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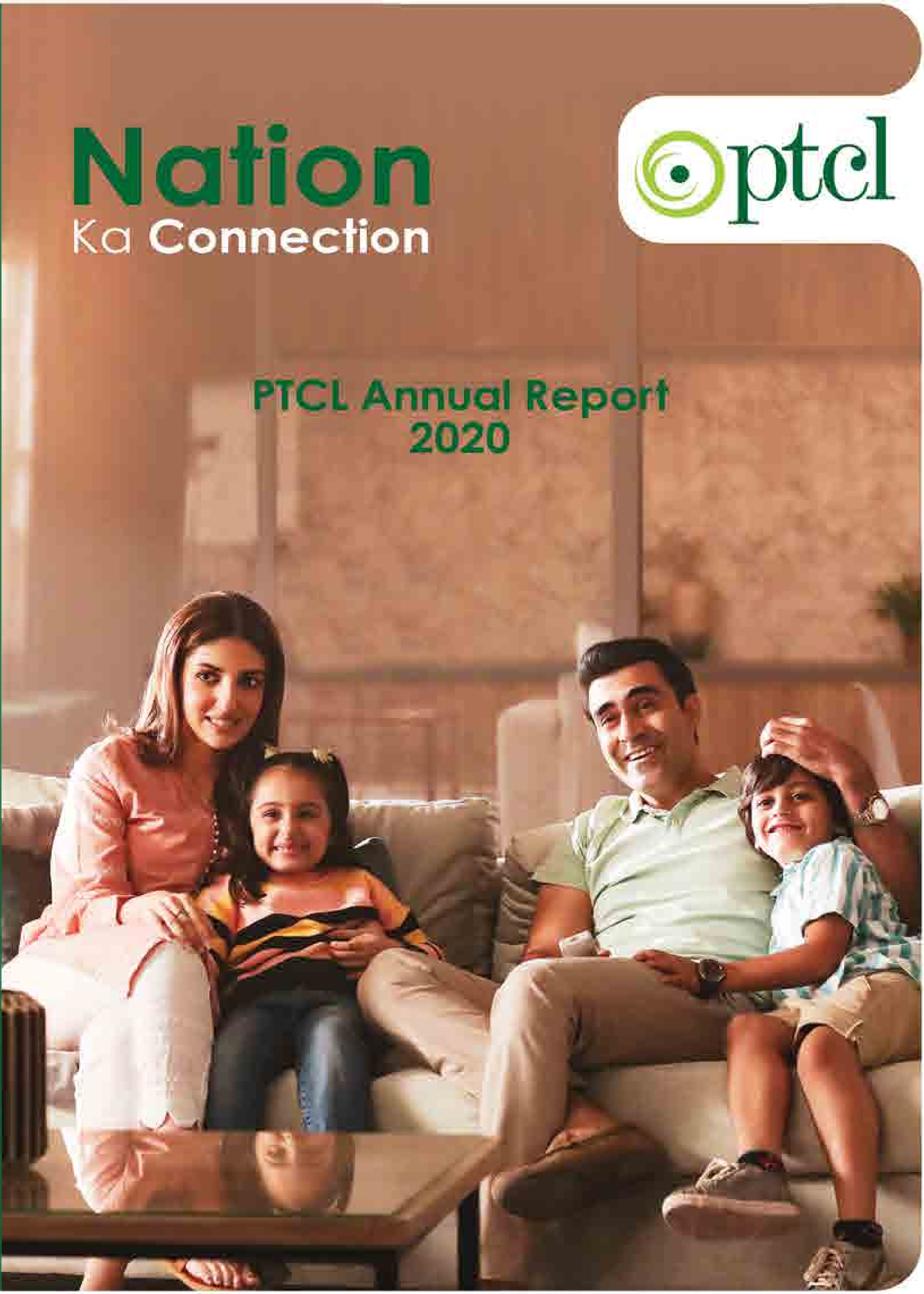
PTCL Annual Report
2020



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Contents

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 customer first
- We work as one team
- We embrace change

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Board of Directors

Shoaib Ahmad Siddiqui
Chairman

Abdulrahim A. Al Nooryani
Non-Executive Director

Kamran Ali Afzal
Non-Executive Director

Hatem Dowidar
Non-Executive Director

Hassan Nasir Jamy
Non-Executive Director

Hesham Al Qassim
Non-Executive Director

Syed Shabahat Ali Shah
Non-Executive Director

Khalifa Al Shamsi
Non-Executive Director

Dr. Mohamed Karim Bennis
Non-Executive Director

The Management Team

Mohammad Nadeem Khan
Group Chief Financial Officer

Adnan Anjum
Group Chief Marketing Officer

Jafar Khalid
Group Chief Technology and Information Officer (Development)

Moqeem Ul Haque
Chief Commercial and Group Corporate Strategy Officer

M. Shehzad Yousuf
Chief Business Operations Officer

Naveed Khalid Butt
Group Chief Regulatory Officer

Saad Muzaffar Waraich
Group Chief Technology and Information Officer (Operations)

Shahid Abbas
Group Chief Internal Audit

Syed Mazhar Hussain
Group Chief Human Resources Officer

Zahida Awan
Group Chief Legal Officer

Zarrar Hasham Khan
Chief Business Services Officer

Corporate Information

Company Secretary

Saima Akbar Khattak

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Zahida Awan
Group Chief Legal Officer

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

Bankers

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

Registered Office

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

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

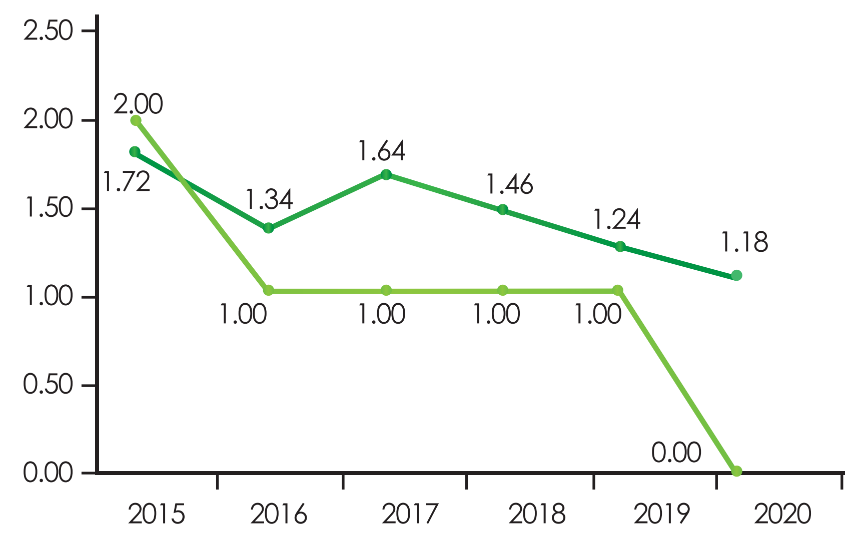
Operating and Financial Highlights

Year ended Dec 31		2020	2019	2018	2017	2016	2015
Key Indicators							
Operating							
Operating profit margin	%	4.80	6.90	9.14	10.31	12.83	11.45
Net profit margin	%	8.40	8.87	10.41	12.02	9.57	11.56
Performance							
Fixed assets turnover	Times	0.69	0.73	0.78	0.79	0.82	0.87
Debtors' turnover	Times	3.31	3.88	4.36	4.60	5.01	5.04
Return on equity	%	6.64	7.41	8.80	9.96	8.08	9.82
Return on capital employed	%	2.72	4.02	5.45	6.13	7.51	6.66
Earnings retention	%	100.00	19.65	31.29	39.05	25.38	(16.44)
Leverage							
Debt:Equity	Ratio	27:73	30:70	31:69	28:72	28:72	32:68
Debt ratio	%	55.45	55.39	53.92	50.76	50.57	49.01
Liquidity							
Current	Times	0.86	0.87	1.00	1.14	1.27	1.55
Quick	Times	0.82	0.80	0.91	1.09	1.23	1.49
Valuation							
Earnings per share	Rs.	1.18	1.24	1.46	1.64	1.34	1.72
Breakup value per share	Rs.	18.43	17.21	16.39	16.69	16.28	16.91
Dividend payout ratio	%	-	80.35	68.71	60.95	74.62	116.44
Price earnings ratio	Times	7.70	7.52	6.60	7.95	12.82	9.60
Market price to breakup value	Times	0.49	0.54	0.59	0.78	1.06	0.98
Dividend per share	Rs.	-	1.00	1.00	1.00	1.00	2.00
Dividend yield	%	-	10.68	10.41	7.66	5.82	12.13
Dividend cover ratio	Times	-	1.24	1.46	1.64	1.34	0.86
Market value per share	Rs.	9.10	9.36	9.61	13.05	17.18	16.49
Historical Trends							
Operating Results							
Revenue	Rs. (m)	71,804	71,548	71,273	69,620	71,420	75,752
Profit before tax	Rs. (m)	8,493	9,331	10,757	12,874	10,201	13,272
Profit after tax	Rs. (m)	6,030	6,347	7,422	8,368	6,835	8,760
Dividend	Rs. (m)	-	5,100	5,100	5,100	5,100	10,200
Financial Position							
Share capital	Rs. (m)	51,000	51,000	51,000	51,000	51,000	51,000
Reserves	Rs. (m)	43,010	36,751	32,571	34,102	32,013	35,218
Shareholders' equity	Rs. (m)	94,010	87,751	83,571	85,102	83,013	86,218
EBITDA	Rs. (m)	19,592	19,986	21,193	22,693	23,673	23,234
Working capital	Rs. (m)	(12,812)	(10,400)	139	8,936	16,213	25,778
Current assets	Rs. (m)	76,744	68,835	68,658	71,250	75,356	72,592
Total assets	Rs. (m)	223,600	209,994	196,523	187,348	182,637	180,378
Non-current liabilities	Rs. (m)	40,035	43,008	44,433	39,933	40,481	47,345
Operational*							
ALIS as on Dec 31	No. (000)	2,454	2,467	2,664	2,959	3,336	4,119
Average ALIS per employee	No.	151	156	170	190	204	229

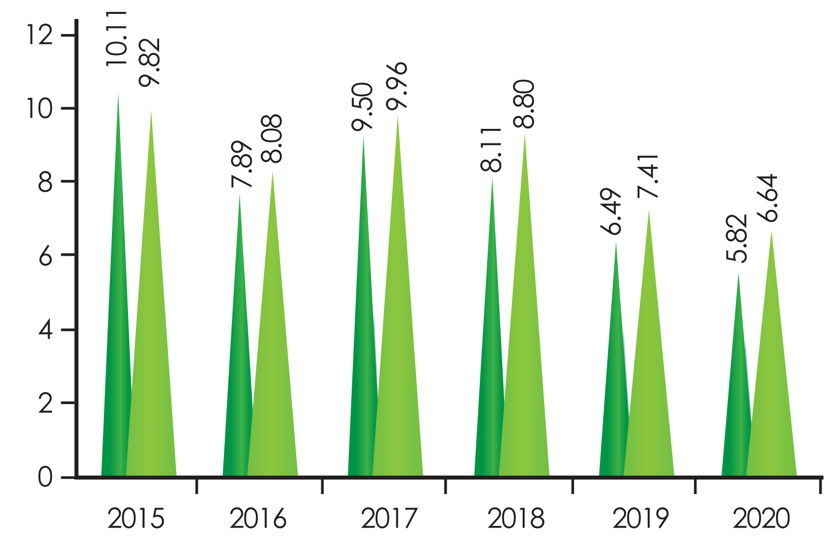
* Exclusive of Primary and Basic Rate interface.

Operating and Financial Highlights

Dividend Payout Per Share (Rupees)

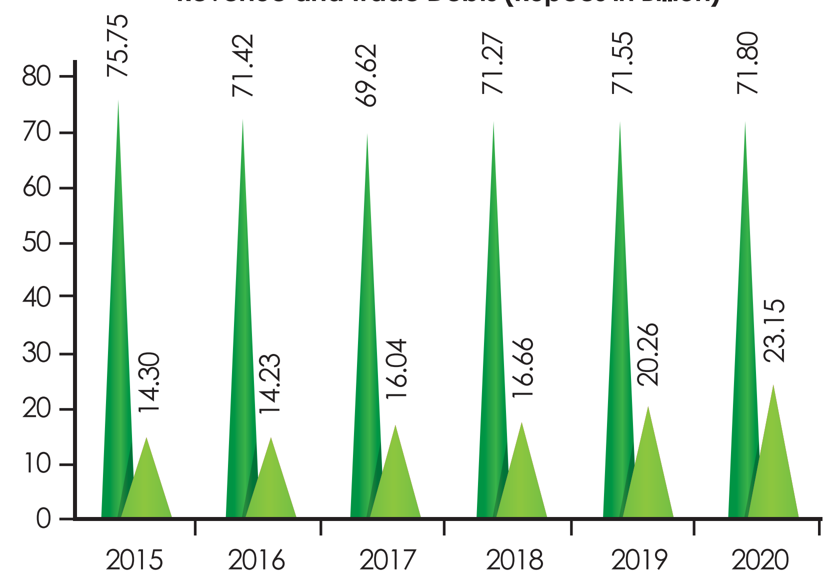


Return on Operating Assets and Equity (Percentage)

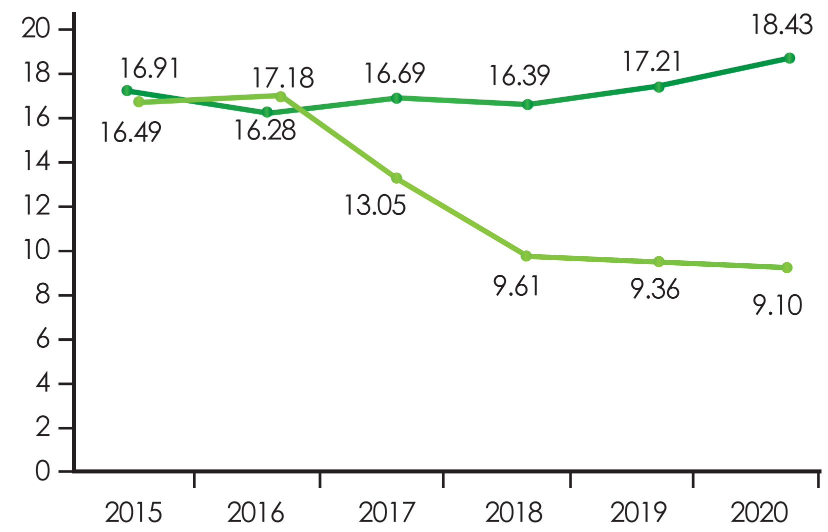


Operating and Financial Highlights

Revenue and Trade Debts (Rupees in Billion)

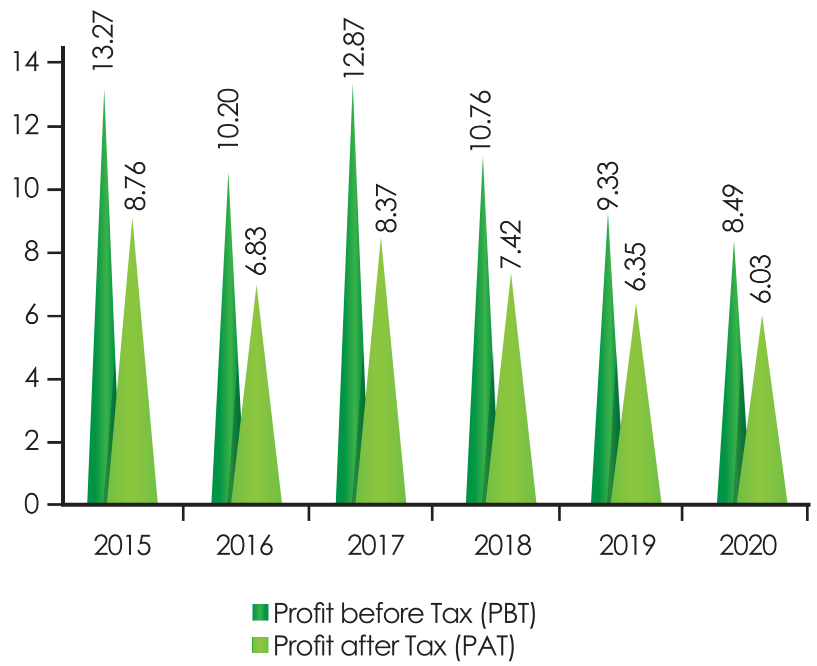


Breakup Value vs Market Value (Rupees)

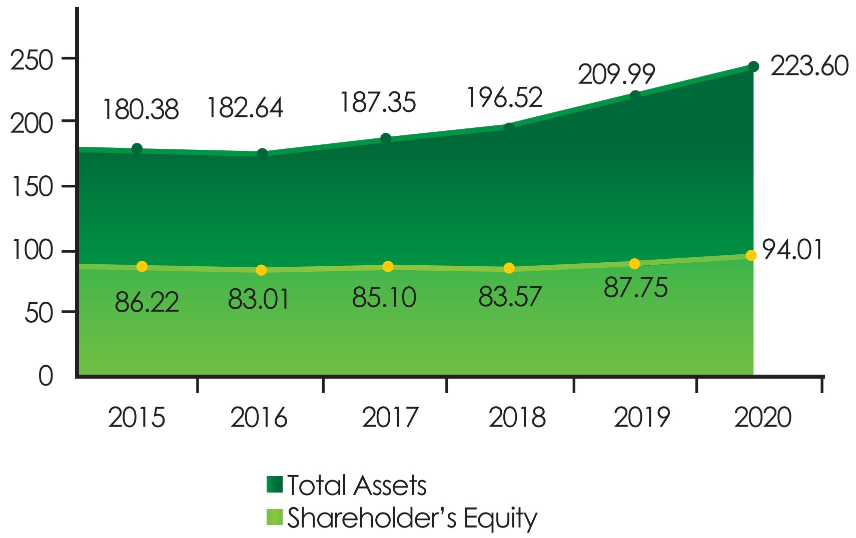


Operating and Financial Highlights

Profit Before Tax and Profit After Tax (Rupees in Billion)

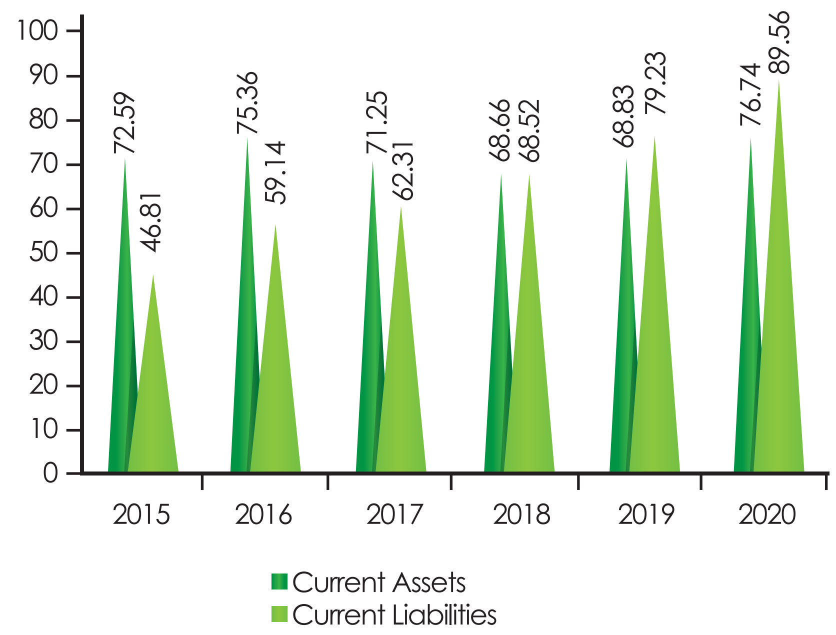


Total Assets vs Shareholder's Equity (Rupees in Billion)



Operating and Financial Highlights

Current Assets and Current Liabilities (Rupees in Billion)



Chairman's Review

Outbreak of the COVID-19 pandemic has not only saddened the people around the world but also has had a devastating impact on national as well as global economies. We at PTCL, experienced similar circumstances and dismay during the year 2020, due to COVID-19. We have lost many precious lives of our loyal and hardworking team members, their loved ones including our former Chairman, Mr. Maroof Afzal and Ex-President & CEO, Mr. Rashid Naseer Khan. The departed souls and their invaluable services will always be praised and remembered.

In Pakistan, aftermath of COVID-19 was marked by a slowing down of economy much like rest of the world. Government of Pakistan introduced relief packages to support affected industries and low income class. Now that economy has started to gain back momentum, GDP for FY21 is expected to grow by 1.5%-2.0%. Similarly, Pak Rupee against US Dollar has stabilized after a steep decline to balance the current account deficit. Soaring inflation has also stabilized. State Bank reduced the double-digit policy rate to 7% and stock exchange has exhibited remarkable recovery. Recent macro-economic benchmarks and equity markets collectively depict a favorable business environment after a significant disruption period.

During the lockdowns, where country's economic activities and growth slumped drastically, the vibrant telecom sector emerged as a prominent contributor to the country's economy and played a pivotal role in ensuring availability of essential services to the community. During these trying times, telecom technologies and smart work practices appeared as saviors providing impetus for strong collaborations between telecommunication and other sectors viz. education, health, security and e-commerce.

Pakistan's telecom business remains relatively stable compared to other industries due to unrelenting upward trajectory aided by surge in data consumption. Pakistan's cellular subscribers crossed 175 Million mark with a tele density in excess of 82% whereas fixed line broadband penetration remained at the same level. Mobile broadband subscribers kept on increasing and showed 19% annual growth. Subscriber base of Fiber to the Home (FTTH), the premium segment of fixed broadband, grew by 33%.

PTCL being the national carrier of Pakistan, is well positioned to act as a catalyst to support the vision of "Digital Pakistan". As a connectivity enabler, PTCL has played a major role in ensuring the data uptake and digitalization efforts of its customers by fulfilling their high speed connectivity and data needs.

PTCL Group maintained its revenue at PKR129 Billion. The topline stability coupled with cost optimization initiatives and favorable interest and exchange rate movements, translated into 38% improvement in PTCL Group's net profit for the year. PTCL remained focused to ensure provision of seamless connectivity and services & took unparalleled customer centric initiatives to enable and enrich all service verticals with state-of-the-art customer experience management platforms. PTCL has successfully maintained its dominant position in the market with reference to Data Center, ICT, IP Bandwidth and Managed Capacity Services. PTCL Group cellular arm, Ufone performed well despite COVID-19 challenges and was able to successfully cross 10 Million data customers by smartly expanding its LTE footprint. On the other hand, Ubank- our microfinance bank continued its exceptional growth momentum and has achieved a 50% growth in its revenue over last year by increasing its customer's loan portfolio and deposits. Customer satisfaction will be in our focus and growth in business will be pursued.

Cognizant of the contemporary challenges and tough competition, the Board adopting a proactive approach, has taken timely decisions to expand and modernize Company's network with innovative technologies and smart solutions in a synchronized manner. The Board and its Committees remained alert about the direction & performance of the Company as well as risks & challenges faced by it. During the period new Directors have joined the Board representing Etisalat and the Government of Pakistan. I welcome the new Directors and place on record the Board's appreciation for the valuable contributions of the outgoing Directors.

On behalf of the Board, I greatly acknowledge and appreciate continuous confidence of our valued shareholders. We believe in a strong relationship with shareholders and other stakeholders and will strive hard to secure and maximize their value. Customer satisfaction will be in our focus and growth in business will be pursued.

Shoaib Ahmad Siddiqui
Chairman PTCL Board

Islamabad: February 10, 2021

چیئرمین کاجائزہ

COVID-19 پھیلنے سے نہ صرف دنیا بھر کے افراد پریشان ہوئے بلکہ قومی اور عالمی معیشتوں پر بھی اس کے تباہ کن اثرات مرتب ہوئے۔ہم پی ٹی سی ایل میں بھی اسی طرح کے حالات سے دوچار ہے اور COVID-19 کی وجہ سے سال 2020 کے دوران انتہائی پریشانی کا شکار رہے ہیں۔ہم نے اپنے وفادار، محنتی ٹیم ممبرز اوران کے چاہنے والوں بشمول ہمارے سابق چیئرمین، مسٹر معروف افضل اور سابق صدراورسی ای او، مسٹر راشد نصیر خان سمیت کئی قیمتی جانیں گنوائی ہیں۔مرحومین کی انمول خدمات کو ہمیشہ سراہا جائے گا اور یاد رکھا جائے گا۔

COVID-19 کے بعد پوری دنیا کی طرح پاکستان کی معیشت بھی سست روی کا شکار رہی۔حکومت پاکستان نے متاثرہ افراد وشعبہ جات کی امداد کے لئے امدادی پیکیجز متعارف کروائے۔اب چونکہ معیشت سنبھلنا شروع ہوگئی ہے تو مالی سال 2021 کے لئے جی ڈی پی میں %2.0-%1.5 کا اضافہ متوقع ہے۔امریکی ڈالر کے مقابلہ میں پاک روپیہ کی قدر طویل تنزلی کے بعد مستحکم ہوئی ہے۔جس سے کرنٹ اکاؤنٹ خسارے میں توازن برقرار رہا اور بڑھتا ہوا افراط زر بھی مستحکم ہوا۔اسٹیٹ بینک نے دوہری ہندسوں کی پالیسی شرح کو 7 فیصد تک کم کر دیا ہے اور اسٹاک ایکسچینج میں بھی نمایاں بحالی کا عمل دیکھنے میں آیا۔حالیہ مائیکرو اکنامک بینچ مارک اور ایکویٹی مارکیٹ ایک مشکل وقت سے گزرنے کے بعد مجموعی طور پر سازگار کاروباری ماحول کی عکاسی کرتا ہے۔

لاک ڈاؤن کے دوران، جہاں ملک کی معاشی سرگرمیاں اور نمو میں تیزی سے کمی واقع ہوئی، وہیں متحرک ٹیلی کام سیکٹر نے ملکی معیشت میں نمایاں اضافہ کیا اور معاشرے کے لئے تمام ضروری خدمات کی دستیابی کو یقینی بنانے میں اہم کردار ادا کیا۔اس آزمائشی دور میں، ٹیلی مواصلات اور سمارٹ ورک کے طریقہ کار کی بدولت ٹیلی مواصلات اور دوسرے شعبوں جیسا کہ تعلیم، صحت، سلامتی اور ای کامرس کے مابین مضبوط تعاون کو فروغ دینے والے نجات دہندہ کے طور پر منظرِ عام پر آئے۔ڈیٹا کی کھپت میں جاری مسلسل اضافے کی بدولت پاکستان کا ٹیلی کام کا شعبہ دیگر صنعتوں کے مقابلے میں نسبتاً مستحکم رہا۔ 82 فیصد سے زائد ٹیلی ڈینسٹی کی شرح نمو کے ساتھ پاکستان کے سیلولر صارفین کی تعداد 175 ملین سے تجاوز کر گئی۔جبکہ فکسڈ لائن براڈ بینڈ پینیٹریشن میں استحکام رہا۔موبائل براڈ بینڈ صارفین میں اضافے کا رحجان رہا اور سالانہ %19 اضافہ دیکھنے میں آیا فکسڈ براڈ بینڈ کے پریمیم سیگمنٹ فائبر ٹو دی ہوم (ایف ٹی ٹی ایچ) کے صارفین میں %33 کا اضافہ ہوا۔

پی ٹی سی ایل پاکستان کا قومی ادارہ ہونے کے ناطے، "ڈیجیٹل پاکستان" کی منزل کی جانب پیش رفت میں اہم ترین کردار ادا کرنے کیلئے پُرعزم ہے۔بحیثیت رابطوں کو یقینی بنانے والے کے طور پر پی ٹی سی ایل نے صارفین کی تیز رفتار روابط اور ڈیٹا کی ضروریات کو پورا کرتے ہوئے ٹیلی کام کمپنیز کی ڈیٹا کی طلب اور ڈیجیٹلائزیشن کی کوششوں کو یقینی بنانے میں اہم کردار ادا کیا ہے۔

پی ٹی سی ایل گروپ نے اپنی آمدنی کو 129 ارب روپے پر برقرار رکھا۔لاگتی اخرجات میں بہتری کے لئے کئے گئے اقدامات اور سازگار سودی اور روپے کی تبادلہ شرح کی نقل وحرکت کی بدولت اور ٹاپ لائن میں استحکام کی وجہ سے پی ٹی سی ایل گروپ کے خالص منافع میں 38 فیصد اضافہ ہوا۔پی ٹی سی ایل نے رابطوں میں تسلسل اور بہترین خدمات کی فراہمی کو یقینی بنانے کے لئے اپنے جدید ترین کسٹمرز ایکسپیرینس مینجمنٹ پلیٹ فارمز کے ذریعے صارفین کو لاجواب خدمات مہیا کرنے کے لئے بے مثال اقدامات کیے۔پی ٹی سی ایل نے ڈیٹا سینٹر، آئی سی ٹی، آئی پی بینڈ وڈتھ اور منظّم کپیسٹی سروسز کے حوالے سے مارکیٹ میں کامیابی کے ساتھ اپنی برتری برقرار رکھی۔پی ٹی سی ایل گروپ کے سیلولر آرم، یوفون نے COVID-19 کی وجہ سے درپیش مشکلات کے باوجود اچھی کارکردگی کا مظاہرہ کیا اور اپنے بڑھتے ہوئے ایل ٹی ای نیٹ ورک کی بدولت 10 ملین ڈیٹا صارفین کا سنگِ میل عبور کرنے میں کامیاب رہا۔دوسری طرف، یو بینک - ہمارا مائیکروفنانس بینک جس نے اپنی غیر معمولی نمو کی رفتار کو جاری رکھا اور اپنے صارف کے قرض پورٹ فولیو اور ذخائر میں اضافہ کر کے گذشتہ سال کی نسبت اپنی آمدنی میں %50 اضافہ کیا۔صارفین کا اطمینان اور کاروبار میں اضافہ ہماری ترجیحات میں ہے

عصری چیلنجوں اور سخت مسابقت سے واقف بورڈ نے ایک فعال طریقہ کار اپناتے ہوئے، ہم آہنگی کے ساتھ جدید ٹیکنالوجی اور سمارٹ حل کے ساتھ کمپنی کے نیٹ ورک کو درجہ بہ درجہ وسعت دینے اور جدید بنانے کے لئے بروقت فیصلے کیے ہیں۔بورڈ اور اس کی کمیٹیز کمپنی کی سمت اور کارکردگی کے ساتھ ساتھ اس کو درپیش خطرات اور چیلنجوں کے بارے میں بھی آگاہ ہیں۔دوران سال اتصالات اور حکومت پاکستان کی نمائندگی کرنے والے نئے ڈائریکٹرز بورڈ میں شامل ہوئے۔میں نئے ڈائریکٹرز کا خیر مقدم کرتا ہوں اور بورڈ کی طرف سے سبکدوش ہونے والے ڈائریکٹرز کو ان کی قیمتی خدمات پر سراہتا ہوں۔

منجانب بورڈ، میں اپنے قابل قدر حصص داران کے مستقل اعتماد کا دل کی گہرائیوں سے اقرار اور بے حد شکریہ ادا کرتا ہوں۔ہم حصص داران اور دیگر اسٹیک ہولڈرز کے ساتھ مضبوط تعلقات پر یقین رکھتے ہیں اور ان کے مفادات کو محفوظ بنانے اور بڑھانے کے لئے مزید کوشاں رہیں گے۔صارفین کا اطمینان اور کاروبار میں اضافہ ہماری ترجیحات میں شامل ہے۔

شعیب احمد صدیقی

چیئرمین پی ٹی سی ایل، بورڈ

اسلام آباد: 10 فروری 2021ء

Group CEO's Message

Year 2020 has been a challenging year considering the outbreak and spread of COVID-19 that impacted our lives in ways we could not have envisioned. We suffered the loss of our visionary CEO, Mr. Rashid Naseer Khan, along with several members of our PTCL family.

The business paradigm as well as individuals requirements have evolved through structural reforms to fit in 'the New Normal' where role of telecom services has become pivotal. The wave of digitalization is gaining momentum as the traditional businesses and individuals' daily routines continue to adopt new operating models to be more agile. Resultantly, demand of high-speed data has shown phenomenal growth, which not only divulge new avenues for the telecom industry but at the same time has laden the industry with a responsibility to ensure maintaining a pace to satisfy the appetite of high-speed data services.

In a challenging industry and against a backdrop of unprecedented global uncertainty, PTCL Group delivered a steady financial performance whilst building strong commercial momentum in the second half of the year. Total group revenue remained stable at PKR 129 Billion, however, if adjusted for the adverse impact of pandemic and certain regulatory changes, our revenues grew by 5.2%. PTCL Group has posted net profits of PKR 3.3 Billion which is 38% higher compared to last year.

PTCL standalone revenue for the year is 0.4% higher than last year and stands at PKR 71.8 Billion. After registering a decline of 0.7% until Q3, the topline grew in Q4 by 3.7% YoY backed by healthy customer acquisition & successful strategies applied by the management in the first half of the year. Fixed Broadband continuously achieved positive Net subscriber additions during the last three quarters and highest ever net subscriber additions were recorded in December 2020 in last 5 years. Similarly, broadband revenue picked up growth momentum in the second half of the year while various customer centric initiatives helped reduce churn by 23% YoY. Wireless segment also witnessed 8% YoY increase in revenue after registering decline in last five years utilizing aggressive pricing and sales strategies without any major investments. Smart TV revenue improved by 3% as compared to last year. Fiber to the Home (FTTH) footprint continues to expand with consistent growth in subscribers and revenues with a promising outlook for the future.

Business Services revenue, achieved an overall YoY growth of 6%. Corporate business exhibited significant double digit growth of 11% whereas carrier services business grew by 5% in comparison to last year. Similarly, International Business grew by 4%. All these growth avenues reflect the resilience of our business services portfolio. This strong commercial drive was supported by further progress on our ambitious cost saving programme and PTCL posted net profit of PKR 6 Billion for the year despite negative impact of COVID-19.

We continued to invest in our fixed and mobile network infrastructure and digital services, to provide faster speeds for our customers, as well as successfully managing the recent surges in demand, which has resulted in accelerated roll out of Fiber to the Home (FTTH) alongside network transformation and rehabilitation projects. We are investing in Submarine Cable upgrades and new subsea cable Africa-1 to cater for growing internal and external customers' bandwidth requirements. At the same time we are also focusing on enhancing submarine wet segment capacity sales through short and medium term opportunities. Anticipating the potential of substantial connectivity demand in the associated regions of CPEC corridor, coastal highway link of Gwadar has been upgraded from 10G to 20G to provide services in various locations along the route.

I am pleased to share that PTCL is the only telecom operator of the Country which has achieved two ISO certifications in parallel for its Cloud services 'Infrastructure-as-a-Service' (IaaS) offering. PTCL entered into collaboration agreement with international partner to establish first cloud marketplace in Pakistan to address the growing needs of the small and medium enterprises. It would be pertinent to mention that PTCL during 2020, has succeeded to renew its integrated telecom license for the next 25 years.

We accelerated the pace of adding new & innovative products and services to our current line of broadband and wireless service offerings in order to meet the increasing connectivity demands of our customers, along with providing creative digital solutions of managed services, Cloud, security & ICT portfolio for our business customers.

During the year, we delivered strong progress against our key objective of improving customer engagement. We have consistently improved the quality and experience of service for our customers, both business and consumers. We became the first Operator in Etisalat Group, which successfully implemented Customer Happiness Index (CHI) for effective measurement of customers' satisfaction. The combined result of this strong customer focus and network modernization has resulted in significant reduction in mean time for complaint resolution and improved customer services which translated in improvement in the Customer Happiness Index (CHI) & customer churn rate. We have further strengthened our digital channel capabilities, which delivers a better experience for our customers.

Our subsidiary, Ufone has undertaken multiple initiatives to facilitate customers as well as other stakeholders to provide relief in these unprecedented times. It has developed customized products, offers and subsidized bundles to facilitate uninterrupted peer-to-peer communication. During second half of last year, Ufone launched an additional 1200 4G/LTE sites to upgrade its 47% network on LTE by re-farming its existing spectrum. The LTE services are now available in more than 70 cities with total data customers over 10 Million mark. Ufone facilitated free access to the Government of Pakistan emergency helplines of Corona call centers, labs, hospitals and ambulances, besides providing free access to Pakistan Red Crescent to allow for easy and immediate access to Corona relief centers.

Ubank, a microfinance banking subsidiary of PTCL, continued its growth momentum and has achieved a 50% growth in its revenue over last year by increasing its customers' loan portfolio and deposits. The deposit book of the Bank grew by 98% as the Bank acted aggressively yet judiciously to shield itself from pandemic related liquidity shocks. A healthy Advance to Deposit Ratio (ADR) was maintained, accompanied by a tight control on the cost of deposits.

Being a socially responsible & aware organization, PTCL Group came forward with messages of hope and strength to the community at large, while donating generously to support the Government initiatives through cash donations as well as provision of health & safety equipment for the frontline medical staff.

The determination, delivery and devotion from the entire PTCL Group family is enabling our society to function and thrive during this extreme period of need. Our customers have relied on the critical connectivity we provide more than ever before. The services and solutions we provide have facilitated businesses to continue operation, children to continue schooling, healthcare to be provided and governments to respond effectively. Also during periods of physical isolation, we have enabled families, friends and loved ones to remain connected.

Whilst we are not immune to the pressures facing the economies in which we operate, we have a relatively resilient operating model and we are accelerating key aspects of our strategic priorities to deliver sustained results. Our focus will remain on executing our strategic agenda at pace, managing the current shorter-term challenges, whilst continuing & building on the strong commercial momentum picked in the current year.

Mohammad Nadeem Khan
Acting President and Chief Executive Officer

Islamabad: February 10, 2021

گروپ کے سی ای او کا پیغام

COVID-19 کے آنے اور پھیلنے کی وجہ سے سال 2020ء ایک مشکل سال رہا ہے جس نے ہماری زندگی پر وہ اثرات مرتب کیے جن کا ہم تصوّر بھی نہیں کرسکتے تھے۔ ہم نے اپنے بصیرت انگیز سی ای او، جناب راشد نصیر خان سمیت اپنی پی ٹی سی ایل خاندان کے متعدد افراد کو کھویا۔

کاروباری ماحول اور ساتھ ہی افرادی ضروریات، اب ضروری اصلاحات کے تمدن میں ایک نئے معمول کی طرف مائل ہو رہے ہیں جہاں مواصلاتی خدمات کا کردار کلیدی حیثیت اختیار کرگیا ہے۔ ڈیجیٹلائزیشن پروان چڑھ رہی ہے کیونکہ روایتی کاروبار اور عوام الناس کے روزمرّہ کے معمولات زیادہ برق رفتار ہونے کیلئے نت نئے آپریٹنگ ماڈلز کو اپنا رہے ہیں۔ نتیجتاً تیز رفتار ڈیٹا کی طلب میں غیر معمولی اضافہ دیکھنے میں آیا ہے، جو نہ صرف ٹیلی کام صنعت کیلئے نئی راہیں ہموار کررہی ہے بلکہ ساتھ ہی اس صنعت کو یہ ذمہ داری بھی سونپ رہی ہے کہ یہ تیز رفتار ڈیٹا سروس کی بڑھتی ہوئی طلب کو پورا کرنے کیلئے اپنی اہلیت اور مطابقت کو مسلسل برقرار اور یقینی بنائے۔

غیر معمولی عالمی نوعیت کی غیر یقینی صورتحال کے پس منظر اور ایک بھرپور مسابقتی صنعت میں پی ٹی سی ایل گروپ نے سال کے دوسرے نصف حصے میں مستحکم مالی کارکردگی کا مظاہرہ کیا۔ مجموعی طور پر گروپ کی آمدن 129 ارب روپے پر مستحکم رہی، تاہم، اگر COVID-19 اور دیگر ریگولیٹری تبدیلیوں کے منفی اثرات کو ایڈجسٹ کیا جائے تو ہماری آمدن میں 5.2% کا اضافہ ہوا۔ پی ٹی سی ایل گروپ کا خالص منافع گزشتہ برس کی نسبت 38% اضافے کے ساتھ 3.3 ارب روپے رہا۔

پی ٹی سی ایل کی سالانہ آمدن گزشتہ برس کی نسبت 0.4% اضافے کے ساتھ 71.8 ارب روپے رہی۔ انتظامیہ کی بہتر حکمت عملی اور صارفین کی تعداد میں اضافے کی بدولت تیسری سہ ماہی تک کی ٹاپ لائن میں موجود 0.7% کی کمی، چوتھی سہ ماہی میں سال بہ سال کی نسبت سے 3.7% اضافے کے ساتھ بڑھ گئی۔ فکسڈ براڈ بینڈ صارفین کی تعداد میں سال کی تین سہ ماہیوں میں مسلسل اضافہ ہوا جبکہ دسمبر 2020 کے دوران صارفین کی تعداد میں خاطر خواہ اضافہ ہوا جو کہ گزشتہ پانچ سالوں میں سب سے زیادہ ماہانہ اضافہ تھا۔ اسی طرح براڈ بینڈ آمدن بھی سال کے دوسرے نصف حصے میں بڑھنا شروع ہوگئی جبکہ صارفین سے متعلقہ کئے گئے بہتر اقدامات کی وجہ سے گذشتہ برس کی نسبت صارفین کے چھوڑنے کی شرح میں 23% کمی آئی۔ وائرلیس آمدن جو کہ گزشتہ پانچ سالوں سے تنزلی کا شکار تھی، میں بھی 8% اضافہ دیکھنے میں آیا جس کا حصول بغیر اضافی سرمایہ کاری کے، فروخت کی بہتر حکمت عملی اور قیمتوں میں متناسب تعین کی بدولت ممکن ہوا۔ آئی پی ٹی وی کی آمدن میں گزشتہ سال کے مقابلے میں 3% اضافہ ہوا۔ مستقبل میں صارفین کی تعداد اور آمدن میں اضافے کے تسلسل کو یقینی بنانے کے لئے ایف ٹی ٹی ایچ نیٹ ورک کی توسیع جاری ہے۔

خدمات کی مد میں سال بہ سال کی نسبت 6% آمدن میں اضافہ ہوا۔ کارپوریٹ کاروبار کی مد میں نمایاں دوہرے ہندسوں 11% سے آمدن میں اضافہ ہوا جبکہ گزشتہ سال کی نسبت کیریئر سروسز کی مد میں 5% آمدن میں اضافہ ہوا۔ اِسی طرح بین الاقوامی کاروبار کی مد میں 4% آمدن میں اضافہ ہوا۔ یہ تمام تر اضافہ جات ہمارے کاروباری خدمات کی وسعت کو ظاہر کرتے ہیں۔ اِن مضبوط معاشی سرگرمیوں کو اخراجات میں کئے گئے موثر اقدامات سے مزید تقویت ملی اور پی ٹی سی ایل نے COVID-19 کے منفی اثرات کے باوجود اس سال 6 ارب روپے کا خالص منافع کمایا۔

صارفین کو برق رفتار ڈیٹا کی فراہمی اور اس کی بڑھتی طلب کو پورا کرنے کے لئے ہم اپنے فکسڈ اور موبائل نیٹ ورک کی توسیع میں سرمایہ کاری کرتے رہیں گے نتیجتاً ایف ٹی ٹی ایچ (فائبر ٹو دی ہوم) کے ساتھ ساتھ نیٹ ورکس کی بحالی اور بہتری کے منصوبوں پر عمل درآمد ہو رہا ہے۔ اندرون اور بیرون ملک صارفین کی بینڈ وتھ کی بڑھتی ہوئی طلب کو مدنظر رکھتے ہوئے ہم زیرِ سمندر کیبل کو مزید جدید اور نئے زیرِ سمندر کیبل افریقہ 1 میں سرمایہ کاری کر رہے ہیں۔ اسی کے ساتھ ساتھ ہم مختصر/ درمیانی مدّتی مواقعوں کو بروئے کار لانے کے لئے زیرِ سمندر نیٹ ورک کی فروختی گنجائش کو مزید بڑھانے پر بھی غور کر رہے ہیں۔ سی-پیک کوریڈور سے ملحقہ علاقوں میں مواصلاتی رابطوں کی خاطر خواہ متوقع طلب کے مدنظر گوادر کی ساحلی شاہرہ کو 10G سے بڑھا کر 20G پر منتقل کردیا ہے تاکہ بہتر خدمات کی فراہمی کو یقینی بنایا جائے۔ مجھے یہ بتاتے ہوئے خوشی محسوس ہورہی ہے کہ پی ٹی سی ایل ملک کا وہ واحد ٹیلی کام آپریٹر ہے جسے مسلسل دو بار کلاؤڈ سروسز 'انفرااسٹرکچر بطور سروس' (IaaS) پر آئی ایس او سرٹیفیکیشن سے نوازا گیا ہے۔ پی ٹی سی ایل نے چھوٹے اور درمیانے درجے کے کاروباری اداروں کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لئے پاکستان میں پہلی کلاؤڈ مارکیٹ قائم کرنے کیلئے بین الاقوامی شراکت دار کے ساتھ باہمی تعاون کا معاہدہ کیا ہے۔ یہ ذکر بھی قابل ستائش ہوگا کہ پی ٹی سی ایل کے مربوط ٹیلی کام لائسنس کی سال 2020 کے دوران اگلے 25 سالوں کیلئے تجدید ہوگئی ہے۔

ہم نے براڈ بینڈ اور وائرلیس کی موجودہ سروسز میں نئی اور جدید مصنوعات اور خدمات کو شامل کرنے کی رفتار کو مزید تیز کردیا ہے تاکہ منظّم خدمات، کلاؤڈ، سیکیورٹی اور آئی سی ٹی سے متعلقہ تکنیکی حل فراہم کرنے کے ساتھ ساتھ اپنے کاروباری صارفین کے بڑھتے ہوئے مواصلاتی تقاضوں کو پورا کیا جاسکے۔ دورانِ سال ہم نے صارفین سے وابستگی کے اپنے بنیادی مقاصد کی جانب پیش رفت کی ہے۔ ہم اپنے کاروباری اور دیگر صارفین دونوں کیلئے خدمات کے معیار اور تجربے میں مستقل طور پر بہتری لاتے رہے ہیں۔ ہم اتصالات گروپ میں وہ پہلے آپریٹر بن گئے جنھوں نے صارفین کے اطمینان کی مؤثر پیمائش کیلئے صارفین کی خوشی کے معیار کو کامیابی کے ساتھ نافذ کیا۔ صارفین پر خصوصی توجہ اور نیٹ ورک میں جدت کا مشترکہ نتیجہ یہ ہے کہ شکایات کے حل اور صارفین کی خدمات میں بہتری کیلئے درکار وقت کے دورانیے میں نمایاں کمی واقع ہوئی ہے جس سے صارفین کی خوشی کے اعشاریے میں بہتری اور صارفین کے چھوڑنے کی شرح میں کمی واقع ہوئی ہے۔ ہم نے اپنی ڈیجیٹل صلاحیتوں کو مزید تقویت بخشی ہے، جو ہمارے صارفین کیلئے بہتر سہولت و تجربہ فراہم کرتیں ہیں۔

ان غیر معمولی حالات میں ہماری ذیلی کمپنی، یوفون نے صارفین اور دیگر اسٹیک ہولڈرز کی سہولت کی خاطر متعدد اقدامات کیے۔ اس نے بہترین مواصلاتی خدمات کے حصول کو یقینی بنانے کے لئے مخصوص اور سستی مواصلاتی مصنوعات کو متعارف کروایا۔ گزشتہ برس کے دوسرے نصف حصے میں اس نے اضافی 1200 مقامات کو 4G/LTE نیٹ ورک پر منتقل کرتے ہوئے 47% نیٹ ورک کو LTE سپیکٹرم پر منتقل کیا۔ ایل ٹی ای سروسز اب ملک کے 70 سے زائد شہروں میں دستیاب ہیں جن کے کل ڈیٹا صارفین کی تعداد 10 ملین سے تجاوز کرگئی ہے۔ یوفون نے حکومتِ پاکستان کو کورونا کال سینٹرز، لیباٹریوں، ہسپتالوں اور ایمبولینسز کی ہنگامی ہیلپ لائنز تک مفت رسائی فراہم کرنے کے علاوہ، پاکستان ریڈ کریسنٹ اور کورونا امدادی مراکز تک مفت اور آسان رسائی بھی فراہم کی ہے۔

یو بینک جو کہ پی ٹی سی ایل کا ایک مائیکروفنانس بینکاری کا ذیلی ادارہ ہے نے بھی اپنی ترقی کی رفتار کو جاری رکھا اور گزشتہ سال کی نسبت اپنے صارفین کے قرض پورٹفولیو اور ڈپازٹس میں اضافے کے ذریعے اپنی آمدن میں 50% تک کا اضافہ کیا۔ بینک نے وبائی امراض سے متعلق لیکویڈیٹی مشکلات سے خود کو بچاتے ہوئے جارحانہ اقدامات کئے جس کی وجہ سے بینک کی کھاتہ داری (ڈپازٹ بک) میں 98% کا اضافہ ہوا جب کہ ایک مستحکم ایڈوانس ٹو ڈپازٹ ریشو (ADR) کو برقرار رکھا گیا اور اس کے ساتھ ساتھ ذخائر کے لاگتی اخراجات پر بھی سخت کنٹرول رکھا گیا۔

معاشرتی طور پر ذمے دار اور باشعور ادارہ ہونے کے ناطے، پی ٹی سی ایل گروپ بڑے پیمانے پر معاشرے کی امید اور ترجمانی کے ساتھ منظر عام پر آیا اور نقد عطیات کے ذریعہ سرکاری اقدامات کی حمایت کرنے کے ساتھ ساتھ فرنٹ لائن میڈیکل عملے کی صحت اور حفاظت کے ساز وسامان کی فراہمی کیلئے بھی دل کھول کر عطیات کئے۔

پوری پی ٹی سی ایل گروپ فیملی کا عزم اور مستقل مزاجی ضرورت کے اس انتہائی دور میں معاشرے کو اپنے فروغ اور تمام اُمور انجام دینے کے قابل بنا رہے ہیں۔ ہمارے صارفین کا ان ضروری مواصلاتی رابطوں کی خدمات پر انحصار ہے جو ہم پہلے سے بھی زیادہ موثر اور بہتر انداز میں فراہم کررہے ہیں۔ ہم جو خدمات اور حل پیش کرتے ہیں اُس سے کاروباری اداروں کو آپریشن جاری رکھنے، بچّوں کو حصولِ تعلیم، صحت کی بہتر سہولیات فراہم کرنے اور حکومتوں کو مؤثر اقدامات کرنے میں مدد مل رہی ہے۔ ہم نے اہلِ خانہ، دوستوں اور پیاروں کو اس آئسولیشن کے دور میں ایک دوسرے سے روابط استوار رکھنے کے اہل بنایا۔

اگرچہ ہم معیشت کو درپیش دباؤ سے محفوظ نہیں ہیں لیکن ہمارے پاس نسبتاً لچکدار آپریٹنگ ماڈل ہے اور ہم مستحکم نتائج کی فراہمی کیلئے اپنی حکمتِ عملی کی ترجیحات کے کلیدی پہلوؤں کو برق رفتاری سے بروئے کار لارہے ہیں۔ ہماری توجہ موجودہ حکمتِ عملی پر عمل پیرا ہونا موجودہ مختصر مدّتی مشکلات کا نظم و نسق سے مقابلہ کرنا اور ساتھ ہی رواں سال میں اپنی مستحکم تجارتی رفتار کو برقرار رکھنے اور بڑھانے پر مرکوز رہے گی۔

محمد ندیم
قائم مقام صدر اور چیف ایگزیکٹو آفیسر

اسلام آباد: 10 فروری 2021ء

Values We Live By

WE CARE

WE TREAT EVERYONE WITH RESPECT, DIGNITY AND RESPONSIBILITY.

WE WORK AS ONE TEAM

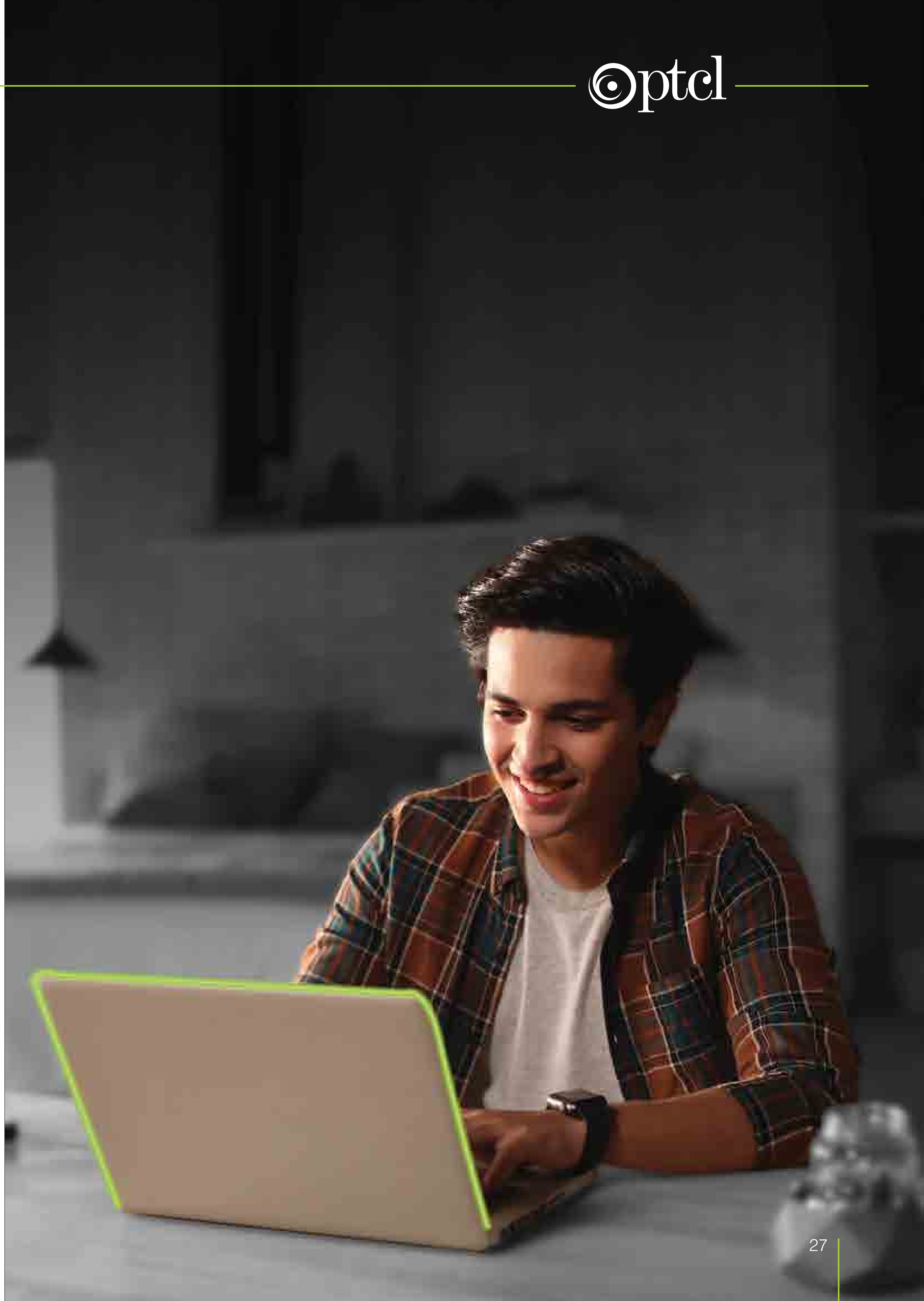
WE SEEK AND VALUE EVERYONE'S CONTRIBUTION. TOGETHER WE ARE STRONG.

WE PUT CUSTOMER FIRST

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

WE EMBRACE CHANGE

WE SHAPE OUR OWN DESTINY BY BEING PROACTIVE AND 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, 2020 together with the auditors' report thereon.

Our results proved that through this challenging period PTCL continued to deliver for our customers, support our people and our community, while generating long-term shareholder value. FY20 turned out to be an extremely challenging year for governments, businesses, communities, and for all of us as individuals. The emotional, mental and economic stresses as a result of the COVID-19 pandemic and necessary restrictions have been profound. It says a lot about the strength of our business and strategy that despite all these factors, performance remained stable and picked up growth momentum in the later part of the year. Importantly, we have also 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) for the second consecutive year. This reflects confidence of our stakeholders in PTCL's strong financial outlook.

Our customers' demand for connectivity and digital experiences, and the need for simplicity and adaptability, have reinforced the importance of our strategy. This year we accelerated our digital transformation by building new digital technological solutions and enabling our customers to interact with us more through online platforms. This transformation meant that when COVID-19 restrictions impacted our ability to answer our customers' calls, we were able to provide them with digital self-service capabilities as an alternative way to connect with us.

PTCL maintained market dominance in the fixed broadband despite growing competition from Fiber to the Home (FTTH) operators. Growing need for data consumption and low penetration of broadband offer huge opportunity in the market for fixed line broadband service providers. Our quality of fixed line access network is improving due to copper loop length reduction, network upgradation and FTTH rollout. PTCL is aggressively rolling out FTTH to serve high value customers. PTCL fixed-line broadband ARPU increased by upgrading subscriber base to higher speed. With focused efforts, PTCL reduced the MTTR to less than 24 hours even during the lockdown, as we believe that improving its customer service is one of the most important factors for service differentiation amongst other operators. We believe that a digitally connected Pakistan will uplift the socio-economic sectors and will become a key catalyst for economic growth.

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

Industry Outlook

The year 2020 witnessed deteriorating economic conditions with rising inflation, and continuing implications of currency devaluation resulting in sizeable increase in cost of doing business. COVID-19 outbreak affected economies globally and Pakistan's was not an exception. The restrictions due to lockdowns and encouraging social distancing as precautionary measure meant that industries had to go through a structural reform in order to fit in "The New Normal". From fixed line perspective, physical interactions on ground to maintain network, customer relations and bill collection etc. presented huge challenges. On the other hand, greater reliance on e-learning, e-commerce, tele-health and digital payment solutions etc. translated into an opportunity. Inculcating digitalization in the conventional ecosystem, especially during the pandemic, has been an impressive feat from telecom operators overall

In Pakistan, aftermath of COVID-19 was marked by a slowing down of economy much like rest of the world. The Government of Pakistan introduced relief packages to support affected individuals & sectors. Since economy has started to gain back momentum, GDP for FY21 is expected to grow by 1.5% - 2.0%. Pak Rupee against US Dollar has stabilized after a steep decline to balance the current account deficit. The soaring inflation has also been stabilized and is expected to remain within single digit. State Bank reduced the double-digit policy rate to 7% and Stock Exchange has exhibited remarkable recovery. Recent macro-economic benchmarks collectively depict a favorable business environment in the coming year.

Pakistan's telecom business remains relatively stable compared to other industries due to unrelenting upward trajectory aided by surge in data consumption. Despite stiff competition and low ARPUs, a large segment of the market still remains untapped with only 40% mobile broadband penetration and 6% household penetration for fixed broadband. Pakistan's cellular subscribers crossed 175 Million mark with a tele density in excess of 82%. Mobile broadband subscribers kept on increasing and showed 19% annual growth surpassing 90 million subscribers in December 2020. Mobile broadband service providers with their aggressive pricing and scale are giving tough competition to fixed broadband service providers. PTCL is modernizing its infrastructure to meet data demand, which has resulted in an accelerated roll out of FTTH alongside network transformation and rehabilitation projects.

The wave of digitalization is gaining momentum and it has forced traditional businesses to change their operating models to be more agile, from thriving online banking to booming e-commerce industry, digitalization is transforming businesses and enabling them to adapt quickly and effectively to changing circumstances. Growth in demand of Cloud infrastructure, security solutions and managed services is generating new opportunities for telecom operators. In order to capture market opportunities, PTCL going forward will focus on building organizational capability in Information & Communication Technology (ICT) services and System Integration, thus enabling Managed Security Solutions, Banking, Cloud Services, Data Centers and Managed Services in ICT landscape.

PTCL is committed to establish optical fiber connectivity to meet the growing requirement of voice, data and video in Pakistan including underdeveloped areas. Hence in year 2020, PTCL with the aim to reduce the digital divide in the country won the contract to deploy optical fiber, FTTH nodes and to develop and maintain network to connect underserved areas of Pakistan from Universal Service Fund (USF).

PTCL regarded employee health of paramount importance during this pandemic hence introduced Work From Home (WFH). Within a week PTCL enabled 80% of its call center staff to work from home which is a proof of PTCL agility to evolve and concern for its employee's well-being. Online trainings and e-learning platforms have been introduced for skill enhancement and driving employee engagement. On the other side, keeping in view the overall health of community, PTCL immediately introduced digital touch points for customer support and payments. Several payment mediums such as payment though Website, Mobile App, Social Media, VTM and collection via courier partners were made available for customers to complete their transactions without visiting physically resulting in a positive trend in terms of payments through these channels while minimizing the spread of COVID-19.

Financial Performance

PTCL Group maintained its revenue at PKR129 Billion despite challenges of COVID-19 pandemic and certain regulatory changes, if normalized, Group revenue is 5.2% higher than 2019 on a like-for-like basis.

The topline stability coupled with concerted management efforts towards cost optimization, improved efficiency, stringent cash flow controls, focused marketing strategies, and favorable interest and exchange rate movements in the lateral half of the year, translated into 38% improvement in Group's net profit for the year. PTCL reinforced its technological leadership by upgrading and expanding its network and ensuring value creation for its customers.

Revenues

PTCL's revenue of PKR 71.8 billion for the year is 0.4% higher than last year. The topline witnessed a decline of 0.7% until Q3, however, it picked up in Q4 to 3.7% YoY growth backed by healthy customer acquisition. Fixed Broadband continuously achieved positive Net additions during the last 9 months and recorded highest ever net additions in 5 years in the month of December 2020. Similarly, broadband revenue continued to grow in last 7 months while various customer experience initiatives helped reduce churn by 23% YoY. FTTH footprint continues to expand with consistent growth in subscribers and revenues with a promising outlook for the future.

Wireless segment, which was declining since last 5 years, was turned around in 2020 recording 8% YoY increase in revenue augmented by aggressive pricing and sales strategies without any major investments. Smart TV revenue also improved by 3% in comparison to last year. Business Services revenue achieved an overall YoY growth of 6%. Corporate business exhibited significant growth of 11% whereas Carrier Services business grew by 5% compared to the same period last year. Similarly, international business growth was recorded at 4%. Voice revenue, both local and international, decreased primarily due to subscribers' conversion to OTT (Over the Top) and cellular services.

Ufone performed well despite COVID-19 challenges and was able to successfully cross 10 Million data customers by smartly expanding its LTE footprint. U Bank continued its phenomenal growth momentum and has achieved a 50% growth in its revenue over last year by increasing its customer's loan portfolio and deposits

Profitability

PTCL's operating profit for the year has decreased by 30% compared to last year primarily due to higher depreciation resulting from significant capital expenditure incurred last year and subscriber acquisition cost. However, gain on disposal of obsolete assets and other non-operating incomes has helped in achieving net profit of PKR 6 Billion for the year. PTCL's earning per share (EPS) for the year is PKR 1.18.

PTCL Group has posted operating and net profits of PKR 5.6 Billion and PKR 3.3 Billion respectively.

Cash Flows

PTCL's cash flows, generated through operations during the year, were mainly used for capital expenditure towards network upgrade, expansion, integration of core network and deployment of fiber optic. At the Group level, the cash flows were also used for Ufone's network upgrade and branch network expansion of U Bank.

Appropriations

Subsequent to the Board's approval the insurance reserve balance of PKR 3.2 Billion has been transferred to unappropriated profit during the year since commercial insurance arrangements have now been placed for the coverage of Company assets. No dividend was recommended by the Board of Directors for the financial year 2020 in view of company's requirement for the funds to upgrade and enhance its network.

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 18.7 of the consolidated financial statements for the year, which explain 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

Cognizant to the growing demands of our valued consumers, PTCL continued the trend of launching various innovative and customized product offerings to serve the needs of customers. These offerings not only increased our existing customer loyalty but also aided in bringing new customers to our PTCL family.

Wireline Broadband

Year 2020 started with many acquisition promotions to mitigate competition and increase sales in targeted areas. 30% discount offering on installation charges was prevalent throughout the year and customers benefitted greatly from in-house channels like Call Center and Shops, where upfront installation charges were shifted to their next generated bills. These offerings helped PTCL build sales momentum which peaked in the month of December 2020, recording 45K sales that is highest achievement in 5 years leading to 80K DSL net additions from April till December 2020.

Keeping in view the market dynamics, PTCL revised its broadband tariff in August 2020 and emphasized on VDSL sales instead of ADSL, where possible, to better utilize its infrastructure. Special arrangements with various localities were also made like PAF to facilitate customers and increase sales. In order to accord priority and improve brand loyalty, PTCL launched customer segmentation in 2020. The idea was to enable targeted marketing strategies, increase customer retention and ultimately augment our revenue streams.

Fiber-to-the-Home (FTTH)

With increased focus on FTTH side, specific campaigns were launched to shift existing competition customers to PTCL GPON or shift PTCL Copper customer to GPON. FTTH services were also extended in high potential areas such as new localities and urban areas in order to capture more market share. This expansion shows confidence of customers in PTCL as a leading telecom operator. Priority services were extended to GPON customers to ensure higher satisfaction rates.

Voice

Voice usage decreased primarily due to continuing trend of subscribers' conversion to OTT (Over the Top) and cellular services. Keeping in view the customer usage, new calling packages were introduced to replace the old voice packages along with line rent revision. Friends' n Family offer was launched in collaboration with Ufone in Gujranwala city.

Wireless - (CharJi)

Building on the success of the Karachi Launch in December 2019, CharJi Unlimited Package was launched in Lahore during the year, with the objective of leveraging the superior quality of service & market potential of the region. The attractive value proposition offers unlimited data for PKR 1,499 per month. Overall, 132K CharJi sales were achieved in 2020, almost double compared to last year due to the enhanced focus of management on wireless revenue.

PTCL became the first operator in the country to offer its CharJi device with Cash-On-Delivery (COD) service. Customers can place their orders online via the corporate website, through digital promotions on social media or by dialing the helpline directly. The CharJi device is delivered to the customer with biometric verification facility and top-up/recharge at the doorstep.

Smart TV & Content

This year PTCL partnered with Starzplay by Cinepax, a subscription based streaming service that contains top of the line Hollywood content, enabling PTCL customers to easily pay their Starzplay subscription as part of their monthly bill. This integration eliminates the need of using credit or debit card.

PTCL signed an agreement with Medialogic, which is one of the leading TV Audience Measurement (TAM) data suppliers licensed by PEMRA, on enriching TAM data in Pakistan. This is an essential branch of media research which provides necessary insights and information related to viewing habits of TV audience.

During the peak time of COVID-19 when the whole country was in lockdown, PTCL collaborated with PITB (Punjab IT Board) to provide free educational content for the students of grade one to twelve on PTCL Smart TV & App as "Taleem Ghar" SVOD bundle. PTCL also collaborated with Ministry of Education and included Teleschool-an educational channel aimed at educating kids on PTCL Smart TV and App. To even further engage and incentivize its customers, PTCL also offered 50% discount on its SVOD bundle "e-junior".

In order to enhance customer experience, PTCL launched HD channels on Smart TV for GPON customers. This has enabled valued customers to watch a pack of HD channels in vivid picture quality and crisp audio. Additionally, PTCL also managed to increase its Smart TV user base by 8% overall and by 45% in GPON.

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 and enabling their connectivity needs.

Digital Services

PTCL Digital Services remained steady on its double digit growth with several key initiatives and projects. The focus was to further develop and invest in its Managed Services, Cloud, Security & ICT portfolio in the wake of COVID-19, which remained the key growth areas along with adding new products to our portfolio in the digital domain based on existing and upcoming market opportunities. The digital services connectivity portfolio continued to serve the needs of our customer base, providing secure, fast and reliable services.

The significant growth in 2020 and new strategic ICT & Cloud Projects is a combined result of aggressive sales strategy, excellent account and relationship management. 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, Rated-3 Certified Data Centers and provider of high-speed connectivity solutions, launched cloud services with innovative offerings using enterprise grade platforms. PTCL is the only telecom operator in Pakistan having achieved two ISO certifications in parallel for its cloud services 'Infrastructure-as-a-Service' (IaaS) offering. The services revenue from hosting grew tangibly to pave way for accelerated growth trajectory in coming years. PTCL entered into collaboration agreement with M/S DETASAD to establish first cloud marketplace in Pakistan to address the growing needs of the small and medium enterprises.

Leading the way for digital transformation in Pakistan, PTCL has enhanced its digital services portfolio from serving connectivity needs to becoming the customer's trusted security arm. Particular focus has been on expanding the security vertical for Digital services whereby PTCL became Pakistan's first Managed Security Services Provider (MSSP) in an effort to offer multiple security solutions including Information Technology Service Management (ITSM) solutions, virtual as well as physical firewalls, DNS, Anti-DDOS & multiple other security solutions being offered as a service to the end customer. The year witnessed new Cloud service deals along with service upgrades for the existing customers as well as multiple new customers on-boarded under ICT & Microsoft platforms.

Today, PTCL has ICT and Cloud customers across multiple industry segments including education, financial, healthcare and FMCG. Equipped with leading technology solutions, PTCL is the preferred ICT solution provider for corporate customers today. PTCL managed to secure a one stop shop deal from a leading bank for Data Center hosting, compute, storage, networking and MSSP on a managed services model.

Being the national carrier, PTCL is positioning itself to be the engine behind the Digital Pakistan initiative. PTCL developed an indigenous platform for the education sector (Q Taleem) that was showcased in GITEX 2020 and has been integrated by one of the global collaboration application provider to be part of its offering. Going forward, in 2021, PTCL is working with its customers in the private and government sector to enable and accelerate their digital transformation journeys. Working together with industry leading technology and service partners, our strategy is to facilitate our corporate customers with robust solutions helping them solve their ICT challenges.

Carrier Services

PTCL being the national carrier of Pakistan, is well positioned to act as a catalyst to support the vision of "Digital Pakistan". As a connectivity enabler, PTCL has played a major role in ensuring the data uptake and digitalization efforts of Telcos by fulfilling high-speed connectivity and data needs of these mobile broadband service providers. The availability of vast PTCL infrastructure, including its IP services, fiber/managed capacity, managed colocations, Data Centers and VSAT infrastructure, has provided the Telcos with immediate plug and play option, under one umbrella.

PTCL has crossed the figure of selling more than "1 Tbps" of IP bandwidth services in 2020 to its carrier customer in Tier-I and Tier-II cities, enabling the digital transformation in country. This phenomenal growth has only been possible due to the multi-layer protection, backed by the industry's leading SLAs, resulting in quality services and making PTCL the "Carrier of Choice".

Furthermore, PTCL has shown an upward trend in capacity selling on VSAT and managed capacity, while enabling Telcos to launch their 3G & 4G services in Gwadar and surrounding areas, leveraging PTCL optical footprint on coastal belt, connecting Karachi to Gwadar. With the growth prospects in Gwadar, being the next big business hub, an upward trend in capacity and revenue growth is expected. PTCL is also expanding its services portfolio to deliver the cloud infrastructure requirements of its carrier customers.

International Business Relations

PTCL continues to provide its valued customers with excellent international voice quality and IP bandwidth / IP transit services. PTCL diligently monitors all its international routes while focusing on service quality to ensure seamless availability of data and voice services. Increased use of OTT application and illegal grey traffic termination in Pakistan continued to affect our performance throughout the year. PTCL is ensuring concerted efforts in collaboration with PTA, CMOs and LDI industry to implement proactive measures to control grey traffic menace. Web Monitoring System (WMS) has been installed at the ingress of all International IP bandwidth to monitor and curb illegal grey traffic. PTCL is also working with major International retail operators to stabilize/safeguard its International incoming revenues to mitigate the effects of grey traffic. PTCL in collaboration with SCO has successfully established strategic partnership to monetize CPEC cross border connectivity. Through connectivity corridors, being established with Afghanistan, China & Iran, PTCL aspires to become a regional transit hub for data and voice connectivity.

PTCL is investing in Submarine Cable upgrades and new subsea cable Africa-1 to cater for growing internal and external customers' bandwidth requirements. PTCL is also focusing on enhancing submarine wet segment capacity sales through short/medium term opportunities. We hope to see positive impact coming out of these strategic initiatives, which will eventually help to ease pressure from declining voice termination business and help PTCL achieve its 2021 business objectives

Support Functions

Network Infrastructure

Our purpose is to build a connected future so everyone can thrive. PTCL is continuously performing as a leading ICT provider and believes that the business has the infrastructure capacity to expand and exceed customer expectations for innovative, customized and reliable services. The journey to success continued in 2020 where targeted milestones have been realized and the network readiness for customer needs has been ensured. Your company believes that continuous improvement and technological advancement in line with the key drivers is the way forward to ensure sustainable growth and meet the expectations of the customers.

The company has taken myriads of initiatives to upgrade its existing network in order to meet and exceed our customers demand for connectivity and digital experience, thereby increasing our loyalty and improve returns on investment.

During the year 2020, a 100G backbone transport network was further extended to all major cities. This will not only serve the exponential bandwidth demands but also enhance the network availability in case of multiple fiber cuts. Karachi, Lahore and Islamabad metro transport networks along with subsidiary transport links are expanded to provide enhanced bandwidth and to achieve optimization by installing 100G networks and shifting 10G networks to other essential towns where upgradation is required. This will enhance PTCL transport network connectivity in small cities, villages, and towns to support all business domains. To cater the requirement of small towns in the region of Hyderabad and Sukkur area, two new Multiprotocol Label Switching - Transport Profile (MPLS-TP) rings were deployed.

Coastal Highway link of Gwadar has also been upgraded from 10G to 20G to provide add-drop services in various locations along the route. The region has growing needs of connectivity in light of being a key part of the CPEC, therefore, PTCL is gearing up to meet the expectations.

Several expansion projects are underway to expand optical fiber network to serve the carrier and corporate customers, both local and international. Coastal highway Optical Fiber Cable (OFC) project for international cross border and national connectivity was delivered during the year 2020. More than 400 KM cable has been laid to enhance FTTC footprint in big cities and small towns to match the exponential growth in data requirement. 105 KM cable has been laid as part of tower fiberization for Ufone and other mobile operators.

USF project for broadband services in North and South Waziristan has been completed in which around 650 KM cable has been laid to serve underserved 24 tehsil headquarters.

Fiber to the Cabinet & Home has been extended to meet commercial/business high bandwidth demand. This enhancement will not only enrich customer experience but will also add a significant contribution to the bottom line through higher revenue. In this regard, 67 MSAGs having 28K ports are added in the network during 2020 under Network Transformation, while 65.3K FTTH lines have also being deployed.

In order to ensure business continuity and provisioning of latest services by transforming PTCL NGN Core Network into latest Cloud based technology and Information Management System (IMS) network is being deployed.

Modernization of 146 old legacy exchanges to Next Gen Network (NGN) was concluded (using in-house resources) by re-utilizing spare NGN equipment leading to improved customer experience and efficiencies in energy consumption.

Major initiatives were taken to curb the ever increasing power cost. These ranged from introduction of novel monitoring system utilizing automated alarms and implementing Grid Tied Solar Solution for large exchanges along with hybrid model solution for 82 small and medium sites, which are under deployment. New improved backup solutions based on Lithium-ion battery (having 03 times more life than normal batteries) are being planned to reduce the dependency on fuel based generators.

Focus was shifted to rejuvenate and reverse the declining trend of wireless revenue and technology team supported the turnaround commercial strategy by increasing throughput capacity of 15G in LTE core network to meet the growing traffic requirements. Existing capacity of 40G is now expanded to 55G. This expansion in core network has strengthened to meet the growing throughput requirements.

PTCL carried out a microwave transport network expansion with 44 high capacity links which results a net addition of up to 47.2K Mbps of capacity in various hops of the MW network footprint.

With the aim of enhancing customer experience while saving substantial bandwidth, cache servers including Facebook servers have been deployed. The Content Delivery Network (CDN) capacity has been increased from 2445-Gbps to 3252-Gbps in December 2020 and peak serving has been increased from 1427-Gbps in December 2019 to 2068-Gbps in December 2020. The CDN capacities have been added in core sites in Karachi, Lahore and Islamabad as well as multiple major cities like Peshawar, Rawalpindi, Sukkur and Hyderabad. To meet the growing customer and business demand, 25K Smart TV capacity is added in the setup and the total capacity of 225K Smart TV customers has been achieved.

Information Technology (IT)

The Company has taken numerous initiatives to upgrade existing setup of PTCL applications for improved control and enhanced customer experience in many areas. The Company transformed existing contact center in record time to meet COVID-19 challenges. The solution enabled agents to Work From Home (WFH) in order to facilitate the valued customers during pandemic time. Furthermore, virtual platforms were provided to company employees to facilitate their work during the pandemic. Data Center Network infrastructure have also been upgraded to ensure business continuity.

In continuation of PTCL journey to improve the customer experience, the Company has expanded existing Social Media Platform (SMP) which will provide unified customer experience. This initiative enables PTCL to provide superior customer care while optimizing costs through automated workflows and a consolidated approach to service management.

The Company has deployed social media management solution that helps to identify and assess PTCL brand & customer experience on the social media and digital channels. This will also help in lead generation, sentiment analysis and identify the influencers for further improvement in PTCL image and brand awareness.

In line with company's strategy of digitalization, PTCL has embarked upon Internal Audit (IA's) Digitalization journey to help the company manage all aspects of the audit process and enables to identify risk, create assessment reports, schedule projects, allocate resources and manage audits, via an advanced electronic working papers database.

Human Resources

Like every year, 2020 started with your company celebrating the successes of its high performing individuals and teams through Business Excellence Awards. However, with the onset of COVID-19 your company showed agility in transforming its strategic goals for employee development, engagement, customer experience and operational excellence to cope with the existing challenges.

Within just a few weeks of lockdown due to the pandemic, your company moved all of its backend operations online, ensuring that the company's strategic goals faced no disruptions. Employee development programmes were conducted focusing on self-awareness, design thinking, creativity and leadership skills.

Development opportunities were offered to young employees through a plethora of resources including subscription to LinkedIn Learning, development of an in-house Learning Management System (LMS), Individual Development Tracks based on Talent Review Meetings and a learning app "Madadgar" for field employees for learning basic operational techniques on the go.

PTCL introduced Artificial Intelligence based digital assistant (ChatBot) named Lina at workplace to not only make work fun and interesting but also enhance efficiency and effectiveness by providing required information, tools / gadgets and other workplace facilities on a click. Another step in the direction of digitilization was launch of electronic attendance management system to manage attendance via geo tagging.

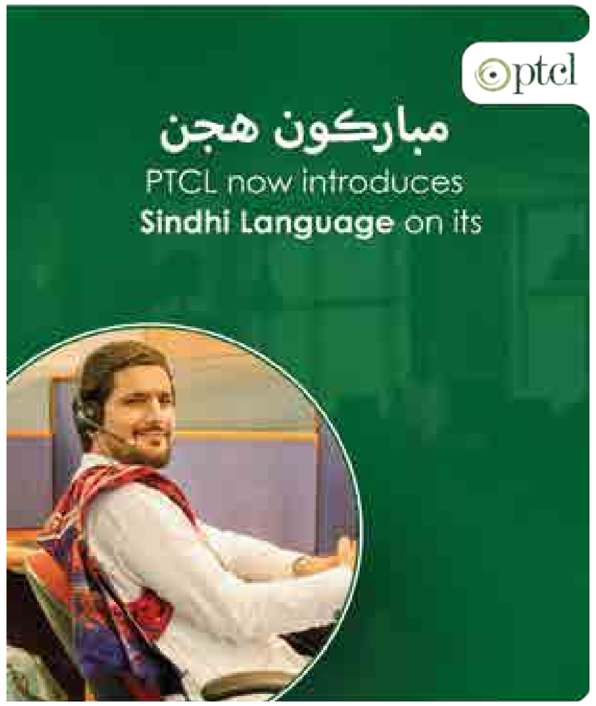
Realizing the probability of employee disengagement due to remote working, immediate action was taken to ensure effective and uninterrupted communication across all employee levels. Special HR e-bulletin was introduced focusing on health and safety tips, interactive activities, pulse surveys, and employee engagement activities. Moreover, using dedicated IVR service, different campaigns including COVID-19 safety awareness tips were communicated to all employees. Top leadership's engagement with all employees was also ensured through virtual town halls, virtual retreats and special video messages. Similarly, a renowned programme by the name of Raabta, which offers senior management the opportunity to connect with exchanges and bridge the communication gap of HR with frontline team members was taken online. A total of 65 exchanges were virtually visited in 2020 to offer support and guidance to respective Business Managers.

Customer Care

To mitigate COVID-19 impact on customer experience, key customer related processes were re-engineered to provide seamless customer support through maximum digitalization. Team agility and technological capability helped us in smooth migration to Work From Home (WFH) model in less than 7 days while maintaining service levels, we were amongst the pioneers in the country to transform.

There was a renewed focus on churn management which helped to reduce churn through various initiatives & process improvements. These initiatives included the development of the churn prediction model in collaboration with Etisalat Group, incentive revamp along with targeted customer calling campaigns, dormancy monitoring and new sales tracking. All these measures yielded positive result on churn prevention front.

Pandemic severely affected economic & social activities in the country which also resulted in bill distribution & payment challenges for the customers. PTCL quickly stepped forward to facilitate customers, gave cushion for late payments during lock down and adopted to alternate electronic channels such as e-bill and e-payments to manage the overall billing and collections.



Considering customer convenience, PTCL launched services in Sindhi Language for its helpline 1218, in addition to Urdu, English & Pushto, making it the first telecom Contact Center with quad language support. Introduction of freelance model is a fresh concept, creating opportunities for diverse workforce to work from home with flexible hours, another first of its kind initiative.

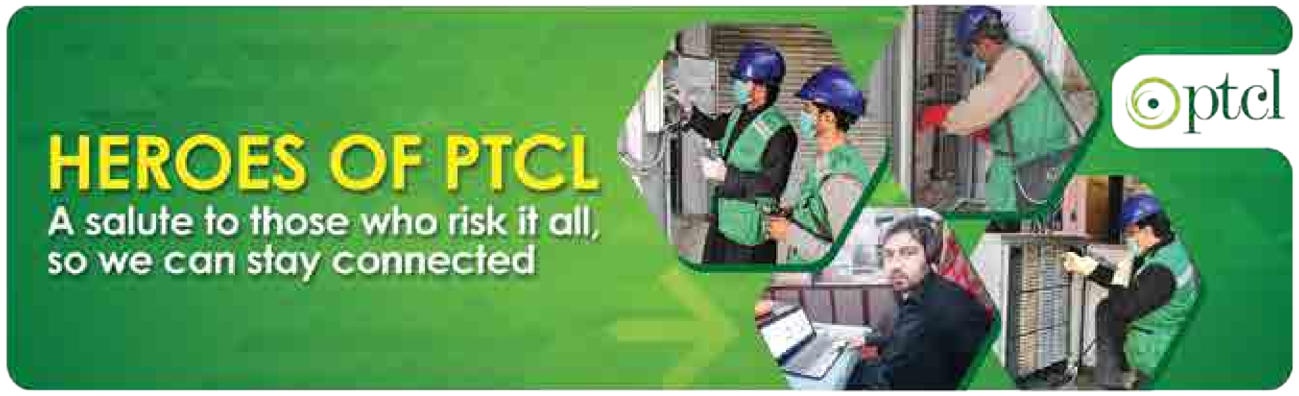
In 2020 customer centricity remained the center of all the activities and taking it forward, PTCL with the collaboration of Etisalat Group became the first operator to implement Customer Happiness Index (CHI), which became as the baseline to track every customer's happiness/experience. Customer happiness framework came out to be the best predictor for churn and to execute targeted rehab activities. Based on this framework, PTCL executed churn and network rehab activities which produced splendid results. The outcome of the greater customer focus translated in significant improvement of CHI.

Various initiatives linked to people, processes, and technology remained at the center of all transformational changes like deployment of state-of-the-art Nokia service management platform, Dynamic Line Management (DLM) to improve overall lines stability, improvement in customer communications, automated interactions through WhatsApp and AI based chatbot and network rehabilitation projects. All these initiatives brought innovation and agility in customer support.

All these transformational measures improved broadband customer experience by reducing Mean Time to Resolve (MTTR) for customer's complaints that remained lowest ever in last couple of years. The concerted efforts allowed us to curtail DSL MTTR to 24 Hours in 2020 as compared to 52 Hours in 2019.

Marketing and Communication

Despite the challenging year due to pandemic, Marketing and Communication played a key role to facilitate and



keep customers engaged through various strategic campaigns. PTCL Marketing launched an inspiring and motivating countrywide campaign 'Heroes of PTCL' celebrating our hardworking and dedicated frontline workers. It was a tribute paid to their commitment in providing seamless connectivity across Pakistan during testing times, thereby, customers stayed in touch with their loved ones and created positive sentiment for the brand.

Major campaigns that were instrumental in meeting business objectives, achieving revenue targets and expanding active customer base included Stay at Home and enjoy CharJi Unlimited Internet Package and CharJi Upgrade Offers that incentivized customers to meet their ever-growing need for unlimited data. It further encouraged our

customers to upgrade from EVO 3G to CharJi 4G LTE. Another strategic campaign was PTCL Unlimited Internet (with a slogan Ghar par hain tau kya hua? PTCL Unlimited Internet hai na!) that helped in our business growth and positioned us as a responsible and caring company.

Furthermore, a TVC on PTCL Unlimited Internet (Broadband) and PTCL digital payment options was launched to encourage customers to stay at home and still avail our services through online payment and Cash-on-Delivery (TCS). PTCL launched a brand campaign, 'Nation ka Connection' which showcased the national carrier serving the people of Pakistan for their day to day connectivity needs. The 360-degree campaign was launched on major TV & radio channels and on digital platforms. It gained approximately 7.1 Million views on social media, along with maximum PR mileage through blogs and articles.

On PR and Digital front, various strategic and creative campaigns were successfully executed that focused on drive for digital transformation and customer convenience. This included campaigns on Internet and Smart TV, Customer

Awareness and Corona advisory content, PTCL & DETASAD collaboration and partnership with Avaya on QTaleem, a digital education platform. Moreover, a media briefing was organized to announce the annual financial results, which was largely attended by key media personnel.

Regulatory Affairs

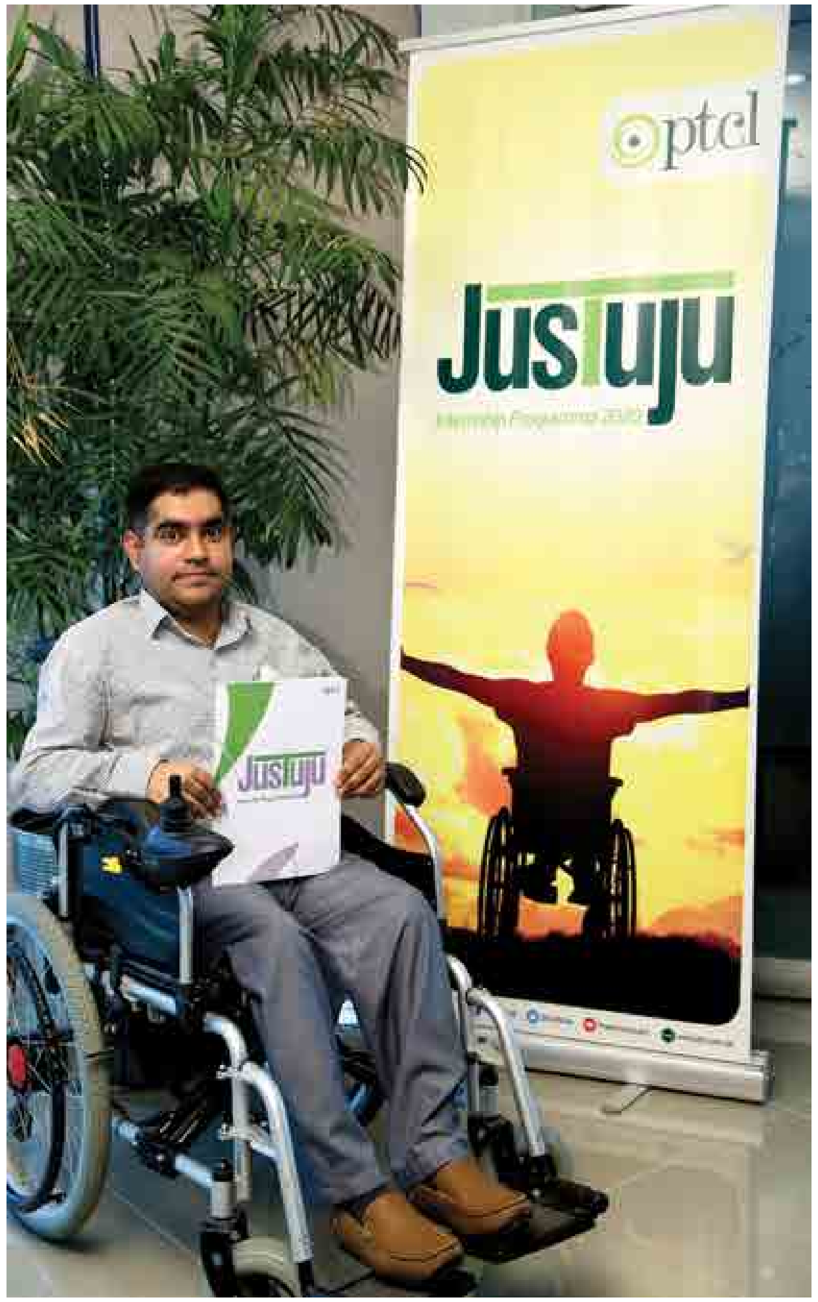
During 2020, Regulatory Affairs Department succeeded in renewing PTCL's integrated telecom license for the next 25 years. This major milestone has been achieved following extensive deliberations with Ministry of IT and Pakistan Telecommunication Authority (PTA).

In coordination with Telecom Industry and PTA, the expansion of Web Monitoring System has been planned to meet the monitoring requirements of international bandwidth, which will help to curb the grey traffic. PTCL provided its valued feedback on the PTA issued consultation papers for Internet of Things (IoT), Future of WLL Spectrum, recommendations for Landing Station deployment and Mapping of UAN and TFN on backend numbers.

During the year, PTCL received a subsidy of PKR 420 Million against the USF optical fiber project for FATA.

Corporate Social Responsibility (CSR)

This year, the whole world was engulfed in the COVID-19 pandemic that pushed mankind towards unprecedented circumstances. Developing economies like Pakistan faced a multitude of challenges with respect to provision of health-care facilities to the public in addition to withstanding the significant economic impact on labor-intensive businesses. In addition to taking concrete measures for the health, safety and well-being of its employees, the PTCL Group was able to play its part in making positive contributions towards the community at large.



A cash donation of PKR 100 Million to the Prime Minister's COVID-19 Relief Fund fueled cash grants to more than 8,000 poverty-stricken families across the country. In addition to this, the Company was able to assist the Sukkur District Government, Red Crescent Society, Shaukat Khanum Research Center and the NDMA with the funding of medicines, augmentation of testing facilities and PPE kits for front-line workers respectively. A nationwide ration distribution campaign was run in collaboration with Al-Khidmat, Saylani and Akhuwat Foundations.

The company was able to reach around 13,000 direct beneficiaries through Mobile Medical Units and Health Awareness Sessions by the Medical Services team. Our teams fulfilled our commitment to the Clean Green Pakistan initiative with the plantation of 41,000 trees across Pakistan.

Despite the pandemic, the employee volunteer force, PTCL Razakaar was able to run its quarterly philanthropic initiatives. The

Clothing Drive and Ramzan Dastarkhwan was able to benefit 7,000 families aided by generous donations given by PTCL employees. Another initiative (Webinars for a Cause) centered around the mentoring of interns on creating digital learning content and then delivering webinars to students from low-tier universities on important aspects of career development.

The company launched Justuju Internship Programme - a flagship internship programme for persons with disabilities. Through a hybrid programme of six-weeks, we were able to develop a cohort of 22 interns around key professional skills. The Pink Club at PTCL continued its efforts to create a comfortable working environment for its female staff through virtual sessions and campaigns around their health, well-being and engagement.

All of these efforts enabled PTCL getting recognized by Global Diversity & Inclusion (D&I) Benchmarks through awards for progressive practices for D&I Communications and Social Responsibility.

Subsidiaries

Pakistan Telecom Mobile Limited – Ufone

Despite COVID-19 leading to both complete and partial lockdowns for several months of the year, the cellular subscribers in 2020, crossed 175 million (82% penetration) with 4G subscribers growing at 50%. Overall data subscribers (both 4G & 3G) crossed 90 million mark, registering an increase of around 19%. 3G subscriber base, on the other hand, kept shrinking at YoY 20%, due to substitution of 4G handset penetration in the market.

Since the beginning of the pandemic, Ufone has undertaken multiple initiatives to facilitate customers, employees as well as other stakeholders to provide relief in these unprecedented times. We developed customized products and offers to address the need to work from home as well as offered subsidized bundles to facilitate uninterrupted peer-to-peer communication. Ufone also allowed free access to the Government of Pakistan emergency helplines for Corona call centers, labs, hospitals and ambulances, including free access to Pakistan Red Crescent to allow for easy and immediate access to Corona relief centers. The COVID-19 awareness messages were broadcasted on mass media throughout the period with prevention tips for safety and to create awareness. Moreover, subsidized recharge offers and free fund transfer facilities were provided for ease of access to top-ups during the lockdown.

In the second half of last year, Ufone was able to launch an additional 1200 4G/LTE sites across Pakistan by re-farming its existing spectrum. As an urban-centric brand, expansion in LTE capacity & footprint has enabled Ufone to increase stickiness and service the needs of consumers while bridging the gap with competition. The LTE services are now available in more than 70 cities and our total data customers have crossed the 10 Million mark.

Ufone capitalized smartly on its investments in network upgradation through advanced geo-analytics and significantly increased revenue from newly rolled out 4G cities. So far, 47% of Ufone's network is upgraded to LTE which is helping to add more subscriber base to its network.

Despite the COVID-19 challenge, we have maintained our customer experience rating vs the industry and continue to be the top three in customer satisfaction in 2020.

The Super Family continued to be the champion product in 2020 as well. Due to customer centric offerings, Ufone was able to upgrade its customers from Super Card towards Super Card Plus, significantly raising the ARPU.

In the Consumer Postpaid segment new Postpaid packages were introduced that helped grow the postpaid base with growth in new connections. Changes in package mix for the postpaid base carried out through continuous upselling and cross-selling campaigns resulted in ARPU growth in all Prime Packages. Moreover, a positive word of mouth was experienced on social media about the simplicity offered in the new Prime Packages.

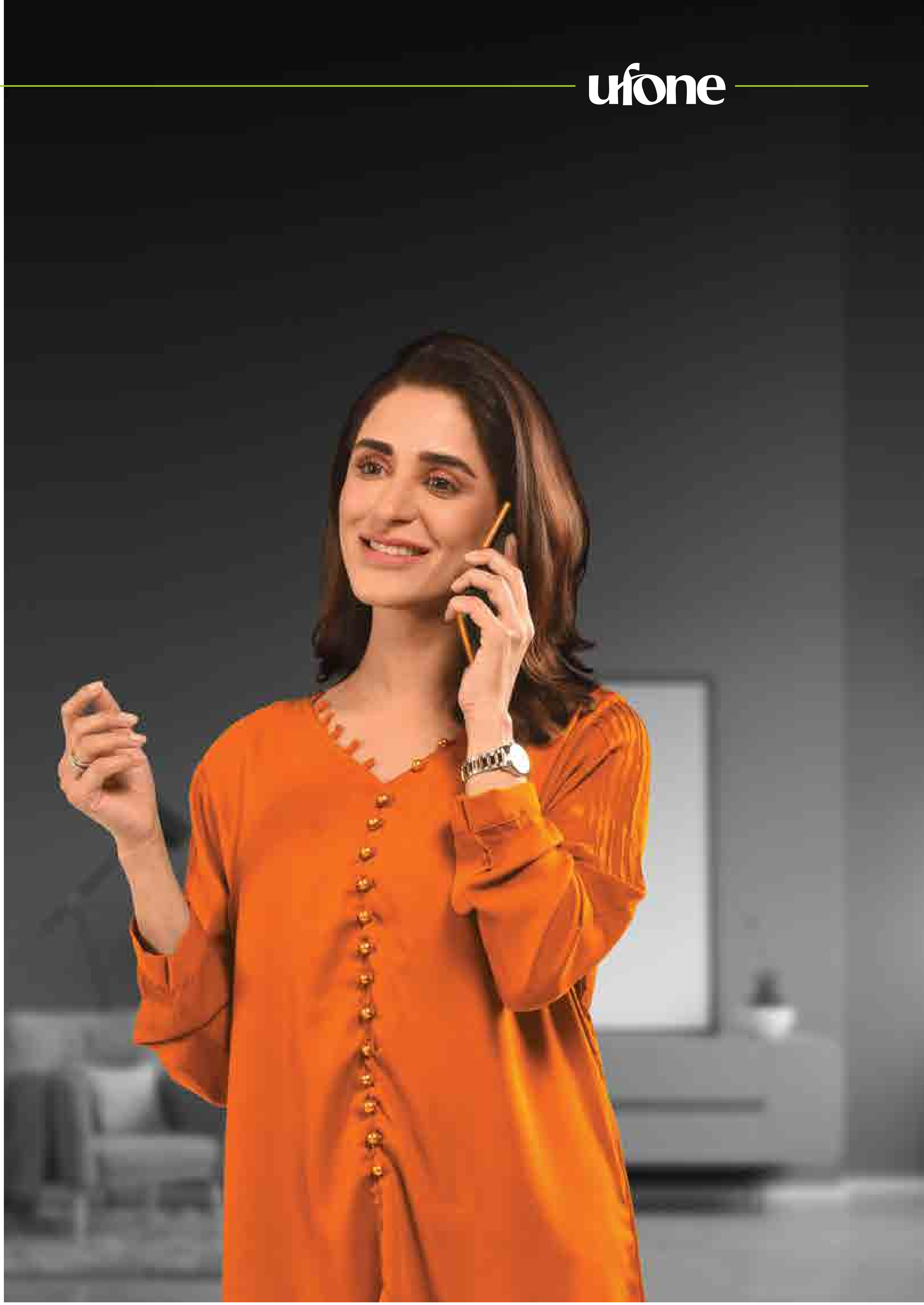
In 2020, Ufone relaunched its Mobile Financial Services brand (UPaisa) with a fresh look and feel. As part of the relaunch, a mobile app covering all essential transactions including QR based payments were also introduced for iOS and Android users.

The financial services portfolio started gaining momentum, as wallets increased significantly in the past year supplemented by synergies within the PTCL Group coupled with enhanced opportunities for our retail channel as well.

In 2020, Ufone's data strategy centered on upgrading existing customers towards higher value internet packages. This was accomplished through smart pricing and optimization of portfolio dynamics supported by network upgrade. Furthermore, through the assistance of concentrated initiatives, location-based offers were introduced to not only improve existing product engagement, but also acquire new internet customers.

Ufone's Value Added Services strategy for 2020 focused on consolidating the existing VAS portfolio and launching new digital initiatives. For its complete customer base, Ufone introduced Google Direct Carrier Billing (DCB) in 2020. This has digitally enabled customers to purchase mobile applications and in-app accessories using their mobile balance. Direct Carrier Billing (DCB) has opened up a new revenue stream for Ufone where it can act as a payment collection agent for many new partners and provide its customers with a more convenient and enriched access to digital content.

Multiple initiatives were taken to curb the impact of pandemic and to bring back revenue to pre COVID levels. Strong



focus on Customer Value Management (CVM) and digitization were two such successful initiatives. This shift helped increase the CVM revenue contribution from 4% to 5%, while focus on digitlization resulted in a spike in online recharge that went from 10% in Q1 2020 to 15% by the end of the year.

To build synergies with the Etisalat Group, Ufone expanded its A2P SMS termination with Etisalat UAE as exclusive aggregator for A2P SMS termination. This initiative helped to capture more traffic on legal routes, resulting in 17% growth in total traffic. By capitalizing on wholesale roaming deals, Ufone launched some aggressive retail offers in Italy and Iran. Ufone also became the first operator in Pakistan to launch real-time data charging for postpaid subscribers during roaming in UAE and Saudi Arabia, which allowed customers to use data on roaming without worries of bill-shock. Ufone targeted multiple corporate accounts by launching the most economical data-roaming buckets on the Etisalat network in UAE.

The journey towards establishing Ufone as a truly Pakistani brand continued in 2020 as well with our customer centric "human telecom" platform that provides emotional strength and care cementing its position within a heavily contested media landscape.

The real challenge emerged during COVID-19 outbreak due to a rapidly evolving landscape, but the brand was quick to pivot. As the demand for online connectivity surged following a lockdown, Ufone came forth with messages of hope and practical steps needed to ensure wellbeing of our employees, partners and customers. On the occasion of Independence Day of Pakistan, Ufone dedicated 2020 to the Real Heroes of the country, encouraging resilience and services of the frontline workers during COVID-19. This campaign garnered appreciation from the public and helped Ufone further enhance its corporate reputation and the connection with its customers.

This year, Ufone's brand achieved both local and global accolades. On the international stage, Ufone won big for Pakistan when Balochistan Football Cup won two Golds at Eventex Global Awards in 'Best CSR Event' and 'People's Choice' categories. At the national stage, Ufone continued its success by winning the prestigious Effie's Gold for Super Card in Best in Internet & Telecom, as well as an Effie's Bronze for Balochistan Football Cup.

In the coming year, Ufone is all set to ramp up its performance. Network expansion is in line for the coming year. As auction for more spectrum is expected, Ufone hopes to leverage on augmented capacity. Data will remain crucial in driving growth and revenue, hence building data capacity will be the main focus with inclusion of large screen in the product portfolio. Measures to increase customer base, develop products & offers for acquisition & retention and brand building will be vital in the year 2021.

U Microfinance Bank Limited – U Bank

U Bank believes that access to microfinance services contributes significantly towards building a more inclusive society. Our core values of merit, commitment, innovation, ethics and transparency guide the bank's strategy. This is driven by a bottom-up approach advocated at management level which fosters an environment of innovation and creativity which unlocks productivity and profitability. U Bank is the fastest growing bank in a highly dynamic and quickly evolving microfinance sector. The customer segment that U Bank serves is economically active poor (according to international standards of segmentation and classification) and whose needs are evolving at a dramatic pace as they face new challenges especially in the time of a global pandemic, an economy going through a tough correction period, a locust crises and other climate change related issues.

While the year 2020 came with challenges not novel to the industry , such as locust attacks, low crop yields, climate change, floods etc., it was the COVID-19 pandemic that threw all former economic and financial standards in total disarray, as the eco-systems grappled to live in a new world order and while organizations fought to remain alive.

Despite the challenging circumstances, the Bank with its perceptiveness & foresight as well as sagacity & vigour to fight, strengthened its foundations, as its transformation is evident through the numeric journey from December 2019 to December 2020.

In line with its principal activity to lend to the underserved segment of the population, Ubank, with its network of 201 branches and 199 ATMs across 183 cities and rural areas in Pakistan, disbursed loans in excess of PKR. 28 billion and added over PKR. 9 billion worth of secured loans to the Bank's Balance Sheet, thereby not only augmenting the loan book but also strengthening the risk profile of the institution, while solidifying its capital adequacy. At this

juncture, the regulatory support from the Central Bank to support the microfinance customers must also be recognized.

The deposit book of the Bank grew by 98% as the Bank acted aggressively yet judiciously to shield itself from pandemic related liquidity shocks. A healthy Advance to Deposit Ratio (ADR) was maintained, accompanied by a tight control on the cost of deposits. 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 positive bottom line impact.

All this coupled with the Bank's sturdy handle on the cost lines resulted in bulk of the impact of increase in revenue to be translated into profits for the Bank. The balance sheet footing of the Bank rose to PKR. 70 billion, thus covering a journey of PKR.30 billion in just 12 months. With this size and scale, U Microfinance Bank is all set to challenge the Retail Banks of Pakistan.

The leadership at the Bank carried this ship through an exceptionally tough year, steering it through the vicious storms of external challenges. Resultantly, the Bank posted a Profit after Tax of PKR 906 million as against PKR 253 million last year.

DVCOM Data (Private) Limited – DVCOM Data

DVCOM Data, a 100% owned subsidiary of PTCL, possesses 5 MHz spectrum in 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 of the referred Regulations:

Compliance - General

- The vision and mission statement, corporate values and overall corporate strategy for the Company is 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 the preparation of financial information and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of 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, 2021 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 of 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 shall ensure that the remuneration / fee of the Directors and Chairman shall not be at a level that could be perceived to compromise their independence and the Board shall ensure that Directors' remuneration shall encourage value creation within the Company.
- During the year, due to COVID-19 pandemic, no training programme for Directors was arranged. However, a manual to acquaint the Directors with their role, obligations, powers and responsibilities was provided to new Directors.
- 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 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. Mr. Shoaib Ahmad Siddiqui, Chairman 2. Mr. Abdulrahim A. Al Nooryani 3. Mr. Kamran Ali Afzal 4. Mr. Hassan Nasir Jamy 5. Mr. Hatem Dowidar 6. Syed Shabahat Ali Shah 7. Dr. Karim Bennis 8. Mr. Hesham Al Qassim 9. Mr. Khalifa Al Shamsi
iii.	Executive Directors	None
iv.	Female Directors	None

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

- Mr. Shoaib Ahmad Siddiqui
- Mr. Rizwan Malik
- Mr. Naveed Kamran Baloch
- Syed Shabahat Ali Shah
- Mr. Abdulrahim A. Al Nooryani
- Mr. Hassan Nasir Jamy
- Mr. Hatem Dowidar
- Mr. Serkan Okandan
- Dr. Karim Bennis
- Mr. Hesham Al Qassim
- Mr. Khalifa Al Shamsi

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, 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

While PTCL has long operated in a rapidly evolving environment, the challenges and pressures of the ongoing global COVID-19 pandemic and economy are accelerating the pace of change. The importance of continuing to identify, measure and monitor the most material risks to our business is more heightened than ever, and is crucial in enabling us to manage our challenges and take the right opportunities. Failure to effectively manage our material risks could affect the success of our strategy, as well as adversely impact customer experience and outcomes, our 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 framework is in place and through an ERM Committee, formed by the board under the CFO's leadership and consisting of cross-functional representation, your company's risk profile is constantly monitored through identification of enterprise-level inherent risks, their possible impact on PTCL's business and mitigation measures, existing as well as needed, to effectively safeguard the company's assets, businesses, people and reputation.

As such, 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
- 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 accordingly takes all necessary measures to mitigate/reduce the evaluated impact to acceptable levels.

Challenges and Way Forward

Digitalization is clearly the future as indicated by rapid transformation for nearly all industries. This in turn would translate as major growth opportunity in enterprise, ICT and VAS segments. Mobile operators by and large are eyeing new advancements in LTE technology and 5G to meet customer's data demand. Hence mobile operators are keen to focus on increasing LTE footprint, utilize their spectrum for most optimal data delivery while synergizing with other operators to optimize costs. Operators are also aiming to enhance backhaul by deploying fiber and upgrade their transmission network capacity to sustain their businesses in the long run.

PTCL foresees that the ever-increasing data demand would ultimately exhaust the existing submarine cable capacity hence PTCL is investing in deployment of additional submarine cables for upcoming era of 5G. Similarly, PTCL also aims to upgrade its backhaul and access networks to meet anticipated network demands. PTCL aims for accelerated rollout of FTTH as it will be a major step to sustain its market leadership. PTCL intends to bring increased automation and digitalization in its operations to enhance customer experience for service differentiation.

With underpenetrated fixed line market and favorable demographics, year 2021 and beyond will see fixed telecom operators continue to invest in network while digitalizing their system to sustain business and support economy of Pakistan.

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.

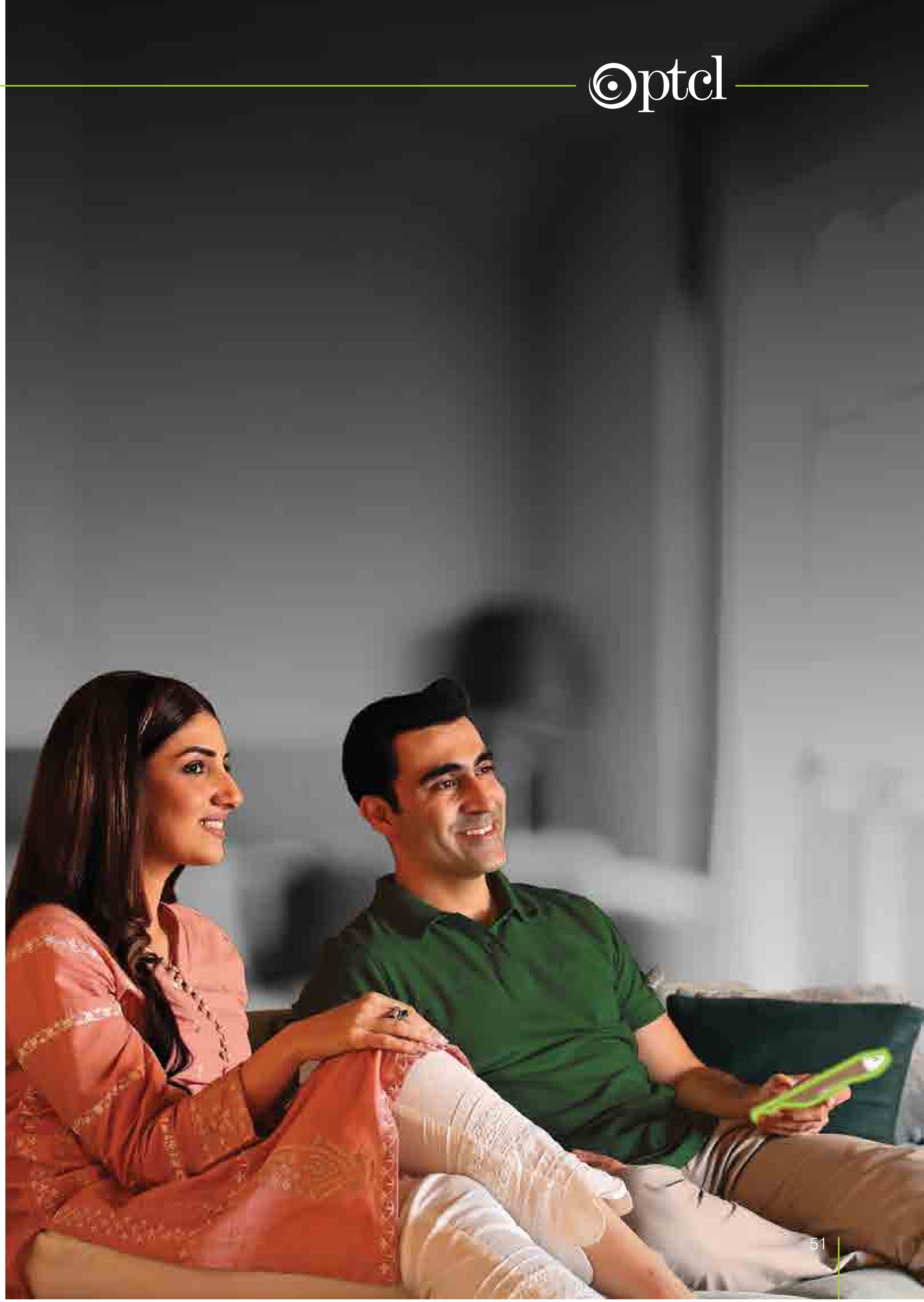
We would also like to appreciate the hard work, diligence and dedicated efforts of our employees across the country who ensured provisions of seamless services amid the COVID-19 pandemic besides enabling the company to successfully face the challenges of a highly competitive operating environment. We 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

Mohammad Nadeem Khan
Acting President & Chief Executive Officer

Shoaib Ahmad Siddiqui
Chairman PTCL Board

Islamabad: February 10, 2021



کووڈ- 19 کے باوجود، ایمپلائی والنٹیئر فورس (پی ٹی سی ایل رضا کار) اپنے سماجی اقدامات کرنے میں کامیاب رہا۔ پی ٹی سی ایل ملازمین کے فراخدلی سے دیئے گئے عطیات سے کلوتھنگ ڈرائیو اور رمضان دسترخوان سے 7000 خاندانوں کو مدد فراہم کی گئی۔ ایک اور اقدام (ویبنار فار اے کاز) جو کہ انٹرنز کی ڈیجیٹل لرننگ کے سلسلے میں رہنمائی کے لئے مددگار ہے اور اعلی درجے کی یونیورسٹیوں کے طلباء کو کیریئر کی ترقی کے اہم پہلوؤں پر ویبنار کی فراہمی کو یقینی بناتا ہے۔ اس کمپنی نے " جستجو" کے نام سے ایک انٹرنشپ پروگرام شروع کیا جو معذور افراد کے لئے فلیگ شپ انٹرنشپ پروگرام ہے۔ چھ ہفتوں کے ہائبرڈ پروگرام کے ذریعے، ہم نے اہم پیشہ ورانہ مہارتوں کے ساتھ 22 انٹرنز کا ایک گروہ تیار کیا۔ پی ٹی سی ایل میں پنک کلب نے خواتین عملے کی صحت و بہبود کے لئے مختلف ورچوئل سیشنز اور کیمپینز کے ذریعے آگاہی پیدا کرنے کی کاوشوں کو جاری رکھا۔

ان سبھی کاوشوں کے نتیجے میں گلوبل ڈائیورسٹی اینڈ انکلوژن (ڈی اینڈ آئی) نے پی ٹی سی ایل کو سماجی ذمہ داری کے ترقی پسند طریقوں کو اپنانے کے لئے ایوارڈز کیلئے نامزد کیا۔

دوران سال بورڈ ممبران کی تفصیل

دوران سال مندرجہ ذیل ممبران بورڈ میں شامل رہے:

- جناب شعیب احمد صدیقی
- جناب رضوان ملک
- جناب نوید کامران بلوچ
- سید شباہت علی شاہ
- جناب عبدالرحیم اے النوریانی
- جناب حسن ناصر جامی
- جناب حاتم دویدار
- جناب سرکن اوکندن
- جناب ڈاکٹر کریم بینس
- جناب ہشام القاسم
- جناب خلیفہ الشمسی

رسک مینجمنٹ

اگرچہ پی ٹی سی ایل تیزی سے بدلتے ہوئے حالات کے ساتھ ایک طویل عرصے سے کام کر رہا ہے، لیکن موجودہ کووڈ-19 اور معیشت کو درپیش مشکلات ودباؤ نے اس تبدیلی کی رفتار کو مزید تیز کر دیا ہے۔ ہمارے کاروبار میں خطرات کی نشاندہی، تعین اور نگرانی جاری رکھنے کی اہمیت پہلے سے کہیں زیادہ بڑھ گئی ہے، اور یوں ہمیں اپنی مشکلات کے موثر حل اور مواقعوں کو سودمند بنانے کے لئے خود کو فعال بنانا ناگزیر ہوگیا ہے۔ درپیش خدشات کے حل کے لئے کئے گئے غیر مؤثر اقدامات ہماری کامیابی کے عمل کو متاثر کرنے کے ساتھ ساتھ صارفین کے تجربات اور اس سے منسلک نتائج، ہماری ساکھ، مالی حیثیت اور ڈیویڈنڈ ادا کرنے کی صلاحیت پر بھی اثر انداز ہو سکتے ہیں۔

ہمارا بورڈ، آڈٹ کمیٹی کے ذریعے، پی ٹی سی ایل کے انٹر پرائز رسک مینجمنٹ (ای آر ایم) کو ریگولیٹ کرتا ہے۔ اس مقصد کے لئے، ای آر ایم پالیسی اور فریم ورک کا اطلاق کیا گیا ہے اور سی ایف او کی زیر قیادت بورڈ کی جانب سے تشکیل کردہ کراس فنکشنل نمائندگی پر مشتمل ایک ای آر ایم کمیٹی بنائی ہے جس کے توسط سے کمپنی کو درپیش خدشات اور پی ٹی سی ایل کے کاروبار پر اُنکے ممکنہ اثرات اور ان کے تدارک کیلئے ضروری اقدامات کی نگرانی کی جاتی ہے تاکہ کمپنی کے اثاثوں، کاروبار، لوگوں اور ساکھ کو مؤثر طریقے سے محفوظ بنایا جاسکے۔

اسی طرح، کمپنی کے اپنے اسٹریٹجک اہداف کو حاصل کرنے میں رکاوٹ کے طور پر درج ذیل کلیدی خطرات کی نشاندہی کی گئی ہے۔

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

اندرونی اور بیرونی اسٹیک ہولڈرز کے تعاون سے، پی ٹی سی ایل ان خطرات کے ممکنہ اثرات کا مستقل جائزہ لیتا ہے اور اس کے مطابق قابل قبول سطح پر ان 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 ہورہی 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 تاکہ صارفین کی ڈیٹا کی طلب کو پورا کیا جاسکے۔ لہذا موبائل آپریٹرز ایل ٹی ای فٹ پرنٹس کو بڑھانے پر توجہ دینے، 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 کرکے بیک ہال کو وسعت دیتے ہوئے طویل مدت تک برقرار رکھنے کے لئے اپنی ٹرانسمیشن نیٹ ورک کی صلاحیت کو بڑھانا چاہتے ہیں۔

ہمارا خیال ہے کہ بڑھتی ہوئی ڈیٹا کی طلب بالآخر موجودہ زیرسمندر کیبل کی گنجائش ختم کردے گی لہذا پی ٹی سی ایل 5G کے آنے والے دور کے لئے اضافی زیرسمندر کیبلوں میں سرمایہ کاری کر رہا ہے۔ اسی طرح، پی ٹی سی ایل کا بھی یہ مقصد ہے کہ متوقع نیٹ ورک کی طلب کو پورا کرنے کے لئے اپنے بیک ہال اور ایکسس نیٹ ورکس کی تجدید کی جائے۔ پی ٹی سی ایل کا عزم ایف ٹی ٹی ایچ کے تیز رفتار رول آؤٹ کو برقرار رکھنا ہے جو کہ مارکیٹ میں برتری قائم رکھنے کے لئے سودمند ہوگا۔ پی ٹی سی ایل اپنے آپریشنز میں بڑھتی ہوئی آٹومیشن اور ڈیجیٹلائزیشن لانے کا ارادہ رکھتا ہے تاکہ کسٹمر کے تجربے کو بہتر بنایا جاسکے۔

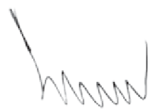
مواقع سے بھرپور مارکیٹ اور سازگار حالات کے ساتھ، سال 2021 اور آنے والے سالوں میں ہم امید رکھتے ہیں کہ فکسڈ ٹیلی کام آپریٹرز کاروبار کو برقرار رکھنے اور پاکستان کی معیشت میں معاونت کے لئے اپنے نظام کو ڈیجیٹل بناتے ہوئے نیٹ ورک میں سرمایہ کاری کرتے رہیں گے۔

خدمات کا اعتراف

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

ہم ملک بھر میں اپنے ملازمین کی ان تھک محنت اور لگن کی حوصلہ افزائی کرتے ہیں جنہوں نے کووڈ-19 کے دوران سروسز کی فراہمی کو یقینی بنایا اور اس کے ساتھ ساتھ کمپنی کو انتہائی مشکل وقت میں درپیش تمام مشکلات کا کامیابی سے مقابلہ کرنے کے قابل بنایا۔ ہم کمپنی کے مقاصد اور اہداف کے حصول میں حکومت پاکستان اور اتصالات گروپ کے بھرپور تعاون پر ان کا خصوصی شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



محمد ندیم خان

قائم مقام صدر اور چیف ایگزیکٹو آفیسر

اسلام آباد: 10 فروری، 2021

شعیب احمد صدیقی

چیئرمین پی ٹی سی ایل بورڈ

ڈیجیٹل سروسز

اہم منصوبوں اور اقدامات کی بدولت پی ٹی سی ایل ڈیجیٹل خدمات کی نمو دوگنی شرح کے ساتھ مستحکم رہی۔ کوویڈ۔19 کے تناظر میں پی ٹی سی ایل نے اپنی خصوصی توجہ اس طرف مرکوز کی کہ اس کی مینجڈ سروسز، کلاؤڈ، سیکیورٹی اور آئی سی ٹی پورٹ فولیو میں مزید ترقی اور انویسٹمنٹ کی جائے تاکہ یہ موجودہ اور مستقبل میں ڈیجیٹل مارکیٹ میں رونما ہونے والے مواقعوں کو بروئے کار لاتے ہوئے مزید نئی مصنوعات شامل کرنے کے ساتھ کمپنی کی ترقی میں کلیدی شعبے کا کردار ادا کیا۔ ڈیجیٹل سروسز کنیکٹیوٹی پورٹ فولیو محفوظ، تیز رفتار اور قابل اعتماد خدمات فراہم کرتے ہوئے ہمارے صارفین کی ضروریات کو پورا کرتا کرے۔

ڈیجیٹل خدمات میں سال 2020 کے دوران نمایاں ترقی اور نئے اسٹریٹجک آئی سی ٹی اور کلاؤڈ منصوبوں کے نتیجے میں جارحانہ سیلز کی حکمت عملی، پروڈنٹ اکاؤنٹ اور ریلیشن شپ مینجمنٹ کی گئی۔ متفرق کاروبار کے مختلف حصوں میں نئے صارفین کو شامل کرنے پر مرکوز توجہ سے کسٹمر بیس اور مصنوعات کو نئے سیگمنٹس میں شامل ہونے میں مدد ملی۔

پی ٹی سی ایل نے، ڈیٹا سینٹر ہوسٹنگ سروسز کے وسیع تجربے اور اسٹیٹ آف دی آرٹ، 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 مسلسل دو بار کلاؤڈ سروسز 'انفرااسٹرکچر بطور سروس' (IaaS) پر آئی ایس او سرٹیفکیشن سے نوازا گیا ہے۔ ہوسٹنگ سروسز سے حاصل ہونے آمدن آنے والے برسوں میں ترقی میں مستحکم اضافے کا باعث ہوگی۔ پی ٹی سی ایل نے چھوٹے اور درمیانے درجے کے کاروباری اداروں کی بڑھتی ہوئی ضروریات کو پورا کرنے کرنے کے لئے پاکستان میں پہلی کلاؤڈ مارکیٹ قائم کرنے کیلئے میسرز ڈیٹا ساد کے ساتھ باہمی تعاون کا معاہدہ کیا ہے۔

پاکستان میں ڈیجیٹل ارتقا کی راہ کو ہموار کرتے ہوئے، پی ٹی سی ایل نے ڈیجیٹل خدمات کو مزید وسعت دیتے ہوئے صارفین کا قابل اعتماد سیکیورٹی آرم بن گیا ہے۔ ڈیجیٹل خدمات کے لئے سسٹم سیکیورٹی کی توسیع پر خصوصی توجہ مرکوز کی گئی ہے جس کے تحت پی ٹی سی ایل انفارمیشن ٹیکنالوجی سروس مینجمنٹ (آئی ٹی ایس ایم) سلوشنز، ورچوئل اور فزیکل فائر وال، اینٹی ڈی ڈی او ایس اور متعدد حفاظتی سلوشنز جو صارفین کی خدمت کے لئے پیش کئے جا رہے ہیں، ان میں پی ٹی سی ایل پاکستان کا پہلا منظّم سسٹم سیکیورٹی سروسز فراہم کنندہ (ایم ایس ایس پی) بن گیا۔ آئی سی ٹی اور مائیکروسافٹ پلیٹ فارم کے تحت متعدد نئے صارفین کو خدمات کی فراہمی کے ساتھ نئی کلاؤڈ سروس ڈیلز بھی شامل کی گئی۔ آج، پی ٹی سی ایل کے پاس متعدد انڈسٹری سیگمنٹ کے آئی سی ٹی اور کلاؤڈ صارفین ہیں جن میں ایجوکیشن، فنانشل، ہیلتھ کیئر اور ایف ایم سی جی سیکٹر شامل ہیں۔ جدید ٹیکنالوجی سلوشنز سے آراستہ، پی ٹی سی ایل، کارپوریٹ صارفین کی آئی سی ٹی سلوشنز فراہم کرنے والوں میں ترجیح ہے۔ پی ٹی سی ایل ایک مینجڈ سروسز ماڈل پر ڈیٹا سینٹر ہوسٹنگ، نیٹ ورکنگ، کمپیوٹ، اسٹوریج اور ایم ایس ایس پی کے لئے ایک معروف بینک سے ون سٹاپ شاپ ڈیل حاصل کرنے میں بھی کامیاب رہا۔

قومی ادارہ ہونے کے ناطے، پی ٹی سی ایل ڈیجیٹل پاکستان کی ترقی میں نمایاں اہمیت رکھتا ہے۔ پی ٹی سی ایل نے تعلیم کے شعبے (کیو تعلیم) کے لئے ایک مقامی پلیٹ فارم تیار کیا جو GITEX 2020 میں نمائش کے لئے ایک بڑے آئی ٹی ادارے نے اپنی پراڈکٹ کے ساتھ شامل کرکے پیش کیا۔ 2021 میں، پی ٹی سی ایل نجی اور سرکاری شعبے میں اپنے صارفین کو تیز ڈیجیٹل ٹرانفارمیشن کے لئے فعال بنا رہا ہے۔ انڈسٹری کی لیڈنگ ٹیکنالوجی اور سروس پارٹنرز کے ساتھ مل کر کام کرنا ہماری حکمت عملی ہے تاکہ ہمارے کارپوریٹ صارفین کو آئی سی ٹی میں درپیش مشکلات کے فوری حل پیش کئے جائیں۔

کیریئر سروسز

پی ٹی سی ایل پاکستان کا قومی ادارہ ہونے کے ناطے، "ڈیجیٹل پاکستان" کی منزل کی جانب پیش رفت میں اہم ترین کردار ادا کرنے کیلئے پُرعزم ہے۔ بحیثیت رابطوں کو یقینی بنانے والے کے طور پر پی ٹی سی ایل نے صارفین کی تیز رفتار رابطے اور ڈیٹا کی ضروریات کو پورا کرتے ہوئے ٹیلی کام کمپنیز کی ڈیٹا کی طلب اور ڈیجیٹلائزیشن کی کوششوں کو یقینی بنانے میں اہم کردار ادا کیا ہے۔ پی ٹی سی ایل کے وسیع تر انفرااسٹرکچر، جس میں اس کی آئی پی سروسز، فائبر/مینجڈ کپیسٹی، مینجڈ کولوکیشن، ڈیٹا سینٹرز اور وی ایس اے ٹی انفرااسٹرکچر شامل ہیں، نے ٹیلی کام آپریٹرز کو فوری اور تمام سہولیات ایک ہی مقام پر فراہم کیں۔

پی ٹی سی ایل نے دوران سال "1Tbps" سے زائد کی آئی پی بینڈ وتھ سروسز ٹیئر 1 اور ٹیئر II شہروں کے کیریئر صارفین کو فروخت کی جس سے ملک میں ڈیجیٹل ٹرانسفارمیشن کو فعال بنایا گیا۔ یہ غیر معمولی شرح نمو صرف اس انڈسٹری کے لیڈنگ SLAs کے تعاون سے ممکن ہوئی ہے، اور معیاری خدمات کی فراہمی کے نتیجے میں پی ٹی سی ایل "کیریئر آف چوائس" بنا۔

مزید برآں، پی ٹی سی ایل کا وی ایس اے ٹی اور مینجڈ کپیسٹی کی سیلز میں اضافہ دیکھنے میں آیا۔ ٹیلی کام کمپنیز کو پی ٹی سی ایل کے آپٹیکل فٹ پرنٹ کی بدولت کراچی تا گوادر کی ساحلی پٹی پر تھری جی اور فور جی سروسز کا آغاز کرنے کے قابل بنایا۔ مستقبل میں گوادر میں بڑھتے ہوئے کاروباری اور اقتصادی سرگرمیوں کے پیش نظر کمپنی کی ترقی اور آمدن میں اضافہ متوقع ہے۔ پی ٹی سی ایل کلاؤڈ کی فراہمی کے لئے اپنی سروسز کے پورٹ فولیو میں بھی توسیع کر رہا ہے تاکہ اپنے کیریئر کسٹمرز کی بنیادی ضروریات کو پورا کرتا رہے۔

انٹرنیشل بزنس ریلیشنز

پی ٹی سی ایل اپنے صارفین کو اعلی معیار کی انٹرنیشنل وائس اور آئی پی بینڈ وتھ / آئی پی ٹرانزٹ سروسز فراہم کر رہا ہے۔ پی ٹی سی ایل اپنے تمام بین الاقوامی روٹس کی نگرانی کرتا ہے اور اس بات کا اعادہ کئے ہوئے ہے کہ اعلی معیار کی ڈیٹا اور وائس سروسز مہیا کرے۔ رواں سال او ٹی ٹی ایپلی کیشن کے استعمال میں اضافہ اور غیر قانونی گرے ٹریفک کی وجہ سے پی ٹی سی ایل کا کاروبار متاثر ہوا ہے۔ گرے ٹریفک کے کنٹرول کے لئے پی ٹی سی ایل پی ٹی اے اور دیگر ٹیلی کام آپریٹرز کے معاونت سے گرے ٹریفک مانیٹرنگ اور کنٹرولنگ سسٹم متعارف کروانے میں پیش پیش رہا۔ یہ ویب مانیٹرنگ سسٹم (WMS) تمام انٹرنیشل آئی پی بینڈ وتھ کے ایکسس پوائنٹس پر نصب کیا گیا ہے تاکہ غیر قانونی گرے ٹریفک کا خاتمہ کیا جا سکے۔ اس کے علاوہ پی ٹی سی ایل انٹرنیشنل ریٹیل آپریٹرز کے ساتھ مل کر بین الاقوامی سطح پر آنے والی آمدن کو محفوظ تر بنانے اور غیر قانونی گرے ٹریفک کے اثرات میں کمی لانے کے لئے بھی کوشاں ہے۔ پی ٹی سی ایل نے اسپیشل کمیونیکیشن آرگنائزیشن کے ساتھ مل کر چائنہ پاکستان اقتصادی راہداری کی بین الملکی مواصلات کو قانونی دائرہ کار میں لانے کے لئے کامیابی سے اسٹریٹجک پارٹنرشپ قائم کی ہے۔ اس پارٹنرشپ کے ذریعے پی ٹی سی ایل افغانستان، چائنہ اور ایران کے ساتھ استوار کی جانے والی راہداری کے ذریعے ڈیٹا اور وائس کنیکٹیویٹی کے حوالے سے مرکزی حیثیت اختیار کرے گا۔

اندرون اور بیرون ملک صارفین کی بینڈ وتھ کی بڑھتی ہوئی طلب کو مدنظر رکھتے ہوئے ہم زیر سمندر موجودہ کیبل کو مزید جدید کرنے اور نئی زیر سمندر کیبل افریقہ 1 میں سرمایہ کاری کر رہے ہیں۔ اسی کے ساتھ ساتھ ہم مختصر/درمیانی مدّتی مواقعوں کو بروئے کار لانے کے لئے زیر سمندر نیٹ ورک کی فروختی گنجائش کو مزید بڑھانے پر بھی غور کر رہے ہیں۔ ہم امید کرتے ہیں کہ مذکورہ اقدامات کے ذریعے وائس ٹریفک حجم کی وجہ سے آنے والے دباؤ کو کم کرنے اور پی ٹی سی ایل کو اپنے 2021 کے کاروباری مقاصد کے حصول میں مدد ملے گی۔

بطور کارپوریٹ ہماری سماجی ذمہ داری (CSR)

رواں سال دنیا کوویڈ۔ 19 میں مبتلا تھی جس میں ہر کسی کو انتہائی بدترین حالات کا سامنا کرنا پڑا۔ پاکستان کی ترقی پذیر معیشت نے ورکرز سے وابستہ کاروبار پر نمایاں منفی معاشی اثرات کے علاوہ عوام کی صحت و دیکھ بھال کی سہولیات کی فراہمی سمیت بے شمار مشکلات کا سامنا کیا۔ اپنے ملازمین کی صحت، حفاظت اور فلاح و بہبود کے لئے ٹھوس اقدامات کرنے کے علاوہ، پی ٹی سی ایل گروپ بڑے پیمانے پر معاشرے کے لئے مثبت کردار ادا کرنے میں کامیاب رہا۔

وزیر اعظم کے کوویڈ۔ 19 ریلیف فنڈ میں پی ٹی سی ایل گروپ کے 100 ملین روپے کے نقد عطیہ سے ملک بھر میں غربت سے متاثرہ 8000 سے زائد خاندانوں تک نقد امداد فراہم ہوئی۔ اس کے علاوہ، کمپنی نے سکھر ڈسٹرکٹ گورنمنٹ، ریڈ کریسنٹ سوسائٹی، شوکت خانم ریسرچ سنٹر اور این ڈی ایم اے کو فرنٹ لائن کارکنان کے لئے ادویات، ٹیسٹ کی سہولیات کو بڑھانے اور پی پی ای کٹس کے لئے مالی اعانت فراہم کرنے میں کامیاب رہی۔ الخدمت، سیلانی اور اخوت فاؤنڈیشن کے اشتراک سے ملک بھر میں راشن تقسیم کرنے کی مہم چلائی گئی۔

کمپنی نے اپنی میڈیکل سروسز کی ٹیم کے ذریعے موبائل میڈیکل یونٹس اور صحت سے متعلق آگاہی مہم سے 13000 کے قریب ضرورت مند افراد تک رسائی حاصل کی۔ ہماری ٹیموں نے کلین گرین پاکستان اقدام سے وابستگی کو پورے پاکستان میں 41,000 درختوں کی شجرکاری کرنے کے ساتھ پورا کیا۔

دیگر معاملات

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

آپ کی توجہ اس سال کے پی ٹی سی ایل کی فنانشل سٹیٹمنٹس کی شق 13.7 اور منسلک گروپ فنانشل سٹیٹمنٹس کی شق 18.7 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 براڈبینڈ

سال 2020 کا آغاز بہتر مسابقت اور مخصوص علاقوں میں سیلز بڑھانے کے لئے کی گئیں پروموشنز کے ساتھ ہوا۔ پورا سال انسٹالیشن چارجز میں 30% کی رعایت دی گئی صارفین نے کال سینٹرز اور دیگر ان ہاؤس چینیلز سے بھرپور فائدہ اٹھایا اور انہیں اپ فرنٹ انسٹالیشن چارجز آنے والے بل میں منتقل کرنے کی سہولت فراہم رہی۔ ان آفرز نے پی ٹی سی ایل کی سیلز کی رفتار کو مزید تیز کرنے میں مدد دی اور سیلز میں سب سے زیادہ ماہانہ اضافہ دسمبر 2020 کے مہینے میں 45 ہزار سیلز ریکارڈ کرتے ہوئے ہوا جو کہ گزشتہ 5 سال کی سیلز میں سب سے زیادہ ماہانہ اضافہ تھا نتیجتاً اپریل سے دسمبر تک 80 ہزار ڈی ایس ایل صارفین کی تعداد میں اضافہ ہوا۔

مارکیٹ کے رجحان کو مدنظر رکھتے ہوئے، پی ٹی سی ایل نے اگست 2020 میں اپنے براڈبینڈ ٹیرف میں ترمیم کی اور انفراسٹرکچر کا بہتر استعمال کرنے کے لئے، جہاں ممکن ہو، اے ڈی ایس ایل کی بجائے وی ڈی ایس ایل کی فروخت پر زور دیا۔ مختلف علاقوں کیلئے خصوصی انتظامات بھی کیے گئے تا کہ صارفین کی سہولیات میں اضافے کے ساتھ سیلز بھی بڑھیں۔ ترجیحی حیثیت اور برانڈ سے وابستگی کو بہتر بنانے کے لئے پی ٹی سی ایل نے 2020 میں صارفین کی درجہ بندی کا آغاز کیا۔ جس کا مقصد ٹارگٹ مارکیٹنگ کی حکمت عملی کو مزید فعال بنا کر صارفین کی وابستگی اور تعداد کو بڑھاتے ہوئے آمدن میں اضافہ مقصود تھا۔

فائبر ٹو دی ہوم (FTTH)

ایف ٹی ٹی ایچ پر مرکوز توجہ کے ساتھ مسابقتی کمپنیز کے صارفین اور موجودہ پی ٹی سی ایل کاپر کے صارفین کو جی پون (GPON) پر منتقل کرنے کے لئے خصوصی مہمات شروع کی گئیں۔ مارکیٹ شیئر میں اضافہ کے لئے ایف ٹی ٹی ایچ سروسز کو نئے علاقوں اور گنجان شہروں تک وسعت دی گئی۔ یہ توسیع صارفین کے پی ٹی سی ایل پر اعتماد کی بدولت ہوئی جس نے ترجیحی سروسز میں زیادہ اطمینان کی شرح کو یقینی بناتے ہوئے جی پون (GPON) صارفین کی تعداد میں اضافہ کیا۔

وائس

وائس سروس کا استعمال بنیادی طور پر صارفین کے او ٹی ٹی اور سیلولر سروسز میں منتقلی کے مسلسل رجحان کی وجہ سے کم ہوا۔ صارفین کے استعمال کو مدنظر رکھتے ہوئے، پرانے وائس پیکجز اور لائن رینٹ کی جگہ نئے کالنگ پیکیجز متعارف کروائے گئے۔ فرینڈز اینڈ فیملی آفر گوجرانوالہ شہر میں یوفون کے اشتراک سے شروع کی گئی.

وائرلیس-CharJi

دسمبر 2019 میں کراچی میں کامیابی کے بعد اس سال کے دوران چارجی ان لمیٹڈ پیکیج کا لاہور میں بھی آغاز ہوا، جس کا مقصد اس علاقے کو اعلیٰ معیار کی خدمات کی فراہمی کے ساتھ مارکیٹ پوٹینشل سے فائدہ اٹھانا تھا۔ یہ شاندار پیشکش ماہانہ صرف 1499 روپے میں ان لمیٹڈ ڈیٹا فراہم کرتی ہے 2020 میں مجموعی طور پر ایک لاکھ 32 ہزار CharJi ڈیوائس فروخت کی گئیں، جو گزشتہ سال کے مقابلے میں تقریباً دوگنا اضافہ ہے۔

پی ٹی سی ایل ملک میں پہلا آپریٹر ہے جس نے اپنی CharJi ڈیوائس اور سروس کیش آن ڈیلیوری کے ساتھ پیش کی۔ صارفین کارپوریٹ ویب سائٹ، سوشل میڈیا پر ڈیجیٹل پروموشنز کے ذریعے یا ہیلپ لائن کو براہ راست ڈائل کر کے اپنے آرڈر آن لائن دے سکتے ہیں۔ CharJi ڈیوائس کو بائیومیٹرک تصدیق اور ریچارج کرنے کی سہولت کے ساتھ صارفین کے گھروں تک پہنچایا جاتا ہے۔

سمارٹ ٹی وی اور مواد

اس سال پی ٹی سی ایل نے ہالی ووڈ کی اعلیٰ درجے کی سبسکرپشن پر مبنی سٹریمنگ سروسز کمپنی سٹارز پلے بائے سنی پیک کے ساتھ شراکت داری کی۔ پی ٹی سی ایل صارفین کو یہ سہولت فراہم ہے کہ وہ کریڈٹ یا ڈیبٹ کارڈ کے استعمال کے بغیر سٹارز پلے سبسکرپشن کے چارجز بآسانی اپنے ماہانہ بل کے ساتھ ادا کر سکتے ہیں۔

پی ٹی سی ایل نے میڈیا لوجک کے ساتھ ایک معاہدے پر دستخط کیے، جو پاکستان میں پیمرا کی طرف سے لائسنس یافتہ ٹی وی ناظرین کے اعداد و شمار حاصل کرنے والے اداروں میں سے ایک ہے یہ میڈیا ریسرچ کی ایک اہم برانچ ہے جو ٹی وی سامعین کی عادات کو دیکھنے سے متعلق ضروری مواد اور معلومات فراہم کرتی ہے۔

کوویڈ-19 کے دوران جب پورے ملک میں لاک ڈاؤن کی صورتحال تھی، تب پی ٹی سی ایل نے کلاس ایک سے بارہ تک کے طلباء کی حصول تعلیم کے پیش نظر پی آئی ٹی بی (پنجاب آئی ٹی بورڈ) کے تعاون سے پی ٹی سی ایل سمارٹ ٹی وی اور سمارٹ ٹی وی ایپ کے ذریعے ایس وی او ڈی بنڈل پر "تعلیم گھر" کے نام سے مفت تعلیمی کنٹینٹ فراہم کیا۔ بچوں کی حصول تعلیم کے لئے پی ٹی سی ایل سمارٹ ٹی وی اور سمارٹ ٹی وی ایپ پر وزارت تعلیم کے تعاون سے ٹیلی سکول کے نام سے ایک چینل شروع کیا گیا۔ اپنے صارفین کو مزید مشغول کرنے اور ان کی حوصلہ افزائی کیلئے پی ٹی سی ایل نے اپنے ایس وی او ڈی بنڈل "ای جونیئر" پر 50% رعایت دی۔

کسٹمر کے تجربے کو بڑھانے کے لئے، پی ٹی سی ایل نے جی پون (GPON) صارفین کے لئے سمارٹ ٹی وی پر ایچ ڈی چینلز شروع کیے۔ جس نے ہمارے قابل قدر صارفین کو واضح اور معیاری تصویر کے ساتھ بہترین آڈیو کی فراہمی کو یقینی بنایا۔ مزید برآں، پی ٹی سی ایل نے مجموعی طور پر اپنے سمارٹ ٹی وی صارفین کی تعداد میں 8 فیصد جبکہ جی پون (GPON) صارفین کی تعداد میں 45 فیصد اضافہ کیا

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۔

کوویڈ۔ 19 کے بعد پوری دنیا کی طرح پاکستان کی معیشت بھی سست روی کا شکار رہی۔حکومت پاکستان نے متاثرہ افراد وشعبہ جات کی امداد کے لئے امدادی پیکیجز متعارف کروائے۔اب چونکہ معیشت سنبھلنا شروع ہوگئی ہے تو مالی سال 2021 کے لئے جی ڈی پی میں 1.5%-2.0% کا اضافہ متوقع ہے۔امریکی ڈالر کے مقابلہ میں پاک روپیہ کی قدر طویل تنزلی کے بعد مستحکم ہوئی ہے۔جس سے کرنٹ اکاؤنٹ خسارے میں توازن برقرار ہوا اور بڑھتا ہوا افراط زر بھی مستحکم ہوا۔اسٹیٹ بینک نے دوہری ہندسوں کی پالیسی شرح کو 7 فیصد تک کم کردیا ہے اور اسٹاک ایکسچینج میں بھی نمایاں بحالی کا عمل دیکھنے میں آیا۔حالیہ مائیکرو اکنامک بینچ مارکس ایک مشکل وقت سے گزرنے کے بعد مجموعی طور پر سازگار کاروباری ماحول کی عکاسی کرتے ہیں۔

ڈیٹا کی کھپت میں جاری مسلسل اضافے کی بدولت پاکستان کا ٹیلی کام کا شعبہ دیگر صنعتوں کے مقابلے میں نسبتاً مستحکم رہا۔82 فیصد سے زائد ٹیلی ڈینسٹی کی شرح نمو کے ساتھ پاکستان کے سیلولر صارفین کی تعداد 175 ملین سے تجاوز کرگئی۔موبائل براڈ بینڈ صارفین میں اضافے کا رجحان رہا اور سال 2020 میں 90 ملین صارفین کے ساتھ 19% اضافہ دیکھنے میں آیا۔فکسڈ براڈ بینڈ سروس فراہم کرنے والوں کو موبائل براڈ بینڈ کی جارحانہ قیمتوں کے باعث سخت مسابقت کا سامنا ہے۔پی ٹی سی ایل صارفین کے ڈیٹا کی طلب کو پورا کرنے کے لئے اپنے بنیادی ڈھانچے کو جدید کررہا ہے،جس کے نتیجے میں نیٹ ورک کی بحالی اور ٹرانسفارمیشن کے ساتھ ساتھ ایف ٹی ٹی ایچ کے منصوبوں میں بھی تیزی سے اضافہ ہوا ہے۔

ڈیجیٹلائزیشن پر بڑھتے انحصار نے روایتی کاروباری اداروں کو جدید آپریٹنگ ماڈلز کو اپنانے پر مائل کیا،جس سے آن لائن بینکنگ کی سہولیات کے بڑھتے ہوئے رجحانات کے ساتھ ای کامرس صنعت پروان چڑھ رہی ہے،ڈیجیٹلائزیشن کاروباری اداروں میں تجدیدی عوامل متعارف کروانے کے ساتھ انہیں تیزی اور موثر طریقے سے بدلتے حالات کے مطابق ڈھالنے کے قابل بنا رہی ہے۔کلاؤڈ انفراسٹرکچر،سیکیورٹی سلوشنز اور منیجڈ سروسز کی طلب میں اضافہ ٹیلی کام آپریٹرز کو نئے مواقع فراہم کررہا ہے۔مارکیٹ کے ان مواقعوں سے فائدہ اٹھانے کے لئے پی ٹی سی ایل نے انفارمیشن اینڈ کمیونیکیشن ٹیکنالوجی (آئی سی ٹی) سروسز اور سسٹم انٹگیریشن میں تنظیمی صلاحیت پیدا کرنے پر خاطر خواہ توجہ دی ہے جس نے آئی سی ٹی لینڈ سکیپ میں منیجڈ سیکیورٹی سلوشنز، بینکنگ کلاؤڈ سروسز، ڈیٹا سنٹرز اور منیجڈ سروسز کو فعال بنایا ہے۔

پی ٹی سی ایل پاکستان کے پسماندہ علاقوں میں وائس، ڈیٹا اور ویڈیو کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لئے آپٹیکل فائبر کنیکیٹو ٹی فراہم کرنے کا خواہاں ہے۔ لہذا سال 2020 میں، پی ٹی سی ایل نے ملک میں ڈیجیٹل عدم توازن کو کم کرنے کے مقصد سے آپٹیکل فائبر، ایف ٹی ٹی ایچ نوڈز کی تنصیب ،نیٹ ورک تیار کرنے اور اسے برقرار رکھنے کے لئے یونیورسل سروس فنڈ (یو ایس ایف) سے معاہدہ کیا تاکہ پاکستان کے پسماندہ علاقوں کو مواصلاتی سہولیات سے مربوط کیا جاسکے۔

پی ٹی سی ایل نے کوویڈ۔19 کے دوران ملازمین کی صحت کو خصوصی اہمیت دیتے ہوئے ورک فرام ہوم کی سہولت متعارف کروائی اور ایک ہفتے کے دوران اپنے کال سینٹر کے 80 فیصد عملے کو ورک فرام ہوم کا اہل بنادیا جو پی ٹی سی ایل کا اپنے عملے کی حفاظت اور فلاح کے لئے کئے گئے اقدامات کا منہ بولتا ثبوت ہے۔ملازمین کی مہارت میں مزید اضافے کے لئے آن لائن ٹریننگز اور ای لرننگ پلیٹ فارم متعارف کروائے گئے۔اِسی طرح معاشرے کی مجموعی صحت کو مدنظر رکھتے ہوئے، پی ٹی سی ایل نے فوری طور پر صارفین کی مدد کرنے اور پیمنٹس کے لئے ڈیجیٹل ٹچ پوائنٹس متعارف کروائے۔صارفین کی حفاظت کے مدنظر پیمنٹس کے متعدد ذرائع جیسا کہ ویب سائٹ،موبائل ایپ،سوشل میڈیا، وی ٹی ایم اور کوریئر پارٹنرز کے توسط سے ادائیگی کرنے کی سہولیات فراہم کیں جس کی وجہ سے صارفین نے بغیر تشریف لائے اپنی ٹرانزیکشنز کو مکمل کیا نتیجتاً ان ذرائع کے ذریعے کی گئی ادائیگیوں کی شرح میں مثبت رجحان دیکھنے میں آیا اور ساتھ ہی کوویڈ۔ 19 کے پھیلاؤ کا خطرہ بھی کم ہوا۔

مالیاتی کارکردگی کا جائزہ

پی ٹی سی ایل گروپ نے کوویڈ۔ 19 اور بعض ریگولیٹری تبدیلیوں کی مشکلات کے باوجود 129 ارب روپے پر اپنی آمدن کو برقرار رکھا، ان غیر معمولی نوعیت کے عوامل کے بغیر دیکھا جائے تو پی ٹی سی ایل گروپ کی آمدن میں 2019 کی نسبت 5.2 فیصد اضافہ ہوا۔

ٹاپ لائن استحکام بشمول انتظامیہ کے موثر لاگتی اخراجات کے اقدامات،کیش فلو کنٹرول اور مارکیٹنگ کی حکمت عملی کے لئے کئے گئے اقدامات سمیت سود اور زرمبادلہ کی بہتر شرح کی وجہ سے پی ٹی سی ایل گروپ کے خالص منافع میں 38% بہتری دیکھنے میں آئی۔پی ٹی سی ایل نے اپنے نیٹ ورک کی تجدید اور اس میں مزید وسعت کے ذریعے اپنے صارفین کے لئے بہتر خدمات کے حصول کو یقینی بنانے کے ساتھ اپنی تکنیکی برتری کو استحکام دیا۔

آمدن

پی ٹی سی ایل کی سالانہ آمدن گزشتہ برس کی نسبت 0.4% اضافے کے ساتھ 71.8 ارب روپے رہی۔انتظامیہ کی بہتر حکمت عملی اور صارفین کی تعداد میں اضافے کی بدولت تیسری سہ ماہی تک کی ٹاپ لائن میں موجود 0.7% کی کمی، چوتھی سہ ماہی میں سال بہ سال کی نسبت سے 3.7% اضافے کے ساتھ بڑھ گئی۔فکسڈ براڈ بینڈ صارفین کی تعداد میں سال کی آخری سہ ماہیوں میں مسلسل اضافہ ہوا جبکہ دسمبر 2020 کے دوران صارفین کی تعداد میں خاطر خواہ اضافہ ہوا جو کہ گزشتہ پانچ سالوں میں سب سے زیادہ ماہانہ اضافہ تھا۔اسی طرح براڈ بینڈ آمدن بھی سال کے دوسرے نصف حصے میں بڑھنا شروع ہوگئی جبکہ صارفین سے متعلقہ کئے گئے بہتر اقدامات کی وجہ سے گذشتہ برس کی نسبت صارفین کے چھوڑنے کی شرح میں 23% کمی آئی۔

وائرلیس آمدن جو کہ گزشتہ پانچ سالوں سے تنزلی کا شکار تھی، میں بھی 8% اضافہ دیکھنے میں آیا جس کا حصول بغیر اضافی سرمایہ کاری کے،فروخت کی بہتر حکمت عملی اور قیمتوں میں متناسب تعین کی بدولت ممکن ہوا۔آئی پی ٹی وی کی آمدن میں گزشتہ سال کے مقابلے میں 3% اضافہ ہوا۔کاروباری خدمات کی مد میں مجموعی طور پر سال بہ سال کی نسبت 6% آمدن میں اضافہ ہوا۔کارپوریٹ کاروبار کی مد میں نمایاں دوہرے ہندسوں 11% سے آمدن میں اضافہ ہوا جبکہ گزشتہ سال کی نسبت کیریئر سروسز کی مد میں 5% آمدن میں اضافہ ہوا۔اِسی طرح بین الاقوامی کاروبار کی مد میں 4% آمدن میں اضافہ ہوا۔مقامی اور بین الاقوامی دونوں سطح پر وائس کی آمدن میں صارفین کے او ٹی ٹی (اوور دی ٹاپ) اور سیلولر سروسز کی طرف منتقلی کے رجحان کے سبب کمی واقع ہوئی ہے۔

یوفون نے کوویڈ۔ 19 میں درپیش مشکلات کے باوجود عمدہ کارکردگی کا مظاہرہ کیا اور کامیابی کے ساتھ اپنے 10 ملین ڈیٹا صارفین کو ایل ٹی ای سروسز پہنچانے میں کامیاب ہوا۔یو بنک نے اپنی غیر معمولی ترقی کی رفتار کو جاری رکھا اور گذشتہ سال کے دوران اپنے دیئے گئے قرضوں اور ڈپازٹ میں اضافہ کرکے اپنی آمدن کو 50 فیصد تک بڑھایا۔

منافع

پی ٹی سی ایل کے آپریٹنگ منافع میں گزشتہ سال کی نسبت 30 فیصد کی کمی واقع ہوئی جس کی وجہ گزشتہ برس میں ہونے والے نمایاں سرمایہ کاری کے نتیجے میں اضافی فرسودگی اور خریداروں کے حصول کی لاگت ہے۔تاہم سال کا 6 ارب خالص منافع کمانے میں متروک اثاثے کی فروخت سے ہونے والی آمدن اور دیگر غیر آپریٹنگ آمدن معاون رہیں۔اس سال کے لئے پی ٹی سی ایل کی فی حصص آمدنی (ای پی ایس) 1.18 روپے رہی۔

پی ٹی سی ایل گروپ نے بالترتیب 5.6 ارب روپے اور 3.3 ارب روپے کا آپریٹنگ اور خالص منافع کمایا۔

کیش فلو

پی ٹی سی ایل نے مذکورہ سال میں حاصل کردہ رقوم کو بالخصوص نیٹ ورک کی تجدید،اس کی توسیع ، بنیادی نیٹ ورک کے انضمام اور فائبر آپٹک کی تنصیب کے لئے استعمال کیا۔گروپ لیول پر درجہ بالا ادائیگیوں کے ساتھ رقوم کو یوفون کے نیٹ ورکس کی تجدید اور یو بینک کی شاخوں میں اضافے کے لئے بھی استعمال کیا گیا۔

اختصاص

بورڈ کی منظوری کے بعد،اس سال کے دوران 3.2 ارب روپے کے انشورنش ریزرو کو غیر مختص منافع میں منتقل کردیا گیا۔کیونکہ کہ اب کمپنی کے اثاثوں کی کوریج کے لئے کمرشل انشورنس کے انتظامات کر دیئے گئے ہیں۔بورڈ آف ڈائریکٹرز نے کمپنی کے نیٹ ورک کی تجدید اور وسعت کے لئے درکار سرمایہ کی ضروریات کے پیش نظر سال 2020 میں کوئی ڈیویڈنڈ تجویز نہیں کیا۔

مالیاتی جائزہ اور
دیگر امور برائے 2020

ہم پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ اور آڈٹ شدہ مالی حسابات بمعہ آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ہماری کارکردگی سے ظاہر ہوتا ہے کہ پی ٹی سی ایل نے ان مشکل حالات میں بھی اپنے حصص داران کی قدر کو بڑھانے کے ساتھ ساتھ اپنے صارفین کو مختلف سہولیات کی فراہمی سے معاشرے کی مدد کو جاری رکھا۔ مالی سال 2020، حکومتوں، کاروباری اداروں، معاشرے اور افراد سب کے لئے ایک انتہائی مشکل سال ثابت ہوا۔ کویڈ۔19 اور اس سے متعلقہ ضروری پابندیوں کے نتیجے میں سب ہی جذباتی، ذہنی اور معاشی دباؤ کا شکار رہے۔ اس صورتحال نے ہماری کاروباری حکمت عملی کو بہت متاثر کیا۔ لیکن ان تمام مشکلات کے باوجود پی ٹی سی ایل کی کارکردگی مستحکم رہی اور سال کے آخر میں اس کی شرحِ نمو میں مزید اضافہ ہوا۔ مزید یہ بات بھی اہم ہے کہ پی ٹی سی ایل نے مسلسل دوسرے سال بھی اپنی entity ریٹنگ کے معیار کو (Triple A)"AAA" اور قلیل مدتی ریٹنگ کے معیار کو (A-One Plus) "A-1+" پر برقرار رکھا جس سے پی ٹی سی ایل کی مضبوط مالی پوزیشن پر اس کے اسٹیک ہولڈرز کا اعتماد ظاہر ہوتا ہے۔

ہمارے صارفین کے ڈیجیٹل اور رابطوں کی مسلسل بڑھتی ہوئی ضروریات نے ہماری حکمت عملی کو مزید تقویت بخشی ہے۔ اس سال ہم نے ڈیجیٹل ٹیکنالوجی کے نئے حل تیار کئے اور ڈیجیٹل ٹرانسفارمیشن کو تیز کر کے اپنے صارفین کو سہولت فراہم کی تا کہ وہ ہمارے ساتھ مزید آن لائن رابطہ کر سکیں۔ اس ٹرانسفارمیشن کا مقصد کویڈ۔19 کی پابندیوں کے دوران صارفین کی کالز کا جواب دینے کی صلاحیت میں بہتری کے ساتھ اپنے صارفین کو بہترین ڈیجیٹل سیلف سروس اور متبادل رابطے کی سہولت فراہم کرنا ہے۔

فائبر ٹو دی ہوم (ایف ٹی ٹی ایچ) آپریٹرز کے مابین بڑھتی ہوئی مسابقت کے باوجود پی ٹی سی ایل نے فکسڈ براڈ بینڈ مارکیٹ میں اپنی برتری کو برقرار رکھا۔ ڈیٹا کی کھپت اور براڈ بینڈ کی بڑھتی ہوئی طلب فکسڈ لائن براڈ بینڈ سروس فراہم کرنے والوں کے لئے مارکیٹ میں بے پناہ مواقع فراہم کر رہی ہے۔ کاپر لوپ کی لمبائی میں کمی، نیٹ ورک کی تجدید اور ایف ٹی ٹی ایچ رول آؤٹ کی وجہ سے ہمارے فکسڈ لائن نیٹ ورک کے معیار میں مزید بہتری آ رہی ہے۔ پی ٹی سی ایل اپنے گراں قدر صارفین کی خدمات میں بہتری کے لئے تیزی سے ایف ٹی ٹی ایچ کے نیٹ ورک کو وسعت دے رہا ہے۔ پی ٹی سی ایل فکسڈ لائن براڈ بینڈ کی آمدن میں اضافہ صارفین کی ہائیر سپیڈ پر منتقلی کی بدولت ہوا۔ مربوط کوششوں کے ساتھ، پی ٹی سی ایل نے لاک ڈاؤن کے دوران شکایات حل کرنے کے دورانیہ کو 24 گھنٹوں سے بھی کم کر دیا، یہ امر یقینی ہے کہ مقابلے کی فضا میں اپنے آپ کو دیگر آپریٹرز سے نمایاں کرنے کے لئے صارفین کو بہترین خدمات کی فراہمی نہایت اہم ہے ہمیں یقین ہے کہ ڈیجیٹل طور پر منسلک پاکستان معاشرتی ترقی کا ضامن ہونے کے ساتھ ملک کی معاشی ترقی کا اہم جزو بن جائے گا۔

درج ذیل پیراگراف میں سال کے دوران کمپنی کی سالانہ کارکردگی کے جائزے کا خلاصہ بیان کیا گیا ہے :

انڈسٹری کا جائزہ

سال 2020 میں بدترین معاشی حالات اور بڑھتے ہوئے افراطِ زر کا سامنا کرنا پڑا جس کے نتیجے میں روپے کی قدر میں کمی ہوئی اور کاروباری لاگتی اخراجات میں خاطر خواہ اضافہ ہوا۔ کویڈ۔ 19 کے پھیلنے سے عالمی سطح پر معیشت متاثر ہوئی اور پاکستان بھی اس سے محفوظ نہ رہا۔ لاک ڈاؤن کے سبب عائد پابندیوں اور احتیاطی اقدامات کے نتیجے میں معاشرتی دوری کی وجہ سے اب صنعتیں ضروری اصلاحات کے تمدن میں ایک نئے معمول کی طرف مائل ہو رہی ہیں۔ فکسڈ لائن کاروبار کی مد میں صارفین سے باہمی میل جول، بل کلیکشن اور نیٹ ورک کی بحالی جیسے عوامل بنیادی طور پر بڑے چیلنجز تھے۔ لہٰذا، ای لرننگ، ای کامرس، ٹیلی ہیلتھ اور ڈیجیٹل پیمنٹ وغیرہ جیسی سہولیات پر زیادہ انحصار کیا گیا جن کی وجہ سے نئے کاروباری مواقع میسر ہوئے۔ کویڈ۔ 19 کے دوران خاص طور پر روایتی ایکو سسٹم میں ڈیجیٹلائزیشن کو شامل کرنا تمام ٹیلی کام آپریٹرز کا ایک متاثر کن کارنامہ رہا ہے۔

Audit Committee
Composition as at February10, 2021

1	Dr. Mohamed Karim Bennis	Chairman
2	Mr. Abdulrahim A. Al Nooryani	Member
3	Mr. Hassan Nasir Jamy	Member
4	Mr. Kamran Ali Afzal	Member
5	Mr. Mohamed Dukandar	Member

Attendance

Total 05 meetings of the Audit Committee were held during the Financial Year ended on December 31, 2020.

Sr.	Name of Director-Member	Attendance
1	Mr. Serkan Okandan	1
	Dr. Mohamed Karim Bennis	3
2	Mr. Abdulrahim A. Al Nooryani	5
3	Mr. Naveed Kamran Baloch	5
4	Mr. Rizwan Malik	4

Functions

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

Human Resource & Remuneration Committee
Composition as at February10, 2021

1	Mr. Abdulrahim A. Al Nooryani	Chairman
2	Mr. Hatem Dowidar	Member
3	Mr. Hassan Nasir Jamy	Member
4	Mr. Kamran Ali Afzal	Member
5	Mr. Khalifa Al Shamsi	Member

Attendance

Total 05 meetings of the HR & R Committee were held during the Financial Year ended on December 31, 2020.

Sr.	Name of Director-Member	Attendance
1	Mr. Abdulrahim A. Al Nooryani	5
2	Mr. Serkan Okandan	1
	Mr. Hatem Dowidar	3
3	Mr. Naveed Kamran Baloch	5
4	Mr. Rizwan Malik	5
5	Mr. Khalifa Al Shamsi	4

Functions

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

Investment & Finance Committee
Composition as at February10, 2021

1	Mr. Hatem Dowidar	Chairman
2	Dr. Mohamed Karim Bennis	Member
3	Mr. Kamran Ali Afzal	Member
4	Syed Shabahat Ali Shah	Member
5	Mr. Khalifa Al Shamsi	Member

Attendance

Total 12 meetings of the Investment and Finance Committee were held during the Financial Year ended on December 31, 2020.

Sr.	Name of Director-Member	Attendance
1	Mr. Hatem Dowidar	12
2	Mr. Serkan Okandan	4
	Dr. Mohamed Karim Bennis	5
3	Mr. Naveed Kamran Baloch	12
4	Mr. Rizwan Malik	9
	Syed Shabahat Ali Shah	3
5	Mr. Khalifa Al Shamsi	11

Functions

- Review and recommend 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 regard to regulatory provisions and Company's funding and working capital requirements.

PTCL Board
Composition and Attendance

Total 07 meeting of the Board of Directors were held during the Financial Year ended on December 31, 2020.

Sr.	Name of Director	Portfolio	Attendance
1	Mr. Shoaib Ahmad Siddqui	Chairman	7
2	Mr. Abdulrahim A. Al Nooryani	Member	7
3	Mr. Naveed Kamran Baloch	Member	7
4	Mr. Hatem Dowidar	Member	7
5	Syed Shabahat Ali Shah	Member	7
6	Mr. Serkan Okandan	Member	1
	Dr. Mohamed Karim Bennis	Member	5
7	Mr. Rizwan Malik	Member	6
	Mr. Hassan Nasir Jamy	Member	1
8	Mr. Khalifa Al Shamsi	Member	7
9	Mr. Hesham A. 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, 2020

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. Shoaib Ahmad Siddiqui, Chairman
		2. Abdulrahim A. Al Nooryani
		3. Naveed Kamran Baloch
		4. Hassan Nasir Jamy
		5. Hatem Dowidar
		6. Syed Shabahat Ali Shah
		7. Dr. M. Karim Bennis
		8. Hesham Al Qassim
		9. Khalifa Al Shamsi
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 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. As per the requirement of the Regulations, half of the Directors had completed the Directors Training Program by

June 30, 2020.During the year, no training program could be arranged for the new Directors due to COVID-19, however, a manual to acquaint the Directors with their role, obligations, powers and responsibilities, was 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 quarterly financial statements before approval of the Board. However, CFO who is also acting on behalf of the CEO of the Company, has endorsed the annual financial statements before approval of the Board.

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

a) Audit Committee
1. Dr. M. Karim Bennis, Chairman
2. Abdulrahim A. Al Nooryani
3. Mohamed Dukandar
4. Naveed Kamran Baloch
5. Hassan Nasir Jamy

b) Human Resource & Remuneration Committee
1. Abdulrahim A. Al Nooryani, Chairman
2. Hatem Dowidar
3. Khalifa Al Shamsi
4. Naveed Kamran Baloch
5. Hassan Nasir Jamy

c) Investment and Finance Committee
1. Hatem Dowidar, Chairman
2. Dr. M. Karim Bennis
3. Khalifa Al Shamsi
4. Naveed Kamran Baloch
5. Syed Shabahat Ali Shah

13. The terms of reference of the afore - said 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 2020.

b) Human Resource and Remuneration Committee:

The frequency of meetings is on quarterly basis and as per the requirement of the Company. Total five meetings were held during year 2020.

c) Investment and Finance Committee:

The frequency of meetings is on quarterly basis and as per the requirement of the Company. Total twelve meetings were held during year 2020.

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 programme 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.

Mohammad Nadeem Khan
Acting President & Chief Executive Officer

Shoaib Ahmad Siddiqui
Chairman PTCL Board

Islamabad: April 02, 2021

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, 2020 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.

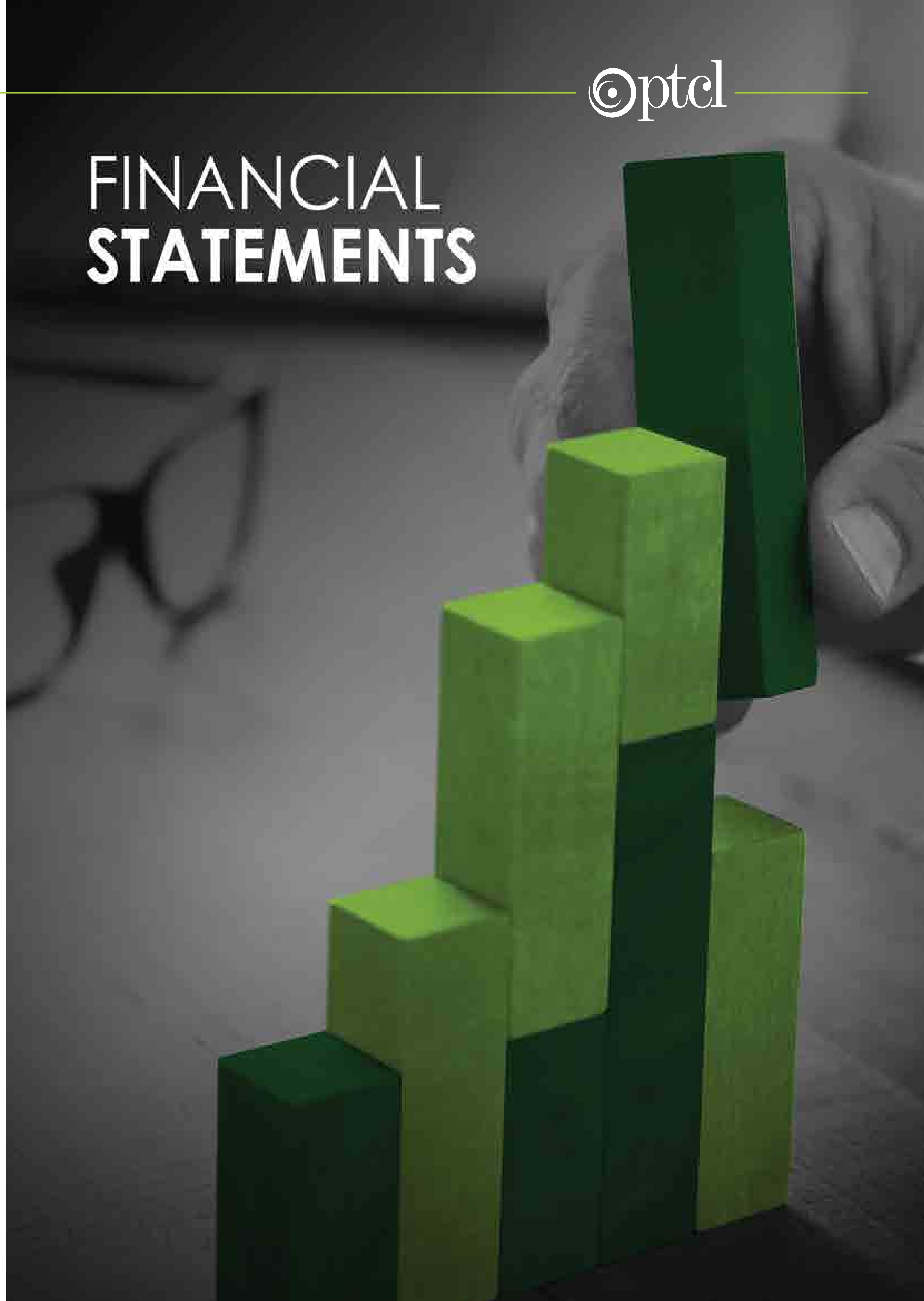
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2020.

Further, we highlight status of compliance with the requirement of the Regulations as reflected in the paragraph 18 of the Statement of Compliance where the Board of Directors has not yet elected an independent director.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad: April 05, 2021

Notes



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, 2020, 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, 2020 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. 71,804 million for the year ended December 31, 2020. 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 and 23 to the financial statements. As at December 31, 2020, income tax recoverable is stated at Rs. 18,373 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	**Cost capitalisation 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. 15,393 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; • 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; and • Assessing whether the depreciation has been correctly computed from the date of capitalization.
4	**Recoverability of trade debts** Refer notes 5.16.4 and 21 to the financial statements. As at 31 December 2020, the Company's gross trade debtors were Rs. 30,782 million against which allowances for expected credit losses of Rs. 7,631 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, 2020 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
March 31, 2021

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	2020 Rs '000	2019 Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital	6	51,000,000	51,000,000
Revenue reserves			
Insurance reserve		-	3,172,624
General reserve		27,497,072	27,497,072
Unappropriated profit		15,512,733	6,081,683
		43,009,805	36,751,379
		94,009,805	87,751,379
Liabilities			
Non-current liabilities			
Deferred income tax	7	5,609,546	5,932,356
Employees retirement benefits	8	24,541,399	27,042,310
Deferred government grants	9	7,279,353	7,578,974
Advances from customers		1,497,759	1,526,911
Lease liabilities	10	1,106,447	927,185
		40,034,504	43,007,736
Current liabilities			
Trade and other payables	11	88,457,418	78,261,680
Security deposits	12	584,598	583,739
Unpaid / unclaimed dividend		211,511	211,589
Current maturity of lease liabilities	10	302,466	177,955
		89,555,993	79,234,963
Total equity and liabilities		223,600,302	209,994,078
Contingencies and commitments	13		

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

	Note	2020 Rs '000	2019 Rs '000
Assets			
Non-current assets			
Property, plant and equipment	14	114,665,696	116,719,808
Right of use assets	15	1,672,711	1,144,505
Intangible assets	16	1,458,067	1,463,269
		117,796,474	119,327,582
Long term investments	17	17,736,284	8,936,284
Long term loans and advances	18	10,748,127	12,387,056
Contract cost	19	575,190	508,615
		146,856,075	141,159,537
Current assets			
Stores and spares	20	3,600,982	5,335,121
Contract cost	19	1,725,568	1,525,845
Trade debts and contract assets	21	23,150,485	20,258,574
Loans and advances	22	1,430,671	922,344
Income tax recoverable	23	18,373,462	17,756,175
Receivable from GoP	24	2,164,072	2,164,072
Prepayments and other receivables	25	14,322,386	16,697,980
Short term investments	26	6,212,234	6,906
Cash and bank balances	27	5,764,367	4,167,524
		76,744,227	68,834,541
Total assets		223,600,302	209,994,078

Chief Financial Officer

Director

Chairman

Chief Financial Officer

Director

Chairman

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 Rs '000	2019 Rs '000
Revenue	28	71,804,463	71,548,302
Cost of services	29	(56,807,437)	(54,569,330)
Gross profit		14,997,026	16,978,972
Administrative and general expenses	30	(6,687,148)	(6,759,574)
Selling and marketing expenses	31	(3,121,074)	(2,991,971)
Impairment loss on trade debts and contract assets	21.3	(1,741,957)	(2,288,544)
		(11,550,179)	(12,040,089)
Operating profit		3,446,847	4,938,883
Other income	32	5,506,217	4,710,120
Finance costs	33	(459,591)	(317,775)
Profit before tax		8,493,473	9,331,228
Taxation	34	(2,463,108)	(2,983,993)
Profit after tax		6,030,365	6,347,235
Earnings per share - basic and diluted (Rupees)	35	1.18	1.24

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

Chief Financial Officer

Director

Chairman

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Rs '000	2019 Rs '000
Profit for the year	6,030,365	6,347,235
Other comprehensive income for the year		
Items that will not be reclassified to statement of profit or loss:		
Remeasurement gain on employees retirement benefits	3,912,762	571,619
Impairment loss on other investment	-	(32,473)
	3,912,762	539,146
Tax effect	(1,134,701)	(156,353)
Other comprehensive income for the year - net of tax	2,778,061	382,793
Total comprehensive income for the year	8,808,426	6,730,028

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

Chief Financial Officer

Director

Chairman

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 Rs '000	2019 Rs '000
Cash flows from operating activities			
Cash generated from operations	37	37,916,231	31,112,839
Payment to Pakistan Telecommunication Employees Trust (PTET)		(3,500,000)	(3,500,000)
Employees retirement benefits paid		(1,236,684)	(1,225,388)
Advances from customers		129,043	461,013
Income tax paid		(1,589,154)	(2,076,023)
Net cash inflows from operating activities		31,719,436	24,772,441
Cash flows from investing activities			
Capital expenditure		(13,241,562)	(24,801,759)
Acquisition of intangible assets		(491,780)	(224,345)
Proceeds from disposal of property, plant and equipment		1,416,845	885,030
Addition to contract cost		(3,440,433)	(3,064,418)
Investment in Pak Telecom Mobile Limited		(7,000,000)	-
Return on long term loans and short term investments		1,595,029	1,662,024
Subordinated long term loan to Pak Telecom Mobile Limited		-	(1,500,000)
Government grants received		739,895	167,287
Long term loans and advances		(315,963)	(278,482)
Dividend income U Microfinance Bank Limited		100,000	-
Net cash outflows from investing activities		(20,637,969)	(27,154,663)
Cash flows from financing activities			
Dividend paid		(2,550,078)	(2,603,247)
Lease liabilities	38.1	(729,218)	(431,082)
Net cash outflows from financing activities		(3,279,296)	(3,034,329)
Net increase / (decrease) in cash and cash equivalents		7,802,171	(5,416,551)
Cash and cash equivalents at the beginning of the year		4,174,430	9,590,981
Cash and cash equivalents at the end of the year	38	11,976,601	4,174,430

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

Chief Financial Officer

Director

Chairman

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	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 December 31, 2018	37,740,000	13,260,000	2,985,696	27,497,072	2,088,583	83,571,351
Total comprehensive income for the year 2019						
Profit for the year	-	-	-	-	6,347,235	6,347,235
Other comprehensive income - net of tax	-	-	-	-	382,793	382,793
	-	-	-	-	6,730,028	6,730,028
Distribution to owners of the Company						
Interim 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)
Transfer to insurance reserve	-	-	186,928	-	(186,928)	-
Balance as at December 31, 2019	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

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

Chief Financial Officer

Director

Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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 Headquarters	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

1.1 Impact of COVID-19 on the financial statements

During the year, the COVID-19 pandemic emerged which impacted the economy in general. Due to temporary lockdown imposed to counter COVID-19 outbreak, there is a negative impact of approximately Rs. 748,800 thousand due to loss of potential revenues and incremental cost amounting to Rs. 53,800 thousand incurred on special relief for COIVD 19 paid to all non management staff of the Company. Further there has been no material impact on carrying amount of assets and liabilities of the Company.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020.

The following standards, amendments and interpretation 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.

IFRS 3, 'Business Combinations' The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.	Effective from accounting period beginning on or after January 01, 2020
IFRS 9, 'Financial Instruments', IAS 39 'Financial Instruments : Recognition and measurement' and IFRS 7 'Financial Instruments : Disclosures' The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. The amendments in IBOR Reform clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.	Effective from accounting period beginning on or after January 01, 2020.
'IAS 1, 'Presentation of Financial statements' and IAS 8, 'Operating Segments' The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. . In addition, the International Accounting Standards Board (IASB) has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standard.	Effective from accounting period beginning on or after January 01, 2020.
IFRS 14 'Regulatory Deferral Accounts'	Effective from accounting period beginning on or after July 01, 2019.

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 are not likely to have an 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.	Effective from accounting period beginning on or after January 01, 2021.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

'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.	
'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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

'Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to 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 date of initial application.	Effective from accounting period beginning on or after January 01, 2021.

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.

- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.
- 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.
- 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.

In addition SECP, through SRO 985(I)/2019 dated September 02, 2019, has deferred the application of requirements contained in "IFRS 9" (Financial Instruments) with respect to Expected Credit Losses method for financial assets due from the Government of Pakistan till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period.

The above amendments are effective from annual period beginning on or after 01 January 2021 and are not likely to have a significant impact onthe Company's financial statements.

(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.

During the year the useful lives of certain items of property plant and equipments were revised. The reason for such revision was due to reassessment of its technical capabilities, industry practices and alignment with the useful life estimates of parent company. Had the change in estimate not been made, the depreciation charge for the year would have been higher by Rs. 321,376 thousand. An equal depreciation charge will be recognized in the statement of profit or loss over future years.

(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 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

During the year estimate for average life of wireless customer has been revised in accordance with customer retention pattern. This change has resulted in reduction of revenue and cost of sales by Rs 131,147 thousand and Rs 300,319 thousand respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

(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.

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 Insurance reserve

The Company had created an insurance reserve for any losses to the Company's assets resulting from theft, fire, natural or other disasters. Appropriations out of profits to this reserve, were made at the discretion of the Board of Directors. Considering the risk exposure against Company assets and related cashflows, it has been decided by the management to make in place the commercial insurance arrangements for the coverage of Company assets. Accordingly, subsequent to the Board's approval the balance of insurance reserve has been transfered to unappropriated profit during the year.

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.

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.

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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 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) 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.

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(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.

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 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 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.

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(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

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 amortised 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.

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 prfot 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.

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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).

Nature and timing of satisfaction of performance obligations

Products and services	Nature and timing of satisfaction of performance obligations
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 that originate 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

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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 recognises 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.

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.

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(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 recognised 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.

(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.

6. Share capital

6.1 Authorized share capital

2020 (Number of shares '000)	2019 (Number of shares '000)		2020 Rs '000	2019 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

2020 (Number of shares '000)	2019 (Number of shares '000)		2020 Rs '000	2019 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, 2020, 599,559 thousand (December 31, 2019: 599,553 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	2020 Rs '000	2019 Rs '000
7. Deferred income tax			
Deferred tax liability / (asset) relating to:			
Accelerated tax depreciation		9,089,851	8,782,682
Accelerated tax amortization		188,272	259,041
Provision for obsolete stores		(358,403)	(364,167)
Impairment loss on trade debts		(2,267,342)	(2,273,154)
Right of use assets / lease liabilities		51,751	(13,335)
Contract cost		319,166	241,940
Liabilities cliamable on payment		(1,404,332)	(691,234)
Others		(9,417)	(9,417)
		5,609,546	5,932,356
7.1 Movement during the year			
Balance at the beginning of the year		5,932,356	6,991,303
Charge / (reversal) for the year in respect of			
Accelerated tax depreciation		307,169	(427,985)
Accelerated tax amortization		(70,769)	(54,907)
Provision for obsolete stores		5,764	5,591
Impairment loss on trade debts		5,812	(109,600)
Right of use assets / lease liabilities		65,086	(13,335)
Contract cost		77,226	241,940
Liabilities claimable on payment		(713,098)	(691,234)
		(322,810)	(1,049,530)
Tax credit on impairment of investment in OCI		-	(9,417)
Balance at end of the year		5,609,546	5,932,356
8. Employees retirement benefits			
Liabilities for pension obligations			
Funded	25	-	4,135,611
Unfunded	8.1	7,313,570	6,290,701
		7,313,570	10,426,312
Gratuity - funded	8.1	240,788	137,974
Accumulated compensated absences - unfunded	8.1	1,606,358	1,513,696
Post retirement medical facility- unfunded	8.1	11,549,073	11,193,005
Benevolent grants - unfunded	8.1	3,831,610	3,771,323
		24,541,399	27,042,310

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8.1 The latest actuarial valuations of the Company's defined benefit plans were conducted at December 31, 2020 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			
	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000
a) The amounts recognized in the statement of financial position:														
Present value of defined benefit obligations	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
Fair value of plan assets Note: 8.3	(125,102,302)	(114,864,649)	-	-	(1,624,825)	(1,448,317)	-	-	-	-	-	-	(126,727,127)	(116,312,966)
(Asset)/liability at end of the year Note: 8.2	(2,257,551)	4,135,611	7,313,570	6,290,701	240,788	137,974	1,606,358	1,513,696	11,549,073	11,193,005	3,831,610	3,771,323	22,283,848	27,042,310
b) Changes in the present value of defined benefit obligations:														
Balance at beginning of the year	119,000,260	115,539,324	6,290,701	5,510,435	1,586,291	1,490,918	1,513,696	1,503,324	11,193,005	11,108,005	3,771,323	3,719,452	143,355,276	138,871,458
Current service cost	807,959	751,696	340,567	293,660	185,677	190,126	77,377	76,126	79,652	78,335	38,552	39,242	1,529,784	1,429,185
Interest expense	11,467,908	11,134,053	627,134	549,293	138,961	129,788	133,882	132,977	1,078,166	1,070,149	364,066	359,300	13,810,117	13,375,560
Actuarial gain on accumulated compensated absences	-	-	-	-	-	-	(66,356)	(147,114)	-	-	-	-	(66,356)	(147,114)
	12,275,867	11,885,749	967,701	842,953	324,638	319,914	144,903	61,989	1,157,818	1,148,484	402,618	398,542	15,273,545	14,657,631
Remeasurements:														
Loss / (gain) due to experience adjustments	210,975	(27,222)	93,894	(27,680)	39,242	(126,893)	-	-	20,940	(250,452)	(80,997)	(93,773)	284,054	(526,020)
Benefits paid	(8,642,351)	(8,397,591)	(38,726)	(35,007)	(84,558)	(97,648)	(52,242)	(51,617)	(822,690)	(813,032)	(261,334)	(252,898)	(9,901,901)	(9,647,793)
Balance at end 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

	Pension				Gratuity		Accumulated compensated absences		Post-retirement medical facility		Benevolent grants		Total	
	Funded		Unfunded		Funded		Unfunded		Unfunded		Unfunded			
	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000
c) Charge for the year:														
Profit or loss:														
Current service cost	807,959	751,696	340,567	293,660	185,677	190,126	77,377	76,126	79,652	78,335	38,552	39,242	1,529,784	1,429,185
Net interest expense	238,561	466,522	627,134	549,293	8,612	16,394	133,882	132,977	1,078,166	1,070,149	364,066	359,300	2,450,421	2,594,635
Actuarial gain on accumulated compensated absences	-	-	-	-	-	-	(66,356)	(147,114)	-	-	-	-	(66,356)	(147,114)
Contribution from deputationists / employees	(4,426)	(6,116)	-	-	-	-	-	-	-	-	(18,439)	(18,698)	(22,865)	(24,814)
	1,042,094	1,212,102	967,701	842,953	194,289	206,520	144,903	61,989	1,157,818	1,148,484	384,179	379,844	3,890,984	3,851,892
Other comprehensive income														
Remeasurements:														
(Gain) / loss on remeasurement of assets	(4,150,657)	29,393	-	-	(46,159)	(74,992)	-	-	-	-	-	-	(4,196,816)	(45,599)
Loss / (gain) due to experience adjustments	210,975	(27,222)	93,894	(27,680)	39,242	(126,893)	-	-	20,940	(250,452)	(80,997)	(93,773)	284,054	(526,020)
	(3,939,682)	2,171	93,894	(27,680)	(6,917)	(201,885)	-	-	20,940	(250,452)	(80,997)	(93,773)	(3,912,762)	(571,619)
	(2,897,588)	1,214,273	1,061,595	815,273	187,372	4,635	144,903	61,989	1,178,758	898,032	303,182	286,071	(21,778)	3,280,273
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%	8.00%	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	30 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	
	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000
8.3 Changes in the fair value of plan assets				
Balance at beginning of the year	114,864,649	109,124,102	1,448,317	1,259,931
Expected return on plan assets	11,229,347	10,667,531	130,349	113,394
Payments made to members on behalf of fund	-	-	84,558	97,648
Gain / (loss) on remeasurement of assets	4,150,657	(29,393)	46,159	74,992
Contributions made by the Company during the year	3,500,000	3,500,000	-	-
Benefits paid	(8,642,351)	(8,397,591)	(84,558)	(97,648)
Balance at end of the year	125,102,302	114,864,649	1,624,825	1,448,317

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

	2020		2019	
	Rs '000	Percentage	Rs '000	Percentage
Debt instruments - unquoted				
- Special savings accounts	1,627,705	1.30	1,454,738	1.27
- Defense savings certificates	24,454,369	19.56	21,738,969	18.93
- Regular income certificates	62,534,059	49.99	56,508,685	49.19
- Pakistan investment bonds	4,365,666	3.50	3,051,718	2.66
	92,981,799	74.35	82,754,110	72.05
Cash and cash equivalents				
- Term deposits	10,700,000	8.54	14,000,000	12.18
- Equity securities	672,938	0.54	994,291	0.87
- Sukuks	1,681,056	1.34	1,351,810	1.18
- Pakistan investment bond	908,695	0.73	999,050	0.87
- Term finance certificates	41,597	0.00	-	-
- Treasury bills	1,316,878	1.05	606,392	0.53
- Commercial papers	-	-	116,094	0.10
- Cash and bank balances	1,556,284	1.24	1,740,572	1.51
	16,877,448	13.44	19,808,209	17.24
Investment property				
- Telecom tower	10,111,083	8.08	7,291,287	6.34
- Telehouse	2,271,000	1.82	1,893,822	1.65
	12,382,083	9.90	9,185,109	7.99
Fixed assets	7,016	0.01	7,802	0.01
Other assets	4,057,220	3.25	4,340,180	3.78
	126,305,566	100.95	116,095,410	101.07
Liabilities				
- Staff retirement benefits	(75,085)	(0.06)	(62,867)	(0.05)
- Amount due to PTCL	(1,262)	0.00	(94)	0.00
- Accrued and other liabilities	(170,464)	(0.14)	(830,300)	(0.73)
- Provision for zakat	(956,453)	(0.75)	(337,500)	(0.29)
	(1,203,264)	(0.95)	(1,230,761)	(1.07)
	125,102,302	100.00	114,864,649	100.00

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

	2020		2019	
	Rs '000	Percentage	Rs '000	Percentage
Units of mutual funds	7,888	0.49	107,396	7.42
Term deposit receipt	1,370,570	84.35	1,231,026	85.00
Term finance certificate	200,000	12.31	100,000	6.90
Other assets	29,973	1.84	4,407	0.30
Bank balances	16,394	1.01	5,488	0.38
	1,624,825	100.00	1,448,317	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 240,788 thousand.

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	1,500,707	(1,381,922)
Pension - unfunded	750,555	(662,797)
Gratuity - funded	190,459	(165,638)
Accumulated compensated absences - unfunded	154,361	(136,807)
Post-retirement medical facility - unfunded	1,417,557	(1,173,017)
Discount rate		
Pension - funded	(9,276,694)	10,917,585
Pension - unfunded	(1,077,602)	1,359,113
Gratuity - funded	(162,840)	190,459
Accumulated compensated absences - unfunded	(134,474)	121,029
Post-retirement medical facility - unfunded	(1,311,789)	1,614,411
Benevolent grants - unfunded	(25,889)	31,701
Future pension		
Pension - funded	9,326,591	(8,011,359)
Pension - unfunded	554,767	(465,631)
Benevolent grants		
Benevolent grants - unfunded	34,184	(36,415)

	Increase by 1 year	Decrease by 1 year
	Rs '000	Rs '000
Expected mortality rates		
Pension - funded	(2,820,609)	2,803,620
Pension - unfunded	(94,229)	91,699
Gratuity - funded	(24,039)	23,387
Accumulated compensated absences - unfunded	(20,395)	19,844
Post-retirement medical facility - unfunded	(320,980)	322,207
Benevolent grants - unfunded	(106,492)	106,897

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.

	2020 Rs '000	2019 Rs '000
9. Deferred government grants		
Balance at beginning of the year	7,578,974	7,841,637
Received during the year	739,895	167,287
	8,318,869	8,008,924
Income recognized during the year	(1,039,516)	(429,950)
Balance at end of the year	7,279,353	7,578,974

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

	Note	2020 Rs '000	2019 Rs '000
10. Lease liabilities			
Lease commitments			
Within one year		436,685	280,712
Between 2 and 5 years		1,293,790	1,054,321
After 5 years		30,028	90,700
Total undiscounted lease commitments		1,760,503	1,425,733
Discounted lease liability using the incremental borrowing rate		1,408,913	1,105,140
Current portion shown under current liabilities		(302,466)	(177,955)
Due after 12 months		1,106,447	927,185
11. Trade and other payables			
Trade creditors		10,958,150	11,289,895
Accrued and other liabilities	11.1	30,211,340	27,657,593
Technical services assistance fee	11.2	25,827,068	21,297,281
Advances from customers / contract liability		6,453,465	5,932,578
Retention money / payable to contractors and suppliers		6,116,052	6,761,684
Payable to subsidiaries on account of group taxation	11.4	6,381,621	3,401,122
Sales tax payable		1,844,379	1,203,214
Income tax collected / deducted at source		665,343	718,313
	11.3	88,457,418	78,261,680

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	Note	2020 Rs '000	2019 Rs '000
11.1 Accrued and other liabilities			
Accrued liability for operational expenses		6,453,427	5,484,769
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		9,579,972	8,305,315
Accrued wages		1,455,891	1,160,504
Others		611,247	596,202
		30,211,340	27,657,593

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.

	2020 Rs '000	2019 Rs '000
11.3 Trade and other payables include payables to the following related parties:		
Pak Telecom Mobile Limited (PTML)	-	373
U Microfinance Bank Limited	1,793	1,793
DVCOM Data (Private) Limited (DVCOM)	1,173,000	969,000
Emirates Telecommunication Corporation	1,007,341	670,864
Etisalat - Afghanistan	184,592	146,557
Telecom Foundation	64,005	64,019
TF Pipes Limited	4,630	4,630
Government of Pakistan (GoP) related entities	1,282,461	1,301,247
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 5,957,230 thousand (December 31, 2019: Rs 2,960,411 thousand), DVCOM Rs 424,391 thousand (December 31, 2019: Rs 440,711 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, 2019: Rs 3,623 thousand) from Pak Telecom Mobile Limited (PTML), a related party. The Company has adjusted / paid a sum of Rs 100 thousand (December 31, 2019: Rs 96 thousand) to its customers during the year against their balances. Amount of these security deposits has been kept in a separate bank account.

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 Exceise 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 coercive measures.

13.3 Against the decision of Sindh Revenue Board (SRB) imposing sales tax of Rs 4,417,000 thousand on revenues from international incoming calls from Nov, 2012 to Dec, 2013, the appeal is pending adjudication before the Commissioner Appeals. A stay order has been obtained from Honorable Sindh High Court against any coercive action by SRB.

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 and 2011 to 2018, 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 38,312,604 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 the Honorable Islamabad High Court against any coercive measures. Later the Securities and Exchange Commission 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 the Honorable 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 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. 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 1,128 cases (December 31, 2019 1,362 cases) 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 of 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	2020 Rs '000	2019 Rs '000
13.10 Bank guarantees and bid bonds issued in favour of:			
Universal Service Fund (USF) against government grants		5,292,082	4,065,496
Others	13.10.1	2,301,612	2,539,018
		7,593,694	6,604,514

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, 2019: Rs. 675,000 thousand) and Rs. 130,866 thousand (December 31, 2019: Nil) given to U Microfinance Bank Limited.

	Note	2020 Rs '000	2019 Rs '000
13.11 Commitments			
Contracts for capital expenditure		3,056,938	4,065,672
Letter of comforts in favour of PTML		3,500,000	-
		6,556,938	4,065,672

14. Property, plant and equipment

	Note	2020 Rs '000	2019 Rs '000
Operating fixed assets	14.1	103,724,068	103,626,162
Capital work in progress	14.6	10,941,628	13,093,646
		114,665,696	116,719,808

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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	90,026	12,876,801	1,164,496	136,753,028	200,094,155	18,119,729	2,560,709	2,016,320	661,072	2,845,931	378,819,947
Accumulated depreciation and impairment	-	(35,694)	(5,672,238)	(598,000)	(108,957,847)	(156,337,614)	(9,618,081)	(1,223,676)	(1,782,619)	(520,113)	(2,126,355)	(286,872,237)
Net book Value	1,637,680	54,332	7,204,563	566,496	27,795,181	43,756,541	8,501,648	1,337,033	233,701	140,959	719,576	91,947,710
Movement during 2019												
Additions	-	10,563	205,115	62,065	7,688,096	17,081,294	171,912	199,216	134,725	135,611	223,228	25,911,825
Disposals												
Cost	-	-	-	-	(3,478,703)	(420,429)	-	(2,282)	(41,225)	(10,691)	(79,658)	(4,032,988)
Accumulated depreciation	-	-	-	-	3,475,874	408,529	-	2,273	41,203	10,691	75,950	4,014,520
	-	-	-	-	(2,829)	(11,900)	-	(9)	(22)	-	(3,708)	(18,468)
Depreciation charge for the year	-	(3,714)	(323,346)	(29,780)	(3,522,010)	(8,528,498)	(1,134,674)	(186,609)	(195,475)	(25,983)	(264,816)	(14,214,905)
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
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 - note 14.4												
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 - note 14.5	-	(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
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. over three thousand, located across Pakistan, it is impracticable to disclose the details of properties in the 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 Company , i.e. PTCL Headquarters , Sector G-8/4, Islamabad upon request.

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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.	PSIC	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 on disposal	Mode of disposal	Particulars of purchaser/relationship with Company
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000		
Line and wire	11,065	9,036	2,029	7,040	5,011	Auction	Abdullah Engineering Works, Gujranwala/ No relation with Company
Line and wire	1,653	511	1,142	6,200	5,058	Auction	Abdullah Engineering Works, Gujranwala/ No relation with Company
Line and wire	1,431	760	671	4,317	3,646	Auction	A.A. Enterprises Shaikhupura Road, Gujranwala/No Relation with Company
Line and wire	982	430	552	4,317	3,765	Auction	A.A. Enterprises Shaikhupura Road, Gujranwala/No Relation with Company
	15,131	10,737	4,394	21,874	17,480		

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

	Note	2020 Rs '000	2019 Rs '000
Cost of services	29	15,006,901	13,927,791
Administrative and general expenses	30	175,755	174,080
Selling and marketing expenses	31	107,446	113,034
		15,290,102	14,214,905

14.6 Capital work in progress

	Note	2020 Rs '000	2019 Rs '000
Buildings		831,014	881,797
Lines and wires		4,202,142	7,147,047
Apparatus, plant and equipment		2,900,838	1,868,125
Turnkey projects		3,005,280	3,194,323
Others		2,354	2,354
	14.7	10,941,628	13,093,646

14.7 Movement during the year

	Note	2020 Rs '000	2019 Rs '000
Balance at beginning of the year		13,093,646	14,203,712
Additions during the year		13,415,910	24,940,661
Transfers during the year			
- operating fixed assets		(15,076,148)	(25,826,382)
- intangible assets		(491,780)	(224,345)
		(15,567,928)	(26,050,727)
Balance at end of the year		10,941,628	13,093,646

15. Right of use (ROU) assets

Movement during the year

	Note	2020 Rs '000	2019 Rs '000
Balance at the beginning of the year		1,144,505	1,416,306
Additions for the year		886,084	-
Depreciation for the year	29	(357,878)	(271,801)
Balance at the end of the year		1,672,711	1,144,505

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16. Intangible assets

	Note	Licenses and spectrum Rs '000	Computer software Rs '000	Total Rs '000
As at December 31, 2018				
Cost		4,166,794	2,005,229	6,172,023
Accumulated amortization		(2,963,631)	(1,517,667)	(4,481,298)
Net book value		1,203,163	487,562	1,690,725
Movement during 2019				
Opening net book value		1,203,163	487,562	1,690,725
Additions		-	224,345	224,345
Amortization charge for the year	29	(206,066)	(203,451)	(409,517)
Impairment charge for the year		-	(42,284)	(42,284)
Net book value	16.1	997,097	466,172	1,463,269
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
Annual rate of amortization (%)		4 - 10	6.67 - 33	

16.1 Breakup of net book values as at year end is as follows :

	Note	2020 Rs '000	2019 Rs '000
Licenses and spectrum			
Telecom	16.2	-	9,972
WLL spectrum	16.2	671,216	850,214
WLL and LDI License	16.3	98,233	111,628
IPTV	16.4	21,583	25,283
		791,032	997,097
Computer software		667,035	466,172
		1,458,067	1,463,269

16.2 The Pakistan Telecommunication Authority (PTA) has issued a license to the Company, to provide telecommunication services in Pakistan, for a period of 25 years, commencing January 01,1996, at an agreed license fee of Rs 249,344 thousand. In June 2005 PTA modified the previously issued license to

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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. Subsequent to the reporting date Telecom License was renewed on January 13, 2021 for the next 25 years with effective from January 01, 2021.

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 license 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	2020 Rs '000	2019 Rs '000
17. Long term investments			
Investments in subsidiaries and associate	17.1	17,684,857	8,884,857
Other investments	17.2	51,427	51,427
		17,736,284	8,936,284
17.1 Investments in subsidiaries and associate - at cost (unquoted)			
Wholly owned subsidiaries			
Pak Telecom Mobile Limited - Islamabad		11,000,000	6,500,000
1,100,000,000 (December 31, 2019: 650,000,000) ordinary shares of Rs 10 each			
Shares held 100% (December 31, 2019: 100%)			
Advance against purchase of shares	17.3	2,500,000	-
		13,500,000	6,500,000
U Microfinance Bank Limited - Islamabad		3,083,857	2,283,857
308,571,420 (December 31, 2019: 228,571,429) ordinary shares of Rs 10 each			
Shares held 100% (December 31, 2019: 100%)			
Advance against purchase of shares	17.4	1,000,000	-
		4,083,857	2,283,857
DVCOM Data (Private) Limited - Karachi		1,000	1,000
10,000 (December 31, 2019: 10,000) ordinary shares of Rs 100 each			
Shares held 100% (December 31, 2019: 100%)			
Smart Sky (Private) Limited - Islamabad		100,000	100,000
10,000,000 (December 31, 2019: 10,000,000) ordinary shares of Rs 10 each			
Shares held 100% (December 31, 2019: 100%)			
		17,684,857	8,884,857

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	2020 Rs '000	2019 Rs '000
Associate		
TF Pipes Limited - Islamabad		
1,658,520 (December 31, 2019: 1,658,520) ordinary shares of Rs 10 each		
Shares held 40% (December 31, 2019: 40%)	23,539	23,539
Less: accumulated impairment loss on investment	(23,539)	(23,539)
	-	-
	17,684,857	8,884,857
17.2 Other investments		
Fair value through other comprehensive income (FVOCI) - unquoted		
Thuraya Satellite Telecommunication Company - Dubai, UAE		
3,670,000 (December 31, 2019: 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, 2019: 2,000,000) ordinary shares of Rs 10 each	20,000	20,000
	51,427	51,427

17.3 This represents advance for purchase of 250,000,000 ordinary shares of Rs. 10 each which have been issued on January 05, 2021 by PTML.

17.4 This represents conversion of subordinated debt into 78,863,428 preference shares of Rs 12.68 each. Currently U Bank is under the process of completing the legal formalities.

	Note	2020 Rs '000	2019 Rs '000
18. Long term loans and advances - considered good			
Loans to PTML - unsecured	18.1	7,500,000	7,500,000
Loans to U Bank - unsecured	18.1	2,200,000	4,000,000
Loans to employees - secured	18.3	1,571,581	1,291,664
Imputed interest		(287,819)	(228,261)
		1,283,762	1,063,403
		10,983,762	12,563,403
Others		94,664	58,618
		11,078,426	12,622,021
Current portion shown under current assets			
Loans to employees - secured	22	(330,299)	(234,965)
		10,748,127	12,387,056

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18.1 These represent various unsecured loans given to PTML and U Bank 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

18.2 During the year out of subordinated loan to U Bank Rs 800,000 thousand was converted into ordinary shares of U Bank. Further Rs.1,000,000 thousand is being converted into preference shares of U Bank, however the related legal formalities are currently under progress.

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

	As at January 01, 2020	Disbursements	Repayments	As at December 31, 2020
	Rs '000	Rs '000	Rs '000	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

	As at January 01, 2019	Disbursements	Repayments	As at December 31, 2019
	Rs '000	Rs '000	Rs '000	Rs '000
Executives	93,423	124,097	(41,298)	176,222
Other employees	892,021	455,845	(232,424)	1,115,442
	985,444	579,942	(273,722)	1,291,664

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

	2020 Rs '000	2019 Rs '000
Executives	255,231	199,411
Other employees	1,722,182	1,187,237

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

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Loans to executive employees include loan balances of key management personnel aggregating Rs 80,543 thousand (December 2019: 68,135 thousand).

List of key management personnel having outstanding balances of loans up till December 31, 2020 are as under:

No.	Name of employees	No.	Name of Employees
1	Mr. Aamer Ejaz	14	Mr. Muhammad Amer Shafique
2	Mr. Aasif Inam	15	Mr. Muhammad Amir Siddiqui
3	Mr. Abdul Zahir Achakzai	16	Mr. Muhammad Basharat Qureshi
4	Mr. Abdullah Hameed	17	Mr. Muhammad Javed Aslam
5	Mr. Chaudhary Muhammad Irfan	18	Mr. Muhammad Shehzad Yousuf
6	Mr. Ghulam Mustafa	19	Mr. Muhammad Umar Ilyas
7	Mr. Imran Sardar	20	Ms. Saima Akbar Khattak
8	Mr. Mateen Malik	21	Mr. Syed Muhammad Imran Ali
9	Mr. Mian Omer Shah	22	Mr. Syed Shahzad Shah
10	Mr. Mohammad Nadeem Khan	23	Mr. Wajeeh Anwer
11	Mr. Moqeem Ul Haque	24	Ms. Zahida Awan
12	Mr. Mubashir Naseer Ch.	25	Mr. Zain Ul Abideen
13	Mr. Mudassar Hafeez Dar		

The maximum aggregate amount of loans to key management personnel outstanding at any time during the year was Rs 95,838 thousand (December 31,2019: Rs. 73,380 thousand).

	Note	2020 Rs '000	2019 Rs '000
19. Contract cost			
Cost to obtain a contract		230,036	198,929
Cost to fulfil a contract		2,070,722	1,835,531
	19.1	2,300,758	2,034,460
Current maturity of contract costs		(1,725,568)	(1,525,845)
		575,190	508,615
19.1 Movement during the year			
Balance at the beginning of the year		2,034,460	1,458,007
Capitalization during the year		3,440,433	3,064,418
		5,474,893	4,522,425
Amortization during the year	29	(3,174,135)	(2,487,965)
Balance at end of the year		2,300,758	2,034,460
20. Stores and spares			
Stores and spares		4,836,854	6,590,871
Provision for obsolescence	20.1	(1,235,872)	(1,255,750)
		3,600,982	5,335,121
20.1 Provision for obsolescence			
Balance at beginning of the year		1,255,750	1,275,029
Provision during the year	29.3	-	14,292
		1,255,750	1,289,321
Reversal / written off during the year		(19,878)	(33,571)
Balance at end of the year		1,235,872	1,255,750

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	Note	2020 Rs '000	2019 Rs '000
21. Trade debts and contract assets - unsecured			
Trade debts		16,115,846	13,622,400
Contract asset		7,034,639	6,636,174
		23,150,485	20,258,574
Domestic			
Considered good	21.1	11,197,665	12,190,655
Considered doubtful		7,573,706	7,595,746
		18,771,371	19,786,401
International			
Considered good	21.2	11,952,820	8,067,919
Considered doubtful		57,475	57,475
		12,010,295	8,125,394
		30,781,666	27,911,795
Accumulated impairment loss on trade debts and contract assets	21.3	(7,631,181)	(7,653,221)
	21.4	23,150,485	20,258,574

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	2020 Rs '000	2019 Rs '000
Pak Telecom Mobile Limited	648,675	366,995	-	366,995	429,371
U Microfinance Bank Limited	1,138	123	-	123	36
GoP related entities	1,654,891	1,484,225	-	1,484,225	1,430,326

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	2020 Rs '000	2019 Rs '000
Emirates Telecommunication Corporation	9,850,834	1,758,476	8,092,358	9,850,834	5,941,795
Etisalat - Afghanistan	344,794	6,045	303,483	309,528	294,934
Etihad Etisalat Company	77,054	41,604	-	41,604	30,837
GoP related entities	147,199	66,118	81,081	147,199	142,646

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2020 Rs '000	2019 Rs '000
21.3 Accumulated impairment loss on trade debts and contract assets		
Balance at beginning of the year	7,653,221	7,275,293
Impairment loss on trade debts and contract assets	1,741,957	2,288,544
Recovery of Defence Saving Certificates	8,006	129,456
	1,749,963	2,418,000
	9,403,184	9,693,293
Write off against impairment loss on trade debts and contract assets	(1,772,003)	(2,040,072)
Balance at end of the year	7,631,181	7,653,221

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

	Note	2020 Rs '000	2019 Rs '000
22. Loans and advances - considered good			
Current portion of long term loans to employees	18	330,299	234,965
Advances to suppliers and contractors	22.1	1,089,653	676,660
Others		10,719	10,719
		1,430,671	922,344

22.1 These include Rs 26,774 thousand (December 31, 2019: Rs 26,774 thousand) to TF Pipes Limited, a related party.

	Note	2020 Rs '000	2019 Rs '000
23. Income tax recoverable			
Balance at beginning of the year		14,355,053	16,478,323
Current tax charge for the year - profit or loss		(2,785,918)	(4,033,523)
Tax credit on re-measurement gains- OCI		(1,134,701)	(165,770)
Tax paid during the year		1,589,154	2,076,023
		12,023,588	14,355,053
Tax receivable on behalf of subsidiaries under group taxation	11.3	6,349,874	3,401,122
Balance at end of the year		18,373,462	17,756,175

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 Rs '000	2019 Rs '000
25. Prepayments and other receivables			
Prepayments			
- Pakistan Telecommunication Authority - related party		36,875	54,199
- Others		208,915	215,532
		245,790	269,731
Other receivables			
Due from related parties	25.1	7,756,499	12,813,830
Funded pension	8	2,257,551	-
Federal Excise Duty (FED)	25.2	2,816,935	2,816,935
Others		1,245,611	797,484
		14,322,386	16,697,980

	Note	Maximum aggregate amount Rs '000	Up to 6 months Rs '000	More than 6 months Rs '000	2020 Rs '000	2019 Rs '000
25.1 Pak Telecom Mobile Limited	25.4	9,720,579	1,086,359	3,216,658	4,303,017	9,301,312
DVCOM Data (Pvt) Limited		3,279,009	-	3,279,009	3,279,009	3,252,741
Emirates Telecommunication Corporation		71,305	-	71,305	71,305	71,305
PTCL Employees GPF Trust		102,957	-	12,208	12,208	107,454
Interest on subordinated loan to PTML		206,716	54,520	-	54,520	80,624
Interest on subordinated loan to U Bank		353,445	725	-	725	-
Pakistan Telecommunication Employees Trust		3,556	1,262	-	1,262	94
U Microfinance Bank Limited	25.5	34,056	34,053	-	34,053	-
Smart Sky (Pvt) Limited		400	100	300	400	300
		13,772,023	1,177,019	6,579,480	7,756,499	12,813,830

	Note	2020 Rs '000	2019 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. Since the Honourable Islamabad High Court has decided the case in favour of PTCL, tax department has filed reference in the Honourable Supreme Court.

25.4 This amount includes TSA fee receivable from PTML Rs 3,961,369 thousand (December 31, 2019: Rs 9,127,316).

25.5 This includes receivable from U Bank Rs 31,747 thousand (December 31, 2019: Nil) on account of group taxation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 Rs '000	2019 Rs '000
26. Short term investments			
Market treasury bills - Amortized cost		6,212,234	-
Investment in mutual funds - FVTPL		-	6,906
		6,212,234	6,906
27. Cash and bank balances			
Cash in hand		228,687	51,335
Balances with banks:			
Deposit accounts - local currency	27.1	1,420,984	2,304,244
Current accounts			
Local currency		1,544,867	1,103,129
Foreign currency- USD 16,078 thousand (December 31, 2019: USD 4,490 thousand)		2,569,829	708,816
		4,114,696	1,811,945
	27.2	5,764,367	4,167,524

27.1 The balances in deposit accounts, carry mark-up ranging between 3.75% and 12.25% (December 31, 2019: 3.6% and 12.25%) per annum. These deposit accounts include Rs 378,145 thousand (December 31, 2019: Rs. 565,434 thousand) with U Microfinance Bank Limited - a related party. The maximum aggregate amount outstanding at any time during the year amounts to Rs 378,145 thousand.

27.2 Bank balance includes Rs. 2,026 thousand (December 31, 2019: Rs. 147,092 thousand) carrying profit at the rate of 2.84% (December 31, 2019:7%) per annum from Shariah arrangements.

	Note	2020 Rs '000	2019 Rs '000
28. Revenue			
Broadband and IPTV		28,150,814	28,121,358
Voice services		10,887,244	12,614,909
Wireless data		2,286,550	2,115,460
Revenue from retail customers		41,324,608	42,851,727
Corporate and wholesale		22,759,400	21,248,771
International		7,720,455	7,447,804
Total revenue	28.1	71,804,463	71,548,302

28.1 Revenue is stated net of trade discount amounting to Rs 70,851 thousand (December 31, 2019 Rs 68,048 thousand) and Federal Excise Duty and sales tax amounting to Rs 10,935,858 thousand (December 31, 2019: Rs 10,370,460 thousand).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	Note	2020 Rs '000	2019 Rs '000
29. Cost of services			
Staff cost	29.1	12,392,566	11,714,797
Outsourced staff cost		1,660,093	1,232,236
Interconnect costs		2,145,713	2,300,040
Foreign operators costs and satellite charges		6,553,114	7,069,700
Fuel and power		4,940,232	5,258,689
Cost of devices sold		1,194,196	1,017,911
Amortization of contract costs	19.1	3,174,135	2,487,965
Rent, rates and taxes		1,706,698	1,676,539
Repairs and maintenance and IT cost		4,775,686	4,770,371
Annual license fee and regulatory charges	29.2	1,633,437	1,614,917
Security service charges		713,797	749,489
Depreciation on property, plant and equipment	14.5	15,006,901	13,927,791
Depreciation on ROU assets	15	357,878	271,801
Amortization and impairment of intangible assets	16	496,982	451,802
Other expenses	29.3	56,009	25,282
		56,807,437	54,569,330

29.1 This includes Rs 2,968,821 thousand (December 31, 2019: Rs 2,938,994 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 its license to provide telecommunication services.

29.3 This includes provision for obsolete stores Nil (December 31, 2019: Rs 14,292 thousand).

	Note	2020 Rs '000	2019 Rs '000
30. Administrative and general expenses			
Staff cost	30.1	2,111,446	1,995,968
Outsourced staff cost		39,683	29,456
Fuel and power		193,879	321,975
Rates and taxes		178,725	183,561
Repairs and maintenance cost		287,876	286,150
Gas and water		98,471	95,331
Travelling and conveyance		61,139	133,171
Technical services assistance fee	30.2	2,691,853	2,536,214
Legal and professional charges	30.3	299,489	465,218
Billing and printing expenses		372,336	369,855
Depreciation on property, plant and equipment	14.5	175,755	174,080
Other expenses		176,496	168,595
		6,687,148	6,759,574

30.1 This includes Rs 505,828 thousand (December 31, 2019: Rs 500,746 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	Note	2020 Rs '000	2019 Rs '000
30.3 Auditors' remuneration			
Statutory audit, including half yearly review		8,400	7,000
Out of pocket expenses		600	500
		9,000	7,500
31. Selling and marketing expenses			
Staff cost	31.1	1,737,882	1,642,835
Outsourced staff cost		504,862	374,744
Advertisement and publicity	31.2	521,224	610,315
Sales and distribution charges		249,660	251,043
Depreciation on property, plant and equipment	14.5	107,446	113,034
		3,121,074	2,991,971

31.1 This includes Rs 416,335 thousand (December 31, 2019: Rs 412,152 thousand) in respect of employees retirement benefits.

31.2 It includes donation Rs. 50,690 thousand (December 31, 2019: Rs 9,985 thousand). Donations that exceed Rs 1,000 thousand are given to the parties given hereunder :

	Note	2020 Rs '000	2019 Rs '000
Name of Donees			
Prime Minister COVID-19 Fund		50,000	-
Indus Resource Centre		-	4,505
World Wildlife Fund		-	500
		50,000	5,005

	Note	2020 Rs '000	2019 Rs '000
32. Other income			
Income from financial assets:			
Return on bank deposits	32.1	376,795	359,415
Late payment surcharge from subscribers		269,059	283,288
Interest on subordinated long term loan to subsidiaries		1,205,221	1,314,567
Gain on mutual funds (FVTPL)		-	93,337
Exchange gain		-	352,706
Dividend income from U Bank		100,000	-
		1,951,075	2,403,313
Income from non financial assets:			
Write back of liabilities		350,829	272,465
Government grants recognised	32.2	1,035,905	420,401
Re chargeable projects income		280,749	195,638
Gain on disposal of property, plant and equipment		1,411,274	866,561
Scrap sales		159,672	123,118
Rental income		184,714	112,116
Others		131,999	316,508
		5,506,217	4,710,120

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32.1 Income from financial assets include Rs 344 thousand (December 31, 2019: Rs 1,327 thousand) earned from Shariah arrangements.

32.2 This amount is net of operating expenditure subsidy amounting to Rs 3,611 thousand (December 31, 2019: Rs 9,549 thousand).

	Note	2020 Rs '000	2019 Rs '000
33. Finance costs			
Bank and other charges		156,343	175,082
Imputed Interest on employee loans		59,558	22,777
Interest on lease liabilities		146,907	119,916
Exchange loss		96,783	-
		459,591	317,775
34. Taxation			
Current		2,785,918	4,033,523
Deferred	7.1	(322,810)	(1,049,530)
		2,463,108	2,983,993

	2020	2019
34.1 Reconciliation of effective tax rate		
Profit before tax (Rupees in thousand)	8,493,473	9,331,228
	Percentage	**Percentage**
Applicable tax rate	29.00	29.00
Tax effect of amounts not deductible for tax purposes	-	3.15
Separate block incomes chargeable at lower tax rate	-	(0.17)
	-	2.98
Average effective tax rate	29.00	31.98

		2020	2019
35. Earnings per share - basic and diluted			
Profit for the year	Rupees in thousand	6,030,365	6,347,235
Weighted average number of ordinary shares	Numbers in thousand	51,000,000	51,000,000
Earnings per share	Rupees	1.18	1.24

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 21,000,000 thousand (December 31, 2019: Rs 20,800,000 thousand) and Rs 15,800,000 thousand (December 31, 2019: 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 4,433,413 thousand (December 31, 2019: Rs 3,749,818 thousand) and Rs 7,593,694 thousand (December 31, 2019: Rs 6,604,514 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, 2019: Rs 34,717,667 thousand).

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	Note	2020 Rs '000	2019 Rs '000
37. Cash generated from operations			
Profit before tax		8,493,473	9,331,228
Adjustments for non-cash charges and other items:			
Depreciation of property, plant and equipment		15,290,102	14,214,905
Amortization and impairment of intangible assets		496,982	451,801
Depreciation of right of use assets		357,878	271,801
Amortization of contract cost		3,174,135	2,487,965
(Reversal) / Provision for obsolete stores and spares		(19,878)	14,292
Impairment loss on trade debts and contract assets		1,741,957	2,288,544
Provision for employees retirement benefits		3,890,984	3,851,892
Gain on disposal of property, plant and equipment		(1,411,273)	(866,560)
Return on bank deposits		(376,795)	(359,415)
Imputed interest on long term loans		59,558	22,777
Imputed interest on lease liabilities		146,907	119,916
Return on subordinated long term loans to subsidiaries		(1,205,221)	(1,314,567)
Dividend income		(100,000)	-
Unearned revenue realised		(158,195)	(46,555)
Release of deferred government grants		(1,039,516)	(429,950)
		29,341,098	30,038,074
Effect of cash flows due to working capital changes			
Decrease / (increase) in current assets:			
Stores and spares		1,754,017	718,162
Trade debts and contract assets		(4,633,868)	(6,018,658)
Loans and advances		(412,993)	898,914
Prepayments and other receivables		4,620,132	(1,843,183)
		1,327,288	(6,244,765)
Increase in current liabilities:			
Trade and other payables		7,246,986	7,314,830
Security deposits		859	4,700
Cash generated from operations		37,916,231	31,112,839
38. Cash and cash equivalents			
Short term investments	26	6,212,234	6,906
Cash and bank balances	27	5,764,367	4,167,524
		11,976,601	4,174,430

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, 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
Balance as at January 01, 2019	1,416,306	264,836	32,571,351	34,252,494
Addition during the year	119,916	2,550,000	-	2,669,916
Payment / Adjustment during the year	(431,082)	(2,603,247)	-	(3,034,329)
Total equity related changes	-	-	4,180,028	4,180,028
Balance as at December 31, 2019	1,105,140	211,589	36,751,379	38,068,108

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	
	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000
Managerial remuneration	-	-	90,831	98,915	271,679	237,378	565,849	558,037
Honorarium	300	300	-	-	-	-	-	-
Retirement benefits	-	-	4,655	-	29,092	25,109	60,592	59,028
Housing	-	-	19,176	18,513	112,923	105,505	203,280	201,256
Utilities	-	-	-	-	42,040	40,352	45,173	44,717
	300	300	114,662	117,428	455,734	408,344	874,894	863,038
Bonus paid	-	-	35,864	439,424	63,510	41,639	79,423	50,655
	300	300	150,526	556,852	519,244	449,983	954,317	913,693
Number of persons	1	1	1	2	41	41	248	241

The Company 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 Company are provided only with limited telephone facilities; certain executives are also provided with the Company maintained cars.

Aggregate amount charged in the financial statements for the year ended December 31, 2020 as fee to 9 directors including chairman fee (December 31, 2019 : 9) is Rs 86,219 thousand (December 31, 2019: Rs 80,306 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 159.83 (December 31, 2019: USD 1 = Rs 154.85), while liabilities in US dollars have been translated into Rupees at USD 1 = Rs 159.83 (December 31, 2019: USD 155.35).

41. Employees' provident fund

Details of the Company's employees provident fund are given below:

	2020 Rs '000	2019 Rs '000
Total assets	4,782,381	4,444,206
Cost of investments made	3,949,388	3,758,306
Percentage of investments made	82.50	84.57
Fair value of investments	4,389,187	4,111,296

	2020		2019	
	Rs '000	Percentage	Rs '000	Percentage
Break up of investments - at cost				
Mutual funds	725,000	18.36	725,000	19.29
Pakistan Investment Bonds	875,000	22.16	875,000	23.28
Term finance certificates	424,000	10.74	424,000	11.28
Term deposits	1,847,838	46.79	1,684,185	44.81
Interest bearing accounts	77,550	1.96	50,121	1.33
	3,949,388	100	3,758,306	100

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.

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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 Pound sterling (GBP). 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:

	2020 Rs '000	2019 Rs '000
USD		
Trade and other payables	(5,437,816)	(6,175,589)
Trade debts	12,010,295	7,547,518
Cash and bank balances	2,569,829	708,816
Net exposure	9,142,308	2,080,745
AED		
Trade and other payables	(3,071)	(2,985)
EUR		
Trade and other payables	(3,411)	(7,243)
GBP		
Trade and other payables	-	(8,604)

The following significant exchange rates were applied during the year:

	2020	2019
Rupees per USD		
Average rate	161.62	149.82
Reporting date rate	159.83	154.85
Rupees per AED		
Average rate	43.99	40.79
Reporting date rate	43.51	42.30
Rupees per EUR		
Average rate	183.45	167.54
Reporting date rate	196.64	174.05
Rupees per GBP		
Average rate	207.34	190.99
Reporting date rate	218.45	202.93

If the functional currency, at the reporting date, had fluctuated by 5% against the USD, AED, EUR and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rs 324,322 thousand (December 31, 2019: Rs 70,104 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.

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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, 2019: Rs. 238 thousand) 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 statement of financial position, the interest rate profile of the Company's interest bearing financial instruments is:

	2020 Rs '000	2019 Rs '000
Financial assets		
Fixed rate instruments:		
Staff loans	1,571,581	1,291,664
Short term investments - T Bills	6,212,234	-
Bank balances - deposit accounts	1,420,984	2,304,244
	9,204,799	3,595,908
Variable rate instruments:		
Subordinated long term loan to PTML	7,500,000	7,500,000
Subordinated long term loan to U Bank	2,200,000	4,000,000
	9,700,000	11,500,000

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 52,649 thousand (December 31, 2019: Rs 41,024 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:

	2020 Rs '000	2019 Rs '000
Long term loans and advances	10,748,127	12,387,056
Trade debts and contract assets	23,150,485	20,258,574
Loans and advances	1,089,653	676,660
Other receivables	7,756,499	12,813,830
Short term investments	6,212,234	6,906
Bank balances	5,535,680	4,116,189
	54,492,678	50,259,215

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2019: 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, 2019: 4,000,000). Impairment loss on trade debts and contract assets arising from contract with customers amounts to Rs 1,741,957 thousand (December 31, 2019: Rs 2,288,544 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+	AA+	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+	AA+	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

FOR THE YEAR ENDED DECEMBER 31, 2020

(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, 2020

	Carrying amount	Less than one year	One to five years	More than five years
	Rs '000	Rs '000	Rs '000	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

The following are the contractual maturities of financial liabilities as at December 31, 2019:

	Carrying amount	Less than one year	One to five years	More than five years
	Rs '000	Rs '000	Rs '000	Rs '000
Security deposits	583,739	583,739	-	-
Trade and other payables	70,407,575	70,407,575	-	-
Unpaid / unclaimed dividend	211,589	211,589	-	-
Lease commitments	1,425,733	280,712	1,054,321	90,700
	72,628,636	71,483,615	1,054,321	90,700

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, 2020 are as follows:

		Level 1	Level 2	Level 3	Total
		Rs '000	Rs '000	Rs '000	Rs '000
Long term other investments	2020	-	-	51,427	51,427
Investment in mutual funds	2020	-	-	-	-
Long term other investments	2019	-	-	51,427	51,427
Investment in mutual funds	2019	6,906	-	-	6,906

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

	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 - 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			

	FVOCI - equity instruments Rs '000	FVTPL - equity instruments Rs '000	Assets at amortized cost Rs '000	Total Rs '000
Financial assets as per statement of financial position				
Long term other investments	51,427	-	-	51,427
Long term loans and advances	-	-	12,387,056	12,387,056
Trade debts and contract assets	-	-	20,258,574	20,258,574
Loans and advances	-	-	922,344	922,344
Receivable from the Government of Pakistan	-	-	2,164,072	2,164,072
Other receivables	-	-	16,697,980	16,697,980
Short term investments	-	6,906	-	6,906
Cash and bank balances	-	-	4,167,524	4,167,524
Financial liabilities as per statement of financial position	Amortized cost			
Trade and other payables	72,329,102			
Securities deposits	583,739			
Unpaid / unclaimed dividend	211,589			
Lease liabilities	1,105,140			

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.

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 in favour of PTML as disclosed in note 13.11. The Company had transactions with the following related parties during the year:

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
PTCL - General Provident Fund Trust	Not applicable
PTCL - 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Chief Executive, directors and key management personnel

he 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

	2020 Rs '000	2019 Rs '000
Details of transactions with related parties		
Shareholders		
Technical services assistance fee	2,691,853	2,536,214
Subsidiaries		
Sale of goods and services	5,096,621	5,858,543
Purchase of goods and services	3,015,189	2,823,024
Return on deposit	-	8,986
Mark up on long term loans	1,204,195	1,314,567
Dividend income	100,000	-
Associated undertakings		
Sale of goods and services	4,032,574	3,060,475
Purchase of goods and services	560,477	509,990
Contribution to:		
Pakistan Telecommunication Employees Trust	3,500,000	3,500,000
PTCL Employees Gratuity Fund	84,558	97,648
Charge under license obligations	1,633,437	1,614,917

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, 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)
As at December 31, 2019					
Trade debts	14,335,367	(6,709,298)	7,626,068	20,285,727	27,911,795
Trade creditors	(7,252,473)	6,709,298	(543,174)	(10,746,721)	(11,289,895)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 (Number)	2019 (Number)
45. Number of employees		
Total number of persons employed at end of the year	16,210	16,351
Average number of employees during the year	16,260	16,414

46. Date of authorization for issue

46.1 At the time of the meeting of the Board of Directors, the Chief Executive Officer appointed by the Board of Directors had not assumed charge hence the financial statements have been signed by two directors of the Company.

46.2 These financial statements were authorized for issue by the Board of Directors of the Company on February 10, 2021.

Chief Financial Officer   Director   Chairman

NOTES

CONSOLIDATED FINANCIAL **STATEMENTS**

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, 2020, 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, 2020, 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 18.7 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.

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 5.29 (a) and 34 to the consolidated financial statements. The Group has reported revenue amounting to Rs.129,422 million mainly from telecommunication services for the year ended December 31, 2020. 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 5.32 and 29 to the consolidated financial statements. As at December 31, 2020, income tax recoverable is stated at Rs. 24,837 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	**Cost capitalisation for property, plant and equipment** Refer notes 5.17 (a) and 19 to the consolidated financial statements. The Group has recorded additions to property, plant and equipment amounting to Rs. 32,451 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; • 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; and • Assessing whether the depreciation has been correctly computed from the date of capitalisation.

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 5.28.4 and 26 to the consolidated financial statements. As at December 31, 2020, the Group's gross trade debtors were Rs. 25,437 million against which allowance for doubtful debts of Rs. 8,190 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 5.18 to the consolidated financial statements. As at December 31, 2020, carrying amounts of property and equipment, intangible assets and right of use assets include Rs. 116,150 million relating to non-current assets (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; and • 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, 2020, but does not include the consolidated financial statements and our auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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 05, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	2020 Rs '000	2019 Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital	6	51,000,000	51,000,000
Revenue reserves			
Insurance reserve		-	3,172,624
General reserve		27,497,072	27,497,072
Unappropriated profit		7,984,136	1,492,423
		35,481,208	32,162,119
Statutory and other reserves		511,553	285,013
Unrealized gain / (loss) on investments measured at fair value through OCI		629	(8,779)
		86,993,390	83,438,353
Liabilities			
Non-current liabilities			
Long term loans from banks	7	28,774,903	19,716,427
Subordinated debt	8	599,160	599,400
Deposits from banking customers	9	3,347,788	3,766,456
Lease liabilities	10	16,974,431	17,312,174
Deferred income tax	11	6,093,589	7,102,905
Employees retirement benefits	12	24,581,798	27,123,119
Deferred government grants	13	18,216,421	19,182,858
Advances from customers		1,499,169	1,526,911
Long term vendor liability	14	31,069,424	25,709,208
		131,156,683	122,039,458
Current liabilities			
Trade and other payables	15	94,177,147	87,830,054
Deposits from banking customers	9	42,285,528	18,958,369
Interest accrued		1,371,131	1,658,615
Short term running finance	16	6,680,285	4,058,444
Current portion of:			
Long term loans from banks	7	14,990,172	11,300,239
Lease liabilities	10	3,041,986	2,440,869
Long term vendor liability	14	9,157,498	12,522,539
Security deposits	17	1,302,184	1,359,489
Unpaid / unclaimed dividend		211,511	211,589
		173,217,442	140,340,207
Total equity and liabilities		391,367,515	345,818,018
Contingencies and commitments	18		

The annexed notes 1 to 53 are an integral part of these consolidated financial statements.

	Note	2020 Rs '000	2019 Rs '000
Assets			
Non-current assets			
Property, plant and equipment	19	193,715,646	190,009,353
Right of use assets	20	19,419,596	20,176,320
Intangible assets	21	25,582,008	28,099,965
		238,717,250	238,285,638
Long term investments	22	51,427	51,427
Long term loans and advances	23	1,048,127	890,600
Long term loans to banking customers	27	1,433,652	474,351
Contract costs	24	703,496	637,743
		241,953,952	240,339,759
Current assets			
Stock in trade, stores and spares	25	3,832,884	5,642,513
Trade debts and contract assets	26	25,436,953	21,701,204
Loans to banking customers	27	28,572,647	20,899,728
Loans and advances	28	1,553,937	1,063,243
Contract costs	24	2,626,170	2,511,646
Income tax recoverable	29	24,837,418	24,577,280
Receivable from the Government of Pakistan	30	2,164,072	2,164,072
Deposits, prepayments and other receivables	31	17,160,181	10,671,218
Short term investments	32	30,736,733	9,076,445
Cash and bank balances	33	12,492,568	7,170,910
		149,413,563	105,478,259
Total assets		391,367,515	345,818,018

Chief Financial Officer　　Director　　Chairman

Chief Financial Officer　　Director　　Chairman

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 Rs '000	2019 Rs '000
Revenue	34	129,422,497	129,542,521
Cost of services	35	(96,312,058)	(95,658,891)
Gross profit		33,110,439	33,883,630
Administrative and general expenses	36	(16,961,326)	(16,685,230)
Selling and marketing expenses	37	(7,119,067)	(7,291,153)
Impairment loss on trade debts and contract assets	38	(3,390,604)	(3,225,473)
		(27,470,997)	(27,201,856)
Operating profit		5,639,442	6,681,774
Other income	39	8,261,727	6,156,874
Finance costs	40	(9,334,626)	(9,202,708)
Profit before tax		4,566,543	3,635,940
Provision for income tax	41	(1,293,877)	(1,258,840)
Profit after tax		3,272,666	2,377,100

The annexed notes 1 to 53 are an integral part of these consolidated financial statements.

Chief Financial Officer | Director | Chairman

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Rs '000	2019 Rs '000
Profit for the year	3,272,666	2,377,100
Other comprehensive income for the year		
Items that will not be reclassified to consolidated statement of profit or loss:		
Remeasurement gain on employees retirement benefits	3,976,004	568,204
Impairment loss on other investment	-	(32,473)
	3,976,004	535,731
Tax effect	(1,153,041)	(155,213)
	2,822,963	380,518
Items that may be subsequently reclassified to consolidated statement of profit or loss:		
Gain / (loss) on equity instrument arising during the year	11,068	(10,288)
Tax effect	(1,660)	1,538
Unrealized Gain / (loss) on equity instrument - net of tax	9,408	(8,750)
Other comprehensive income for the year - net of tax	2,832,371	371,768
Total comprehensive income for the year	6,105,037	2,748,868

The annexed notes 1 to 53 are an integral part of these consolidated financial statements.

Chief Financial Officer | Director | Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 Rs '000	2019 Rs '000
Cash flows from operating activities			
Cash generated from operations	43	41,814,030	51,253,266
Employees retirement benefits paid		(1,342,567)	(1,364,813)
Deposits from banking customers		22,908,491	2,190,215
Advances from customers		130,453	461,013
Payment made to Pakistan Telecommunication Employees Trust (PTET)		(3,500,000)	(3,500,000)
Income tax paid		(3,718,032)	(4,095,024)
Net cash inflows from operating activities		56,292,375	44,944,657
Cash flows from investing activities			
Capital expenditure		(30,825,007)	(40,217,682)
Acquisition of intangible assets		(1,086,895)	(475,881)
Proceeds from disposal of property, plant and equipment		1,541,441	991,533
Additions to contract costs		(4,810,221)	(4,647,275)
Long term loans and advances		(217,085)	(206,987)
Short term investments		(24,524,499)	-
Return on long term loans and short term investments		979,174	769,834
Government grants received		1,428,090	1,919,331
Net cash outflows from investing activities		(57,515,002)	(41,867,127)
Cash flows from financing activities			
Loans from banks - net		12,748,409	(68,333)
Subordinated debt		(240)	(240)
Finance cost paid		(6,129,182)	(5,756,608)
Vendor liability		1,995,175	(2,252,822)
Lease liabilities - repayments		(5,005,851)	(4,123,823)
Dividend paid		(2,550,078)	(2,603,247)
Net cash inflows / (outflows) from financing activities		1,058,233	(14,805,073)
Net decrease in cash and cash equivalents		(164,394)	(11,727,543)
Cash and cash equivalents at beginning of the year		12,188,911	23,916,454
Cash and cash equivalents at end of the year	43.2	12,024,517	12,188,911

The annexed notes 1 to 53 are an integral part of these consolidated financial statements.

Chief Financial Officer

Director

Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

	Issued, subscribed and paid-up capital		Revenue reserves				Unrealized gain/(loss)	
	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, 2018	37,740,000	13,260,000	2,985,696	27,497,072	1,535,145	221,601	(29)	83,239,485
Total comprehensive income for the year								
Profit for the year	-	-	-	-	2,377,100	-	-	2,377,100
Other comprehensive income - net of tax	-	-	-	-	380,518	-	(8,750)	371,768
	-	-	-	-	2,757,618	-	(8,750)	2,748,868
Distribution to owners of the Holding Company								
Interim 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)
Others								
Transfer to insurance reserve	-	-	186,928	-	(186,928)	-	-	-
Transfer to statutory and other reserves	-	-	-	-	(63,412)	63,412	-	-
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

The annexed notes 1 to 53 are an integral part of these consolidated financial statements.

Chief Financial Officer

Director

Chairman

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 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, 2020

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

1.4. Impact of COVID-19 on the financial statements

During the year, the COVID-19 pandemic emerged which impacted the economy in general. Due to temporary lockdown imposed to counter COVID-19 outbreak, there is a negative impact of approximately Rs 3,011,865 thousand due to loss of potential revenues of the Group and incremental cost amounting to Rs. 53,800 thousand incurred on special relief for COIVD-19 paid to all non management staff of the Holding Company. Further there has been no material impact on the carrying amount of assets and liabilities of the Group.

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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020**

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.

IFRS 3, 'Business Combinations' The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.	Effective from accounting period beginning on or after January 01, 2020.
IFRS 9, 'Financial Instruments', IAS 39 'Financial Instruments:Recognition and measurement' and IFRS 7 'Financial Instruments:Disclosures' The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. The amendments in IBOR Reform clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.	Effective from accounting period beginning on or after January 01, 2020.
IAS 1, 'Presentation of Financial statements' and IAS 8, 'Operating Segments' The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. In addition, the International Accounting Standards Board (IASB) has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standard.	Effective for accounting period beginning on or after January 01, 2020.
IFRS 14 'Regulatory Deferral Accounts'	Effective for accounting period beginning on or after January 01, 2019.

(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 are not likely to have an impact on the Group'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.	Effective from accounting period beginning on or after January 01, 2021.
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.	
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, 2020

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to 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 date of initial application.	Effective from accounting period beginning on or after January 01, 2021.

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.

- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

- 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.

- 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.

In addition SECP, through SRO 985(I)/2019 dated September 02, 2019, has deferred the application of requirements contained in 'IFRS 9' (Financial Instruments) with respect to Expected Credit Losses method for financial assets due from the Government of Pakistan till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period.

The above amendments are effective from annual period beginning on or after 01 January 2021 and are not likely to have a significant impact on the Group's financial statements.

For U Bank

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – for Banks and DFIs / MFBs, the effective date of the standard has been extended to annual periods beginning on or after 1 January 2021 vide SBP circular 4 dated 23 October 2019. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. According to SBP circular referred to above, the Banks / DFIs / MFBs are required to have a parallel run of IFRS 9 from 1 January 2020. The Banks / DFIs / MFBs are also required to prepare pro-forma financial statements which includes the impact of IFRS 9 from the year ended 31 December 2019. These proforma financial statements are being prepared and the Bank is in the process of assessing the potential impact of impairment of financial assets under expected credit loss model.

(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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, as modified by accounting policies related to employees' retirement benefits, long term loans, lease liabilities and certain financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

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, 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.

During the year the useful lives of certain items of property plant and equipments revised. The reason for such revision was due to reassessment of its technical capabilities, industry practices and alignment with the useful life estimates of ultimate parent company. Had the change in estimate not been made, the depreciation charge for the year would have been higher by Rs 516,542 thousand. An equal depreciation charge will be recognized in the statement of profit or loss over future years.

(f) Impairment of non - financial assets

Management exercises judgment in measuring the recoverable amount of assets at each reporting date

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 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) Right of use assets and leased liability

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

(k) 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.

During the period, the breakages estimate for the unused resources were revised in accordance with the probability approach and customer usage trends. Had the change not been made, contract liability in respect of the remaining performance obligation as at the reporting date would have been higher by Rs 347,607 thousand & revenues for the year would be lower by the same amount.

During the year estimate for average life of wireless customer has been revised in accordance with customer retention pattern. This change has resulted in reduction of revenue and cost of sales by Rs 131,147 thousand and Rs 300,319 thousand respectively.

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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

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.

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

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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 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 Group'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.

5.6 Insurance reserve

The Group had created an insurance reserve for any losses to the Group's assets resulting from theft, fire, natural or other disasters. Appropriations out of profits to this reserve, were made at the discretion of the Board of Directors. Considering the risk exposure against Group's assets and related cash flows, it has been decided by the management to make in place the commercial insurance arrangements for the coverage of Group assets. Accordingly, subsequent to the Board's approval the balance of insurance reserve has been transferred to unappropriated profit during the year.

5.7 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.

5.8 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.

5.9 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.

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5.10 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.

5.11 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 for the year.

5.12 Deposits from banking customers

Deposits with U Bank 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.

5.13 Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with the accounting policies for investment securities. 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 balance sheet. 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.

5.14 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.

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 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:

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(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.

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 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 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 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.

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(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 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 profit or loss.

5.15 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.

5.16 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 and / or services received, whether or not billed to the Group.

5.17 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

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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.

Intangible assets with a definite useful life are stated at cost less accumulated amortization and impairment (if any). These are amortized from the month, when these assets are available for use, using the straight-line method, whereby the cost of the intangible asset is amortized on the basis of the estimated useful life over which economic benefits are expected to flow to the Group. The residual value, useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date.

(c) Right of use assets

Right of use asset is calculated as the initial amount of the lease liability in terms of network sites at the lease contract commencement date. The right of use asset is subsequently depreciated using the straight line method for a period of lease term.

5.18 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.

5.19 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.

5.20 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.

5.21 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.

5.22 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.

5.23 Leased liability

The Group has recognized lease liabilities at the date of initial recognition of IFRS - 16, for leases previously classified as operating leases under IAS 17 at the present value of the remaining lease payments using the Group's incremental borrowing rate of 10%. Lease liabilities are then measured at their amortized cost using the effective interest method.

5.24 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 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

In addition to above, a general provision is made equivalent to 1% (2019: 1%) of the net outstanding balance (advance net of specific provisions) in accordance with the requirement of the Regulations.

General and specific provision is charged to the 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.

5.25 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.

5.26 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.

5.27 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.

5.28 Financial instruments

5.28.1 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.

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(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.

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 instruments 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.

5.28.2 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.

5.28.3 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 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.

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5.28.4 Impairment of financial assets

The Group recognises 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 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.

5.28.5 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 consolidated 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 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.

5.28.6 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 profit or loss.

5.28.7 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using valuation techniques. All derivative financial instruments 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 taken to the consolidated profit or loss.

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5.28.8 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.

5.28.9 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.

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 net profit or loss for the year in which it arises.

5.28.10 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 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 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 balance sheet below equity which is taken to the 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 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 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 balance sheet below equity is thereof removed and recognized in the consolidated profit or loss.

5.29 (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. 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.

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.

5.29 (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.

5.29 (c) Contract assets

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.

5.29 (d) Contract costs

Contract cost comprise of incremental cost of acquiring the customers and is amortized over the life of the contract with customer. The typical length of a contract with customer is 16 to 18 months.

5.29 (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.

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(ii) Income from investment

Mark-up / return on investments is recognized on time proportion basis using effective interest method. Where debt securities are purchased at premium or discount, the related premiums or discounts are amortized through the profit or loss account 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.

(iii) Fee, commission and brokerage income

Fee, commission and brokerage income are recognized as services are performed.

(iv) 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.

5.30 Income on bank deposits

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

5.31 Dividend income

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

5.32 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.

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5.33 Operating segments

Operating segments are reported in a manner consistent with the internal reporting of the Group in note 49 to the consolidated financial statements.

6. Share capital

6.1 Authorized share capital

2020 (Number of shares '000)	2019 (Number of shares '000)		2020 Rs '000	2019 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

2020 (Number of shares '000)	2019 (Number of shares '000)		2020 Rs '000	2019 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, 2020, 599,559 thousand (December 31, 2019: 599,553 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. Long term loans from banks

These represent secured loans from following banks:

	Annual mark-up rate	Repayment commencement date		Repayment installments		Outstanding loan balance	
	3-month KIBOR plus	Interest	Principal	Quarterly	Note	2020 Rs '000	2019 Rs '000
Allied Bank Limited	0.25%	Jul. 2014	Jul. 2017	12		83,333	166,667
United Bank Limited	0.25%	Jul. 2014	Jul. 2016	16		100,000	200,000
MCB Bank Limited	0.25%	Jul. 2014	Jul. 2017	12		83,333	166,667
MCB Bank Limited	0.25%	Jul. 2014	Jul. 2018	12		1,666,667	2,000,000
Faysal Bank Limited	0.25%	Jul. 2014	Jul. 2018	12		833,333	1,000,000
Bank Al-Habib Limited	0.25%	Jul. 2014	Jul. 2018	12		416,667	500,000
Bank Alfalah Limited	0.25%	Jul. 2014	Jul. 2018	12		416,667	500,000
Allied Bank Limited	0.25%	Mar. 2015	Mar. 2019	12		1,166,667	1,333,333
United Bank Limited	0.25%	Mar. 2015	Mar. 2019	12		583,333	666,667
Meezan Bank Limited	0.25%	Aug. 2015	Aug. 2019	12		1,500,000	1,666,667
Habib Bank Limited -Islamic Banking	0.25%	Sep. 2015	Sep. 2019	12		1,500,000	1,666,667
Dubai Islamic Bank Limited	0.25%	Oct. 2015	Oct. 2019	12		833,333	916,667
Habib Bank Limited - Islamic Banking	0.25%	Mar. 2016	Mar. 2020	12		916,667	1,000,000
United Bank Limited	0.25%	May 2016	May 2020	12		2,000,000	2,000,000
Allied Bank Limited	0.25%	May 2016	May 2020	12		3,000,000	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		416,667	500,000
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	-
Meezan Bank Limited	0.50%	Sep. 2020	Sep. 2024	12		2,000,000	-
Meezan Bank Limited	0.50%	Mar. 2021	Mar. 2025	12		1,500,000	-
Faysal Bank Limited	0.50%	Mar. 2021	Mar. 2025	12		1,000,000	-
MCB Islamic Bank Limited	0.50%	Mar. 2021	Mar. 2025	12		500,000	-
					7.1	31,016,667	24,783,335
Loan under SBP refinance scheme							
Bank Al Falah Limited - 1	2.00% Flat	Jul. 2020	Jan. 2021	8	7.2	481,655	-
Bank Al Falah Limited - 2	1.25% Flat	Oct. 2020	Jan. 2021	8	7.2	478,881	-
						31,977,203	24,783,335
	6-Months KIBOR plus			**Semi-annual**			
Allied Bank Limited	1.10%	Sep. 2017	Sep. 2018	6	7.3	250,000	750,000
Faysal Bank Limited	1.00%	Aug. 2018	Aug. 2019	8	7.4	500,000	833,333
Faysal Bank Limited - II	0.75%	Jun. 2019	Jun. 2020	6	7.5	666,665	999,998
Allied Bank Limited - II	0.95%	Jun. 2019	Jun. 2020	6	7.6	2,666,667	2,000,000
Bank of Punjab	0.85%	Mar. 2019	Sep. 2019	4	7.7	50,000	150,000
State Bank of Pakistan (LOC)	-1.00%	Jun. 2019	Jun. 2022		7.8	1,500,000	1,500,000
Repo Borrowing	-	Dec. 2020	Jan. 2021		7.9	6,154,540	-
						11,787,872	6,233,331
						43,765,075	31,016,666
Current portion of long term loans from banks						(14,990,172)	(11,300,239)
						28,774,903	19,716,427

7.1 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 7.29% at December 31, 2020 (December 31, 2019:13.55%).

7.2 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, discounting using the prevailing market rate of interest.

	Note	2020 Rs '000	2019 Rs '000
Loan proceed received		1,037,934	-
Deferred government grants	13	(77,398)	-
Fair value of loan proceeds		960,536	-

7.3 This represents outstanding balance of the term finance facility under syndicate financing through Allied Bank Limited of Rs 1,500,000 thousand. These are secured against first pari passu charge over all present and future assets of U Bank with 25% margin.

7.4 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%.

7.5 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.

7.6 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.

7.7 This represent term finance loan of Rs 200,000 thousand from Bank of Punjab which is secured against first pari passu charge on book debts, advances and receivables of U Bank for Rs 266,670 thousand (25% margin).

7.8 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 28,983 loans amounting to Rs 2,770,000 thousand out of which 20,123 loans amounting to Rs 1,640,000 thousand were distributed to female borrowers as per the E&S guideline issued by SBP.

7.9 This represent Repo Borrowing from:

MCB at the rate of 7.10% to Rs 994,540 thousand with maturity date of January 4, 2021.

Silk Bank Limited at the rate of 7.65% amounting to Rs 1,960,000 thousand with maturity date of January 4, 2021.

National Bank of Pakistan at the rate of 7.10% amounting to Rs. 500,000 thousand with maturity date of January 4, 2021.

Allied Bank Limited at the rate of 7.10% amounting to Rs. 1,000,000 thousand with maturity date of January 4, 2021.

JS Bank Limited at the rate of 7.15% amounting to Rs. 500,000 thousand with maturity date of January 4, 2021.

Bank of Punjab at the rate of 7.25% amounting to Rs. 1,200,000 thousand with maturity date of January 4, 2021.

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% (2019: 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.

	2020 Rs '000	2019 Rs '000
9. Deposits from banking customers		
Fixed deposits	26,357,673	14,836,423
Saving deposits	16,330,715	5,505,887
Current deposits	2,944,928	2,382,515
	45,633,316	22,724,825
Current portion	(42,285,528)	(18,958,369)
	3,347,788	3,766,456
10. Lease liabilities		
Lease commitments		
- Within one year	4,809,751	4,234,353
- Between 2 and 5 years	17,764,446	16,655,575
- After 5 years	5,466,770	7,094,753
Total undiscounted lease commitments	28,040,967	27,984,681
Discounted lease liabilities using the incremental borrowing rate	20,016,417	19,753,043
Current portion shown under current liabilities	(3,041,986)	(2,440,869)
Due after 12 months	16,974,431	17,312,174

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	Note	2020 Rs '000	2019 Rs '000
11. Deferred income tax			
Deferred tax liability / (asset) relating to:			
Accelerated tax depreciation		12,578,385	12,031,107
Accelerated tax amortization		2,153,460	1,705,458
Provision for stock in trade, stores and spares		(531,484)	(508,215)
Impairment loss on trade debts		(2,648,130)	(2,420,540)
ROU assets / lease liabilities		(284,458)	(390,325)
Contract costs		517,230	464,950
Liabilities claimable on payment		(2,895,426)	(3,338,913)
Tax losses		(2,739,487)	(393,135)
Others		(56,501)	(47,482)
		6,093,589	7,102,905
Movement during the year			
Balance at the beginning of the year		7,102,905	8,975,585
Charge / (reversal) for the year in respect of:			
Accelerated tax depreciation		547,278	(317,261)
Accelerated tax amortization		448,002	289,177
Provision for stock in trade, stores and spares		(23,269)	(33,988)
Impairment loss on trade debts		(227,590)	(188,847)
ROU assets / lease liabilities		105,867	(390,325)
Contract costs		52,280	464,950
Liabilities claimable on payment		443,487	(1,271,809)
Tax losses		(2,346,352)	(393,135)
Others		(28,908)	(19,348)
		(1,029,205)	(1,860,586)
Tax charge/ (reversal) in OCI		19,889	(12,094)
Balance at the end of the year		6,093,589	7,102,905
12. Employees retirement benefits			
Liabilities for pension obligations			
Funded - PTCL	31	-	4,135,611
Unfunded - PTCL	12.1	7,313,570	6,290,701
		7,313,570	10,426,312
Gratuity funded - PTCL , PTML and UBank	12.1	281,187	218,783
Accumulated compensated absences - PTCL	12.1	1,606,358	1,513,696
Post retirement medical facility - PTCL	12.1	11,549,073	11,193,005
Benevolent grants - PTCL	12.1	3,831,610	3,771,323
		24,581,798	27,123,119

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12.1 The latest actuarial valuations of the Group's defined benefit plans, were conducted at December 31, 2020 using the projected unit credit method. Details of obligations for defined benefit plans are as follows:

	Pension Funded 2020 Rs '000	Pension Funded 2019 Rs '000	Pension Unfunded 2020 Rs '000	Pension Unfunded 2019 Rs '000	Gratuity Funded 2020 Rs '000	Gratuity Funded 2019 Rs '000	Accumulated compensated absences Unfunded 2020 Rs '000	Accumulated compensated absences Unfunded 2019 Rs '000	Post-retirement medical facility Unfunded 2020 Rs '000	Post-retirement medical facility Unfunded 2019 Rs '000	Benevolent grants Unfunded 2020 Rs '000	Benevolent grants Unfunded 2019 Rs '000	Total 2020 Rs '000	Total 2019 Rs '000
a) The amounts recognized in the consolidated statement of financial position:														
Present value of defined benefit obligations	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
Fair value of plan assets - note 12.3	(125,102,302)	(114,864,649)	-	-	(2,484,713)	(2,137,161)	-	-	-	-	-	-	(127,587,015)	(117,001,810)
(Asset) / Liability at end of the year - note 12.2	(2,257,551)	4,135,611	7,313,570	6,290,701	273,337	218,783	1,606,358	1,513,696	11,549,073	11,193,005	3,831,610	3,771,323	22,316,397	27,123,119
b) Changes in the present value of defined benefit obligations:														
Balance at beginning of the year	119,000,260	115,539,324	6,290,701	5,510,435	2,355,944	2,144,171	1,513,696	1,503,324	11,193,005	11,108,005	3,771,323	3,719,452	144,124,929	139,524,711
Current service cost	807,959	751,696	340,567	293,660	311,987	296,816	77,377	76,126	79,652	78,335	38,552	39,242	1,656,094	1,535,875
Interest expense	11,467,908	11,134,053	627,134	549,293	227,292	193,153	133,882	132,977	1,078,166	1,070,149	364,066	359,300	13,898,448	13,438,925
Actuarial gain on accumulated compensated absences	-	-	-	-	-	-	(66,355)	(147,114)	-	-	-	-	(66,355)	(147,114)
	12,275,867	11,885,749	967,701	842,953	539,279	489,969	144,904	61,989	1,157,818	1,148,484	402,618	398,542	15,488,187	14,827,686
Remeasurements:														
(Gain) / loss due to experience adjustments	210,975	(27,222)	93,894	(27,680)	(10,378)	(110,043)	-	-	20,940	(250,452)	(80,997)	(93,773)	234,434	(509,170)
Benefits paid	(8,642,351)	(8,397,591)	(38,726)	(35,007)	(126,795)	(168,153)	(52,242)	(51,617)	(822,690)	(813,032)	(261,334)	(252,898)	(9,944,138)	(9,718,298)
Balance at end 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

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	Pension				Gratuity		Accumulated compensated absences		Post-retirement medical facility		Benevolent grants		Total	
	Funded		Unfunded		Funded		Unfunded		Unfunded		Unfunded			
	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000
c) **Charge for the year**														
Profit or loss:														
Current service cost	807,959	751,696	340,567	293,660	311,987	296,816	77,377	76,126	79,652	78,335	38,552	39,242	1,656,094	1,535,875
Net interest expense	238,561	466,522	627,134	549,293	11,017	19,154	133,882	132,977	1,078,166	1,070,149	364,066	359,300	2,452,826	2,597,395
Actuarial gain on accumulated compensated absences	-	-	-	-	-	-	(66,356)	(147,114)	-	-	-	-	(66,356)	(147,114)
Contribution from deputationists / employees	(4,426)	(6,116)	-	-	-	-	-	-	-	-	(18,439)	(18,698)	(22,865)	(24,814)
	1,042,094	1,212,102	967,701	842,953	323,004	315,970	144,903	61,989	1,157,818	1,148,484	384,179	379,844	4,019,699	3,961,342
Other comprehensive income														
Remeasurements:														
(Gain) / loss on remeasurement of assets	(4,150,657)	29,393	-	-	(59,782)	(88,428)	-	-	-	-	-	-	(4,210,439)	(59,035)
(Gain) / loss due to experience adjustments	210,975	(27,222)	93,894	(27,680)	(10,377)	(110,043)	-	-	20,940	(250,451)	(80,997)	(93,773)	234,435	(509,169)
	(3,939,682)	2,171	93,894	(27,680)	(70,159)	(198,471)	-	-	20,940	(250,451)	(80,997)	(93,773)	(3,976,004)	(568,204)
	(2,897,588)	1,214,273	1,061,595	815,273	252,845	117,499	144,903	61,989	1,178,758	898,033	303,182	286,071	43,695	3,393,138
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 12.5%	9% to 14%	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% to 9.5%	8% to 13%	8.00%	8.00%	9.00%	9.00%	8.00%	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	30 years	30 years	6 - 17 years	6 - 21 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 18.7, 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	
	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000
Balance at beginning of the year	114,864,649	109,124,102	2,137,161	1,805,815	117,001,810	110,929,917
Expected return on plan assets	11,229,347	10,667,531	216,275	173,999	11,445,622	10,841,530
Payments made to members on behalf of fund	-	-	84,558	99,028	84,558	99,028
Gain / (loss) on remeasurement of assets	4,150,657	(29,393)	59,782	88,429	4,210,439	59,036
Contributions made by the Group during the year	3,500,000	3,500,000	113,732	138,043	3,613,732	3,638,043
Benefits paid	(8,642,351)	(8,397,591)	(126,795)	(168,153)	(8,769,146)	(8,565,744)
Balance at end of the year	125,102,302	114,864,649	2,484,713	2,137,161	127,587,015	117,001,810

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

	2020		2019	
	Rs '000	Percentage	Rs '000	Percentage
Debt instruments - unquoted				
- Special saving accounts	1,627,705	1.30	1,454,738	1.27
- Defence saving certificates	24,454,369	19.55	21,738,969	18.92
- Regular income certificates	62,534,059	49.99	56,508,685	49.19
- Pakistan investment bonds	4,365,666	3.49	3,051,718	2.66
	92,981,799	74.33	82,754,110	72.04
Cash and cash equivalents				
- Term deposits	10,700,000	8.55	14,000,000	12.18
- Equity securities	672,938	0.54	994,291	0.87
- Sukuks	1,681,056	1.34	1,351,810	1.18
- Pakistan investment bond	908,695	0.73	999,050	0.87
- Term finance certificates	41,597	0.03	-	-
- Treasury bills	1,316,878	1.05	606,392	0.53
- Commercial papers	-	-	116,094	0.10
- Cash and bank balances	1,556,284	1.24	1,740,572	1.52
	16,877,448	13.48	19,808,209	17.25
Investment property				
- Telecom tower	10,111,083	8.08	7,291,287	6.34
- Telehouse	2,271,000	1.82	1,893,822	1.65
	12,382,083	9.90	9,185,109	7.99
Fixed assets	7,016	0.01	7,802	0.01
Other assets	4,057,220	3.24	4,340,180	3.78
	126,305,566	100.96	116,095,410	101.07
Liabilities				
- Staff retirement benefits	(75,085)	(0.06)	(62,867)	(0.05)
- Amount due to to the Holding Company	(1,262)	-	(94)	-
- Accrued & other liabilities	(170,464)	(0.14)	(830,300)	(0.73)
- Provision for zakat	(956,453)	(0.76)	(337,500)	(0.29)
	(1,203,264)	(0.96)	(1,230,761)	(1.07)
	125,102,302	100.00	114,864,649	100.00

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

	2020		2019	
	Rs '000	Percentage	Rs '000	Percentage
Units of mutual funds	7,888	0.32	107,396	5.03
Term deposit receipts	1,370,570	55.16	1,231,026	57.60
Term finance certificates	200,000	8.05	100,000	4.67
Other assets	749,851	30.18	4,407	0.21
Bank balances	156,404	6.29	694,332	32.49
	2,484,713	100.00	2,137,161	100.00

12.6 The expected contributions in the next financial year to the funded gratuity plan by the Group is Rs 281,187 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	1,500,707	(1,381,922)
Pension - unfunded	750,555	(662,797)
Gratuity - funded	409,581	(335,696)
Accumulated compensated absences - unfunded	154,361	(136,807)
Post-retirement medical facility - unfunded	1,417,557	(1,173,017)
Discount rate		
Pension - funded	(9,276,694)	10,917,585
Pension - unfunded	(1,077,602)	1,359,113
Gratuity - funded	(330,477)	406,941
Accumulated compensated absences - unfunded	(134,474)	121,029
Post-retirement medical facility - unfunded	(1,311,789)	1,614,411
Benevolent grants - unfunded	(25,889)	31,701
Future pension		
Pension - funded	9,326,591	(8,011,359)
Pension - unfunded	554,767	(465,631)
Benevolent grants		
Benevolent grants - unfunded	34,184	(36,415)

	Increase by 1 year	Decrease by 1 year
	Rs '000	Rs '000
Expected mortality rates		
Pension - funded	(2,820,609)	2,803,620
Pension - unfunded	(94,229)	91,699
Gratuity - funded	15,494	60,526
Accumulated compensated absences - unfunded	(20,395)	19,844
Post-retirement medical facility - unfunded	(320,980)	322,207
Benevolent grants - unfunded	(106,492)	106,897

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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	2020 Rs '000	2019 Rs '000
13. Deferred government grants			
USF Government grants	13.1	18,139,023	19,182,858
Government grant under SBP refinance scheme	7.2	77,398	-
		18,216,421	19,182,858
13.1. Balance at beginning of the year		19,182,858	18,720,796
Received during the year		1,428,090	1,919,331
		20,610,948	20,640,127
Income recognized during the year	39	(2,471,925)	(1,457,269)
Balance at end of the year		18,139,023	19,182,858

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

14. Long term vendor liability

This represents amount payable to a vendor in respect of procurement of network and allied assets which comprises:

	Note	2020 Rs '000	2019 Rs '000
Obligation under acceptance of bills of exchange	14.1	37,067,485	34,504,081
Other accrued liabilities		3,159,437	3,727,666
		40,226,922	38,231,747
Current portion		(9,157,498)	(12,522,539)
		31,069,424	25,709,208

14.1 These include liability of Rs 18,080,672 thousand (December 31, 2019: Rs 17,869,598 thousand) carrying interest in the range of 6.23% to 13.70% per annum (December 31, 2019: 7.99% to 13.76% per annum).

	Note	2020 Rs '000	2019 Rs '000
15. Trade and other payables			
Trade creditors		12,988,191	12,670,240
Accrued and other liabilities	15.1	36,341,187	35,022,799
Technical services assistance fee	15.2	25,827,068	21,297,281
Advances from customers / contract liability		10,127,857	9,834,302
Retention money / payable to contractors and suppliers		6,116,052	6,761,684
Income tax collected from subscribers / deducted at source		983,567	1,012,664
Sales tax payable		1,793,225	1,203,214
Payable to employees' provident fund		-	27,870
	15.3	94,177,147	87,830,054

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	Note	2020 Rs '000	2019 Rs '000
15.1 Accrued and other liabilities comprise:			
Accrued liability for operational expenses		9,967,829	9,529,099
Amount withheld on account of provincial levies (sub judice) for ICH operations	15.1.1	12,110,803	12,110,803
Accrual for Government / regulatory expenses		11,321,524	10,312,860
Accrued wages		1,818,469	1,326,082
Others		1,122,562	1,743,955
		36,341,187	35,022,799

15.1.1 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.

15.2 Liability has not been settled since State Bank of Pakistan has not yet acknowledged the extension of Technical Services Assistance (TSA) Agreement.

	2020 Rs '000	2019 Rs '000
15.3 Trade and other payables include payable to the following related parties:		
Etisalat - UAE	1,182,430	840,617
Etisalat's subsidiaries and associates	214,488	178,626
Emirates data clearing house	3,538	4,971
Telecom Foundation	64,005	64,019
TF Pipes Limited	4,630	4,630
GoP related entities	1,282,461	1,301,247
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.

16. Short term running finance

	Note	2020 Rs '000	2019 Rs '000
PTML	16.1	5,193,966	3,558,444
U Bank	16.2	1,486,319	500,000
		6,680,285	4,058,444

16.1 Short term running finance facilities available under mark-up arrangements with banks amount to Rs 5,150,000 thousand (December 31, 2019: Rs 4,400,000 thousand), out of which the amount availed at the year end was Rs 4,074,971 thousand (December 31, 2019: Rs 3,397,000 thousand). The excess of the closing book balance over the amount of facility availed represents book overdrawn as at the year end. 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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16.2 This includes running finance facility through:

(i) National Bank of Pakistan Limited of Rs 500,000 thousand carrying markup of 3-months KIBOR plus 0.75% per annum (December 31, 2019: 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 at the rate of 3 months KIBOR + 0.85% per annum (December 31, 2019: Nil) to be paid on quarterly basis.

(iii) Bank Al Falah facility amounting to Rs 486,000 thousand at the rate of 3 months KIBOR + 0.50% per annum (December 31, 2019: Nil) to be paid on quarterly basis. Markup will be calculated on the basis of actual number of days elapsed in the year.

	Note	2020 Rs '000	2019 Rs '000
17. Security deposits			
Utilizable in business	17.1	559,232	633,534
Others	17.2	742,952	725,955
		1,302,184	1,359,489

17.1 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 the Group's business in accordance with the requirements of section 217 of the Companies Act, 2017.

17.2 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 100 thousand (December 31, 2019: Rs 96 thousand) to its customers during the year against their balances. Amount of these security deposits has been kept in a separate bank account.

18. Contingencies and commitments

Contingencies

PTCL

Indirect Taxes

18.1 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.

18.2 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 coersive measures.

18.3 Against the decision of Sindh Revenue Board (SRB) imposing sales tax of Rs 4,417,000 thousand on revenues from international incoming calls from Nov, 2012 to Dec, 2013, the appeal is pending adjudication before the Commissioner Appeals. A stay order has been obtained from the Honorable Sindh High Court against any coercive action by SRB.

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18.4 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

18.5 For the tax years 2007, 2009, 2010 and 2011 to 2018, 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 38,312,604 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.

18.6 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 the Honorable Islamabad High Court against any coercive measures. Later the Securities and Exchange Commission also issued Group Designation Letter for PTCL Group.

Others

18.7 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 the Honorable 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. 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.

18.8 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.

18.9 A total of 1,128 cases (December 31, 2019: 1,362) 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.

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PTML
Indirect Taxes

18.10 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. The 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 in these Consolidated financial statements. Overall exposure on this issue is Rs 2,297,000 thousand (December 31, 2019: Rs 2,113,000 thousand).

18.11 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 favour of the petitioners in the main appeal and the ensuing intra-court appeal by FBR. FBR has now filed constitutional petition before the SC on the matter.

Income Tax

18.12 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 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.

18.13 Since April 2011, PTML is subject to assessments proceeding under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2008 till 2018, on account of verification of expenses and tax withholding. The proceedings are pending before CIR-A, ATIR and IHC.

18.14 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.

18.15 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.

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	Note	2020 Rs '000	2019 Rs '000
18.16 Bank guarantees and bid bonds of Group issued in favour of:			
Universal Service Fund (USF) against government grants		12,848,281	11,046,095
Pakistan Telecommunication Authority against 3G and 2G Licenses		599,363	582,563
Others	18.16.1	2,616,704	2,957,130
		16,064,348	14,585,788

18.16.1 Others includes bank guarantees given on behalf of DVCOM Data (Private) Limited to PTA amounting to Rs 675,000 thousand (December 31, 2019: Rs. 675,000 thousand).

18.17 Commitments

	Note	2020 Rs '000	2019 Rs '000
18.17.1 Standby letter of guarantee	18.17.2	10,200	9,600
Letter of credit for purchase of stock		171,782	78,531
Letter of comforts in favour of PTML		3,500,000	-
Contracts for capital expenditure		10,838,181	15,052,277
		14,520,163	15,140,408

18.17.2 This represents letter of guarantee issued on behalf of U Bank to China Union Pay International Company Limited for interbank settlements.

	Note	2020 Rs '000	2019 Rs '000
19. Property, plant and equipment			
Operating fixed assets	19.1	173,398,683	168,066,793
Capital work in progress	19.6	20,316,963	21,942,560
		193,715,646	190,009,353

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19.1 Operating fixed assets

	Land		Buildings on							Vehicles				
	Freehold - note 19.2	Leasehold	Freehold land	Leasehold land	Lines and wires	Apparatus, plant and equipment	Office equipment	Computer and electrical equipment	Furniture and fittings	Owned	Leased	Submarine cables	Leased network and allied systems	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	Rs '000	Rs '000
As at December 31, 2018														
Cost	1,652,934	90,026	12,876,801	2,794,650	136,753,034	376,672,393	2,549,715	11,460,765	1,102,754	3,193,913	26,363	18,119,729	153,889	567,446,966
Accumulated depreciation and impairment	-	(35,694)	(5,672,238)	(1,958,782)	(108,957,847)	(270,858,665)	(1,212,692)	(9,655,122)	(633,593)	(2,395,868)	(1,027)	(9,618,081)	(153,889)	(411,153,498)
Net book value	1,652,934	54,332	7,204,563	835,868	27,795,187	105,813,728	1,337,023	1,805,643	469,161	798,045	25,336	8,501,648	-	156,293,468
Movement during 2019														
Additions	-	10,563	205,115	140,306	7,688,096	28,708,238	199,216	1,764,336	361,163	211,837	-	171,912	-	39,460,782
Disposals														
Cost	(2,250)	-	-	141	(3,478,703)	(1,924,255)	(2,282)	(643,859)	(10,711)	(89,998)	-	-	-	(6,151,917)
Accumulated depreciation	-	-	-	(124)	3,475,874	1,721,789	2,273	628,110	10,711	86,109	-	-	-	5,924,742
	(2,250)	-	-	17	(2,829)	(202,466)	(9)	(15,749)	-	(3,889)	-	-	-	(227,175)
Transfers during the year														
Cost	-	-	-	-	-	-	-	-	-	-	(26,363)	-	-	(26,363)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	8,950	-	-	8,950
	-	-	-	-	-	-	-	-	-	-	(17,413)	-	-	(17,413)
Depreciation charge for the year - note 19.5	-	(3,714)	(323,346)	(137,654)	(3,522,010)	(20,538,642)	(186,609)	(1,220,920)	(74,326)	(293,051)	(7,923)	(1,134,674)	-	(27,442,869)
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
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	153,889	600,729,468
Accumulated depreciation	-	(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)	(153,889)	(432,671,625)
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 - note 19.3														
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 19.5	-	(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	13,120,865	1,517,325	3,527,012	-	18,536,819	153,889	621,237,307
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)	(153,889)	(447,838,624)
Net book value	1,650,684	59,860	6,981,354	759,203	35,371,322	116,974,106	1,309,561	1,998,424	719,700	693,254	-	6,915,868	-	173,398,683
Annual rate of depreciation (%)	-	1 to 3.3	2.5	2.5	5 to 7	10 to 33	10	2 to 33.33	10	20	-	5	13.33	-

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19.2 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 these 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 upon request.

19.3 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 Pakis tan 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.	PSIC	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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19.4 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 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	11,065	9,036	2,029	7,040	5,011	Auction	Abdullah Engineering Works, Gujranwala / No relation with the Group
Line and wire	1,653	511	1,142	6,200	5,058	Auction	Abdullah Engineering Works, Gujranwala / No relation with the Group
Line and wire	1,431	760	671	4,317	3,646	Auction	A.A. Enterprises Shaikhupura Road, Gujranwala / No Relation with the Group
Line and wire	982	430	552	4,317	3,765	Auction	A.A. Enterprises Shaikhupura Road, Gujranwala / No Relation with the Group
	15,131	10,737	4,394	21,874	17,480		

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

	Note	2020 Rs '000	2019 Rs '000
Cost of services	35	25,706,346	25,937,935
Administrative and general expenses	36	1,224,942	1,391,900
Selling and marketing expenses	37	107,446	113,034
		27,038,734	27,442,869

19.6 Capital work in progress

	Note	2020 Rs '000	2019 Rs '000
Buildings		831,014	881,797
Lines and wires		4,202,142	7,147,047
Apparatus, plant and equipment		11,955,618	10,561,519
Turnkey Projects		3,005,280	3,194,323
Others		322,909	157,874
	19.6.1	20,316,963	21,942,560

19.6.1 Movement during the year

	2020 Rs '000	2019 Rs '000
Balance at beginning of the year	21,942,560	21,185,660
Additions during the year	31,453,884	39,886,146
Transfers during the year to:		
- Operating fixed assets	(32,058,632)	(38,704,972)
- Intangibles	(1,020,849)	(424,274)
	(33,079,481)	(39,129,246)
Balance at end of the year	20,316,963	21,942,560

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	Note	2020 Rs '000	2019 Rs '000
20. Right of use (ROU) assets			
Movement during the year:			
Balance as at the beginning of the year		20,176,320	20,985,135
Additions		3,187,117	2,769,311
Lease modifications during the year		-	(69,653)
Disposal	20.1	(10,284)	-
Depreciation for the year	20.2	(3,933,557)	(3,508,473)
		(756,724)	(808,815)
Balance as at the end of the year		19,419,596	20,176,320

20.1 Disposal comprises leased vehicles sold to various employees with book value in excess of Rs 500 thousand with original cost amounting to Rs 14,670 thousand and accumulated depreciation amounting to Rs 4,387 thousand for Rs 10,377 thousand resulting in gain of Rs 93 thousand as per policy.

20.2 Depreciation charge for the year is allocated as follows:

	Note	2020 Rs '000	2019 Rs '000
Cost of services	35	2,756,488	2,636,544
Administrative and general expenses	36	1,177,069	871,929
		3,933,557	3,508,473

	Note	2020 Rs '000	2019 Rs '000
21. Intangible assets			
Goodwill on acquisition of U Bank	21.1	78,790	78,790
Goodwill on acquisition of DVCOM Data	21.1	1,191,102	1,191,102
Other intangible assets	21.2	24,312,116	26,830,073
		25,582,008	28,099,965

21.1 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 key assumption used in the estimation of the recoverable amount is the discount rate which is assumed at 16%.

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.

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	Note	Licenses and spectrum Rs '000	Computer software Rs '000	Total Rs'000
21.2 Other intangible assets				
As at December 31, 2018				
Cost		44,908,714	5,189,044	50,097,758
Accumulated amortization		(16,175,230)	(4,015,273)	(20,190,503)
Net book value		28,733,484	1,173,771	29,907,255
Movement during the year 2019				
Opening net book value		28,733,484	1,173,771	29,907,255
Additions		-	475,881	475,881
Amortization charge for the year		(2,976,816)	(533,963)	(3,510,779)
Impairment		-	(42,284)	(42,284)
Closing net book value		25,756,668	1,073,405	26,830,073
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	21.8	(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	21.3	22,780,254	1,531,862	24,312,116
Amortization rate per annum (%)		4 - 10	6.67 - 33.33	

	Note	2020 Rs '000	2019 Rs '000
21.3 Breakup of the net book value as at the year end is as follows:			
Licenses and spectrum - PTCL			
Telecom	21.4	-	9,972
WLL spectrum	21.4	671,216	850,214
WLL and LDI License	21.5	98,233	111,628
IPTV	21.6	21,583	25,283
2G & 3G Licenses - PTML	21.7	21,405,512	24,023,590
WLL licenses- DVCOM Data		583,710	735,981
		22,780,254	25,756,668
Computer software		1,531,862	1,073,405
		24,312,116	26,830,073

21.4 The Pakistan Telecommunication Authority (PTA) has issued a license to the Holding Company, to provide telecommunication services in Pakistan, for a period of 25 years, commencing January 01,1996, at an agreed license fee of Rs 249,344 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. Subsequent to the reporting date Telecom License was renewed on January 13, 2021 for the next 25 years with effective from January 01, 2021.

21.5 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 (AJ&K) and Gilgit-Baltistan (GB), 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 AJ&K and 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.

21.6 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.

21.7 (i) PTML acquired a license for 3G cellular operations throughout Pakistan excluding AJK and GB in May 2014, at a fee of USD 147,500 thousand. The term of the license is 15 years from the date of its acquisition.

(ii) PTML's license for 2G cellular operations throughout Pakistan excluding AJK and GB, was renewed in April 2014 at a fee of USD 291,000 thousand. The term of the license is 15 years from the date of its acquisition.

(iii) PTML acquired a license for 2G cellular operations in AJK and GB in June 2006 at a fee of USD 10,000 thousand. The term of the license is 15 years from the date of its acquisition.

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21.8 The amortization and impairment charge for the year has been allocated as follows:

	Note	2020 Rs '000	2019 Rs '000
Cost of services	35	3,267,332	3,222,151
Administrative and general expenses	36	372,173	330,912
		3,639,505	3,553,063

22. Long term investments

	Note	2020 Rs '000	2019 Rs '000
Investment in associate	22.1	-	-
Other investments	22.2	51,427	51,427
		51,427	51,427
22.1 Investment in associate - unquoted			
TF Pipes Limited - Islamabad 1,658,520 (December 31, 2019: 1,658,520) ordinary shares of Rs 10 each			
Shares held 40% (December 31, 2019: 40%)		23,539	23,539
Less: accumulated impairment loss on investment		(23,539)	(23,539)
		-	-
22.2 Other investments			
Fair value through other comprehensive income - unquoted			
Thuraya Satellite Telecommunication Company - Dubai, UAE 3,670,000 (December 31, 2019: 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, 2019: 2,000,000) ordinary shares of Rs 10 each		20,000	20,000
		51,427	51,427

23. Long-term loans and advances - considered good

	Note	2020 Rs '000	2019 Rs '000
Loans to employees - secured			
PTCL	23.1	1,571,581	1,291,664
PTML	23.2	3,728	19,717
	23.3	1,575,309	1,311,381
Imputed interest		(287,819)	(228,766)
		1,287,490	1,082,615
Others		94,664	58,618
		1,382,154	1,141,233
Current portion shown under current assets			
Loans to employees - secured	28	(334,027)	(250,633)
		1,048,127	890,600

23.1 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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23.2 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.

23.3 Reconciliation of the gross amounts of loans to executives and other employees:

	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

	As at January 01, 2019 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at December 31, 2019 Rs '000
Executives	129,554	124,097	(57,712)	195,939
Other employees	892,021	455,845	(232,424)	1,115,442
	1,021,575	579,942	(290,136)	1,311,381

Loans to employees include loans given to key management personnel of Rs 83,337 thousand (December 31, 2019: Rs 80,985 thousand). The maximum aggregate amount of loans to key management personnel outstanding at any time during the year was Rs 112,928 thousand (December 31, 2019: Rs 94,790 thousand).

List of key management personnel having outstanding balances of loans up till December 31, 2020 are as under:

No.	Names of Employees	No.	Names of Employees
1	Mr. Aamer Ejaz	18	Mr. Muhammad Shehzad Yousuf
2	Mr. Aasif Inam	19	Mr. Muhammad Umar Ilyas
3	Mr. Abdul Zahir Achakzai	20	Ms. Saima Akbar Khattak
4	Mr. Abdullah Hameed	21	Mr. Syed Muhammad Imran Ali
5	Mr. Chaudhary Muhammad Irfan	22	Mr. Syed Shahzad Shah
6	Mr. Ghulam Mustafa	23	Mr. Wajeeh Anwer
7	Mr. Imran Sardar	24	Ms. Zahida Awan
8	Mr. Mateen Malik	25	Mr. Zain Ul Abideen
9	Mr. Mian Omer Shah	26	Mr. Shahbaz khan
10	Mr. Mohammad Nadeem Khan	27	Mr. Rehan Ahmed Qureshi
11	Mr. Moqeem Ul Haque	28	Mr. Khurram Sheraz
12	Mr. Mubashir Naseer Ch.	29	Mr. Sohail Akbar
13	Mr. Mudassar Hafeez Dar	30	Mr. Sheryar Azam
14	Mr. Muhammad Amer Shafique	31	Mr. Asad Amjad Butt
15	Mr. Muhammad Amir Siddiqui	32	Mr. Atif Ishaque
16	Mr. Muhammad Basharat Qureshi		
17	Mr. Muhammad Javed Aslam		

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24. Contract costs

Contract costs, the incremental costs for obtaining new subscribers, are recoverable and are, therefore, been capitalized. These costs are amortized over the expected average customer life. There was no impairment loss on contract costs capitalized.

	Note	2020 Rs '000	2019 Rs '000
Cost to obtain a contract		1,258,944	1,313,858
Cost to fulfill a contract		2,070,722	1,835,531
	24.1	3,329,666	3,149,389
Current maturity of contract costs		(2,626,170)	(2,511,646)
		703,496	637,743
24.1 Movement during the year			
Balance at the beginning of the year		3,149,389	2,303,649
Capitalization during the year		4,810,221	4,647,275
		7,959,610	6,950,924
Amortization during the year	35	(4,629,944)	(3,801,535)
Balance at the end of the year		3,329,666	3,149,389
25. Stock in trade, stores and spares			
Stores and spares	25.1	3,600,982	5,335,121
Stock in trade	25.2	231,902	307,392
		3,832,884	5,642,513
25.1 Stores and spares		4,836,854	6,590,871
Provision for obsolescence	25.1.1	(1,235,872)	(1,255,750)
		3,600,982	5,335,121
25.1.1 Provision for obsolescence			
Balance at beginning of the year		1,255,750	1,275,029
Provision during the year	35.3	-	14,292
		1,255,750	1,289,321
Reversal / Written off during the year		(19,878)	(33,571)
Balance at end of the year		1,235,872	1,255,750
25.2 Stock in trade			
SIM cards		101,737	166,990
Mobile phones and accessories		101,159	93,105
Scratch cards		48,730	76,834
ATM cards and stationary		18,285	8,472
		269,911	345,401
Provision for slow moving stock	25.2.1	(38,009)	(38,009)
		231,902	307,392

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	Note	2020 Rs '000	2019 Rs '000
25.2.1 Provision for slow moving stock against mobile phones			
Balance at beginning of the year		38,009	43,725
Provision for slow moving stock		64,653	-
Stock written off against provision		(64,653)	(5,716)
Balance at end of the year		38,009	38,009

26. Trade debts and contract assets

	Note	2020 Rs '000	2019 Rs '000
Trade debts			
- Secured	26.1	458,845	481,386
- Unsecured		17,717,036	14,359,512
Contract assets		7,261,072	6,860,306
		25,436,953	21,701,204
Domestic			
Considered good	26.2	13,484,133	13,633,285
Considered doubtful		8,132,533	8,085,792
		21,616,666	21,719,077
International			
Considered good	26.3	11,952,820	8,067,919
Considered doubtful		57,475	57,475
		12,010,295	8,125,394
Accumulated impairment loss on trade debts and contract assets	26.4	(8,190,008)	(8,143,267)
	26.5	25,436,953	21,701,204

26.1 These are secured against customer and dealer deposits aggregating to Rs 552,433 thousand (December 31, 2019: Rs 631,914 thousand). The normal credit period of debtors is not more than one month.

26.2 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	2020 Rs '000	2019 Rs '000
GoP related entities	1,654,891	1,484,225	-	1,484,225	1,430,326

26.3 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	2020 Rs '000	2019 Rs '000
Emirates Telecommunication Corporation	10,633,352	1,884,259	8,385,238	10,269,497	6,345,606
Etisalat - Afghanistan	344,794	6,045	303,483	309,528	294,934
Etihad Etisalat Company	77,054	41,604	-	41,604	30,837
Etisalat's subsidiaries and associates	14,873	8,805	6,190	14,995	5,233
GoP related entities	147,199	66,118	81,081	147,199	142,646

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	Note	2020 Rs '000	2019 Rs '000
26.4 Accumulated Impairment loss on trade debts and contract assets			
Balance at beginning of the year		8,143,267	7,635,530
Impairment loss for the year	38	1,810,738	2,418,352
Recovery of Defence Saving Certificates		8,006	129,456
		1,818,744	2,547,808
		9,962,011	10,183,338
Write off against impairment loss on trade debts and contract assets		(1,772,003)	(2,040,071)
Balance at end of the year		8,190,008	8,143,267

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

27. Loans to banking customers

	Note	2020 Rs '000	2019 Rs '000
Loans to banking customers		31,319,362	21,882,307
Accumulated impairment loss on non-performing loans to banking customers	27.1	(1,313,063)	(508,228)
		30,006,299	21,374,079
Long term portion shown under non-current assets		(1,433,652)	(474,351)
		28,572,647	20,899,728
27.1 Accumulated impairment loss on non-performing loans to banking customers			
Balance at the beginning of the year		508,228	205,406
Impairment loss for the year	38	1,579,866	838,456
Loans written-off during the year		(775,031)	(535,634)
		1,313,063	508,228

28. Loans and advances

	Note	2020 Rs '000	2019 Rs '000
Loans			
Current portion of long term loans to employees - secured	23	334,027	250,633
Advances - considered good			
Advances to employees	28.1	101,186	68,151
Advances to suppliers and contractors	28.2	1,108,005	733,740
Others		10,719	10,719
		1,219,910	812,610
		1,553,937	1,063,243

28.1 These include advances to executives and key management personnel amounting to Rs 54 thousand (December 31, 2019: Rs 4,661 thousand) and Nil (December 31, 2019: Rs 783 thousand) respectively.

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28.2 These include amounts due from the following related parties:

	Note	2020 Rs '000	2019 Rs '000
TF Pipes Limited		26,774	26,774
Pakistan MNP Database (Guarantee) Limited		10,750	18,050

29. Income tax recoverable

	Note	2020 Rs '000	2019 Rs '000
Balance at beginning of the year		24,577,280	23,767,451
Current tax charge for the year - P&L	41	(2,323,196)	(3,119,426)
Tax credit on re-measurement gains - OCI		(1,134,698)	(165,770)
		(3,457,894)	(3,285,196)
Tax paid during the year		3,718,032	4,095,025
Balance at end of the year		24,837,418	24,577,280

30. 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.

31. Deposits, prepayments and other receivables

	Note	2020 Rs '000	2019 Rs '000
Deposits		355,589	239,631
Prepayments			
- Pakistan Telecommunication Authority - a related party		36,875	54,199
- Prepaid rent and others		1,000,595	772,992
		1,037,470	827,191
Other receivables			
Due from related parties	31.1	86,167	183,877
Accrued interest receivable	31.2	6,724,116	3,016,890
Funded Pension	12.1	2,257,551	-
Federal Excise Duty (FED)	31.3	3,278,373	3,479,135
Forward exchange contracts		261,857	-
Others - net of provision	31.4	3,159,058	2,924,494
		17,160,181	10,671,218

	Maximum aggregate amount Rs '000	Up to 6 months Rs '000	More than 6 months Rs '000	2020 Rs '000	2019 Rs '000
31.1 Etisalat - UAE	71,305	-	71,305	71,305	71,305
Pakistan Telecommunication Employees Trust	3,556	1,262	-	1,262	94
PTCL Employees GPF Trust	102,957	-	12,208	12,208	107,454
Employees' Provident fund-U Bank	1,392	1,392	-	1,392	-
USF Grants	-	-	-	-	5,024
	179,210	2,654	83,513	86,167	183,877

31.2 This represents mark-up accrued on advances and investments.

	Note	2020 Rs '000	2019 Rs '000
31.3 Federal Excise Duty	31.3.1	3,744,549	3,945,311
Provision for doubtful amount		(466,176)	(466,176)
		3,278,373	3,479,135

31.3.1 This represents payments under protest on account of FED on interconnect charges. Since, the Honorable Islamabad High Court has decided the case in favor of the Holding Company, tax department has filed reference in the Honorable Supreme Court.

31.4 (i) 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.

(ii) This includes federal excise duty on technical service fee of Rs 501,541 thousand (December 31, 2019: Rs 501,541 thousand) paid by PTML to the taxation authority under protest.

32. Short term investments

	Note	2020 Rs '000	2019 Rs '000
Amortized cost			
Market treasury bills		6,212,234	-
Term deposit receipts - Maturity up to 6 months	32.1	6,120,000	2,100,000
Repurchase agreement Lending (Reverse Repo) - Maturity up to 6 months	32.2	450,000	-
Fair value through Profit or Loss			
Units of mutual fund		-	6,906
Fair value through Other Comprehensive Income			
Market treasury bills - Maturity up to 6 months	32.3	10,353,348	6,969,539
Pakistan Investment Bonds (PIBs) - Maturity up to 6 months	32.4	7,601,151	-
		30,736,733	9,076,445

32.1 Term deposit receipts carry interest at the rate of 8.5% to 12% (December 31, 2019: 14.5%) per annum.

32.2 This represent reverse repo carrying interest rate of 6.10% per annum with the maturity date of Jan 4, 2021 (2019: Nil). Securities held as collateral against lending to financial institutions reverse repo are market treasury bills amounting to Rs 450,000 thousand.

32.3 This represents market treasury bills having yield of 7.10% to 7.14% (December 31, 2019: 13.10% to 13.42%) per annum.

32.4 This represents Pakistan investment bonds carrying interest at the rate ranging from 8.12% to 9.06% (2019: NIL) per annum.

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	Note	2020 Rs '000	2019 Rs '000
33. Cash and bank balances			
Cash in hand		1,234,771	745,393
Balances with banks:			
Local currency			
Current account maintained with SBP	33.1	2,238,550	1,097,602
Current accounts	33.2	1,557,346	1,114,250
Saving accounts	33.3	4,136,574	3,139,180
		7,932,470	5,351,032
Foreign currency			
Current accounts (USD 16,078 thousand: December 31, 2019: USD 4,490 thousand)		2,569,829	708,816
Saving accounts (USD 4,099 thousand: December 31, 2019: USD 1914 thousand, Euro 502 thousand: December 31, 2019: Euro 400 thousand)		755,498	365,669
		3,325,327	1,074,485
	33.4	12,492,568	7,170,910

33.1 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% (2019: 5%) of U Bank's time and demand deposits with tenure of less than 1 year. This also includes Rs 102,719 thousand (December 31, 2019: Rs 57,411 thousand) maintained with SBP under Depositors' Protection Fund.

33.2 This includes Rs 10,200 thousand (December 31, 2019: Rs 9,600 thousand) placed under lien with a bank in respect of standby letter of guarantee issued to China Union Pay International.

33.3 These carry mark-up ranging between 3.5% to 12.25% per annum (December 31, 2019: 3.6% to 14.9%).

33.4 Bank balance includes Rs 2,026 thousand (December 31, 2019: Rs 147,092 thousand) carrying profit at the rate of 2.84% per annum (December 31, 2019: 7%) from Shariah arrangements.

	Note	2020 Rs '000	2019 Rs '000
34. Revenue			
Broadband & IPTV		28,059,794	28,039,514
Cellular and other wireless		49,647,666	54,695,905
Fixed line voice services		9,907,696	11,347,008
Revenue from retail customers		87,615,156	94,082,427
Corporate and wholesale		22,510,430	20,736,577
International		9,106,459	7,950,901
Banking		10,190,452	6,772,616
Total Revenue	34.1	129,422,497	129,542,521

34.1 Revenue is net of trade discount amounting to Rs 1,907,234 thousand (December 31, 2019: Rs. 2,069,066 thousand) and Federal Excise Duty / Sales tax amounting to Rs 19,706,620 thousand (December 31, 2019: Rs 16,612,366 thousand).

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	Note	2020 Rs '000	2019 Rs '000
35. Cost of services			
Staff cost	35.1	13,775,152	13,147,043
Outsourced staff cost		1,656,417	1,218,098
Security service charges		1,345,174	1,371,409
Interconnect cost		6,064,971	6,597,266
Foreign operators cost and satellite charges		6,855,144	7,404,796
Fuel and power cost		11,480,372	11,890,052
Cost of devices sold		1,270,176	1,096,059
Amortization of contract costs	24.1	4,629,944	3,801,535
Rent, rates and taxes		80,979	17,080
Repairs & maintenance and IT cost		9,457,351	9,973,721
Depreciation on property, plant and equipment	19.5	25,706,346	25,937,935
Depreciation on ROU assets	20.2	2,756,488	2,636,544
Amortization and impairment of intangible assets	21.8	3,267,332	3,222,151
Annual license fee and regulatory charges	35.2	2,787,051	2,853,437
Markup / interest expense - U Bank		3,204,281	2,522,009
Other expenses	35.3	1,974,880	1,969,756
		96,312,058	95,658,891

35.1 This includes Rs 3,045,027 thousand (December 31, 2019: Rs 2,998,831 thousand) in respect of employees retirement benefits.

35.2 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.

35.3 This includes provision for obsolete stores of Nil (December 31, 2019: Rs 14,292 thousand).

	Note	2020 Rs '000	2019 Rs '000
36. Administrative and general expenses			
Staff cost	36.1	5,919,156	5,406,937
Outsourced staff cost		249,244	216,094
Technical services assistance fee	36.2	4,529,787	4,533,988
Fuel and power cost		324,473	422,879
Gas and water		98,471	95,331
Rent, rates and taxes		305,838	420,529
Repairs & maintenance		929,967	917,104
Travelling and conveyance		306,908	479,904
Legal and professional charges	36.3	520,348	736,597
Billing and printing expenses		372,336	369,855
Depreciation on property, plant and equipment	19.5	1,224,942	1,391,900
Depreciation on ROU assets	20.2	1,177,069	871,929
Amortization of intangible assets	21.8	372,173	330,912
Other expenses	37.2	630,614	491,271
		16,961,326	16,685,230

36.1 This includes Rs 675,777 thousand (December 31, 2019: Rs 640,650 thousand) in respect of employees retirement benefits.

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36.2 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.

	Note	2020 Rs '000	2019 Rs '000
36.3 Auditors' remuneration			
Statutory audit, including half yearly review		12,350	9,848
Out of pocket expenses		800	870
		13,150	10,718
37. Selling and marketing expenses			
Staff cost	37.1	2,944,911	2,838,733
Outsourced staff cost		504,862	374,744
Sales and distribution charges		738,784	679,592
Advertisement and publicity	37.2	2,648,050	3,133,452
Depreciation on property, plant and equipment	19.5	107,446	113,034
Others		175,014	151,598
		7,119,067	7,291,153

37.1 This includes Rs 482,864 thousand (December 31, 2019: Rs 460,674 thousand) in respect of employees retirement benefits.

37.2 Donations that exceed Rs 1,000 thousand are given to the parties given hereunder :

	Note	2020 Rs '000	2019 Rs '000
Names of Donees			
Prime Minister COVID-19 Fund		100,000	-
Support for Karachi flood affectees		1,750	-
Indus Resource Centre		-	4,505
World Wildlife Fund		-	500
		101,750	5,005
38. Impairment loss on trade debts and contract assets			
Impairment loss on:			
Trade debts and contract assets	26.4	1,810,738	2,387,017
Loans to banking customers	27.1	1,579,866	838,456
		3,390,604	3,225,473

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	Note	2020 Rs '000	2019 Rs '000
39. Other income			
Income from financial assets:			
Return on bank deposits	39.1	1,013,771	1,552,525
Interest on investment in Government securities		489,692	301,360
Late payment surcharge from subscribers		269,059	283,288
Gain on fair value remeasurement of forward exchange contracts		606,765	-
Gain on mutual funds (FVTPL)		1,025	93,337
Gain on disposal of investments		66,395	23,164
Others		72,701	44,779
		2,519,408	2,298,453
Income from non-financial assets:			
Gain on disposal of property, plant and equipment		1,485,830	764,359
Write-back of liabilities		350,829	272,465
Government grants recognized	39.2	2,468,314	1,447,720
Re-chargeable projects income		280,749	195,638
Rental income		761,451	638,948
Others		395,146	539,291
		5,742,319	3,858,421
		8,261,727	6,156,874

39.1 Return on bank deposits includes Rs 344 thousand (December 31, 2019: Rs 1,327 thousand) earned from Shariah arrangements.

39.2 This amount is net of operating expenditure subsidy of Rs 3,611 thousand (December 31, 2019: Rs 9,549 thousand).

	2020 Rs '000	2019 Rs '000
40. Finance costs		
Interest on:		
Long term loans from banks	3,269,775	3,716,028
Long term vendor liability	1,925,338	1,977,714
Lease liabilities	2,082,108	1,982,152
Employee loans - Imputed interest	59,558	22,777
Exchange loss	1,273,864	1,008,868
Bank and other charges	723,983	495,169
	9,334,626	9,202,708

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	Note	2020 Rs '000	2019 Rs '000
41. Provision for income tax			
Current	29	2,323,196	3,119,426
Deferred	11	(1,029,319)	(1,860,586)
		1,293,877	1,258,840
41.1 Reconciliation of effective tax rate:			
Profit before tax (Rupees in thousand)		4,566,543	3,635,940

	2020 Percentage	2019 Percentage
Applicable tax rate	29.00	29.00
Reversal of turnover tax of prior period	1.15	-
Income chargeable tax at lower rate	(2.14)	(1.27)
Tax effect of amounts that are not deductible for tax purposes	(0.51)	8.37
Other	0.83	(1.48)
	(0.67)	5.62
Average effective tax rate charged to the consolidated statement of profit or loss	28.33	34.62

42. 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 21,000,000 thousand (December 31, 2019: Rs 20,800,000 thousand) and Rs 15,800,000 thousand (December 31, 2019: 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 4,433,413 thousand (December 31, 2019: Rs 3,749,818 thousand) and Rs 7,593,694 thousand (December 31, 2019: Rs 6,604,514 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, 2019: Rs 34,717,667 thousand).

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	2020 Rs '000	2019 Rs '000
43. Cash generated from operations		
Profit before tax	4,566,543	3,635,940
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	27,038,734	27,442,869
Depreciation of right of use assets	3,933,557	3,508,473
Amortization and impairment of intangible assets	3,639,505	3,553,063
Amortization of contract costs	4,629,944	3,801,535
(Reversal) / Provision for obsolete stores and spares	(19,878)	14,292
Impairment loss on trade debts and contract assets	1,810,738	2,387,017
Reversal of provision for slow moving stock against mobile phones	-	(5,716)
Impairment loss on non performing loans to banking customers	1,579,866	838,456
Provision for employees retirement benefits	4,019,699	3,961,342
Gain on disposal of property, plant and equipment	(1,485,830)	(764,358)
Return on bank deposits and Government securities	(1,503,463)	(1,853,885)
Gain on disposal of investments measured at fair value through profit or loss (FVTPL)	(67,420)	(116,501)
Release of deferred government grants	(2,471,925)	(1,457,269)
Finance cost	5,919,096	6,188,911
Unearned revenue realised	(158,195)	(46,555)
Imputed interest on loans and advances	59,558	22,777
Imputed interest on lease liabilities	2,082,108	1,982,152
	53,572,637	53,092,543
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade, stores and spares	1,829,507	630,531
Trade debts and contract assets	(5,546,487)	(4,704,945)
Loans to banking customers	(10,212,086)	(5,192,697)
Loans and advances	(490,694)	801,523
Deposits, prepayments and other receivables	(3,628,635)	452,300
	(18,048,395)	(8,013,288)
Increase / (decrease) in current liabilities:		
Trade and other payables	6,347,093	6,285,634
Security deposits	(57,305)	(111,623)
	6,289,788	6,174,011
	41,814,030	51,253,266

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43.1. 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, 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	15,351,454	3,187,117	-	-	-	164,563,995
Repayments	(240)	(133,277,015)	(13,356,279)	(5,005,851)	(2,550,078)	(6,129,182)	-	(160,318,645)
	(240)	12,748,409	1,995,175	(1,818,734)	(2,550,078)	(6,129,182)	-	4,245,350
Other changes								
Interest cost on lease liabilities	-	-	-	2,082,108	-	-	-	2,082,108
Liability related changes	-	-	-	-	2,550,000	5,841,698	-	8,391,698
	-	-	-	2,082,108	2,550,000	5,841,698	-	10,473,806
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
Balance at December 31, 2018	599,640	31,084,999	40,484,569	18,845	264,836	1,226,312	32,017,913	105,697,114
Changes from financing cash flows								
Draw-downs / additions	-	7,300,000	11,558,995	21,875,869	-	-	-	40,734,864
Repayments	(240)	(7,368,333)	(13,811,817)	(4,123,823)	(2,603,247)	(5,832,563)	-	(33,740,023)
	(240)	(68,333)	(2,252,822)	17,752,046	(2,603,247)	(5,832,563)	-	6,994,841
Other changes								
Interest cost on lease liabilities	-	-	-	1,982,152	-	-	-	1,982,152
Liability related changes	-	-	-	-	2,550,000	6,264,866	-	8,814,866
	-	-	-	1,982,152	2,550,000	6,264,866	-	10,797,018
Total equity related changes	-	-	-	-	-	-	144,206	144,206
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

	Note	2020 Rs '000	2019 Rs '000
43.2 Cash and cash equivalents			
Short term investments	32	6,212,234	9,076,445
Cash and bank balances	33	12,492,568	7,170,910
Short term running finance	16	(6,680,285)	(4,058,444)
		12,024,517	12,188,911

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44. 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	
	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000	2020 Rs '000	2019 Rs '000
Managerial remuneration	-	-	173,611	172,617	559,344	506,688	1,448,350	1,292,680
Honorarium	300	300	-	-	-	-	-	-
Retirement benefits	-	-	-	-	63,924	56,794	155,229	141,347
Housing	-	-	34,865	36,962	237,265	223,268	545,983	491,620
Utilities	-	-	-	-	59,804	57,175	94,130	86,197
	300	300	208,476	209,579	920,337	843,925	2,243,692	2,011,844
Bonus paid	-	-	65,207	510,170	175,060	135,776	252,085	225,753
	300	300	273,683	719,749	1,095,397	979,701	2,495,777	2,237,597
Number of persons	1	1	1	2	76	76	545	493

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.

The aggregate amount charged in the consolidated financial statements for the year as fee paid to 14 directors including chairman (December 31, 2019: 14) is Rs 150,082 thousand (December 31, 2019: Rs 144,264 thousand) for attending the Board of Directors, and its sub-committee meetings.

45. Rates of exchange

Assets in US dollars have been translated into Rupees at USD 1 = Rs 159.83 (December 31, 2019: USD 1 = Rs 154.85), while liabilities in US dollars have been translated into Rupees at USD 1 = Rs 159.83 (December 31, 2019: USD 1 = Rs 155.35).

46. Financial risk management

46.1 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), British Pound (GBP) 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:

	2020 Rs '000	2019 Rs '000
USD		
Trade and other payables	(5,710,298)	(6,516,476)
Long term vendor liability	(3,787,941)	(10,785,816)
Trade debts	12,428,331	7,618,640
Cash and bank balances	3,234,886	1,005,127
Net exposure	6,164,978	(8,678,525)
EUR		
Trade and other payables	(116,182)	(72,204)
Trade debts	126,097	150,190
Cash and bank balances	111,918	69,358
Net exposure	121,833	147,344
AED		
Trade and other payables	(3,071)	(2,985)
GBP		
Trade and other payables	-	(8,604)
CNY		
Vendor liability	(15,492,592)	(5,848,666)

The following significant exchange rates were applied during the year:

	2020	2019
Rupees per USD		
Average rate	161.62	149.82
Reporting date rate	159.83	154.85
Rupees per EUR		
Average rate	183.45	167.54
Reporting date rate	196.64	174.05
Rupees per AED		
Average rate	43.99	40.79
Reporting date rate	43.51	42.30
Rupees per GBP		
Average rate	207.34	190.99
Reporting date rate	218.45	202.93
Rupees per CNY		
Average rate	23.42	21.24
Reporting date rate	24.46	22.38

If the functional currency, at the reporting date, had fluctuated by 5% against the USD, AED, EUR, GBP and CNY with all other variables held constant, the impact on profit after taxation for the year would have been Rs 326,914 thousand (December 31, 2019: Rs 510,896 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 Nil (December 31, 2019: Rs 6,976,445 thousand) which were subject to price risk.

If redemption price on mutual funds / MTBs / PIBs, 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 Nil (December 31, 2019: Rs 247,664 thousand) 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 :

	2020 Rs '000	2019 Rs '000
Financial assets		
Fixed rate instruments:		
Staff loans	1,575,309	1,311,381
Short term investments	24,524,499	9,076,445
Bank balances - savings accounts	4,892,072	3,504,849
Market treasury bills	6,212,234	-
	37,204,114	13,892,675
Variable rate instruments:		
Loans to banking customers	30,006,299	21,374,079
	67,210,413	35,266,754
Financial liabilities		
Fixed rate instruments:		
Deposits from banking customers	45,633,316	22,724,825
Floating rate instruments:		
Long term loans from banks	43,765,075	31,016,666
Long term vendor liability	21,240,110	17,869,598
Short term running finance	6,680,285	4,058,444
	71,685,470	52,944,708
	117,318,786	75,669,533

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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 295,922 thousand (December 31, 2019: Rs 224,151 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:

	2020 Rs '000	2019 Rs '000
Long term loans and advances	1,382,154	1,141,233
Trade debts and contract assets	25,436,953	21,701,204
Loans to banking customers	28,572,647	20,899,728
Loans and advances	1,219,910	812,610
Deposits and other receivables	12,844,338	6,364,892
Short term investments	30,736,733	9,076,445
Bank balances	11,257,797	6,425,517
	111,450,532	66,421,629

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 3,390,604 thousand (December 31, 2019: Rs 3,225,473 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
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+	AA+	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+	AA+	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
NRSP Microfinance Bank Limited	A-1		PACRA
Mutual Funds			
- HBL Cash Management Fund	-	AA(f)	VIS
- ABL Cash Management Fund	-	AA+(f)	VIS
- UBL Cash Management Fund	-	AA+(f)	PACRA
- MCB Cash Management Optimizer Fund	-	AA+(f)	PACRA

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, 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	83,065,723	83,065,723	-	-
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	-
	250,297,114	163,152,574	75,623,228	11,521,312
As at December 31, 2019				
Long term loans from banks	31,016,666	11,300,239	16,799,760	2,916,667
Lease liabilities	27,984,681	4,234,353	16,655,575	7,094,753
Security deposits	1,359,489	580,116	-	779,373
Long term vendor liability	38,231,747	12,522,539	25,709,208	-
Trade and other payables	76,983,088	76,983,088	-	-
Interest accrued	1,658,615	1,658,615	-	-
Unpaid / Unclaimed Dividend	211,589	211,589	-	-
Short term running finance	4,058,444	4,058,444	-	-
Deposits from banking customers	22,724,825	18,958,369	3,766,456	-
	204,229,144	130,507,352	62,930,999	10,790,793

46.2 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	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
Long term other investments	2019	-	-	51,427	51,427
Market treasury bills	2019	-	6,969,539	-	6,969,539
Interest rate swap	2019	-	-	-	-
Forward exchange contracts	2019	-	(344,909)	-	(344,909)

46.3 Financial instruments by categories - 2020

	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 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	-	-	-	1,048,127	1,048,127
Trade debts and contract assets	-	-	-	25,436,953	25,436,953
Loans to banking customers	-	-	-	30,006,299	30,006,299
Loans and advances	-	-	-	1,553,937	1,553,937
Receivable from the Government of Pakistan	-	-	-	2,164,072	2,164,072
Other receivables	-	-	-	12,844,338	12,844,338
Short term investments	-	-	-	13,721,151	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	83,065,723
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

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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 - 2019					
Financial assets as per consolidated statement of financial position					
Long term other investments	51,427	-	-	-	51,427
Debt securities- treasury bills	-	-	6,969,539	-	6,969,539
Long term loans and advances	-	-	-	890,600	890,600
Trade debts and contract assets	-	-	-	21,701,204	21,701,204
Loans to banking customers	-	-	-	21,374,079	21,374,079
Loans and advances	-	-	-	1,063,243	1,063,243
Receivable from the Government of Pakistan	-	-	-	2,164,072	2,164,072
Other receivables	-	-	-	6,364,892	6,364,892
Short term investments	-	6,906	-	2,100,000	2,106,906
Cash and bank balances	-	-	-	7,170,910	7,170,910

Financial liabilities as per consolidated statement of financial position	Amortized cost
Loans from banks	31,016,666
Subordinated debts	599,400
Vendor liability	38,231,747
Trade and other payables	76,983,088
Security deposits	1,359,489
Unpaid / unclaimed dividend	211,589
Lease liabilities	19,753,043
Interest accrued	1,658,615
Short term running finance	4,058,444

46.4 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.

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47. Employees' Provident Funds

Details of the Group's employees provident funds are given below:

	2020 Rs '000	2019 Rs '000
Total assets	6,043,072	5,472,959
Cost of investments made	5,121,437	4,722,883
Percentage of investments made	84.7%	86.3%
Fair value of investments	5,561,236	5,075,873

	2020		2019	
	Rs '000	Percentage	Rs '000	Percentage
Break up of investments - at cost				
Mutual funds	925,000	18.06	725,000	15.35
Pakistan Investment Bonds	875,000	17.09	875,000	18.53
Term Finance Certificate	424,000	8.28	424,000	8.98
Term Deposit Receipts	2,647,838	51.70	2,507,648	53.10
Interest bearing accounts	249,599	4.87	191,235	4.04
	5,121,437	100	4,722,883	100

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.

48. 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 44 to the Financial Statements. The amounts due from and due to these related parties are disclosed in the respective notes including note 12, 13, 15, 23, 24, 26, 28, 29, 30, 31. The Holding Company has also issue a letter of comfort in favour of PTML as disclosed in note 18.17. 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
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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Particulars	Aggregate % of shareholding in the Holding Company
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

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 23 and 44 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

	2020 Rs '000	2019 Rs '000
Shareholders		
Technical services assistance fee	4,529,787	4,533,988
Associates		
Sale of goods and services	4,211,588	3,439,430
Purchase of goods and services	800,223	733,592
Expenses reimbursed to Pakistan		
MNP Database (Guarantee) Limited	29,800	33,700
Rentals paid to Pakistan Telecommunication Employees Trust (PTET)	634,425	570,462
Employees retirement benefit plan		
Contribution to PTET	3,500,000	3,500,000
Contribution to Gratuity Fund	208,597	218,312
Contribution to Provident Fund	188,644	139,185
Other related party		
Charge under license obligations	1,633,437	1,614,917

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

49. Operating segment information

49.1 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 (Wire line), wireless communications (Wireless) and banking. The reportable operating segments derive their revenue primarily from voice, data and other services.

49.2 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.

49.3 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, 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
Year ended December 31, 2019				
Segment revenue	69,432,842	60,576,633	6,772,986	136,782,461
Inter - segment revenue	(5,321,061)	(1,918,509)	(370)	(7,239,940)
Revenue from external customers	64,111,781	58,658,124	6,772,616	129,542,521
Segment results	6,162,935	(4,039,483)	253,648	2,377,100

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, 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
As at December 31, 2019				
Segment assets	164,082,947	141,818,220	39,916,851	345,818,018
Segments liabilities	115,589,748	114,456,180	32,333,737	262,379,665

NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

49.4 Other segment information is as follows:

	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
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 charge / (credit)	2,389,215	(1,369,169)	273,831	1,293,877
Year ended December 31, 2019				
Depreciation	13,788,458	13,458,119	196,292	27,442,869
Amortization	438,247	3,090,948	23,868	3,553,063
Finance cost	(34,242)	8,364,494	872,456	9,202,708
Interest income	309,192	151,005	1,393,688	1,853,885
Income tax charge / (credit)	2,894,473	(1,686,484)	50,851	1,258,840

49.5 The Group's customer base is diverse with no single customer accounting for more than 10% of net revenues.

49.6 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.

50. Number of employees

	2020 Number	2019 Number
Total number of persons employed at year end	21,670	21,694
Average number of employees during the year	21,621	20,709

51. 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, 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)
As at December 31, 2019					
Trade debts	13,084,598	(5,287,007)	7,797,591	22,046,880	29,844,471
Trade creditors	(6,482,518)	5,287,007	(1,195,511)	(11,474,729)	(12,670,240)

NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

52. Corresponding figures

Consolidated Statement of profit or loss

	As previously reported Rs '000	Reclassified Rs '000	As reclassified Rs '000
Cost of services	95,661,182	(2,291)	95,658,891
Administrative and general expenses	17,027,411	(342,181)	16,685,230
Selling and marketing expenses	6,946,681	344,472	7,291,153

Consolidated Statement of Cash flows

Reclassification from	Reclassification to	Rs '000
Cash generated from operations	Cash flows from Financing activities	75,955
Cash flows from Financing activities	Cash generated from operations	22,908,491

53. Date of authorization for issue

53.1 At the time of the meeting of the Board of Directors, the Chief Executive Officer appointed by the Board of Directors had not assumed charge hence the financial statements have been signed by two directors of the Holding Company.

53.2 These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company on February 10, 2021.

Chief Financial Officer

Director

Chairman

NOTES

PATTERN OF
SHAREHOLDING
AS AT DECEMBER 31, 2020

No. of shareholders	Shareholdings From	To	Total shares held
24,631	1	100	2,429,425
8,754	101	500	2,707,987
2,864	501	1,000	2,539,776
3,517	1,001	5,000	9,765,982
1,133	5,001	10,000	9,435,960
419	10,001	15,000	5,476,381
307	15,001	20,000	5,728,614
226	20,001	25,000	5,388,222
149	25,001	30,000	4,261,143
70	30,001	35,000	2,327,200
74	35,001	40,000	2,860,910
51	40,001	45,000	2,206,190
147	45,001	50,000	7,286,608
32	50,001	55,000	1,707,603
37	55,001	60,000	2,175,000
23	60,001	65,000	1,445,180
31	65,001	70,000	2,133,700
28	70,001	75,000	2,078,100
14	75,001	80,000	1,098,600
17	80,001	85,000	1,417,764
20	85,001	90,000	1,769,306
13	90,001	95,000	1,207,000
82	95,001	100,000	8,167,564
9	100,001	105,000	925,500
18	105,001	110,000	1,950,153
6	110,001	115,000	681,305
11	115,001	120,000	1,303,992
11	120,001	125,000	1,361,306
3	125,001	130,000	386,500
9	130,001	135,000	1,203,550
8	135,001	140,000	1,113,517
7	140,001	145,000	1,002,000
19	145,001	150,000	2,838,528
4	150,001	155,000	612,000
6	155,001	160,000	958,500
7	160,001	165,000	1,141,000
6	165,001	170,000	1,019,100
3	170,001	175,000	524,000
4	175,001	180,000	711,100
7	180,001	185,000	1,280,617
4	185,001	190,000	749,000
2	190,001	195,000	390,000
33	195,001	200,000	6,596,000
1	200,001	205,000	205,000
3	205,001	210,000	625,500
2	210,001	215,000	428,000
2	215,001	220,000	434,000
4	220,001	225,000	897,500
1	225,001	230,000	225,500
2	230,001	235,000	466,000
3	235,001	240,000	711,500
2	240,001	245,000	489,500
11	245,001	250,000	2,750,000
4	250,001	255,000	1,010,800
1	255,001	260,000	255,500
1	260,001	265,000	264,500
5	265,001	270,000	1,340,500
3	270,001	275,000	822,000
2	275,001	280,000	557,500
1	280,001	285,000	280,200
1	285,001	290,000	287,500
8	295,001	300,000	2,395,000
3	300,001	305,000	905,500
2	305,001	310,000	617,000

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2020

No. of shareholders	Shareholdings From	Shareholdings To	Total shares held
2	310,001	315,000	625,000
1	315,001	320,000	319,500
2	325,001	330,000	652,732
1	330,001	335,000	335,000
2	335,001	340,000	680,000
4	345,001	350,000	1,400,000
2	350,001	355,000	708,900
1	365,001	370,000	367,500
2	370,001	375,000	746,500
1	375,001	380,000	376,500
2	380,001	385,000	764,000
1	385,001	390,000	387,073
1	390,001	395,000	390,500
5	395,001	400,000	1,999,000
1	405,001	410,000	410,000
2	410,001	415,000	822,884
1	420,001	425,000	420,500
1	430,001	435,000	430,500
1	435,001	440,000	439,000
1	445,001	450,000	450,000
1	465,001	470,000	470,000
1	475,001	480,000	478,000
14	495,001	500,000	6,999,000
3	500,001	505,000	1,507,500
2	505,001	510,000	1,015,377
1	520,001	525,000	525,000
1	545,001	550,000	550,000
1	555,001	560,000	560,000
1	560,001	565,000	564,500
1	565,001	570,000	570,000
1	570,001	575,000	575,000
1	575,001	580,000	578,000
2	595,001	600,000	1,197,500
1	605,001	610,000	608,000
1	645,001	650,000	650,000
1	650,001	655,000	650,500
1	655,001	660,000	659,500
1	690,001	695,000	690,400
5	695,001	700,000	3,500,000
1	705,001	710,000	709,500
3	745,001	750,000	2.250,000
1	780,001	785,000	785,000
1	795,001	800,000	800,000
1	835,001	840,000	838,000
1	845,001	850,000	850,000
1	865,001	870,000	868,000
1	870,001	875,000	875,000
2	895,001	900,000	1,800,000
1	925,001	930,000	927,000
1	945,001	950,000	950,000
1	965,001	970,000	965,400
5	995,001	1,000,000	5,000,000
1	1,005,001	1,010,000	1,010,000
1	1,020,001	1,025,000	1,025,000
1	1,040,001	1,045,000	1,043,000
1	1,050,001	1,055,000	1,052,000
1	1,080,001	1,085,000	1,083,103
2	1,085,001	1,090,000	2,178,500
1	1,095,001	1,100,000	1,100,000
2	1,145,001	1,150,000	2,295,700
1	1,270,001	1,275,000	1,272,000
1	1,280,001	1,285,000	1,284,500
1	1,300,001	1,305,000	1,304.500
1	1,325,001	1,330,000	1,326,000
1	1,495,001	1,500,000	1,500,000
1	1,535,001	1,540,000	1,535,800
1	1,540,001	1,545,000	1,544,000
1	1,845,001	1,850,000	1,850,000
1	1,915,001	1,920,000	1,920,000
2	1,995,001	2,000,000	4,000,000
2	2,095,001	2,100,000	4,200,000
1	2,130,001	2,135,000	2,131,500
3	2,195,001	2,200,000	6,598,000
1	2,245,001	2,250,000	2,250,000
1	2,370,001	2,375,000	2,371,500
1	2,435,001	2,440,000	2,439,884
1	2,615,001	2,620,000	2,617562
1	2,875,001	2,880,000	2,880,000
1	3,080,001	3,085,000	3,084,050
1	3,095,001	3,100,000	3,099,000
1	3,260,001	3,265,000	3,260,500
1	3,345,001	3,350,000	3,347,600
1	3,380,001	3,385,000	3,384,139
1	3,390,001	3,395,000	3,395,000
1	3,895,001	3,900,000	3,900,000
1	3,950,001	3,955,000	3,950,292
2	3,995,001	4,000,000	8,000,000
1	4,070,001	4,075,000	4,075,000
1	4,120,001	4,125,000	4,124,500
1	4,495,001	4,500,000	4,500,000
1	4,500,001	4,505,000	4,502,000
1	4,785,001	4,790,000	4,788,000
2	4,995,001	5,000,000	10,000,000
1	5,170,001	5,175,000	5,175,000
1	5,495,001	5,500,000	5,500,000
1	5,610,001	5,615,000	5,612,000
1	6,515,001	6,520,000	6,518,500
1	6,545,001	6,550,000	6,549,000
1	6,845,001	6,850,000	6,850,000
1	7,035,001	7,040,000	7,037,500
1	7,780,001	7,785,000	7,784,000
1	8,245,001	8,250,000	8,250,000
2	8,655,001	8,660,000	17,313,500
1	8,850,001	8,855,000	8,854,500
1	11,475,001	11,480,000	11,479,500
1	12,295,001	12,300,000	12,300,000
1	16,225,001	16,230,000	16,227,500
1	27,920,001	27,925,000	27,921,000
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
43,044			**5,100,000,000**

CATEGORIES OF SHAREHOLDERS
AS AT DECEMBER 31, 2020

S. No.	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouses and minor children	10	6,009	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	89,625,587	1.76
6	Insurance Companies	13	69,916,936	1.37
7	Modarabas and Mutual Funds	32	42,277,243	0.83
8	Shareholders holding 10%	4	4,497,067,993	88.18
9	General Public :			
	a. local	42,528	244,111,061	4.79
	b. Foreign	195	128,900	0.00
10	Others	240	156,863,271	3.08
	Total (excluding : shareholders holding 10%)	43,044	5,100,000,000	100.00

Trades in PTCL Shares

The Directors, Chief Executive Officer, Chief Financial 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, 2020.

INFORMATION OF SHAREHOLDERS
AS AT DECEMBER 31, 2020

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	71,000
	CDC - TRUSTEE AKD INDEX TRACKER FUND	1	137,517
	CDC - TRUSTEE AKD OPPORTUNITY FUND	1	250,000
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	4,000
	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	3,395,000
	CDC - TRUSTEE APF-EQUITY SUB FUND	1	75,000
	CDC - TRUSTEE APIF - EQUITY SUB FUND	1	470,000
	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	1	340,000
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	2,198,000
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	4,124,500
	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1	180,000
	CDC - TRUSTEE FIRST HABIB STOCK FUND	1	200,000
	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	200,000
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	7,784,000
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	11,479,500
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	2,439,884
	CDC - TRUSTEE NIT STATE ENTERPRISE FUND	1	1,083,103
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	3,384,139
	CDC - TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	2,131,500
	CDC - -TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	170,000
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	5,000
	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	1	900,000
	MCBFSL - TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	105,000
	TOTAL	23	41,127,143
iii.	**Directors and their spouses**		
	MR. ABDULRAHIM A. AL NOORYANI	1	1
	MR. HESHAM ABDULLA QASSIM AL QASSIM	1	1
	MR. HATEM DOWIDAR	1	1
	MR. KHALIFA AL FORAH AL SHAMSI	1	1
	MR. RIZWAN MALIK	1	1
	MR. NAVEED KAMRAN BALOCH	1	1
	MR. SHOAIB AHMAD SIDDIQUI	2	6,001
	SYED SHABAHAT ALI SHAH	1	1
	DR. MOHAMED KARIM BENNIS	1	1
	TOTAL	10	6,009

INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE

AS AT DECEMBER 31, 2020

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	46	110,650,626
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 SIXTH ANNUAL GENERAL MEETING

Notice is hereby given that the twenty sixth Annual General Meeting (the 'meeting') of Pakistan Telecommunication Company Limited (the 'Company') will be held on Wednesday, April 28, 2021 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 6th Extraordinary General Meeting held on January 20, 2021.
2. To receive, consider and adopt the Audited Accounts for the year ended December 31, 2020, together with the Auditors' and Directors' reports.
3. To appoint Auditors for the financial year ending December 31, 2021 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 01, 2021

NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

Notes:

1. **Participation in the Annual General Meeting**

A. **Coronavirus Contingency Planning for the Annual General Meeting**

In compliance with the Securities and Exchange Commission of Pakistan (the 'Commission') Circular No. 4 of 2021 dated February 15, 2021, 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@ptcl.net.pk. 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, 2021. 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@ptcl.net.pk.

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 20, 2021 to April 28, 2021 (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 19, 2021 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 SIXTH 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) he 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.

NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

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.

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) (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.

FORM OF PROXY

PAKISTAN TELECOMMUNICATION COMPANY LIMITED

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 I.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 Sixth Annual General Meeting of the Company to be held on Wednesday, April 28, 2021 at 10:30 a.m. and at any adjournment thereof.

Signed this ______________ day of ______________ 2021.

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 26 ویں سالانہ اجلاس عام، جو بتاریخ 28 اپریل 2021ء بروز بدھ بوقت 10:30 بجے صبح منعقد ہو رہا ہے یا اس کے ملتوی

شدہ اجلاس میں شرکت کر سکیں اور ووٹ ڈال سکیں۔

مورخہ: ______________

جگہ برائے 5 روپے
کے رسیدی ٹکٹ
اور اُن پر حصے دار کے
درج شدہ (رجسٹرڈ) دستخط

گواہان:

1.	2.
دستخط: ______________	دستخط: ______________
نام گواہ: ______________	نام گواہ: ______________
پتہ: ______________	پتہ: ______________
______________	______________
______________	______________
شناختی کارڈ/پاسپورٹ نمبر: ______________	شناختی کارڈ/پاسپورٹ نمبر: ______________

ٹکٹ
یہاں چسپاں کریں

کمپنی سیکریٹری
پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ
پی ٹی سی ایل، ہیڈکواٹرز، سیکٹر G-8/4
اسلام آباد-44000 پاکستان

PTCL ANNUAL REPORT 2020

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www.ptcl.com.pk

Pakistan Telecommunication Company Limited

PTCL Headquarters,
G-8/4, Islamabad, Pakistan.