دی جا رہی ہے تا کہ زیادہ سے زیادہ کسٹمرز کو رابطے کی بہترین اور بلا رکاوٹ سہولیات فراہم کی جاسکیں۔ پی ٹی سی ایل کی ترقی کی بنیادی وجہ فائبر ٹو دی ہوم سروسز کی فوری فراہمی اور کارپوریٹ و ہول سیل سیگمنٹس میں مضبوط کارکردگی ہے۔ یہ اور اس کے ساتھ ساتھ کم لاگت پروگرام پر توجہ دینے کے باعث کمپنی کے منافع میں نمایاں اضافہ ہوا۔

2021 میں، کمپنی کے فکسڈ براڈ بینڈ بزنس میں سالانہ 11.7 فیصد اضافہ ہوا، جبکہ پی ٹی سی ایل آئی پی ٹی وی سیگمنٹ میں بھی 13 فیصد سالانہ اضافہ دیکھا گیا۔ براڈ بینڈ بزنس میں کمپنی نے فائبر ٹو دی ہوم سروس فلیش فائبر میں زبردست کامیابی حاصل کی اور ترقی کی شرح 61.5 فیصد رہی، جب کہ کمپنی کی وائرلیس براڈ بینڈ سروس پی ٹی سی ایل چارجی میں 16.5 فیصد اضافہ ہوا۔ وائس ریونیو اسٹریم میں کمی دیکھی گئی جس کی وجہ کالز کی تعداد میں کمی اور او ٹی ٹی سروسز میں کسٹمرز کی مسلسل تبدیلی تھی۔ کاروباری خدمات کے شعبے نے اپنی ترقی کی رفتار کو جاری رکھا اور IP بینڈ وتھ، کلاؤڈ، ڈیٹا سینٹر اور دیگر ICT خدمات میں اپنی مارکیٹ کی قیادت کو برقرار رکھا۔ پی ٹی سی ایل کے کارپوریٹ بزنس میں گزشتہ سال کے مقابلے میں 10 فیصد اضافہ ہوا، جبکہ کیریئر اور ہول سیل بزنس نے اپنی ترقی کی رفتار کو جاری رکھا اور مجموعی طور پر 9 فیصد شرح نمو حاصل کی۔ اسی طرح انٹرنیشنل بزنس میں 4 فیصد اضافہ ریکارڈ کیا گیا۔

ایک قومی ٹیلی کام کیریئر اور پاکستان میں کنکٹیویٹی میں ریڑھ کی ہڈی کی حیثیت سے پی ٹی سی ایل گروپ مضبوط ٹیلی کمیونیکیشن انفراسٹرکچر اور سروسز کے بہترین پورٹ فولیو کے ساتھ ڈیجیٹل پاکستان کے خواب کو مکمل کرنے کے لئے جدید ترین سروسز فراہم کرنے کے لئے مصروف عمل ہے۔

یوفون کا مالی سال 2021 ایک چیلنجنگ آپریٹنگ ماحول کے باوجود اچھا رہا۔ یوفون کی آمدنی میں 2020 کے مقابلے میں 4.3 فیصد اضافہ ہوا جس کی بنیادی وجہ ڈیٹا سروسز میں اضافہ تھا۔ یوفون نے پاکستان بھر میں معیاری خدمات کے ذریعے صارفین کو بہترین سروسز فراہم کرنے کیلئے ستمبر 2021 میں این جی ایم ایس سپیکٹرم نیلامی میں 1800 میگا ہرٹز بینڈ میں اضافی 9 میگا ہرٹز 4G سپیکٹرم حاصل کیا۔ سپیکٹرم کی نیلامی کے بعد، 2021 کی آخری سہ ماہی میں نیٹ ورک کی جدید کاری کی ایک بڑی سرگرمی ہوئی، جس نے Ufone کو ٹیلی کام سیکٹر میں 4G صارفین میں اضافے میں اپنے حصے کو نمایاں طور پر بہتر کرنے کا موقع دیا۔

پی ٹی سی ایل کے مائیکرو فنانس اور برانچ لیس بینکنگ کے ذیلی ادارے یو بینک نے اپنی ترقی کے سفر کو جاری رکھا اور اپنے ایڈوانس پورٹ فولیو میں اضافہ کرتے ہوئے گزشتہ سال کے مقابلے میں اپنی آمدنی میں 8.4 فیصد اضافہ حاصل کیا ہے۔ بینک کی بیلنس شیٹ کی سطح 100 ارب روپے کی حد کو عبور کر چکی ہے کیونکہ بینک نے اپنی فنڈنگ کے سلسلے اور اثاثہ جات کی کلاسوں کو متنوع بناتے ہوئے مثبت اثر کو یقینی بنایا۔

منافع

پی ٹی سی ایل نے 4.2 ارب روپے کا آپریٹنگ منافع حاصل کیا ہے جو کہ 2020 کے مقابلے میں 21 فیصد زیادہ ہے۔ 6.9 ارب روپے کا خالص منافع گزشتہ سال کے مقابلے میں 14 فیصد زیادہ ہے۔ پی ٹی سی ایل نے مہنگائی کے نتیجے میں پیدا ہونے والے مشکل معاشی حالات، امریکی ڈالر کے مقابلے پاکستانی روپے کی قدر میں کمی، بجلی کے نرخوں میں اضافے اور دیگر عوامل کے باوجود یہ کامیابی حاصل کی ہے۔ پی ٹی سی ایل کی سالانہ آمدنی فی حصص 1.35 روپے ہے۔

پی ٹی سی ایل گروپ نے بالترتیب 5.1 ارب روپے اور 2.6 ارب روپے کا آپریٹنگ اور خالص منافع حاصل کیا ہے۔

کیش فلو

پی ٹی سی ایل کی حاصل کردہ رقوم، جو سال کے دوران آپریشنز کے ذریعے پیدا ہوتی ہیں، بنیادی طور پر FTTH نیٹ ورک کی توسیع کے لیے استعمال ہوتیں ہیں۔ موجودہ کاپر کسٹمر بیس کی حفاظت کے لیے بھی کچھ سرمایہ کاری کی گئی، جبکہ پی ٹی سی ایل اور یوفون دونوں کی ترقی کی ضروریات کو پورا کرنے کے لیے ذیلی اور میٹرو نیٹ ورکس میں توسیع کی گئی۔ گروپ کی سطح پر، یوفون کے 4G سپیکٹرم کے حصول اور 4G سروسز کو فعال کرنے کے لیے نیٹ ورک سائٹس کی اپ گریڈیشن کے لیے بھی کیش فلو کا استعمال کیا گیا جبکہ یو بینک کے لیے سرمایہ کاری بنیادی طور پر ان کے برانچ نیٹ ورک کی توسیع اور سافٹ ویئر اور اس سے منسلک ہارڈ ویئر آلات میں کی گئی۔

مختصات

بورڈ آف ڈائریکٹرز نے 4G لائسنس کے حصول، متعلقہ نیٹ ورک رول آؤٹ کیلئے Ufone میں ایکویٹی انجیکشن، PTCL کے FTTH نیٹ ورک کی مزید توسیع اور نیٹ ورک اپ گریڈیشن کی دیگر ضروریات کے لیے درکار سرمایہ کی ضروریات کے پیش نظر سال 2021 میں کوئی ڈیویڈنڈ تجویز نہیں کیا۔

دیگر معاملات

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران ایسی کوئی اہم تبدیلیاں اور وعدے نہیں ہیں جس سے کمپنی کی مالی پوزیشن متاثر ہو۔

Audit Committee

Composition as at February 10, 2022

1. Dr. Mohamed Karim Bennis, Chairman
2. Mr. Abdulrahim A. Al Nooryani
3. Mr. Mohamed Dukandar
4. Mr. Hamed Yaqoob Sheikh
5. Mr. Hassan Nasir Jamy

Attendance

Total 05 Meetings of the Audit Committee were held during the Financial Year ended December 31, 2021.

Sr.	Name of Director-Member	Attendance
1.	Dr. Mohamed Karim Bennis	5
2.	Mr. Abdulrahim A. Al Nooryani	5
3.	Mr. Mohamed Dukandar	5
4.	Mr. Kamran Ali Afzal	2
	Mr. Yusuf Khan	1
5.	Mr. Hassan Nasir Jamy	5

Functions

- Recommends to the Board in approving Company's financial statements and appointment of External Auditors.
- Reviews the scope of internal control.
- Monitors statutory and corporate governance compliances.
- Determines the appropriate measures to safeguard Company's assets.
- Reviews enterprise risk management processes, exposures and recommends appropriate policies to the Board.
- Reviews / recommends significant policies and Company's delegation of fiduciary powers.
- Oversees tax and fiscal exposures.
- Discuss major internal audit findings with external auditors.
- Reviews whistle blowing material cases.

Human Resource & Remuneration Committee

Composition as at February 10, 2022

1. Mr. Abdulrahim A. Al Nooryani, Chairman
2. Mr. Hatem Dowidar
3. Mr. Khalifa Al Shamsi
4. Mr. Hamed Yaqoob Sheikh
5. Mr. Hassan Nasir Jamy

Attendance

Total 03 Meetings of the HR & R Committee were held during the Financial Year ended December 31, 2021.

Sr.	Name of Director-Member	Attendance
1.	Mr. Abdulrahim A. Al Nooryani	3
2.	Mr. Hatem Dowidar	3
3.	Mr. Khalifa Al Forah Al Shamsi	3
4.	Mr. Kamran Ali Afzal	1
	Mr. Yusuf Khan	1
5.	Mr. Hassan Nasir Jamy	3

Functions

- Reviews / recommends development, maintenance of long term HR policies, effective employee development programs, appropriate compensation & benefit plans and good governance model in line with statutory requirements as well as best practices of good corporate governance.
- Ensures that the governance, HR policies and procedures are aligned with the strategic vision and core objectives of the Company.
- Provides leadership and guidance for the organizational transformation required to achieve Company's corporate objectives.

Data Center & Cloud Services

PTCL has multiple tier 3 certified data centers in Pakistan that cater to the ever-growing digital needs of the corporate sector. It also provides ICT and Cloud solutions allowing businesses to protect critical applications and confidential data to support business processes.

Investment & Finance Committee

Composition as at February 10, 2022

Mr. Hatem Dowidar, Chairman
Dr. Mohamed Karim Bennis
Mr. Khalifa Al Shamsi
Mr. Hamed Yaqoob Sheikh
Mr. Hassan Nasir Jamy

Attendance

Total 07 Meetings of the Investment and Finance Committee were held during the Financial Year ended December 31, 2021.

Sr.	Name of Director-Member	Attendance
1.	Mr. Hatem Dowidar	7
2.	Dr. Mohamed Karim Bennis	7
3.	Mr. Khalifa Al Forah Al Shamsi	7
4.	Mr. Kamran Ali Afzal	3
	Mr. Yusuf Khan	3
5.	Syed Shabahat Ali Shah	5
	Mr. Hassan Nasir Jamy	2

Functions

- Reviews / recommends the Company's annual budgets and business plans, Company's treasury policies and framework including investment / divestment strategy, financial risk management strategy and rules, execution of mergers and acquisition strategy, procurement policy and procedures, investment projects encompassing expansions and new technologies based on evaluation measurement indicators and Company's capital structure strategy including external funding requirements.

- Evaluates Company's dividend policies with regards to regulatory provisions and Company's funding and working capital requirements.

PTCL Board

Composition and Attendance

Total 08 Board Meetings were held during the Financial Year ended December 31, 2021.

Sr.	Name of Director	Portfolio	Attendance
1.	Mr. Sohaib Ahmad Siddiqui	Chairman	4
	Dr. Muhammad Sohail Rajput		4
2.	Mr. Kamran Ali Afzal	Member	4
	Mr. Yusuf Khan		4
3.	Mr. Hassan Nasir Jamy	Member	8
4.	Mr. Shabahat Ali Shah	Member	5
	Syed Hussnain Abbas Kazmi		3
5.	Mr. Abdulrahim A. Al Nooryani	Member	8
6.	Dr. Mohamed Karim Bennis	Member	8
7.	Mr. Hatem Dowidar	Member	8
8.	Mr. Khalifa Al Forah Al Shamsi	Member	8
9.	Mr. Hesham Al Qassim	Member	7

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 ("The Regulations")

Pakistan Telecommunication Company Limited (the "Company") Year ending December 31, 2021

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

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

   a. Male: Nine
   b. Female: None

2. The composition of the Board of Directors (the "Board") is as follows:

i)	Independent Directors	None
ii)	Non-Executive Directors	1. Dr. Muhammad Sohail Rajput, Chairman
		2. Mr. Abdulrahim A. Al Nooryani
		3. Mr. Yusuf Khan
		4. Mr. Hatem Dowidar
		5. Mr. Hassan Nasir Jamy
		6. Mr. Khalifa Al Shamsi
		7. Syed Hussnain Abbas Kazmi
		8. Dr. Mohamed Karim Bennis
		9. Mr.Burak Sevilengul
iii)	Executive Directors	None
iv)	Female Directors	None

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised, and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act") and the Regulations.

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations.

9. The Board has been reconstituted at the Extraordinary General Meeting of the Company held on November 03, 2021 upon expiry of its term. Directors Certifications under the Directors Training Program will be arranged in due course of time, however, an information booklet to acquaint the Directors with their role, obligations, powers and responsibilities, has been provided to them.

10. The Board has approved appointment of Chief Financial Officer ("CFO"), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer ("CEO") duly endorsed the financial statements before approval of the Board.

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

a) Audit Committee
1. Dr. Mohamed Karim Bennis, Chairman
2. Mr. Abdulrahim A. Al Nooryani
3. Mr. Mohamed Dukandar
4. Mr. Yusuf Khan
5. Mr. Hassan Nasir Jamy

b) Human Resource and Remuneration Committee
1. Mr. Abdulrahim A. Al Nooryani, Chairman
2. Mr. Hatem Dowidar
3. Mr. Khalifa Al Shamsi
4. Mr. Yusuf Khan
5. Mr. Hassan Nasir Jamy

c) Investment and Finance Committee
1. Mr. Hatem Dowidar, Chairman
2. Dr. Mohamed Karim Bennis
3. Mr. Khalifa Al Shamsi
4. Mr. Yusuf Khan
5. Mr. Hassan Nasir Jamy

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

    a) Audit Committee

    The frequency of meetings is on quarterly basis and as per the requirement of the Company. Total five meetings were held during year 2021.

    b) Human Resource and Remuneration Committee

    The frequency of meetings is on quarterly basis and as per the requirement of the Company. Total three meetings were held during year 2021.

    c) Investment and Finance Committee

    The frequency of meetings is on quarterly basis and as per the requirement of the Company. Total seven meetings were held during year 2021.

15. The Board has set up an effective internal audit function.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of

Pakistan ("ICAP"); and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants ("IFAC") guidelines on code of ethics as adopted by the ICAP; and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. With regards to Regulations 6, 7, 27 (1)(i), 27 (1)(ii), 28 (1) and 28 (2), we explain as follows:

    The Board comprises nine members. Pursuant to the provisions of the Shareholders Agreement between the President of Pakistan on behalf of the Government of Pakistan ("GOP") and Etisalat International Pakistan ("Strategic Investor") and the Articles of Association of the Company, the GOP nominates four (04) Members, while Strategic Investor nominates five (05) Members.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

    Due to prevailing COVID-19 situation, the Company has not arranged the training program during the year therefore, the percentage number of certified Director as of June 30, 2021 was less than 75%.

Hatem Mohamed Bamatraf
President & Group Chief Executive Officer

Dr. Muhammad Sohail Rajput
Chairman PTCL Board

Islamabad: February 10, 2022

Independent Auditors Review Report

To the members of Pakistan Telecommunication Company Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakistan Telecommunication Company Limited for the year ended December 31, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2021.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in paragraph 18 and 19 of the Statement of Compliance:

	Reference	Description
i	Paragraph 18	Board of Directors has not yet elected an independent director and a female director.
ii	Paragraph 19	As at 30 June 2021 75% of the members of the Board of Directors had not acquired the prescribed certification under any director training program.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
April 06, 2022
UDIN: CR202110111HsGI2DpR3

NOTES

Financial Statements

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

Report on the audit of the financial statements

Opinion

We have audited the annexed separate financial statements of Pakistan Telecommunication Company Limited (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2021 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 13.7 to the financial statements, which describes that the matters relating to certain employees' rights under the PTCL pension scheme are pending with various courts. The ultimate outcome of these matters cannot presently be determined and, accordingly, no provision for any effects on the Company that may result has been made in the financial statements. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** Refer notes 5.19 and 28 to the financial statements. The Company has reported revenue amounting to Rs. 76,853 million for the year ended December 31, 2021. The Company provides telecommunication services in which there is an inherent risk around the accuracy of revenue recorded by the IT billing systems given the complexity of the systems and the significance of volumes of data processed by the systems. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue including involving our internal specialists to test key automated application and general information technology controls; • Comparing a sample of transactions comprising of various revenue streams recorded during the year with relevant underlying supporting documents and cash receipts; • Assessing the appropriateness of accounting policies for revenue recognition and relevant contract assets and liabilities for compliance with applicable financial reporting framework including their correct application to the amounts recognized during the year; • Inspecting manual journal entries relating to revenue recognized during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk-based criteria; and • Considering the appropriateness of disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

S. No.	Key audit matters	How the matter was addressed in our audit
2	**Income tax recoverable** Refer notes 5.23(c) and 23 to the financial statements. As at December 31, 2021, income tax recoverable is stated at Rs. 18,548 million. The Company has a significant amount of income tax refundable arising mainly from payments of income tax in excess of income tax liabilities and a number of tax assessments are pending at different appellate forums. Because of the likelihood and potential magnitude of misstatements to the completeness and accuracy of the tax expense and the current tax liability, this requires special audit consideration.	Our audit procedures in relation to the matter included: • Consulting our tax specialist to assess the reasonableness of the Company's conclusions on recoverability of income tax refundable; • Reviewing the status of significant pending tax matters, including the Company's assessment of the potential liabilities; • Comparing refund applications filed for refund of tax relating to preceding years with the amounts recorded in the financial statements; • Inspecting correspondence with tax authorities to identify any pending taxation matters relating to the years to which the refund relates; • Testing computation of current income tax provisions and appropriateness of adjustments recognized in the financial statements in accordance with the accounting policy for group taxation adopted by the Company; • Testing, on a sample basis, whether advance tax paid is in accordance with the Income Tax Ordinance, 2001 and amounts recorded in the books of account are supported by underlying documentations; • Assessing adequacy of disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

S. No.	Key audit matters	How the matter was addressed in our audit
3	**Acquisition for property, plant and equipment** Refer notes 5.10 (a) and 14 to the financial statements. The Company has recorded additions to property, plant and equipment amounting to Rs. 19,516 million during the current year. The Company continues to incur capital expenditure in connection with the expansion of its network coverage and improvements to network quality. The initial recognition and classification of property, plant and equipment and certain elements of expenditure as either assets or expenses involves subjective judgments or uncertainties.	Our audit procedures in relation to the matter, amongst others, included the following: • Assessing the design, implementation and operating effectiveness of key internal controls over capitalization of property, plant and equipment including transfers from capital work in progress to operating fixed assets; • Comparing, on sample basis, costs capitalized during the year with underlying supporting documentation; • Assessing the nature of cost incurred meet the criteria for capitalization under accounting framework; and • Comparing, on sample basis, the cost of completed projects from capital work in progress to operating fixed assets with supporting documentation including completion certificates, where relevant, and comparing the date of capitalization with supporting documentation.
4	**Recoverability of trade debts** Refer notes 5.16.4 and 21 to the financial statements. As at December 31, 2021, the Company's gross trade debtors were Rs. 34,947 million against which allowances for expected credit losses of Rs. 7,010 million were recognized. We identified the recoverability of trade debtors as a key audit matter because it involves significant management judgment and estimates in determining the allowance of expected credit loss.	Our audit procedures to assess the valuation of trade debts included the following: • Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowances for doubtful debts; • Agreeing, on a sample basis, the balances used in management's estimate of expected credit loss with the books of account of the Company; • Testing the assumptions and estimates made by management for the allowances for doubtful debts; and • Evaluating that the allowance for doubtful debt is in accordance with the requirements of applicable financial reporting framework.

INDEPENDENT AUDITORS' REPORT
To the members of Pakistan Telecommunication Company Limited

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended December 31, 2021 but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Atif Zamurrad Malik.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
April 06, 2022
UDIN: AR202110111TlahWfp9d

STATEMENT OF
FINANCIAL POSITION
AS AT DECEMBER 31,2021

	Note	2021 Rs '000	2020 Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital	6	51,000,000	51,000,000
Revenue reserves			
General reserve		27,497,072	27,497,072
Unappropriated profit		21,156,077	15,512,733
		48,653,149	43,009,805
		99,653,149	94,009,805
Liabilities			
Non-current liabilities			
Deferred income tax	7	2,897,782	5,609,546
Employees retirement benefits	8	27,065,257	24,541,399
Deferred government grants	9	8,618,967	7,279,353
Advances from customers		1,649,806	1,497,759
Lease liabilities	10	1,307,056	1,106,447
		41,538,868	40,034,504
Current liabilities			
Trade and other payables	11	103,320,087	88,457,418
Security deposits	12	591,137	584,598
Unpaid / unclaimed dividend		210,317	211,511
Current maturity of lease liabilities	10	421,755	302,466
		104,543,296	89,555,993
Total equity and liabilities		245,735,313	223,600,302
Contingencies and commitments	13		

The annexed notes 1 to 46 are an integral part of these financial statements.

Chief Financial Officer   President & CEO   Chairman

	Note	2021 Rs '000	2020 Rs '000
Assets			
Non-current assets			
Property, plant and equipment	14	121,507,885	114,665,696
Right of use assets	15	2,085,452	1,672,711
Intangible assets	16	1,866,109	1,458,067
		125,459,446	117,796,474
Long term investments	17	30,736,284	17,736,284
Long term loans and advances	18	9,077,445	10,748,127
Contract cost	19	580,895	575,190
		165,854,070	146,856,075
Current assets			
Stores and spares	20	5,575,040	3,600,982
Contract cost	19	1,742,684	1,725,568
Trade debts and contract assets	21	27,936,723	23,150,485
Loans and advances	22	4,931,477	1,430,671
Income tax recoverable	23	18,548,005	18,373,462
Receivable from GoP	24	2,164,072	2,164,072
Prepayments and other receivables	25	16,427,088	14,322,386
Short term investments	26	-	6,212,234
Cash and bank balances	27	2,556,154	5,764,367
		79,881,243	76,744,227
Total assets		245,735,313	223,600,302

Chief Financial Officer   President & CEO   Chairman

STATEMENT OF
PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31,2021

	Note	2021 Rs '000	2020 Rs '000
Revenue	28	76,853,090	71,804,463
Cost of services	29	(60,320,343)	(56,807,437)
Gross profit		16,532,747	14,997,026
Administrative and general expenses	30	(7,382,836)	(6,687,148)
Selling and marketing expenses	31	(3,511,994)	(3,121,074)
Impairment loss on trade debts and contract assets	21.3	(1,469,679)	(1,741,957)
		(12,364,509)	(11,550,179)
Operating profit		4,168,238	3,446,847
Other income	32	5,852,786	5,506,217
Finance costs	33	(339,363)	(459,591)
Profit before tax		9,681,661	8,493,473
Taxation	34	(2,807,684)	(2,463,108)
Profit after tax		6,873,977	6,030,365
Earnings per share - basic and diluted (Rupees)	35	1.35	1.18

The annexed notes 1 to 46 are an integral part of these financial statements.

Chief Financial Officer　　President & CEO　　Chairman

STATEMENT OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31,2021

	2021 Rs '000	2020 Rs '000
Profit for the year	6,873,977	6,030,365
Other comprehensive income for the year		
Items that will not be reclassified to statement of profit or loss:		
Remeasurement (loss) / gain on employees retirement benefits	(1,733,286)	3,912,762
Tax effect	502,653	(1,134,701)
Other comprehensive (loss) / income for the year - net of tax	(1,230,633)	2,778,061
Total comprehensive income for the year	5,643,344	8,808,426

The annexed notes 1 to 46 are an integral part of these financial statements.

Chief Financial Officer　　President & CEO　　Chairman

STATEMENT OF
CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,2021

	Note	2021 Rs '000	2020 Rs '000
Cash flows from operating activities			
Cash generated from operations	37	30,174,677	37,916,231
Payment to Pakistan Telecommunication Employees Trust (PTET)		(807,959)	(3,500,000)
Employees retirement benefits paid		(1,890,455)	(1,236,684)
Advances from customers		282,121	129,043
Income tax paid		(1,894,935)	(1,589,154)
Net cash inflows from operating activities		25,863,449	31,719,436
Cash flows from investing activities			
Capital expenditure		(22,145,159)	(13,241,562)
Acquisition of intangible assets		(923,174)	(491,780)
Proceeds from disposal of property, plant and equipment		986,240	1,416,845
Addition to contract cost		(3,686,946)	(3,440,433)
Investment in Pak Telecom Mobile Limited		(13,000,000)	(7,000,000)
Return on long term loans and short term investments		1,416,598	1,595,029
Government grants received		2,846,045	739,895
Long term loans and advances		(137,116)	(315,963)
Dividend income - U Microfinance Bank Limited		-	100,000
Net cash outflows from investing activities		(34,643,512)	(20,637,969)
Cash flows from financing activities			
Dividend paid		(1,194)	(2,550,078)
Lease liabilities	38.1	(639,190)	(729,218)
Net cash outflows from financing activities		(640,384)	(3,279,296)
Net (decrease) / increase in cash and cash equivalents		(9,420,447)	7,802,171
Cash and cash equivalents at the beginning of the year		11,976,601	4,174,430
Cash and cash equivalents at the end of the year	38	2,556,154	11,976,601

The annexed notes 1 to 46 are an integral part of these financial statements.

Chief Financial Officer

President & CEO

Chairman

STATEMENT OF
CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31,2021

	Issued, subscribed and paid-up capital		Revenue reserves			
	Class 'A'	Class 'B'	Insurance reserve	General reserve	Unappropriated profit	Total
	(Rupees in '000)					
Balance as at January 1, 2020	37,740,000	13,260,000	3,172,624	27,497,072	6,081,683	87,751,379
Total comprehensive income for the year 2020						
Profit for the year	-	-	-	-	6,030,365	6,030,365
Other comprehensive income - net of tax	-	-	-	-	2,778,061	2,778,061
	-	-	-	-	8,808,426	8,808,426
Transfer of insurance reserve	-	-	(3,172,624)	-	3,172,624	-
Distribution to owners of the Company						
Final dividend for the year ended December 31, 2019 - Rs 0.50 per share	-	-	-	-	(2,550,000)	(2,550,000)
	-	-	-	-	(2,550,000)	(2,550,000)
Balance as at December 31, 2020	37,740,000	13,260,000	-	27,497,072	15,512,733	94,009,805
Total comprehensive income for the year 2021						
Profit for the year	-	-	-	-	6,873,977	6,873,977
Other comprehensive loss - net of tax	-	-	-	-	(1,230,633)	(1,230,633)
	-	-	-	-	5,643,344	5,643,344
Balance as at December 31, 2021	37,740,000	13,260,000	-	27,497,072	21,156,077	99,653,149

The annexed notes 1 to 46 are an integral part of these financial statements.

Chief Financial Officer

President & CEO

Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2021

1. The Company and its operations

Pakistan Telecommunication Company Limited ("PTCL", "the Company") was incorporated in Pakistan on December 31, 1995 and commenced business on January 01, 1996. The Company, which is listed on the Pakistan Stock Exchange Limited (PSX), was established to undertake the telecommunication business formerly carried on by the Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Company on January 01, 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996, on which date, the Company took over all the properties, rights, assets, obligations and liabilities of PTC, except those transferred to the National Telecommunication Corporation (NTC), the Frequency Allocation Board (FAB), the Pakistan Telecommunication Authority (PTA) and the Pakistan Telecommunication Employees Trust (PTET). The registered office of the Company is situated at PTCL Headquarters, G-8/4, Islamabad.

The Company provides telecommunication services in Pakistan. It owns and operates telecommunication facilities and provides domestic and international telephone services and other communication facilities throughout Pakistan. The Company has also been licensed to provide such services in territories of Azad Jammu and Kashmir and Gilgit-Baltistan.

The business units of the Company include the following:

Business Unit	Geographical Location
1 Headquarter	G-8/4, Islamabad
2 PTCL Business Zone- North	Telecom House, F-5/1, Islamabad
3 PTCL Business Zone- Central	131, Tufail Road, Lahore
4 PTCL Business Zone- South	Clifton Exchange, Hatim Aliv Road, Karachi

2. Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These financial statements are the separate financial statements of the Company (PTCL). In addition to these separate financial statements, the Company also prepares consolidated financial statements.

2.1 Standards, interpretations and amendments adopted during the year

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering year, beginning on or after the following dates:

(a) New accounting standards / amendments and IFRSs interpretations that are effective for the year ended December 31, 2021.

The following standards, amendments and interpretations thereto as notified under the Companies Act, 2017 are either not relevant to the Company's operations or are not likely to have significant impact on the Company's financial statements.

COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met: - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and - there is no substantive change to the other terms and conditions of the lease.	Effective from accounting period beginning on or after January 01, 2021.
Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.	Effective from accounting period beginning on or after January 01, 2021.

(b) New accounting standards / amendments and IFRS interpretations that are not yet effective

Amendments to the following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and interpretations thereto are not yet effective and management is currently in the process of evaluating its impact on the Company's financial statements:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2021

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2021

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	Effective from accounting period beginning on or after January 01, 2022.

Annual improvements to IFRS standards 2018-2020:

'The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2021

to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual period beginning on or after 01 January 2022.

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2021

(c) **Other than the aforesaid standards, interpretations and amendments, International Accounting Standard Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:**

- IFRS 1 First - time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance Contracts

The following interpretations / IFRS issued by IASB have been waived off by SECP:

- IFRIC 12 Service Concession Agreements
- IFRS 2 Share based payments in respect of Benazir Employees' Stock Option Scheme

3. Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments at fair value and the recognition of certain employees retirement benefits on the basis of actuarial assumptions.

4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

(a) Provision for employees retirement benefits

The actuarial valuation of pension, gratuity, medical, accumulating compensated absences plans and benevolent grants requires the use of certain assumptions related to future periods, including increase in future salary / pension / medical costs, rate of increase in benevolent grant, expected long-term returns on plan assets and the discount rate used to discount future cash flows to present values.

(b) Provision for income tax

The Company recognizes income tax provision using estimates based upon expert opinions of its tax and legal advisors. Differences, if any, between the recorded income tax provision and the Company's tax liability, are recorded on the final determination of such liability. Deferred income tax is calculated at the rates that are expected to apply to the periods when the temporary differences reverse, based on tax rates that have been enacted or substantively enacted, by the date of the statement of financial position.

(c) Recognition of government grants

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

(d) Useful life and residual value of fixed assets

The Company reviews the useful lives and residual values of fixed assets on a regular basis. Any change in estimates may affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the related depreciation charge.

(e) Provision for stores and spares

A provision against stores and spares is recognized after considering their physical condition and expected future usage. It is reviewed by the management on a quarterly basis.

(f) Provision for doubtful receivables and contract assets

A provision against overdue receivable balances is recognized after considering the pattern of receipts from, and the future financial outlook of, the concerned receivable party. It is reviewed by the management

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2021

on a regular basis. Contract assets arise when the Company performs its performance obligations by transferring goods or services to a customer before the customer pays consideration or before payment is due.

(g) Impairment of non - financial assets

Management exercises judgement in measuring the recoverable amount of assets at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated to determine the extent of impairment of such assets.

(h) Revenue from contract with customers

Contract cost comprises incremental cost of acquiring the customers and the Company estimates the average life of the customer for amortization of capitalized contract cost.

(i) Other provisions

Management exercises judgment in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

5. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years for which financial information is presented in these financial statements.

5.1 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Pakistani Rupees (Rs), which is the Company's functional currency. The amounts presented in these financial statements have been rounded off to the nearest thousand.

5.2 Foreign currency transactions and translations

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing on the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary items at end of the year exchange rates, are charged to statement of profit or loss for the year.

5.3 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if U Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

5.4 Government grants

Government grants are recognized at their fair values, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

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5.5 Borrowings and borrowing costs

Borrowings are recognized equivalent to the value of the proceeds received by the Company. Any difference, between the proceeds (net of transaction costs) and the redemption value, is recognized to income, over the period of the borrowings, using the effective interest method.

Borrowing costs, which are directly attributable to the acquisition and construction of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of that asset. All other borrowing costs are charged to statement of profit or loss.

5.6 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods or services received, whether or not billed to the Company.

5.7 Provisions

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

5.8 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events, not wholly within the control of the Company; or when the Company has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.9 Dividend distribution

The distribution of the final dividend, to the Company's shareholders, is recognized as a liability in the financial statements in the period in which the dividend is approved by the Company's shareholders; the distribution of the interim dividend is recognized in the period in which it is declared by the Board of Directors.

5.10 Non-current assets

(a) Property, plant and equipment

Property, plant and equipment, except freehold land and capital work in progress, is stated at cost less accumulated depreciation and any identified impairment losses. Freehold land is stated at cost less identified impairment losses, if any. Cost includes expenditure, related overheads, mark-up and borrowing costs that are directly attributable to the acquisition of the asset.

Subsequent costs, if reliably measurable, are included in the asset's carrying amount, or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to statement of profit or loss during the period in which they are incurred.

Capital work in progress is stated at cost less impairment losses if any. It consists of expenditure incurred in respect of tangible fixed assets in the course of their construction and installation.

Depreciation on assets is calculated, using the straight line method, to allocate their cost over their estimated useful lives.

Depreciation on additions to property, plant and equipment, is charged from the month in which the relevant asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off. Impairment loss, if any, or its reversal, is also charged to statement of profit or loss for

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the year. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life.

The gain or loss on disposal of an asset, calculated as the difference between the sale proceeds and the carrying amount of the asset, is recognized in statement of profit or loss for the year.

(b) Right of use assets

The Company assesses whether a contract is or contains a lease at inception of the contract. If the Company assesses contract contains a lease and meets requirements of IFRS 16, the Company recognises a right-of use asset and a lease liability at the lease commencement date. Right of use asset is calculated as the initial amount of the lease liability in terms of network sites and right of way at the lease contract commencement date. The right of use asset is subsequently depreciated using the straight line method.

(c) Intangible assets

(i) Licenses

These are carried at cost less accumulated amortization and any identified impairment losses. Amortization is calculated using the straight line method, to allocate the cost of the licenses over its estimated useful life, and is charged to statement of profit or loss for the year.

The amortization on licenses acquired during the year, is charged from the month in which a license is acquired / capitalized, while no amortization is charged in the month of expiry / disposal of the license.

(ii) Computer software

These are carried at cost less accumulated amortization, and any identified impairment losses. Amortization is calculated, using the straight line method to allocate the cost of software over their estimated useful lives, and is charged to statement of profit or loss for the year. Costs associated with maintaining computer software, are recognized as an expense as and when incurred.

The amortization on computer software acquired during the year is charged from the month in which the software is acquired or capitalized, while no amortization is charged for the month in which the software is disposed off.

5.11 Investments in subsidiaries and associates

Investments in subsidiaries and associates, where the Company has control or significant influence, are measured at cost less impairment loss, if any.

5.12 Impairment of non-financial assets

Assets that have an indefinite useful life, for example freehold land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment on the date of the statement of financial position, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized. An impairment loss, or the reversal of an impairment loss, are both recognized in the statement of profit or loss for the year.

5.13 Stores and spares

These are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost, comprising invoice values and other related charges incurred up to the date of the statement of financial position.

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5.14 Earnings Per Share (EPS)

The Company presents basic earning per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

5.15 Trade debts / Contract assets

Trade debts are carried at their original invoice amounts, less any estimates made for expected credit losses based on review of all outstanding amounts at reporting date. Bad debts are written off as per Company policy.

5.16 Financial instruments

5.16.1 Classification

The Company classifies its financial assets on initial recognition in the following categories: at amortized cost, at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial asset, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

(c) Fair value through profit or loss

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company irrevocably designates a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

5.16.2 Recognition and measurement

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

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

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5.16.3 Subsequent measurement and gains and losses

(i) Financial assets at amortized costs — These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

(ii) Financial assets at FVOCI — Debt investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

Equity investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss

(iii) Financial assets at FVTPL — These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.

Financial assets of the Company include trade debts, contract assets, long term loans, deposits, other receivables and short term investments.

5.16.4 Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowances at an amount equal to lifetime ECLs. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

5.16.5 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss. The financial liabilities of the Company include short term security deposits and trade and other payables.

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5.16.6 Derecognition

Financial assets

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

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

5.17 Offsetting of financial assets and liabilities

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

5.18 Cash and cash equivalents

Cash and cash equivalents are carried at cost. Cash and cash equivalents comprise cash in hand, cash with banks and short term finances under mark up arrangements with banks. Cash equivalents are short term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5.19 Revenue recognition

Revenue is measured at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Company satisfies the performance obligations by transferring a promised good or service to a customer. Goods or services are transferred when the customer obtains control of the assets.

The Company mainly generates revenue from providing telecommunication services such as data, voice, Internet Protocol Television (IPTV), connectivity services, interconnect, Information and Communication Technology (ICT), digital solutions and equipment sales etc.

Services are offered separately and as bundled packages along with other services and / or devices. For bundled packages, the Company accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate product and services (i.e. distinct performance obligations, "POs") in a bundle based on their stand-alone selling prices.

The stand alone selling prices are determined based on the observable price at which the Company sells the products and services on a standalone basis. For items that are not sold separately, the Company estimates standalone selling prices using other methods (i.e. adjusted market assessment approach, cost plus margin approach or residual approach).

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Nature and timing of satisfaction of performance obligations

Product and services	Nature, timing of satisfaction of performance obligation
Voice, Broadband, IPTV	The Company recognizes revenue as and when these services are provided (i.e. actual usage by the customer).
Devices	The Company recognizes revenue when the control of the device is transferred to the customer. This usually occurs at the contract inception when the customer takes the possession of the device.
Installation charges	Installation services provided for service fulfillment are not distinct performance obligations (PO) and the amount charged for installation service is recognized over the average customer life.
Corporate services	Revenue is recognized over the period when these services are provided to the customers. Where hardware (e.g. routers) are provided as part of the contract, the Company recognizes these as distinct PO only if the customer can benefit from them either by selling for more than scrap value or using with services from other service providers.
Carrier and Wholesale (C&WS)	Revenue from C&WS services is recognized when the services are rendered.
International revenue	International revenue represents revenue from foreign network operators, for calls originating outside Pakistan. It is recognized over the period when services are provided to the customers.

Principal versus agent presentation

When the Company sells goods or services as a principal, revenue and related cost is reported on a gross basis in revenue and operating costs. If the Company sells goods or services as an agent, revenue and related cost are recorded in revenue on a net basis, representing the margin earned.

Whether the Company is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the arrangement between the Company and its business partners; such judgments impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows.

5.19.1 Income on bank deposits

Return on bank deposits is recognized using the effective interest method.

5.19.2 Dividend income

Dividend income is recognized when the right to receive payment is established.

5.20 Contract cost

The Company capitalizes the incremental costs of obtaining and fulfilling a contract, if they are expected to be recovered. The capitalized cost is amortized over the average customer life and recognized as cost of sales. Applying the practical expedient of IFRS 15, the Company recognizes the incremental cost of obtaining and fulfilling a contract as expense when incurred if the amortization period of assets is less than one year.

5.21 Contract assets

The contract assets primarily relate to the Company's rights to consideration for postpaid services provided to subscribers but not billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional.

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5.22 Contract liability

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration or an amount of consideration is due from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company discharges its obligation under the contract.

5.23 Taxation

The tax expense for the year comprises of current and deferred income tax, and is recognized in income for the year, except to the extent that it relates to items recognized directly in other comprehensive income, in which case the related tax is also recognized in other comprehensive income.

(a) Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax is calculated at the rates that are expected to apply to the period when the differences reverse, and the tax rates that have been enacted, or substantively enacted, at the date of the statement of financial position.

(c) Group taxation

The Company is taxed as a one fiscal unit along with it's other wholly own subsidiaries under section 59AA to the Income Tax Ordinance, 2001. Current and deferred income taxes are recognized by each entity within the group, regardless of who has the legal rights for the recovery of tax. However, current tax liability / receivable is shown by the Company as it has legal obligation / right of recovery of tax upon submission of annual tax return. Balances among the group entities as a result of group tax is shown as other income tax recoverable / payable to the respective group entities.

5.24 Employees retirement benefits

The Company provides various retirement / post retirement benefit schemes. The plans are generally funded through payments determined by periodic actuarial calculations or up to the limits allowed in the Income Tax Ordinance, 2001. The Company has constituted both defined contribution and defined benefit plans.

(a) PTCL Employees General Provident Fund (GPF) Trust

The Company operates an approved funded provident plan covering its permanent employees. For the purposes of this plan, a separate trust, the "PTCL Employees GPF Trust" (the Trust), has been established. Monthly contributions are deducted from the salaries of employees and are paid to the Trust by the Company. In line with the Trust's earnings for a year, the board of trustees approves a profit rate for payment to the members. The Company contributes to the fund, the differential, if any, of the interest paid / credited for the year and the income earned on the investments made by the Trust.

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(b) Defined benefit plans

The Company provides the following defined benefit plans:

(i) Pension plans

The Company accounts for an approved funded pension plan operated through a separate trust, the "Pakistan Telecommunication Employees Trust" (PTET), for its employees recruited prior to January 01, 1996 when the Company took over the business from PTC. The Company operates an unfunded pension scheme for employees recruited on a regular basis, on or after January 01, 1996.

(ii) Gratuity plan

The Company operates an approved funded gratuity plan for its New Terms and Conditions (NTC) employees and contractual employees.

(iii) Medical benefits plan

The Company provides a post retirement medical facility to pensioners and their families. Under this unfunded plan, all ex-employees, their spouses, their children up to the age of 21 years (except unmarried daughters who are not subject to the 21 years age limit) and their parents residing with them and any other dependents, are entitled to avail the benefits provided under the scheme. The facility remains valid during the lives of the pensioner and their spouse. Under this facility, there are no annual limits to the cost of drugs, hospitalized treatment and consultation fees.

(iv) Accumulated compensated absences

The Company provides a facility to its employees for accumulating their annual earned leaves. Accumulated leaves can be encashed at the end of the employees service, based on the latest drawn gross salary as per Company policy.

(v) Benevolent grants

The Company pays prescribed benevolent grants to eligible employees / retirees and their heirs.

The liability recognized in the statement of financial position in respect of defined benefit plans, is the present value of the defined benefit obligations at the date of the statement of financial position less the fair value of plan assets.

5.25 Lease liability

The Company recognizes lease liabilities as per IFRS - 16 at the present value of the remaining lease payments using the Company's incremental borrowing rate. Lease liabilities are measured at their amortized cost using the effective interest method.

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6. Share capital

6.1 Authorized share capital

2021 (Number of shares '000)	2020 (Number of shares '000)		2021 Rs '000	2020 Rs '000
11,100,000	11,100,000	"A" class ordinary shares of Rs 10 each	111,000,000	111,000,000
3,900,000	3,900,000	"B" class ordinary shares of Rs 10 each	39,000,000	39,000,000
15,000,000	15,000,000		150,000,000	150,000,000

6.2 Issued, subscribed and paid up capital

2021 (Number of shares '000)	2020 (Number of shares '000)		2021 Rs '000	2020 Rs '000
3,774,000	3,774,000	"A" class ordinary shares of Rs 10 each issued as fully paid for consideration other than cash - note 6.3 and note 6.5.	37,740,000	37,740,000
1,326,000	1,326,000	"B" class ordinary shares of Rs 10 each issued as fully paid for consideration other than cash - note 6.3 and note 6.6.	13,260,000	13,260,000
5,100,000	5,100,000		51,000,000	51,000,000

6.3 These shares were initially issued to the Government of Pakistan, in consideration for the assets and liabilities transferred from Pakistan Telecommunication Corporation (PTC) to Pakistan Telecommunication Company Limited (PTCL), under the Pakistan Telecommunication (Re-organization) Act, 1996, as referred to in note 1.

6.4 Except for voting rights, the "A" and "B" class ordinary shares rank pari passu in all respects. "A" class ordinary shares carry one vote and "B" class ordinary shares carry four votes, for the purposes of election of directors. "A" class ordinary shares cannot be converted into "B" class ordinary shares; however, "B" class ordinary shares may be converted into "A" class ordinary shares, at the option, exercisable in writing and submitted to the Company, by the holders of three fourths of the "B" class ordinary shares. In the event of termination of the license issued to the Company, under the provisions of the Pakistan Telecommunication (Re-organization) Act, 1996, the "B" class ordinary shares shall be automatically converted into "A" class ordinary shares.

6.5 The Government of Pakistan, through an "Offer for Sale" document, dated July 30, 1994, issued to its domestic investors, a first tranche of vouchers exchangeable for "A" class ordinary shares of the Company; subsequently, through an Information Memorandum dated September 16, 1994, a second tranche of vouchers was issued to international investors, also exchangeable, at the option of the voucher holders, for "A" class ordinary shares or Global Depository Receipts (GDRs) representing "A" class ordinary shares of the Company. Out of 3,774,000 thousand "A" class ordinary shares, vouchers against 601,084 thousand "A" class ordinary shares were issued to the general public. Till December 31, 2021, 599,568 thousand (December 31, 2020: 599,559 thousand) "A" class ordinary shares had been exchanged for such vouchers.

6.6 In pursuance of the privatization of the Company, a bid was held by the Government of Pakistan on June 08, 2005 for sale of "B" class ordinary shares of Rs 10 each, conferring management control. Emirates Telecommunication Corporation (Etisalat), UAE was the successful bidder. The 26% (1,326,000,000 shares) "B" class ordinary shares, along with management control, were transferred, with effect from April 12, 2006, to Etisalat International Pakistan (EIP), UAE, which is a subsidiary of Etisalat.

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	Note	2021 Rs '000	2020 Rs '000
7. Deferred income tax			
Deferred tax liability / (asset) relating to:			
Accelerated tax depreciation		6,863,727	9,089,851
Accelerated tax amortization		171,827	188,272
Provision for obsolete stores		(306,868)	(358,403)
Impairment loss on trade debts		(2,087,075)	(2,267,342)
Right of use assets / lease liabilities		28,983	51,751
Contract cost		325,784	319,166
Liabilities claimable on payment		(2,089,179)	(1,404,332)
Others		(9,417)	(9,417)
		2,897,782	5,609,546
7.1 Movement during the year			
Balance at the beginning of the year		5,609,546	5,932,356
(Reversal) / charge for the year in respect of			
Accelerated tax depreciation		(2,226,124)	307,169
Accelerated tax amortization		(16,445)	(70,769)
Provision for obsolete stores		51,535	5,764
Impairment loss on trade debts		180,267	5,812
Right of use assets / lease liabilities		(22,768)	65,086
Contract cost		6,618	77,226
Liabilities claimable on payment		(684,847)	(713,098)
		(2,711,764)	(322,810)
Balance at end of the year		2,897,782	5,609,546
8. Employees retirement benefits			
Liabilities for pension obligations			
Unfunded	8.1	8,633,593	7,313,570
		8,633,593	7,313,570
Gratuity - funded	8.1	308,994	240,788
Accumulated compensated absences - unfunded	8.1	1,982,538	1,606,358
Post retirement medical facility- unfunded	8.1	12,144,429	11,549,073
Benevolent grants - unfunded	8.1	3,995,703	3,831,610
		27,065,257	24,541,399

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8.1 The latest actuarial valuations of the Company's defined benefit plans, were conducted at December 31, 2021 using the projected unit credit method. Details of obligations for defined benefit plans are as follows:

		Pension				Gratuity		Accumulated Compensated absences		Post-retirement medical facility		Benevolent grants		Total	
		Funded		Unfunded		Funded		Unfunded		Unfunded		Unfunded			
		2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000
a)	**The amounts recognized in the statement of financial position:**														
	Present value of defined benefit obligations	127,384,941	122,844,751	8,633,593	7,313,570	2,077,003	1,865,613	1,982,538	1,606,358	12,144,429	11,549,073	3,995,703	3,831,610	156,218,207	149,010,975
	Fair value of plan assets Note: 8.3	(129,187,278)	(125,102,302)	-	-	(1,768,009)	(1,624,825)	-	-	-	-	-	-	(130,955,287)	(126,727,127)
	Liability / (asset) at end of the year Note: 8.2	(1,802,337)	(2,257,551)	8,633,593	7,313,570	308,994	240,788	1,982,538	1,606,358	12,144,429	11,549,073	3,995,703	3,831,610	25,262,920	22,283,848
b)	**Changes in the present value of defined benefit obligations:**														
	Balance at beginning of the year	122,844,751	119,000,260	7,313,570	6,290,701	1,865,613	1,586,291	1,606,358	1,513,696	11,549,073	11,193,005	3,831,610	3,771,323	149,010,975	143,355,276
	Current service cost	822,813	807,959	345,753	340,567	195,826	185,677	75,070	77,377	84,475	79,652	38,927	38,552	1,562,864	1,529,784
	Interest expense	11,820,480	11,467,908	729,081	627,134	155,607	138,961	137,517	133,882	1,112,411	1,078,166	368,974	364,066	14,324,070	13,810,117
	Actuarial gain on accumulated compensated absences	-	-	-	-	-	-	332,839	(66,356)	-	-	-	-	332,839	(66,356)
		12,643,293	12,275,867	1,074,834	967,701	351,433	324,638	545,426	144,903	1,196,886	1,157,818	407,901	402,618	16,219,773	15,273,545
	Remeasurements:														
	Loss / (gain) due to experience adjustments	1,176,795	210,975	298,688	93,894	153,098	39,242	-	-	523,456	20,940	48,481	(80,997)	2,200,518	284,054
	Benefits paid	(9,279,898)	(8,642,351)	(53,499)	(38,726)	(293,141)	(84,558)	(169,246)	(52,242)	(1,124,986)	(822,690)	(292,289)	(261,334)	(11,213,059)	(9,901,901)
	Balance at end of the year	127,384,941	122,844,751	8,633,593	7,313,570	2,077,003	1,865,613	1,982,538	1,606,358	12,144,429	11,549,073	3,995,703	3,831,610	156,218,207	149,010,975

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		Pension				Gratuity		Accumulated compensated absences		Post-retirement medical facility		Benevolent grants		Total	
		Funded		Unfunded		Funded		Unfunded		Unfunded		Unfunded			
		2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000
c)	**Charge for the year:**														
	Profit or loss:														
	Current service cost	822,813	807,959	345,753	340,567	195,826	185,677	75,070	77,377	84,475	79,652	38,927	38,552	1,562,864	1,529,784
	Net interest expense	(266,153)	238,561	729,081	627,134	9,373	8,612	137,517	133,882	1,112,411	1,078,166	368,974	364,066	2,091,203	2,450,421
	Actuarial gain on accumulated compensated absences	-	-	-	-	-	-	332,839	(66,356)	-	-	-	-	332,839	(66,356)
	Contribution from deputationists / employees	(11,426)	(4,426)	-	-	-	-	-	-	-	-	(31,280)	(18,439)	(42,706)	(22,865)
		545,234	1,042,094	1,074,834	967,701	205,199	194,289	545,426	144,903	1,196,886	1,157,818	376,621	384,179	3,944,200	3,890,984
	Other comprehensive income														
	Remeasurements:														
	Loss / (gain) on remeasurement of assets	(470,282)	(4,150,657)	-	-	3,050	(46,159)	-	-	-	-	-	-	(467,232)	(4,196,816)
	(Gain) due to change in financial assumptions	(15,854)	-	(1,854)	-	-	-	-	-	-	-	-	-	(17,708)	-
	Loss / (gain) due to experience adjustments	1,192,649	210,975	300,542	93,894	153,098	39,242	-	-	523,456	20,940	48,481	(80,997)	2,218,226	284,054
		706,513	(3,939,682)	298,688	93,894	156,148	(6,917)	-	-	523,456	20,940	48,481	(80,997)	1,733,286	(3,912,762)
		1,251,747	(2,897,588)	1,373,522	1,061,595	361,347	187,372	545,426	144,903	1,720,342	1,178,758	425,102	303,182	5,677,486	(21,778)
d)	**Significant actuarial assumptions at the date of the statement of financial position:**														
	Discount rate	10.00%	10.00%	10.00%	10.00%	9.00%	9.00%	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%		
	Future salary / medical cost increase	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	9.00%	9.00%	7.00%	8.00%		
	Future pension increase	6.25%	6.25%	6.25%	6.25%	-	-	-	-	-	-	-	-		
	Rate of increase in benevolent grant	-	-	-	-	-	-	-	-	-	-	2.00%	2.00%		
	Average duration of the obligation	21 years	21 years	29 years	30 years	6 years	6 years	6 to 7 years	6 to 7 years	23 years	23 years	17 years	17 years		
	Expected mortality rate	SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005			
	Expected withdrawal rate	Based on experience		Based on experience		Based on experience		Based on experience		Based on experience		Based on experience			

8.2 As more fully explained in note 13.7, the Company's obligation for funded pension is restricted to the extent of pension increases as determined by the Board of Trustees of the Pakistan Telecommunication Employees Trust (PTET).

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	Defined benefit pension plan Funded		Defined benefit gratuity plan Funded	
	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000
8.3 Changes in the fair value of plan assets				
Balance at beginning of the year	125,102,302	114,864,649	1,624,825	1,448,317
Expected return on plan assets	12,086,633	11,229,347	146,234	130,349
Payments made to members on behalf of fund	-	-	293,141	84,558
Gain / (loss) on remeasurement of assets	470,282	4,150,657	(3,050)	46,159
Contributions made by the Company during the year	807,959	3,500,000	-	-
Benefits paid	(9,279,898)	(8,642,351)	(293,141)	(84,558)
Balance at end of the year	129,187,278	125,102,302	1,768,009	1,624,825

8.4 Plan assets for funded defined benefit pension plan are comprised as follows:

	2021		2020	
	Rs '000	Percentage	Rs '000	Percentage
Debt instruments - unquoted				
- Special savings accounts	1,820,678	1.41	1,627,705	1.30
- Defense savings certificates	27,500,107	21.30	24,454,369	19.56
- Regular income certificates	62,534,059	48.41	62,534,059	49.99
- Pakistan investment bonds	4,354,156	3.38	4,365,666	3.50
	96,209,000	74.50	92,981,799	74.35
Cash and cash equivalents				
- Term deposits	11,300,000	8.74	10,700,000	8.54
- Equity securities	1,185,787	0.92	672,938	0.54
- Sukuks	1,765,403	1.37	1,681,056	1.34
- Pakistan investment bond	904,952	0.70	908,695	0.73
- Term finance certificates	42,420	0.00	41,597	0.00
- Treasury bills	1,038,459	0.80	1,316,878	1.05
- Cash and bank balances	2,827	0.00	1,556,284	1.24
	16,239,848	12.53	16,877,448	13.44
Investment property				
- Telecom tower	10,113,021	7.83	10,111,083	8.08
- Telehouse	2,280,969	1.77	2,271,000	1.82
	12,393,990	9.60	12,382,083	9.90
Fixed assets	7,085	0.01	7,016	0.01
Other assets	5,740,972	4.45	4,057,220	3.25
	130,590,895	101.09	126,305,566	100.95
Liabilities				
- Staff retirement benefits	(90,504)	(0.07)	(75,085)	(0.06)
- Amount due to PTCL	(1,300)	0.00	(1,262)	0.00
- Accrued and other liabilities	(254,167)	(0.20)	(170,464)	(0.14)
- Provision for zakat	(1,057,646)	(0.82)	(956,453)	(0.75)
	(1,403,617)	(1.09)	(1,203,264)	(0.95)
	129,187,278	100.00	125,102,302	100.00

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8.5 Plan assets for defined gratuity fund are comprised as follows:

	2021		2020	
	Rs '000	Percentage	Rs '000	Percentage
Units of mutual funds	108,432	6.13	7,888	0.49
Term deposit receipt	1,382,991	78.22	1,370,570	84.35
Term finance certificate	200,000	11.31	200,000	12.31
Other assets	34,352	1.94	29,973	1.84
Bank balances	42,234	2.39	16,394	1.01
	1,768,009	100.00	1,624,825	100.00

8.6 The expected contributions in the next financial year to be paid to the funded gratuity plan by the Company is Rs 308,994 thousand respectively.

8.7 Sensitivity analysis

The calculations of the defined benefits obligation is sensitive to the significant actuarial assumptions set out in note 8.1 (d). The table below summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in the respective assumptions.

	Impact on defined benefit obligation	
	1% Increase in assumption	1% Decrease in assumption
	Rs '000	Rs '000
Future salary / medical cost		
Pension - funded	1,556,172	(1,432,996)
Pension - unfunded	886,023	(782,425)
Gratuity - funded	212,040	(184,407)
Accumulating compensated absences - unfunded	201,714	(162,400)
Post-retirement medical facility - unfunded	1,490,632	(1,233,486)
Discount rate		
Pension - funded	(9,619,550)	11,321,085
Pension - unfunded	(1,272,098)	1,604,419
Gratuity - funded	(181,291)	212,040
Accumulating compensated absences - unfunded	(159,475)	201,714
Post-retirement medical facility - unfunded	(1,379,412)	1,697,634
Benevolent grants - unfunded	(26,998)	33,059
Future pension		
Pension - funded	9,671,290	(8,307,448)
Pension - unfunded	654,896	(549,673)
Benevolent grants		
Benevolent grants - unfunded	35,648	(37,975)

	Increase by 1 year	Decrease by 1 year
	Rs '000	Rs '000
Expected mortality rate		
Pension - funded	(2,924,855)	2,907,239
Pension - unfunded	(111,236)	108,250
Gratuity - funded	(26,763)	26,037
Accumulating compensated absences - unfunded	(16,691)	33,940
Post-retirement medical facility - unfunded	(337,527)	338,817
Benevolent grants - unfunded	(111,053)	111,475

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The above sensitivity analysis are based on changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

8.8 Through its defined benefit pension plans the Company is exposed to a number of actuarial and investment risks, the most significant of which include, interest rate risk, property market risk and longevity risk for pension plan and salary risk for all the plans.

	2021 Rs '000	2020 Rs '000
9. Deferred government grants		
Balance at beginning of the year	7,279,353	7,578,974
Received during the year	2,846,045	739,895
	10,125,398	8,318,869
Income recognized during the year	(1,506,431)	(1,039,516)
Balance at end of the year	8,618,967	7,279,353

This represent grants received from the Universal Service Fund, as assistance towards the development of telecommunication infrastructure in rural areas, comprising telecom infrastructure projects for basic telecom access, transmission and broadband services spread across the country.

	Note	2021 Rs '000	2020 Rs '000
10. Lease liabilities			
Lease commitments			
Within one year		581,389	436,685
Between 2 and 5 years		1,311,536	1,293,790
After 5 years		261,497	30,028
Total undiscounted lease commitments		2,154,422	1,760,503
Discounted lease liability using the incremental borrowing rate		1,728,811	1,408,913
Current portion shown under current liabilities		(421,755)	(302,466)
Due after 12 months		1,307,056	1,106,447
11. Trade and other payables			
Trade creditors		13,495,298	10,958,150
Accrued and other liabilities	11.1	33,308,502	30,211,340
Technical services assistance fee	11.2	30,644,507	25,827,068
Advances from customers / contract liability		7,136,903	6,453,465
Retention money / payable to contractors and suppliers		6,666,995	6,116,052
Payable to subsidiaries on account of group taxation	11.4	10,070,728	6,381,621
Sales tax payable		1,505,864	1,844,379
Income tax collected / deducted at source		491,290	665,343
	11.3	103,320,087	88,457,418

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	Note	2021 Rs '000	2020 Rs '000
11.1 Accrued and other liabilities			
Accrued liability for operational expenses		7,647,118	6,453,427
Amount withheld on account of provincial levies (Sub-judice) for ICH operations	11.1.1	12,110,803	12,110,803
Accrual for Government / regulatory expenses		10,670,730	9,579,972
Accrued wages		2,318,258	1,455,891
Others		561,593	611,247
		33,308,502	30,211,340

11.1.1 This represents International Clearing House "ICH" revenue which were shared between the Company and other Long Distance and International "LDI" operators in the ratio of 50:50. Therefore, out of this, 50% of the amount represents revenue not recognised by the Company. As the ICH operator, the Company challenged the imposition of sales tax on ICH revenue and the matter is sub-judice in different courts of law; therefore, the relevant share of the ICH partners is being held by the Company till the finalization of the subject cases.

11.2 Liability has not been settled since SBP has not yet acknowledged the extension of Technical Service Assistance (TSA) Agreement.

	2021 Rs '000	2020 Rs '000
11.3 Trade and other payables include payables to the following related parties:		
Pak Telecom Mobile Limited (PTML)	1,091,142	-
U Microfinance Bank Limited	643	1,793
DVCOM Data (Private) Limited (DVCOM)	1,377,000	1,173,000
Emirates Telecommunication Corporation	1,361,012	1,007,341
Etisalat - Afghanistan	45,747	184,592
Telecom Foundation	63,995	64,005
Government of Pakistan (GoP) related entities	1,464,680	1,282,461
TF Pipes Limited	4,630	4,630
PTCL Employees GPF Trust	5,541	-
Retention money / payable to contractors and suppliers		
TF Pipes Limited	3,055	3,055

These balances relate to the normal course of business of the Company and are interest free.

11.4 This represents payable to PTML Rs 9,650,660 thousand (December 31, 2020: Rs 5,957,230 thousand), DVCOM Rs 420,068 thousand (December 31, 2020: Rs 424,391 thousand) on account of group taxation.

12. Security deposits

These security deposits are received from customers for services to be provided and are refundable / adjustable on termination of their relationship with the Company. These are non interest bearing and include security deposits of Rs 3,623 thousand (December 31, 2020: Rs 3,623 thousand) from Pak Telecom Mobile Limited (PTML), a related party. The Company has adjusted / paid a sum of Rs 619 thousand (December 31, 2020: Rs 100 thousand) to its customers during the year against their balances. Amount of these security deposits has been kept in a separate bank account.

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13. Contingencies and commitments

Contingencies

Indirect taxes

13.1 Against the decision of Appellate Tribunal Inland Revenue (ATIR) upholding tax authorities' decision to impose Federal Excise Duty (FED) amounting to Rs 365,098 thousand on Technical Services Assistance fee assuming that the fee is against franchise arrangement for the period from July 2008-09 & 2010-11, PTCL has filed reference in the Honorable Islamabad High Court. Accordingly, the stay order was granted by the Honorable Islamabad High Court. Similarly, against an order of the Punjab Revenue Authority (PRA) for the services sales tax, a demand of Rs 461,629 thousand on Technical Services Assistance fee was raised assuming that the fee is against franchise arrangement for the period from October 2012 to December 2014. The appeal is sub judice before the Commissioner Appeals - PRA, and the stay order from the Honorable Lahore High Court is also in place against any coercive measures.

13.2 Based on an audit of certain monthly returns of FED, a demand of Rs 1,289,957 thousand was raised on the premise that the Company did not apportion the input tax between allowable and exempt supplies. The Company is in appeal before ATIR, which is pending adjudication. Meanwhile, the Honorable Islamabad High Court has granted a stay order in this regard against any coersive measures.

13.3 Against the decision of Sindh Revenue Board (SRB) imposing sales tax on services of Rs 4,417,000 thousand and Khyber Pakhtunkhwa Revenue Authority (KPRA) Rs. 2,374,000 thousands on revenues from international incoming calls from Nov, 2012 to Dec, 2013 & July,2013 to Dec, 2019 respectively , the appeals are pending adjudication before the Commissioner Appeals. A stay order has been obtained from Honorable Sindh High Court & Honorable Peshawar High Court against any coercive action by SRB and KPRA.

13.4 Against the decision of the Customs Appellate Tribunal imposing additional custom duties, a reference as well as writ petition against the decision is pending before the Honorable Sindh High Court. Further, through the petition filed before the Honorable Sindh High Court, a stay order has been obtained against order of the Tribunal. The Honorable Sindh High Court has stayed the recovery of the levies amounting to Rs 932,942 thousand. Further, the Collector of Customs imposed additional duties, taxes and other charges amounting to Rs 1,685,884 thousand against which the Company has filed an appeal before the Customs Appellate Tribunal.

Income tax

13.5 For the tax years 2007, 2009, 2010, 2011 to 2018 and 2019, 2020, Taxation Officer disallowed certain expenses and tax credits. The impugned orders were challenged at the relevant appellate forums which allowed partial relief thereof. After taking into account the orders of CIR (Appeals), ATIR as well as rectification orders tax impact of the disallowances is Rs 55,364,208 thousand. Appeals on the remaining outstanding items are pending adjudication before ATIR. Reference in respect of 2007 is subjudice before the Honorable Islamabad High Court. Stay has been obtained in all cases from different fora.

13.6 For the Tax Year 2020, Taxation officer objected to the quarterly advance tax calculation submitted by the Company based on group taxation and raised demand amounting to Rs. 2,855,907 thousand despite that PTCL had filed option for group taxation within prescribed time. PTCL obtained stay order from Honorable Islamabad High Court against any coercive measures. Later the Securities and Exchange Commission of Pakistan also issued Group Designation Letter for PTCL Group.

Others

13.7 In 2010, Pakistan Telecommunication Employees Trust ("PTET") board approved the pension increase which was less than the increase notified by the Government of Pakistan ("GoP"). Thereafter, pensioners filed several Writ Petitions. After a series of hearings, on June 12, 2015 the Apex Court decided the case in the interest of pensioners. On July 13, 2015, Review Petition was filed in Supreme Court of Pakistan against the Judgment of June 12, 2015.

The Honourable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by the Company, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated May 17, 2017. Through the said order, the Apex Court directed the Review Petitioners to seek remedy under section 12(2) CPC (Civil Procedure Code) which shall be

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decided by the concerned Court in accordance with the law, and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts. However, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case. Some of the interveners (pensioners) seeking the same relief as allowed vide order dated June 12, 2015 have been directed by the Apex Court to approach the appropriate forum on May 10, 2018. Islamabad High Court on 2nd November, 2021, has decided that the GOP increases are not allowed to VSS optees, PTC pensioners and to the workmen. To the extent of Civil Servants the Islamabad High Court allowed the GOP increase. However, to the same extent appeal has been filed before Apex court within the limitation. Under the circumstances, management of the Company, on the basis of legal advice, believes that the Company's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in the Company's financial statements.

13.8 The Company implemented policy directives of Ministry of Information Technology conveyed by the Pakistan Telecommunication Authority regarding termination of all international incoming calls into Pakistan. On suspension of these directives by the Honorable Lahore High Court, the Honorable Supreme Court of Pakistan dismissed the pertinent writ petitions by directing Competition Commission of Pakistan (CCP) to decide the case. The Honorable Sindh High Court suspended the adverse decision of CCP and the case is pending for adjudication.

13.9 A total of 1,118 cases (December 31, 2020: 1,128) against PTCL involving Regulatory, Telecom Operators, Employees and Subscribers. Because of number of cases and their uncertain nature, it is not possible to quantify their financial impact. Management and legal advisors of the Company are of the view that the outcome of these cases is expected to be favorable and liability, if any, arising out on the settlement is not likely to be material.

No provision on account of above contingencies has been made in these financial statements as the management and the tax / legal advisors of the Company are of the view, that these matters will eventually be settled in favor of the Company.

	Note	2021 Rs '000	2020 Rs '000
13.10 Bank guarantees and bid bonds issued in favour of:			
Universal Service Fund (USF) against government grants		9,058,005	5,292,082
Others	13.10.1	2,809,251	2,301,612
		11,867,256	7,593,694

13.10.1 Others includes bank guarantees given on behalf of DVCOM Data (Private) Limited to PTA amounting to Rs 675,000 thousand (December 31, 2020: Rs. 675,000 thousand) and Rs. Nil (December 31, 2020: Rs. 130,866 thousand) given to U Microfinance Bank Limited.

	Note	2021 Rs '000	2020 Rs '000
13.11 Commitments			
Contracts for capital expenditure		7,319,139	3,056,938
Letter of comforts in favour of PTML		3,500,000	3,500,000
Corporate guarantee in favour of PTML		27,991,416	-
		38,810,555	6,556,938

14. Property, plant and equipment

	Note	2021 Rs '000	2020 Rs '000
Operating fixed assets	14.1	107,937,650	103,724,068
Capital work in progress	14.6	13,570,235	10,941,628
		121,507,885	114,665,696

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14.1 Operating fixed assets

	Land		Buildings on									
	Freehold - note 14.2	Leasehold	Freehold land	Leasehold land	Lines and wires	Apparatus, plant and equipment	Submarine cables	Office equipment	Computer equipment	Furniture and fittings	Vehicles	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
As at December 31, 2019												
Cost	1,637,680	100,589	13,081,916	1,226,561	140,962,421	216,755,020	18,291,641	2,757,643	2,109,820	785,992	2,989,501	400,698,784
Accumulated depreciation and impairment	-	(39,408)	(5,995,584)	(627,780)	(109,003,983)	(164,457,583)	(10,752,755)	(1,408,012)	(1,936,891)	(535,405)	(2,315,221)	(297,072,622)
Net book Value	1,637,680	61,181	7,086,332	598,781	31,958,438	52,297,437	7,538,886	1,349,631	172,929	250,587	674,280	103,626,162
Movement during 2020												
Additions	-	193	224,023	33,151	7,161,765	7,089,552	245,178	165,269	241,095	12,313	221,041	15,393,580
Disposals												
Cost	-	-	-	-	(10,638,999)	(60,942)	-	-	(6,368)	-	(20,292)	(10,726,601)
Accumulated depreciation	-	-	-	-	10,633,863	60,717	-	-	6,157	-	20,292	10,721,029
	-	-	-	-	(5,136)	(225)	-	-	(211)	-	-	(5,572)
Depreciation charge for the year	-	(1,514)	(329,001)	(31,271)	(3,743,751)	(9,693,579)	(868,196)	(205,329)	(145,789)	(34,578)	(237,094)	(15,290,102)
Net book value	1,637,680	59,860	6,981,354	600,661	35,371,316	49,693,185	6,915,868	1,309,571	268,024	228,322	658,227	103,724,068
As at December 31, 2020												
Cost	1,637,680	100,782	13,305,939	1,259,712	137,485,187	223,783,630	18,536,819	2,922,912	2,344,547	798,305	3,190,250	405,365,763
Accumulated depreciation and impairment	-	(40,922)	(6,324,585)	(659,051)	(102,113,871)	(174,090,445)	(11,620,951)	(1,613,341)	(2,076,523)	(569,983)	(2,532,023)	(301,641,695)
Net book value	1,637,680	59,860	6,981,354	600,661	35,371,316	49,693,185	6,915,868	1,309,571	268,024	228,322	658,227	103,724,068
Movement during 2021												
Additions	-	-	550,797	169,732	7,945,543	9,253,211	202,352	616,969	246,220	73,938	457,790	19,516,552
Disposals - note 14.4												
Cost	-	-	-	-	(1,382,028)	(222,778)	-	(5,497)	(55,298)	-	(85,832)	(1,751,433)
Accumulated depreciation	-	-	-	-	1,373,316	174,139	-	5,497	54,803	-	85,462	1,693,217
	-	-	-	-	(8,712)	(48,639)	-	-	(495)	-	(370)	(58,216)
Depreciation charge for the year - note 14.5	-	(1,651)	(339,470)	(33,895)	(3,465,973)	(10,181,500)	(474,568)	(244,643)	(183,603)	(37,280)	(282,024)	(15,244,607)
Impairment charge	-	-	-	-	-	(147)	-	-	-	-	-	(147)
Net book value	1,637,680	58,209	7,192,681	736,498	39,842,174	48,716,110	6,643,652	1,681,897	330,146	264,980	833,623	107,937,650
As at December 31, 2021												
Cost	1,637,680	100,782	13,856,736	1,429,444	144,048,702	232,814,063	18,739,171	3,534,384	2,535,469	872,243	3,562,208	423,130,882
Accumulated depreciation and impairment	-	(42,573)	(6,664,055)	(692,946)	(104,206,528)	(184,097,953)	(12,095,519)	(1,852,487)	(2,205,323)	(607,263)	(2,728,585)	(315,193,232)
Net book value	1,637,680	58,209	7,192,681	736,498	39,842,174	48,716,110	6,643,652	1,681,897	330,146	264,980	833,623	107,937,650
Annual rate of depreciation (%)	-	1 to 3.3	2.5	2.5	5 to 7	10 to 20	5	10	33.33	10	20	

14.2 In view of large number of properties i.e. PTCL has more than 3,000 properties throughout Pakistan. Disclosure of particular of these properties in the financial statements is impracticable in accordance with the requirements of Clause VI(l) Sub-Clause(ii) of the Fourth Schedule of the Companies Act 2017, therefore, this information / record is available for inspection of members at the registered office of the Company, i.e. PTCL Headquarters, Sector G-8 / 4, Islamabad. The copy of the details of said properties will be provided, on request, to the shareholders who are unable or unwilling to visit the Company's registered office but yet wish to review the said details.

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14.3 As explained in note 1, the property and rights vesting in the operating assets, as at January 01, 1996, were transferred to the Company from the Pakistan Telecommunication Corporation under the Pakistan Telecommunication (Re-organisation) Act, 1996; however, the possession and control or title to of certain freehold land properties were not transferred in the name of the Company in the land revenue records, therefore, in pursuant to the disclosure required under Clause VI Sub clause 12 of Part 2 of the fourth schedule of the Companies Act 2017, the list of such properties is given below:

Sr. No.	Description	Address	The Person in whose name the property is registered	Person in Possession or control	Reasons for the property or asset not being in the name of or possession or control of the Company	(Rupees)
1	Zulfiqarabad Telephone Exchange	DSU-1, Pak Steel Link Road, Near Abass Engineering Co. & Pak suzuki Motors Bin Qasim, Malir, Karachi East.	Pakistan Steel	PTCL	Ban imposed by the Supreme Court of Pakistan on transfer of Pak Steel Properties	20,598
2	Gulshan-e-Hadeed Telephone Exchange	Phase-II, Ghulshan-e-Hadeed, Opposite Jahangir Hotel, Budh Bazar, Bin Qasim, Malir, Karachi.	Pakistan Steel	PTCL	Ban imposed by the Supreme Court of Pakistan on transfer of Pak Steel Properties	22,855
3	Manora Telephone Exchange	Survey No. 19/B, Near P.N.S Rehber, Keemari Town, Karachi South	Ministry of Defense	PTCL	Pakistan Navy refused to transfer the land	1
4	Dadu Telecom Building	City Survey No. 995,996,997 etc. Katchahary Road, Near Mukhtiarkar Office, Dadu.	Ministry of Defense	PTCL	Being a Camping Ground, the case is Pending with Ministry of Defense	17,300
5	Morgah (Mini) Telephone Exchange	Army Housing Scheme, Morgah, Rawalpindi.	Ministry of Defense	PTCL	The land is under dispute between GHQ other parties	25,750
6	Dhanna Singh Wala	Near Johar Town, Canal Bank, Moza Dhanna Singh Wala, Lahore	Telegraph & Telephone (T&T)	Partially in Possession of PTCL	Partially under Litigation	5,587,354
7	T&T Land Kashmir/ Egerton Road	T&T Land Kashmir (Egerton Road), Near Awan-e-Iqbal, Lahore.	Federal Government	PTCL	Under Litigation	1
8	P&T Colony Multan Road Lahore	Khasra No. 1594, 85, 96, 97 etc. Khewat No. 4846, Khatoni No. 10439 (1995-96) etc. Near More Samanabad and Chuburji Quarters, Multan Road, Lahore.	Federal Government	Partially in Possession of PTCL	Under Litigation	3,303,375
9	Industrial Estate SGD	Plot # A-17 Small Industrial Estate Lahore Road Sargodha.	Punjab Small Industries Corporation	Not in Possession of PTCL.	Under Litigation	1
10	Wireless Receiving Station, Malir	Survey No. 74, 76, 77, 80, 81, 82, 83, 85, 86, 91, 92, 93 etc, National Highway, Opposite R.T.T.S Malir Halt, Deh Drigh Tappo, Malir Karachi East.	Telegraph & Telephone (T&T)	Partially in Possession of PTCL	Under Litigation	1,872,800
11	Clifton (Gizri) P&T Colony	Clifton P&T Colony, Ch. Khaliq-uz-Zaman Road, Opposite Ministry of Foreign Affairs, Clifton, Karachi South.	Provincial Government	Partially in Possession of PTCL	Under Litigation	1
12	Kundwal Telephone Exchange	Khata No. 160/760, Moza Kundwal, Pind Dadan Khan, Jhelum.	Private Name	PTCL	Under Litigation	81,000

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Sr. No.	Description	Address	The Person in whose name the property is registered	Person in Possession or control	Reasons for the property or asset not being in the name of or possession or control of the Company	(Rupees)
13	Korangi Plot No. 45, 46 Telephone Exchange	Plot No. 45, 46, Sector No. 22 etc. Township Korangi, KDA, Karachi South.	KM Enterprises	Not in Possession of PTCL.	Under Litigation	20,880
14	Mardan Central Telephone Exchange	Khasra No. 2114, 2109, 2110, 213, Khewat No. 1410, 1411, Khatoni No. 2029, 2030 (1999-2000) etc. Mardan.	Private Name	PTCL	Under Litigation	23,493
15	Havellian Telephone Exchange & Staff Quarters	Khasra No 1195/2,1196/2, 1197/2, 1198/3, (305), 306,307, 286/2,286,288, 289 and 290 urban (1263) etc, Railway Station Road, Havellian, Abbottabad	Private Name	PTCL	Under Litigation	272,600
16	Rana Town Land	Khasra No. 8/2, 9/2, 12, 13/1/1, Sq. No. 52 etc. Rana Town, Chak No. 39/UCC, Ferozewala, Sheikupura.	Private Name	Not in Possession of PTCL.	Under Litigation	1
17	Maroot (Chak No. 318/HR) Telephone Exchange	Khewat No. 19/17, Khatoni No. 75-88 (2001-02) etc. Near Pull Hakra, Chak No. 318/HR, Maroot, Fort Abbas, Bahawalnagar.	Private Name	PTCL	Under Litigation	1
18	Wapda Town Gujranwala I Telephone Exchange	Commercial Area, Block B-3, Wapda Town, Gujranwala	Wapda Employees Cooperative Housing Society	Not in Possession of PTCL.	Plot cancelled by Wapda Employees Cooperative Housing Society due to non-construction of Telephone Exchange	762,500
19	Songal (Scheme-33) Staff Quarter	Deh Songal (Scheme-33) Staff Quarter, Malir, Karachi.	Provincial Government	Not in Possession of PTCL.	Sindh Government agreed to provide alternate land which is still awaited	94,059
20	Chak 121/NB Telephone Exchange	Khewat No.18 Khatoni 57, Chak 121/NB, Sillanwali, Sargodha.	Private Name	PTCL	Under Litigation	487,700
21	Jhoke Utra Telephone Exchange	Khata No. 58, Khasra No. 19/8, Killa No. 8, etc. Malkani Kaln Road, Chowk Shehbazi, Moza Malkani Khurd, Jhoke Utra, D.G Khan.	Private Name	PTCL	Under Litigation	1
22	Tando Adam PTCL Qtrs.	Survey No. 204, Shahdad Pur Road, Near Siddique Akbar Masjid, Tando Adam, Sanghar.	Private Name	PTCL	Pending for Transfer with Sindh Government	1
23	Madeji Telephone Exchange	Federal Govt. Scheme, Station Road, Near Rice Mill, Madeji, Garhi Ysain, Shikarpur.	Private Name	PTCL	Pending for Transfer with Sindh Government	1,476,207
24	Compact Exchange Building, Mehmoodabad	Block No. 85, Village Ahmadia, Deh Malhansar, Taluka Kunri, Umer kot.	Private Name	PTCL	Pending for Transfer with Sindh Government	46,055
25	Sakrand Telephone Exchange	Mehrabpur Road, Main Bazar, Sakrand, Nawabshah.	Provincial Government	PTCL	Pending for Transfer with Sindh Government	1

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Sr. No.	Description	Address	The Person in whose name the property is registered	Person in Possession or control	Reasons for the property or asset not being in the name of or possession or control of the Company	(Rupees)
26	Tando Muhammad Khan Telephone Exchange	Survey No. 40, 41 etc. Near Civil Hospital, Deh Tando Mohd. Khan, Hyderabad.	Private Name	PTCL	Pending for Transfer with Sindh Government	43,650
27	Sirikot Telephone Exchange	Khasra No. 895/896/897, etc. Sirikot Road, Moza Sirikot, Haripur.	Private Name	PTCL	Under Litigation	33,652
28	Wana Telephone Exchange	Azam Warsak Road, Wana, S.W. Agency H/Q Wana.	Provincial Government	PTCL	Exchange is located in Tehsil Office and not a PTCL Property.	1
29	Mirpur Khas Customer Service Center Building	Survey No. 1320, Hyderabad Road, Mirpur Khas	Private Name	PTCL	Pending for Transfer with Sindh Government	1
30	Shahi Bala Telephone Exchange	Khasra No. 968, 969, Khewat No.139 etc. Moza Shahi Bala, Peshawar.	Private Name	PTCL	Under Litigation	1
31	Baba Jee Khando Hill DRS	Khasra No. 73, Khatoni No. 169 etc. Baba Jee Kandoo Hill, Bunair.	Private Name	PTCL	Under Litigation	15,755
32	Sambrial -II	Near Petrol Pump & Annayat Group Factory, Moza Sambrial, Sialkot.	-	Not in Possession of PTCL.	The site delisted by PC because Sambrial T/E and Sambrial-II are the same sites.	2,800,000
33	Rashki Telephone Exchange	Khasra No. 40/121, Khata No. 210/844, Mutation No. 5282, Moza Rashki, Nowshera.	-	Not in Possession of PTCL.	The site delisted by PC because it came under Peshawar-Islamabad Motorway (MI).	1
34	Kharian Cantt Telegraph office (Site-III)	Behind GPO, Kharian, Gujrat.	-	Not in Possession of PTCL.	The site delisted by PC because a room was provided by MEO to facilitate Pakistan army in Cantt. Telegraph Office closed since 2006.	1
35	Sita Road RCD Microwave	Survey No. 814, Deh Bhagana, Tapa Danager-I, Sita Road RCD Microwave, Khairpur, Nathan Shah, Dadu.	-	Not in Possession of PTCL.	The site delisted by PC because the land is not transferred to PTCL & no network element existed on ground.	1
36	Tarnol (Additional Land)	Khasra No. 1552/683, Khewat No. 249 (1980-81) etc. Moza Sariay Kharboza, G.T. Road, Islamabad	-	Not in Possession of PTCL.	The site delisted by PC because the land owned by private party	2
37	Chakra (Chowker) Telephone Exchange	Khasra No. 1499-1502, Khewat No. 97-98, 115, Khatoni No. 171, 196 etc. Moza Chowker, Rawalpindi.	-	Not in Possession of PTCL.	The site delisted by PC because no PTCL land exists there	260,000
38	Sindhri Telephone Exchange	Survey No. 153 etc. Near Police Station, Deh Khani Mangri, Sindhri, Khipro, Sanghar.	Private Name	PTCL	Conditionally Transferred not accepted by PTCL	1

Apart from the above disclosed (38) properties, there are additional properties that are not part of the Financial Statements because they are also not held in the name or control of the Company since legal title to them has not been transferred from the relevant parties / authorities to the Company. Some of these additional properties were also listed in the SRO 430(1)/2004 dated 7th June 2004 (the SRO) to be transferred to the Company free from any charge, burden, hypothecation or encumbrances and no stamp duty or transfer charges shall be payable under any law in relation to the transfer or vesting of these properties to the Company. These properties are under discussion between the Government of Pakistan and the Ultimate Parent Company and upon the conclusion of the matter, appropriate accounting treatment or disclosure will be made in the subsequent Financial Statements, if required.

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14.4 Disposals of property, plant and equipment:

The assets disposed off during the year with book value exceeding five hundred thousand rupees.

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser / relationship with Company
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000		
Line and wire	12,739	11,444	1,295	8,800	7,505	Auction	Abdullah Engineering Works, Gujranwala / No relation with Company
Line and wire	18,028	15,249	2,779	8,800	6,021	Auction	Abdullah Engineering Works, Gujranwala / No relation with Company
Line and wire	1,133	555	578	8,800	8,222	Auction	A.A. Enterprises Shaikhupura Road, Gujranwala / No Relation with Company
Apparatus, plant and equipment	6,282	4,921	1,361	154	(1,207)	Auction	M/S Muhammad Khursheed & Brothers, Ghousia Mohallah Katchi Abadi, Near Wapda Office, Hussainabad. Hyderabad / No. relation with Company
Apparatus, plant and equipment	6,282	5,130	1,152	154	(998)	Auction	M/S Muhammad Khursheed & Brothers, Ghousia Mohallah Katchi Abadi, Near Wapda Office, Hussainabad. Hyderabad / No. relation with Company
Apparatus, plant and equipment	6,282	4,764	1,518	154	(1,364)	Auction	M/S Muhammad Khursheed & Brothers, Ghousia Mohallah Katchi Abadi, Near Wapda Office, Hussainabad. Hyderabad / No. relation with Company
	50,746	42,063	8,683	26,862	18,179		

14.5 The depreciation charge for the year has been allocated as follows:

	Note	2021 Rs '000	2020 Rs '000
Cost of services	29	14,925,809	15,006,901
Administrative and general expenses	30	196,675	175,755
Selling and marketing expenses	31	122,123	107,446
		15,244,607	15,290,102

14.6 Capital work in progress

	2021 Rs '000	2020 Rs '000
Buildings	398,320	831,014
Lines and wires	3,923,223	4,202,142
Apparatus, plant and equipment	4,266,016	2,900,838
Turnkey projects	4,982,676	3,005,280
Others	-	2,354
	13,570,235	10,941,628

14.7 Movement during the year

	2021 Rs '000	2020 Rs '000
Balance at beginning of the year	10,941,628	13,093,646
Additions during the year	22,876,124	13,415,910
Transfers during the year		
- operating fixed assets	(19,324,343)	(15,076,148)
- intangible assets	(923,174)	(491,780)
	(20,247,517)	(15,567,928)
Balance at end of the year	13,570,235	10,941,628

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15. Right of use (ROU) assets

	Note	Lease rentals Rs '000	Right of way Rs '000	2021 Rs '000	2020 Rs '000
Movement during the year					
Balance as at January 01, 2021		899,347	773,364	1,672,711	1,144,505
Additions for the year		727,804	88,783	816,587	886,084
Depreciation for the year	29	(234,949)	(168,897)	(403,846)	(357,878)
Balance as at December 31, 2021		1,392,202	693,250	2,085,452	1,672,711

16. Intangible assets

	Note	Licenses and spectrum Rs '000	Computer software Rs '000	Total Rs '000
As at December 31, 2019				
Cost		4,166,794	2,229,574	6,396,368
Accumulated amortization		(3,169,697)	(1,763,402)	(4,933,099)
Net book value		997,097	466,172	1,463,269
Movement during 2020				
Opening net book value		997,097	466,172	1,463,269
Additions		-	491,780	491,780
Amortization charge for the year	29	(206,065)	(290,917)	(496,982)
Net book value	16.1	791,032	667,035	1,458,067
As at December 31, 2020				
Cost		4,166,794	2,721,354	6,888,148
Accumulated amortization		(3,375,762)	(2,054,319)	(5,430,081)
Net book value		791,032	667,035	1,458,067
Movement during 2021				
Opening net book value		791,032	667,035	1,458,067
Additions		472,219	450,955	923,174
Amortization charge for the year	29	(214,982)	(300,150)	(515,132)
Net book value	16.1	1,048,269	817,840	1,866,109
As at December 31, 2021				
Cost		4,639,013	3,172,309	7,811,322
Accumulated amortization		(3,590,744)	(2,354,469)	(5,945,213)
Net book value		1,048,269	817,840	1,866,109
Annual rate of amortization (%)		4 - 10	6.67 - 33	

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	Note	2021 Rs '000	2020 Rs '000
16.1 Breakup of net book values as at year end is as follows :			
Licenses and spectrum			
Telecom	16.2	453,330	-
WLL spectrum	16.2	492,220	671,216
WLL and LDI License	16.3	84,836	98,233
IPTV	16.4	17,883	21,583
		1,048,269	791,032
Computer software		817,840	667,035
		1,866,109	1,458,067

16.2 The Pakistan Telecommunication Authority (PTA) has renewed the license to the Company, to provide telecommunication services in Pakistan, for a period of 25 years, commencing January 01, 2021, at an agreed license fee of Rs 472,219 thousand. In June 2005 PTA modified the previously issued license to provide telecommunication services to include a spectrum license at an agreed license fee of Rs 3,646,884 thousand. This license allows the Company to provide Wireless Local Loop (WLL) services in Pakistan, over a period of 20 years, commencing October 2004. The cost of the license is being amortized on a straight line basis over the period of the license.

16.3 PTA has issued a license under section 5 of the Azad Jammu and Kashmir Council Adaptation of Pakistan Telecommunication (Re-organization) Act, 1996, the Northern Areas Telecommunication (Re-organization) Act, 2005 and the Northern Areas Telecommunication (Re-organization) (Adaptation and Enforcement) Order 2006, to the Company to establish, maintain and operate a telecommunication system in Azad Jammu and Kashmir and Gilgit-Baltistan, for a period of 20 years, commencing May 28, 2008, at an agreed license fee of Rs 109,270 thousand. During the year 2015, PTA allocated additional spectrum for WLL services in Azad Jammu & Kashmir (AJ&K) and Gilgit-Baltistan (GB) for Rs 98,487 thousand. The duration of the License shall be for the remaining period of the existing WLL licenses. The cost of the licenses is being amortized, on a straight line basis, over the period of the licenses.

16.4 Pakistan Electronic Media Regulatory Authority (PEMRA) has renewed the IPTV licence effective from its last renewal date i.e. November 02, 2016, at an agreed license fee of Rs 37,000 thousand. The cost of the license is being amortized, on a straight line basis, over a period of 10 years.

	Note	2021 Rs '000	2020 Rs '000
17. Long term investments			
Investments in subsidiaries and associate	17.1	30,684,857	17,684,857
Other investments	17.2	51,427	51,427
		30,736,284	17,736,284

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	Note	2021 Rs '000	2020 Rs '000
17.1 Investments in subsidiaries and associate - at cost (unquoted)			
Wholly owned subsidiaries			
Pak Telecom Mobile Limited - Islamabad		26,500,000	11,000,000
2,650,000,000 (December 31, 2020: 1,100,000,000) ordinary shares of Rs 10 each			
Shares held 100% (December 31, 2020: 100%)			
Advance against purchase of shares		-	2,500,000
		26,500,000	13,500,000
U Microfinance Bank Limited - Islamabad		3,083,857	3,083,857
308,571,420 (December 31, 2020: 308,571,420) ordinary shares of Rs 10 each			
78,863,428 (December 31, 2020: Nil) Preference shares of Rs 12.68 each	17.3	1,000,000	-
Shares held 100% (December 31, 2020: 100%)			
Advance against purchase of shares		-	1,000,000
		4,083,857	4,083,857
DVCOM Data (Private) Limited - Karachi		1,000	1,000
10,000 (December 31, 2020: 10,000) ordinary shares of Rs 100 each			
Shares held 100% (December 31, 2020: 100%)			
Smart Sky (Private) Limited - Islamabad		100,000	100,000
10,000,000 (December 31, 2020: 10,000,000) ordinary shares of Rs 10 each			
Shares held 100% (December 31, 2020: 100%)			
		30,684,857	17,684,857
Associate			
TF Pipes Limited - Islamabad			
1,658,520 (December 31, 2020: 1,658,520) ordinary shares of Rs 10 each			
Shares held 40% (December 31, 2020: 40%)		23,539	23,539
Less: accumulated impairment loss on investment		(23,539)	(23,539)
		-	-
		30,684,857	17,684,857
17.2 Other investments			
Fair value through other comprehensive income (FVOCI) - unquoted			
Thuraya Satellite Telecommunication Company - Dubai, UAE			
3,670,000 (December 31, 2020: 3,670,000) ordinary shares of AED 1 each		63,900	63,900
Less: accumulated impairment loss on investment		(32,473)	(32,473)
		31,427	31,427
Alcatel - Lucent Pakistan Limited - Islamabad			
2,000,000 (December 31, 2020: 2,000,000) ordinary shares of Rs 10 each		20,000	20,000
		51,427	51,427

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17.3 This represents conversion of subordinated debt of Rs. 1 billion into 78,863,428 preference shares of Rs 12.68 each discounted to 95% of breakup value.

	Note	2021 Rs '000	2020 Rs '000
18. Long term loans and advances - considered good			
Loans to PTML - unsecured	18.1	7,500,000	7,500,000
Loans to Ubank - unsecured	18.1	2,200,000	2,200,000
Loans to employees - secured	18.2	1,649,737	1,571,581
Imputed interest		(326,883)	(287,819)
		1,322,854	1,283,762
		11,022,854	10,983,762
Others		153,624	94,664
		11,176,478	11,078,426
Current portion shown under current assets			
Loans to Subsidiaries - unsecured	22	(1,750,001)	-
Loans to employees - secured	22	(349,032)	(330,299)
		(2,099,033)	(330,299)
		9,077,445	10,748,127

18.1 These represent various unsecured loans given to PTML and Ubank under subordinated debts agreements, from 2017 to 2019 on following terms:

	PTML			U Bank
	First loan	Second loan	Third loan	First loan
Disbursement Date	December 04, 2017	August 03, 2018	December 24, 2019	December 31, 2018
Loan (Rs '000)	5,000,000	1,000,000	1,500,000	2,200,000
Mark-up Rate	Kibor plus 24 basis points	Kibor plus 25 basis points	Kibor plus 60 basis points	3 month Kibor plus 200 basis points
Grace Period	4 years	4 years	4 years	5 years
Repayment method	Twelve equal quarterly installments	Twelve equal quarterly installments	Twelve equal quarterly installments	Four equal semi annual installments
Due date of first installment	March 04, 2022	November 04, 2022	March 24, 2024	June 30, 2024

The closing balance represents the maximum aggregate amount outstanding at any time during the year.

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18.2 Reconciliation of carrying amounts of loans to executives and other employees:

	As at January 01,2021 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at December 31,2021 Rs '000
Executives	202,726	38,924	(92,057)	149,593
Other employees	1,368,855	422,944	(291,655)	1,500,144
	1,571,581	461,868	(383,712)	1,649,737

	As at January 01, 2020 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at December 31, 2020 Rs '000
Executives	176,222	92,870	(66,366)	202,726
Other employees	1,115,442	517,650	(264,237)	1,368,855
	1,291,664	610,520	(330,603)	1,571,581

Maximum amount of loan to executives and other employees outstanding at any time during the year:

	2021 Rs '000	2020 Rs '000
Executives	228,240	255,231
Other employees	1,519,278	1,722,182

18.3 These loans and advances are for house building and purchase of vehicles and motor cycles. These loans are recoverable in equal monthly installments spread over a period of 5 to 10 years and are secured against retirement benefits of the employees.

Loans to executive employees include loan balances of key management personnel aggregating Rs 63,548 thousand (December 2020: 80,543 thousand).

List of key management personnel having outstanding balances of loans up till December 31, 2021 are as under:

No.	Name of employees	No.	Name of Employees
1	Mr. Aamer Ejaz	16	Mr. Mudassar Hafeez Dar
2	Mr. Aasif Inam	17	Mr. Muhammad Amer Shafique
3	Mr. Abdul Zahir Achakzai	18	Mr. Muhammad Amir Siddiqi
4	Mr. Abdullah Hameed	19	Mr. Muhammad Basharat Qureshi
5	Mr. Amjad Iqbal	20	Mr. Muhammad Javed Aslam
6	Mr. Arslan Haider	21	Mr. Muhammad Shehzad Yousuf
7	Mr. Dr Muhammad Shafiq Ur Rehman	22	Mr. Muhammad Umar Ilyas
8	Ms. Hina Tasleem	23	Ms. Saima Akbar Khattak
9	Mr. Imran Sardar	24	Mr. Syed Muhammad Imran Ali
10	Mr. Ishtiaq Naveed Gill	25	Mr. Syed Muhammad Shoaib
11	Mr. Mateen Malik	26	Mr. Syed Shahzad Bukhari
12	Mr. Mian Omer Shah	27	Mr. Wajeeh Anwer
13	Mr. Mohammad Nadeem Khan	28	Ms. Zahida Awan
14	Mr. Moqeem Ul Haque	29	Mr. Zain Ul Abideen
15	Mr. Mubashir Naseer Ch.		

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The maximum aggregate amount of loans to key management personnel outstanding at any time during the year was Rs 84,468 thousand (December 31,2020: Rs. 95,838 thousand).

	Note	2021 Rs '000	2020 Rs '000
19. Contract cost			
Cost to obtain a contract		480,946	230,036
Cost to fulfil a contract		1,842,633	2,070,722
	19.1	2,323,579	2,300,758
Current maturity of contract costs		(1,742,684)	(1,725,568)
		580,895	575,190
19.1 Movement during the year			
Balance at the beginning of the year		2,300,758	2,034,460
Capitalization during the year		3,686,946	3,440,433
		5,987,704	5,474,893
Amortization during the year	29	(3,664,125)	(3,174,135)
Balance at end of the year		2,323,579	2,300,758
20. Stores and spares			
Stores and spares		6,633,205	4,836,854
Provision for obsolescence	20.1	(1,058,165)	(1,235,872)
		5,575,040	3,600,982
20.1 Provision for obsolescence			
Balance at beginning of the year		1,235,872	1,255,750
Reversal during the year	20.2	(177,707)	(19,878)
Balance at end of the year		1,058,165	1,235,872

20.2 The company has reversed Rs. 177,707 thousand of the inventory provided for in the previous years and these have been consumed during the year.

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	Note	2021 Rs '000	2020 Rs '000
21. Trade debts and contract assets - unsecured			
Trade debts		23,452,694	19,001,154
Contract asset		4,484,029	4,149,331
		27,936,723	23,150,485
Domestic			
Considered good	21.1	10,977,112	11,197,665
Considered doubtful		6,953,517	7,573,706
		17,930,629	18,771,371
International			
Considered good	21.2	16,959,611	11,952,820
Considered doubtful		57,475	57,475
		17,017,086	12,010,295
		34,947,715	30,781,666
Accumulated impairment loss on trade debts and contract assets	21.3	(7,010,992)	(7,631,181)
	21.4	27,936,723	23,150,485

21.1 These include amounts due from the following related parties:

	Maximum aggregate amount Rs '000	Up to 6 months Rs '000	More than 6 months Rs '000	2021 Rs '000	2020 Rs '000
Pak Telecom Mobile Limited	760,015	486,506	-	486,506	366,995
U Microfinance Bank Limited	1,157	1,157	-	1,157	123
GoP related entities	1,665,050	1,475,818	-	1,475,818	1,484,225
	2,426,222	1,963,481	-	1,963,481	1,851,343

21.2 These include amounts due from the following related parties:

	Maximum aggregate amount Rs '000	Up to 6 months Rs '000	More than 6 months Rs '000	2021 Rs '000	2020 Rs '000
Emirates Telecommunication Corporation	15,299,512	2,428,566	12,726,655	15,155,221	9,850,834
Etisalat - Afghanistan	101,883	6,830	95,053	101,883	309,528
Etihad Etisalat Company	54,803	29,677	25,126	54,803	41,604
GoP related entities	105,594	37,758	67,836	105,594	147,199
	15,561,792	2,502,831	12,914,670	15,417,501	10,349,165

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	2021 Rs '000	2020 Rs '000
21.3 Accumulated impairment loss on trade debts and contract assets		
Balance at beginning of the year	7,631,181	7,653,221
Impairment loss on trade debts and contract assets	1,469,679	1,741,957
Recovery of Defence Saving Certificates	1,420	8,006
	1,471,099	1,749,963
	9,102,280	9,403,184
Write off against impairment loss on trade debts and contract assets	(2,091,288)	(1,772,003)
Balance at end of the year	7,010,992	7,631,181

21.4 These amounts are interest free and are accrued in the normal course of business.

	Note	2021 Rs '000	2020 Rs '000
22. Loans and advances - considered good			
Current portion of long term loans to employees	18	349,032	330,299
Current portion of long term loans to subsidiaries	18	1,750,001	-
Advances to suppliers and contractors	22.1	2,821,725	1,089,653
Others		10,719	10,719
		4,931,477	1,430,671

22.1 These include Rs 26,774 thousand (December 31, 2020: Rs 26,774 thousand) to TF Pipes Limited, a related party.

	Note	2021 Rs '000	2020 Rs '000
23. Income tax recoverable			
Balance at beginning of the year		12,023,588	14,355,053
Current tax charge for the year - profit or loss		(5,519,447)	(2,785,918)
Tax credit on re-measurement gains- OCI		502,653	(1,134,701)
Tax paid during the year		1,894,935	1,589,154
		8,901,729	12,023,588
Tax receivable on behalf of subsidiaries under group taxation	11.4	9,646,276	6,349,874
Balance at end of the year		18,548,005	18,373,462

24. Receivable from the Government of Pakistan (GoP)

This represents the balance amount receivable from the Government of Pakistan, on account of its agreed share in the Voluntary Separation Scheme, offered to the Company's employees during the year ended June 30, 2008.

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	Note	2021 Rs '000	2020 Rs '000
25. Prepayments and other receivables			
Prepayments			
- Pakistan Telecommunication Authority - related party		24,313	36,875
- Others		90,713	208,915
		115,026	245,790
Other receivables			
Due from related parties	25.1	10,596,718	7,756,499
Funded pension	8	1,802,337	2,257,551
Federal Excise Duty (FED)	25.2	2,816,935	2,816,935
Others		1,096,072	1,245,611
		16,427,088	14,322,386

	Note	Maximum aggregate amount Rs '000	Up to 6 months Rs '000	More than 6 months Rs '000	2021 Rs '000	2020 Rs '000
25.1 Pak Telecom Mobile Limited	25.4	6,720,300	1,629,181	5,091,119	6,720,300	4,303,017
DVCOM Data (Pvt) Limited		3,305,309	-	3,305,309	3,305,309	3,279,009
Emirates Telecommunication Corporation		71,305	-	71,305	71,305	71,305
PTCL Employees GPF Trust		17,555	-	-	-	12,208
Interest on subordinated loan to PTML		133,815	59,375	11,087	70,462	54,520
Interest on subordinated loan to Ubank		191,888	785	-	785	725
Pakistan Telecommunication Employees Trust		3,447	1,300	-	1,300	1,262
U Microfinance Bank Limited	25.5	426,757	392,704	34,053	426,757	34,053
Smart Sky (Pvt) Limited		500	100	400	500	400
		10,870,876	2,083,445	8,513,273	10,596,718	7,756,499

	Note	2021 Rs '000	2020 Rs '000
25.2 Federal Excise Duty		3,283,111	3,283,111
Provision for doubtful amount		(466,176)	(466,176)
	25.3	2,816,935	2,816,935

25.3 This represents payments under protest on account of FED on interconnect charges. The Honourable Supreme Court has decided the case in favor of PTCL.

25.4 This amount includes TSA fee receivable from PTML Rs 5,882,463 thousand (December 31, 2020: Rs 3,961,369).

25.5 This includes receivable from UBank of Rs. 424,451 thousand (December 31, 2020: Rs 31,747 thousand) on account of group taxation.

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	Note	2021 Rs '000	2020 Rs '000
26. Short term investments			
Market treasury bills - Amortized cost		-	6,212,234
		-	6,212,234
27. Cash and bank balances			
Cash in hand		71,671	228,687
Balances with banks:			
Deposit accounts - local currency	27.1	1,280,946	1,420,984
Current accounts			
Local currency		269,498	1,544,867
Foreign currency- USD 5,291 thousand (December 31, 2020: USD 16,078 thousand)		934,039	2,569,829
		1,203,537	4,114,696
	27.2	2,556,154	5,764,367

27.1 The balances in deposit accounts, carry mark-up ranging between 5% and 10% (December 31, 2020: 3.75% and 12.25%) per annum. These deposit accounts include Rs 209,678 thousand (December 31, 2020: Rs. 378,145 thousand) with U Microfinance Bank Limited - a related party. The maximum aggregate amount outstanding at any time during the year amounts to Rs 209,678 thousand.

27.2 Bank balance includes Rs. 1,924 thousand (December 31, 2020: Rs. 2,026 thousand) carrying profit at the rate of 4.00% (December 31, 2020: 2.84%) per annum from Shariah arrangements.

	Note	2021 Rs '000	2020 Rs '000
28. Revenue			
Broadband and IPTV		31,468,960	28,150,814
Voice services		9,942,808	10,887,244
Wireless data		2,524,310	2,286,550
Revenue from retail customers		43,936,078	41,324,608
Corporate and wholesale		24,879,554	22,759,400
International		8,037,458	7,720,455
Total revenue	28.1	76,853,090	71,804,463

28.1 Revenue is stated net of trade discount amounting to Rs 69,532 thousand (December 31, 2020 Rs 70,851 thousand) and Federal Excise Duty and sales tax amounting to Rs 11,900,970 thousand (December 31, 2020: Rs 10,935,858 thousand). International revenue represents revenue from foreign network operators, for calls that originate outside Pakistan.

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	Note	2021 Rs '000	2020 Rs '000
29. Cost of services			
Staff cost	29.1	14,201,543	12,392,566
Outsourced staff cost		1,718,325	1,660,093
Interconnect costs		1,974,476	2,145,713
Foreign operators costs and satellite charges		6,442,689	6,553,114
Fuel and power		5,414,087	4,940,232
Cost of devices sold		1,159,617	1,194,196
Amortization of contract costs	19.1	3,664,125	3,174,135
Rent, rates and taxes		1,763,917	1,706,698
Repairs and maintenance and IT cost		5,579,802	4,775,686
Annual license fee and regulatory charges	29.2	1,744,046	1,633,437
Security service charges		723,843	713,797
Depreciation on property, plant and equipment	14.5	14,925,809	15,006,901
Depreciation on ROU assets	15	403,846	357,878
Amortization and impairment of intangible assets	16	515,132	496,982
Other expenses		89,086	56,009
		60,320,343	56,807,437

29.1 This includes Rs 3,009,425 thousand (December 31, 2020: Rs 2,968,821 thousand) in respect of employees retirement benefits.

29.2 This represents the Company's contribution to the National Information Communication Technology Research and Development Fund (National ICT R&D Fund), Universal Service Fund (USF), annual license fee and other regulatory charges, in accordance with the terms and conditions of it's license to provide telecommunication services.

	Note	2021 Rs '000	2020 Rs '000
30. Administrative and general expenses			
Staff cost	30.1	2,419,659	2,111,446
Outsourced staff cost		41,076	39,683
Fuel and power		284,394	193,879
Rates and taxes		198,749	178,725
Repairs and maintenance cost		280,317	287,876
Gas and water		105,060	98,471
Travelling and conveyance		76,761	61,139
Technical services assistance fee	30.2	2,896,345	2,691,853
Legal and professional charges	30.3	309,753	299,489
Billing and printing expenses		372,784	372,336
Depreciation on property, plant and equipment	14.5	196,675	175,755
Other expenses		201,263	176,496
		7,382,836	6,687,148

30.1 This includes Rs 512,746 thousand (December 31, 2020: Rs 505,828 thousand) in respect of employees retirement benefits.

30.2 This represents the Company's share of the amount payable to Etisalat - UAE, a related party, under an agreement for technical services, at the rate of 3.5%, of the PTCL Group's consolidated revenue.

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	Note	2021 Rs '000	2020 Rs '000
30.3 This includes auditors' remuneration			
Statutory audit, including half yearly review and certification		8,700	8,400
Out of pocket expenses		600	600
		9,300	9,000

31. Selling and marketing expenses

	Note	2021 Rs '000	2020 Rs '000
Staff cost	31.1	1,991,566	1,737,882
Outsourced staff cost		522,572	504,862
Advertisement and publicity	31.2	583,031	521,224
Sales and distribution charges		292,702	249,660
Depreciation on property, plant and equipment	14.5	122,123	107,446
		3,511,994	3,121,074

31.1 This includes Rs 422,029 thousand (December 31, 2020: Rs 416,335 thousand) in respect of employees retirement benefits.

31.2 It includes donation Rs. 9,419 thousand (December 31, 2020: Rs 50,690 thousand). Donations that exceed Rs 1,000 thousand are given to the parties given hereunder:

	Note	2021 Rs '000	2020 Rs '000
Name of Donees			
Rashid Khan Trust		7,000	-
Prime Minister COVID-19 Fund		-	50,000
		7,000	50,000

32. Other income

	Note	2021 Rs '000	2020 Rs '000
Income from financial assets:			
Return on bank deposits and short term investments	32.1	617,647	376,795
Late payment surcharge from subscribers		164,144	269,059
Interest on subordinated long term loan to subsidiaries		804,587	1,205,221
Exchange gain		1,046,456	-
Dividend income from Ubank		-	100,000
		2,632,834	1,951,075
Income from non financial assets:			
Write back of liabilities		-	350,829
Government grants recognised		1,506,431	1,035,905
Re chargeable projects income		326,337	280,749
Gain on disposal of property, plant and equipment		928,024	1,411,274
Scrap sales		137,385	159,672
Rental income		254,962	184,714
Others		66,813	131,999
		5,852,786	5,506,217

32.1 Income from financial assets include Rs 273 thousand (December 31, 2020: Rs 344 thousand) earned from Shariah arrangements.

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33. Finance costs

	Note	2021 Rs '000	2020 Rs '000
Bank and other charges		157,798	156,343
Imputed Interest on employee loans		39,064	59,558
Interest on lease liabilities		142,501	146,907
Exchange loss		-	96,783
		339,363	459,591

34. Taxation

	Note	2021 Rs '000	2020 Rs '000
Current		5,519,447	2,785,918
Deferred			
Current		(1,190,892)	(322,810)
Prior		(1,520,871)	-
	7.1	(2,711,763)	(322,810)
		2,807,684	2,463,108

	2021	2020
34.1 Reconciliation of effective tax rate		
Profit before tax (Rupees in thousand)	9,681,661	8,493,473
	Percentage	**Percentage**
Applicable tax rate	29.00	29.00
Tax effect of amounts not deductible for tax purposes	-	-
Separate block incomes chargeable at lower tax rate	-	-
	-	-
Average effective tax rate	29.00	29.00

35. Earnings per share - basic and diluted

		2021	2020
Profit for the year	Rupees in thousand	6,873,977	6,030,365
Weighted average number of ordinary shares	Numbers in thousand	51,000,000	51,000,000
Earnings per share	Rupees	1.35	1.18

36. Non-funded finance facilities

The Company has non funded financing facilities available with banks, which include facilities to avail letters of credit and letters of guarantee. The aggregate facility of Rs 25,150,000 thousand (December 31, 2020: Rs 21,000,000 thousand) and Rs 15,300,000 thousand (December 31, 2020: Rs 15,800,000 thousand) is available for letters of credit and letters of guarantee respectively, out of which the facility availed at the year end is Rs 13,840,417 thousand (December 31, 2020: Rs 4,433,413 thousand) and Rs 11,867,256 thousand (December 31, 2020: Rs 7,593,694 thousand) respectively. The letter of guarantee facility is secured by a hypothecation charge over certain assets of the Company, amounting to Rs 39,701,000 thousand (December 31, 2020: Rs 39,701,000 thousand).

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	Note	2021 Rs '000	2020 Rs '000
37. Cash generated from operations			
Profit before tax		9,681,661	8,493,473
Adjustments for non-cash charges and other items:			
Depreciation of property, plant and equipment		15,244,607	15,290,102
Impairment of property, plant and equipment		147	-
Amortization and impairment of intangible assets		515,132	496,982
Depreciation of right of use assets		403,846	357,878
Amortization of contract cost		3,664,125	3,174,135
Reversal for obsolete stores and spares		(177,707)	(19,878)
Impairment loss on trade debts and contract assets		1,469,679	1,741,957
Provision for employees retirement benefits		3,944,200	3,890,984
Gain on disposal of property, plant and equipment		(928,024)	(1,411,273)
Return on bank deposits		(617,647)	(376,795)
Imputed interest on long term loans		39,064	59,558
Imputed interest on lease liabilities		142,501	146,907
Return on subordinated long term loans to subsidiaries		(804,587)	(1,205,221)
Dividend income		-	(100,000)
Unearned revenue realised		(130,074)	(158,195)
Release of deferred government grants		(1,506,431)	(1,039,516)
Exchange (gain) / loss		(787,487)	93,619
		30,153,005	29,434,717
Effect of cash flows due to working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(1,796,351)	1,754,017
Trade debts and contract assets		(5,275,476)	(4,601,141)
Loans and advances		(1,732,072)	(412,993)
Prepayments and other receivables		(2,554,280)	4,620,132
		(11,358,179)	1,360,015
Increase in current liabilities:			
Trade and other payables		11,373,312	7,120,640
Security deposits		6,539	859
Cash generated from operations		30,174,677	37,916,231
38. Cash and cash equivalents			
Short term investments	26	-	6,212,234
Cash and bank balances	27	2,556,154	5,764,367
		2,556,154	11,976,601

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38.1 Reconciliation of movement of liabilities to cash flow arising from financing activities.

	Liabilities		Equity	
	Lease liabilities	Unpaid / unclaimed dividend	Revenue reserves	Total
	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at January 01, 2021	1,408,913	211,511	43,009,805	44,630,229
Addition during the year	959,088	-	-	959,088
Payment / Adjustment during the year	(639,190)	(1,194)	-	(640,384)
Total equity related changes	-	-	5,643,344	5,643,344
Balance as at December 31, 2021	1,728,811	210,317	48,653,149	50,592,277
Balance as at January 01, 2020	1,105,140	211,589	36,751,379	38,068,108
Addition during the year	1,032,991	2,550,000	-	3,582,991
Payment / Adjustment during the year	(729,218)	(2,550,078)	-	(3,279,296)
Total equity related changes	-	-	6,258,426	6,258,426
Balance as at December 31, 2020	1,408,913	211,511	43,009,805	44,630,229

39. Remuneration of Directors, Chief Executive Officer and Executives

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

	Chairman		Chief Executive Officer		Executives			
					Key management personnel		Other executives	
	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000
Managerial remuneration	-	-	23,332	90,831	272,317	271,679	624,645	565,849
Honorarium	300	300	-	-	-	-	-	-
Retirement benefits	-	-	-	4,655	34,642	29,585	71,610	67,938
Housing	-	-	13,663	19,176	121,444	112,923	224,891	203,280
Utilities	-	-	1,980	-	48,840	42,040	50,065	45,173
	300	300	38,975	114,662	477,243	456,227	971,211	882,240
Bonus paid	-	-	35,891	35,864	95,839	63,510	148,140	79,423
	300	300	74,866	150,526	573,082	519,737	1,119,351	961,663
Number of persons	1	1	1	1	43	41	273	248

The Company also provides free medical and limited residential telephone facilities, to all its Executives, including the Chief Executive Officer (CEO). Amount of bonus paid to the CEO represents the payment made to Ex-CEO. The Chairman is entitled to free transport and a limited residential telephone facility, whereas, the Directors of the Company are provided only with limited telephone facilities; certain executives are also provided with the Company maintained cars. Approximate value of of medical and car facility is Rs. 56,153 thousand (December 31, 2020 : Rs. 29,998 thousand).

Aggregate amount charged in the financial statements for the year ended December 31, 2021 as fee to 9 directors including chairman fee (December 31, 2020 : 9) is Rs 97,412 thousand (December 31, 2020: Rs 86,219 thousand) for attending Board of Directors and subcommittee meetings.

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40. Rates of exchange

Assets in US dollars have been translated into Rupees at USD 1 = Rs 176.52 (December 31, 2020: USD 1 = Rs 159.83), while liabilities in US dollars have been translated into Rupees at USD 1 = Rs 176.52 (December 31, 2020: USD 159.83).

41. Employees' provident fund

Investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

42. Financial instruments and risk management

42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board has prepared a 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions, or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Arab Emirates Dirham (AED), EURO (EUR) and Chinese Yuan (CNY). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The Company's exposure to currency risk is as follows:

	2021 Rs '000	2020 Rs '000
USD		
Trade and other payables	(7,746,770)	(5,437,816)
Trade debts	17,208,946	12,010,295
Cash and bank balances	934,039	2,569,829
Net exposure	10,396,215	9,142,308
AED		
Trade and other payables	(3,392)	(3,071)
EUR		
Trade and other payables	(2,696)	(3,411)
CNY		
Trade and other payables	(1,403)	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2021

The following significant exchange rates were applied during the year:

	2021	2020
Rupees per USD		
Average rate	162.63	161.62
Reporting date rate	176.52	159.83
Rupees per AED		
Average rate	44.28	43.99
Reporting date rate	48.06	43.51
Rupees per EUR		
Average rate	192.18	183.45
Reporting date rate	199.64	196.64
Rupees per CNY		
Average rate	25.24	-
Reporting date rate	27.70	-

If the functional currency, at the reporting date, had fluctuated by 5% against the USD, AED, EUR and CNY with all other variables held constant, the impact on profit after taxation for the year would have been Rs 368,800 thousand (December 31, 2020: Rs 324,322 thousand) respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk, because of the investments held by the Company in money market mutual funds, and classified in the statement of financial position as FVTPL. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio.

If redemption price on mutual funds, at the year end date, fluctuate by 5% higher / lower with all other variables held constant, total comprehensive income for the year would have been Rs Nil (December 31, 2020: Rs. Nil) higher / lower, mainly as a result of higher / lower redemption price on units of mutual funds.

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2021

(iii) **Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the date of the statement of financial position, the interest rate profile of the Company's interest bearing financial instruments is:

	2021 Rs '000	2020 Rs '000
Financial assets		
Fixed rate instruments:		
Staff loans	1,649,737	1,571,580
Short term investments - T Bills	-	6,212,234
Bank balances - deposit accounts	1,280,946	1,420,984
	2,930,683	9,204,798
Variable rate instruments:		
Subordinated long term loan to PTML	7,500,000	7,500,000
Subordinated long term loan to Ubank	2,200,000	2,200,000
	9,700,000	9,700,000

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value. Therefore, a change in interest rates at the date of the statement of financial position would not affect the total comprehensive income of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long-term loans to subsidiaries (PTML and U-Bank) at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs 68,870 thousand (December 31, 2020: Rs 52,649 thousand) higher / lower, mainly as a result of higher / lower mark-up income on floating rate loans / investments.

(b) **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge an obligation. The maximum exposure to credit risk at the reporting date is as follows:

	2021 Rs '000	2020 Rs '000
Long term loans and advances	9,077,445	10,748,127
Trade debts and contract assets	27,936,723	23,150,485
Loans and advances	2,821,725	1,089,653
Other receivables	10,596,718	7,756,499
Short term investments	-	6,212,234
Bank balances	2,484,483	5,535,680
	52,917,094	54,492,678

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
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The credit risk on liquid funds is limited, because the counter parties are banks with reasonably high credit ratings. In case of trade debts, the Company believes that it is not exposed to major concentrations of credit risk, as its exposure is spread over a large number of counter parties and subscribers. The long term loans include a sub-ordinated loan of Rs 7,500,000 thousand (December 31, 2020: Rs 7,500,000 thousand) to the subsidiary-PTML and a loan of Rs 2,200,000 thousand to the subsidiary U-bank (December 31, 2020: 2,200,000). Impairment loss on trade debts and contract assets arising from contract with customers amounts to Rs 1,469,679 thousand (December 31, 2020: Rs 1,741,957 thousand).

The credit quality of bank balances and short term investments, that are neither past due nor impaired, can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating
	Short term	Long term	Agency
National Bank of Pakistan	A-1+	AAA	PACRA
Bank Alfalah Limited	A-1+	AA+	PACRA
MCB Bank Limited	A-1+	AAA	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
The Bank of Punjab	A-1+	AA+	PACRA
Habib Bank Limited	A-1+	AAA	VIS
Askari Bank Limited	A-1+	AA+	PACRA
Allied Bank Limited	A-1+	AAA	PACRA
United Bank Limited	A-1+	AAA	VIS
BankIslami Pakistan Limited	A-1	A+	PACRA
Bank Al-Habib Limited	A-1+	AAA	PACRA
Faysal Bank Limited	A-1+	AA	PACRA
Citi Bank, N.A	P-1	Aa3	Moody's
Albaraka Bank (Pakistan) Limited	A-1	A	PACRA
Mobilink Microfinance Bank Limited	A-1	A	PACRA
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS
JS Bank Limited	A-1+	AA-	PACRA
Sindh Bank Limited	A-1	A+	VIS
SME Bank Limited	B	CCC	PACRA
Silk Bank Limited	A-2	A-	VIS
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	VIS
The Bank of Khyber	A-1	A	VIS
First Women Bank Limited	A-2	A-	PACRA
Samba Bank Limited	A-1	AA	VIS
U Microfinance Bank Limited	A-1	A+	VIS
Khushhali Microfinance Bank Limited	A-1	A+	VIS
Telenor Microfinance Bank Limited	A-1	A	VIS

Due to the Company's long standing business relationships with these counterparties, and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
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(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company follows an effective cash management and planning policy to ensure availability of funds, and to take appropriate measures for new requirements.

The following are the contractual maturities of financial liabilities as at December 31, 2021

	Carrying amount Rs '000	Less than one year Rs '000	One to five years Rs '000	More than five years Rs '000
Security deposits	591,137	591,137	-	-
Trade and other payables	94,186,029	94,186,029	-	-
Unpaid / unclaimed dividend	210,317	210,317	-	-
Lease commitments	1,728,811	419,717	1,090,640	218,454
	96,716,294	95,407,200	1,090,640	218,454

The following are the contractual maturities of financial liabilities as at December 31, 2020:

	Carrying amount Rs '000	Less than one year Rs '000	One to five years Rs '000	More than five years Rs '000
Security deposits	584,598	584,598	-	-
Trade and other payables	79,494,231	79,494,231	-	-
Unpaid / unclaimed dividend	211,511	211,511	-	-
Lease commitments	1,760,503	436,685	1,293,790	30,028
	82,050,843	80,727,025	1,293,790	30,028

42.2 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in the financial statements, approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value measurements are categorized into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and significance of the inputs to the fair value measurement in its entirety, which is as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices)or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Details of the Company's assets' fair value hierarchy as at December 31,2021 are as follows:

	Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
Long term other investments 2021	-	-	51,427	51,427
Long term other investments 2020	-	-	51,427	51,427

There has been no transfers from one level of hierarchy to another level during the year.

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2021

Measurement of fair value

Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Sensitivity of input to fair value
Non listed equity investments - Thuraya Satellite Telecommunication Company	Discounted cash flows: The valuation model considers the present value of expected cash flows, discounted using long term discount rate	Long term discount rate 10% (31 December 2020: 10%)	1% (31 December 2020: 1%) increase (decrease) in the discount rate would decrease (increase) the fair value by Rs.2.7 thousand (Rs.3.29 thousand) (31 December 2020: Rs.3.43 thousand (Rs.2.81 thousand).
		Future free cash flows	1% (31 December 2020: 1%) increase (decrease) in the future free cash flows would decrease (increase) the fair value by Rs.1.33 thousand (Rs.1.28 thousand (31 December 2020: Rs. 1.04 thousand (Rs. 1.01 thousand).
Non listed equity investments - Alcatel - Lucent Pakistan Limited	Discounted cash flows: The valuation model considers the present value of expected cash flows, discounted using long term discount rate	Long term discount rate 10% (31 December 2020: 10%)	1% (31 December 2020: 1%) increase (decrease) in the discount rate would decrease (increase) the fair value by Rs.551.94 thousand (Rs.675.57 thousand) (31 December 2020:Rs. 517.34 thousand (Rs. 633.23 thousand).
		Future free cash flows	1% (31 December 2020: 1%) increase (decrease) in the future free cash flows would decrease (increase) the fair value by Rs.238.16 thousand (Rs.230.11 thousand) (31 December 2020:Rs. 170.42 thousand (Rs.166.02 thousand).

	FVOCI - equity instruments Rs '000	FVTPL - equity instruments Rs '000	Assets at amortized cost Rs '000	Total Rs '000
42.3 Financial instruments by categories - 2021				
Financial assets as per statement of financial position				
Long term other investments	51,427	-	-	51,427
Long term loans and advances	-	-	9,077,445	9,077,445
Trade debts and contract assets	-	-	27,936,723	27,936,723
Loans and advances	-	-	4,931,477	4,931,477
Receivable from the Government of Pakistan	-	-	2,164,072	2,164,072
Other receivables	-	-	16,427,088	16,427,088
Short term investments	-	-	-	-
Cash and bank balances	-	-	2,556,154	2,556,154
Financial liabilities as per statement of financial position	Amortized cost			
Trade and other payables	94,186,030			
Securities deposits	591,137			
Unpaid / unclaimed dividend	210,317			
Lease liabilities	1,728,811			

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31,2021

	FVOCI - equity instruments Rs '000	FVTPL - equity instruments Rs '000	Assets at amortized cost Rs '000	Total Rs '000
Financial instruments by categories - 2020				
Financial assets as per statement of financial position				
Long term other investments	51,427	-	-	51,427
Long term loans and advances	-	-	10,748,127	10,748,127
Trade debts and contract assets	-	-	23,150,485	23,150,485
Loans and advances	-	-	1,430,671	1,430,671
Receivable from the Government of Pakistan	-	-	2,164,072	2,164,072
Other receivables	-	-	14,322,386	14,322,386
Short term investments	-	-	6,212,234	6,212,234
Cash and bank balances	-	-	5,764,367	5,764,367
Financial liabilities as per statement of financial position	Amortized cost			
Trade and other payables	79,494,231			
Securities deposits	584,598			
Unpaid / unclaimed dividend	211,511			
Lease liabilities	1,408,913			

42.4 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence, and to sustain the future development of the Company's business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

For working capital and capital expenditure requirements, the Company primarily relies on internal cash generation and does not have any significant borrowings.

43. Transactions with related parties

The Government of Pakistan and Etisalat International Pakistan (EIP), UAE are the majority shareholders of the Company. Additionally, the Company's subsidiaries Pak Telecom Mobile Limited, U Microfinance Bank Limited, DVCOM Data (Private) Limited, Smart Sky (Private) Limited, associate T.F. Pipes Limited, Directors, Chief Executive Officer, Key management personnel and employee funds are also related parties of the Company. The remuneration of the Directors, Chief Executive Officer and Executives is given in note 39 to the financial statements. The amounts due from and due to these related parties are disclosed in the respective notes including note 8, 9, 11, 12, 18, 21, 22, 23, 24, 25 and 27. The Company has also issued a letter of comfort and corporate guarantee in favour of PTML as disclosed in note 13.11. The Company had transactions with the following related parties during the year:

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
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Particulars	Aggregate % of shareholding in the Company
Shareholders	
The Government of Pakistan	62.18%
Etisalat International Pakistan	26%
Subsidiaries	
Pak Telecom Mobile Limited	Not applicable
U Microfinance Bank Limited	Not applicable
DVCOM Data (Private) Limited	Not applicable
Smart Sky (Private) Limited	Not applicable
Associated undertakings	
Emirates Telecommunication Corporation - Ultimate Parent Company	Not applicable
Etisalat - Afghanistan	Not applicable
Etisalat - Egypt	Not applicable
Etihad Etisalat Company	Not applicable
TF Pipes Limited	Not applicable
Telecom Foundation	Not applicable
Employees retirement benefits plans	
Pakistan Telecommunication Employees Trust	Not applicable
Pakistan Telecommunication Company Limited General Provident Fund Trust	Not applicable
Pakistan Telecommunication Company Limited Employees Gratuity Fund	Not applicable
Other related parties	
Pakistan Telecommunication Authority	Not applicable
Universal Service Fund	Not applicable
National ICT R&D Fund	Not applicable
Pakistan Electronic Media Regulatory Authority	Not applicable

Chief Executive, directors and key management personnel

The Company also has transactions with Chief Executive Officer, directors and other key management personnel transactions with whom are disclosed in note 18 and 39 to these financial statements.

Following particulars relate to holding and associated companies incorporated outside Pakistan with whom the Company had entered into transactions during the year:

Names	Country of incorporation	Basis of association
- Holding Company		
Etisalat International Pakistan	United Arab Emirates	Holding Company
- Associated Companies		
Emirates Telecommunication Corporation	United Arab Emirates	Associate of the Holding Company
Etisalat - Afghanistan	Afghanistan	Associate of the Holding Company
Etisalat - Egypt	Egypt	Associate of the Holding Company
Etihad Etisalat Company (Mobily)	Kingdom of Saudi Arabia	Associate of the Holding Company

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,2021

	2021 Rs '000	2020 Rs '000
Details of transactions with related parties		
Shareholders		
Technical services assistance fee	2,896,345	2,691,853
Subsidiaries		
Sale of goods and services	5,159,621	5,096,621
Purchase of goods and services	3,507,847	3,015,189
Mark up on long term loans	804,587	1,204,195
Dividend income	-	100,000
Associated undertakings		
Sale of goods and services	4,511,518	4,032,574
Purchase of goods and services	406,746	560,477
Contribution to:		
Pakistan Telecommunication Employees Trust	807,959	3,500,000
PTCL Employees Gratuity Fund	293,141	84,558
Charge under license obligations	1,744,046	1,633,437

44. Offsetting of financial assets and liabilities

	Gross amount subject to offsetting Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
As at December 31, 2021					
Trade debts	21,820,678	(6,444,128)	15,376,550	12,560,173	27,936,723
Trade creditors	(6,853,324)	6,444,128	(409,196)	13,904,494	13,495,298
As at December 31, 2020					
Trade debts	16,888,561	(5,963,436)	10,925,125	12,225,360	23,150,485
Trade creditors	(6,521,472)	5,963,436	(558,036)	(10,400,114)	(10,958,150)

45. Number of employees

	2021 (Number)	2020 (Number)
Total number of persons employed at end of the year	16,106	16,210
Average number of employees during the year	16,118	16,260

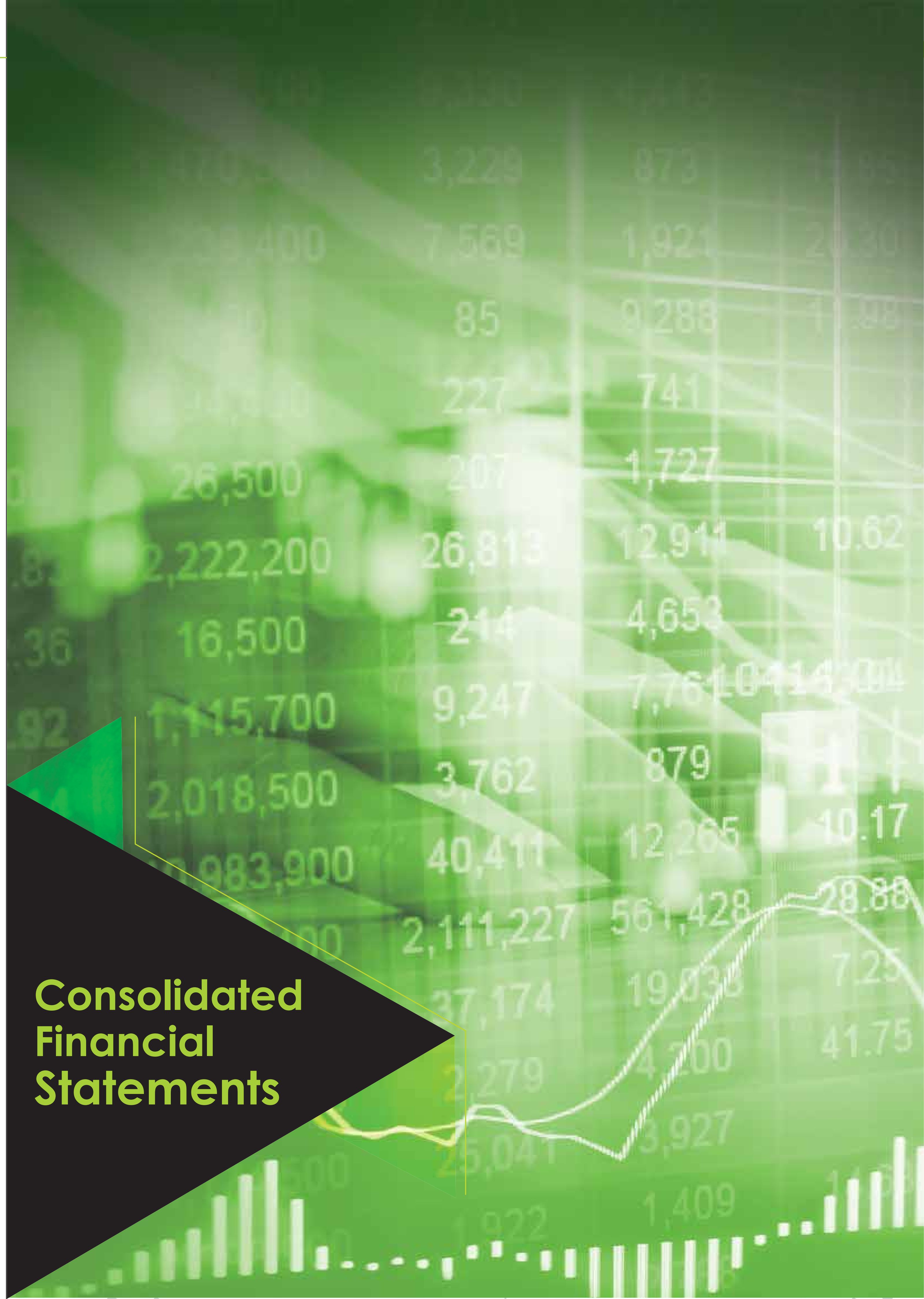
46. Date of authorization for issue

46.1 These financial statements were authorized for issue by the Board of Directors of the Company on February 10, 2022.

Chief Financial Officer

President & CEO

Chairman



INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

Opinion

We have audited the annexed consolidated financial statements of Pakistan Telecommunication Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 19.7 to the consolidated financial statements, which describes that the matters relating to certain employees' rights under the PTCL pension scheme are pending with various courts. The ultimate outcome of these matters cannot presently be determined and, accordingly, no provision for any effects on the Group that may result has been made in the consolidated financial statements. Our opinion is not modified in respect of this matter.

PAKISTAN TELECOMMUNICATION GROUP

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue from telecommunication services** Refer notes 5.28 (a) and 35 to the consolidated financial statements. The Group has reported revenue amounting to Rs. 137,625 million mainly from telecommunication services for the year ended December 31, 2021. The Group mainly provides telecommunication services in which there is an inherent risk around the accuracy of revenue recorded by the IT billing systems given the complexity of the systems and the significance of volumes of data processed by the systems. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue including involving our internal specialists to test key automated application and general information technology controls; • Comparing a sample of transactions comprising of various revenue streams recorded during the year with relevant underlying supporting documents and cash receipts; • Comparing the amount of revenue recognised with relevant system generated reports and corresponding validation by the Group's revenue assurance function; • Assessing the appropriateness of revenue recognition and relevant contract assets and liabilities for compliance with applicable financial reporting framework including their correct application during the year; • Inspecting manual journal entries relating to revenue recognised during the year and the corresponding underlying documentation for those journal entries which were considered to be material or met certain specified risk-based criteria; and • Considering the appropriateness of disclosures in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT
To the members of Pakistan Telecommunication Company Limited

S. No.	Key audit matters	How the matter was addressed in our audit
2	**Income tax recoverable** Refer notes 5.34 and 30 to the consolidated financial statements. As at December 31, 2021, income tax recoverable is stated at Rs. 27,404 million. The Group has a significant amount of income tax refundable arising mainly from payments of income tax in excess of income tax liabilities and a number of tax assessments are pending at different appellate forums. Because of the likelihood and potential magnitude of misstatements to the completeness and accuracy of the tax expense and the current tax liability, this requires special audit consideration.	Our audit procedures in relation to the matter included: • Consulting our tax specialist to assess the reasonableness of the Group's conclusions on recoverability of income tax refundable; • Reviewing the status of significant pending tax matters, including the Group's assessment of the potential liabilities; • Comparing refund applications filed for refund or tax relating to preceding years with the amounts recorded in the consolidated financial statements; • Inspecting correspondence with tax authorities to identify any pending taxation matters relating to the years to which the refund relates; • Testing computation of current income tax provision; and • Testing, on a sample basis, whether advance tax paid is in accordance with the Income Tax Ordinance, 2001 and amounts recorded in the books of account are supported by underlying documentations.
3	**Acquisition of property, plant and equipment** Refer notes 5.16 (a) and 20 to the consolidated financial statements. The Group has recorded additions to property, plant and equipment amounting to Rs. 31,473 million during the current year. The Group continues to incur capital expenditure in connection with the expansion of its network coverage and improvements to network quality. The initial recognition and classification of property, plant and equipment, and certain elements of expenditure as either assets or expenses involves subjective judgments or uncertainties.	Our audit procedures in relation to the matter, amongst others, included the following: • Assessing the design, implementation and operating effectiveness of key internal controls over capitalisation of property, plant and equipment including transfers from capital work in progress to operating fixed assets; • Comparing, on sample basis, costs capitalised during the year with underlying supporting documentation; • Assessing the nature of cost incurred meet the criteria for capitalisation under accounting framework; and • Comparing, on sample basis, the cost of completed projects from capital work in progress to operating fixed assets with supporting documentation including completion certificates, where relevant, and comparing the date of capitalisation with supporting documentation.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

S. No.	Key audit matters	How the matter was addressed in our audit
4	**Recoverability of trade debts** Refer note 5.21 and 27 to the consolidated financial statements. As at December 31, 2021, the Group's gross trade debtors were Rs. 29,191 million against which allowance for doubtful debts of Rs. 7,656 million were recorded. We identified the recoverability of trade debtors as a key audit matter because it involves significant management judgment and estimates in determining the allowance of expected credit loss.	Our audit procedures to assess the valuation of trade debts included the following: • Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and making allowance for doubtful debts; • Agreeing, on a sample basis, the balances used in management's estimate of expected credit loss with the books of account of the Group; • Testing the assumptions and estimates made by the management for the allowance for doubtful debts; and • Evaluating that the allowance for doubtful debt is in accordance with the requirements of applicable financial reporting framework.
5	**Impairment of non-current assets of Pak Telecom Mobile Limited (PTML), a component of the Group** Refer to note 5.17 to the consolidated financial statements. As at December 31, 2021, carrying amounts of property and equipment, intangible assets and right of use amounts to Rs. 204,872 million, Rs. 71,171 and Rs. 17,154 million respectively out of which Rs. 81,907, Rs. 67,334 and Rs. 13,910 relates to property and equipment, intangible assets and right of use (referred to as cash generating unit or "CGU") of Pak Telecom Mobile Limited (PTML), a component of the Group. In view of identified indicators for impairment of this CGU, management has carried out an assessment of recoverable amount of this CGU and concluded that no impairment is required to be recognised in the consolidated financial statements. We identified the impairment of CGU as a key audit matter because it involves significant management's judgment, subjective assumptions and estimates in determining the recoverable amount of CGU.	Our audit procedures, amongst others, included the following: • Evaluated the design, implementation and operating effectiveness of internal controls over impairment assessment of non-current assets of Pak Telecom Mobile Limited (PTML), a component of the Group; • Evaluated management's identification of component's of CGU; • Compared data in the discounted cash flow forecasts including forecast revenue, forecast operating expenses and forecast capital expenditure is consistent with the financial projection prepared by management; • Challenged management's assumptions and obtain supporting evidence for the short-term growth rates and long-term steady growth rate to arrive at terminal value used in cash flow model; • Involved our valuation specialist to assist us in evaluating management's impairment assessment methodology and calculations contained within the discounted cash flow forecasts including the appropriateness of the discount rate applied with reference to the applicable reporting framework;

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended December 31,2021 but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

Auditors' Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
To the members of Pakistan Telecommunication Company Limited

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Atif Zamurrad Malik.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
April 06, 2022
UDIN: AR202110111D3xuOS5Vn

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	2021 Rs '000	2020 Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital	6	51,000,000	51,000,000
Revenue reserves			
General reserve		27,497,072	27,497,072
Unappropriated profit		9,107,014	7,984,136
		36,604,086	35,481,208
Statutory and other reserves		789,313	511,553
Unrealized (loss) / gain on investments measured at fair value through OCI		(288,630)	629
		88,104,769	86,993,390
Liabilities			
Non-current liabilities			
Long term loans from banks	7	52,242,044	28,774,903
Subordinated debt	8	449,100	599,160
Deposits from banking customers	9	1,323,709	3,347,788
Lease liabilities	10	14,879,122	16,974,431
Deferred income tax	11	2,499,975	6,093,589
Employees retirement benefits	12	27,097,185	24,581,798
Deferred government grants	13	20,377,148	18,216,421
Advances from customers		1,651,860	1,499,169
License fee payable	14	21,006,989	-
Long term vendor liability	15	35,600,437	31,069,424
		177,127,569	131,156,683
Current liabilities			
Trade and other payables	16	103,983,955	94,177,147
Deposits from banking customers	9	53,432,764	42,285,528
Interest accrued		1,033,404	1,371,131
Short term running finance	17	8,227,208	6,680,285
Current portion of:			
Long term loans from banks	7	11,162,076	8,835,632
Repo borrowing	7	17,472,353	6,154,540
Subordinated debt	8	149,820	-
Lease liabilities	10	3,377,198	3,041,986
Long term vendor liability	15	10,386,943	9,157,498
License fee payable	14	4,809,781	-
Security deposits	18	1,364,880	1,302,184
Unpaid / unclaimed dividend		210,317	211,511
		215,610,699	173,217,442
Total equity and liabilities		480,843,037	391,367,515
Contingencies and commitments	19		

The annexed notes 1 to 54 are an integral part of these consolidated financial statements.

Chief Financial Officer   President & CEO   Chairman

	Note	2021 Rs '000	2020 Rs '000
Assets			
Non-current assets			
Property, plant and equipment	20	204,872,579	193,715,646
Right of use assets	21	17,154,073	19,419,596
Intangible assets	22	71,171,339	25,582,008
		293,197,991	238,717,250
Long term investments	23	51,427	51,427
Long term loans and advances	24	1,127,445	1,048,127
Long term loans to banking customers	28	8,212,253	1,433,652
Contract costs	25	697,273	703,496
		303,286,389	241,953,952
Current assets			
Stock in trade, stores and spares	26	5,947,168	3,832,884
Trade debts and contract assets	27	29,190,559	25,436,953
Loans to banking customers	28	26,163,476	28,572,647
Loans and advances	29	3,356,292	1,553,937
Contract costs	25	2,879,400	2,626,170
Income tax recoverable	30	27,404,527	24,837,418
Receivable from the Government of Pakistan	31	2,164,072	2,164,072
Deposits, prepayments and other receivables	32	19,667,039	17,160,181
Short term investments	33	46,564,520	30,736,733
Cash and bank balances	34	14,219,595	12,492,568
		177,556,648	149,413,563
Total assets		480,843,037	391,367,515

Chief Financial Officer   President & CEO   Chairman

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 Rs '000	2020 Rs '000
Revenue	35	137,625,446	129,422,497
Cost of services	36	(103,095,709)	(96,312,058)
Gross profit		34,529,737	33,110,439
Administrative and general expenses	37	(18,237,317)	(16,961,326)
Selling and marketing expenses	38	(8,147,223)	(7,119,067)
Impairment loss on trade debts and contract assets	39	(3,062,239)	(3,390,604)
		(29,446,779)	(27,470,997)
Operating profit		5,082,958	5,639,442
Other income	40	10,846,724	8,261,727
Finance costs	41	(12,542,649)	(9,334,626)
Profit before tax		3,387,033	4,566,543
Provision for income tax	42	(811,768)	(1,293,877)
Profit after tax		2,575,265	3,272,666

The annexed notes 1 to 54 are an integral part of these consolidated financial statements.

Chief Financial Officer

President & CEO

Chairman

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 Rs '000	2020 Rs '000
Profit for the year		2,575,265	3,272,666
Other comprehensive income for the year			
Items that will not be reclassified to consolidated statement of profit or loss:			
Remeasurement (loss) / gain on employees retirement benefits		(1,679,946)	3,976,004
Tax effect		505,319	(1,153,041)
		(1,174,627)	2,822,963
Items that may be subsequently reclassified to consolidated statement of profit or loss:			
(Loss) / gain on equity instrument arising during the year		(340,246)	11,068
Tax effect		50,987	(1,660)
Unrealized (loss) / gain on equity instrument - net of tax		(289,259)	9,408
Other comprehensive (loss) / income for the year - net of tax		(1,463,886)	2,832,371
Total comprehensive income for the year		1,111,379	6,105,037

The annexed notes 1 to 54 are an integral part of these consolidated financial statements.

Chief Financial Officer

President & CEO

Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 Rs '000	2020 Rs '000
Cash flows from operating activities			
Cash generated from operations	44	46,119,911	41,814,030
Employees retirement benefits paid		(1,977,627)	(1,342,567)
Deposits from banking customers		9,123,157	22,908,491
Advances from customers		282,765	130,453
Payment made to Pakistan Telecommunication Employees Trust (PTET)		(807,959)	(3,500,000)
Income tax paid		(6,416,185)	(3,718,032)
Net cash inflows from operating activities		46,324,062	56,292,375
Cash flows from investing activities			
Capital expenditure		(38,577,781)	(30,825,007)
Acquisition of intangible assets		(24,532,449)	(1,086,895)
Proceeds from disposal of property, plant and equipment		1,098,817	1,541,441
Additions to contract costs		(5,497,691)	(4,810,221)
Long term loans and advances		(118,382)	(217,085)
Short term investments		(22,040,021)	(24,524,499)
Return on long term loans and short term investments		2,351,551	979,174
Government grants received		5,172,718	1,428,090
Net cash outflows from investing activities		(82,143,238)	(57,515,002)
Cash flows from financing activities			
Loans from banks - net		37,111,398	12,748,409
Subordinated debt		(240)	(240)
Finance cost paid		(7,669,892)	(6,129,182)
Vendor liability		5,760,458	1,995,175
Lease liabilities - repayments		(5,413,484)	(5,005,851)
Dividend paid		(1,194)	(2,550,078)
Net cash inflows from financing activities		29,787,046	1,058,233
Net decrease in cash and cash equivalents		(6,032,130)	(164,394)
Cash and cash equivalents at beginning of the year		12,024,517	12,188,911
Cash and cash equivalents at end of the year	44.2	5,992,387	12,024,517

The annexed notes 1 to 54 are an integral part of these consolidated financial statements.

Chief Financial Officer

President & CEO

Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

	Issued, subscribed and paid-up capital		Revenue reserves				Unrealized (loss)/gain	
	Class 'A'	Class 'B'	Insurance reserve	General reserve	Unappropriated profit	Statutory and other reserves	on investments measured at fair value through OCI	Total
	(Rupees in '000)							
Balance as at December 31, 2019	37,740,000	13,260,000	3,172,624	27,497,072	1,492,423	285,013	(8,779)	83,438,353
Total comprehensive income for the year								
Profit for the year	-	-	-	-	3,272,666	-	-	3,272,666
Other comprehensive income - net of tax	-	-	-	-	2,822,963	-	9,408	2,832,371
	-	-	-	-	6,095,629	-	9,408	6,105,037
Others								
Transfer of insurance reserve	-	-	(3,172,624)	-	3,172,624	-	-	-
Transfer to statutory and other reserves	-	-	-	-	(226,540)	226,540	-	-
Distribution to owners of the Holding Company								
Final dividend for the year ended December 31, 2019 - Re 0.50 per share	-	-	-	-	(2,550,000)	-	-	(2,550,000)
	-	-	-	-	(2,550,000)	-	-	(2,550,000)
Balance as at December 31, 2020	37,740,000	13,260,000	-	27,497,072	7,984,136	511,553	629	86,993,390
Total comprehensive income for the year								
Profit for the year	-	-	-	-	2,575,265	-	-	2,575,265
Other comprehensive income - net of tax	-	-	-	-	(1,174,627)	-	(289,259)	(1,463,886)
	-	-	-	-	1,400,638	-	(289,259)	1,111,379
Others								
Transfer to statutory and other reserves	-	-	-	-	(277,760)	277,760	-	-
Balance as at December 31, 2021	37,740,000	13,260,000	-	27,497,072	9,107,014	789,313	(288,630)	88,104,769

The annexed notes 1 to 54 are an integral part of these consolidated financial statements.

Chief Financial Officer

President & CEO

Chairman

NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Legal status and nature of business

1.1 Constitution and ownership

The consolidated financial statements of the Pakistan Telecommunication Company Limited and its subsidiaries (the Group) comprise of the financial statements of:

Pakistan Telecommunication Company Limited (PTCL)

Pakistan Telecommunication Company Limited (the Holding Company) was incorporated in Pakistan on December 31, 1995 and commenced business on January 01, 1996. The Holding Company, which is listed on the Pakistan Stock Exchange Limited (PSX), was established to undertake the telecommunication business formerly carried on by Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Holding Company on January 01, 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996, on which date, the Holding Company took over all the properties, rights, assets, obligations and liabilities of PTC, except those transferred to the National Telecommunication Corporation (NTC), the Frequency Allocation Board (FAB), the Pakistan Telecommunication Authority (PTA) and the Pakistan Telecommunication Employees Trust (PTET). The registered office of the Holding Company is situated at PTCL Headquarters, G-8/4, Islamabad.

Pak Telecom Mobile Limited (PTML)

PTML was incorporated in Pakistan on July 18, 1998, as a public limited company to provide cellular mobile telephony services in Pakistan. PTML commenced its commercial operations on January 29, 2001, under the brand name of Ufone. It is a wholly owned subsidiary of the Holding Company. The registered office of PTML is situated at Ufone Tower, Plot No 55-C, Jinnah Avenue, Blue Area, Islamabad.

U Microfinance Bank Limited (U Bank)

The Holding Company acquired 100% ownership of U Bank on August 30, 2012. U Bank's principal business is to assist in simulating progress, prosperity and social peace in society through creation of income generating opportunities for the small entrepreneurs under the Microfinance Institutions Ordinance, 2001. U Bank also provides branchless banking services. U Bank was incorporated on October 29, 2003 as a public limited company. The registered office of U Bank is situated at Jinnah Super Market, F-7 Markaz, Islamabad.

DVCOM Data (Private) Limited (DVCOM Data)

The Holding Company acquired 100% ownership of DVCOM Data effective from April 01, 2015. DVCOM Data has a Wireless Local Loop (WLL) License of 1900 MHz spectrum in nine telecom regions of Pakistan. The registered office of DVCOM Data is located at PTCL Head Quarters South, Hatim Alvi Road, Clifton Karachi.

Smart Sky (Private) Limited (Smart Sky)

Smart Sky was incorporated in Pakistan on October 12, 2015 as a private limited company. Smart Sky is a wholly owned subsidiary of PTCL. The registered office of Smart Sky is located at PTCL Headquarters, G-8/4, Islamabad.

1.2 Activities of the Group

The Group principally provides telecommunication and broadband internet services in Pakistan. The Holding Company owns and operates telecommunication facilities and provides domestic and international telephone services throughout Pakistan. The Holding Company has also been licensed to provide such services to territories in Azad Jammu and Kashmir and Gilgit-Baltistan. PTML provides cellular mobile telephony services throughout Pakistan and Azad Jammu and Kashmir. Principal business of U Bank, incorporated under Microfinance Institutions Ordinance, 2001, is to provide nationwide microfinance and branchless banking services.

NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1.3 The principal business units of the Group include the following:

Business units	Geographical locations
PTCL Headquarters	G-8/4, Islamabad
PTCL Business Zone- North	Telecom House F-5/1, Islamabad
PTCL Business Zone- Central	131, Tufail Road, Lahore
PTCL Business Zone- South	Hatim Alvi Road, Clifton, Karachi
PTML Headquarters	Ufone Tower, Blue area Islamabad
U Bank Headquarters	F-7 Markaz Islamabad
DVCOM Data	Hatim Alvi Road, Clifton, Karachi
Smart Sky	G-8/4, Islamabad

2. Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The applicable financial reporting framework for consolidated subsidiary also includes the following:

- Microfinance Institutions Ordinance, 2001 (the MFI Ordinance); and
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP).

Where the requirements of the Companies Act, 2017, the MFI Ordinance and the directives issued by the SECP and SBP differ with the requirements of IFRS, the requirements of the Companies Act, 2017, the Microfinance Ordinance, 2001, or the requirements of the said directives have been followed.

These financial statements are consolidated financial statements of the Group. In addition to these consolidated financial statements, the Holding Company and subsidiary companies (PTML, U Bank, DVCOM Data and Smart Sky) prepare separate statutory financial statements.

2.1 Standards, interpretations and amendments adopted during the year

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering year, beginning on or after the following dates:

a) New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2021

The following standards, amendments and interpretation thereto as notified under the Companies Act, 2017 are either not relevant to the Group's operations or are not likely to have significant impact on the Group's financial statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, 'the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met: · the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and - there is no substantive change to the other terms and conditions of the lease.	Effective from accounting period beginning on or after January 01, 2021.
Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.	Effective from accounting period beginning on or after January 01, 2021.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

(b) New accounting standards / amendments and IFRS interpretations that are not yet effective

Amendments to the following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and interpretations thereto are not yet effective and the management is currently in process of evaluating its impact on the Group's financial statements:

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	Effective from accounting period beginning on or after January 01, 2022.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

- The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

U Bank

As per State Bank of Pakistan (SBP)' BPRD circular letter no. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks / DFIs / MFBs effective 1 January 2022. The aforementioned circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their

NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining local regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, further clarifications required in certain areas etc.

Due to the fact that final instructions have not yet been issued and the large number of reservations over the draft instructions, the banks are collectively of the opinion that impact on initial application of IFRS 9 cannot be determined as required under IAS 8. But U bank is in process of determining the impact of IFRS 9 as on January 1, 2022

The above amendments are effective from annual period beginning on or after 01 January 2022.

(c) **Other than the aforesaid standards, interpretations and amendments, International Accounting Standard Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:**

- IFRS 1	First -time Adoption of International Financial Reporting Standards
- IFRS 17	Insurance Contracts

The following interpretations / IFRS issued by IASB have been waived off by SECP:

- IFRIC 12	Service Concession Agreements
- IFRS 2	Share based payments in respect of Benazir Employees' Stock Option Scheme

3. Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments at fair value and the recognition of certain employees retirement benefits on the basis of actuarial assumptions.

4. Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are as follows:

(a) Provision for employees retirement benefits

The actuarial valuation of pension, gratuity, medical, accumulating compensated absences and benevolent grant plans requires the use of certain assumptions related to future periods, including increase in future salary, pension, medical costs, expected long term returns on plan assets, rate of increase in benevolent grant and the discount rate used to discount future cash flows to present values.

(b) Recognition of government grants

The Group recognizes government grants when there is reasonable assurance that grants will be received and the Group will be able to comply with conditions associated with grants.

(c) Provision for income tax

The Group recognizes income tax provisions using estimates based upon expert opinions of its tax and legal advisors. Differences, if any, between the recorded income tax provision and the Group's tax liability,

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are recorded on the final determination of such liability. Deferred income tax is calculated at the rates that are expected to apply to the period when these temporary differences reverse, based on tax rates that have been enacted or substantively enacted, by the date of the consolidated statement of financial position.

(d) Other provisions

The management exercises judgment in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

(e) Useful life and residual value of fixed assets

The Group reviews the useful lives and residual values of fixed assets on a regular basis. Any change in estimates may affect the carrying amounts of the respective items of property, plant and equipment and intangible assets, with a corresponding effect on the related depreciation / amortization charge.

(f) Impairment of non - financial assets

Management exercises judgment in measuring the recoverable amount of assets at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated to determine the extent of impairment of such assets.

(g) Provision for stores and spares

A provision against stores and spares is recognized after considering their physical condition and expected future usage. It is reviewed by the management on quarterly basis.

(h) Provision for doubtful receivables and contract assets

A provision against overdue receivable balances is recognized after considering the pattern of receipts from, and the future financial outlook of, the concerned receivable party. It is reviewed by the management on a regular basis. Contract assets arise when the Group performs its performance obligations by transferring goods or services to a customer before the customer pays consideration or before payment is due.

(i) Provision against loans to banking customers - U bank

U Bank maintains a provision against loans as per the requirements of the Prudential Regulations for microfinance banks and assesses the adequacy of provision against delinquent portfolio. Any change in the criteria / rate for provision may affect the carrying amount of the loans with a corresponding effect on the mark-up / interest carried and provision charged.

(j) Provision for diminution of investment - U Bank

U Bank maintains a provision for diminution in value of investment as per the requirements of the Prudential Regulations for microfinance banks.

(k) Right of use assets and lease liability

The Group has applied incremental borrowing rate of 9% to 10% for recognition of lease liabilities and corresponding right of use assets under IFRS-16.

(l) Revenue from contracts with customers

The Group applies probability approach and constrains the unused resources pertaining to remaining performance obligations as at the reporting date for recognition of revenue against cash consideration received. Contract costs comprise incremental cost of acquiring the customers and the Group estimates the average life of the customer for amortization of capitalized contract cost.

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5. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years for which financial information is presented in these consolidated financial statements.

5.1 Consolidation

a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The consolidated financial statements include Pakistan Telecommunication Company Limited and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases to exist.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9, either in profit or loss or charged to other comprehensive income. If the contingent consideration is classified as equity, it is remeasured until it is finally settled within equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any non controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in income.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses on assets transferred are also eliminated and considered an impairment indicator of such assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Associates

Associates are entities over which the Group has significant influence, but not control, and generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of profit or loss, and its unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses on the assets transferred are also eliminated to the extent of the Group's interest and considered an impairment indicator of such asset. Accounting policies of the associates are changed where necessary to ensure consistency with the policies adopted by the Group.

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5.2 Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). These consolidated financial statements are presented in Pakistan Rupees (Rs), which is the Group's functional currency. The amounts presented in these financial statements have been rounded off to the nearest thousand.

5.3 Foreign currency transactions and translations

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing on the date of the consolidated statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary items at year end exchange rates, are charged to consolidated statement of profit or loss for the year.

5.4 Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When it is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in the consolidated statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

5.5 Dividend distribution

The distribution of the final dividend, to the Holding Company shareholders, is recognized as a liability in the consolidated financial statements in the period in which the dividend is approved by the Holding Company's shareholders; the distribution of the interim dividend is recognized in the period in which it is declared by the Board of Directors of the Holding Company.

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5.6 Statutory reserve

In compliance with the requirements of the Regulation R-4, U Bank maintains statutory reserve to which an appropriation equivalent to 20% of the profit after tax is made till such time the reserve fund equals the paid up capital of the U Bank. However, thereafter, the contribution is reduced to 5% of the profit after tax.

5.7 Depositors' protection fund

In compliance with the requirements of section 19 of the Microfinance Institutions Ordinance 2001, U Bank contributes 5% of annual profit after tax to the Depositors' Protection Fund for the purpose of providing security or guarantee to the persons depositing money in U Bank.

5.8 Cash reserve

In compliance with the requirements of the Regulation R-3A, U Bank maintains a cash reserve equivalent to not less than 5% of its deposits (including demand deposits and time deposits with tenure of less than 1 year) in a current account opened with the State Bank of Pakistan (SBP) or its agent.

5.9 Statutory liquidity requirement

In compliance with the requirements of the Regulation R-3B, U Bank maintains liquidity equivalent to at least 10% of its total demand liabilities and time liabilities with tenure of less than one year in the form of liquid assets i.e. cash, gold, unencumbered treasury bills, Pakistan Investment Bonds and Government of Pakistan Sukuk bonds. Treasury bills and Pakistan Investment Bonds held under Depositors' protection fund are excluded for the purposes of determining liquidity.

5.10 Borrowings and borrowing costs

Borrowings are recognized equivalent to the value of the proceeds received by the Group. Any difference, between the proceeds (net of transaction costs) and the redemption value, is recognized in statement of profit or loss, over the period of the borrowings, using the effective interest method.

Borrowing costs, which are directly attributable to the acquisition and construction of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of that asset. All other borrowing costs are charged to statement of profit or loss.

5.11 Deposits from banking customers

Deposits are initially recorded at the amounts of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the consolidated statement of profit or loss over the period.

5.12 Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the consolidated statement of financial position and are measured in accordance with the accounting policies for investment securities by U Bank. The counter party liability for consideration received is included in borrowings from financial institutions. The difference between sale and repurchase price is treated as markup / return / interest expense over the period of the transaction. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized as investment in the consolidated statement of financial Position. Amounts paid under these agreements are included in lending to financial institutions. The difference between the purchase and resale price is treated as markup / return / interest income over the period of the transaction.

5.13 Employees retirement benefits

The Group provides various retirement / post retirement benefit schemes to its employees. The plans are generally funded through payments determined by periodic actuarial calculations or up to the limits allowed in the Income Tax Ordinance, 2001. The Group has constituted both defined contribution and defined benefit plans.

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The main features of these benefits provided by the Group in the Holding Company and its subsidiaries - PTML and U Bank are as follows:

PTCL

(a) PTCL Employees General Provident Fund (GPF) Trust

The Holding Company operates an approved funded provident plan covering its permanent employees. For the purpose of this plan, a separate trust, the 'PTCL Employees GPF Trust' (the Trust), has been established. Monthly contributions are deducted from the salaries of employees and are paid to the Trust by the Holding Company. In line with the Trust's earnings for a year, the Board of Trustees approves a profit rate for payment to the members. The Holding Company contributes to the fund, the differential, if any, of the interest paid / credited for the year and the income earned on the investments made by the Trust.

(b) Defined benefit plans

The Holding Company provides the following defined benefits:

(i) Pension plans
The Holding Company accounts for an approved funded pension plan operated through a separate trust, the 'Pakistan Telecommunication Employees Trust' (PTET), for its employees recruited prior to January 01, 1996 when the Holding Company took over the business from PTC. The Holding Company also operates an unfunded pension scheme for employees recruited on a regular basis, on or after January 01, 1996.

(ii) Gratuity plan
The Holding Company operates an approved funded gratuity plan for its New Terms and Conditions (NTC) employees and contractual employees.

(iii) Medical benefits plan
The Holding Company provides a post retirement medical facility to pensioners and their families. Under this unfunded plan, all ex-employees, their spouses, their children up to the age of 21 years (except unmarried daughters who are not subject to the 21 years age limit) and their parents residing with them and any other dependents, are entitled to avail the benefits provided under the scheme. The facility remains valid during the lives of the pensioner and their spouse. Under this facility there are no annual limits to the cost of medicines, hospitalized treatment and consultation fees.

(iv) Accumulated compensated absences
The Holding Company provides a facility to its employees for accumulating their annual earned leaves. Accumulated leaves can be encashed at the end of the employees' service, based on the latest drawn gross salary as per Holding Company policy.

(v) Benevolent grants
The Holding Company pays prescribed benevolent grants to eligible employees / retirees and their heirs.

The liability recognized in the consolidated statement of financial position in respect of defined benefit plans, is the present value of the defined benefit obligations at the date of the consolidated statement of financial position less the fair value of plan assets.

PTML

(i) Gratuity plan
PTML operates a funded gratuity scheme, a defined benefit plan, for all permanent employees which has been approved by the Commissioner of Income Tax in accordance with Part III of Sixth Schedule to the Income Tax Ordinance, 2001. Gratuity is payable to each permanent employee with a minimum qualifying service period of three years.

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The liability recognized in the consolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. Defined benefit obligation is based on actuarial valuation by independent actuary based on projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in Pakistan rupee and have terms to maturity approximating to the terms of the related liability.

The current service cost of the defined plan, recognized in the consolidated statement of profit or loss for the year reflects the increase in the defined benefit obligation resulting from employee service in the current year. Past service costs are recognized immediately in the consolidated statement of profit or loss for the year. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets, and is recognized in the consolidated statement of profit or loss for the year.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

(ii) Provident fund
PTML operates an approved contributory provident fund, a defined contribution plan, for all permanent employees which has been approved by the Commissioner of Income Tax in accordance with Part III of Sixth Schedule to the Income Tax Ordinance, 2001. PTML's obligation for contribution to the provident fund is charged to consolidated statement of profit or loss for the year.

U Bank

(i) Gratuity plan
U Bank operates defined benefit plan comprising an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service (three years) as specified by the scheme.

(ii) Provident fund
U Bank operates a defined contribution provident fund scheme for permanent employees. Contributions to the fund are made on monthly basis by U Bank and employees at an agreed rate of salary (8% of the basic salary of the employee), the fund is managed by its Board of Trustees. The contribution of U Bank is charged to consolidated statement of profit or loss.

(iii) Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if U Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

5.14 Government grants

Government grants are recognized at their fair values, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate the Group for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

5.15 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods or services received, whether or not billed to the Group.

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5.16 Non current Assets

(a) Property, plant and equipment

Property, plant and equipment, except freehold land and capital work in progress, is stated at cost less accumulated depreciation and any identified impairment losses. Freehold land is stated at cost less identified impairment losses, if any. Cost includes expenditure, related overheads, mark-up and borrowing costs that are directly attributable to the acquisition of the asset.

Subsequent costs, if reliably measurable, are included in the asset's carrying amount, or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Group. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to consolidated statement of profit or loss during the year in which they are incurred.

Capital work in progress is stated at cost less impairment value, if any. It consists of expenditure incurred in respect of tangible and intangible fixed assets in the course of their construction and installation.

Depreciation on assets is calculated, using the straight line method, to allocate their cost over their estimated useful lives.

Depreciation on additions to property, plant and equipment, is charged from the month in which the relevant asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off. Impairment loss, if any, or its reversal, is also charged to consolidated statement of profit or loss for the year. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life.

An item of property plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss from the disposal are determined as the difference between the net disposal proceeds, if any and the carrying amount of the item and are included in consolidated statement of profit or loss for the year.

(b) Intangible assets

(i) Goodwill
Goodwill is initially measured at cost being the excess of the consideration transferred, over the fair value of subsidiary's identifiable assets acquired and liabilities assumed.

(ii) Licenses
These are carried at cost less accumulated amortization and any identified impairment losses. Amortization is calculated using the straight line method, to allocate the cost of the license over its estimated useful life, and is charged to consolidated statement of profit or loss for the year.

The amortization on licenses acquired during the year, is charged from the month in which a license is acquired / capitalized, while no amortization is charged in the month of expiry / disposal of the license.

(iii) Computer software
These are carried at cost less accumulated amortization, and any identified impairment losses. Amortization is calculated, using the straight line method, to allocate the cost of software over their estimated useful life, and is charged to income for the year. Costs associated with maintaining computer software, are recognized as an expense as and when incurred.

The amortization on computer software acquired during the year, is charged from the month in which the software is acquired or capitalized, while no amortization is charged for the month in which the software is disposed off.

If payment for an intangible asset is deferred beyond normal credit terms, it is recognized at the cash price equivalent. The difference between the cash price equivalent and the total payments is recognized as interest expense over the period of credit.

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(c) Right of use assets

The Group assesses whether a contract is or contains a lease at inception of the contract. If the Group assesses contract contains a lease and meets requirements of IFRS 16, the Group recognizes a right-of use asset and a lease liability at the lease commencement date. Right of use asset is calculated as the initial amount of the lease liability in terms of network sites, offices, vehicles and right of way at the lease contract commencement date. The right of use asset is subsequently depreciated using the straight line method.

5.17 Impairment of non financial assets

Assets that have indefinite useful lives, for example freehold land and goodwill, are not subject to depreciation and amortization and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment on the date of consolidated statement of financial position, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized, equal to the amount by which the assets' carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each consolidated statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized. An impairment loss, or the reversal of an impairment loss, are both recognized in the consolidated statement of profit or loss for the year.

5.18 Long term loans

Long term loans are initially recognized at present value of loan amount disbursed to employees. On initial recognition, the discount representing difference between loan disbursed and its present value is charged in the consolidated statement of profit or loss. Subsequently, the unwinding of discount on present value of loans is recognized as income over the loan term using the effective interest method.

5.19 Stock in trade

Stock in trade is valued at the lower of cost and net realizable value. Cost comprises the purchase price of items of stock, including import duties and other related costs. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale.

5.20 Stores and spares

Store and spares are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost, comprising invoice values and other related charges incurred up to the date of the consolidated statement of financial position.

5.21 Trade debts and contract assets

Trade debts are carried at their original invoice amounts, less any estimates made for expected credit losses based on review of all outstanding amounts at reporting date. Bad debts are written off as per Group policy.

5.22 Lease liability

The Group recognizes lease liabilities as per IFRS - 16 at the present value of the remaining lease payments using the Group's incremental borrowing rate. Lease liabilities are measured at their amortized cost using the effective interest method.

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Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

5.23 Loans to banking customers

Loans to banking customers are stated net of provision for non-performing advances. The outstanding principal and mark-up of the loans and advances, payments against which are overdue for 30 days or more are classified as non-performing loans (NPLs). The unrealized interest / profit / mark-up / service charges on NPLs is suspended and credited to interest suspense account. Further, the NPLs are classified into following categories as prescribed in the Regulations:

Other assets especially mentioned

These are advances, payments against which are overdue for 30 days or more but less than 60 days.

Substandard

These are advances, payments against which are overdue for 60 days or more but less than 90 days.

Doubtful

These are advances, payments against which are overdue for 90 days or more but less than 180 days.

Loss

These are advances, payments against which are overdue for 180 days or more.

In addition, U Bank maintains a watch list of all accounts overdue for 5-29 days. However, such accounts are not treated as non-performing for the purpose of classification / provisioning.

In order to enable MFBs in extending relief measures to the affected borrowers, SBP via AC&MFD Circular Letter No. 01 of 2021 dated 01 December 2021 relaxed the criteria for classification of assets and provisioning requirements for Deferred and Restructured Portfolio (DRP) as per the following:

Category	Determinant (Existing)	Determinant (DRP)
Other assets especially mentioned (OAEM)	Loans (principal/mark-up) is overdue for 30 days or more but less than 60 days	Loans (principal/mark-up) is overdue for 60 days or more but less than 90 days
Substandard	Loans (principal/mark-up) is overdue for 60 days or more but less than 90 days	Loans (principal/mark-up) is overdue for 90 days or more but less than 120 days
Doubtful	Loans (principal/mark-up) is overdue for 90 days or more but less than 180 days	Loans (principal/mark-up) is overdue for 120 days or more but less than 210 days
Loss	Loans (principal/mark-up) is overdue for 180 days or more	Loans (principal/mark-up) is overdue for 210 days or more

In accordance with the Regulations, U Bank maintains specific provision of outstanding principal net of cash collaterals and Gold (ornaments and bullion) realizable without recourse to a Court of Law at the following rates:

Other assets especially mentioned Substandard	Nil
Substandard	25% of outstanding principal net of cash collaterals
Doubtful	50% of outstanding principal net of cash collaterals
Loss	100% of outstanding principal net of cash collaterals

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In addition to above, a general provision is made equivalent to 1% (2020: 1%) of the net outstanding balance (advance net of specific provisions) in accordance with the requirement of the Regulations. U Bank also recognizes general provisions in addition to the above general provisions when the circumstances indicate delinquency in the portfolio.

General and specific provision is charged to the consolidated statement of profit or loss account in the period in which they occur.

Non-performing advances are written off one month after the loan is classified as 'Loss'. However, U Bank continues its efforts for recovery of the written off balances.

Under exceptional circumstances management reschedules repayment terms for clients who have suffered catastrophic events and who appear willing and able to fully repay their loans. The classification made as per Regulation is not changed due to such rescheduling.

5.24 Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, cash with banks and short term finances under mark up arrangements with banks. Cash equivalents are short term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5.25 Provisions

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

5.26 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events, not wholly within the control of the Group; or when the Group has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.27 Financial instruments

5.27.1 Classification

The Group classifies its financial assets other than for U Bank on initial recognition in the following categories: at amortized cost, at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial asset, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Amortized cost
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Fair value through other comprehensive income
A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL: (i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

(iii) Fair value through profit or loss
All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial instruments. On initial recognition, the Group irrevocably designates a financial instrument that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

5.27.2 Recognition and measurement

Trade and other receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

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

5.27.3 Subsequent measurement and gains and losses

(i) Financial assets at amortized costs — These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gain and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(ii) Financial assets at FVOCI — Debt investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gain and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

(iii) Financial assets at FVTPL — These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets of the Group include trade debts, contract assets, long term loans, deposits, other receivables, short term investments and forward exchange contracts.

5.27.4 Impairment of financial assets

The Group recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets other than U Bank . The Group measures loss allowances at an amount equal to lifetime ECLs. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

At each reporting date, the Group assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental

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impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

5.27.5 Financial liabilities

Financial liabilities, other than for U Bank, are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in consolidated statement of profit or loss. The financial liabilities of the Group include subordinated debt, long term loans from banks, long term vendor liability, long term security deposits, interest accrued, short term running finance and trade and other payables.

5.27.6 Derecognition

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

Financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in consolidated statement of profit or loss.

5.27.7 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value and are subsequently remeasured at fair value. These are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is charged to consolidated statement of profit or loss for the year.

5.27.8 Offsetting of financial assets and liabilities

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

5.27.9 Financial instruments - U Bank

Financial assets and liabilities are recognized when U Bank becomes a party to the contractual provisions of the instrument. These are derecognized when U Bank ceases to be the party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or historical cost, as the case may be.

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Other particular recognition methods adopted by U Bank are disclosed in the individual policy statements associated with each item of financial instruments.

Financial assets
Financial assets are cash and balances with SBP and NBP, balances with other banks, investments, advances and other receivables. Advances are stated at their nominal value as reduced by appropriate provisions against non-performing advances, while other financial assets excluding investments are stated at cost.

Financial liabilities
Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include deposits, borrowings and other liabilities which are stated at their nominal value. Financial charges are accounted for on accrual basis.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the consolidated statement of profit or loss for the year in which it arises.

Derivative financial instruments
Derivative financial instruments are initially recognized at fair value and are subsequently remeasured at fair value. These are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is charged to consolidated statement of profit or loss for the year.

5.27.10 Investments - U Bank

The investments of the U Bank, upon initial recognition, are classified as held-for-trading, held-to-maturity or available-for-sale, as appropriate.

Investments (other than held-for-trading) are initially measured at fair value plus transaction costs associated with the investments. Held-for-trading investments are initially measured at fair value and transaction costs are expensed out in the consolidated statement of profit or loss.

Purchase and sale of investments that require delivery within the time frame established by regulation or market convention is recognized at the trade date, which is the date U Bank commits to purchase or sell the investment.

Held for trading
These represent securities acquired with the intention to trade by taking advantage of short-term market/ interest rate movements. These securities are required to be disposed off within 90 days from the date of their acquisition. After initial measurement, these are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to consolidated statement of profit or loss in accordance with the requirements prescribed by SBP.

Held to maturity
Investments with fixed maturity, where management has both the intent and the ability to hold till maturity, are classified as held to maturity. Subsequent to initial recognition at cost, these investments are measured at amortized cost, less provision for impairment in value, if any, and amortized cost is calculated taking into account effective interest method. Profit on held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

Available for sale
These are investments which do not fall under the held-for-trading and held-to-maturity categories. After initial measurement, such investments are measured at fair value. The surplus / (deficit) arising on revaluation is shown in the consolidated statement of financial position below equity which is taken to the consolidated statement of profit or loss account when actually realized upon disposal.

Premium or discount on securities classified as available-for-sale and held-to-maturity is amortized using effective interest method and taken to the consolidated statement of profit or loss.

Provision for impairment in the value of equity securities is made after considering objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of these investments. A significant or prolonged decline in the value of security is also considered as an

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objective evidence of impairment. Provision for diminution in the value of debt securities is made as per the Prudential Regulations. In the event of impairment of available for sale securities, the cumulative loss that had been recognized directly in surplus on revaluation of securities on the consolidated statement of financial position below equity is thereof removed and recognized in the consolidated statement of profit or loss.

5.28 (a) Revenue recognition

Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies the performance obligations by transferring a promised good or service to a customer. Goods or services are transferred when the customer obtains control of that assets.

The Group mainly generates revenue from providing telecommunication services such as Data, Voice, IPTV, Connectivity services, Interconnect, Information and communication technology (ICT), digital solutions and equipment sales, messaging services, sales of mobile devices etc.

Services are offered separately and as bundled packages along with other services and / or devices.

For bundled packages, the Group accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate product and services (i.e. distinct performance obligations, "POs") in a bundle based on their stand-alone selling prices.

The stand-alone selling prices are determined based on the observable price at which the Group sells the products and services on a standalone basis. For items that are not sold separately, the Group estimates standalone selling prices using other methods (i.e. adjusted market assessment approach, cost plus margin approach or residual approach).

Nature and timing of satisfaction of Performance obligations are as follows:

Product and services	Nature and timing of satisfaction of Performance obligations
Voice, Broadband, IPTV	The Holding Company recognizes revenue as and when these services are provided (i.e. actual usage by the customer).
Installation charges	Installation services provided for service fulfillment are not distinct performance obligation and the amount charged for installation service is recognized over the average customer life.
Corporate Services	Revenue is recognized over the period when these services are provided to the customers. Where hardware (e.g. routers) are provided as part of the contract, the Holding Company recognizes these as distinct POs only if the customer can benefit from them either by selling for more than scrap value or using with services from other service providers.
Carrier and Wholesale (C&WS)	Revenue from C&WS services is recognized when the services are rendered.
Mobile telecommunication services	Mobile telecommunication services include voice, data and messaging services. The Group recognizes revenue as and when these services are provided. These services are either prepaid or billed, in which case they are paid for on a monthly basis. Revenue for SIM activation and special numbers is recognized on the date of activation.
Equipment revenue	Group recognizes revenue when the control of the device is transferred to the customer. This usually occurs at the contract inception when the customer takes the possession of the device.
International Revenue	Revenue is recognized over the period when services are provided to the customers.

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Principal versus agent presentation

When the Group sells goods or services as a principal, revenue and related cost is reported on a gross basis in revenue and operating costs. If the Group sells goods or services as an agent, revenue and related cost are recorded in revenue on a net basis, representing the margin earned.

Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgments impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows.

Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient in para 121 of IFRS - 15 and does not disclose information about the remaining performance obligations that have original expected duration of one year or less.

Constraining of transaction price under pre-paid customer contracts

The Group constrains the unused subscriber resources to the historic pattern of usage for calculation of the unsatisfied performance obligations as at the reporting date. The Group does not expect adjustment to the amount of revenue recognized based on such constraining of resources.

5.28 (b) Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration or an amount of consideration is due from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract.

5.28 (c) Contract assets

The contract assets primarily relate to the Group's rights to consideration for postpaid services provided to subscribers but not billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional.

5.28 (d) Contract costs

The Group capitalizes the incremental costs of obtaining and fulfilling a contract, if they are expected to be recovered. The capitalized cost is amortized over the average customer life and recognized as cost of sales. Applying the practical expedient of IFRS 15, the Group recognizes the incremental cost of obtaining and fulfilling a contract as expense when incurred if the amortization period of assets is less than one year.

5.28 (e) U Bank revenue recognition

(i) Mark-up / income on loan to banking customers

Mark-up / income / return / service charges on advances is recognized on accrual / time proportion basis using effective interest method at the U Bank's prevailing interest rates for the respective loan products. Mark-up / income on advances is collected with loan instalments. Due but unpaid service charges/ income are accrued on overdue advances for period up to 30 days. After 30 days, overdue advances are classified as non-performing and recognition of unpaid service charges / income ceases. Further accrued mark-up on non-performing advances are reversed and credited to suspense account. Subsequently, mark-up recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Regulations. Application processing fee is recognized as income when service is performed.

(ii) Fee, commission and brokerage income

Fee, commission and brokerage income are recognized as services are performed.

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5.29 Impairment - U Bank

Non-derivative financial assets

Financial assets not classified at fair value through Consolidated statement of profit or loss account are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to U Bank on the terms that U Bank would not consider otherwise and indication that a debtor will enter bankruptcy.

For financial assets measured at amortized cost, U Bank considers evidence of impairment for these assets at both an individual asset and a collective level. All significant assets are assessed for impairment individually. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, U Bank uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in Consolidated statement of profit and loss and reflected in an allowance account. When U Bank considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through Consolidated statement of profit or loss.

Non-financial asset

At each reporting date, U Bank reviews the carrying amount of its non-financial assets (deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in Consolidated statement of profit or loss. These are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.30 Income on bank deposits

Return on bank deposits is recognized using the effective interest method.

5.31 Income on inter bank deposits

Income from inter bank deposits in saving accounts are recognized in the consolidated statement of profit or loss using the effective interest method.

5.32 Income from investment

Mark-up / return on investments is recognized on time proportion basis using effective interest method.

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Where debt securities are purchased at premium or discount, the related premiums or discounts are amortized through the consolidated profit or loss statement over the remaining period of maturity of said investment. Gain or loss on sale of securities is accounted for in the period in which the sale occurs.

5.33 Dividend income

Dividend income is recognized when the right to receive payment is established.

5.34 Taxation

The tax expense for the year comprises of current and deferred income tax, and is recognized in income for the year, except to the extent that it relates to items recognized directly in the consolidated statement of comprehensive income, in which case the related tax is also recognized in the consolidated statement of comprehensive income.

(a) Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the consolidated statement of financial position. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax is calculated at the rates that are expected to apply to the year when the differences reverse, and the tax rates that have been enacted, or substantively enacted, at the date of the consolidated statement of financial position.

(c) Group taxation

The Group is taxed as a one fiscal unit along with Holding Company and its other wholly owned subsidiaries under section 59AA to the Income Tax Ordinance, 2001. Current and deferred income taxes are recognized by each entity within the Group in their respective statement of comprehensive income, regardless of who has the legal rights or obligation for the recovery or payment of tax from or to the tax authorities. However, tax liability / receivable is shown by the parent, on submission of annual tax return, who has the legal obligation to pay or right of recovery of tax from the taxation authorities. Balances between the group entities on account of group tax are shown as other receivables / liabilities by the respective group entities.

5.35 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized as part of other liabilities and is charged to the consolidated statement of profit or loss over the period on an accrual basis.

5.36 Operating segments

Operating segments are reported in a manner consistent with the internal reporting of the Group in note 50 to the consolidated financial statements.

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6. Share capital

6.1 Authorized share capital

2021 (Number of shares '000)	2020 (Number of shares '000)		2021 Rs '000	2020 Rs '000
11,100,000	11,100,000	"A" class ordinary shares of Rs 10 each	111,000,000	111,000,000
3,900,000	3,900,000	"B" class ordinary shares of Rs 10 each	39,000,000	39,000,000
15,000,000	15,000,000		150,000,000	150,000,000

6.2 Issued, subscribed and paid up capital

2021 (Number of shares '000)	2020 (Number of shares '000)		2021 Rs '000	2020 Rs '000
3,774,000	3,774,000	"A" class ordinary shares of Rs 10 each issued as fully paid for consideration other than cash - note 6.3 and note 6.5.	37,740,000	37,740,000
1,326,000	1,326,000	"B" class ordinary shares of Rs 10 each issued as fully paid for consideration other than cash - note 6.3 and note 6.6.	13,260,000	13,260,000
5,100,000	5,100,000		51,000,000	51,000,000

6.3 These shares were initially issued to the Government of Pakistan, in consideration for the assets and liabilities transferred from Pakistan Telecommunication Corporation (PTC) to the Holding Company, under the Pakistan Telecommunication (Re-organization) Act, 1996, as referred to in note 1.1.

6.4 Except for voting rights, the "A" and "B" class ordinary shares rank pari passu in all respects. "A" class ordinary shares carry one vote and "B" class ordinary shares carry four votes, for the purposes of election of directors. "A" class ordinary shares cannot be converted into "B" class ordinary shares; however, "B" class ordinary shares may be converted into "A" class ordinary shares, at the option, exercisable in writing and submitted to the Holding Company, by the holders of three fourths of the "B" class ordinary shares. In the event of termination of the license issued to the Holding Company, under the provisions of Pakistan Telecommunication (Re-organization) Act, 1996, the "B" class ordinary shares shall be automatically converted into "A" class ordinary shares.

6.5 The Government of Pakistan, through an "Offer for Sale" document, dated July 30, 1994, issued to its domestic investors, a first tranche of vouchers exchangeable for "A" class ordinary shares of the Holding Company. Subsequently, through an Information Memorandum dated September 16, 1994, a second tranche of vouchers was issued to international investors, also exchangeable, at the option of the voucher holders, for "A" class ordinary shares or Global Depository Receipts (GDRs) representing "A" class ordinary shares of the Holding Company. Out of 3,774,000 thousand "A" class ordinary shares, vouchers against 601,084 thousand "A" class ordinary shares were issued to the general public. Till December 31, 2021, 599,568 thousand (December 31, 2020: 599,559 thousand) "A" class ordinary shares had been exchanged for such vouchers.

6.6 In pursuance of the privatization of the Holding Company, a bid was held by the Government of Pakistan on June 08, 2005 for sale of "B" class ordinary shares of Rs 10 each, conferring management control. Emirates Telecommunication Corporation (Etisalat), UAE was the successful bidder. The 26% (1,326,000,000 shares) "B" class ordinary shares, along with management control, were transferred with effect from April 12, 2006, to Etisalat International Pakistan (EIP), UAE, which, is a subsidiary of Etisalat.

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7. Borrowings from Banks

7.1 Long term loans from banks

These represent secured loans from the following banks:

	Annual mark-up rate	Repayment commencement date		Repayment installments	Note	Outstanding loan balance	
	3-month KIBOR plus	Interest	Principal	Quarterly		2021 Rs '000	2020 Rs '000
Allied Bank Limited	0.25%	Jul. 2014	Jul. 2017	12		-	83,333
United Bank Limited	0.25%	Jul. 2014	Jul. 2016	16		-	100,000
MCB Bank Limited	0.25%	Jul. 2014	Jul. 2017	12		-	83,333
MCB Bank Limited	0.25%	Jul. 2014	Jul. 2018	12		666,667	1,666,667
Faysal Bank Limited	0.25%	Jul. 2014	Jul. 2018	12		333,333	833,333
Bank Al-Habib Limited	0.25%	Jul. 2014	Jul. 2018	12		166,667	416,667
Bank Alfalah Limited	0.25%	Jul. 2014	Jul. 2018	12		166,667	416,667
Allied Bank Limited	0.25%	Mar. 2015	Mar. 2019	12		666,667	1,166,667
United Bank Limited	0.25%	Mar. 2015	Mar. 2019	12		333,333	583,333
Meezan Bank Limited	0.25%	Aug. 2015	Aug. 2019	12		1,000,000	1,500,000
Habib Bank Limited - Islamic Banking	0.25%	Sep. 2015	Sep. 2019	12		1,000,000	1,500,000
Dubai Islamic Bank Limited	0.25%	Oct. 2015	Oct. 2019	12		583,333	833,333
Habib Bank Limited - Islamic Banking	0.25%	Mar. 2016	Mar. 2020	12		666,667	916,667
United Bank Limited	0.25%	May 2016	May 2020	12		1,500,000	2,000,000
Allied Bank Limited	0.25%	May 2016	May 2020	12		2,250,000	3,000,000
MCB Bank Limited	0.24%	Mar. 2018	Mar. 2022	12		1,000,000	1,000,000
MCB Bank Limited	0.24%	Mar. 2018	Mar. 2022	12		1,500,000	1,500,000
United Bank Limited	0.25%	Jul. 2014	Jul. 2018	12		166,667	416,667
MCB Bank Limited	0.25%	Apr. 2019	Apr. 2023	12		2,000,000	2,000,000
BankIslami Pakistan Limited	0.50%	Mar. 2020	Mar. 2024	12		1,000,000	1,000,000
Askari Bank Limited	0.60%	Mar. 2020	Mar. 2024	12		2,000,000	2,000,000
MCB Bank Limited	0.50%	Sep. 2020	Sep. 2024	12		3,000,000	3,000,000
Meezan Bank Limited	0.50%	Sep. 2020	Sep. 2024	12		2,000,000	2,000,000
Meezan Bank Limited	0.50%	Mar. 2021	Mar. 2025	12		1,500,000	1,500,000
Faysal Bank Limited	0.50%	Mar. 2021	Mar. 2025	12		1,000,000	1,000,000
MCB Islamic Bank Limited	0.50%	Mar. 2021	Mar. 2025	12		500,000	500,000
Syndicate loan MCB	0.55%	Sep 2021	Feb 2026	6	7.1.1	21,000,000	-
Faysal Bank Limited	0.60%	July 2025	July 2025	12		4,000,000	-
					7.1.2	50,000,001	31,016,667
Loan under SBP refinance scheme							
Bank Al Falah Limited-1	2.00% Flat	Jul. 2020	Jan. 2021	8	7.1.3	252,375	481,655
Bank Al Falah Limited-2	1.25% Flat	Oct. 2020	Jan. 2021	8	7.1.3	243,411	478,881
						495,786	960,536
						50,495,787	31,977,203

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	Annual mark-up rate	Repayment commencement date		Repayment installments	Note	Outstanding loan balance	
	6-Months KIBOR plus	Interest	Principal	Semi-annual		2021 Rs '000	2020 Rs '000
Allied Bank Limited - I	1.10%	Sep. 2017	Sep. 2018	6		-	250,000
Faysal Bank Limited - I	1.00%	Aug. 2018	Aug. 2019	6	7.1.4	166,667	500,000
Faysal Bank Limited - II	0.75%	Jun. 2019	Jun. 2020	6	7.1.5	333,333	666,665
Allied Bank Limited - II	0.95%	Jun. 2019	Jun. 2020	6	7.1.6	1,333,333	2,666,667
Bank of Punjab	0.85%	Mar. 2019	Sep. 2019	4		-	50,000
State Bank of Pakistan	-1.00%	Jun. 2019	Jun. 2024	4	7.1.7	1,500,000	1,500,000
Bank Alfalah - PPTFC	1.35%	Jun. 2021	Dec. 2022	6	7.1.8	3,500,000	-
Bank of Punjab	0.95%	Jun. 2021	Jun. 2022	7	7.1.9	600,000	-
Allied Bank Limited - III	1.25%	Nov. 2021	May. 2023	6	7.1.10	2,250,000	-
Pakistan Kuwait Investment Company (Private) Limited	1.10%	Dec. 2021	Jun. 2022	4	7.1.11	750,000	-
Allied Bank Limited - IV	0.95%	Dec. 2021	Dec. 2022	9	7.1.12	500,000	-
	Mark-up rate	Repayment commencement date: Interest	Repayment commencement date: Principal	Repayment installments			
Pakistan Mortgage Refinance Company	1 year PKRV	Aug. 2021	Aug. 2022	Bullet	7.1.13	500,000	-
Pakistan Mortgage Refinance Company - II	1 year KIBOR-1 Spread	Dec. 2021	Mar. 2023	8 Quarterly	7.1.14	500,000	-
United Bank Limited	1 month KIBOR+0.85%	Dec. 2021	Jun. 2022	6 Semi-annual	7.1.15	475,000	-
MCB Bank Limited	3 months KIBOR+0.75%	Dec. 2021	Mar. 2023	12 Quarterly	7.1.16	500,000	-
						12,908,333	5,633,332
						63,404,120	37,610,535
Current portion of long term loans from banks						(11,162,076)	(8,835,632)
						52,242,044	28,774,903

7.1.1 PTML entered into an arrangement with MCB Bank Limited for syndicated term finance facility. The facility is secured against hypothecation over fixed and current assets (excluding land, building and cellular licenses) and corporate guarantee of the Holding Company amounting to Rs. 21,000,000 thousand.

7.1.2 These loans are secured by way of first charge ranking pari passu by way of hypothecation over all present and future movable equipment and other assets (excluding land, building and licenses) of PTML. Three months KIBOR stands at 10.54% at December 31, 2021 (December 31, 2020: 7.29%). These loans also require the PTML to comply with the financial covenants and other operational requirements.

7.1.3 These represent long term loans availed under State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries to the employees of PTML. PTML received the loan on below-market rate therefore recognized the deferred grant on the statement of financial position as the difference between the actual loan proceed and the present value of the loan proceed received, discounted using the prevailing market rate of interest.

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	Note	2021 Rs '000	2020 Rs '000
Loan proceed received		1,037,934	1,037,934
Re-payments		(518,967)	-
Deferred government grants	13	(23,181)	(77,398)
Fair value of loan proceeds		495,786	960,536

7.1.4 This represent term finance loan of Rs 1,000,000 thousand which is secured against first pari passu charge over book debts, advances and receivable of U Bank with 25% margin and Microfinance Credit Guarantee Facility (MCGF) from State Bank of Pakistan at 25%.

7.1.5 This represent term finance loan of Rs 1,000,000 thousand which is secured against first pari passu charge over book debts, advances and receivables of U Bank for Rs 1,333,000 thousand (25% margin). Initial disbursement on ranking charge was upgraded to first pari passu within 90 days from the date of offer letter dated December 21, 2018.

7.1.6 This represents term finance facility under syndicate financing through Allied Bank Limited of Rs 4,000,000 thousand which is secured against first pari passu charge over all present and future assets excluding land and building of U Bank but not limited to advances and investments beyond CRR and SLR requirements of U Bank with 25% margin. Disbursement was initially made against a ranking charge which was upgraded to first pari passu with in 120 days of first disbursement.

7.1.7 This represent unsecured term finance loan of Rs 1,500,000 thousand for a tenure of five years. Mark-up is payable at every half-year end i.e. June 30th and December 31st, while payment of principal will be made in the last four quarters of the loan period or in bullet form. The loan is provided against the target stated by SBP that the loan should be disbursed to 60% female borrower, U Bank should disburse 25,000 loans and that all loans disbursed should meet the E&S guidelines issued by SBP. During the year, U Bank disbursed 30,714 loans (December 31, 2020: 28,983 loans) amounting to Rs 4,098,000 thousand (December 31, 2020: Rs 2,770,000 thousand) out of which 21,248 loans (December 31, 2020: 20,123 loans) amounting to Rs 2,397,000 thousand (December 31, 2020: Rs 1,640,000 thousand) were distributed to female borrowers as per the E&S guideline issued by SBP.

7.1.8 This represents privately placed term finance certificates (TFCs) of Rs 3,500,000 thousand distributed in 35,000 TFCs of Rs. 100,000 each. The issue amount will be utilized to enhance the advances portfolio of U Bank. Half of the issue amount is secured against 1st pari passu charge on the book debts, advances and receivables with 25% margin remaining half is secured against charge / lien on government securities. The rating of these certificates issued by PACRA is AA- with stable outlook. These TFCs shall be inducted in CDS and the laws and regulation relating to the CDS with respect to the term finance certificates will be applicable to the TFCs.

7.1.9 This represents term finance facility through The Bank of Punjab of Rs 600,000 thousand. This is secured against first pari passu charge over all present and future assets (excluding land and building), book debts, advances microcredit receivables and investments of U Bank with 25% margin. The loan was drawn on 30 June 2021.

7.1.10 This represent syndicated Term Finance facility with Allied Bank Limited. This is secured against first pari-passu charge on all present and future assets of the borrower with the margin of 25%.The loan was drawn on 26 November 2021.

7.1.11 This represent utilized amount of term finance facility of Rs 750,000 thousand from Pakistan Kuwait Investment Company (Private) Limited (PKIC or lender). This is secured against first pari passu charge on all present and future assets (excluding land and building) including but not limited to book debts, advances, microcredits, bills, cash and bank balances, investments etc. with 25% margin. The loan was drawn on 2 December 2021.

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7.1.12 This represent Housing Loan of Rs 500,000 thousand from Allied Bank Limited. This is secured against first pari passu hypothecated charge on all present and future assets (excluding land and building) of U Bank inclusive of 25% margin. The loan was drawn on 17 December 2021.

7.1.13 This represent Housing Loan from Pakistan Mortgage Refinance Company Limited. This is secured against first pari-passu charge on all present and future assets of U Bank with the margin of 25%. The loan amounting to 300,000 thousand was drawn on 27 August 2021 and 200,000 thousand on 30 September 2021.

7.1.14 This represent Housing Loan of Rs 500,000 thousand from Pakistan Mortgage Refinance Company Limited. This is secured against first pari-passu charge on all present and future assets of U Bank. The loan was drawn on 30 December 2021

7.1.15 This represent Housing Loan of Rs 475,000 thousand from United Bank Limited. This is secured against first pari passu hypothecated charge on all present and future assets inclusive of 25% margin. The loan was drawn on 29 December 2021.

7.1.16 This represent Housing Loan of Rs 500,000 thousand from MCB Bank Limited. This is secured against first pari passu amounting to 667,000 thousand charge on all present and future assets (excluding land and building) but not limited to advances / microcredit receivables and investments (excluding CRR and SLR requirements, any lien over cash / TDR). The loan was drawn on 31 December 2021.

7.2 Repo borrowings

This represent Repo borrowing from:

SAMBA Bank Limited at the rate of 10.7% amounting to Rs 1,480,338 thousand with maturity date of 07 January 2022.

Allied Bank Limited at the rate of 10.75% amounting to Rs 950,605 thousand with maturity date of 07 January 2022.

Zarai Taraqiati Bank Limited at the rate of 10.7% amounting to Rs 1,981,358 thousand with maturity date of 07 January 2022.

Allied Bank Limited at the rate of 10.75% amounting to Rs 1,903,000 thousand with maturity date of 06 January 2022.

Pak Oman Investment Bank Limited at the rate of 10.7% amounting to Rs 1,953,202 thousand with maturity date of 31 January 2022.

National Bank of Pakistan at the rate of 10% amounting to Rs 492,365 thousand with maturity date of 07 January 2022.

Bank of Punjab at the rate of 10.75% amounting to Rs 1,420,072 thousand with maturity date of 07 January 2022.

Bank of Punjab at the rate of 10.75% amounting to Rs 1,420,072 thousand with maturity date of 07 January 2022.

Bank Alfalah Limited at the rate of 10.75% amounting to Rs 1,961,256 thousand with maturity date of 04 January 2022.

MCB at the rate of 10.5% amounting to Rs 1,992,874 thousand with maturity date of 04 January 2022.

Zarai Taraqiati Bank Limited at the rate of 10.7% amounting to Rs 1,916,632 thousand with maturity date of 07 January 2022.

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8. Subordinated debt

This represents term finance certificates (TFCs) of Rs 600,000 thousand distributed in 120 thousand TFCs of Rs 5 thousand each issued as subordinated loan in June 2017. The loan is availed as TIER-II subordinated debt for inclusion in U Bank's Supplementary Capital. The facility tenure is 7 years and is priced at 6-months KIBOR plus 3.50% (2020: 6-months KIBOR plus 3.50%). The instrument is structured to redeem 0.02% of principal, semi-annually, over the first 60 months and remaining principal of 24.95% each of the issue amount respectively, in four equal instalments starting from 66th month. The TFCs are subordinated as to the payment of principal and profit to all other indebtedness of the U Bank. The rating of these certificates issued by JCR-VIS credit rating company is A- with a stable outlook.

	2021 Rs '000	2020 Rs '000
9. Deposits from banking customers		
Fixed deposits	20,280,327	26,357,673
Saving deposits	30,648,858	16,330,715
Current deposits	3,827,288	2,944,928
	54,756,473	45,633,316
Current portion	(53,432,764)	(42,285,528)
	1,323,709	3,347,788
10. Lease liabilities		
Lease commitments		
- Within one year	4,950,743	4,809,751
- Between 2 and 5 years	15,439,156	17,764,446
- After 5 years	3,735,787	5,466,770
Total undiscounted lease commitments	24,125,686	28,040,967
Discounted lease liabilities using the incremental borrowing rate	18,256,320	20,016,417
Current portion shown under current liabilities	(3,377,198)	(3,041,986)
Due after 12 months	14,879,122	16,974,431

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	Note	2021 Rs '000	2020 Rs '000
11. Deferred income tax			
Deferred tax liability / (asset) relating to:			
Accelerated tax depreciation		9,775,290	12,578,385
Accelerated tax amortization		3,152,602	2,153,460
Provision for stock in trade, stores and spares		(504,954)	(531,484)
Impairment loss on trade debts		(2,677,403)	(2,648,130)
Right of use assets / lease liabilities		(531,739)	(284,458)
Contract costs		588,861	517,230
Liabilities claimable on payment		(4,156,283)	(2,895,426)
Tax losses		(3,121,534)	(2,739,487)
Others		(24,865)	(56,501)
		2,499,975	6,093,589
Movement during the year			
Balance at the beginning of the year		6,093,589	7,102,905
(Reversal) / Charge for the year in respect of:			
Accelerated tax depreciation		(2,803,095)	547,278
Accelerated tax amortization		999,142	448,002
Provision for stock in trade, stores and spares		26,530	(23,269)
Impairment loss on trade debts		(29,273)	(227,590)
Right of use assets / lease liabilities		(247,281)	105,867
Contract costs		71,631	52,280
Liabilities claimable on payment		(1,260,857)	443,487
Tax losses		(382,047)	(2,346,352)
Others		85,289	(29,019)
		(3,539,961)	(1,029,316)
Tax (reversal) / charge in OCI		(53,653)	20,000
Balance at the end of the year		2,499,975	6,093,589
12. Employees retirement benefits			
Liabilities for pension obligations			
Unfunded - PTCL	12.1	8,633,593	7,313,570
		8,633,593	7,313,570
Gratuity funded - PTCL, PTML and U Bank	12.1	340,922	281,187
Accumulated compensated absences - PTCL	12.1	1,982,538	1,606,358
Post retirement medical facility - PTCL	12.1	12,144,429	11,549,073
Benevolent grants - PTCL	12.1	3,995,703	3,831,610
		27,097,185	24,581,798

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12.1 The latest actuarial valuations of the Group's defined benefit plans, were conducted at December 31, 2021 using the projected unit credit method. Details of obligations for defined benefit plans are as follows:

	Pension				Gratuity		Accumulated compensated absences		Post-retirement medical facility		Benevolent grants		Total	
	Funded		Unfunded		Funded		Unfunded		Unfunded		Unfunded			
	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000
a) The amounts recognized in the consolidated statement of financial position:														
Present value of defined benefit obligations	127,384,941	122,844,751	8,633,593	7,313,570	3,079,171	2,758,050	1,982,538	1,606,358	12,144,429	11,549,073	3,995,703	3,831,610	157,220,375	149,903,412
Fair value of plan assets - note 12.3	(129,187,278)	(125,102,302)	-	-	(2,738,249)	(2,484,713)	-	-	-	-	-	-	(131,925,527)	(127,587,015)
(Asset) / Liability at end of the year - note 12.2	(1,802,337)	(2,257,551)	8,633,593	7,313,570	340,922	273,337	1,982,538	1,606,358	12,144,429	11,549,073	3,995,703	3,831,610	25,294,848	22,316,397
b) Changes in the present value of defined benefit obligations:														
Balance at beginning of the year	122,844,751	119,000,260	7,313,570	6,290,701	2,758,050	2,355,944	1,606,358	1,513,696	11,549,073	11,193,005	3,831,610	3,771,323	149,903,412	144,124,929
Current service cost	822,813	807,959	345,753	340,567	328,694	311,987	75,070	77,377	84,475	79,652	38,927	38,552	1,695,732	1,656,094
Interest expense	11,820,480	11,467,908	729,081	627,134	243,494	227,292	137,517	133,882	1,112,411	1,078,166	368,974	364,066	14,411,957	13,898,448
Actuarial loss / (gain) on accumulated compensated absences	-	-	-	-	-	-	332,839	(66,355)	-	-	-	-	332,839	(66,355)
	12,643,293	12,275,867	1,074,834	967,701	572,188	539,279	545,426	144,904	1,196,886	1,157,818	407,901	402,618	16,440,528	15,488,187
Remeasurements:														
Loss / (Gain) due to experience adjustments	1,176,795	210,975	298,688	93,894	110,268	(10,378)	-	-	523,456	20,940	48,481	(80,997)	2,157,688	234,434
Benefits paid	(9,279,898)	(8,642,351)	(53,499)	(38,726)	(361,335)	(126,795)	(169,246)	(52,242)	(1,124,986)	(822,690)	(292,289)	(261,334)	(11,281,253)	(9,944,138)
Balance at end of the year	127,384,941	122,844,751	8,633,593	7,313,570	3,079,171	2,758,050	1,982,538	1,606,358	12,144,429	11,549,073	3,995,703	3,831,610	157,220,375	149,903,412

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	Pension				Gratuity		Accumulated compensated absences		Post-retirement medical facility		Benevolent grants		Total	
	Funded		Unfunded		Funded		Unfunded		Unfunded		Unfunded			
	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000
c) Charge for the year														
Profit or loss:														
Current service cost	822,813	807,959	345,753	340,567	328,694	311,987	75,070	77,377	84,475	79,652	38,927	38,552	1,695,732	1,656,094
Net interest expense	(266,153)	238,561	729,081	627,134	8,546	11,017	137,517	133,882	1,112,411	1,078,166	368,974	364,066	2,090,376	2,452,826
Actuarial gain on accumulated compensated absences	-	-	-	-	-	-	332,839	(66,356)	-	-	-	-	332,839	(66,356)
Contribution from deputationists / employees	(11,426)	(4,426)	-	-	-	-	-	-	-	-	(31,280)	(18,439)	(42,706)	(22,865)
	545,234	1,042,094	1,074,834	967,701	337,240	323,004	545,426	144,903	1,196,886	1,157,818	376,621	384,179	4,076,241	4,019,699
Other comprehensive income														
Remeasurements:														
(Gain) / loss on remeasurement of assets	(470,282)	(4,150,657)	-	-	(7,459)	(59,782)	-	-	-	-	-	-	(477,741)	(4,210,439)
Gain due to change in financial assumptions	(15,854)	-	(1,854)	-	-	-	-	-	-	-	-	-	(17,708)	-
(Gain) / loss due to experience adjustments	1,192,649	210,975	300,542	93,894	110,268	(10,377)	-	-	523,456	20,940	48,481	(80,997)	2,175,396	234,435
	706,513	(3,939,682)	298,688	93,894	102,809	(70,159)	-	-	523,456	20,940	48,481	(80,997)	1,679,947	(3,976,004)
	1,251,747	(2,897,588)	1,373,522	1,061,595	440,049	252,845	545,426	144,903	1,720,342	1,178,758	425,102	303,182	5,756,188	43,695
d) Significant actuarial assumptions at the date of consolidated statement of financial position:														
Discount rate	10.00%	10.00%	10.00%	10.00%	9% to 12.25%	9% to 12.5%	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%		
Future salary / medical cost increase	2% to 8%	8.00%	2% to 8%	8.00%	8% to 11.25%	8% to 9.5%	8.00%	8.00%	9.00%	9.00%	7.00%	8.00%		
Future pension increase	6.25%	6.25%	6.25%	6.25%	-	-	-	-	-	-	-	-		
Rate of increase in benevolent grants	-	-	-	-	-	-	-	-	-	-	2.00%	2.00%		
Average duration of obligation	21 years	21 years	29 years	30 years	6 - 12 years	6 - 17 years	6 to 7 years	6 to 7 years	23 years	23 years	17 years	17 years		
Expected mortality rate	SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005			
Expected withdrawal rate	Based on experience		Based on experience		Based on experience		Based on experience		Based on experience		Based on experience			

12.2 As more fully explained in note 19.7, the Holding Company's obligation for funded pension is restricted to the extent of pension increases as determined by the Board of Trustees of the Pakistan Telecommunication Employees Trust (PTET).

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12.3 Changes in the fair value of plan assets

	Defined benefit pension plan - funded		Defined benefit gratuity plan - funded		Total plan assets	
	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000
Balance at beginning of the year	125,102,302	114,864,649	2,484,713	2,137,161	127,587,015	117,001,810
Expected return on plan assets	12,086,633	11,229,347	234,949	216,275	12,321,582	11,445,622
Payments made to members on behalf of fund	-	-	293,141	84,558	293,141	84,558
Gain on remeasurement of assets	470,282	4,150,657	7,459	59,782	477,741	4,210,439
Contributions made by the Group during the year	807,959	3,500,000	79,322	113,732	887,281	3,613,732
Benefits paid	(9,279,898)	(8,642,351)	(361,335)	(126,795)	(9,641,233)	(8,769,146)
Balance at end of the year	129,187,278	125,102,302	2,738,249	2,484,713	131,925,527	127,587,015

12.4 Plan assets for funded defined benefit pension plan are comprised as follows:

	2021		2020	
	Rs '000	Percentage	Rs '000	Percentage
Debt instruments - unquoted				
- Special saving accounts	1,820,678	1.41	1,627,705	1.30
- Defence saving certificates	27,500,107	21.29	24,454,369	19.55
- Regular income certificates	62,534,059	48.41	62,534,059	49.99
- Pakistan investment bonds	4,354,156	3.37	4,365,666	3.49
	96,209,000	74.48	92,981,799	74.33
Cash and cash equivalents				
- Term deposits	11,300,000	8.75	10,700,000	8.55
- Equity securities	1,185,787	0.92	672,938	0.54
- Sukuks	1,765,403	1.37	1,681,056	1.34
- Pakistan investment bond	904,952	0.70	908,695	0.73
- Term finance certificates	42,420	0.03	41,597	0.03
- Treasury bills	1,038,459	0.80	1,316,878	1.05
- Cash and bank balances	2,827	0.00	1,556,284	1.24
	16,239,848	12.57	16,877,448	13.48
Investment property				
- Telecom tower	10,113,021	7.83	10,111,083	8.08
- Telehouse	2,280,969	1.77	2,271,000	1.82
	12,393,990	9.60	12,382,083	9.90
Fixed assets	7,085	0.01	7,016	0.01
Other assets	5,740,972	4.44	4,057,220	3.24
	130,590,895	101.10	126,305,566	100.96
Liabilities				
- Staff retirement benefits	(90,504)	(0.07)	(75,085)	(0.06)
- Amount due to PTCL	(1,300)	-	(1,262)	-
- Accrued & other liabilities	(254,167)	(0.20)	(170,464)	(0.14)
- Provision for zakat	(1,057,646)	(0.83)	(956,453)	(0.76)
	(1,403,617)	(1.10)	(1,203,264)	(0.96)
	129,187,278	100.00	125,102,302	100.00

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12.5 Plan assets for defined gratuity fund are comprised as follows:

	2021		2020	
	Rs '000	Percentage	Rs '000	Percentage
Units of mutual funds	108,432	3.96	7,888	0.32
Term deposit receipts	2,192,783	80.08	1,370,570	55.16
Term finance certificates	200,000	7.30	200,000	8.05
Other assets	34,352	1.25	749,851	30.18
Bank balances	202,682	7.41	156,404	6.29
	2,738,249	100.00	2,484,713	100.00

12.6 The expected contributions in the next financial year to the funded gratuity plan by the Group is Rs 440,973 thousand.

12.7 Sensitivity analysis

The calculations of the defined benefit obligations are sensitive to the significant actuarial assumptions set out in note 12.1 (d). The table below summarizes how the defined benefit obligations at the end of the reporting period would have increased/ (decreased) as a result of change in the respective assumptions.

	Impact on defined benefit obligation	
	1% increase in assumption	1% decrease in assumption
	Rs '000	Rs '000
Future salary / medical cost		
Pension - funded	1,556,172	(1,432,996)
Pension - unfunded	886,023	(782,425)
Gratuity - funded	475,415	(399,701)
Accumulated compensated absences - unfunded	201,714	(162,400)
Post-retirement medical facility - unfunded	1,490,632	(1,233,486)
Discount rate		
Pension - funded	(9,619,550)	11,321,085
Pension - unfunded	(1,272,098)	1,604,419
Gratuity - funded	(394,368)	472,656
Accumulated compensated absences - unfunded	(159,475)	(201,714)
Post-retirement medical facility - unfunded	(1,379,412)	1,697,634
Benevolent grants - unfunded	(26,998)	33,059
Future pension		
Pension - funded	9,671,290	(8,307,448)
Pension - unfunded	654,896	(549,673)
Benevolent grants		
Benevolent grants - unfunded	35,648	(37,975)

	Increase by 1 year	Decrease by 1 year
	Rs '000	Rs '000
Expected mortality rates		
Pension - funded	(2,924,855)	2,907,239
Pension - unfunded	(111,236)	108,250
Gratuity - funded	(26,763)	26,037
Accumulated compensated absences - unfunded	(16,691)	33,940
Post-retirement medical facility - unfunded	(337,527)	338,817
Benevolent grants - unfunded	(111,053)	111,475

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The above sensitivity analysis is based on changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognized within the consolidated statement of financial position.

12.8 Through its defined benefit pension plans, the Group is exposed to a number of actuarial and investment risks, the most significant of which include, interest rate risk, property market risk, longevity risk for pension plan and salary increase risk for all the plans.

	Note	2021 Rs '000	2020 Rs '000
13. Deferred government grants			
USF Government grants	13.1	20,353,967	18,139,023
Government grant under SBP refinance scheme	7.1.3	23,181	77,398
		20,377,148	18,216,421
13.1. Balance at beginning of the year		18,139,023	19,182,858
Received during the year		5,172,718	1,428,090
		23,311,741	20,610,948
Income recognized during the year	40	(2,957,774)	(2,471,925)
Balance at end of the year		20,353,967	18,139,023

This represents grants received from the Universal Service Fund, as assistance towards the development of telecommunication infrastructure in rural areas, comprising telecom infrastructure projects for basic telecom access, transmission and broadband services spread across the country.

	Note	2021 Rs '000	2020 Rs '000
14. License Fee Payable			
Interest bearing	14.1	24,854,533	-
Non interest bearing	14.2	962,237	-
		25,816,770	-
Current portion		(4,809,781)	-
		21,006,989	-
14.1 Interest bearing			
Gross amount payable	14.3	24,854,533	-
Current portion		(4,769,505)	-
		20,085,028	-
14.2 Non Interest bearing			
Gross amount payable	14.4	962,237	-
Imputed deferred interest		(346,746)	-
Present value of obligation		615,491	-
Current portion		(40,276)	-
		575,215	-

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14.3 Interest bearing License includes acquisition of 4G license by PTML throughout Pakistan excluding Azad Jammu & Kashmir (AJK) and Gilgit-Baltistan (GB) in September 2021 at a fee of USD 279 million. 50% of the license fee has been paid at the time of acquisition of license and the remaining 50% of the amount is to be paid in 5 equal instalments along with interest at LIBOR + 3% per annum, on September 15th each year, in US dollar or equivalent Pak Rupee.

14.4 (i) Non-Interest bearing includes renewal of 2G license by PTML for operations in Azad Jammu & Kashmir (AJK) and Gilgit - Baltistan (GB) in June 2021 at a fee of USD 13.5 million. 50% of the license fee has been paid at the time of acquisition of license and the remaining 50% of the amount is to be paid in 10 equal annual installments on June 24th each year in US Dollar or equivalent Pak Rupees. Accordingly, at initial recognition, the aggregate amount payable is discounted to the present value of future cash flows at the rate of 6% per annum.

(ii) Non-Interest bearing also includes acquisition of 4G license by PTML for operations in Azad Jammu & Kashmir (AJK) and Gilgit - Baltistan (GB) in October 2021 at a fee of USD 1.026 million. 50% of the license fee has been paid at the time of acquisition of license and the remaining 50% of the amount is to be paid in 10 equal annual installments on October 11th each year in US Dollars or equivalent Pak Rupees. Accordingly, at initial recognition, the aggregate amount payable is discounted to the present value of future cash flows at the rate of 6% per annum.

15. Long term vendor liability

This represents amount payable to a vendor in respect of procurement of network and allied assets which comprises:

	Note	2021 Rs '000	2020 Rs '000
Obligation under acceptance of bills of exchange	15.1	42,137,440	37,067,485
Other accrued liabilities		3,849,940	3,159,437
		45,987,380	40,226,922
Current portion		(10,386,943)	(9,157,498)
		35,600,437	31,069,424

15.1 These include liability of Rs 15,554,513 thousand (December 31, 2020: Rs 18,080,672 thousand) carrying interest in the range of 6.94% to 10.16% per annum (December 31, 2020: 6.23% to 13.70% per annum).

	Note	2021 Rs '000	2020 Rs '000
16. Trade and other payables			
Trade creditors		13,659,146	12,988,191
Accrued and other liabilities	16.1	40,304,005	36,341,187
Technical services assistance fee	16.2	30,644,507	25,827,068
Advances from customers / contract liability		10,558,009	10,127,857
Retention money / payable to contractors and suppliers		6,666,995	6,116,052
Income tax collected from subscribers / deducted at source		636,931	983,567
Sales tax payable		1,514,362	1,793,225
	16.3	103,983,955	94,177,147

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	Note	2021 Rs '000	2020 Rs '000
16.1 Accrued and other liabilities comprise:			
Accrued liability for operational expenses		12,034,850	9,967,829
Amount withheld on account of provincial levies (sub judice) for ICH operations	16.1.1	12,110,803	12,110,803
Accrual for Government / regulatory expenses		12,481,453	11,321,524
Accrued wages		2,628,658	1,818,469
Others		1,048,241	1,122,562
		40,304,005	36,341,187

16.1.1 This represents International Clearing House (ICH) revenue which were shared between the Holding Company and other Long Distance and International (LDI) operators in the ratio of 50:50. Therefore, out of this, 50% of the amount represents revenue not recognized by the Holding Company. As the ICH operator, the Holding Company challenged the imposition of sales tax on ICH revenue and the matter is subjudice in different courts of law, therefore the relevant share of the ICH partners is being held by the Holding Company till the finalization of the subject cases.

16.2 Liability has not been settled since State Bank of Pakistan has not yet acknowledged the extension of Technical Services Assistance (TSA) Agreement.

	2021 Rs '000	2020 Rs '000
16.3 Trade and other payables include payable to the following related parties:		
Etisalat - UAE	1,459,420	1,182,430
Etisalat's subsidiaries and associates	105,143	214,488
Emirates data clearing house	9,013	3,538
Telecom Foundation	63,995	64,005
TF Pipes Limited	4,630	4,630
GoP related entities	1,464,680	1,282,461
PTCL Employees GPF Trust	5,541	-
Retention money / payable to contractors and suppliers		
TF Pipes Limited	3,055	3,055

These balances relate to the normal course of business and are interest free.

17. Short term running finance

	Note	2021 Rs '000	2020 Rs '000
PTML	17.1	1,727,208	5,193,966
U Bank	17.2	6,500,000	1,486,319
		8,227,208	6,680,285

17.1 Short term running finance facilities available under mark-up arrangements with banks amounting to Rs 4,580,000 thousand (December 31, 2020: Rs 5,150,000 thousand), out of which the amount availed at the year end was Rs. 1,955,803 thousand (December 31, 2020: Rs. 4,074,971 thousand). The current balance of Rs. 1,727,208 thousand represents book overdrawn as at December 31, 2021 (December 31, 2020: Rs. 5,193,966 thousand).These facilities are secured by first ranking pari passu charge by way of hypothecation over all present and future assets of PTML, excluding land, building and licenses.

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17.2 This includes running finance facility through:

(i) National Bank of Pakistan Limited of Rs 1,000,000 thousand (December 31,2020: Rs 500,000 thousand) carrying markup of 3-months KIBOR plus 0.75% per annum (December 31, 2020: 3-months KIBOR plus 0.75%). This is secured against first pari passu charge on all the current and future book debts, advances and receivables of U Bank.

(ii) Allied Bank Limited of Rs 500,000 thousand (December 31,2020: 500,000 thousand) at the rate of 3 months KIBOR + 0.85% per annum (December 31, 2020: 3 months KIBOR + 0.85%) to be paid on quarterly basis.

(iii) Allied Bank Limited II of Rs 5,000,000 thousand (December 31, 2020: Nil) carrying markup at the rate of 3 months KIBOR + 0.10% per annum to be paid on quarterly basis in arrears with the tenure of 12 months. This is secured against ABL asset management units with 10% margin.

	Note	2021 Rs '000	2020 Rs '000
18. Security deposits			
Utilizable in business	18.1	579,573	559,232
Others	18.2	785,307	742,952
		1,364,880	1,302,184

18.1 These represent utilizable interest free security deposits received from distributors, franchisees and customers for services to be provided and are refundable / adjustable on termination of their relationship with the Group. The amount is being fully utilized for the purpose of Group's business. Amount of these security deposits has been kept in a separate bank account.

18.2 These security deposits are received from customers for services to be provided and are refundable / adjustable on termination of their relationship with the Group. These are non-interest bearing. The Group has adjusted / paid an amount of Rs 619 thousand (December 31, 2020: Rs 100 thousand) to its customers during the year against their balances. Amount of these security deposits has been kept in a separate bank account.

19. Contingencies and commitments

Contingencies

PTCL

Indirect Taxes

19.1 Against the decision of Appellate Tribunal Inland Revenue (ATIR) upholding tax authorities' decision to impose FED amounting to Rs 365,098 thousand on Technical Services Assistance fee assuming that the fee is against franchise arrangement for the period from July 2008-09 & 2010-11, the Holding Company has filed reference in the Honorable Islamabad High Court. Accordingly, the stay order was granted by the Honorable Islamabad High Court. Similarly, against an order of the Punjab Revenue Authority (PRA) for the services sales tax, a demand of Rs 461,629 thousand on Technical Services Assistance fee was raised assuming that the fee is against franchise arrangement for the period from October 2012 to December 2014. The appeal is sub judice before the Commissioner Appeals - PRA, and the stay order from the Honorable Lahore High Court is also in place against any coercive measures.

19.2 Based on an audit of certain monthly returns of FED, a demand of Rs 1,289,957 thousand was raised on the premise that the Holding Company did not apportion the input tax between allowable and exempt supplies. The Holding Company is in appeal before ATIR, which is pending adjudication. Meanwhile, the Honorable Islamabad High Court has granted a stay order in this regard against any coercive measures.

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19.3 Against the decision of Sindh Revenue Board (SRB) imposing sales tax on services of Rs 4,417,000 thousand and Khyber Pakhtunkhwa Revenue Authority (KPRA) Rs 2,374,000 thousands on revenues from international incoming calls from Nov, 2012 to Dec, 2013 & July, 2013 to Dec, 2019 respectively , the appeals are pending adjudication before the Commissioner Appeals. A stay order has been obtained from Honorable Sindh High Court & Honorable Peshawar High Court against any coercive action by SRB and KPRA.

19.4 Against the decision of the Customs Appellate Tribunal imposing additional custom duties, a reference as well as writ petition against the decision is pending before the Honorable Sindh High Court. Further, through the petition filed before the Honorable Sindh High Court, a stay order has been obtained against order of the Tribunal. The Honorable Sindh High Court has stayed the recovery of the levies amounting to Rs 932,942 thousand. Further, the Collector of Customs imposed additional duties, taxes and other charges amounting to Rs 1,685,884 thousand against which the Holding Company has filed an appeal before the Customs Appellate Tribunal.

Income Tax

19.5 For the tax years 2007, 2009, 2010 and 2011 to 2018 and 2019, 2020, Taxation Officer disallowed certain expenses and tax credits. The impugned orders were challenged at the relevant appellate forums which allowed partial relief thereof. After taking into account the orders of CIR (Appeals), ATIR as well as rectification orders tax impact of the disallowances is Rs 55,364,208 thousand. Appeals on the remaining outstanding items are pending adjudication before ATIR. Reference in respect of 2007 is subjudice before Honorable Islamabad High Court. Stay has been obtained in all cases from different fora.

19.6 For the Tax Year 2020, Taxation officer objected to the quarterly advance tax calculation submitted by the Holding Company based on group taxation and raised demand amounting to Rs 2,855,907 thousand despite that the Holding Company had filed option for group taxation within prescribed time. The Holding Company obtained stay order from Honorable Islamabad High Court against any coercive measures. Later the Securities and Exchange Commission also issued Group Designation Letter for PTCL Group.

Others

19.7 In 2010, Pakistan Telecommunication Employees Trust ("PTET") board approved the pension increase which was less than the increase notified by the Government of Pakistan ("GoP"). Thereafter, pensioners filed several Writ Petitions. After a series of hearings, on June 12, 2015 the Apex Court decided the case in the interest of pensioners.

On July 13, 2015, Review Petition was filed in Supreme Court of Pakistan against the Judgment of June 12, 2015. The Honourable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by the Holding Company, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated May 17, 2017. Through the said order, the Apex Court directed the Review Petitioners to seek remedy under section 12(2) CPC (Civil Procedure Code) which shall be decided by the concerned Court in accordance with the law, and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts. However, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case. Some of the interveners (pensioners) seeking the same relief as allowed vide order dated June 12, 2015 have been directed by the Apex Court to approach the appropriate forum on May 10, 2018. Islamabad High Court on 2nd November, 2021, has decided that the GOP increases are not allowed to VSS optees, PTC pensioners and to the workmen. To the extent of Civil Servants the Islamabad High Court allowed the GOP increase. However, to the same extent appeal has been filed before Apex court within the limitation. Under the circumstances, management of the Holding Company, on the basis of legal advice, believes that the Holding Company's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in these Consolidated financial statements.

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19.8 The Holding Company implemented policy directives of Ministry of Information Technology conveyed by the Pakistan Telecommunication Authority regarding termination of all international incoming calls into Pakistan. On suspension of these directives by the Honorable Lahore High Court, the Honorable Supreme Court of Pakistan dismissed the pertinent writ petitions by directing Competition Commission of Pakistan (CCP) to decide the case. The Honorable Sindh High Court suspended the adverse decision of CCP and the case is pending for adjudication.

19.9 A total of 1,118 cases (December 31, 2020: 1,128) against the Holding Company involving Regulatory, Telecom Operators, Employees and Subscribers. Because of number of cases and their uncertain nature, it is not possible to quantify their financial impact. Management and legal advisors of the Holding Company are of the view that the outcome of these cases is expected to be favorable and liability, if any, arising out on the settlement is not likely to be material.

PTML

Indirect Taxes

19.10 The Federal Board of Revenue (FBR) has raised multiple tax demands, by assessing Federal Excise Duty (FED) on PTML's payments of technical services fee to Etisalat as fee for "Franchise Services", for multiple periods - from July 2006 till December 2018. PTML is contesting such assessments and demands before Commissioner Inland Revenue (Appeals) (CIR-A), Appellate Tribunal Inland Revenue (ATIR) and the Islamabad High Court (IHC). Management contends that payments of technical services fee are outside the ambit of the Federal Excise Act, 2005; and also lack the "franchiser-franchisee" arrangement, essential for the payments to be considered franchise services fee. Against the demands created by FBR, PTML has paid Rs 501,541 thousand in prior years under protest, being carried as receivable from taxation authorities as reflected in these consolidated financial statements. Overall exposure on this issue is Rs. 2,489,000 thousand (December 31, 2020: Rs. 2,297,000 thousand).

19.11 The tax authorities in April 2012 showed intent to charge FED on payment of interconnect charges by telecom operators. PTML and other operators contested this position on the basis that such charge was contrary to the substance of the related mandatory arrangement under Calling Party Pays (CPP) regime. Further, such levy of FED was in disregard to the fact that Duty on full price for the service (including the interconnect part) has already been charged, collected and paid to Government by telecom operator (calling party). PTML and three other operators petitioned the IHC to seek the correct interpretation of the law on the matter. The IHC passed its judgment in favor of the petitioners in intra-court appeal by FBR. FBR has now filed constitutional petition before the SC on the matter.

Income Tax

19.12 The taxation authorities (FBR) had raised demands aggregating to Rs 1,830,000 thousand for tax years 2008 to 2014, by disallowing advance income tax paid by PTML on import of telecommunication equipment, on the premise that the same was final tax and could not be adjusted against normal tax liability. The earliest case was instituted in December 2011. PTML contends that these demands are not based on sound taxation principles: PTML's telecommunication services have been subject to normal tax since inception and the imported equipment is used in-house for provision of those services, not sold as commercial imports. On the PTML's tax references filed before the IHC against the unfavourable order of the ATIR, the IHC remanded the cases back to ATIR for fresh hearing. The tax authorities responded by filing constitutional petition before the Supreme Court (SC), on which the SC has directed the IHC to respond to all legal questions framed by the tax department in their earlier appeals.

19.13 Since April 2011, PTML is subject to assessments proceedings under Section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2008 to 2018, on account of verification of expenses and tax withholding. The proceedings are pending before the CIR-A, ATIR and IHC.

19.14 Since December 2006, PTML has been contesting various notices and orders in front of the Federal, Provincial and Azad Jammu and Kashmir Tax Authorities, CIR-A, ATIR and the High Courts in respect of Income Tax, FED and Federal and Provincial Sales Taxes.

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19.15 On 30 July 2020, PTA imposed a fine of Rs. 50,000 thousand on the PTML on account of suspected grey traffic on their network and directed it to submit the fine within ten working days of the order. PTML filed appeal before the High Court of Sindh on 10 August 2020 which suspended the operation of the PTA's determination.

No provision on account of above contingencies has been made in these consolidated financial statements as the management and the tax / legal advisors of the Group are of the view that these matters will eventually be settled in favor of the Group.

	Note	2021 Rs '000	2020 Rs '000
19.16 Bank guarantees and bid bonds of Group issued in favour of:			
Universal Service Fund (USF) against government grants		18,625,353	12,848,281
Pakistan Telecommunication Authority		2,824,217	-
Others	19.16.1	3,088,102	2,616,704
		24,537,672	15,464,985

19.16.1 Others includes bank guarantees given on behalf of DVCOM Data (Private) Limited to PTA amounting to Rs 675,000 thousand (December 31, 2020: Rs. 675,000 thousand).

19.17 Commitments

	Note	2021 Rs '000	2020 Rs '000
19.17.1 Standby letter of guarantee	19.17.2	10,600	10,200
Letter of credit for purchase of stock		1,083,835	171,782
Letters of comfort in favour of PTML		3,500,000	3,500,000
Contracts for capital expenditure		23,706,125	10,838,181
Corporate guarantee in favour of PTML		27,991,416	-
		56,291,976	14,520,163

19.17.2 This represents letter of guarantee issued on behalf of U Bank to China Union Pay International Company Limited for interbank settlements.

	Note	2021 Rs '000	2020 Rs '000
20. Property, plant and equipment			
Operating fixed assets	20.1	177,451,353	173,398,683
Capital work in progress	20.6	27,421,226	20,316,963
		204,872,579	193,715,646

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20.1 Operating fixed assets

	Land		Buildings on									
	Freehold - note 20.2	Leasehold	Freehold land	Leasehold land	Lines and wires	Apparatus, plant and equipment	Office equipment	Computer and electrical equipment	Furniture and fittings	Vehicles	Submarine cables	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
As at December 31, 2019												
Cost	1,650,684	100,589	13,081,916	2,935,097	140,962,427	403,456,376	2,746,649	12,581,242	1,453,206	3,315,752	18,291,641	600,575,579
Accumulated depreciation and impairment	-	(39,408)	(5,995,584)	(2,096,560)	(109,003,983)	(289,675,518)	(1,397,028)	(10,247,932)	(697,208)	(2,602,810)	(10,752,755)	(432,508,786)
Net book value	1,650,684	61,181	7,086,332	838,537	31,958,444	113,780,858	1,349,621	2,333,310	755,998	712,942	7,538,886	168,066,793
Movement during 2020												
Additions	-	193	224,023	53,336	7,161,765	23,616,732	165,269	682,070	64,568	237,470	245,178	32,450,604
Disposals												
Cost	-	-	-	(1,102)	(10,638,999)	(1,098,905)	-	(142,447)	(449)	(26,210)	-	(11,908,112)
Accumulated depreciation	-	-	-	1,102	10,633,863	1,068,070	-	133,352	188	26,210	-	11,862,785
	-	-	-	-	(5,136)	(30,835)	-	(9,095)	(261)	-	-	(45,327)
Transfers during the year												
Cost	-	-	-	-	-	-	-	(34,653)	-	-	-	(34,653)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	(34,653)	-	-	-	(34,653)
Depreciation charge for the year - note 20.5	-	(1,514)	(329,001)	(132,670)	(3,743,751)	(20,392,649)	(205,329)	(1,007,861)	(100,605)	(257,158)	(868,196)	(27,038,734)
Net book value	1,650,684	59,860	6,981,354	759,203	35,371,322	116,974,106	1,309,561	1,963,771	719,700	693,254	6,915,868	173,398,683
As at December 31, 2020												
Cost	1,650,684	100,782	13,305,939	2,987,331	137,485,193	425,974,203	2,911,918	13,086,212	1,517,325	3,527,012	18,536,819	621,083,418
Accumulated depreciation	-	(40,922)	(6,324,585)	(2,228,128)	(102,113,871)	(309,000,097)	(1,602,357)	(11,122,441)	(797,625)	(2,833,758)	(11,620,951)	(447,684,735)
Net book value	1,650,684	59,860	6,981,354	759,203	35,371,322	116,974,106	1,309,561	1,963,771	719,700	693,254	6,915,868	173,398,683
Movement during 2021												
Additions	-	-	550,797	270,065	7,945,543	20,357,494	616,969	872,118	162,437	495,743	202,352	31,473,518
Disposals - note 20.4												
Cost	-	-	-	(33,690)	(1,382,028)	(1,703,728)	(5,497)	(476,467)	(18,500)	(108,256)	-	(3,728,166)
Accumulated depreciation	-	-	-	33,505	1,373,316	1,519,807	5,497	466,481	10,496	103,961	-	3,513,063
	-	-	-	(185)	(8,712)	(183,921)	-	(9,986)	(8,004)	(4,295)	-	(215,103)
Depreciation charge for the year - note 20.5	-	(1,651)	(339,470)	(133,054)	(3,465,973)	(21,246,900)	(244,643)	(892,880)	(108,432)	(298,027)	(474,568)	(27,205,598)
Impairment charge	-	-	-	-	-	(147)	-	-	-	-	-	(147)
Net book value	1,650,684	58,209	7,192,681	896,029	39,842,180	115,900,632	1,681,887	1,933,023	765,701	886,675	6,643,652	177,451,353
As at December 31, 2021												
Cost	1,650,684	100,782	13,856,736	3,223,706	144,048,708	444,627,969	3,523,390	13,481,863	1,661,262	3,914,499	18,739,171	648,828,770
Accumulated depreciation and impairment	-	(42,573)	(6,664,055)	(2,327,677)	(104,206,528)	(328,727,337)	(1,841,503)	(11,548,840)	(895,561)	(3,027,824)	(12,095,519)	(471,377,417)
Net book value	1,650,684	58,209	7,192,681	896,029	39,842,180	115,900,632	1,681,887	1,933,023	765,701	886,675	6,643,652	177,451,353
Annual rate of depreciation (%)	-	1 to 3.3	2.5	2.5-20	5 to 7	10 to 33	10	20 to 33.33	10	20	5	

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20.2 In view of large number of properties i.e. over three thousand, located across Pakistan, it is impracticable to disclose the details of properties in the consolidated financial statements as required under paragraphs VI.1 sub clause (ii) of the 4th Schedule to the Companies Act, 2017, therefore, this information/ record is available for inspection at the registered office of the Holding Company , i.e. PTCL Headquarters , Sector G-8/4, Islamabad. The copy of the details of said properties will be provided on request to the shareholders who are unable or unwilling to visit the Holding Company's registered office but yet wish to review the said details.

20.3 As explained in note 1.1, the property and rights vesting in the operating assets, as at January 01, 1996, were transferred to the Holding Company from the Pakistan Telecommunication Corporation under the Pakistan Telecommunication (Re-organisation) Act, 1996; however, the possession and control or title to of certain freehold land properties were not transferred in the name of the Holding Company in the land revenue records,therefore, in pursuant to the disclosure required under Clause VI Sub clause 12 of Part 2 of the fourth schedule of the Companies Act 2017,the list of such properties is given below:

Sr. No.	Description	Address	The Person in whose name the property is registered	Person in Possession or control	Reasons for the property or asset not being in the name of or possession or control of the Holding Company	(Rupees)
1	Zulfiqarabad Telephone Exchange	DSU-1, Pak Steel Link Road, Near Abass Engineering Co. & Pak suzuki Motors Bin Qasim, Malir, Karachi East.	Pakistan Steel	The Holding Company	Ban imposed by the Supreme Court of Pakistan on transfer of Pak Steel Properties	20,598
2	Gulshan-e-Hadeed Telephone Exchange	Phase-II, Ghulshan-e-Hadeed, Opposite Jahangir Hotel, Budh Bazar, Bin Qasim, Malir, Karachi.	Pakistan Steel	The Holding Company	Ban imposed by the Supreme Court of Pakistan on transfer of Pak Steel Properties	22,855
3	Manora Telephone Exchange	Survey No. 19/B, Near P.N.S Rehber, Keemari Town, Karachi South	Ministry of Defense	The Holding Company	Pakistan Navy refused to transfer the land	1
4	Dadu Telecom Building-I	City Survey No. 995,996, 997 etc. Katchahary Road, Near Mukhtiarkar Office, Dadu.	Ministry of Defense	The Holding Company	Being a Camping Ground, the case is pending with Ministry of Defense	17,300
5	Morgah (Mini) Telephone Exchange	Army Housing Scheme, Morgah, Rawalpindi.	Ministry of Defense	The Holding Company	The land is under dispute between GHQ other parties	25,750
6	Dhanna Singh Wala	Near Johar Town, Canal Bank, Moza Dhanna Singh Wala, Lahore	Telegraph & Telephone (T&T)	Partially in Possession of the Holding Company	Partially under Litigation	5,587,354
7	T&T Land Kashmir/ Egerton Road	T&T Land Kashmir (Egerton Road), Near Awan-e-Iqbal, Lahore.	Federal Government	The Holding Company	Under Litigation	1
8	P&T Colony Multan Road Lahore	Khasra No. 1594, 85, 96, 97 etc. Khewat No. 4846, Khatoni No. 10439 (1995-96) etc. Near More Samanabad and Chuburji Quarters, Multan Road, Lahore.	Federal Government	Partially in Possession of the Holding Company	Under Litigation	3,303,375
9	Industrial Estate SGD	Plot # A-17 Small Industrial Estate Lahore Road Sargodha.	Punjab Small Industries Corporation	Not in Possession of the Holding Company	Under Litigation	1
10	Wireless Receiving Station, Malir	Survey No. 74, 76, 77, 80, 81, 82, 83, 85, 86, 91, 92, 93 etc, National Highway, Opposite R.T.T.S Malir Halt, Deh Drigh Tappo, Malir Karachi East.	Telegraph & Telephone (T&T)	Partially in Possession of the Holding Company	Under Litigation	1,872,800
11	Clifton (Gizri) P&T Colony	Clifton P&T Colony, Ch. Khaliq-uz-Zaman Road, Opposite Ministry of Foreign Affairs, Clifton, Karachi South.	Provincial Government	Partially in Possession of the Holding Company	Under Litigation	1

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Sr. No.	Description	Address	The Person in whose name the property is registered	Person in Possession or control	Reasons for the property or asset not being in the name of or possession or control of the Holding Company	(Rupees)
12	Kundwal Telephone Exchange	Khata No. 160/760, Moza Kundwal, Pind Dadan Khan, Jhelum.	Private Name	The Holding Company	Under Litigation	81,000
13	Korangi Plot No. 45, 46 Telephone Exchange	Plot No. 45, 46, Sector No. 22 etc. Township Korangi, KDA, Karachi South.	KM Enterprises	Not in Possession of the Holding Company	Under Litigation	20,880
14	Mardan Central Telephone Exchange	Khasra No. 2114, 2109, 2110, 213, Khewat No. 1410, 1411, Khatoni No. 2029, 2030 (1999-2000) etc. Mardan.	Private Name	The Holding Company	Under Litigation	23,493
15	Havellian Telephone Exchange & Staff Quarters	Khasra No 1195/2,1196/2, 1197/2, 1198/3, (305), 306,307, 286/2,286,288, 289 and 290 urban (1263) etc, Railway Station Road, Havellian, Abbottabad	Private Name	The Holding Company	Under Litigation	272,600
16	Rana Town Land	Khasra No. 8/2, 9/2, 12, 13/1/1, Sq. No. 52 etc. Rana Town, Chak No. 39/UCC, Ferozewala, Sheikupura.	Private Name	Not in Possession of the Holding Company	Under Litigation	1
17	Maroot (Chak No. 318/HR) Telephone Exchange	Khewat No. 19/17, Khatoni No. 75-88 (2001-02) etc. Near Pull Hakra, Chak No. 318/HR, Maroot, Fort Abbas, Bahawalnagar.	Private Name	The Holding Company	Under Litigation	1
18	Wapda Town Gujranwala I Telephone Exchange	Commercial Area, Block B-3, Wapda Town, Gujranwala	Wapda Employees Cooperative Housing Society	Not in Possession of the Holding Company	Plot cancelled by Wapda Employees Cooperative Housing Society due to non-construction of Telephone Exchange	762,500
19	Songal (Scheme-33) Staff Quarter	Deh Songal (Scheme-33) Staff Quarter, Malir, Karachi.	Provincial Government	Not in Possession of the Holding Company	Sindh Government agreed to provide alternate land which is still awaited	94,059
20	Chak 121/NB Telephone Exchange	Khewat No.18 Khatoni 57, Chak 121/NB, Sillanwali, Sargodha.	Private Name	The Holding Company	Under Litigation	487,700
21	Jhoke Utra Telephone Exchange	Khata No. 58, Khasra No. 19/8, Killa No. 8, etc. Malkani Kaln Road, Chowk Shehbazi, Moza Malkani Khurd, Jhoke Utra, D.G Khan.	Private Name	The Holding Company	Under Litigation	1
22	Tando Adam PTCL Qtrs.	Survey No. 204, Shahdad Pur Road, Near Siddique Akbar Masjid, Tando Adam, Sanghar.	Private Name	The Holding Company	Pending for Transfer with Sindh Government	1
23	Madeji Telephone Exchange	Federal Govt. Scheme, Station Road, Near Rice Mill, Madeji, Garhi Ysain, Shikarpur.	Private Name	The Holding Company	Pending for Transfer with Sindh Government	1,476,207
24	Compact Exchange Building, MEHMOODABAD	Block No. 85, Village Ahmadia, Deh Malhansar, Taluka Kunri, Umer kot.	Private Name	The Holding Company	Pending for Transfer with Sindh Government	46,055
25	Sakrand Telephone Exchange	Mehrabpur Road, Main Bazar, Sakrand, Nawabshah.	Provincial Government	The Holding Company	Pending for Transfer with Sindh Government	1

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Sr. No.	Description	Address	The Person in whose name the property is registered	Person in Possession or control	Reasons for the property or asset not being in the name of or possession or control of the Holding Company	(Rupees)
26	Tando Muhammad Khan Telephone Exchange	Survey No. 40, 41 etc. Near Civil Hospital, Deh Tando Mohd. Khan, Hyderabad.	Private Name	The Holding Company	Pending for Transfer with Sindh Government	43,650
27	Sirikot Telephone Exchange	Khasra No. 895/896/897, etc. Sirikot Road, Moza Sirikot, Haripur.	Private Name	The Holding Company	Under Litigation	33,652
28	Wana Telephone Exchange	Azam Warsak Road, Wana, S.W. Agency H/Q Wana.	Provincial Government	The Holding Company	Exchange is located in Tehsil Office and not a PTCL Property.	1
29	Mirpur Khas Customer Service Center Building	Survey No. 1320, Hyderabad Road, Mirpur Khas	Private Name	The Holding Company	Pending for Transfer with Sindh Government	1
30	Shahi Bala Telephone Exchange	Khasra No. 968, 969, Khewat No.139 etc. Moza Shahi Bala, Peshawar.	Private Name	The Holding Company	Under Litigation	1
31	Baba Jee Khando Hill DRS	Khasra No. 73, Khatoni No. 169 etc. Baba Jee Kandoo Hill, Bunair.	Private Name	The Holding Company	Under Litigation	15,755
32	Sambrial -II	Near Petrol Pump & Annayat Group Factory, Moza Sambrial, Sialkot.	-	Not in Possession of the Holding Company	The site delisted by PC because Sambrial T/E and Sambrial-II are the same sites.	2,800,000
33	Rashki Telephone Exchange	Khasra No. 40/121, Khata No. 210/844, Mutation No. 5282, Moza Rashki, Nowshera.	-	Not in Possession of the Holding Company	The site delisted by PC because it came under Peshawar-Islamabad Motorway (MI).	1
34	Kharian Cantt Telegraph office (Site-III)	Behind GPO, Kharian, Gujrat.	-	Not in Possession of the Holding Company	The site delisted by PC because a room was provided by MEO to facilitate Pakistan army in Cantt. Telegraph Office closed since 2006.	1
35	Sita Road RCD Microwave	Survey No. 814, Deh Bhagana, Tapa Danager-I, Sita Road RCD Microwave, Khairpur, Nathan Shah, Dadu.	-	Not in Possession of the Holding Company	The site delisted by PC because the land is not transferred to PTCL & no network element existed on ground.	1
36	Tarnol (Additional Land)	Khasra No. 1552/683, Khewat No. 249 (1980-81) etc. Moza Sariay Kharboza, G.T. Road, Islamabad	-	Not in Possession of the Holding Company	The site delisted by PC because the land owned by private party	2
37	Chakra (Chowker) Telephone Exchange	Khasra No. 1499-1502, Khewat No. 97-98, 115, Khatoni No. 171, 196 etc. Moza Chowker, Rawalpindi.	-	Not in Possession of the Holding Company	The site delisted by PC because no PTCL land exists there	260,000
38	Sindhri Telephone Exchange	Survey No. 153 etc. Near Police Station, Deh Khani Mangri, Sindhri, Khipro, Sanghar.	Private Name	The Holding Company	Conditionally Transferred not accepted by PTCL	1

Apart from the above disclosed (38) properties, there are additional properties that are not part of these Consolidated Financial Statements because they are also not held in the name or control of the Holding Company since legal title to them has not been transferred from the relevant parties / authorities to the Holding Company. Some of these additional properties were also listed in the SRO 430(1)/2004 dated 7th June 2004 (the SRO) to be transferred to the Holding Company free from any charge, burden, hypothecation or encumbrances and no stamp duty or transfer charges shall be payable under any law in relation to the transfer or vesting of these properties to the Holding Company. These properties are under discussion between the Government of Pakistan and the Ultimate Parent Company and upon the conclusion of the matter, appropriate accounting treatment or disclosure will be made in the subsequent Consolidated Financial Statements, if required.

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20.4 Disposal of property, plant and equipment:

The assets disposed off during the year with book value exceeding five hundred thousand rupees.

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of purchaser / Relationship with the Group
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000		
Line and wire	12,739	11,444	1,295	8,800	7,505	Auction	Abdullah Engineering Works, Gujranwala/ No relation with the Group
Line and wire	18,028	15,249	2,779	8,800	6,021	Auction	Abdullah Engineering Works, Gujranwala/ No relation with the Group
Line and wire	1,133	555	578	8,800	8,222	Auction	A.A. Enterprises Shaikhupura Road, Gujranwala/No Relation with the Group
Apparatus, plant and equipment	6,282	4,921	1,361	154	(1,207)	Auction	M/S Muhammad Khursheed & Brothers, Ghousia Mohallah Katchi Abadi, Near Wapda Office, Hussainabad, Hyderabad/No relation with the Group
Apparatus, plant and equipment	6,282	5,130	1,152	154	(998)	Auction	M/S Muhammad Khursheed & Brothers, Ghousia Mohallah Katchi Abadi, Near Wapda Office, Hussainabad, Hyderabad/No relation with the Group
Apparatus, plant and equipment	6,282	4,764	1,518	154	(1,364)	Auction	M/S Muhammad Khursheed & Brothers, Ghousia Mohallah Katchi Abadi, Near Wapda Office, Hussainabad, Hyderabad/No relation with the Group
Apparatus, plant and equipment	648	146	502	81	(421)	Scrap	Misc. Vendor - Third Party Vendor
Apparatus, plant and equipment	821	185	636	137	(499)	Scrap	Misc. Vendor - Third Party Vendor
Apparatus, plant and equipment	682	153	529	203	(326)	Scrap	Misc. Vendor - Third Party Vendor
Apparatus, plant and equipment	987	417	570	598	28	Insurance	EFU General Insurance Co.
Apparatus, plant and equipment	2,342	1,308	1,034	236	(798)	Scrap	Misc. Vendor - Third Party Vendor
Vehicles	11,212	9,157	2,055	2,803	748	Scrap	Employee
Vehicles	11,212	9,343	1,869	2,803	934	Scrap	Employee
Furniture and fittings	891	185	706	32	(674)	Auction	Wali Enterprises / No relation with Group
Furniture and fittings	1,743	1,206	537	-	(537)	Scrap	-
Furniture and fittings	1,300	758	542	-	(542)	Scrap	-
Furniture and fittings	1,805	1,248	557	595	38	Insurance	EFU General Insurance Co.
	84,389	66,169	18,220	34,350	16,130		

20.5 The depreciation charge for the year has been allocated as follows:

	Note	2021 Rs '000	2020 Rs '000
Cost of services	36	25,991,208	25,706,346
Administrative and general expenses	37	1,092,268	1,224,942
Selling and marketing expenses	38	122,123	107,446
		27,205,599	27,038,734

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	Note	2021 Rs '000	2020 Rs '000
20.6 Capital work in progress			
Buildings		398,320	831,014
Lines and wires		3,923,223	4,202,142
Apparatus, plant and equipment		17,658,546	11,955,618
Turnkey Projects		4,982,676	3,005,280
Others		458,461	322,909
	20.6.1	27,421,226	20,316,963
20.6.1 Movement during the year			
Balance at beginning of the year		20,316,963	21,942,560
Additions during the year		88,526,061	31,453,884
Transfers during the year to:			
- Operating fixed assets		(31,191,422)	(32,058,632)
- Intangible assets		(50,230,376)	(1,020,849)
		(81,421,798)	(33,079,481)
Balance at end of the year		27,421,226	20,316,963

21. Right of use (ROU) assets

	Note	Lease rentals Rs '000	Right of way Rs '000	2021 Rs '000	2020 Rs '000
Movement during the year:					
Balance at beginning of the year		18,646,232	773,364	19,419,596	20,176,320
Additions		1,875,540	88,783	1,964,323	3,187,117
Lease modifications during the year		79,224	-	79,224	-
Derecognition during the year		(315,932)	-	(315,932)	(10,284)
Disposal during the year		(4,804)	-	(4,804)	-
Depreciation for the year	21.1	(3,819,437)	(168,897)	(3,988,334)	(3,933,557)
		(2,185,409)	(80,114)	(2,265,523)	(756,724)
Balance at end of the year		16,460,823	693,250	17,154,073	19,419,596

21.1 Depreciation charge for the year is allocated as follows:

	Note	2021 Rs '000	2020 Rs '000
Cost of services	36	2,873,988	2,756,488
Administrative and general expenses	37	1,114,346	1,177,069
		3,988,334	3,933,557

22. Intangible assets

	Note	2021 Rs '000	2020 Rs '000
Goodwill on acquisition of U Bank	22.1	78,790	78,790
Goodwill on acquisition of DVCOM Data	22.1	1,191,102	1,191,102
Other intangible assets	22.2	69,901,447	24,312,116
		71,171,339	25,582,008

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22.1 Goodwill

These represent excess of the amount paid over fair value of net assets of DVCOM Data and U Bank on their acquisition on April 01, 2015 and August 30, 2012 respectively. The recoverable amount of goodwill is tested for impairment annually based on its value in use, determined by discounting the future cash flows to be generated by the respective Cash Generating Units (CGUs).

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate is determined based on management's estimate of the long-term compound annual 'Earnings Before Interest, Tax, Depreciation and Amortization' (EBITDA) growth rate, consistent with the assumptions that a market participant would make.

Budgeted growth is based on expectations of future outcomes taking into account past experience and is adjusted for anticipated revenue growth. Revenue growth is projected taking into account the average growth levels experienced in the recent years and the estimated sales volume and price growth for the next five years.

The estimated recoverable amounts of the CGUs exceed their carrying amounts. The Group estimates that reasonably possible changes in the assumptions would not cause the recoverable amount of the CGUs to decline below their carrying amounts.

	Note	Licenses and spectrum Rs '000	Computer software Rs '000	Total Rs'000
22.2 Other intangible assets				
As at December 31, 2019				
Cost		44,908,714	5,664,925	50,573,639
Accumulated amortization		(19,152,046)	(4,549,236)	(23,701,282)
Accumulated impairment		-	(42,284)	(42,284)
Net book value		25,756,668	1,073,405	26,830,073
Movement during the year 2020				
Opening net book value		25,756,668	1,073,405	26,830,073
Additions		-	1,086,895	1,086,895
Transfer		-	34,653	34,653
Amortization charge for the year		(2,976,414)	(663,091)	(3,639,505)
Closing net book value		22,780,254	1,531,862	24,312,116
As at December 31, 2020				
Cost		44,908,714	6,751,820	51,660,534
Accumulated amortization		(22,128,460)	(5,212,327)	(27,340,787)
Transfer			34,653	34,653
Accumulated impairment		-	(42,284)	(42,284)
Net book value		22,780,254	1,531,862	24,312,116
Movement during the year 2021				
Opening net book value		22,780,254	1,531,862	24,312,116
Additions		49,621,683	727,536	50,349,219
Amortization charge for the year	22.8	(4,137,717)	(622,171)	(4,759,888)
Closing net book value		68,264,220	1,637,227	69,901,447
As at December 31, 2021				
Cost		94,530,397	7,514,009	102,044,406
Accumulated amortization and impairment		(26,266,177)	(5,876,782)	(32,142,959)
Net book value	22.3	68,264,220	1,637,227	69,901,447
Amortization rate per annum (%)		4 - 10	6.67 - 33.33	

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	Note	2021 Rs '000	2020 Rs '000
22.3 Breakup of the net book value as at the year end is as follows:			
Licenses and spectrum - PTCL			
Telecom	22.4	453,330	-
WLL spectrum	22.4	492,220	671,216
WLL and LDI License	22.5	84,836	98,233
IPTV	22.6	17,883	21,583
Next Generation Mobile Services (NGMS) Licenses - PTML	22.7	53,397,028	8,113,150
Mobile cellular Licenses - PTML	22.7	13,387,485	13,292,362
WLL licenses- DVCOM Data		431,437	583,709
		68,264,219	22,780,253
Computer software		1,637,228	1,531,863
		69,901,447	24,312,116

22.4 The Pakistan Telecommunication Authority (PTA) has renewed the license of the Holding Company, to provide telecommunication services in Pakistan, for a period of 25 years, commencing January 01, 2021, at an agreed license fee of Rs 472,219 thousand. In June 2005 PTA modified the previously issued license to provide telecommunication services to include a spectrum license at an agreed license fee of Rs 3,646,884 thousand. This license allows the Holding Company to provide Wireless Local Loop (WLL) services in Pakistan, over a period of 20 years, commencing October 2004. The cost of the license is being amortized on a straight line basis over the period of the license.

22.5 PTA has issued a license under section 5 of the Azad Jammu and Kashmir Council Adaptation of Pakistan Telecommunication (Re-organization) Act, 1996, the Northern Areas Telecommunication (Re-organization) Act, 2005 and the Northern Areas Telecommunication (Re-organization) (Adaptation and Enforcement) Order 2006, to the Holding Company to establish, maintain and operate a telecommunication system in Azad Jammu and Kashmir and Gilgit-Baltistan, for a period of 20 years, commencing May 28, 2008, at an agreed license fee of Rs 109,270 thousand. During the year 2015, PTA allocated additional spectrum for WLL services in Azad Jammu & Kashmir (AJ&K) and Gilgit-Baltistan (GB) for Rs 98,487 thousand. The duration of the License shall be for the remaining period of the existing WLL licenses. The cost of the licenses is being amortized, on a straight line basis, over the period of the licenses.

22.6 IPTV license has been renewed by Pakistan Electronic Media Regulatory Authority (PEMRA) effective from its last renewal date i.e. November 02, 2016, at an agreed license fee of Rs 37,000 thousand. The cost of the license is being amortized, on a straight line basis, over a period of 10 years.

22.7 (i) NGMS License includes acquisition of 4G license by PTML throughout Pakistan (excluding Azad Jammu & Kashmir (AJK) and Gilgit-Baltistan (GB)) in September 2021 at a fee of USD 279,000 thousand. The term of the license is 15 years commencing from the date of its acquisition.

(ii) NGMS License also include acquisition of 4G license by PTML for operations in AJK and GB in October 2021 at a fee of USD 1,026 thousand. The term of the license is 15 years from the date of its acquisition.

(iii) Mobile Cellular License include renewal of 2G license by PTML for operations in AJK and GB in June 2021 at a fee of USD 13,500 thousand. The term of the license is 15 years from the date of its acquisition.

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22.8 The amortization charge for the year has been allocated as follows::

	Note	2021 Rs '000	2020 Rs '000
Cost of services	36	4,437,867	3,267,332
Administrative and general expenses	37	322,021	372,173
		4,759,888	3,639,505

23. Long term investments

	Note	2021 Rs '000	2020 Rs '000
Investment in associate	23.1	-	-
Other investments	23.2	51,427	51,427
		51,427	51,427
23.1 Investment in associate - unquoted			
TF Pipes Limited - Islamabad 1,658,520 (December 31, 2020: 1,658,520) ordinary shares of Rs 10 each			
Shares held 40% (December 31, 2020: 40%)		23,539	23,539
Less: accumulated impairment loss on investment		(23,539)	(23,539)
		-	-
23.2 Other investments			
Fair value through other comprehensive income - unquoted			
Thuraya Satellite Telecommunication Company - Dubai, UAE 3,670,000 (December 31, 2020: 3,670,000) ordinary shares of AED 1 each		63,900	63,900
Less: accumulated impairment loss on investment		(32,473)	(32,473)
		31,427	31,427
Alcatel - Lucent Pakistan Limited - Islamabad, Pakistan 2,000,000 (December 31, 2020: 2,000,000) ordinary shares of Rs 10 each		20,000	20,000
		51,427	51,427

24. Long-term loans and advances - considered good

	Note	2021 Rs '000	2020 Rs '000
Loans to employees - secured			
PTCL	24.1	1,649,737	1,571,581
PTML	24.2	-	3,728
	24.3	1,649,737	1,575,309
Imputed interest		(326,883)	(287,819)
		1,322,854	1,287,490
Others		153,623	94,664
		1,476,477	1,382,154
Current portion shown under current assets			
Loans to employees - secured	29	(349,032)	(334,027)
		1,127,445	1,048,127

24.1 These loans and advances are for house building and purchase of vehicles and motor cycles. These loans are recoverable in equal monthly installments spread over a period of 5 to 10 years and are secured against retirement benefits of the employees.

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24.2 These represent interest free housing loans provided to eligible executive employees in accordance with PTML's policy. The loans are secured against properties located within Pakistan and owned by the employees. The loans are recoverable over a period of seven and a half years in equal installments which were recovered during the year.

24.3 Reconciliation of the gross amounts of loans to executives and other employees:

	As at January 01, 2021 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at December 31, 2021 Rs '000
Executives	206,454	38,924	(95,785)	149,593
Other employees	1,368,855	422,944	(291,655)	1,500,144
	1,575,309	461,868	(387,440)	1,649,737

	As at January 01, 2020 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at December 31, 2020 Rs '000
Executives	195,939	92,870	(82,355)	206,454
Other employees	1,115,442	517,650	(264,237)	1,368,855
	1,311,381	610,520	(346,592)	1,575,309

Loans to employees include loans given to key management personnel of Rs 63,548 thousand (December 31, 2020: Rs 83,337 thousand). The maximum aggregate amount of loans to key management personnel outstanding at any time during the year was Rs 87,168 thousand (December 31, 2020: Rs 112,928 thousand).

List of key management personnel having outstanding balances of loans up till December 31, 2021 are as under:

No.	Names of Employees	No.	Names of Employees
1	Mr. Aamer Ejaz	16	Mr. Mudassar Hafeez Dar
2	Mr. Aasif Inam	17	Mr. Muhammad Amer Shafique
3	Mr. Abdul Zahir Achakzai	18	Mr. Muhammad Amir Siddiqi
4	Mr. Abdullah Hameed	19	Mr. Muhammad Basharat Qureshi
5	Mr. Amjad Iqbal	20	Mr. Muhammad Javed Aslam
6	Mr. Arslan Haider	21	Mr. Muhammad Shehzad Yousuf
7	Mr. Dr Muhammad Shafiq Ur Rehman	22	Mr. Muhammad Umar Ilyas
8	Ms. Hina Tasleem	23	Ms. Saima Akbar Khattak
9	Mr. Imran Sardar	24	Mr. Syed Muhammad Imran Ali
10	Mr. Ishtiaq Naveed Gill	25	Mr. Syed Muhammad Shoaib
11	Mr. Mateen Malik	26	Mr. Syed Shahzad Bukhari
12	Mr. Mian Omer Shah	27	Mr. Wajeeh Anwer
13	Mr. Mohammad Nadeem Khan	28	Ms. Zahida Awan
14	Mr. Moqeem Ul Haque	29	Mr. Zain Ul Abideen
15	Mr. Mubashir Naseer Ch.		

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25. Contract costs

	Note	2021 Rs '000	2020 Rs '000
Cost to obtain a contract		1,734,040	1,258,944
Cost to fulfill a contract		1,842,633	2,070,722
	25.1	3,576,673	3,329,666
Current maturity of contract costs		(2,879,400)	(2,626,170)
		697,273	703,496
25.1 Movement during the year			
Balance at the beginning of the year		3,329,666	3,149,389
Capitalization during the year		5,497,691	4,810,221
		8,827,357	7,959,610
Amortization during the year	36	(5,250,684)	(4,629,944)
Balance at the end of the year		3,576,673	3,329,666

26. Stock in trade, stores and spares

	Note	2021 Rs '000	2020 Rs '000
Stores and spares	26.1	5,575,040	3,600,982
Stock in trade	26.2	372,128	231,902
		5,947,168	3,832,884
26.1 Stores and spares		6,633,205	4,836,854
Provision for obsolescence	26.1.1	(1,058,165)	(1,235,872)
		5,575,040	3,600,982
26.1.1 Provision for obsolescence			
Balance at beginning of the year		1,235,872	1,255,750
Reversal / written off during the year	26.1.2	(177,707)	(19,878)
Balance at end of the year		1,058,165	1,235,872

26.1.2 The Group has reversed Rs. 177,707 thousand (December 31, 2020: Nil) of the inventory provided for in the previous years and these have been consumed during the year.

	Note	2021 Rs '000	2020 Rs '000
26.2 Stock in trade			
SIM cards		99,596	101,737
Mobile phones and accessories		199,835	101,159
Scratch cards		81,513	48,730
ATM cards and stationary		29,193	18,285
		410,137	269,911
Provision for slow moving stock	26.2.1	(38,009)	(38,009)
		372,128	231,902

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	Note	2021 Rs '000	2020 Rs '000
26.2.1 Provision for slow moving stock against mobile phones			
Balance at beginning of the year		38,009	38,009
Provision for slow moving stock		-	64,653
Stock written off against provision		-	(64,653)
Balance at end of the year		38,009	38,009
27. Trade debts and contract assets			
Trade debts			
- Secured	27.1	327,013	458,845
- Unsecured		24,152,013	20,602,344
Contract assets		4,711,533	4,375,764
		29,190,559	25,436,953
Domestic			
Considered good	27.2	12,230,948	13,484,133
Considered doubtful		7,598,563	8,132,533
		19,829,511	21,616,666
International			
Considered good	27.3	16,959,611	11,952,820
Considered doubtful		57,475	57,475
		17,017,086	12,010,295
Accumulated impairment loss on trade debts and contract assets	27.4	(7,656,038)	(8,190,008)
	27.5	29,190,559	25,436,953

27.1 These are secured against customer and dealer deposits aggregating to Rs 579,572 thousand (December 31, 2020: Rs 552,433 thousand). The normal credit period of debtors is not more than one month.

27.2 These include amounts due from the following related parties:

	Maximum aggregate amount Rs '000	Up to 6 months Rs '000	More than 6 months Rs '000	2021 Rs '000	2020 Rs '000
GoP related entities	1,665,050	1,475,818	-	1,475,818	1,484,225

27.3 These include amounts due from the following related parties:

	Maximum aggregate amount Rs '000	Up to 6 months Rs '000	More than 6 months Rs '000	2021 Rs '000	2020 Rs '000
Emirates Telecommunication Corporation	15,299,512	2,428,566	12,726,655	15,155,221	10,269,497
Etisalat - Afghanistan	101,883	6,830	95,053	101,883	309,528
Etihad Etisalat Company	54,803	29,677	25,126	54,803	41,604
Etisalat's subsidiaries and associates	26,738	7,303	19,435	26,738	14,995
GoP related entities	105,594	37,758	67,836	105,594	147,199
	15,588,530	2,510,134	12,934,105	15,444,239	10,782,823

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	Note	2021 Rs '000	2020 Rs '000
27.4 Accumulated Impairment loss on trade debts and contract assets			
Balance at beginning of the year		8,190,008	8,143,267
Impairment loss for the year	39	1,549,339	1,810,738
Recovery of Defence Saving Certificates / adjustment		7,979	8,006
		1,557,318	1,818,744
		9,747,326	9,962,011
Write off against impairment loss on trade debts and contract assets		(2,091,288)	(1,772,003)
Balance at end of the year		7,656,038	8,190,008

27.5 These amounts are interest free and are accrued in the normal course of business.

	Note	2021 Rs '000	2020 Rs '000
28. Loans to banking customers			
Loans to banking customers		36,411,344	31,319,362
Accumulated impairment loss on non-performing loans to banking customers	28.1	(2,035,615)	(1,313,063)
		34,375,729	30,006,299
Long term portion shown under non-current assets		(8,212,253)	(1,433,652)
		26,163,476	28,572,647
28.1 Accumulated impairment loss on non-performing loans to banking customers			
Balance at the beginning of the year		1,313,063	508,228
Impairment loss for the year	39	1,512,900	1,579,866
Loans written-off during the year		(790,348)	(775,031)
		2,035,615	1,313,063
29. Loans and advances			
Loans			
Current portion of long term loans to employees - secured	24	349,032	334,027
Advances - considered good			
Advances to employees	29.1	144,616	101,186
Advances to suppliers and contractors	29.2	2,851,924	1,108,005
Others		10,720	10,719
		3,007,260	1,219,910
		3,356,292	1,553,937

29.1 These include advances to executives and key management personnel amounting to Rs 6,366 thousand (December 31, 2020: Rs 54 thousand) and Rs 3,886 thousand (December 31, 2020: Nil) respectively.

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29.2 These include amounts due from the following related parties:

	Note	2021 Rs '000	2020 Rs '000
TF Pipes Limited		26,774	26,774
Pakistan MNP Database (Guarantee) Limited		-	10,750

30. Income tax recoverable

	Note	2021 Rs '000	2020 Rs '000
Balance at beginning of the year		24,837,418	24,577,280
Current tax charge for the year - P&L	42	(4,351,726)	(2,323,196)
Tax credit on re-measurement gains - OCI		502,650	(1,134,698)
		(3,849,076)	(3,457,894)
Tax paid during the year		6,416,185	3,718,032
Balance at end of the year		27,404,527	24,837,418

31. Receivable from the Government of Pakistan (GoP)

This represents the balance amount receivable from the Government of Pakistan, on account of its agreed share in the Voluntary Separation Scheme, offered to the Holding Company's employees during the year ended June 30, 2008.

32. Deposits, prepayments and other receivables

	Note	2021 Rs '000	2020 Rs '000
Deposits		328,418	355,589
Prepayments			
- Pakistan Telecommunication Authority - a related party		24,313	36,875
- Prepaid rent and others		1,141,726	1,000,595
		1,166,039	1,037,470
Other receivables			
Due from related parties	32.1	72,605	86,167
Accrued interest receivable	32.2	8,837,417	6,724,116
Funded Pension	12.1	1,802,337	2,257,551
Federal Excise Duty (FED)	32.3	3,338,694	3,800,132
Forward exchange contracts		1,492,975	261,857
Others	32.4	2,628,554	2,637,299
		19,667,039	17,160,181

		Maximum aggregate amount Rs '000	Up to 6 months Rs '000	More than 6 months Rs '000	2021 Rs '000	2020 Rs '000
32.1	Etisalat - UAE	71,305	-	71,305	71,305	71,305
	Pakistan Telecommunication Employees Trust	3,447	1,300	-	1,300	1,262
	PTCL Employees GPF Trust	17,555	-	-	-	12,208
	Employees' Provident fund - U Bank	-	-	-	-	1,392
		92,307	1,300	71,305	72,605	86,167

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32.2 This represents mark-up accrued on advances and investments.

		Note	2021 Rs '000	2020 Rs '000
32.3	Federal Excise Duty	32.3.1	3,804,870	4,266,308
	Provision for doubtful amount		(466,176)	(466,176)
			3,338,694	3,800,132

32.3.1 (i) This includes amount of Rs 3,283,111 thousand (December 31, 2020: 3,283,111 thousand) payments under protest by the Holding Company on account of FED on interconnect charges. The Honourable Supreme Court has decided the case in favor of the Holding Company.

(ii) This also includes federal excise duty on technical service fee of Rs 501,541 thousand (December 31, 2020: Rs 501,541 thousand) paid by PTML to the taxation authority under protest.

32.4 This includes amount receivable from SBP in respect of insurance premium paid by U Bank for livestock and crop loans under AC&MFD circular no. 01 of 2013 dated 1 November 2013.

33. Short term investments

	Note	2021 Rs '000	2020 Rs '000
Amortized cost			
Market treasury bills		-	6,212,234
Term deposit receipts - Maturity up to 6 months	33.1	7,750,000	6,120,000
Repurchase agreement Lending (Reverse Repo) - Maturity up to 6 months	33.2	-	450,000
Fair value through Profit or Loss			
Units of mutual fund	33.3	12,082,206	-
Fair value through Other Comprehensive Income			
Market treasury bills - Maturity up to 6 months	33.4	20,996,827	10,353,348
Pakistan Investment Bonds (PIBs) - Maturity up to 6 months	33.5	5,735,487	7,601,151
		46,564,520	30,736,733

33.1 Term deposit receipts carry interest at the rate of 10.5% to 13% (December 31, 2020: 8.5% to 12%) per annum.

33.2 This represented reverse repo which carried interest rate of 6.10% per annum with the maturity dated Jan 4, 2020. Securities that were held as collateral against lending to financial institutions reverse repo were market treasury bills amounting to Rs 450,000 thousand.

33.3 This represents investments in open ended mutual funds. Fair value of these investments is determined using quoted repurchase price. Units held in funds are tabulated below:

	2021		2020	
	No. of units in '000	Rs '000	No. of units in '000	Rs '000
ABL Cash Fund	681,214	7,043,168	-	-
Faysal Income and Growth Fund	36,078	4,037,161	-	-
Pak Oman Government Securities Fund	88,979	1,001,877	-	-
	806,271	12,082,206	-	-

33.4 This represents market treasury bills having yield of 7.40% to 11.45% (December 31, 2020: 7.10% to 7.14%) per annum.

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33.5 This represents Pakistan Investment Bonds carrying interest at the rate ranging from 9.00% to 9.5% (2020: 8.12% to 9.06%) per annum.

	Note	2021 Rs '000	2020 Rs '000
34. Cash and bank balances			
Cash in hand		951,354	1,234,771
Balances with banks:			
Local currency			
Current account maintained with SBP	34.1	2,990,491	2,238,550
Current accounts	34.2	282,660	1,557,346
Saving accounts	34.3	8,404,468	4,136,574
		11,677,619	7,932,470
Foreign currency			
Current accounts (USD 5,291 thousand: December 31, 2020: USD 16,078 thousand)		934,039	2,569,829
Saving accounts (USD 3,228 thousand: December 31, 2020: USD 4,099 thousand, Euro 434 thousand: December 31, 2020: Euro 502 thousand)		656,583	755,498
		1,590,622	3,325,327
	34.4	14,219,595	12,492,568

34.1 This includes balance maintained with SBP to comply with the requirement of Prudential Regulations for microfinance banks to maintain minimum cash reserve not less than 5% (2020: 5%) of U Bank's time and demand deposits with tenure of less than 1 year. This also includes Rs 158,299 thousand (December 31, 2020: Rs 102,719 thousand) maintained with SBP under Depositors' Protection Fund.

34.2 This includes Rs 10,600 thousand (December 31, 2020: Rs 10,200 thousand) placed under lien with a bank in respect of standby letter of guarantee issued to China Union Pay International.

34.3 These carry mark-up ranging between 3.5% to 11.5% per annum (December 31, 2020: 3.5% to 12.25%).

34.4 Bank balance includes Rs 1,924 thousand (December 31, 2020: Rs 2,026 thousand) carrying profit at the rate of 4.00% per annum (December 31, 2020: 2.84%) from Shariah arrangements.

	Note	2021 Rs '000	2020 Rs '000
35. Revenue			
Broadband & IPTV		31,468,960	28,150,814
Cellular and other wireless		51,843,695	49,706,674
Fixed line voice services		9,942,808	10,887,244
Revenue from retail customers		93,255,463	88,744,732
Corporate and wholesale		23,977,524	21,380,854
International		9,342,375	9,106,459
Banking		11,050,084	10,190,452
Total revenue	35.1	137,625,446	129,422,497

35.1 Revenue is net of trade discount amounting to Rs 1,775,680 thousand (December 31, 2020: Rs. 1,907,234 thousand) and Federal Excise Duty / Sales tax amounting to Rs 21,170,133 thousand (December 31, 2020: Rs 19,706,620 thousand).

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	Note	2021 Rs '000	2020 Rs '000
36. Cost of services			
Staff cost	36.1	15,680,830	13,775,152
Outsourced staff cost		1,711,821	1,656,417
Security service charges		1,352,186	1,345,174
Interconnect cost		5,835,842	6,064,971
Foreign operators cost and satellite charges		6,761,761	6,855,144
Fuel and power cost		12,878,439	11,480,372
Cost of devices sold		1,230,873	1,270,176
Amortization of contract costs	25	5,250,684	4,629,944
Rent, rates and taxes		842,525	80,979
Repairs and maintenance and IT cost		10,012,393	9,457,351
Depreciation on property, plant and equipment	20.5	25,991,208	25,706,346
Depreciation on ROU assets	21.1	2,873,988	2,756,488
Amortization of intangible assets	22.8	4,437,867	3,267,332
Annual license fee and regulatory charges	36.2	2,947,764	2,787,051
Markup / interest expense - U Bank		3,324,590	3,204,281
Other expenses		1,962,938	1,974,880
		103,095,709	96,312,058

36.1 This includes Rs 3,087,866 thousand (December 31, 2020: Rs 3,045,027 thousand) in respect of employees retirement benefits.

36.2 This represents the Group's contribution to the National Information Communication Technology Research and Development Fund (National ICT R&D Fund), Universal Service Fund (USF), annual license fee and other regulatory charges, in accordance with the terms and conditions of its license to provide telecommunication services.

	Note	2021 Rs '000	2020 Rs '000
37. Administrative and general expenses			
Staff cost	37.1	6,632,700	5,919,156
Outsourced staff cost		229,092	249,244
Technical services assistance fee	37.2	4,816,891	4,529,787
Fuel and power cost		454,013	324,473
Gas and water		105,060	98,471
Rent, rates and taxes		325,911	305,838
Repairs and maintenance		980,402	929,967
Travelling and conveyance		396,896	306,908
Legal and professional charges	37.3	553,594	520,348
Billing and printing expenses		372,784	372,336
Depreciation on property, plant and equipment	20.5	1,092,268	1,224,942
Depreciation on ROU assets	21.1	1,114,346	1,177,069
Amortization of intangible assets	22.8	322,021	372,173
Other expenses	38.2	841,339	630,614
		18,237,317	16,961,326

37.1 This includes Rs 691,196 thousand (December 31, 2020: Rs 675,777 thousand) in respect of employees retirement benefits.

37.2 This represents the amount payable to Etisalat - UAE, a related party, under an agreement for technical services at the rate of 3.5% of the Group's consolidated revenue.

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	Note	2021 Rs '000	2020 Rs '000
37.3 Auditors' remuneration			
Statutory audit, including half yearly review		12,600	12,350
Out of pocket expenses		800	800
Fee for certifications		2,607	750
Advisory services		1,051	1,900
Taxation services		190	320
		17,248	16,120
38. Selling and marketing expenses			
Staff cost	38.1	3,309,929	2,944,911
Outsourced staff cost		522,572	504,862
Sales and distribution charges		794,915	738,784
Advertisement and publicity	38.2	3,246,269	2,648,050
Depreciation on property, plant and equipment	20.5	122,123	107,446
Others		151,415	175,014
		8,147,223	7,119,067

38.1 This includes Rs 491,937 thousand (December 31, 2020: Rs 482,864 thousand) in respect of employees retirement benefits.

38.2 Donations that exceed Rs 1,000 thousand are given to the parties given hereunder:

	Note	2021 Rs '000	2020 Rs '000
Names of Donees			
Prime Minister COVID-19 Fund		-	100,000
Support for Karachi flood affectees		-	1,750
Rashid Khan Trust		7,000	-
Pakistan Poverty Alleviation fund (PPAF)		2,250	-
		9,250	101,750
39. Impairment loss on trade debts and contract assets			
Impairment loss on:			
Trade debts and contract assets	27.4	1,549,339	1,810,738
Loans to banking customers	28.1	1,512,900	1,579,866
		3,062,239	3,390,604

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	Note	2021 Rs '000	2020 Rs '000
40. Other income			
Income from financial assets:			
Return on bank deposits	40.1	1,728,442	1,013,771
Interest on investment in Government securities		1,147,398	489,692
Late payment surcharge from subscribers		164,144	269,059
Gain on fair value remeasurement of forward exchange contracts		1,231,118	606,765
Gain on disposal of investments		140,523	66,395
Exchange gain		1,046,456	-
Others		153,753	73,726
		5,611,834	2,519,408
Income from non-financial assets:			
Gain on disposal of property, plant and equipment		883,714	1,485,831
Write-back of liabilities		-	350,829
Government grants recognized		2,957,774	2,468,314
Re-chargeable projects income		326,337	280,749
Rental income		853,171	761,451
Others		213,894	395,145
		5,234,890	5,742,319
		10,846,724	8,261,727

40.1 Return on bank deposits includes Rs 273 thousand (December 31, 2020: Rs 344 thousand) earned from Shariah arrangements.

	Note	2021 Rs '000	2020 Rs '000
41. Finance costs			
Interest on:			
Long term loans from banks		5,073,090	3,269,775
Long term vendor liability		1,252,566	1,925,338
Lease liabilities		1,930,576	2,082,108
License fee	41.1	258,065	-
Employee loans - Imputed interest		39,064	59,558
Exchange loss		3,295,061	1,273,864
Bank and other charges		694,227	723,983
		12,542,649	9,334,626

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	Note	2021 Rs '000	2020 Rs '000
42. Provision for income tax			
Current	30	4,351,726	2,323,196
Deferred	11		
Current		(991,246)	(1,029,319)
Prior		(2,548,712)	-
		(3,539,958)	(1,029,319)
		811,768	1,293,877

42.1 Reconciliation of effective tax rate:

	2021	2020
Profit before tax (Rupees in thousand)	3,387,033	4,566,543

	2021 Percentage	2020 Percentage
Applicable tax rate	29.00	29.00
Reversal of turnover tax of prior period	0.38	1.15
Income chargeable to tax at lower rate	(5.55)	(2.14)
Tax effect of amounts that are not deductible for tax purposes	0.23	(0.51)
Other	(0.09)	0.83
	(5.03)	(0.67)
Average effective tax rate charged to the consolidated statement of profit or loss	23.97	28.33

43. Non-funded financing facilities

The Holding Company has non funded financing facilities available with banks, which include facilities to avail letters of credit and letters of guarantee. The aggregate facility of Rs 25,150,000 thousand (December 31, 2020: Rs 21,000,000 thousand) and Rs 15,300,000 thousand (December 31, 2020: Rs 15,800,000 thousand) is available for letters of credit and letters of guarantee respectively, out of which the facility availed at the year end is Rs 13,840,217 thousand (December 31, 2020: Rs 4,433,413 thousand) and Rs 11,867,256 thousand (December 31, 2020: Rs 7,593,694 thousand) respectively. The letter of guarantee facility is secured by a hypothecation charge over certain assets of the Holding Company, amounting to Rs 39,701,000 thousand (December 31, 2020: Rs 39,701,000 thousand).

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	2021 Rs '000	2020 Rs '000
44. Cash generated from operations		
Profit before tax	3,387,033	4,566,543
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	27,205,598	27,038,734
Impairment of property, plant and equipment	147	-
Depreciation of right of use assets	3,988,334	3,933,557
Amortization of intangible assets	4,759,888	3,639,505
Amortization of contract costs	5,250,684	4,629,944
Reversal for obsolete stores and spares	(177,707)	(19,878)
Impairment loss on trade debts and contract assets	1,549,339	1,810,738
Impairment loss on non performing loans to banking customers	1,512,900	1,579,866
Provision for employees retirement benefits	4,076,241	4,019,699
Gain on disposal of property, plant and equipment	(883,714)	(1,485,830)
Return on bank deposits and Government securities	(2,875,840)	(1,503,463)
Gain on disposal of investments measured at fair value through profit or loss (FVTPL)	(140,523)	(67,420)
Release of deferred government grants	(2,957,774)	(2,471,925)
Finance cost	7,277,948	5,919,096
Unearned revenue realized	(130,074)	(158,195)
Imputed interest on loans and advances	39,064	59,558
Imputed interest on lease liabilities	1,930,576	2,082,108
	53,812,120	53,572,637
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade, stores and spares	(1,936,577)	1,829,507
Trade debts and contract assets	(5,302,945)	(5,546,487)
Loans to banking customers	(5,882,330)	(10,212,086)
Loans and advances	(1,802,355)	(490,694)
Deposits, prepayments and other receivables	(2,637,506)	(3,628,635)
	(17,561,713)	(18,048,395)
Increase / (decrease) in current liabilities:		
Trade and other payables	9,806,808	6,347,093
Security deposits	62,696	(57,305)
	9,869,504	6,289,788
	46,119,911	41,814,030

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44.1. Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities						Equity	
	Sub-ordinated loan	Loans from banks	Vendor liability	Lease liabilities	Unpaid / unclaimed dividend	Interest accrued	Revenue reserve	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance at December 31, 2020	599,160	43,765,075	40,226,922	20,016,417	211,511	1,371,131	35,481,208	141,671,424
Changes from financing cash flows								
Draw-downs / additions	-	45,892,813	12,386,299	2,038,743	-	-	-	60,317,855
Repayments	(240)	(8,781,415)	(8,970,105)	(5,413,484)	(1,194)	(7,669,892)	-	(30,836,330)
	(240)	37,111,398	3,416,194	(3,374,741)	(1,194)	(7,669,892)	-	29,481,525
Other changes								
Interest cost on lease liabilities	-	-	-	1,930,576	-	-	-	1,930,576
Liability related changes	-	-	2,344,264	(315,932)	-	7,332,165	-	9,360,497
	-	-	2,344,264	1,614,644	-	7,332,165	-	11,291,073
Total equity related changes	-	-	-	-	-	-	1,122,878	1,122,878
Balance at December 31, 2021	598,920	80,876,473	45,987,380	18,256,320	210,317	1,033,404	36,604,086	183,566,900
Balance at December 31, 2019	599,400	31,016,666	38,231,747	19,753,043	211,589	1,658,615	32,162,119	123,633,179
Changes from financing cash flows								
Draw-downs / additions	-	146,025,424	14,174,373	3,187,117	-	-	-	163,386,914
Repayments	(240)	(133,277,015)	(13,356,279)	(5,005,851)	(2,550,078)	(6,129,182)	-	(160,318,645)
	(240)	12,748,409	818,094	(1,818,734)	(2,550,078)	(6,129,182)	-	3,068,269
Other changes								
Interest cost on lease liabilities	-	-	-	2,082,108	-	-	-	2,082,108
Liability related changes	-	-	1,177,081	-	2,550,000	5,841,698	-	9,568,779
	-	-	1,177,081	2,082,108	2,550,000	5,841,698	-	11,650,887
Total equity related changes	-	-	-	-	-	-	3,319,089	3,319,089
Balance at December 31, 2020	599,160	43,765,075	40,226,922	20,016,417	211,511	1,371,131	35,481,208	141,671,424

	Note	2021 Rs '000	2020 Rs '000
44.2 Cash and cash equivalents			
Short term investments	33	-	6,212,234
Cash and bank balances	34	14,219,595	12,492,568
Short term running finance	17	(8,227,208)	(6,680,285)
		5,992,387	12,024,517

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45. Remuneration of Directors, Chief Executive Officer and Executives

The aggregate amount charged in the consolidated financial statements for remuneration, including all benefits, to the Chairman, Chief Executive Officer and Executives of the Group is as follows:

	Chairman		Chief Executive Officer		Executives			
					Key management personnel		Other executives	
	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000	2021 Rs '000	2020 Rs '000
Managerial remuneration	-	-	46,022	173,611	551,115	559,344	1,677,658	1,448,350
Honorarium	300	300	-	-	-	-	-	-
Retirement benefits	-	-		-	72,146	63,924	189,878	155,229
Housing	-	-	24,842	34,865	246,269	237,265	631,651	545,983
Utilities	-	-	-	-	66,672	59,804	108,171	94,130
	300	300	70,864	208,476	936,202	920,337	2,607,358	2,243,692
Bonus paid	-	-	65,256	65,207	179,947	175,060	348,448	252,085
	300	300	136,120	273,683	1,116,149	1,095,397	2,955,806	2,495,777
Number of persons	1	1	1	1	77	76	614	545

The Group also provides free medical and limited residential telephone facilities, to all its executives, including the Chief Executive Officer. The Chairman is entitled to free transport and a limited residential telephone facility, whereas, the Directors of the Group are provided only with limited telephone facilities. Certain executives are also provided with the Group maintained cars. Approximate value of medical and car facility is Rs 173,957 thousand (December 31, 2020 : Rs 164,516 thousand).

The aggregate amount charged in the consolidated financial statements for the year as fee paid to 20 directors including chairman (December 31, 2020: 20) is Rs 201,598 thousand (December 31, 2020: Rs 150,082 thousand) for attending the Board of Directors, and its sub-committee meetings.

46. Rates of exchange

Assets in US dollars have been translated into Rupees at USD 1 = Rs 176.52 (December 31, 2020: USD 1 = Rs 159.83), while liabilities in US dollars have been translated into Rupees at USD 1 = Rs 176.52 (December 31, 2020: USD 1 = Rs 159.83).

47. Financial risk management

47.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board has prepared a 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions, or receivables and payables that exist due to transactions in foreign currencies.

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The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Arab Emirates Dirham (AED), Euro (EUR) and Chinese Yuan (CNY). Currently, the Group's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The Group's exposure to currency risk is as follows:

	2021 Rs '000	2020 Rs '000
USD		
Trade and other payables	(7,973,700)	(5,710,298)
Long term vendor liability	(1,747,008)	(3,787,941)
License fee payable	(25,906,624)	-
Trade debts	17,864,236	12,428,331
Cash and bank balances	1,503,993	3,234,886
Net exposure	(16,259,103)	6,164,978
EUR		
Trade and other payables	(150,516)	(116,182)
Trade debts	220,032	126,097
Cash and bank balances	86,652	111,918
Net exposure	156,168	121,833
AED		
Trade and other payables	(3,392)	(3,071)
CNY		
Vendor liability	(25,714,980)	(15,492,592)

The following significant exchange rates were applied during the year:

	2021	2020
Rupees per USD		
Average rate	162.63	161.62
Reporting date rate	176.52	159.83
Rupees per EUR		
Average rate	192.18	183.45
Reporting date rate	199.64	196.64
Rupees per AED		
Average rate	44.28	43.99
Reporting date rate	48.06	43.51
Rupees per CNY		
Average rate	25.24	23.42
Reporting date rate	27.70	24.46

If the functional currency, at the reporting date, had fluctuated by 5% against the USD, AED, EUR and CNY with all other variables held constant, the impact on profit after taxation for the year would have been Rs 1,484,656 thousand (December 31, 2020: Rs 326,914 thousand) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

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(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity securities price risk because of the investments held by the Group in money market mutual funds and classified on the consolidated statement of financial position as FVTPL. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio.

Financial assets include investments of 12,082,206 thousand (December 31, 2020: Nil thousand) which were subject to price risk.

If redemption price on mutual funds at the year end date, fluctuate by 5% higher / lower with all other variables held constant, total comprehensive income for the year would have been 428,918 thousand (December 31, 2020: Nil) higher / lower, mainly as a result of higher / lower redemption price on units of mutual funds.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the date of the consolidated statement of financial position, the interest rate profile of the Group's interest bearing financial instruments at the year end :

	2021 Rs '000	2020 Rs '000
Financial assets		
Fixed rate instruments:		
Staff loans	1,649,737	1,575,309
Short term investments	25,567,693	14,171,151
Bank balances - savings accounts	9,061,051	4,892,072
Market treasury bills	20,996,827	16,565,582
	57,275,308	37,204,114
Variable rate instruments:		
Loans to banking customers	34,375,729	30,006,299
	91,651,037	67,210,413
Financial liabilities		
Fixed rate instruments:		
Deposits from banking customers	54,756,473	45,633,316
Floating rate instruments:		
Long term loans from banks	80,876,473	43,765,075
Long term vendor liability	15,544,513	21,240,110
License fee payable	24,854,533	-
Short term running finance	8,227,208	6,680,285
	129,502,727	71,685,470
	184,259,200	117,318,786

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Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value. Therefore, a change in interest rates at the date of consolidated statement of financial position would not affect the total comprehensive income of the Group.

Cash flow sensitivity analysis for floating rate instruments

If interest rates on variable rate instruments of the Group, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs 675,402 thousand (December 31, 2020: Rs 295,922 thousand) lower / higher, mainly as a result of higher / lower markup income on floating rate loans / investments.

(b) **Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge an obligation. The maximum exposure to credit risk at the reporting date is as follows:

	2021 Rs '000	2020 Rs '000
Long term loans and advances	1,476,477	1,382,154
Trade debts and contract assets	29,190,559	25,436,953
Loans to banking customers	34,375,729	30,006,299
Loans and advances	3,007,260	1,219,910
Deposits and other receivables	15,162,306	12,322,579
Short term investments	46,564,520	30,736,733
Bank balances	13,268,241	11,257,797
	143,045,092	112,362,425

The credit risk on liquid funds is limited, because the counter parties are banks with reasonably high credit ratings. In case of trade debts, the Group believes that it is not exposed to a major concentration of credit risk, as its exposure is spread over a large number of counter parties and subscribers. Impairment loss on trade debts and contract assets arising from contract with customers amounts to Rs 3,062,239 thousand (December 31, 2020: Rs 3,390,604 thousand).

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The credit quality of bank balances and short term investments, that are neither past due nor impaired, can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating
	Short term	Long term	Agency
National Bank of Pakistan	A-1+	AAA	PACRA
Bank Alfalah Limited	A-1+	AA+	PACRA
MCB Bank Limited	A-1+	AAA	PACRA
MCB Islamic Bank Limited	A-1	A	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
The Bank of Punjab	A-1+	AA	PACRA
Habib Bank Limited	A-1+	AAA	VIS
Askari Bank Limited	A-1+	AA+	PACRA
Allied Bank Limited	A-1+	AAA	PACRA
United Bank Limited	A-1+	AAA	VIS
BankIslami Pakistan Limited	A-1	A+	PACRA
Bank Al-Habib Limited	A-1+	AAA	PACRA
Faysal Bank Limited	A-1+	AA	PACRA
Citi Bank, N.A	P-1	Aa3	Moody's
Albaraka Bank (Pakistan) Limited	A-1	A	PACRA
Mobilink Microfinance Bank Limited	A-1	A	PACRA
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS
JS Bank Limited	A-1+	AA-	PACRA
Sindh Bank Limited	A-1	A+	VIS
SME Bank Limited	B	CCC	PACRA
SilkBank Limited	A-2	A-	VIS
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	VIS
The Bank of Khyber	A-1	A	VIS
First Women Bank Limited	A-2	A-	PACRA
Samba Bank Limited	A-1	AA	VIS
U Microfinance Bank Limited	A-1	A	VIS
Khushhali Microfinance Bank Limited	A-1	A+	VIS
Telenor Microfinance Bank Limited	A-1	A	VIS

Due to the Group's long standing business relationships with these counter parties, and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group follows an effective cash management and planning policy to ensure availability of funds, and to take appropriate measures for new requirements.

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The following are the contractual maturities of the Group's financial liabilities:

	Gross amount Rs '000	Less than one year Rs '000	One to five years Rs '000	More than five years Rs '000
As at December 31, 2021				
Long term loans from banks	80,876,473	28,634,429	41,575,377	10,666,667
Lease liabilities	18,256,320	3,388,099	11,270,175	3,598,046
Security deposits	1,364,880	1,364,880	-	-
Long term vendor liability	45,987,380	10,386,943	35,600,437	-
Trade and other payables	91,274,653	91,274,653	-	-
Interest accrued	1,033,404	1,033,404	-	-
License fee payable	25,816,770	4,809,781	20,474,092	532,897
Unpaid / Unclaimed Dividend	210,317	210,317	-	-
Short term running finance	8,227,208	8,227,208	-	-
Deposits from banking customers	54,756,473	53,432,764	1,323,709	-
	327,803,878	202,762,478	110,243,790	14,797,610
As at December 31, 2020				
Long term loans from banks	43,765,075	14,990,172	23,441,570	5,333,333
Lease liabilities	28,040,967	4,809,751	17,764,446	5,466,770
Security deposits	1,302,184	580,975	-	721,209
Long term vendor liability	40,226,922	9,157,498	31,069,424	-
Trade and other payables	81,272,498	81,272,498	-	-
Interest accrued	1,371,131	1,371,131	-	-
Unpaid / Unclaimed Dividend	211,511	211,511	-	-
Short term running finance	6,680,285	6,680,285	-	-
Deposits from banking customers	45,633,316	42,285,528	3,347,788	-
	248,503,889	161,359,349	75,623,228	11,521,312

47.2 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value measurements are categorized into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and significance of the inputs to the fair value measurement in its entirety, which is as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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Details of the Group's assets / (liabilities) fair value hierarchy as at December 31 are as follows:

		Level 1 Rs '000	Level 2 Rs '000	Level 3 Rs '000	Total Rs '000
Long term other investments	2021	-	-	51,427	51,427
Market treasury bills	2021	-	20,996,827	-	20,996,827
Interest rate swap	2021	-	-	(15,497)	(15,497)
Forward exchange contracts	2021	-	1,492,975	-	1,492,975
Long term other investments	2020	-	-	51,427	51,427
Market treasury bills	2020	-	10,353,348	-	10,353,348
Interest rate swap	2020	-	-	(97,271)	(97,271)
Forward exchange contracts	2020	-	261,857	-	261,857

Measurement of fair value

Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Sensitivity of input to fair value
Non listed equity investments - Thuraya Satellite Telecommunication Company	Discounted cash flows: The valuation model considers the present value of expected cash flows, discounted using long term discount rate	Long term discount rate 10% (31 December 2020: 10%)	1% (31 December 2020: 1%) increase (decrease) in the discount rate would decrease (increase) the fair value by Rs.2.7 thousand (Rs.3.29 thousand) (31 December 2020: Rs.3.43 thousand (Rs.2.81 thousand).
		Future free cash flows	1% (31 December 2020: 1%) increase (decrease) in the future free cash flows would decrease (increase) the fair value by Rs.1.33 thousand (Rs.1.28 thousand (31 December 2020: Rs. 1.04 thousand (Rs. 1.01 thousand).
Non listed equity investments - Alcatel - Lucent Pakistan Limited	Discounted cash flows: The valuation model considers the present value of expected cash flows, discounted using long term discount rate	Long term discount rate 10% (31 December 2020: 10%)	1% (31 December 2020: 1%) increase (decrease) in the discount rate would decrease (increase) the fair value by Rs.551.94 thousand (Rs.675.57 thousand) (31 December 2020:Rs. 517.34 thousand (Rs. 633.23 thousand).
		Future free cash flows	1% (31 December 2020: 1%) increase (decrease) in the future free cash flows would decrease (increase) the fair value by Rs.238.16 thousand (Rs.230.11 thousand) (31 December 2020:Rs. 170.42 thousand (Rs.166.02 thousand).
Interest rate Swap	The fair value is calculated as the present value of estimated future cash flows	Not Applicable	Not Applicable

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	FVOCI - equity instruments Rs '000	FVTPL - equity instruments Rs '000	FVOCI - debt instruments Rs '000	Financial assets at amortized cost Rs '000	Total Rs '000
47.3 Financial instruments by categories - 2021					
Financial assets as per consolidated statement of financial position					
Long term other investments	51,427	-	-	-	51,427
Debt securities- treasury bills	-	-	20,996,827	-	20,996,827
Long term loans and advances	-	-	-	4,483,737	4,483,737
Trade debts and contract assets	-	-	-	29,190,559	29,190,559
Loans to banking customers	-	-	-	34,375,729	34,375,729
Receivable from the Government of Pakistan	-	-	-	2,164,072	2,164,072
Other receivables	-	-	-	15,162,306	15,162,306
Short term investments	-	12,082,206	5,735,487	7,750,000	25,567,693
Cash and bank balances	-	-	-	14,219,595	14,219,595

Financial liabilities as per consolidated statement of financial position	Amortized cost
Loans from Banks	80,876,473
Subordinated debts	598,920
Vendor liability	45,987,380
Trade and other payables	91,274,653
Security deposits	1,364,880
Unpaid / unclaimed dividend	210,317
License fee payable	25,816,770
Lease liabilities	18,256,320
Interest accrued	1,033,404
Short term running finance	8,227,208

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	FVOCI - equity instruments Rs '000	FVTPL - equity instruments Rs '000	FVOCI - debt instruments Rs '000	Financial assets at amortized cost Rs '000	Total Rs '000
Financial instruments by categories - 2020					
Financial assets as per consolidated statement of financial position					
Long term other investments	51,427	-	-	-	51,427
Debt securities- treasury bills	-	-	10,353,348	6,662,234	17,015,582
Long term loans and advances	-	-	-	2,602,064	2,602,064
Trade debts and contract assets	-	-	-	25,436,953	25,436,953
Loans to banking customers	-	-	-	30,006,299	30,006,299
Receivable from the Government of Pakistan	-	-	-	2,164,072	2,164,072
Other receivables	-	-	-	12,322,579	12,322,579
Short term investments	-	-	7,601,151	6,120,000	13,721,151
Cash and bank balances	-	-	-	12,492,568	12,492,568

Financial liabilities as per consolidated statement of financial position	Amortized cost
Loans from banks	43,765,075
Subordinated debts	599,160
Vendor liability	40,226,922
Trade and other payables	81,272,498
Security deposits	1,302,184
Unpaid / unclaimed dividend	211,511
Lease liabilities	20,016,417
Interest accrued	1,371,131
Short term running finance	6,680,285

47.4 Capital Risk Management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence, and to sustain the future development of the Group's business. The Board monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

(i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce the debt.

48. Employees' Provident Funds

Investments out of the provident funds have been made in accordance with the provisions of section 218 of the Companies Act ,2017 and the rules formulated for this purpose.

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49. Transactions with related parties

The Government of Pakistan and Etisalat International Pakistan (EIP), UAE are the majority shareholders of the Group. Additionally, the Group's associate T.F. Pipes Limited, Directors, Chief Executive, Key management personnel and employees retirement benefits are also related parties of the Group. The remuneration of the Directors, Chief Executive and Executives is given in note 45 to these Consolidated Financial Statements. The amounts due from and due to these related parties are disclosed in the respective notes including note 12, 13, 16, 23, 24, 27, 29, 30, 31 and 32. The Holding Company has also issued a letter of comfort and corporate guarantee in favour of PTML as disclosed in note 19.17. The Group had transactions with the following related parties during the year:

Particulars	Aggregate % of shareholding in the Holding Company
Shareholders	
The Government of Pakistan	62.18%
Etisalat International Pakistan	26%
Associated undertakings	
Emirates Telecommunication Corporation - Ultimate Parent Company	Not applicable
Etisalat - Afghanistan	Not applicable
Etihad Etisalat Company	Not applicable
Etisalat - Egypt	Not applicable
Emirates Data Clearing House	Not applicable
TF Pipes Limited	Not applicable
Telecom Foundation	Not applicable
Pakistan MNP Database (Guarantee) Limited	Not applicable
Employees retirement benefit plans	
Pakistan Telecommunication Employees Trust	Not applicable
PTCL - General Provident Fund Trust	Not applicable
PTML - Employees Provident Fund	Not applicable
PTCL - Employees Gratuity Fund	Not applicable
PTML - Employees Gratuity Fund	Not applicable
U Bank - Employees Provident Fund	Not applicable
U Bank - Employees Gratuity Fund	Not applicable
Other related parties	
Pakistan Telecommunication Authority	Not applicable
Universal Service Fund - The Government of Pakistan	Not applicable
National ICT R&D Fund	Not applicable
Pakistan Electronic Media Regularity Authority	Not applicable

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Chief Executive, directors and key management personnel

The Group also has transactions with Chief Executive Officer, directors and other key management personnel which are disclosed in note 24 and 45 to these financial statements.

Following particulars relate to the Holding and associated companies incorporated outside Pakistan with whom the Group had entered into transactions during the year:

Names	Country of Incorporation	Basis of Association
Holding Company		
Etisalat International Pakistan	United Arab Emirates	Holding Company
Associated Companies		
Emirates Telecommunication Corporation	United Arab Emirates	Associate of the Holding Company
Etisalat - Afghanistan	Afghanistan	Associate of the Holding Company
Etisalat - Egypt	Egypt	Associate of the Holding Company
Etihad Etisalat Company (Mobily)	Kingdom of Saudi Arabia	Associate of the Holding Company
Etisalat - Nigeria	Nigeria	Associate of the Holding Company
Emirates Data Clearing House	United Arab Emirates	Associate of the Holding Company

Details of Transactions with related parties

	2021 Rs '000	2020 Rs '000
Shareholders		
Technical services assistance fee	4,816,891	4,529,787
Associates		
Sale of goods and services	4,642,156	4,211,588
Purchase of goods and services	651,539	800,223
Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	32,250	29,800
Rentals paid to Pakistan Telecommunication Employees Trust (PTET)	687,294	634,425
Employees retirement benefit plan		
Contribution to PTET	807,959	3,500,000
Contribution to Gratuity Fund	423,121	208,597
Contribution to Provident Fund	196,829	188,644
Other related party		
Charge under license obligations	1,744,046	1,633,437

50. Operating segment information

50.1 Management has determined the operating segments based on the information that is presented to the Board of Directors for allocation of resources and assessment of performance. The Group is organized into three operating segments i.e. fixed line communications (Wireline), wireless communications (Wireless) and banking. The reportable operating segments derive their revenue primarily from voice, data and other services.

50.2 The Board of Directors monitor the results of the above mentioned segments for the purpose of making decisions about the resources to be allocated and for assessing performance based on consolidated comprehensive income for the year.

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50.3 The segment information for the reportable segments is as follows:

	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
Year ended December 31, 2021				
Segment revenue	74,328,780	58,806,476	11,050,433	144,185,689
Inter - segment revenue	(5,159,621)	(1,400,273)	(349)	(6,560,243)
Revenue from external customers	69,169,159	57,406,203	11,050,084	137,625,446
Segment results	6,672,664	(5,208,436)	1,111,037	2,575,265
Year ended December 31, 2020				
Segment revenue	69,517,907	56,243,969	10,191,133	135,953,009
Inter - segment revenue	(5,084,824)	(1,445,007)	(681)	(6,530,512)
Revenue from external customers	64,433,083	54,798,962	10,190,452	129,422,497
Segment results	5,755,050	(3,388,544)	906,160	3,272,666

Information on assets and liabilities of the segments is as follows:

	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
As at December 31, 2021				
Segment assets	184,828,498	193,039,942	102,974,597	480,843,037
Segments liabilities	132,033,093	166,394,841	94,310,334	392,738,268
As at December 31, 2020				
Segment assets	177,718,707	144,112,373	69,536,435	391,367,515
Segments liabilities	119,691,288	123,288,202	61,394,635	304,374,125

50.4 Other segment information is as follows:

	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
Year ended December 31, 2021				
Depreciation	14,787,269	12,013,366	404,964	27,205,599
Amortization	499,678	4,209,836	50,374	4,759,888
Finance cost	328,844	9,940,950	2,272,855	12,542,649
Interest income	784,417	(92,501)	2,183,924	2,875,840
Income tax expense	2,723,453	(2,129,683)	217,998	811,768
Year ended December 31, 2020				
Depreciation	14,831,399	11,847,517	359,818	27,038,734
Amortization	482,073	3,121,785	35,647	3,639,505
Finance cost	445,144	7,960,842	928,640	9,334,626
Interest income	329,365	106,702	1,067,396	1,503,463
Income tax expense	2,389,215	(1,369,169)	273,831	1,293,877

50.5 The Group's customer base is diverse with no single customer accounting for more than 10% of net revenues.

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50.6 The amounts of revenue from external parties, total segment assets and segment liabilities are measured in a manner consistent with that of the financial information reported to the Board of Directors.

51. Number of employees

	2021 Number	2020 Number
Total number of persons employed at year end	21,852	21,670
Average number of employees during the year	21,812	21,621

52. Offsetting of financial assets and liabilities

	Gross amount subject to offsetting Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
As at December 31, 2021					
Trade debts	23,144,418	(7,564,956)	15,579,462	21,267,135	36,846,597
Trade creditors	(8,144,923)	7,564,956	(579,967)	(13,079,179)	(13,659,146)
As at December 31, 2020					
Trade debts	17,847,596	(6,767,755)	11,079,841	22,547,120	33,626,961
Trade creditors	(7,620,907)	6,767,755	(853,152)	(12,135,039)	(12,988,191)

53. Corresponding figures

Prior year figures have been re-arranged and reclassified, wherever necessary, for better presentation and comparison. Reclassification of corresponding figures of the financial statements is given below:

Consolidated Statement of Financial Position

Reclassification From	Reclassification To	Rs '000
Current portion of long term loans from banks	Repo borrowing	6,154,540

However there was no impact on the total amount of current and non-current liabilities and consolidated profit or loss.

54. Date of authorization for issue

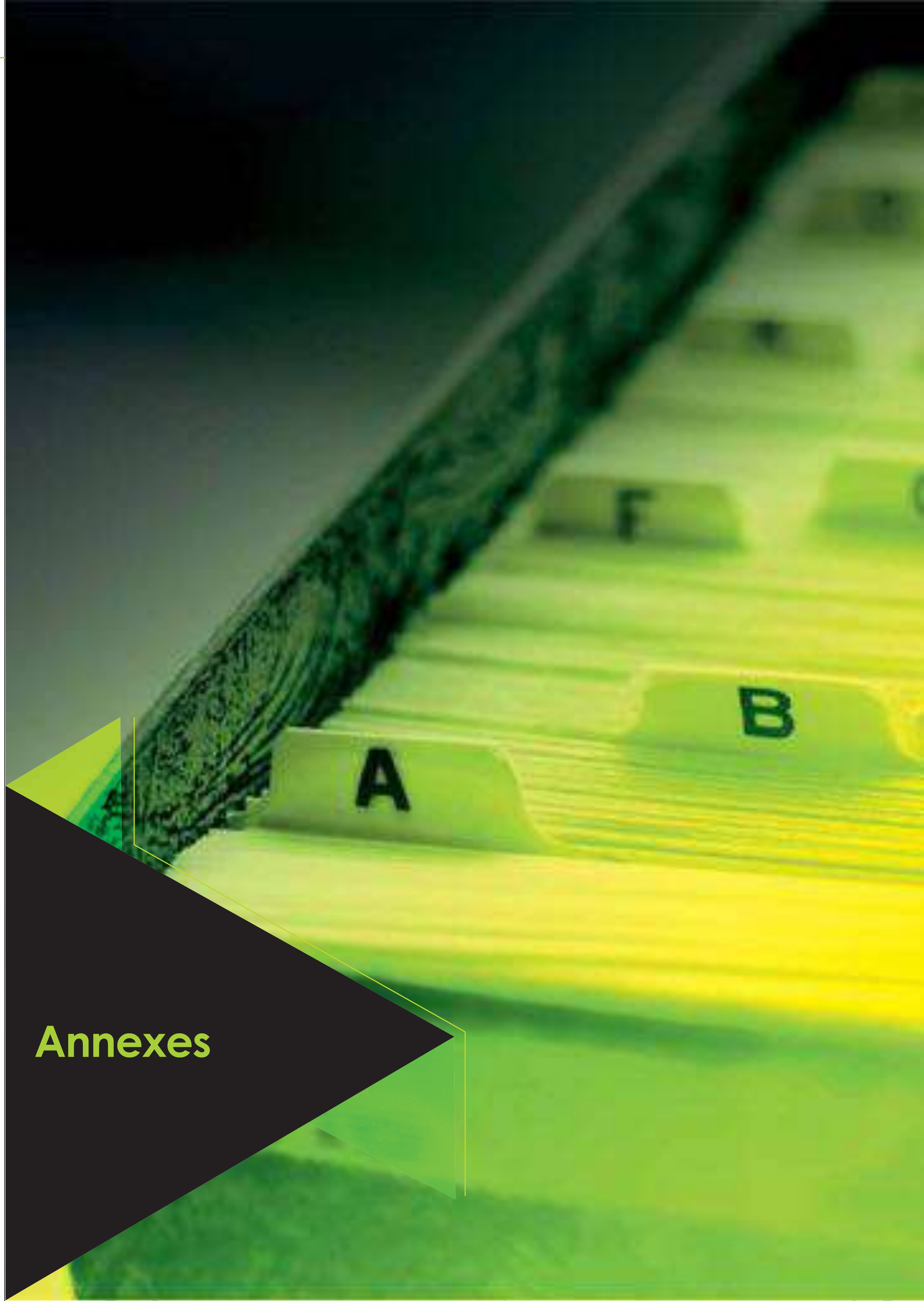
54.1 These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company on February 10, 2022.

Chief Financial Officer

President & CEO

Chairman

NOTES



Annexes

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2021

No. of shareholders	Shareholdings From	Shareholdings To	Total shares held
24,593	1	100	2,422,924
8,792	101	500	2,737,571
2,926	501	1,000	2,597,429
3,483	1,001	5,000	9,655,607
1,147	5,001	10,000	9,483,679
448	10,001	15,000	5,826,506
323	15,001	20,000	6,012,366
219	20,001	25,000	5,200,721
140	25,001	30,000	3,986,858
72	30,001	35,000	2,386,100
101	35,001	40,000	3,929,144
45	40,001	45,000	1,949,035
152	45,001	50,000	7,549,608
37	50,001	55,000	1,979,403
44	55,001	60,000	2,596,500
24	60,001	65,000	1,503,939
19	65,001	70,000	1,307,000
20	70,001	75,000	1,491,100
17	75,001	80,000	1,325,500
15	80,001	85,000	1,246,361
21	85,001	90,000	1,860,806
14	90,001	95,000	1,293,000
99	95,001	100,000	9,870,442
7	100,001	105,000	714,510
15	105,001	110,000	1,622,150
5	110,001	115,000	567,500
11	115,001	120,000	1,304,500
9	120,001	125,000	1,118,311
3	125,001	130,000	387,500
7	130,001	135,000	936,040
11	135,001	140,000	1,527,203
5	140,001	145,000	710,517
25	145,001	150,000	3,731,028
2	150,001	155,000	303,000
8	155,001	160,000	1,274,500
4	160,001	165,000	649,500
4	165,001	170,000	674,500
4	170,001	175,000	696,000
3	175,001	180,000	533,100
5	180,001	185,000	913,617
5	185,001	190,000	943,000
1	190,001	195,000	195,000
31	195,001	200,000	6,195,500
2	200,001	205,000	406,000
4	205,001	210,000	840,000
5	210,001	215,000	1,067,384
1	215,001	220,000	217,000
3	220,001	225,000	673,000
1	230,001	235,000	235,000
1	235,001	240,000	236,000
2	240,001	245,000	485,500
8	245,001	250,000	2,000,000
2	250,001	255,000	500,800
4	255,001	260,000	1,031,500
1	260,001	265,000	262,500
2	265,001	270,000	536,500
3	270,001	275,000	825,000
1	275,001	280,000	277,500
2	285,001	290,000	578,000
3	290,001	295,000	882,500
11	295,001	300,000	3,292,500
3	300,001	305,000	903,000
1	305,001	310,000	310,000

PATTERN OF
SHAREHOLDING
AS AT DECEMBER 31, 2021

No. of shareholders	Shareholdings From	Shareholdings To	Total shares held
1	315,001	320,000	319,500
2	320,001	325,000	645,500
2	325,001	330,000	655,232
1	330,001	335,000	335,000
1	335,001	340,000	337,500
3	345,001	350,000	1,050,000
1	350,001	355,000	353,900
1	365,001	370,000	367,500
1	370,001	375,000	375,000
1	375,001	380,000	376,000
1	380,001	385,000	380,500
1	385,001	390,000	387,073
2	390,001	395,000	783,000
6	395,001	400,000	2,400,000
2	405,001	410,000	818,000
1	410,001	415,000	412,500
1	415,001	420,000	417,500
1	420,001	425,000	420,500
2	425,001	430,000	855,200
1	430,001	435,000	430,500
2	435,001	440,000	879,000
1	440,001	445,000	444,500
5	445,001	450,000	2,247,500
1	450,001	455,000	455,000
1	460,001	465,000	464,000
2	470,001	475,000	945,500
1	475,001	480,000	480,000
1	480,001	485,000	482,500
4	495,001	500,000	2,000,000
1	500,001	505,000	502,000
1	505,001	510,000	509,877
1	510,001	515,000	514,500
2	520,001	525,000	1,050,000
1	530,001	535,000	535,000
2	535,001	540,000	1,079,000
2	545,001	550,000	1,100,000
1	570,001	575,000	575,000
1	575,001	580,000	578,000
1	590,001	595,000	594,500
6	595,001	600,000	3,600,000
2	600,001	605,000	1,209,000
1	605,001	610,000	608,000
2	645,001	650,000	1,300,000
1	650,001	655,000	651,000
1	690,001	695,000	690,400
2	695,001	700,000	1,400,000
1	700,001	705,000	702,000
1	705,001	710,000	709,500
1	710,001	715,000	714,000
1	725,001	730,000	729,500
2	745,001	750,000	1,500,000
1	770,001	775,000	771,000
1	795,001	800,000	800,000
1	835,001	840,000	838,000
2	915,001	920,000	1,838,000
1	950,001	955,000	955,000
1	955,001	960,000	958,000
1	965,001	970,000	965,400
1	980,001	985,000	985,000
7	995,001	1,000,000	7,000,000
1	1,005,001	1,010,000	1,010,000
1	1,080,001	1,085,000	1,083,103
2	1,145,001	1,150,000	2,295,700
3	1,195,001	1,200,000	3,600,000
1	1,245,001	1,250,000	1,249,500
1	1,270,001	1,275,000	1,272,000
2	1,300,001	1,305,000	2,605,000
1	1,325,001	1,330,000	1,326,000
1	1,395,001	1,400,000	1,400,000
1	1,415,001	1,420,000	1,420,000
2	1,495,001	1,500,000	3,000,000
1	1,530,001	1,535,000	1,534,900
1	1,565,001	1,570,000	1,567,500
1	1,610,001	1,615,000	1,614,000
1	1,695,001	1,700,000	1,700,000
1	1,810,001	1,815,000	1,815,000
1	1,845,001	1,850,000	1,850,000
1	1,905,001	1,910,000	1,907,500
1	1,920,001	1,925,000	1,925,000
1	1,960,001	1,965,000	1,961,000
3	1,995,001	2,000,000	6,000,000
1	2,095,001	2,100,000	2,100,000
2	2,195,001	2,200,000	4,400,000
1	2,295,001	2,300,000	2,300,000
1	2,350,001	2,355,000	2,353,000
1	2,380,001	2,385,000	2,385,000
1	2,435,001	2,440,000	2,439,884
1	2,545,001	2,550,000	2,550,000
1	2,615,001	2,620,000	2,617,562
1	2,655,001	2,660,000	2,655,500
1	2,725,001	2,730,000	2,729,500
1	2,845,001	2,850,000	2,847,000
1	2,995,001	3,000,000	3,000,000
1	3,080,001	3,085,000	3,084,050
1	3,140,001	3,145,000	3,143,000
1	3,165,001	3,170,000	3,170,000
1	3,225,001	3,230,000	3,230,000
1	3,325,001	3,330,000	3,326,500
1	3,345,001	3,350,000	3,347,600
1	3,380,001	3,385,000	3,384,139
1	3,895,001	3,900,000	3,900,000
2	3,995,001	4,000,000	8,000,000
1	4,495,001	4,500,000	4,500,000
1	4,695,001	4,700,000	4,700,000
1	4,810,001	4,815,000	4,813,500
1	4,955,001	4,960,000	4,959,500
1	5,225,001	5,230,000	5,226,000
1	5,335,001	5,340,000	5,340,000
1	5,395,001	5,400,000	5,400,000
2	5,495,001	5,500,000	11,000,000
1	6,515,001	6,520,000	6,518,500
1	6,545,001	6,550,000	6,549,000
1	6,620,001	6,625,000	6,625,000
1	8,655,001	8,660,000	8,658,000
1	8,995,001	9,000,000	9,000,000
1	9,225,001	9,230,000	9,230,000
1	13,540,001	13,545,000	13,544,500
1	14,250,001	14,255,000	14,252,500
1	16,225,001	16,230,000	16,227,500
1	24,725,001	24,730,000	24,725,500
1	34,360,001	34,365,000	34,361,854
1	55,890,001	55,895,000	55,893,800
1	57,060,001	57,065,000	57,060,074
1	196,385,001	196,390,000	196,387,991
1	407,805,001	407,810,000	407,809,524
1	918,190,001	918,195,000	918,190,476
1	2,974,680,001	2,974,685,000	2,974,680,002
43,153			**5,100,000,000**

CATEGORIES OF SHAREHOLDERS
AS AT DECEMBER 31, 2021

S. No.	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouses and minor children	9	9	0.00
2	President of Pakistan	2	3,171,067,993	62.18
3	Associated Companies, Undertakings and related Parties	2	1,326,000,000	26.00
4	NIT and ICP	2	3,000	0.00
5	Banks, Development Financial Institutions, Non Banking Financial Institutions	20	96,319,587	1.89
6	Insurance Companies	21	109,713,936	2.15
7	Modarabas and Mutual Funds	33	27,983,243	0.55
8	Shareholders holding 10%	4	4,497,067,993	88.18
9	General Public :			
	a. local	42,622	234,602,531	4.60
	b. Foreign	194	126,900	0.00
10	Others	248	134,182,801	2.63
	Total (excluding : shareholders holding 10%)	43,153	5,100,000,000	100.00

Trades in PTCL Shares

The Directors, Chief Executive Officer, Chief Finanical Officer, Company Secretary, Head of Internal Audit and their spouses and minor children have not traded in PTCL shares during the year ended December 31, 2021.

INFORMATION OF SHAREHOLDERS
AS AT DECEMBER 31, 2021

S. No.	Shareholder's category	Number of shareholders	Number of shares held
i.	Associated Companies, Undertaking and Related Parties (name wise details)		
	ETISALAT INTERNATIONAL PAKISTAN (LLC) - FIRST CDC ACCOUNT	1	918,190,476
	ETISALAT INTERNATIONAL PAKISTAN (LLC) SECOND CDC ACCOUNT	1	407,809,524
	TOTAL	2	1,326,000,000
ii.	Mutual Funds (name wise details)		
	CDC - TRUSTEE ABL STOCK FUND	1	471,000
	CDC - TRUSTEE AKD INDEX TRACKER FUND	1	140,517
	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	600,000
	CDC - TRUSTEE APF-EQUITY SUB FUND	1	455,000
	CDC - TRUSTEE APIF - EQUITY SUB FUND	1	535,000
	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	1	290,000
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	2,353,000
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	5,226,000
	CDC - TRUSTEE FAYSAL MTS FUND - MT	1	918,500
	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	200,000
	CDC - TRUSTEE HBL INCOME FUND - MT	1	380,500
	CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	1	3,500
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	2,729,500
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	955,000
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	2,439,884
	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1	985,000
	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	1	5,500
	CDC - TRUSTEE NBP STOCK FUND	1	2,385,000
	CDC - TRUSTEE NIT INCOME FUND - MT	1	447,500
	CDC - TRUSTEE NIT STATE ENTERPRISE FUND	1	1,083,103
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	3,384,139
	CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1	116,000
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	5,000
	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	1	750,000
	TOTAL	24	26,858,643
iii.	Directors and their spouses		
	MR. ABDULRAHIM A. AL NOORYANI	1	1
	MR. HATEM DOWIDAR	1	1
	MR. KHALIFA AL FORAH AL SHAMSI	1	1
	DR. MOHAMED KARIM BENNIS	1	1
	MR. HASSAN NASIR JAMY	1	1
	MR. MUHAMMAD SOHAIL KHAN RAJPUT	1	1
	MR. YUSUF KHAN	1	1
	SYED HUSSNAIN ABBAS KAZMI	1	1
	MR. BURAK SEVILENGUL	1	1
	TOTAL	9	9

INFORMATION AS REQUIRED UNDER
CODE OF CORPORATE GOVERNANCE
AS AT DECEMBER 31, 2021

S. No.	Shareholder's category	Number of shareholders	Number of shares held
iv.	**Executives**		
	TOTAL	-	-
v.	**Public Sector Companies and Corporations**		
	TOTAL	4	113,627,274
vi.	**Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds**		
	TOTAL	53	156,877,126
vii.	**Shareholders holding five percent or more voting Rights in the Listed Company (name wise details)**		
	ETISALAT INTERNATIONAL PAKISTAN (LLC) - FIRST CDC ACCOUNT	1	918,190,476
	ETISALAT INTERNATIONAL PAKISTAN (LLC) SECOND CDC ACCOUNT	1	407,809,524
	PRESIDENT OF PAKISTAN	1	2,974,680,002
	PRESIDENT OF PAKISTAN	1	196,387,991
	TOTAL	4	4,497,067,993

NOTICE OF THE
TWENTY SEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the twenty seventh Annual General Meeting (the 'meeting') of Pakistan Telecommunication Company Limited (the 'Company') will be held on Thursday, April 28, 2022 at 10:30 a.m. at PTCL Headquarters, Sector G-8/4, Islamabad, to transact the following business:

Ordinary Business:

1. To confirm minutes of the 7th Extraordinary General Meeting held on November 03, 2021.
2. To receive, consider and adopt the Audited Accounts for the year ended December 31, 2021, together with the Auditors' and Directors' reports.
3. To appoint Auditors for the financial year ending December 31, 2022 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

By order of the Board

Saima Akbar Khattak
Company Secretary

Islamabad
Dated: April 06, 2022

NOTICE OF THE
TWENTY SEVENTH ANNUAL GENERAL MEETING

Notes:

1. **Participation in the Annual General Meeting**

A. **Coronavirus Contingency Planning for the Annual General Meeting**

In compliance with the instructions of Securities and Exchange Commission of Pakistan (the 'Commission') promulgated vide its various Circulars, the Members are encouraged to attend the AGM through video-link or by consolidating their attendance through proxies. The Members who are willing to attend and participate at the AGM through video-link are required to register their particulars by sending an email at company.secretary@ptclgroup.com. Such Members are requested to register by providing their credentials i.e. Name, Folio Number, Scanned copy of CNIC (both sides), Cell Phone Number and Number of Shares held in their name through email with subject 'Registration for PTCL's AGM'. Video link and login details will be shared with only those Members whose emails, containing all the required particulars, are received at the given email address before 05:00 p.m. on April 26, 2022. The Members can also provide their comments and suggestions related to the agenda items of the AGM on WhatsApp Number +923340052699 and at email address: company.secretary@ptclgroup.com

The Company will follow the best practices and comply with the instructions of the Government and the Commission to ensure protective measures are in place for wellbeing of its Members.

B. Any member of the Company entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend and vote on his/her behalf. A corporate entity, being a member, may appoint any person, regardless whether he is a member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors /Power of Attorney with specimen signatures of the person nominated to represent and vote on behalf of the corporate entity shall be submitted to the Company along with a completed proxy form. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time fixed for holding the meeting.

2. **Closure of Share Transfer Books**

The Share Transfer Books of the Company will remain closed from April 21, 2022 to April 28, 2022 (both days inclusive). Transfers received by our Share Registrar, FAMCO Associates (Pvt.) Limited at 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi at the close of business on April 20, 2022 will be treated in time for the purpose to attend the Annual General Meeting.

3. **Change of Address**

Members holding shares in physical form are requested to notify any change in address immediately to our Share Registrar, FAMCO Associates (Pvt.) Limited. Members holding shares in CDC/Participants accounts are requested to update their addresses with CDC or their Participants/Stock Brokers.

4. **Notice to shareholders who have not provided their CNICs**

As per directives of the Securities and Exchange Commission of Pakistan ("SECP") issued vide S.R.O No. 831(I)/2012 dated July 5, 2012, the dividend warrants should bear the Computerized National Identity Card Number ("CNIC") of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s). Members who have not yet submitted photocopies of their valid CNICs are once again requested to provide the same with their respective folio numbers to Company's Share Registrar, FAMCO Associates (Pvt.) Limited to ensure disbursement of their dividend withheld with the Company. Members holding shares in CDC/Participants accounts are also requested to update their CNIC/NTN with CDC or their Participants/Stock Brokers.

NOTICE OF THE
TWENTY SEVENTH ANNUAL GENERAL MEETING

5. **Payment of dividend electronically (e-mandate)**

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders holding shares in physical form are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Company's Share Registrar, FAMCO Associates (Pvt.) Limited at 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.

Shareholders who hold shares with CDC or Participants/ Stock Brokers, are advised to provide the mandate to CDC or their Participants/ Stock Brokers.

6. **Further Guidelines for CDC Account Holders**

CDC account holders will have to follow the guidelines issued by the SECP through its Circular 1 of January 26, 2000, stated herein below:

A. **For Attending the Meeting**

(i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the Meeting.

(ii) In case of corporate entity, a resolution of the Board of Directors / Power of Attorney with specimen signature of the nominee shall be produced (unless the same has been provided to the Company earlier) at the time of the Meeting.

B. **For appointing Proxies**

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.

(ii) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be stated on the proxy form.

(iii) Attested copies of CNICs or passports of the beneficiary owner and the proxy shall be attached with the proxy form.

(iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

(v) In case of corporate entity, a resolution of the Board of Directors/ Power of Attorney with specimen signature should be submitted along with the proxy form to the Company.

7. **Consent for Video Conference Facility**

Members can also avail video conference facility in Karachi & Lahore. In this regard please fill the following and submit to registered address of the Company at least 10 days before holding of the meeting.

The video facility will be provided only if the Company receives consent from members holding in aggregate 10% or more shareholding residing at Karachi or Lahore, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of meeting along with complete information necessary to enable them to access such facility.

NOTICE OF THE
TWENTY SEVENTH ANNUAL GENERAL MEETING

I/we ______________ of __________________, being a member of Pakistan Telecommunication Company Limited holder of __________ Ordinary Shares(s) as per Registered Folio No. ___________ hereby opt for video conference facility at ____________.

Signature of member

8. Electronic transmission of Audited Financial Statements and Notice of AGM

The shareholders of the Company in their general meeting held on April 27, 2017 consented to receive audited financial statements along with notice of annual general meeting electronically through CD/DVD/USB instead of receiving the same in hard copies. Soft copies of the Annual Audited Financial Statements and Notice of the AGM are available on Company's official website www.ptcl.com.pk.

9. Deduction of withholding tax on the amount of dividend

The following information is being disseminated for information of the members in accordance with the instructions of the SECP promulgated vide its Circular No. 19/2014 of October 24, 2014;

(i) The Government of Pakistan through Finance Act has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a) For filers of income tax returns: 15%

b) For non-filers of income tax returns: 30%

All shareholders whose names are not entered into the Active Tax-pavers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of future cash dividend otherwise tax on their cash dividend will be deducted as per the rates prescribed by the authority.

(ii) For any further query / problem / information, the investors may contact Company's Share Registrar FAMCO Associates (Pvt.) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi (Ph. # +9221- 34380101 and +9221-34380102. Email: info.shares@famco.com.pk).

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number ("NTN") updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to Company or its Share Registrar, FAMCO Associates (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

10. Conversion of physical shares into book entry form

Pursuant to the provisions of Section 72(2) of the Companies Act, 2017, Shareholders having physical shareholding are encouraged to open a CDC Sub - Account with any authorized Broker or Investor Account directly with CDC, to convert their existing physical shares into scrip less form. It would be pertinent to note that per the existing regulations of the Pakistan Stock Exchange Limited, trading of physical shares is not permitted. Conversion of physical shares into scrip less form will facilitate the shareholders in many ways e.g. safe custody and ease of sale or purchase of shares at their convenience.

FORM OF PROXY
PAKISTAN TELECOMMUNICATION COMPANY LIMITED

ptcl

I / We ____

of ____

being a member of **Pakistan Telecommunication Company Limited,** and a holder of ____________________

Ordinary Shares as per Share Register Folio No. ______________________ and / or CDC Participant 1.D. No.

____________________ hereby appoint Mr./Mrs./Miss ____________________

of ______________________________ as my / our proxy to vote for me / us and on my / our behalf at the Twenty Seventh Annual General Meeting of the Company to be held on Thursday, April 28, 2022 at 10:30 a.m. and at any adjournment thereof.

Signed this ______________ day of ______________ 2022.

Five Rupees
Revenue stamp

For beneficial owners as per CDC List.

1. Witness

Signature

Name ____________________

Address ____________________

CNIC No. [ ][ ][ ][ ][ ]-[ ][ ][ ][ ][ ][ ][ ]-[ ]

or Passport No. ____________________

2. Witness

Signature

Name ____________________

Address ____________________

CNIC No. [ ][ ][ ][ ][ ]-[ ][ ][ ][ ][ ][ ][ ]-[ ]

or Passport No. ____________________

Notes:

i) The proxy need not be a member of the Company.

ii) The instrument appointing a proxy must be duly stamped, signed and deposited at the office of the Company Secretary PTCL, Headquarters, Sector G-8/4, Islamabad, not less than 48 hours before the time fixed for holding the meeting.

iii) Signature of the appointing member should match with his / her specimen signature registered with the Company.

iv) If a proxy is granted by a member who has deposited his / her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account / sub-account number along with attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.

AFFIX
CORRECT
POSTAGE

To,
The Company Secretary,
Pakistan Telecommunication Company Limited
PTCL Headquarters, Sector G-8/4,
Islamabad-44000

پراکسی فارم

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ

میں مسمی/مسمات ____________________

ساکن ____________________

بحیثیت ممبر پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ، حامل ____________________ عمومی حصص
تعداد حصص (شیئرز)

درج شدہ فولیو نمبر/سی ڈی سی (CDC) اکاؤنٹ نمبر ____________________، اپنی جگہ مسمی/مسمات ____________________

ساکن ____________________ کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور

میری طرف سے کمپنی کے 27 ویں سالانہ اجلاس عام، جو بتاریخ 28 اپریل 2022ء بروز جمعرات بوقت 10:30 بجے صبح منعقد ہو رہا ہے یا اس کے ملتوی شدہ اجلاس میں شرکت کرسکیں اور ووٹ ڈال سکیں۔

مورخہ: ____________________

جگہ برائے 5 روپے
کے رسیدی ٹکٹ
اور اُن پر حصے دار کے
درج شدہ (رجسٹرڈ) دستخط

گواہان:

1.
دستخط: ____________________
نام گواہ: ____________________
پتہ: ____________________
____
____
شناختی کارڈ/پاسپورٹ نمبر: ____________________

2.
دستخط: ____________________
نام گواہ: ____________________
پتہ: ____________________
____
____
شناختی کارڈ/پاسپورٹ نمبر: ____________________

ٹکٹ
یہاں چسپاں کریں

کمپنی سیکریٹری
پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ
پی ٹی سی ایل، ہیڈکوارٹرز، سیکٹر G-8/4
اسلام آباد-44000 پاکستان

Pakistan Telecommunication Company Limited
PTCL Headquarters, Sector G-8/4, Islamabad, Pakistan
/ptcl.official /ptclofficial /theptclcompany www.ptcl.com.pk