ptcl

Pakistan
Telecommunication
Company Limited

PTCL Head Office
Room #17, Ufone Tower, Plot #55-C,
Main Jinnah Avenue, Sector F-7/1,
Blue Area, Islamabad

ANNUAL REPORT 2022

PAKISTAN TELECOMMUNICATION
COMPANY LIMITED

FORWARD TOGETHER

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VISION

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

MISSION

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

CORE VALUES

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

BOARD OF DIRECTORS

STANDING
(FROM LEFT TO RIGHT):

Mr. Ahad Khan Cheema
Non-Executive Director

Mr. Hamed Yaqoob Sheikh
Non-Executive Director

SITTING
(FROM LEFT TO RIGHT):

Mr. Mohsin Mushtaq Chandna
Chairman

Mr. Abdulrahim A. Al Nooryani
Non-Executive Director

Mr. Hatem Dowidar
Non-Executive Director

STANDING
(FROM LEFT TO RIGHT):

Dr. Mohamed Karim Bennis
Non-Executive Director

Mr. Mikhail Gerchuk
Non-Executive Director

Ms. Saima Akbar Khattak
Group Company Secretary

SITTING
(FROM LEFT TO RIGHT):

Dr. Iram Anjum Khan
Non-Executive Director

Mr. Burak Sevilengul
Non-Executive Director

CORPORATE INFORMATION

Management

- Hatem Mohamed Bamatraf
  Prsesident and Group Chief Executive Officer
- Mohammad Nadeem Khan
  Group Chief Financial Officer
- Muhammad Shoaib Baig
  Group Chief Human Resources Officer
- Naveed Khalid Butt
  Group Chief Regulatory Officer
- Zahida Awan
  Group Chief Legal Officer
- Saad Muzaffar Waraich
  Group Chief Information Officer
- Jafar Khalid
  Group Chief Technology Officer
- Ahmad Kamal
  Group Chief Customer Care Officer
- Zarrar Hasham Khan
  Group Chief Business Solutions Officer
- Muhammad Shehzad Yousuf
  Chief Business Operations Officer
- Shahid Abbas
  Group Chief Internal Audit
- Syed Mazhar Hussain
  Advisor to President and Group CEO

Company Secretary

- Saima Akbar Khattak
  Group Company Secretary

Legal Advisor

- Zahida Awan
  Group Chief Legal Officer

Auditors

- KMPG Taseer Hadi & Co.
  Chartered Accountants

Bankers

- Conventional

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

- Islamic

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

Share Registrar

- FAMCO Associates (Pvt.) Limited

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

Registered Office

- PTCL Head Office,

Room #17, Ground Floor (Margalla Side),
Ufone Tower, Plot #55-C,
Main Jinnah Avenue, Sector F-7/1,
Blue Area, Islamabad
Fax: +92-51-2310477
e-mail: company.secretary@ptclgroup.com
Web: www.ptcl.com.pk

THE MANAGEMENT TEAM

STANDING
(FROM LEFT TO RIGHT):

Mr. Shahid Abbas
Group Chief Internal Audit

Mr. Saad Muzaffar Waraich
Group Chief Information Officer

Mr. Zarrar Hasham Khan
Group Chief Business Solutions Officer

Ms. Zahida Awan
Group Chief Legal Officer

SITTING
(FROM LEFT TO RIGHT):

Mr. Muhammad Shoaib Baig
Group Chief Human Resources Officer

Mr. Mohammad Nadeem Khan
Group Chief Financial Officer

STANDING
(FROM LEFT TO RIGHT):

Mr. Jafar Khalid
Group Chief Technology Officer

Mr. Ahmad Kamal
Group Chief Customer Care Officer

Mr. Muhammad Shehzad Yousuf
Chief Business Operations Officer

SITTING
(FROM LEFT TO RIGHT):

Mr. Hatem Mohamed Bamatraf
Prsesident and Group Chief Executive Officer

Syed Mazhar Hussain
Advisor to President and Group CEO

Mr. Naveed Khalid Butt
Group Chief Regulatory Officer

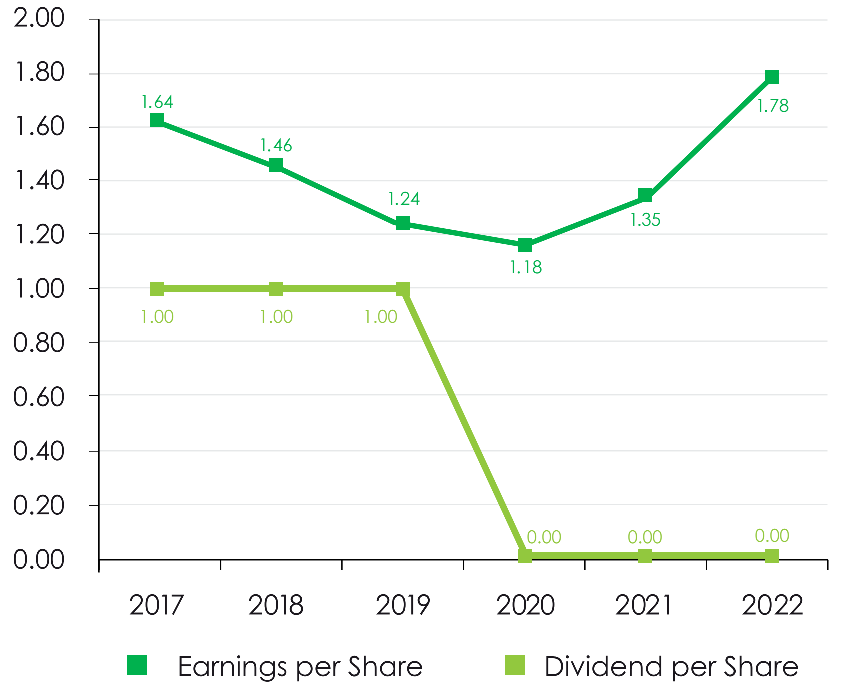
OPERATING AND FINANCIAL HIGHLIGHTS

Year ended Dec 31		2022	2021	2020	2019	2018	2017
Key Indicators							
Operating							
Operating profit margin	%	5.85	5.42	4.80	6.90	9.14	10.31
Net profit margin	%	10.85	8.94	8.40	8.87	10.41	12.02
Performance							
Fixed assets turnover	Times	0.75	0.73	0.69	0.73	0.78	0.79
Debtors' turnover	Times	2.48	3.01	3.31	3.88	4.36	4.60
Return on equity	%	8.72	7.10	6.64	7.41	8.80	9.96
Return on capital employed	%	3.10	3.13	2.72	4.02	5.45	6.13
Earnings retention	%	100.00	100.00	100.00	19.65	31.29	39.05
Leverage							
Gearing	Ratio	40:60	29:71	27:73	30:70	31:69	28:72
Debt ratio	%	63.97	58.27	55.45	55.39	53.92	50.76
Liquidity							
Current	Times	0.85	0.76	0.86	0.87	1.00	1.14
Quick	Times	0.79	0.71	0.82	0.80	0.91	1.09
Valuation							
Earnings per share	Rs	1.78	1.35	1.18	1.24	1.46	1.64
Breakup value per share	Rs	21.19	19.54	18.43	17.21	16.39	16.69
Dividend payout ratio	%	-	-	-	80.35	68.71	60.95
Price earnings ratio	Times	3.44	6.45	7.70	7.52	6.60	7.95
Market price to breakup value	Times	0.29	0.45	0.49	0.54	0.59	0.78
Dividend per share	Rs	-	-	-	1.00	1.00	1.00
Dividend yield	%	-	-	-	10.68	10.41	7.66
Dividend cover ratio	Times	-	-	-	1.24	1.46	1.64
Market value per share	Rs	6.10	8.70	9.10	9.36	9.61	13.05
Historical Trends							
Operating Results							
Revenue	Rs (m)	83,444	76,853	71,804	71,548	71,273	69,620
Profit before tax	Rs (m)	13,513	9,682	8,493	9,331	10,757	12,874
Profit after tax	Rs (m)	9,053	6,874	6,030	6,347	7,422	8,368
Dividend	Rs (m)	-	-	-	5,100	5,100	5,100
Financial Position							
Share capital	Rs (m)	51,000	51,000	51,000	51,000	51,000	51,000
Reserves	Rs (m)	57,054	48,653	43,010	36,751	32,571	34,102
Shareholders' equity	Rs (m)	108,054	99,653	94,010	87,751	83,571	85,102
EBITDA	Rs (m)	21,882	20,631	19,592	19,986	21,193	22,693
Working capital	Rs (m)	(18,624)	(24,662)	(12,812)	(10,400)	139	8,936
Current assets	Rs (m)	107,633	79,881	76,744	68,835	68,658	71,250
Total assets	Rs (m)	305,160	245,735	223,600	209,994	196,523	187,348
Non current liabilities	Rs (m)	70,849	41,539	40,035	43,008	44,433	39,933
Operational*							
ALIS as on Dec 31	No. (000)	2,407	2,468	2,454	2,467	2,664	2,959
Average ALIS per employee	No.	156	153	151	156	170	190

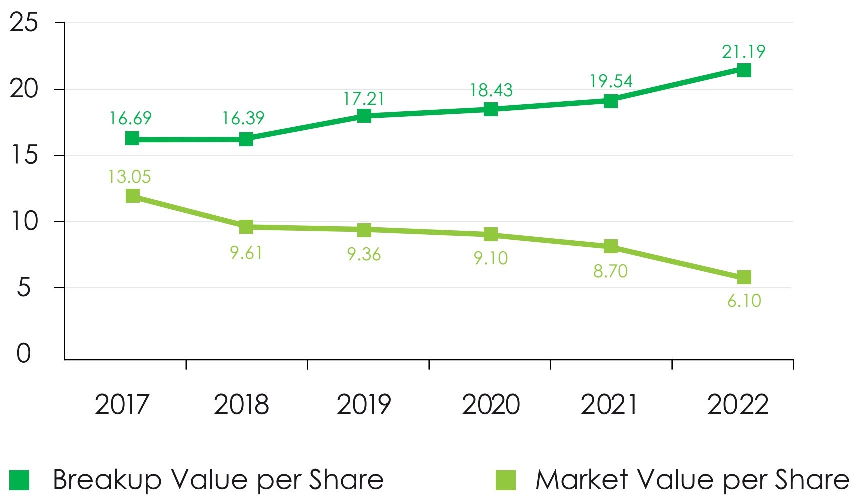
* Exclusive of Primary and Basic Rate interface

OPERATING & FINANCIAL HIGHLIGHTS
Graphical Presentation

DIVIDEND PAYOUT PER SHARE (RUPEES)

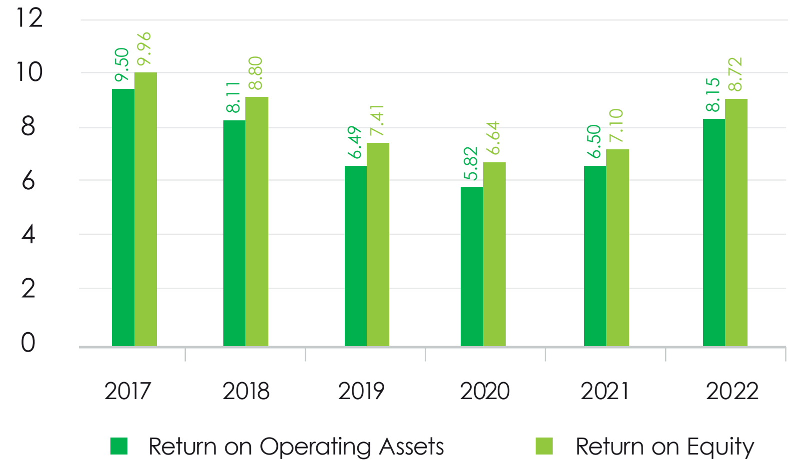


BREAKUP VALUE VS MARKET VALUE (RUPEES)

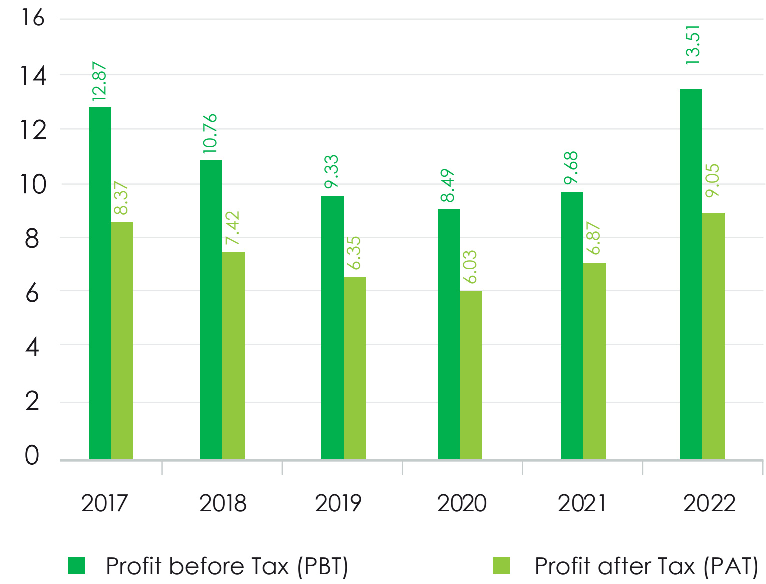


OPERATING & FINANCIAL HIGHLIGHTS
Graphical Presentation

RETURN ON OPERATING ASSETS & EQUITY (PERCENTAGE)



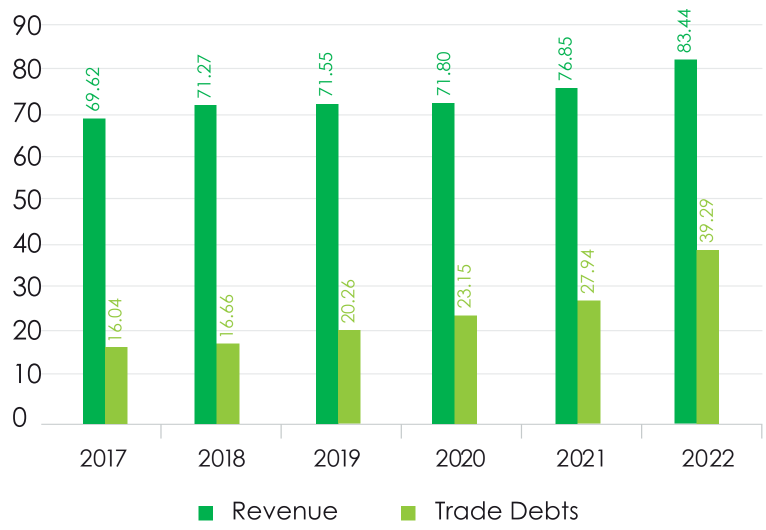
PROFIT BEFORE TAX AND PROFIT AFTER TAX (RUPEES IN BILLION)



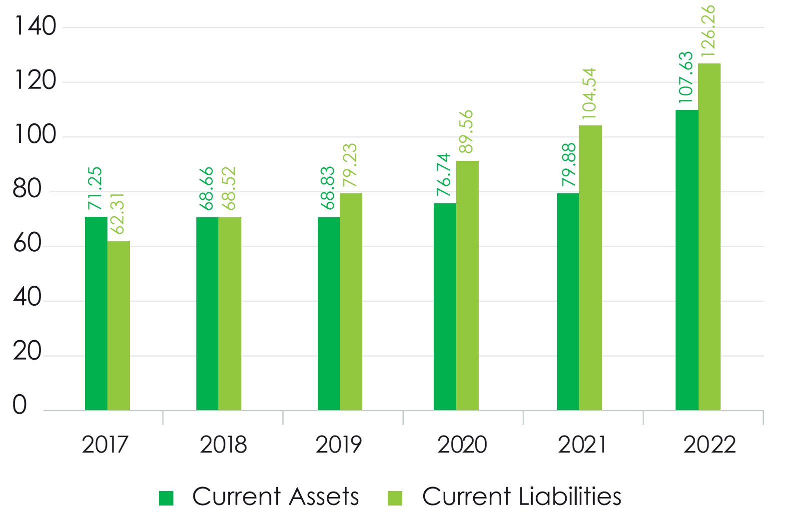
OPERATING & FINANCIAL HIGHLIGHTS

Graphical Presentation

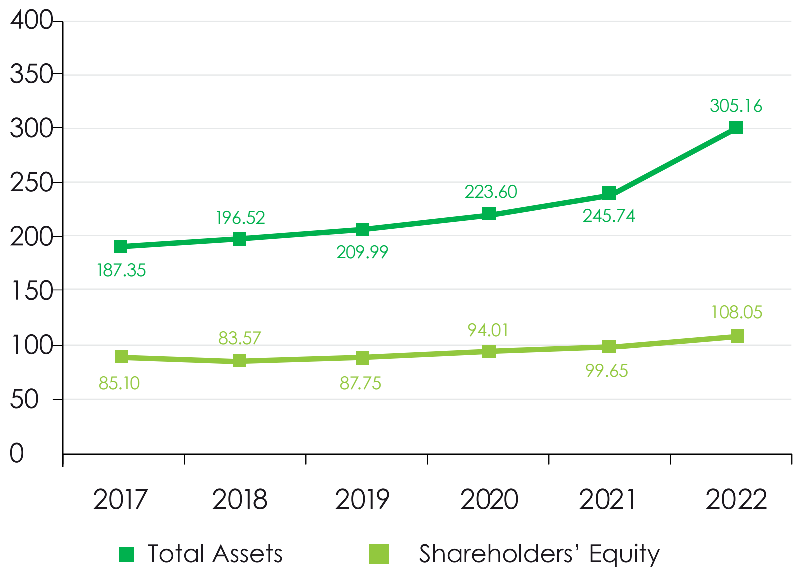
REVENUE AND TRADE DEBTS (RUPEES IN BILLION)



CURRENT ASSETS & CURRENT LIABILITIES (RUPEES IN BILLION)



TOTAL ASSETS VS SHAREHOLDERS' EQUITY (RUPEES IN BILLION)



Chairman's Review-2022

PTCL Group, being the national telecom carrier and connectivity backbone of Pakistan, strives to provide innovative solutions for accelerated growth of a 'Digital Pakistan', be it through a robust telecommunication infrastructure or a diverse portfolio of services and enhanced customer experience. I am pleased to share that PTCL and its Group companies continued to thrive in 2022.

Significant expansion of high-speed data services during last few years has played a pivotal role in reshaping the focus of telecom sector thus becoming one of the core factors, driving industries and businesses. Telcom companies are making substantial investments for the provision of state-of-the-art, diversified, and innovative yet affordable products and solutions to the customers. Broadband penetration, including wireless and fixed broadband, is recorded at 56.31% while total mobile subscribers have reached 193 million with tele-density of 86%. The key growth driver is LTE subscribers base which has shown year-on-year growth of 21% to reach 108 million. Competition between mobile operators is expected to remain intense where operators continue to offer high data volume bundles in an effort to increase ARPU (average revenue per user) and achieve growth in subscribers' base.

In terms of revenue, PTCL continued its strong performance throughout 2022, closing 2022 with the highest revenue in its history, i.e., Rs 83.4 billion. The Company posted an operating profit of Rs 4.9 billion which is 17.1% higher compared to 2021. PTCL's net profit of Rs 9 billion (the highest since 2013), is 31.7% higher compared to the previous year. Overall, PTCL Group achieved a double-digit revenue growth of 10.2% during 2022. Of this, PTCL itself posted 8.6% growth in its revenues; whereas Ufone; and U Microfinance Bank, achieved 7.1% and 35.4% revenue growth respectively during 2022.

I would also thank my colleagues at the PTCL Board of Directors and its sub-committees who have invested time and efforts to provide the roadmap for the management to achieve the aforementioned milestones during 2022. Throughout the year, the Board and its sub-committees remained cognizant of all the risks and challenges that were faced by the Company. Through active mitigation strategies and foresight, they closely monitored the Company's performance by conducting regular meetings of the Board and its sub-committees. Keen participation of the members helped equip the management with tangible measures which led to significant improvement in PTCL's performance. PTCL Group continues to expand and upgrade its existing infrastructure and network. We at PTCL Group are committed to utilizing our core competencies and putting our conscious efforts in ensuring that PTCL Group continues providing the innovative solutions to accelerate growth and enhance customer experience.

In conclusion, on behalf of the PTCL Board and PTCL Group, I would like to assure all shareholders that we are all committed to utilizing our expertise for the benefit of PTCL towards value maximization for the shareholders and look forward to an even more prosperous 2023 ahead for PTCL Group.

Mohsin Mushtaq Chandna
Chairman, PTCL Board
Islamabad: February 15, 2023

چیئرمین کا جائزہ

پی ٹی سی ایل گروپ، پاکستان کی قومی ٹیلی کام کمپنی ہونے کے ناطے کیریئر اور کنیکٹیویٹی میں ریڑھ کی ہڈی کی حیثیت رکھتا ہے اور ڈیجیٹل پاکستان کے حصول کیلئے تیز ترین ترقی اور جدت کی فراہمی میں مصروف عمل ہے، چاہے وہ مضبوط ٹیلی کمیونیکیشن انفراسٹرکچر کے ذریعے ہو یا سروسز کی وسیع ترین پورٹ فولیو کے ساتھ یا بہترین کسٹمر سروسز کی فراہمی کے ذریعے۔ مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ پی ٹی سی ایل اور اس کی گروپ کمپنیز 2022 میں ترقی کے راستوں پر گامزن رہیں۔

گزشتہ چند سالوں کے دوران تیز رفتار ڈیٹا سروسز کی نمایاں توسیع نے ٹیلی کام سیکٹر کو ایک نئی شکل دی ہے۔ یہ کئی انڈسٹریز کو کامیابی سے چلانے کیلئے ایک بنیادی ضرورت بن گیا ہے۔

ٹیلی کام کمپنیز اپنے صارفین کو جدید ترین اور تیز ترین مگر مناسب قیمت کی سہولیات و پروڈکٹس کی فراہمی ممکن بنانے کیلئے خاطر خواہ سرمایہ کاری کر رہی ہیں۔ وائرلیس اور فکسڈ براڈ بینڈ سمیت براڈ بینڈ کی رسائی 56.31 فیصد ریکارڈ کی گئی ہے جبکہ کل موبائل سبسکرائبرز 86 فیصد ٹیلی ڈینسٹی کے ساتھ 193 ملین تک پہنچ گئے ہیں۔ کلیدی ترقی کا محرک LTE سبسکرائبرز ہیں جو کہ سال بہ سال 21 فیصد کی شرح نمو کی وجہ سے 108 ملین تک پہنچ گئے ہیں۔ موبائل آپریٹرز کے درمیان مقابلہ شدید رہنے کی توقع ہے اور آپریٹرز ARPU (فی صارف اوسط آمدنی) کو بڑھانے اور صارفین میں اضافہ حاصل کرنے کی کوشش میں زیادہ ڈیٹا والیوم والے بنڈلز پیش کرتے رہیں گے۔

پی ٹی سی ایل نے 2022 کے دوران اپنی مضبوط کارکردگی کو جاری رکھا، 2022 کے اختتام پر اس نے اپنی تاریخ میں سب سے زیادہ آمدنی یعنی 83.4 ارب روپے حاصل کی۔ کمپنی نے 4.9 ارب روپے کا آپریٹنگ منافع کمایا جو 2021 کے مقابلے میں 17.1 فیصد زیادہ ہے۔ پی ٹی سی ایل کا 9 ارب روپے کا خالص منافع 2013 کے بعد سب سے زیادہ اور، پچھلے سال کے مقابلے میں 31.7 فیصد زیادہ ہے۔ 2022 کے دوران پی ٹی سی ایل گروپ نے مجموعی طور پر آمدن میں 10.2 فیصد کا اضافہ حاصل کیا۔ پی ٹی سی ایل کی آمدن میں 8.6 فیصد کا اضافہ ہوا، جبکہ یوفون اور یو مائیکروفنانس بینک کی آمدن برائے 2022 میں بالترتیب 7.1 فیصد اور 35.4 فیصد کا اضافہ ہوا۔

میں پی ٹی سی ایل بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹیوں میں شامل اپنے تمام ساتھیوں کا بھی شکریہ ادا کروں گا جنہوں نے 2022 کے دوران مذکورہ بالا سنگ میل کو حاصل کرنے کے لیے انتظامیہ کو روڈ میپ فراہم کرنے کے لیے اپنا قیمتی وقت دیا اور ہر ممکن کوششیں کیں۔ کمپنی کو درپیش تمام خطرات اور چیلنجز سے آگاہ، فعال حکمت عملیوں اور دور اندیشی کے ذریعے بورڈ اور اس کی ذیلی کمیٹیوں نے باقاعدگی سے اجلاس منعقد کر کے کمپنی کی کارکردگی پر گہری نظر رکھی۔ اراکین کی بھرپور شرکت نے انتظامیہ کو ٹھوس اقدامات کرنے میں مدد کی جس کی وجہ سے پی ٹی سی ایل کی کارکردگی میں نمایاں بہتری آئی۔ پی ٹی سی ایل گروپ اپنے موجودہ انفراسٹرکچر اور نیٹ ورک کی توسیع اور اپ گریڈیشن جاری رکھے ہوئے ہے۔ ہم پی ٹی سی ایل گروپ میں اپنی بنیادی صلاحیتوں کو بروئے کار لانے اور اس بات کو یقینی بنانے کے لیے اپنی شعوری کوششیں کرنے کے لیے پرعزم ہیں کہ پی ٹی سی ایل گروپ ترقی کو تیز کرنے اور صارفین کے تجربے کو بڑھانے کے لیے جدید حل فراہم کرتا رہے۔

آخر میں، پی ٹی سی ایل بورڈ اور پی ٹی سی ایل گروپ کی جانب سے، میں تمام شیئر ہولڈرز کو یقین دلانا چاہتا ہوں کہ ہم سب پی ٹی سی ایل کے فائدے کے لیے اپنی مہارت کو استعمال کرنے کے لیے پرعزم ہیں تاکہ شیئر ہولڈرز کے منافع میں اضافے کے لئے بھی کوششیں جاری رکھی جاسکیں۔ مجھے یقین ہے کہ پی ٹی سی ایل گروپ کیلئے 2023 بھی زیادہ خوشحال سال ثابت ہوگا۔

محسن مشتاق چاندنہ
چیئرمین پی ٹی سی ایل بورڈ
اسلام آباد: 15 فروری 2023

GROUP CEO'S MESSAGE

During 2022, global economies were faced with inflation triggered by the resumption of and change in consumer spending patterns post Covid-19. This shifting economic landscape, coupled with massive geopolitical shocks caused by the war in Ukraine, severely affected economies worldwide, including Pakistan's. As a heavily import-based economy, Pakistan was particularly affected, resulting in a significant increase in the cost of doing business. The situation was further exacerbated as these global trends and Pakistan's challenging balance of payment issues put enormous pressure on the value of Pak Rupee against the USD. The telecom sector, being heavily reliant on the import of telecom equipment, was notably affected by this deteriorating rupee-dollar parity. Besides currency devaluation, businesses are faced with challenges like unprecedented hike in power tariffs, rising interest rates, supply chain disruptions, and general inflationary pressures.

Despite these acute economic challenges, Pakistan's telecom industry has a promising growth potential due to the country's demographics, lower broadband penetration compared to regional markets, a rising demand for high-speed data services and rapid pace of digitalization. As the largest integrated telecom operator in the country, PTCL Group is in an ideal position to capitalize on these opportunities.

PTCL continued its strong performance in 2022 by constantly innovating its product line and improving its customer services, while simultaneously enhancing value for its shareholders. The company posted a revenue of Rs 83.4 billion for the year, the highest ever in its history, with 8.6% growth over last year. Flash Fiber, PTCL's premium Fiber-To-The-Home (FTTH) service, showed an impressive revenue growth of 102.7% over last year, achieving the highest customer net adds within the FTTH market in 2022. PTCL's enterprise business grew by 18.8% as compared to last year, while carrier and wholesale business continued its growth momentum, achieving an 11% overall revenue growth. The company operates state-of-the-art international submarine cable network comprising of four diverse routes i.e., AAE1, SMW4, IMEWE and SMW3 and one new submarine cable (Africa-1) in pipeline. International voice revenue has increased by 8.5% as compared to last year. PTCL has posted an operating profit of Rs 4.9 billion, which is 17.1% higher as compared to 2021. Net profit of Rs 9.1 billion, the highest since 2013, is 31.7% higher as compared to last year.

After acquiring an additional 9 MHz spectrum in 1800 MHz band, Ufone has successfully gained significant traction through higher speed and high-volume data bundle offerings. The company achieved 7.1% YoY revenue growth in 2022 despite challenges such as increase in Advance Income Tax (AIT), reduction in Mobile Termination Rates (MTR), and recent floods in the country. With a record setting LTE rollout in the country's history, the company gained highest growth percentage in LTE subscriber base compared to its competition. This growth led to a significant growth in the overall subscriber base and market share gain for Ufone. In 2022, PTA awarded Ufone for the best quality in both voice and data services, as well as the most consistent and superior 4G quality network in Pakistan.

U Bank, the microfinance and branchless banking subsidiary of PTCL, continued its growth trajectory and achieved 35.4% growth in its revenue over last year. Year 2022 has been instrumental in the evolutionary journey of the bank, wherein the bank experienced massive transformation in the segments it serves, the product platter it offers and the revenue engines it relies on. U Bank made history by launching Shariah-compliant banking services, leveraging the power of thirty fully operational Islamic Banking branches. With huge unmet demand for this variant of banking, U Bank is all set to capitalize on this immense opportunity. The bank's total asset base doubled in 2022, reaching an impressive Rs 221 billion from Rs 104 billion in last year. While aggressive growth remained the mainstay of the bank's strategy, diversification, risk mitigation and capital preservation continued to be at its core.

PTCL Group reported its highest ever revenue of Rs 151.6 billion which is 10.2% higher than last year and is the result of a positive contribution from all operating companies. The Group's profitability remained under pressure due to significant hike in power and fuel tariffs, devaluation of Pak Rupee against the USD, higher interest rates, and other costs associated with the acquisition of 4G spectrum and related network rollout. The Group has posted a net loss of Rs 7.8 billion.

This year also, PTCL has maintained the entity rating of "AAA" (Triple A) and short-term rating of "A-1+" (A-One Plus). This reflects stakeholders' confidence in PTCL's strong financial outlook. For Ufone, VIS Credit Rating Company has assigned initial entity ratings of 'AA-/A-1' (Double A Minus/A-One) with outlook on the assigned ratings as 'Stable'. This acknowledges the financial strength of Ufone through an independent rating exercise which also denotes high credit quality and good fundamental protection factors and is a testimony of stakeholders' confidence in Ufone.

The country experienced the worst-ever floods in its history that caused significant loss of life and extensive damage to infrastructure in the affected regions. As a national company deeply ingrained in Pakistani society, PTCL not only donated generously to the PM's Flood Relief Fund but also played a crucial role in facilitating rescue and relief operations. The company ensured uninterrupted coverage and connectivity in the disaster-stricken areas and opened the doors of its medical centers across the country to provide medical assistance to those affected by water-borne diseases and injuries resulting from the floods. As a responsible corporate citizen, PTCL Group also undertook various other CSR initiatives during the year which, among others, include promoting digital and economic inclusion for women entrepreneurs, making efforts to reduce digital gender gap, providing access to quality education for out-of-school children, and driving tree plantation efforts to increase the country's forest cover.

I would like to extend my deepest gratitude to all of those who have played a valuable role in the success of PTCL Group in 2022 – our customers for their confidence in our abilities, our employees for all their dedication and hard work, our management team for their commitment and our shareholders for all their support. I am confident that with their continuing support, PTCL stands ready to meet every challenge and capitalize on every opportunity that will enhance the shareholders' value.

Hatem Mohamed Bamatraf
President and Group Chief Executive Officer
Islamabad: February 15, 2023

گروپ چیف ایگزیکٹیو آفیسر کا پیغام

2022 پوری دنیا کی معیشتوں کیلئے مہنگائی کا سال ثابت ہوا جس کی بنیادی وجہ COVID-19 کے بعد صارفین کے اخراجات کے پیٹرن کے دوبارہ آغاز اور اس میں تبدیلی تھے۔ اس بدلتے ہوئے معاشی منظر نامے کے ساتھ ساتھ یوکرین کی جنگ کے اثرات نے پاکستان سمیت دنیا بھر کی معیشتوں کو بری طرح متاثر کیا۔ ان حالات میں پاکستان سب سے زیادہ متاثر ہوا، کیونکہ ہماری معیشت میں درآمدات پر زیادہ انحصار کیا جاتا ہے یہی وجہ ہے کہ ہر شعبے میں کاروباری لاگت میں نمایاں اضافہ ہوا۔ اس بگڑتی صورتحال اور عالمی رجحانات نے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر پر بہت زیادہ دباؤ ڈالا۔ ٹیلی کام سیکٹر کا زیادہ تر انحصار ٹیلی کام آلات کی درآمد پر ہے، جو روپے کی گرتی قدر کے باعث زیادہ متاثر ہوا اور اخراجات میں کئی گنا اضافہ ہوا۔ گزشتہ سال ڈالر کے بڑھتے ریٹس کے علاوہ بھی کاروباری شعبے کو کئی سنگین مسائل کا سامنا کرنا پڑا جن میں بجلی کے بڑھتے ریٹ، ایندھن کی قیمت میں اضافہ، بڑھتی شرح سود، سپلائی چین میں رکاوٹیں اور ہر سمت مہنگائی کی شدید لہر شامل تھے۔ ان تمام عوامل کے باعث کاروباری سیکٹر کو شدید ترین چیلنجز کا سامنا کرنا پڑا۔

ان شدید اقتصادی چیلنجز کے باوجود، پاکستان کی ٹیلی کام انڈسٹری میں ملک کی آبادی، علاقائی مما لک کے مقابلے میں براڈ بینڈ کی کم رسائی، تیز رفتار ڈیٹا سروسز کی بڑھتی ہوئی مانگ اور ڈیجیٹلائزیشن کی تیز رفتار کی وجہ سے ترقی کی امید افزا صلاحیت موجود ہے۔ ملک کے سب سے بڑے مربوط ٹیلی کام آپریٹر ہونے کی حیثیت سے، پی ٹی سی ایل گروپ ان مواقع سے فائدہ اٹھانے کے لیے ایک مثالی پوزیشن میں ہے۔

پی ٹی سی ایل نے 2022 میں اپنی پروڈکٹس میں وسعت اور جدت کے علاوہ کسٹمر سروسز کو بہتر بنانے اور اپنے شیئر ہولڈرز کی قدر میں اضافہ کرتے ہوئے اپنی مضبوط کارکردگی کے تسلسل کو جاری رکھا۔ کمپنی نے اس سال اپنی تاریخ کی سب سے زیادہ آمدن حاصل کی جو 83.4 ارب روپے رہی، گزشتہ سال کے مقابلے میں یہ 8.6 فیصد کا اضافہ ہے۔ فلیش فائبر، پی ٹی سی ایل کی پریمیم فائبر ٹو دی ہوم (FTTH) سروس ہے جس نے نہ صرف گزشتہ سال کے مقابلے میں آمدن میں 102.7 فیصد کا شاندار اضافہ حاصل کیا بلکہ اس سال مارکیٹ کے مقابلے میں اس کے کسٹمرز کی تعداد میں بھی ریکارڈ اضافہ ہوا۔

پی ٹی سی ایل کے انٹرپرائز کاروبار میں گزشتہ سال کے مقابلے میں 18.8 فیصد اضافہ ہوا، جبکہ کیریئر اور ہول سیل کاروبار نے اپنی ترقی کی رفتار کو جاری رکھتے ہوئے مجموعی طور پر 11 فیصد آمدنی میں اضافہ حاصل کیا۔ کمپنی جدید ترین بین الاقوامی سب میرین کیبل نیٹ ورک چلاتی ہے جس میں چار مختلف راستوں یعنی AAE1، SMW4، IMEWE اور SMW3 اور پائپ لائن میں ایک نئی سب میرین کیبل (افریقہ–1) شامل ہے۔ انٹرنیشنل کالز کی آمدنی میں گزشتہ سال کے مقابلے میں 8.5 فیصد اضافہ ہوا۔ پی ٹی سی ایل نے 4.9 ارب روپے کا آپریٹنگ منافع کمایا ہے جو 2021 کے مقابلے میں 17.1 فیصد زیادہ ہے۔ 9.1 ارب روپے کا حاصل ہونے والا خالص منافع 2013 کے بعد حاصل ہونے والا سب سے زیادہ منافع ہے جو گزشتہ سال کے مقابلے میں 31.7 فیصد زیادہ ہے۔

1800 میگا ہرٹز بینڈ میں اضافی 9 میگا ہرٹز سپیکٹرم حاصل کرنے کے بعد، یوفون نے تیز رفتار اور ہائی والیوم ڈیٹا بنڈلز کی وسیع رینج فراہم کر کے اپنی کامیابی کو مزید مستحکم کیا۔ ایڈوانس انکم ٹیکس (AIT) میں اضافہ، موبائل ٹرمینیشن ریٹ (MTR) میں کمی اور ملک میں حالیہ سیلاب جیسے چیلنجوں کے باوجود کمپنی نے 2022 میں 7.1 فیصد سالانہ آمدنی میں اضافہ حاصل کیا۔ ملکی تاریخ میں ریکارڈ قائم کرنے والے LTE رول آؤٹ کے ساتھ، کمپنی نے LTE سبسکرائبر بیس میں مارکیٹ میں سب سے زیادہ شرح نمو حاصل کی۔ جس کی وجہ سے یوفون کے مجموعی سبسکرائبر بیس اور مارکیٹ شیئر میں نمایاں اضافہ ہوا۔ 2022 میں، PTA نے Ufone کو وائس اور ڈیٹا سروسز میں معیاری سروسز کی فراہمی پر اسے ملک کا سب سے بہترین وائس اور ڈیٹا نیٹ ورک کا اعزاز دیا۔

پی ٹی سی ایل کے مائیکروفنانس اور برانچ لیس بینکنگ کے ذیلی ادارے یو بینک نے اس سال بھی اپنی ترقی کی رفتار کو جاری رکھا اور گزشتہ سال کے مقابلے میں اپنی آمدنی میں 35.4 فیصد اضافہ حاصل کیا۔ سال 2022 بینک کے ارتقائی سفر میں اہم سال ثابت ہوا، بینک نے کئی شعبوں میں بڑے پیمانے پر تبدیلی کا تجربہ کیا جو وہ فراہم کرتا ہے، یو بینک نے اپنی تیس برانچز میں اسلامی بینکاری کا آغاز کیا اور شریعت کے مطابق بینکاری خدمات کا آغاز کر کے تاریخ رقم کی۔ یو بینک کا کل اثاثہ 2022 میں دوگنا ہو گیا، جو گزشتہ سال کے 104 ارب روپے سے اس سال 221 ارب روپے تک پہنچ گیا۔ اگرچہ کہ جارحانہ نمو بینک کی حکمت عملی کی بنیاد رہی، تنوع، خطرے میں کمی اور سرمائے کا تحفظ اس کا مرکز رہا۔

پی ٹی سی ایل گروپ نے اب تک کی سب سے زیادہ آمدنی 151.6 ارب روپے حاصل کی ہے جو گزشتہ سال کے مقابلے میں 10.2 فیصد زیادہ ہے۔ ہماری یہ کامیابی تمام آپریٹنگ کمپنیوں کی مثبت کارکردگی کا نتیجہ ہے۔ بجلی اور ایندھن کے نرخوں میں نمایاں اضافے، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، بلند شرح سود اور 4G سپیکٹرم کے حصول کے بعد متعلقہ نیٹ ورک رول آؤٹ سے منسلک دیگر اخراجات کی وجہ سے گروپ کا منافع دباؤ کا شکار رہا اور گروپ کو 7.8 ارب روپے کا خالص نقصان ہوا ہے۔

اس سال بھی، پی ٹی سی ایل نے "AAA" (ٹرپل اے) کی ہستی کی درجہ بندی اور "A-1+" (A-One Plus) کی مختصر مدت کی درجہ بندی کو برقرار رکھا ہے۔ یہ پی ٹی سی ایل کے مضبوط مالیاتی نقطہ نظر پر اسٹیک ہولڈرز کے اعتماد کی عکاسی کرتا ہے۔ Ufone کے لیے، VIS کریڈٹ ریٹنگ کمپنی نے سٹیبل کے طور پر تفویض کردہ ریٹنگز پر آؤٹ لک کے ساتھ A-1/AA- (ڈبل اے مائنس/اے ون) کی ابتدائی درجے کی درجہ بندی تفویض کی ہے۔ یہ ایک آزاد درجہ بندی کی مشق کے ذریعے یوفون کی مالی طاقت کو تسلیم کرتا ہے جو کہ اعلیٰ کریڈٹ کوالٹی اور اچھے بنیادی تحفظ کے عوامل کو بھی ظاہر کرتا ہے اور یوفون پر اسٹیک ہولڈرز کے اعتماد کا منہ بولتا ثبوت ہے۔

اس سال ملک کو اپنی تاریخ کے بدترین سیلاب کا سامنا کرنا پڑا جس سے متاثرہ علاقوں میں اہم جانی نقصان اور بنیادی ڈھانچے کو بڑے پیمانے پر نقصان پہنچا۔ ایک قومی کمپنی ہونے کے ناطے پی ٹی سی ایل نے نہ صرف وزیر اعظم کے فلڈ ریلیف فنڈ میں دل کھول کر عطیہ کیا بلکہ ریسکیو اور ریلیف کے کاموں میں بھی بھرپور معاونت فراہم کی۔ کمپنی نے مفت کال کی سہولت پیش کر کے آفت زدہ علاقوں میں بلاتعطل کوریج اور رابطے کو یقینی بنایا اور ملک بھر میں اپنے طبی مراکز کے دروازے کھول دیے تاکہ پانی سے پیدا ہونے والی بیماریوں اور سیلاب کے نتیجے میں زخمی ہونے والے افراد کو فوری اور بہترین طبی امداد فراہم کی جا سکے۔ ایک ذمہ دار کارپوریٹ ادارے کے طور پر، پی ٹی سی ایل گروپ نے سال کے دوران متعدد دیگر CSR اقدامات بھی کیے جن میں خواتین انٹرپنیور کے لیے ڈیجیٹل اور اقتصادی شمولیت کو فروغ، ڈیجیٹل صنفی فرق کو کم کرنے کی کوششیں شامل ہیں اس کے علاوہ تعلیم سے محروم بچوں کو معیاری تعلیم تک رسائی اور ملک کے جنگلات کے رقبے کو بڑھانے کے لیے شجرکاری مہم بھی شامل تھی۔

میں ان تمام افراد کا تہہ دل سے شکر گزار ہوں جنہوں نے 2022 میں پی ٹی سی ایل گروپ کی کامیابی میں گراں قدر کردار ادا کیا۔ ہمارے وہ تمام صارفین جنہوں نے ہماری سروسز پر مکمل اعتماد کیا، ہمارے وہ تمام ملازمین جنہوں نے اپنی انتھک لگن دکھائی، ہماری مینجمنٹ ٹیم جو ہمیشہ کی طرح اس سال بھی پرعزم نظر آئی اور ہمارے وہ شیئر ہولڈرز جنہوں نے اپنے مکمل تعاون کا مظاہرہ کیا۔ میں پُراعتماد ہوں کہ ان سب کی مسلسل معاونت کے ساتھ پی ٹی سی ایل کسی بھی طرح کے مشکل حالات سے نمٹنے اور شیئر ہولڈرز ویلیو میں اضافے کے لئے پُرعزم ہے۔

حاتم محمد بامطرف

پریزیڈنٹ اینڈ گروپ چیف ایگزیکٹیو آفیسر

اسلام آباد: 15 فروری 2023

CORE VALUES

WE CARE

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

WE EMBRACE CHANGE

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

WE PUT CUSTOMER FIRST

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

WE WORK AS ONE TEAM

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

FIBER-TO-THE-HOME (FTTH)

Flash Fiber is PTCL's premium Fiber-To-The-Home service, providing households and businesses in ever-expanding locations all over Pakistan with blazing speeds of up to 1Gbps with unlimited downloads.

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, 2022, together with the auditors' report thereon.

The year 2022 has been a tough year for Pakistan as the effects of global economic turbulence and the country's own macroeconomic challenges significantly impacted its economic growth. Despite these challenges, Pakistan's GDP growth rate for the fiscal year 2021-22 remained at 6% against 5.4% in the year before that. Pakistan has also faced catastrophic floods in 2022, with an estimated loss of US$ 30 billion in the form of severe damage to infrastructure and economic losses. These economic and environmental challenges had an adverse impact on the revenues and profitability of businesses in Pakistan, including the telecom industry.

Despite these challenges, PTCL was able to deliver a strong performance in 2022 as the company posted the highest-ever revenue in its history, with 8.6% growth over the last year. PTCL's premium FTTH service, Flash Fiber, showed an enormous revenue growth of 102.7% over the last year. PTCL has posted an operating profit of Rs 4.9 billion, which is 17.1% higher as compared to 2021. Net profit of Rs 9.1 billion, the highest since 2013, is 31.7% higher as compared to last year.

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

INDUSTRY OUTLOOK

During the year 2022, the telecom industry remained under pressure due to ongoing macroeconomic challenges. With rising operating costs, higher interest rates, and currency devaluation, the profits of telecom operators have been adversely impacted. However, there is a significant growth potential with the rising demand for high-quality data services. The shift in the mode of communication and interaction continues to fuel the data demand. This is evident from the changing needs of businesses and consumers, especially on account of e-commerce, e-learning, and digitalization. This has resulted in more reliance on connectivity services and better data throughput. Telecom operators continue to increase their footprint and enhance network capacity in efforts to deliver superior and reliable data connectivity.

By end of the year 2022, PTA has reported mobile subscribers of 193 million with teledensity of 86%. The key growth driver is the LTE subscribers base which has shown YoY growth of 21% to reach 108 million. Pakistan's mobile penetration remains low compared to other countries in the region. Competition between mobile operators is expected to remain intense where operators continue to offer high data volume bundles in an effort to increase ARPU and achieve growth in subscribers base. Ufone, after the acquisition of additional spectrum in the 1800 MHz band, has shown the highest growth percentage in the LTE base and is in a strong position to tap the growth potential of the industry.

Fixed broadband subscribers have surpassed 2.2 million by the end of the year 2022 with a 6% annual growth. Fixed broadband household penetration in Pakistan remained low at 6% compared to an average of 20% in regional markets. The growth in the fixed broadband segment in the year 2022 came from 'Fiber to the Home' (FTTH) services, which grew by 44% YoY and surpassed 840 thousand subscribers in December 2022. PTCL remains the fastest-growing FTTH services provider in Pakistan owing to its accelerated FTTH rollout and migration of its existing broadband subscriber base to FTTH. Competition in fixed broadband is expected to remain intense as operators continue to focus on expanding their network and capturing the high-value FTTH market.

Growing data traffic trends have triggered the need for tower fiberization which has remained a growth engine for carrier and wholesale service providers. Similarly, there is a rapid increase in demand for digital and ICT solutions including data center, cloud, and managed services in large enterprises as well as small and medium enterprises. PTCL is well placed to capitalize on this potential and tap into the digital acceleration of Pakistan.

FINANCIAL PERFORMANCE

PTCL Group posted a revenue of Rs 151.6 billion during the year 2022 which is 10.2% higher as compared to 2021. This revenue growth was the result of a positive contribution from all Group companies. The Group's profitability remained under pressure due to significant hike in power and fuel tariffs, devaluation of the Pak Rupee against USD, higher interest rates, and other costs associated with the acquisition of 4G spectrum and related network rollout. The Group has posted a net loss of Rs 7.8 billion.

Revenues

PTCL continued its strong performance throughout 2022. PTCL's revenue of Rs 83.4 billion for the year 2022, the highest-ever in its history, is 8.6% higher than 2021, mainly driven by growth in broadband and wholesale & business solutions segments. Flash Fiber, PTCL's premium Fiber-To-The-Home (FTTH) service, showed tremendous growth with the highest customer net adds within the FTTH market in 2022. PTCL continued to upgrade its existing infrastructure and network, besides expanding its premium FTTH internet Flash Fiber across the country to offer seamless connectivity for a greater customer experience. Prompt deployment of FTTH and strong performance in Corporate and Wholesale segments are the cornerstones of PTCL's topline growth, which along with a focus on the cost optimization program, has significantly increased the company's profitability.

PTCL fixed broadband business has shown 12.2% YoY growth propelled by the aggressive FTTH expansion. Flash Fiber showed unprecedented growth of 102.7%, taking a lion's share of the market's customer net adds, whereas the IPTV segment also grew by 8.1% YoY. Voice and wireless broadband segments witnessed a decline due to the conversion of customers to OTT services and competition from cellular operators.

The business services segment continued its momentum sustaining market leadership in IP Bandwidth, Cloud, Data Centers, and other ICT services segments. PTCL's Enterprise business grew by 18.8% as compared to last year, while Carrier and Wholesale business continued its growth momentum and achieved 11% overall revenue growth. International voice revenue has increased by 8.5% as compared to last year. Overall Business Solutions revenue has grown by 12.5% on a year-on-year basis.

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

In the year 2022, Ufone has recorded positive customer net adds with 3.9% YoY growth in the subscriber base and has gained market share within the industry. Since the acquisition of spectrum, Ufone has grown from strength to strength registering 7.1% YoY revenue growth in 2022 despite the challenges of an increase in Advance Income Tax (AIT) and reduction in Mobile Termination Rates (MTR) and recent floods in the country. This growth has been achieved through investment in the network, aggressive product offering focusing on data and regional play. The year 2022 was marked with a prime focus on data portfolio enrichment. An array of new offerings was launched targeting a data-savvy younger segment resulting in more than 40% growth in data revenue.

Owing to its infrastructure modernization and fast deployment of 4G services across the country, the company has set a higher bar in voice and data service quality. Pakistan Telecommunication Authority (PTA), in its nationwide service quality benchmarking during 2022, declared Ufone the No.1 voice and data network.

U Bank, the microfinance and branchless banking subsidiary of PTCL, continued its growth trajectory and achieved 35.4% growth in its revenue over last year by deepening its advances and investment portfolio, despite the challenging macroeconomic situation, further exacerbated by the recent floods. The balance sheet footing of the bank reached Rs 221 billion as the bank continued to diversify its asset classes and funding streams while ensuring positive bottom-line impact. As the six business canvases of the bank, namely: Rural Retail Banking, Corporate Finance & Investment Banking, Islamic Banking, Urban Retail Banking, Corporate Banking, and Digital Banking take their distinct forms and structures, the Bank is working towards becoming a Retail Challenger Bank aiming to extend banking services in accordance with the unique needs of its diverse and heterogeneous clientele. With the core mission of microfinance at its heart, the business model of the bank is evolving to capture new segments and customer classes to include more of Pakistan into the banking net and further its ambition of financial and social inclusion.

Profitability

PTCL has posted an operating profit of Rs 4.9 billion, which is 17.1% higher as compared to 2021. Net profit of Rs 9.1 billion, the highest since 2013, is 31.7% higher as compared to last year. PTCL has achieved this despite the challenging economic conditions created as a result of inflation, devaluation of PKR against USD, hike in power tariffs, and other factors. PTCL's earning per share (EPS) for the year is Rs 1.78.

Cash flows

PTCL's cash flows, generated through operations during the year, were mainly used for capital expenditure on the FTTH network to increase market share and boost this strategic revenue stream. Some investments were also made in the existing copper network to secure the existing revenues and acquire customers in uncovered pockets that do not have FTTH potential in near future. Targeted investments were also made to support the business services segment to help achieve revenue growth. Other necessary investments included transport expansion, IT transformation, business continuity, etc. In case of Ufone, capital expenditure is largely focused on increasing 4G coverage, to fully utilize the acquired spectrum while for U Bank investments were made mainly for the expansion of their branch network and investment in software and allied hardware equipment.

Appropriations

No dividend was recommended by the Board of Directors for the financial year 2022 in view of the company's requirement for funds for equity injection in Ufone, expansion of Ufone's 4G and PTCL's FTTH networks, and other network upgrade requirements.

Other Matters

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

Your attention is drawn to note 15.9 of PTCL's financial statements as well as note 19.9 of the consolidated financial statements for the year, which explain that the matters relating to certain employees' rights under the PTCL pension scheme are pending with various courts, as highlighted by the external auditors in their audit reports.

PRODUCTS & SERVICES - CONSUMERS

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

Wireline Broadband

During 2022, the company's fixed broadband business grew exponentially with PTCL Flash Fiber taking the spotlight and emerging as a star product in the FTTH industry. Backed by an aggressive network expansion in 2022, the total count of Flash Fiber ready homes across Pakistan has reached almost 600 thousand. Flash Fiber outperformed the industry by capturing more than half of the industry's customer net adds during the year, thereby narrowing the gap with the market leader. In addition to FTTH, PTCL's xDSL broadband is also making steady progress and contributing towards the topline growth.

Smart TV & Content

Smart TV service continued the growth trajectory owing to the speedy adoption of triple-play services. The content enrichment drive was there right from the start to provide quality entertainment to the customers. Twenty plus local and international live TV channels from different genres were added to the linear channel bouquet, along with the addition of 3,000 hours of content from premium Hollywood movies, animated series for kids, movies, and series from Starzplay catalog.

PRODUCTS & SERVICES - BUSINESS

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

Enterprise Solutions

PTCL Enterprise Solutions remained on track for the highest YoY growth of 19% with several key initiatives and projects during the year. The focus was to further develop and invest in its managed services, cloud, security, ICT portfolio, and vertical based solutions. An extensive and comprehensive Enterprise Solutions connectivity portfolio continued to serve the needs of a major customer base, providing secure, fast, and reliable services.

PTCL's Enterprise Solutions segment was successful in securing key strategic ICT & cloud projects along with core connectivity both in the public and private sectors. This performance is a combined result of aggressive product design and sales strategy, while banking on global collaboration with multiple OEMs. Focus on adding new customers in diversified business verticals helped to enhance the customer base and product penetration into new segments.

PTCL, leveraging its strong position and vast experience in data center hosting services, having state-of-the-art Tier-3 certified data centers and a provider of high-speed connectivity solutions, further strengthened its cloud services with innovative offerings using enterprise grade platforms and introduced microservices. PTCL is the country's only telecom operator to achieve two ISO certifications in parallel for its cloud services 'Infrastructure-as-a-Service' and 'Platform-as-a-Service' offerings. PTCL is embarking on a journey to provide premium security services to its end customers. PTCL intends to deploy managed security services to cater to the security needs of hosted banking infrastructure users and enterprise customers.

Leading the way for digital transformation in Pakistan, PTCL has enhanced its Enterprise Solutions portfolio from serving connectivity needs to becoming the customer's trusted choice for their network security. To diversify its portfolio and add valuable products to its enterprise offerings, PTCL launched Smart Solutions providing 360-degree managed connectivity and surveillance solutions. Being in line with ICT centric vision for the company, PTCL has expanded its corporate customer base with innovative ICT solutions such as Q-Taleem and Q-Cloud. Today, PTCL has ICT and Cloud customers across multiple industry segments including education, financial, healthcare, and FMCG. After the successful delivery of a blended learning project for enabling the digitalization of education in Pakistan for Ministry of Federal Education and Professional Training; PTCL has successfully delivered Teleschool application which enabled remote learning for students with live TV channels and an extensive bouquet of video-on-demand educational content on various subjects from class KG to class 12.

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

Carrier Services

As the leading integrated ICT service provider in Pakistan, PTCL Group is playing a vital role in addressing the infrastructure and connectivity requirements of all telecom operators in Pakistan comprising cellular mobile operators, long distance international, local loop operators, telecom infrastructure providers, telecom tower providers including Government and defense communications.

Having state-of-the-art international submarine cable network comprising of four diverse routes i.e., AAE1, SMW4, IMEWE, and SMW3 and one new sea cable (Africa-1) in pipeline, PTCL is well positioned to serve the ever-growing data needs of the country. PTCL is the partner of choice for the carrier industry due to its nationwide optic fiber reach with multiple redundant links along with a resilient core network, metro, and access network, backed by Tier-3 certified data centers, managed facilities, and VSAT backhaul solutions. Cognizant of the ever-growing carrier connectivity and data needs, PTCL undertook a nationwide network expansion project and has successfully modernized 136 key sites during the year 2022. The recent unprecedented floods in Pakistan severely affected the telecom infrastructure, however, PTCL managed to restore services with minimum disruptive impact on industry partners, due to its network resilience.

PTCL has an online interactive platform named PTCL Carrier Watch to ensure smooth and uninterrupted carrier grade services to our valued partners round the clock. Based on customer feedback surveys, PTCL is pursuing a continuous improvement strategy to ensure world class user experience for our carrier partners. To meet the carrier industry business needs fully in this new era of digitalization, PTCL has diversified its product portfolio covering connectivity, managed services, security solutions, cloud, data center, and ICT products, thereby, transforming its role from a connectivity provider to a solution provider.

International Business Solutions

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

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

PTCL is also closely working with major international retail operators to strengthen and safeguard international incoming revenues. Through terrestrial connectivity corridors with neighboring countries, PTCL aspires to be a regional transit hub for data and voice connectivity. PTCL is focusing on enhancing submarine wet segment capacity sales through short/ medium term opportunities. PTCL is also working proactively with major content and gaming providers for hosting their nodes in PTCL data centers, to reduce latency and enhance customer experience. We hope to see positive impact coming out of these strategic initiatives which will eventually help in easing pressure from declining voice termination business.

SUPPORT FUNCTIONS

Network Infrastructure

PTCL Group successfully achieved key milestones for network rollout across both fixed and mobile domains to support the organization's growth trajectory. In 2021, the company delivered 200,000 home passes. This year, with the rollout outpacing the plan, PTCL was successful in delivering 278,000 further home passes which exceeded the company's own target as well as the aggregate rollout of our competition. This year the rollout was complemented by a deep dive to identify levers for improving the Customer Happiness Index (CHI) and putting in place the necessary measures to achieve that. This effective approach led to a significant improvement in the index.

Last year, PTCL initiated the transformation and modernization of its network under IP EDGE Transformation Project to consolidate and upgrade 46 IP Edge sites in Phase 1. This year, under Phase 2 of the same project, further 90 sites were consolidated and upgraded in 31 cities resulting in complete transformation and revamping of the entire IP Edge network from a complex multi-vendor legacy network to a simplified and modernized state-of-the-art unified single vendor network with high capacity to address both Ufone and PTCL requirements for the foreseeable future. The IP Edge network now fully supports dual-stack IPv4/IPv6 to ensure consistency in service architecture, exceptional flexibility, high scalability, improved efficiency, and savings in operating costs. Furthermore, this project has paved the way for the adoption of next-generation technologies such as Segment Routing IPv6 (SRv6) and Ethernet VPNs (EVPNs). The IP Edge Network Transformation project also holds great organizational significance in terms of ensuring business continuity for the corporate, carrier, and consumer services.

PTCL also continued to focus on the modernization of its legacy NGN voice network to provide high quality voice over broadband services by leveraging IP Multimedia Services (IMS) platform deployed last year. IMS platform also provides Ufone with an opportunity to offer voice services over LTE (VoLTE) which has significantly richer voice service with higher quality and much faster call set-up time compared to the traditional circuit-switched voice of 2G and 3G networks and is far more efficient in utilization of network resources. Ufone has initiated a project for enabling VoLTE on its network and is making steady progress towards the successful achievement of all planned milestones.

In the transport domain, this year our 100G Optical Transport Network (OTN) project was a leap forward in modernization of PTCL's 10G DWDM based inter-city long-haul transport network given its capacity limitations as well as end-of-life challenges. The project has modernized PTCL's transport backbone network, significantly reduced OPEX, made the backbone ready to meet the growing capacity demands, and enhanced network resilience.

PTCL Group continued its focus on innovation and evaluation of novel solutions/technologies through technology trials and pilots. Several important trials were undertaken this year to identify technologies and solutions that could potentially address business challenges in the future.

Despite unprecedented economic challenges that have adversely affected the company's operating environment, PTCL Group was able to deliver a strong performance in terms of managing its operating cost through effective optimization measures. This was made possible through development of a comprehensive optimization plan complemented by stringent governance. Key components of this optimization plan included optimization of maintenance support cost, fuel rationing on low performing sites/exchanges, use of energy storage solutions to reduce fuel consumption, deployment of solar solutions to reduce energy consumption and electrical load optimization. PTCL Group's strong focus on energy efficiency measures not only allowed us to optimize our operating cost, but also helped reduce our carbon footprint. The efforts were recognized by e& Group by conferring an award for "Driving Sustainability" to PTCL Group during its Leadership Forum Awards.

Information Technology

PTCL Group's keen focus on improving its IT infrastructure has not only enabled our external customer base to take benefit from our state-of-the-art and resilient IT services but has also improved the quality of services for our internal customers.

PTCL Group has upgraded its Internet Gateway (IGW) capacity for its 3G/4G and MBB subscribers to complement the 4G spectrum acquisition and rollout. This will provide blazing fast connectivity speeds to our 3G/4G and MBB subscribers. PTCL Group has also completely revamped Ufone's Primary and Disaster Recovery (DR) IT Data Centers (DC) by employing the latest Software Defined Networking (SDN) technology using Cisco's Application Centric Infrastructure (ACI), which has allowed establishment of seamless integration of services and datacenter extensions within the PTCL Group.

In light of the recent synergy drive to improve the quality of our IT services, Ufone and PTCL DR IT data centers, SAN storage infrastructure, BI & analytics infrastructure, vulnerability assessment infrastructure, and service desk have been consolidated. This has opened further possibilities for our business and corporate customers with respect to end-to-end solution provision, from the wireless 4G connectivity from customer nodes to the DC hosting services at PTCL facilities.

During the year, the company has on-boarded new customers with respect to data center hosting and Business Process Outsourcing (BPO). Bulk Port Allocation (BPA) was also enabled for our MBB subscribers to fulfill regulatory compliance. Ufone became the first operator to accomplish this target.

In the cellular wireless domain, the transformation of the charging and billing systems was conducted to align it with the data network load distribution and improve business continuity management. A complete revamp of the in-house developed biometric verification system has been achieved to comply with Multi-finger Biometric Verification System (MBVS) feature requirements.

For the fixed line network, PTCL Group has successfully rolled out Phase 1 of a new convergent charging and billing system in November 2022, replacing the 15 years old legacy system. The scope of this new billing system includes wireline consumer products, B2B services, PTCL's wireless products, mediation and interconnect billing and settlement. With this new state-of-the-art billing system, the company will be able to provide even better services to our valued customers.

People & Organization

As we reflect on 2022, several groundbreaking initiatives were taken by our People & Organization team as part of the PTCL Group's culture transformation agenda. By fostering a more inclusive, collaborative, and people-centric environment, we have embarked on the journey of creating a workplace where employees can thrive and contribute to the success of the organization.

We have made significant strides in promoting work-life balance, flexible and hybrid working arrangements, and well-being initiatives. As part of an effort to become a more environment-friendly organization, Friday is observed as a weekly Green Day where all employees work from home to conserve energy. This helped in the optimization of electricity and fuel and paved the way for more efficient time management in a workday.

In order to continuously improve our business results, a more simplified, dynamic, and outcome-focused performance enhancement framework was launched. This framework focuses on goal setting, on-the-go feedback, and a robust coaching culture to help individuals raise the bar consistently during the performance year.

PTCL Group continued to provide exciting career opportunities to its employees. More than 450 employees were given new roles to express their talent. In addition to this, for employee development, we ran 128 learning programs, covering 9,109 employees. A grand total of 220,570 learning hours were invested for this purpose.

In the integration journey of PTCL and Ufone, a major milestone was achieved in the year 2022. The salary & benefits structure was simplified, aligned with market best practices, and unified for both companies. This is a key step forward in terms of embedding a PTCL Group mindset and enabling a smoother talent flow between the two entities.

As we continue to strive for success, we have strengthened our commitment to Diversity, Equity, and Inclusion (DEI). To name a few initiatives, Diversity and Inclusion Policy, Anti-Harassment Policy, Sentiments Program, and Justuju (flagship skill training program for differently-abled persons) were launched. Moreover, the duration of the Justuju Program was also extended from six weeks to six months in order to give meaningful experience and skills development for the participants. As a result of significant efforts made in this direction, we were recognized at the Global Diversity, Equity, and Inclusion Benchmark Awards in the 'Best Practice Organization' category.

As a responsible sustainable company, the Group remained committed to ensuring the security and safety of its workforce under the company's robust Health, Safety, and Environment (HSE) protocols. Several actions were taken during the year to promote the importance of safety. HSE SteerCo led by the President & Group CEO was formed to signify the importance of HSE culture and track the progress in this direction. During the year, more than 7,500 employees were covered in the HSE awareness and training sessions. A safety week was also celebrated with the aim to promote the importance of safety across all offices nationwide.

In order to energize our non-management staff, a major employee engagement initiative was taken. 34 'Connect Sessions' were conducted by our Industrial Relations team nationwide covering more than 3,600 employees which resulted in excellent feedback and high engagement levels.

Customer Care

Customer centricity is a top priority in our customer care approach, and PTCL Group introduced several initiatives aimed at enhancing the overall customer experience, which included consolidating PTCL and Ufone Customer Care. A major program to develop and train the entire workforce for both PTCL and Ufone was executed in the current year.

This consolidation enabled a one window solution both for PTCL and Ufone customers which helped to improve overall efficiency and customer experience. Customer care adopted a proactive approach to address customer problems in low network coverage areas with the help of a cross functional scrum team. PTCL group capitalized on the customer happiness index framework to proactively reach out to customers with chronic connectivity issues.

'Always Put the Customer First' is one of our core values and a major customer journey revamp program was executed to bring ease and convenience in existing customer onboarding and complaints handling processes. PTCL Group has also started measuring Net Promoter Score (NPS) to focus on key improvement areas to improve overall customer experience. PTCL Group launched the Customer Delight program in partnership with e& with an aim to implement industry best practices from the telecom operators under the governance of e& Group.

During the year, various initiatives were undertaken to automate key customer related processes to improve their overall efficiency and accuracy. The company has implemented a Robotic Process Automation (RPA) program which will function as a catalyst to set new service standards to develop and build overall digital customer experience. Different initiatives on the digital front were taken to capture customer sentiments and feedback to improve the existing WhatsApp, webchat, and other customer support channels.

Customer retention and win back also remained the key focus areas where the company executed various initiatives. This includes improved customer engagement and credential improvement at the entry level with enhanced process improvements and has resulted in an improvement in customer churn and a reduction in bad debts.

MARKETING AND COMMUNICATION

In line with the business growth strategy for Fiber-To-The-Home (FTTH) segment, PTCL Group engaged in a series of brand awareness and lead generation activities for Flash Fiber during 2022. This includes innovative methods to raise awareness and cultivate adoption through geo-targeted brand activations and fortified digital hammering. Backed with an eye-catching and youthful persona, Flash Fiber's success in 2022 was the result of aggressive on-ground marketing campaigns that generated encouraging results for the brand. Across digital media platforms, Pakistan's biggest social media celebrities were engaged to experience Flash Fiber services. As a follow-up, positive word-of-mouth generated from these influencers was then amplified online. Digital marketing continued to dominate the brand's share-of-voice in different regions and produced an unprecedented number of online leads.

PTCL Group brands ran multiple campaigns throughout 2022 to show our longstanding and unwavering commitment to Pakistan. HealWave was one such initiative where PTCL Group launched nationwide activities to help people equip themselves against the heatwave during June and July 2022. Similarly, PTCL Group brands conducted dedicated marketing campaigns and activities during the destructive floods across Pakistan in 2022. Along with donations, volunteer programs, and other special initiatives such as free calls and messages, public services campaigns carrying messages of hope and solidarity were also broadcast across multiple marketing channels. Standing with the nation in a time of need, these activities and efforts have helped strengthen PTCL Group's corporate association and bond with the Pakistani nation.

REGULATORY AFFAIRS

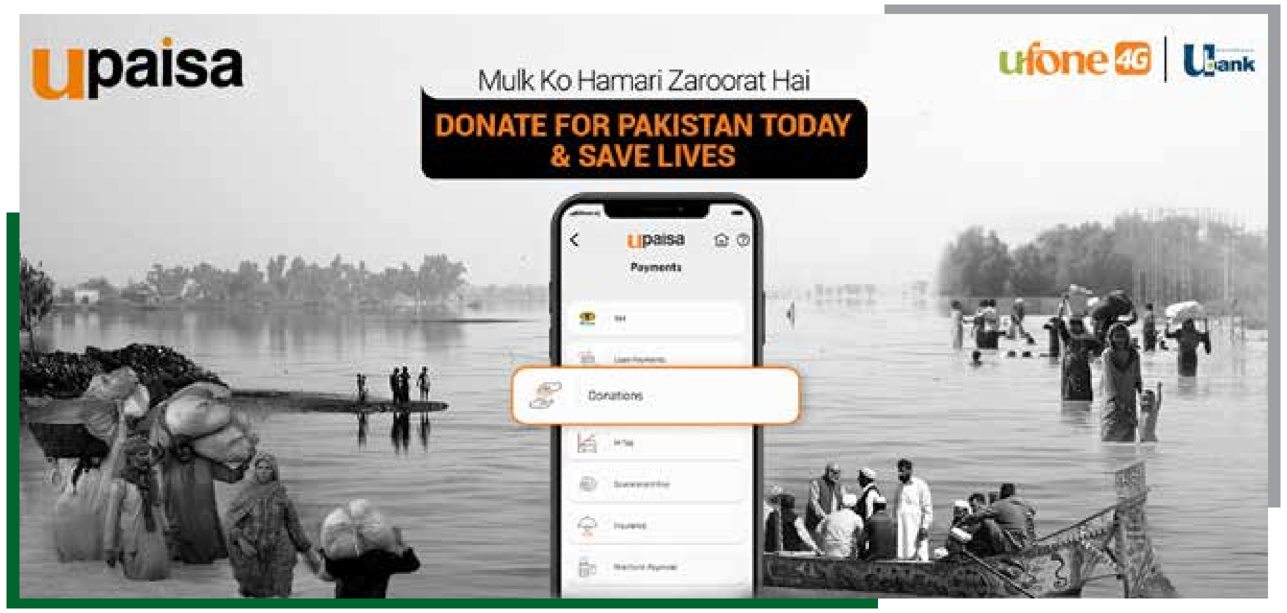
During 2022, PTCL Group has actively participated in the consultation processes conducted by the Ministry of IT and PTA for Telecommunications Policy Review, 5G Strategic Plan and Policy Guidelines, Infrastructure Sharing Framework, Spectrum Sharing Framework, Frequency Refarming Framework, Broadband Quality of Service for Fixed-line Regulations, Personal Data Protection Bill-2022 and Telecommunication Service Tariff Regulations. The Web Monitoring System (WMS) expansion was also completed in 2022 and all its use cases were implemented and now it is operating with complete functionality. PTA has issued a Regulatory Framework for Short Range Devices (SRD) & Terrestrial Internet of Things (IoT) Services.

During the year, PTCL signed four optical fiber USF projects of Rs 6.6 billion and received a subsidy of Rs 6.8 billion for ongoing projects, whereas Ufone signed four Next Generation Broadband for Sustainable Development (NG-BSD) USF projects of Rs 9.7 billion and received a subsidy of over Rs 4.7 billion for ongoing projects.

The Federal Secretary Cabinet Division, which is notified as the appropriate Government department for Right of Way issues under section 27-A of PTRA, has issued the consent order in 2022. By virtue of this new order, the suspended ROW Order dated 2nd July 2021 has been restored ab-initio. The reinstated ROW Order will provide convenience to operators by covering rest of military jurisdictions like DHAs, Askari Housing Schemes, PAF and Naval Bases, Garrisons, etc.

PTCL Group is in material compliance as per PTA's first audit/gap analysis report 2022 in the context of CTDISR Regulations. Now onwards, all PTA licensees including CMOs, LDI/LL, CVAS, and other licensing categories are required to conduct the 3rd party CTDISR security audits followed by the PTA audit/gap analysis annually.

CORPORATE SOCIAL RESPONSIBILITY (CSR)



In 2022, Pakistan experienced the worst flood in its national history. Nearly 1,500 people were killed, thousands injured and countless uprooted from their homes. Financial losses were also colossal, and many people lost everything to the deluge and were able to escape only with their lives. Besides making a generous donation towards the PM's Flood Relief Fund, the Group also provided free calls across all the flood-hit regions to aid search and rescue activities and help the affected people connect to their loved ones. PTCL opened the doors of its medical centers across the country to provide medical care to the injured, and people suffering from water-borne diseases in the wake of floods. Safe and clean drinking water and food were provided to the flood-affected Sindh and Balochistan communities. As winter compounded the miseries of the people rendered homeless in Balochistan, PTCL and Ufone donated warm jackets to ease their suffering.

PTCL collaborated with Pakistan Poverty Alleviation Fund, a social enterprise, to foster digital and economic inclusion of women entrepreneurs through training and access to digital and financial tools and opportunities for economic growth. The year-long project is being implemented across four union councils and ten villages of Haripur, Khyber Pakhtunkhwa which will benefit 100 women entrepreneurs.

Pakistan Telecommunication Authority (PTA) collaborated with other telecom operators and stakeholders to reduce the digital gender gap in Pakistan through initiatives related to accessibility, affordability, and digital skills. PTA signed agreements with companies to foster gender inclusion in the information and communication technology domain and facilitate the digital empowerment of women in Pakistan through collaborative initiatives.

PTCL Group organized a week-long campaign in connection with International Women's Day 2022 to raise awareness and galvanize support for ending gender discrimination in the workplace. The campaign was designed to promote diversity and inclusion in the workplace by ending gender stereotypes and bias against women. The campaign featured an array of activities, including screening videos that showcased discriminatory expressions and practices against women.

PTCL Group is committed to reducing the country's carbon footprint and promoting environmental protection and sustainability. In line with its ambition, PTCL Razakaar (Employee Volunteer Force) ran a tree plantation drive across Pakistan with the slogan, "We plant so the world can grow", to increase forest cover and decrease pollution in the country.

PTCL Group provided Evo Charji Devices to JAQ Education Trust - 'Pehli Kiran Schools' to provide access to quality education for out-of-school children. Pehli Kiran schools have been set up in slum areas of Islamabad for underprivileged children. PTCL Group ensured seamless internet connectivity to help avoid any hindrance in the education of these children.

PTCL Group donated life jackets to the fishermen community of Karachi to ensure the safety of small-scale fishermen during the high tide season. The initiative was launched in support of the community that puts their lives at risk to make a living and maintain the seafood supply chain, with the aim of ensuring that fishermen can safely return to their families at the end of each day.

SUBSIDIARIES

Pak Telecom Mobile Limited – Ufone

After the acquisition of additional spectrum in the 1800 MHz band, Ufone has shown the highest growth percentage in the LTE base and is in a strong position to tap the growth potential of the industry. With an aggressive growth strategy encompassing multiple product launches, an array of new offerings was launched during the year to target the data-savvy segment and further enhance Ufone's data centric product portfolio.

By the end of the year 2022, total mobile subscribers have reached 193 million with a teledensity of 86%. The key growth driver is LTE subscribers base which has shown YoY growth of 21% to reach 108 million. Competition between mobile operators is expected to remain intense where operators continue to offer high data volume bundles in an effort to increase ARPU and achieve growth in subscribers base.

Despite the challenges of increase in Advance Income Tax (AIT), reduction in Mobile Termination Rates (MTR) and recent floods in the country, Ufone has registered 7.1% YoY growth in its revenue. This growth has been achieved through investment in network, aggressive product offering focusing on data and regional play. The year 2022 was marked with a prime focus on data portfolio enrichment resulting in more than 40% growth in data revenue.

Ufone undertook an unprecedented rollout of 1,320 new sites, LTE introduction on 2,895 existing sites, LTE spectrum upgrades on 3,780 sites, deployment of 300 capacity solutions including sectorizations, carrier upgrades and first-time introduction of the mMIMO solution in the network. Ufone also continued its success story with Universal Service Fund (USF) by securing further USF lots through a highly competitive bidding process. The subsidy was secured for rollout of 411 sites in Lasbela, Kila Saifullah, Loralai, Sibbi, National Highway & Motorways, and Gwadar. Ufone's best-in-class mobile network experience throughout 2022 has been duly acknowledged as PTA declared Ufone as No.1 in NPS-based QoS testing.

Building on the promise of "It's All About U", Ufone launched UPower in 2022; a product in which the consumer was given the power of choice. The product was designed to offer multiple offerings at different price points catering to the needs of various sub-segments of the target market. A comprehensive 360-degree marketing strategy was implemented to precisely target the audience hotspots, with digital platforms playing a prominent role. The introduction of UPower has strengthened Ufone's product portfolio further, due to which Ufone has been the go-to operator for several customers in 2022.

Post-spectrum acquisition, Sab Se Bari Offer (SSBO) was launched with an aim to disrupt the market and maximize value within the weekly product segment. SSBO was designed as an aggressive weekly product targeting heavy data user category, a segment that was earlier dominated by competition. SSBO offered 40GB data at the lowest price in the market along with off-net and on-net minutes. In addition to attracting new customers to its modernized network, SSBO managed to graduate the existing low value subscriber base to higher ARPU denominations.

Among these multiple product launches and portfolio enhancements, Super Card held the fort and solidified its position within the monthly category. Within the Super Card portfolio, in 2022 new variants were launched with an aim to cater to the growing data appetite of Super Card subscribers. Over time, Super Card Max has successfully replaced Super Card Plus as a category leader in the Super Card Family in line with our "More for More" strategy.

In 2022 Ufone chalked out an aggressive strategy to improve its position within low market share areas. 48 districts were analyzed for regional play and a disruptive offer at lowest possible price points was launched to make inroads in competitive strongholds, with an aim to acquire customers and build opportunity clusters. Based on the success in regional play districts, more locations are planned to be added in the future.

UPaisa, Ufone's premium digital banking initiative, has over the period solidified its claim of providing banking ease to not only Ufone customers but also other mobile operators by bringing banking to the very doorsteps of subscribers. In the year 2022, multiple steps were taken to further enhance customer experience and drive product usage. During the year, the active customer base grew by 90% and wallet transaction volumes increased by 25% YoY.

Ufone 4G takes pride in its Pakistani roots. To celebrate that Ufone 4G launched a unique campaign on Independence Day during the current year that showcased the many facets of what makes it the Best in Pakistan, while emphasizing its network strength, coverage, and high-quality bandwidth. Ufone 4G demonstrated its unwavering dedication to serving the people of Pakistan as a leading telecommunications provider in the country.

During the second quarter of the year, VIS Credit Rating Company assigned initial entity ratings of 'AA-/A-1' (Double A Minus/A-One) to Ufone with outlook on the assigned ratings as 'Stable'. This acknowledges the financial strength of Ufone through an independent rating exercise which also denotes high credit quality and good fundamental protection factors and is a testimony of stakeholders' confidence in Ufone.

PTCL and Ufone illuminated their iconic 'Ufone Tower' to raise awareness regarding breast cancer. During its month-long campaign, the Group disseminated awareness messages to its user base to sensitize them regarding the timely detection of this life-threatening disease. First Lady of Pakistan Samina Alvi penned a letter to the PTCL Group to appreciate its contributions to the campaign.

PTCL and Ufone 4G joined hands with the National Emergency Center, the Government of Pakistan, and UNICEF to extend its support for Polio eradication from Pakistan. The companies created awareness by leveraging their vast network to promote vaccination against the disease, which in case of non-vaccination can physically impair children for life. The initiative was taken to support the Government of Pakistan's efforts to eradicate the disease and safeguard the lives and future of children.

Post-spectrum acquisition, Ufone plans to capitalize on the strength of its network and further improve the value proposition for its customers as well as maximize value for its shareholders. Ufone aims to retain its class leading quality of service in the mobile industry with the target to retain the No.1 spot in the mobile industry in terms of Net Promoter Score (NPS) survey. Ufone is aiming to add more LTE sites to its network despite the challenging economic conditions to maintain growth momentum.

U Microfinance Bank Limited - U Bank

While the year 2022 presented itself with unprecedented challenges with respect to the macroeconomic environment, massive political uncertainty and socio-economic unrest, the bank outclassed its performance in the previous years by closing the current year at an all-time high in terms of revenue, profitability, and balance sheet footing. With the mission of microfinance at its core, 2022 witnessed crystallization of the bank's strategy towards diversification into multiple business segments and revenue streams while ensuring capital preservation. U Bank stands resolute in its commitment towards financial and social inclusion by capitalizing on its extensive outreach through provision of pristine services to a heterogeneous client base across the length and breadth of the country.

The last twelve months have been instrumental in the evolutionary journey of the bank, wherein the bank experienced massive transformation in the segments it serves, the product platter it offers and the revenue engines it relies on. In its quest to be reckoned with as a household brand, the bank embarked on the road to becoming a challenger retail bank, expanding its physical and digital outreach to include more of Pakistan.

Collateralization continued to be central to the growth strategy of the advances book. The bank disbursed over Rs 57 billion during the year, registering an increase of Rs 24 billion in total disbursement from last year, in an extremely difficult and highly competitive environment. The composition of the loan book showed consistent improvement in terms of risk profile of the various asset classes spread over varying tenors.

The treasury book of the bank catapulted into a large revenue and profit generating arm for the bank. It largely remained focused on investments in government securities and A/A+ rated instruments. The bank's timely diversification of assets created a protective shield against the inherent challenges with respect to credit and market risk.

U Bank closed at an ever-high funding position of Rs 210 billion, with deposits standing at a staggering Rs 92 billion and borrowings at Rs 118 billion. The exposure undertaken by the creditors against the bank is a testament to the strength of the bank's balance sheet, superior quality of its asset profile, diversification in its funding sources and most importantly the credibility of the bank in the market.

In 2022, the bank made history by launching Shariah-compliant banking services, leveraging the power of thirty fully operational Islamic Banking branches. With huge unmet demand for this variant of banking, U Bank is all set to capitalize on this immense opportunity.

The Corporate, Urban and Digital canvases took their distinct forms during the year, each set to become significant contributors towards revenue and profitability in the years to follow. The long-term ambition of the bank is to expand its outreach to millions of customers by banking on digital and physical channels through conventional as well as shariah modes of banking.

The culmination of all these activities resulted in the total asset base of the bank doubling in the year 2022 to an astounding Rs 221 billion from Rs 104 billion in last year. While aggressive growth remained the mainstay of the bank's strategy, diversification, risk mitigation and capital preservation continued to be at its core. The VIS Credit Rating Company Limited, based on the bank's financial position, has reaffirmed the entity rating of "A-1" (A One) for the short term and "A+" for the long term, with outlook assigned as "Stable". Pakistan Credit Rating Agency (PACRA) also upgraded the assigned ratings to "A-1" (A One) for the short term and, "A+" for the long term with a "Stable" outlook.

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

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

DVCOM Data (Private) Limited – DVCOM Data

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

Smart Sky

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 "the 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 are prepared, adopted, and reviewed, as and when deemed appropriate by the Board.
- A formal code of conduct is in place and put on the Company's website.
- Adequate systems and controls, including whistle-blowing policy, are in place for identification and redressal of grievances arising from unethical practices.
- The system of internal control, including financial control, is sound in design and has been effectively implemented and monitored.
- Decisions 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 Statements & Auditors

- The financial statements prepared by the management of the Company fairly present its state of affairs, the results of its operations, its cash flows, and its changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial information and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial information and in case of any departure therefrom, the same has been adequately disclosed.
- There are no significant doubts about the Company's ability to continue as a going concern.
- The Audit Committee has recommended the appointment of KMPG Taseer Hadi & Co., Chartered Accountants, as auditors of the Company for the financial year ending December 31, 2023 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 40 to the financial statements.
- Detail of related party transactions has been disclosed in note 44 to the financial statements.
- Statement of Value of Investments in respect of employees' retirement plans has been disclosed in note 8.4 to the financial statements.

Compliance – Board Performance

- A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance and of its committees.
- The Chairman of the Board, at the beginning of the term of each Director, issued a letter to such Director setting out his role, obligations, powers and responsibilities, remuneration and entitlement in accordance with the Companies Act, 2017, the Company's Articles of Association and policies.
- The Board of Directors has approved the Directors' Remuneration Policy, which is in line with best corporate and governance practices. The Directors receive a fee for attending the meetings of the Board and its sub-Committees. The Board ensures that the remuneration / fee of the Directors and Chairman shall not be at a level that could be perceived to compromise their independence and that the Directors' remuneration shall encourage value creation within the Company.
- During the year, a Directors Training Program for the prescribed certification was arranged. Besides, a manual to acquaint the Directors with their role, obligations, powers, and responsibilities, was also provided to them.
- The Board of Directors for the purposes of clauses 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:

Male: Nine
Female: None

The composition of the Board is as follows:

i	Independent Directors	None
ii	Non-Executive Directors	1. Mr. Mohsin Mushtaq Chandna, Chairman 2. Mr. Abdulrahim A. Al Nooryani 3. Mr. Hamed Yaqoob Sheikh 4. Mr. Hatem Dowidar 5. Dr. Iram Anjum Khan 6. Mr. Mikhail Gerchuk 7. Mr. Ahad Khan Cheema 8. Dr. Mohamed Karim Bennis 9. Mr. Burak Sevilengul
iii	Executive Directors	None
iv	Female Directors	None

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

- Dr. Muhammad Sohail Rajput
- Mr. Mohsin Mushtaq Chandna
- Mr. Hassan Nasir Jamy
- Dr. Iram Anjum Khan
- Mr. Yusuf Khan
- Mr. Hamed Yaqoob Sheikh
- Syed Hussnain Abbas Kazmi
- Mr. Ahad Khan Cheema
- Mr. Abdulrahim A. Al Nooryani
- Mr. Hatem Dowidar
- Dr. Mohamed Karim Bennis
- Mr. Khalifa Al Shamsi
- Mr. Mikhail Gerchuk
- Mr. Burak Sevilengul

The Directors, CEO and Executives, do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

The 'Closed Period', prior to the announcement of interim/final results, was determined, and business decisions, which may materially affect the market price of Company's securities, were determined, and intimated to Directors, employees, and the stock exchange. Material/price sensitive information was disseminated among all market participants through the stock exchange.

Compliance statement with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Auditors Review thereon by statutory auditors are part of this report. Chairman's Review, Notice of Annual General Meeting, historical business indicators, 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

Enterprise Risk Management (ERM) is at the heart of PTCL's strategy execution, considering the ever-changing risk landscape and volatility of the operating environment. The importance of dynamically identifying, evaluating, and mitigating critical risks is increasing with time. Failure to manage these risks proactively could affect the success of our strategy, customer experience, reputation, financial position, and capacity to pay dividends.

The Board, through the Audit Committee, regulates the ERM of PTCL so that ERM practices are integrated into the decision-making process. For this purpose, the ERM policy and framework are in place that track the Company's risk profile which is constantly monitored through identification and assessment of possible adverse impact of risks on PTCL's business. We align our risk management strategies with international best practices, drawing from Gartner insights, COSO framework principles, and the ISO 31000 guidelines.

Key risks with the potential to adversely impact Company's ability to achieve its strategic targets are as following:

- Ongoing litigations
- Competition from other operators
- Negative forex fluctuations
- Liquidity and interest rate risks
- Occupational, health and safety hazards
- Tax recoverable and related outstanding cases

In coordination with internal and external stakeholders, PTCL continuously evaluates the possible impact of these risks along with the emerging risks and takes all needed measures to mitigate/reduce the impact, in line with its risk appetite.

WAY FORWARD

The year 2023 is shaping up to be a challenging year for all telecom operators. Hike in energy prices, increase in the cost of finance and devaluation of Pak Rupee coupled with LC restrictions are factors that are a grave cause of concern for operators as they limit their ability to execute planned network rollout. Higher inflation and increasing costs of doing business are eroding the profitability of the sector. In a fiercely competitive industry, telecom operators are looking to boost their Average Revenue Per User (ARPU) significantly, as a crucial element to sustain their business. Both fixed line and mobile operators are aiming to migrate their subscriber base to higher ARPU packages while maintaining the quality of service.

In the long term, Pakistan's demographics will continue to fuel growth in the telecom sector. Data demand will keep increasing exponentially in the medium to long term as the nation converges towards digital platforms, while at the same time, the government and large enterprises continue to digitalize their operations. Telecom operators are ideally positioned to reap the benefits arising out of the opportunities which these developments offer.

PTCL in the year 2023 and beyond, will continue to extend its FTTH footprint and upgrade the service quality of its copper network to maintain dominance in the fixed broadband segment. Moreover, PTCL is targeting to further strengthen its existing long-haul fiber by adding network resilience and extending its reach to the underserved areas. PTCL is also currently investing in Africa-1 submarine cable which would enable it to meet the nation's ever growing data demand in both retail and business services segments. PTCL's business solution segment is aiming to become a digital pioneer in the country and offer a suite of managed services to both public and private sectors.

PTCL Group is the only group in Pakistan that operates a vast fixed and mobile telecom network, as well as microfinance banking operations, spanning the entire length and breadth of the country. Its distinctive range of assets and capabilities serves as the foundation for the country to establish a fully functional digital ecosystem. PTCL Group aims to continue expanding its existing services while adding more services to its portfolio to become the preferred business partner for small, medium, and large sized enterprises.

ACKNOWLEDGEMENTS

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

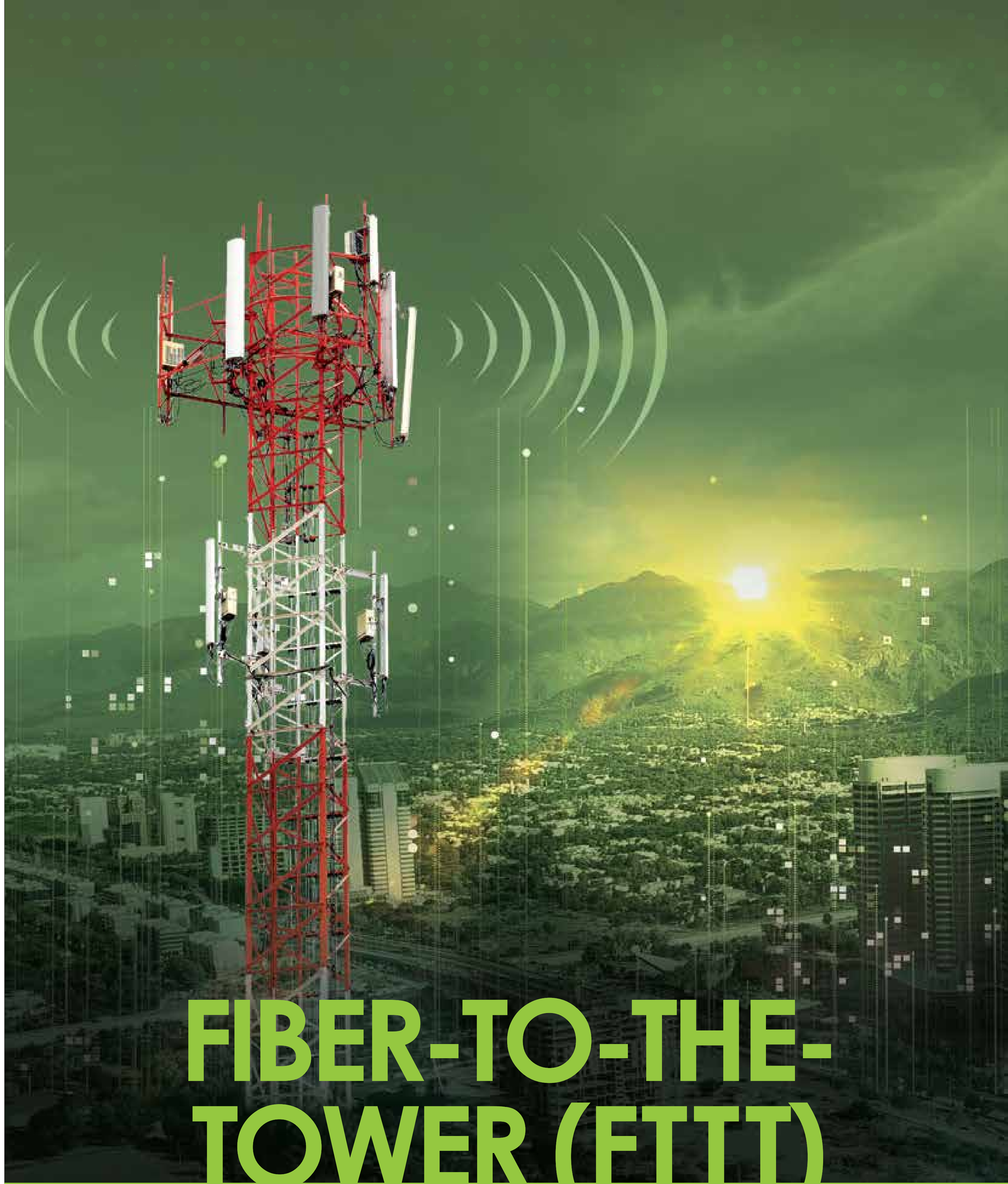
We would also like to appreciate the hard work, diligence, and dedicated efforts of our employees across the country who ensured provision of seamless services besides enabling the Company to successfully face the challenges of a highly competitive operating environment. We would also like to express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

On behalf of the Board of Directors

Hatem Mohamed Bamatraf
President and Group Chief Executive Officer

Mohsin Mushtaq Chandna
Chairman PTCL Board

Islamabad: February 15, 2023



FIBER-TO-THE-TOWER (FTTT)

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

ہیں۔ چیئرمین کا جائزہ، سالانہ عام اجلاس کا نوٹس، ہسٹوریکل بزنس انڈیکیٹر، آڈٹ کمیٹی کی تشکیل، انسانی وسائل اور معاوضہ کمیٹی، سرمایہ کاری اور مالیاتی کمیٹی، بورڈ کے اجلاسوں کی تعداد ، ڈائریکٹرز کی حاضری اور شیئر ہولڈنگ پیٹرن بھی اس رپورٹ کا حصہ ہیں۔

رسک مینجمنٹ

آپریٹنگ ماحول کے بدلتے ہوئے خطرے کے پس منظر اور اتار چڑھاؤ کے ساتھ، اس خطرے سے نمٹنے کے انتظامات کرنا بہت ضروری ہیں۔ ان مادی خطرات سے موثر طور پر نمٹنے کی صلاحیت میں ناکامی ہماری حکمت عملی، کسٹمر کے تجربے، ہماری ساکھ، مالی پوزیشن، اور منافع کی ادائیگی کی کامیابی کو متاثر کرسکتی ہے۔
بورڈ آڈٹ کمیٹی کے ذریعے پی ٹی سی ایل کے انٹرپرائز رسک مینجمنٹ (ERM) کو ریگولیٹ کرتا ہے۔ اس مقصد کے لیے ERM پالیسی اور فریم ورک کا اطلاق کیا گیا جس کے تحت پی ٹی سی ایل بزنس پر ان کے ممکنہ اثرات اور ان میں کمی کے موجودہ اور ضروری اقدامات کی شناخت کو مسلسل مانیٹر کیا جاتا ہے۔ ہمارے رسک مینجمنٹ کے طریقے بین الاقوامی بہترین طریقوں بشمول گارٹنز، COSO ضوابط اور ISO 31000 کے ساتھ منسلک ہیں۔
اسی طرح درج ذیل خطرات کی کمپنی کے سٹریٹجک اہداف کے حصول میں رکاوٹ کے طور پر نشاندہی کی گئی:

- جاری قانونی چارہ جوئی
- دوسرے آپریٹرز سے مقابلہ
- غیر ملکی کرنسی کے منفی اتار چڑھاؤ
- ٹیکس کی وصولی اور متعلقہ کیسز
- لیکویڈیٹی اور شرح سود کے خطرات
- پیشہ ورانہ، صحت اور تحفظ سے متعلق خطرات

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

درپیش مسائل اور مستقبل کا لائحہ عمل

سال 2023 تمام ٹیلی کام آپریٹرز کے لیے ایک چیلنجنگ سال بن رہا ہے۔ ایندھن کی قیمتوں میں اضافہ، مالیاتی لاگت میں اضافہ، پاکستانی روپے کی قدر میں کمی اور فارن ایکسچینج ذخائر کی کمی کی وجہ سے بینکوں کی جانب سے LCs کھولنے میں ہچکچاہٹ، یہ سب وہ عوامل ہیں جو ٹیلی کام آپریٹرز کے لیے تشویش کا باعث ہیں کیونکہ یہ مسائل نیٹ ورک کو بہترین انداز میں چلانے کی صلاحیت کو محدود کرتے ہیں۔ ٹیلی کام انڈسٹری آئی ایم ایف کی سطح پر ہونے والے معاہدے کی منتظر ہے تا کہ آپریٹرز نیٹ ورک رول آؤٹ اور اپ گریڈیشن میں سرمایہ کاری کا آغاز کرسکیں۔
مہنگائی کی بڑھتی شرح اور کاروباری لاگت میں اضافہ اس شعبے کے منافع کو کم کر رہا ہے۔ سخت مقابلے کی اس فضا میں ٹیلی کام آپریٹرز اپنے بزنس کو برقرار رکھنے کیلئے اپنی اوسط آمدنی فی صارف (ARPU) کو نمایاں طور پر بڑھانا چاہتے ہیں۔ فکسڈ لائن اور موبائل آپریٹرز دونوں کا مقصد سروس کے معیار کو برقرار رکھتے ہوئے اپنے سبسکرائبر بیس کو اعلیٰ ARPU پیکیجز پر منتقل کرنا ہے۔
پاکستان کی تیزی سے بڑھتی آبادی کے باعث طویل مدت تک ٹیلی کام کے شعبے میں ترقی کا یہ سفر اسی طرح جاری رہے گا، لوگ تیزی سے ڈیجیٹل پلیٹ فارمز کی طرف جا رہے ہیں یہی وجہ ہے کہ درمیانی سے طویل مدت کے دوران ڈیٹا کی طلب میں مسلسل اضافے کا رجحان جاری رہے گا۔ تمام بڑے ادارے اپنے امور ڈیجیٹلی انجام دینے کو فوقیت دیں گے، یہی وجہ ہے کہ تمام ٹیلی کام آپریٹرز مثالی طور پر ان مواقع سے فوائد حاصل کرنے کی پوزیشن میں ہیں، اور ان کی نگاہیں مستقبل کے اہداف پر ہیں۔
پی ٹی سی ایل سال 2023 اور اس کے بعد اپنے FTTH فٹ پرنٹ میں اضافہ جاری رکھے گا اور اپنے کاپر نیٹ ورک کی سروس کوالٹی کو اپ گریڈ کرے گا تا کہ فکسڈ براڈ بینڈ سیگمنٹ میں لیڈرشپ برقرار رکھی جاسکے۔ اس کے علاوہ پی ٹی سی ایل اپنے موجودہ طویل فاصلے کے فائبر کو مزید مضبوط کرنے کا ہدف بنا رہا ہے تا کہ نیٹ ورک کی پائیداری میں اضافہ کیا جائے اور اپنی رسائی کو زیر خدمت علاقوں تک بڑھایا جائے۔ پی ٹی سی ایل اس وقت افریقہ-1 سب میرین کیبل میں بھی سرمایہ کاری کر رہا ہے جو اسے ریٹیل اور بزنس سروسز دونوں حصوں میں ملک کی بڑھتی ہوئی ڈیٹا کی طلب کو پورا کرنے کے قابل بنائے گا۔ پی ٹی سی ایل کے بزنس سلوشن سیگمنٹ کا مقصد ملک میں ڈیجیٹل علمبردار بننا ہے اور پبلک اور پرائیویٹ دونوں شعبوں کو منظم خدمات کا ایک مجموعہ پیش کرنا ہے۔
پی ٹی سی ایل گروپ پاکستان کا واحد گروپ ہے جو ایک وسیع فکسڈ اور موبائل ٹیلی کام نیٹ ورک کے ساتھ ساتھ مائیکروفنانس بینکنگ آپریشنز بھی آپریٹ کرتا ہے جس کا نیٹ ورک پورے ملک کے طول و عرض میں پھیلا ہوا ہے۔ اس کے اثاثوں اور صلاحیتوں کی مخصوص رینج ملک کے لیے مکمل طور پر فعال ڈیجیٹل ماحولیاتی نظام قائم کرنے کی بنیاد کا کام کرتی ہے۔ پی ٹی سی ایل گروپ چھوٹے، درمیانے اور بڑے کاروباری اداروں کے لیے ترجیحی کاروباری شراکت دار بننے کے لیے اپنے پورٹ فولیو میں مزید بہترین پروڈکٹس شامل کرتے ہوئے اپنی موجودہ سروسز کو وسعت دے گا۔ انتظامیہ کا مقصد آنے والے سالوں میں ترقی کی رفتار کو مزید تیز کرنا ہے۔

اعتراف :

کمپنی کے بورڈ آف ڈائریکٹرز اپنے تمام صارفین، سپلائرز، کنٹریکٹرز، سروس فراہم کنندگان، اسٹیک ہولڈرز اور شیئر ہولڈرز کے مسلسل تعاون پر شکر گزار ہیں۔
ہم ملک بھر میں اپنے تمام ملازمین کی انتھک محنت اور لگن کی حوصلہ افزائی کرتے ہیں جن کی کاوشوں سے کمپنی کو درپیش مسائل اور چیلنجز سے نمٹنے میں مدد ملی اور بغیر کسی رکاوٹ کے خدمات کی فراہمی کا سلسلہ جاری رہا۔ ہم کمپنی کے مقاصد اور اہداف کے حصول میں حکومت پاکستان اور اتصالات گروپ کے بھرپور تعاون پر ان کا خصوصی طور پر شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

محسن مشتاق چاندنہ
چیئرمین پی ٹی سی ایل بورڈ
اسلام آباد: 15 فروری 2023

حاتم محمد بامطرف
پریزیڈنٹ اینڈ گروپ چیف ایگزیکٹو آفیسر

عمومی تعمیل

- بورڈ کی جانب سے حسب ضرورت کمپنی کے وژن، مشن، کارپوریٹ ویلیوز اور مجموعی کارپوریٹ حکمت عملی کی تیاری، منظوری اور اس کا جائزہ لیا جاتا ہے۔
- ایک رسمی ضابطہ اخلاق موجود ہے اور کمپنی کی ویب سائٹ پر ڈال دیا گیا ہے۔
- غیر اخلاقی طریقوں سے پیدا ہونے والی شکایات کی شناخت اور ازالے کیلئے پالیسی کے ساتھ مناسب نظام اور کنٹرول موجود ہے۔
- اندرونی کنٹرول کا نظام بشمول مالیاتی کنٹرول کی درست تشکیل، اس کا موثر طریقے سے نفاذ اور اس کی نگرانی کا سسٹم بھی لاگو کیا گیا ہے۔
- بورڈ آف ڈائریکٹرز اور انتظامیہ تمام ٹرانزیکشنز اور اہم معاملات کے بارے میں فیصلے بورڈ کے منظور کردہ اختیارات کے مطابق لیتے ہیں۔
- اہم پالیسیوں کی تفصیلات کے ساتھ ساتھ ان تمام تاریخوں کا مکمل ریکارڈ برقرار رکھا گیا ہے جن پر ان کی منظوری یا ترمیم کی گئی تھی۔
- کارپوریٹ گورننس کے بہترین تمام طریقوں کو اسی طرح برقرار رکھا گیا ہے جیسا انہیں ضوابط کی تفصیلات میں بتایا گیا ہے۔

فنانشل سٹیٹمنٹس اور آڈیٹرز

- کمپنی کی انتظامیہ کی جانب سے پیش کردہ فنانشل سٹیٹمنٹس میں اس کے تمام مالی معاملات، کیش فلو اور ایکویٹی میں ہونے والی تبدیلی کا منصفانہ بیان کیا گیا ہے۔
- کمپنی اکاؤنٹس کی مناسب بکس رکھی گئی ہیں۔
- مالی معلومات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے، معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- فنانشل سٹیٹمنٹس کی تیاری میں پاکستان میں رائج تمام انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کو مدنظر رکھا گیا ہے اور مناسب طور پر ظاہر کیا گیا ہے۔
- موجودہ تعلق کی روشنی میں کمپنی کے جاری رہنے کی صلاحیتوں کے بارے میں مکمل اطمینان کا اظہار کیا گیا ہے۔
- آڈٹ کمیٹی نے 31 دسمبر 2023 کو اختتام پزیر ہونے والے مالی سال کیلئے آڈیٹر کے طور پر KPMG تاثیر ہادی اینڈ کمپنی کی تقرری کی سفارش کی ہے، اس فیصلے کی بورڈ کی جانب سے بھی توثیق کی گئی ہے۔
- بقایا ٹیکس اور لیویز کے بارے میں معلومات فنانشل سٹیٹمنٹس کے نوٹس میں ظاہر کی گئی ہے۔
- ڈائریکٹرز کے معاوضے بشمول دیگر مراعات وفوائد کی تمام تفصیلات فنانشل سٹیٹمنٹ کے نوٹ 40 میں ظاہر کی گئی ہے۔
- متعلقہ فریق کے لین دین کی تمام تفصیل فنانشل سٹیٹمنٹ کے نوٹ 44 میں ظاہر کی گئی ہے۔
- ملازمین کے ریٹائرمنٹ پلانز کے لئے تجویز کردہ انویسٹمنٹ پلانز کی تفصیلات فنانشل سٹیٹمنٹ کے نوٹ 8.4 میں ظاہر کی گئی ہیں۔

بورڈ کی کارکردگی

- بورڈ اور اس کی کمیٹیوں کے سالانہ جائزے کے لیے ایک باضابطہ اور موثر طریقہ کار وضع کیا گیا ہے۔
- بورڈ کے چیئرمین نے ڈائریکٹرز کی مدت کے آغاز میں انہیں بذریعہ خط، جس میں کمپنیز ایکٹ 2017، کمپنی کے آرٹیکلز آف ایسوسی ایشن اور پالیسیز کے مطابق ان کے کردار، ذمہ داریوں، اختیارات، معاوضے اور استحقاق کا تعین کیا گیا، سے آگاہ کیا۔
- بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضے کی پالیسی کی منظوری دی ہے، جو بہترین کارپوریٹ اور گورننس کے طریقوں کے مطابق ہے۔ ڈائریکٹرز کو بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاسوں میں شرکت کے لیے فیس دی جاتی ہے، بورڈ اس بات کو یقینی بناتا ہے کہ ڈائریکٹرز اور چیئرمین کا معاوضہ/فیس اس سطح پر نہ ہو جس سے ان کی آزادی پر سمجھوتہ کیا جا سکتا ہو اور یہ کہ ڈائریکٹرز کا معاوضہ کمپنی کے اندرو ویلیو میں اضافے کا سبب بنے۔

- سال کے دوران مقررہ سرٹیفکیشن کے حصول کیلئے ڈائریکٹرز کے تربیتی پروگرامز کا اہتمام کیا گیا۔ اس کے علاوہ ڈائریکٹرز کو ان کے کردار، ذمہ داریوں اور اختیارات سے روشناس کروانے کیلئے مواد بھی فراہم کیا گیا۔
- بورڈ آف ڈائریکٹرز نے PSX ریگولیشنز کی شق 5.6.1 اور 5.6.4 کے تحت ان ملازمین کی حد مقرر کی ہے جنہیں ایگزیکٹیو کہا جاتا ہے۔

بورڈ کی تشکیل:

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

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

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

بورڈ کی تشکیل حسب ذیل ہے:

(i) آزاد ڈائریکٹرز کوئی نہیں

(ii) نان ایگزیکٹیو ڈائریکٹرز

1۔ جناب محسن مشتاق چاندنہ، چیئرمین
2. جناب عبدالرحیم اے النوریانی
3. جناب حامد یوسف شیخ
4. جناب حاتم دوئیدار
5۔ ڈاکٹر ارم انجم خان
6. جناب میخائل گرچوک
7۔ جناب احد خان چیمہ
8. ڈاکٹر محمد کریم بینس
9. جناب براق سیویلنگل

iii ایگزیکٹو ڈائریکٹرز کوئی نہیں

iv) خواتین ڈائریکٹرز کوئی نہیں

دوران سال درج ذیل ممبران بورڈ میں شامل رہے

- ڈاکٹر محمد سہیل راجپوت
- جناب محسن مشتاق چاندنہ
- جناب حسن ناصر جامی
- ڈاکٹر ارم انجم خان
- جناب یوسف خان
- جناب حامد یعقوب شیخ
- سید حسنین عباس کاظمی
- جناب احد خان چیمہ
- جناب عبدالرحیم اے النوریانی
- جناب حاتم دوئیدار
- ڈاکٹر محمد کریم بینس
- جناب خلیفہ الشمسی
- جناب میخائل گرچوک
- جناب براق سیویلنگل

ڈائریکٹرز، سی ای او اور ایگزیکٹیو کمپنی کے شیئرز میں دلچسپی نہیں رکھتے ماسوائے ان کے جو شیئر ہولڈنگ پیٹرن کے مطابق ظاہر کئے گئے ہیں ۔

عبوری یا حتمی نتائج کے اعلان سے قبل بند ہونے والی مدت کا تعین کیا گیا تھا اور کمپنی کی سیکیورٹیز کی مارکیٹ قیمت کو مادی طور پر متاثر کرنے والے کاروباری فیصلوں کا تعین کیا گیا تھا جس کے بارے میں ڈائریکٹرز، ملازمین اور اسٹاک ایکسچینج کو آگاہ کیا گیا تھا۔ میٹیریل اور قیمت کے بارے میں حساس معلومات مارکیٹ کے تمام شرکا کو اسٹاک ایکسچینج کے ذریعے پہنچائی گئی۔

Compliance statement اور قانونی آڈیٹرز کے ذریعے اس پر آڈیٹرز کا جائزہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت اس رپورٹ کا حصہ

سکے۔اس کے ساتھ ساتھ پی ٹی سی ایل اپنے پارٹنرز کے لئے عالمی معیار کی خدمات کی فراہمی کے لئے مسلسل کوشاں ہے۔ڈیجیٹلائزیشن کے اس نئے دور میں کیریئر انڈسٹری کی کاروباری ضروریات کو پورا کرنے کے لیے، پی ٹی سی ایل اپنے پروڈکٹ پورٹ فولیو کو متنوع بنا رہا ہے جس میں کنیکٹیویٹی، مینیجڈ سروسز، کلاؤڈ، ڈیٹا سینٹر، اور آئی سی ٹی پروڈکٹس شامل ہیں، اس طرح کنیکٹیویٹی فراہم کرنے والے سے اپنے کردار کو ایک جامع حل فراہم کرنے والے میں تبدیل کر رہا ہے۔

انٹرنیشنل بزنس ریلیشنز

پی ٹی سی ایل اپنے معزز صارفین کو اعلیٰ معیار کی وائس اور آئی پی بینڈ وڈتھ/ آئی پی ٹرانزٹ خدمات کی فراہمی کے لئے مصروفِ عمل ہے۔

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

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

کسٹمر کیئر

ہماری کسٹمر کیئر کاوشوں میں کسٹمر کو ہمیشہ فوقیت حاصل رہی ہے۔ پی ٹی سی ایل گروپ نے کسٹمرز کو بہترین سروسز کی فراہمی کیلئے متعدد اقدامات متعارف کرائے ہیں۔ 2022 میں، ہمارا مقصد یہی تھا کہ کسٹمر کے لئے ہر ممکن وہ اقدامات کئے جائیں جو اس کے تجربات میں خوشگوار اضافے کا سبب بن سکیں، جس میں پی ٹی سی ایل اور یوفون کسٹمر کیئر کو مضبوط کرنا بھی شامل ہے۔ اس مقصد کیلئے پی ٹی سی ایل اور یوفون دونوں کی بہترین کسٹمر کیئر سروس کیلئے اسٹاف کو تیار کرنے اور ٹریننگ دینے کا ایک جامع پروگرام رواں سال میں نافذ کیا گیا۔
پی ٹی سی ایل اور یوفون دونوں کے صارفین کے لیے ون ونڈو سلوشن کو فعال کیا گیا جس نے مجموعی کارکردگی اور کسٹمر کے تجربے کو بہتر بنانے میں مدد کی۔ کسٹمر کیئر نے کراس فنکشنل اسکرم ٹیم کی مدد سے کم کوریج والے علاقوں میں صارفین کے مسائل کو حل کرنے کے لیے ایک فعال انداز اپنایا۔ پی ٹی سی ایل گروپ نے مستقل صارفین تک فعال انداز میں پہنچنے کے لیے کسٹمر ہیپینیس انڈیکس فریم ورک کا فائدہ اٹھایا۔ پی ٹی سی ایل گروپ اور ای اینڈ نے مشترکہ طور پر یوفون کے لیے کسٹمر انڈیکس تیار کرنے کے لیے کام کیا، اور اس طرح وہ گروپ میں پہلا آپریٹر بن گیا جس کے پاس ٹاٹم اپ کسٹمر انڈیکس مسلسل بہتری کے لیے دستیاب ہے۔

کسٹمر کو ہمیشہ سب سے پہلے رکھنا ہماری بنیادی اقدار میں سے ایک ہے اور موجودہ کسٹمرز کے آن بورڈنگ اور شکایات سے نمٹنے کے عمل میں آسانی اور سہولت لانے کے لیے ایک اہم کسٹمر ٹریول ری ویمپ پروگرام کو عمل میں لایا گیا۔ پی ٹی سی ایل گروپ نے نیٹ پروموٹر سکور (NPS) کی پیمائش بھی شروع کر دی ہے تاکہ کسٹمر کے مجموعی تجربے کو بہتر بنانے کے لیے کلیدی بہتری کے شعبوں پر توجہ دی جا سکے۔ پی ٹی سی ایل گروپ نے ای اینڈ کے اشتراک سے کسٹمر ڈیلائٹ پروگرام کا آغاز کیا جس کا مقصد ای اینڈ کی گورننس کے تحت ٹیلی کام آپریٹرز سے انڈسٹری کے بہترین طریقوں کو نافذ کرنا ہے۔

گزشتہ سال کے دوران کسٹمرز کی مجموعی کارکردگی اور درستگی کو بہتر بنانے کے لئے مختلف اقدامات کیے گئے۔ کمپنی نے ایک روبوٹک پروسیس آٹومیشن (RPA) پروگرام نافذ کیا ہے جو ڈیجیٹل کسٹمر کے مجموعی تجربے کو تیار کرنے اور بنانے کے لیے سروس کے نئے معیارات قائم کرنے کے لیے کام کرے گا۔ موجودہ واٹس ایپ، ویب چیٹ اور دیگر کسٹمر سپورٹ چینلز کو بہتر بنانے کے لیے ڈیجیٹل محاذ پر مختلف اقدامات کیے گئے۔
کسٹمر کو برقرار رکھنا اور اسے واپس لانا بھی کلیدی فوکس ایریاز کے طور پر رہا جہاں کمپنی نے مختلف اقدامات کو انجام دیا۔ اس میں بہتر عمل میں بہتری کے ساتھ داخلے کی سطح پر کسٹمر کی مصروفیت میں بہتری اور اسناد کی بہتری شامل ہے اور اس کے نتیجے میں کسٹمر میں بہتری اور نادہندگان میں کمی آئی ہے۔

کارپوریٹ سماجی ذمہ داری (CSR)

2022 میں پاکستان نے اپنی قومی تاریخ کے بدترین سیلاب کا سامنا کیا۔ جس میں تقریباً 1500 لوگ جان سے گئے، ہزاروں زخمی ہوئے اور بے شمار افراد اپنے گھروں سے محروم ہو گئے۔ مالی نقصانات کا اندازہ بھی بہت زیادہ رہا کیونکہ ایسے لوگوں کی تعداد بہت زیادہ تھی جو اس سیلاب کے باعث اپنا سب کچھ تباہ کر بیٹھے اور بہ مشکل اپنی جان بچا کر وہاں سے نکلنے میں کامیاب ہوئے۔ متاثرہ افراد کی امداد کیلئے حکومت پاکستان کی اپیل پر پی ٹی سی ایل اور یوفون نے ایک بار پھر بھرپور ساتھ نبھایا اور وزیر اعظم فلڈ ریلیف فنڈ میں فراخدلی سے عطیہ کرنے کے علاوہ سیلاب زدہ تمام علاقوں میں جاری امدادی سرگرمیوں میں تعاون اور متاثرہ افراد کو اپنے پیاروں سے رابطہ قائم کرنے میں مدد فراہم کرنے کیلئے مفت کالز کی سہولیات بھی فراہم کیں۔ سیلاب کے نتیجے میں زخمی ہونے والے اور پانی سے پیدا ہونے والی بیماریوں میں مبتلا افراد کو بہترین طبی امداد کی فراہمی کیلئے پی ٹی سی ایل نے ملک بھر میں قائم اپنے طبی مراکز کے دروازے ان متاثرہ افراد کی مدد کیلئے کھول دیے۔ سیلاب سے متاثرہ سندھ اور بلوچستان کی آبادیوں کو پینے کا صاف پانی اور خوراک فراہم کی گئی۔ جب سردیوں کی شدید لہر نے بلوچستان میں بے گھر افراد کی مشکلات میں اضافہ کیا تو پی ٹی سی ایل اور یوفون نے ان کے مسائل کم کرنے کے لیے گرم جیکٹس عطیہ کیں۔

پی ٹی سی ایل نے پاکستان پاورٹی ایلیویشن فنڈ کے ساتھ تعاون کیا، جو ایک سماجی ادارہ ہے، تاکہ خواتین انٹرپنیور کی تربیت، ڈیجیٹل اور فنانشل ٹولز تک رسائی اور معاشی ترقی کے مواقع کے ذریعے ڈیجیٹل اور اقتصادی شمولیت کو فروغ دیا جا سکے۔ ایک سال پر محیط اس منصوبے کو خیبر پختونخواہ میں ہری پور کی چار یونین کونسلوں اور دس دیہاتوں میں آغاز کیا گیا، جس سے 100 خواتین انٹرپنیور کو فائدہ پہنچے گا۔

پاکستان ٹیلی کمیونیکیشن اتھارٹی (PTA) نے دیگر ٹیلی کام آپریٹرز اور اسٹیک ہولڈرز کے ساتھ مل کر پاکستان میں ڈیجیٹل صنفی فرق کو کم کرنے کیلئے رسائی، استطاعت اور ڈیجیٹل مہارتوں کے ساتھ قابل قدر اقدامات کئے۔ پی ٹی اے نے انفارمیشن اینڈ کمیونیکیشن ٹیکنالوجی کی فیلڈ میں صنفی شمولیت کو فروغ دینے اور باہمی تعاون کے ذریعے پاکستان میں خواتین کو ڈیجیٹلی بااختیار بنانے کے لیے مختلف کمپنیوں کے ساتھ معاہدوں پر دستخط کیے ہیں۔

پی ٹی سی ایل گروپ نے خواتین کے عالمی دن 2022 کے موقع پر ایک ہفتہ طویل آگاہی مہم کا انعقاد کیا تاکہ دفاتر یا دیگر کام کی جگہوں پر صنفی امتیاز کے خاتمے کے لیے بیداری پیدا کی جا سکے۔ اس مہم کا مقصد دقیانوسی تصورات اور خواتین کے خلاف تعصب کو ختم کر کے کام کی جگہوں میں تنوع اور شمولیت کو فروغ دینا تھا۔ اس مہم میں خواتین کے خلاف امتیازی سلوک اور جانبدارانہ طرزِ عمل کو ظاہر کرنے والی ویڈیوز کی اسکریننگ سمیت دیگر کئی سرگرمیوں کا انعقاد کیا گیا۔

پی ٹی سی ایل گروپ ملک میں کاربن فٹ پرنٹ کو کم کرنے اور ماحولیاتی تحفظ و پائیداری کو فروغ دینے کے لیے ہمہ وقت کوشاں ہے۔ اپنے اسی عزم کو مدنظر رکھتے ہوئے پی ٹی سی ایل رضا کار (ملازم رضا کار فورس) نے ملک بھر میں جنگلات کے رقبے کو بڑھانے اور آلودگی کم کرنے کے لیے، "ہم پودے لگاتے ہیں تاکہ دنیا ترقی کر سکے" کے سلوگن کے ساتھ پورے پاکستان میں شجرکاری مہم چلائی۔

پی ٹی سی ایل گروپ نے JAQ ایجوکیشن ٹرسٹ کے زیر اہتمام "پہلی کرن اسکولز" کو ایوو چارجی ڈیوائسز فراہم کی ہیں تاکہ اسکول سے باہر بچوں کو معیاری تعلیم تک رسائی فراہم کی جا سکے۔ پہلی کرن اسکولز کا قیام اسلام آباد کے کچی آبادیوں میں کیا گیا تاکہ وہاں پسماندہ بچوں تک علم کی روشنی پہنچائی جا سکے۔ پی ٹی سی ایل گروپ نے ان بچوں کی تعلیم میں بغیر کسی رکاوٹ کے انٹرنیٹ کنیکٹیویٹی کو یقینی بنایا۔

پی ٹی سی ایل گروپ نے کراچی کی ماہی گیر برادری کو لائف جیکٹس عطیہ کیں تاکہ تیز لہروں کے موسم میں چھوٹے پیمانے پر ماہی گیروں کی حفاظت کو یقینی بنایا جا سکے۔ یہ اقدام اس کمیونٹی کی حمایت میں شروع کیا گیا تھا جو زندگی گزارنے اور سمندری غذا کی سپلائی چین کو برقرار رکھنے کے لیے اپنی جانوں کو خطرے میں ڈالتی ہیں۔ جس کا مقصد اس بات کو یقینی بنانا ہے کہ ماہی گیر ہر دن کے اختتام پر بحفاظت اپنے خاندان والوں کے پاس واپس جا سکیں۔

کارپوریٹ گورننس

کمپنی نے لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ریگولیشنز، 2019 (جسے "ریگولیشنز" کہا جاتا ہے) کے ساتھ ساتھ پاکستان اسٹاک ایکسچینج ریگولیشنز ("PSX ریگولیشنز") کی تمام شرائط کی تکمیل کی ہے۔ ڈائریکٹرز درج ذیل نکات کی توثیق کرتے ہوئے حوالہ شدہ ضوابط کی تعمیل کرتے ہیں:

مختصات

بورڈ آف ڈائریکٹرز نے Ufone میں ایکویٹی انجیکشن کے لیے فنڈز، Ufone کے 4G اور PTCL کے FTTH نیٹ ورکس کی توسیع اور نیٹ ورک اپ گریڈیشن کی دیگر ضروریات کے لیے درکار سرمایہ کی ضروریات کے پیش نظر سال 2022 میں کوئی ڈیویڈنڈ تجویز نہیں کیا۔

دیگر معاملات

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران ایسی کوئی اہم تبدیلیاں اور وعدے نہیں ہیں جس سے کمپنی کی مالی پوزیشن متاثر ہو۔
آپ کی توجہ اس سال کی پی ٹی سی ایل کی فنانشل سٹیٹمنٹس کی شق 15.9 اور منسلک گروپ فنانشل سٹیٹمنٹس کی شق 19.9 کی جانب مبذول کروا رہے ہیں جس میں عدالت کے زیر جائزہ پی ٹی سی ایل پنشن اسکیم کے تحت کچھ ملازمین کے حقوق کی وضاحت کی گئی ہے جس کو بیرونی آڈیٹرز نے اپنی رپورٹ میں اجاگر کیا ہے۔

صارفین کے لئے پراڈکٹس اور سروسز

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

وائرلائن براڈ بینڈ

2022 میں، پی ٹی سی ایل نے فکسڈ براڈ بینڈ سروسز میں بہترین کارکردگی کا مظاہرہ کیا جس میں پی ٹی سی ایل فلیش فائبر زیادہ نمایاں رہا اور FTTH انڈسٹری میں ایک اسٹار پروڈکٹ کے طور پر ابھرا۔ FTTH نیٹ ورک کی جارحانہ توسیع کے باعث 2022 میں پاکستان بھر میں تقریباً چھ لاکھ گھروں تک فلیش فائبر کی سہولت پہنچائی گئی۔ فلیش فائبر نے گزشتہ سال کے دوران نصف سے زیادہ انڈسٹری نیٹ ایڈز حاصل کئے اور مارکیٹ لیڈر کے طور پر سامنے آیا۔ پی ٹی سی ایل، وائرلائن براڈ بینڈ کے بزنس میں مسلسل ترقی کر رہا ہے اور صارفین کو بہترین سروسز کی فراہمی میں مسلسل کوشاں ہے۔

سمارٹ ٹی وی اور مواد

پی ٹی سی ایل سمارٹ ٹی وی سیگمنٹ نے 2022 میں بھی اپنی ترقی کے سفر کو جاری رکھا، بنیادی طور پر ٹرپل پلے سروسز میں بہتری لانے کے باعث اس کی مقبولیت میں زیادہ اضافہ ہوا۔ پی ٹی سی ایل نے اس بات پر توجہ دی کہ صارفین کے لئے زیادہ سے زیادہ تفریحی مواد کی فراہمی کو یقینی بنایا جائے۔ پی ٹی سی ایل سمارٹ ٹی وی نے تقریباً 20 سے زیادہ لوکل اور انٹرنیشنل نئے ٹی وی چینل کا اضافہ کیا اس کے علاوہ سٹارز پلے کیٹلاگ میں پریمیم ہالی ووڈ فلمز اور بچوں کے لئے اینیمیٹڈ سیریز بھی شامل کیں، یہ تفریحی مواد تقریباً 3000 سے زائد گھنٹے پر مشتمل تھا۔

بزنس سے متعلقہ پراڈکٹس اور سروسز

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

انٹرپرائز سلوشنز

پی ٹی سی ایل انٹرپرائز سلوشنز نے رواں سال کے دوران کئی اہم اقدامات اور پراجیکٹس کی بدولت 19 فیصد سالانہ نمو حاصل کیا۔ منظم خدمات، کلاؤڈ، سیکورٹی، آئی سی ٹی پورٹ فولیو، اور عمودی پر مبنی حل میں مزید ترقی اور سرمایہ کاری پر توجہ مرکوز رہی۔ ایک وسیع اور جامع انٹرپرائز سلوشنز کنیکٹیویٹی پورٹ فولیو ایک بڑے کسٹمر بیس کی ضروریات کو محفوظ، تیز ترین اور قابل اعتماد خدمات کے ذریعے پورا کرتا رہا۔ پی ٹی سی ایل کا انٹرپرائز سلوشنز سیگمنٹ پبلک اور پرائیویٹ دونوں شعبوں میں بنیادی رابطے کے ساتھ ساتھ اہم اسٹریٹجک آئی سی ٹی اور کلاؤڈ پروجیکٹس کو حاصل کرنے میں کامیاب رہا۔ یہ کارکردگی جارحانہ پروڈکٹس کی فراہمی اور فروخت کی حکمت عملی کا مشترکہ نتیجہ ہے۔ متنوع کاروباری عمودی میں نئے کسٹمرز کو شامل کرنے پر توجہ مرکوز کرنے سے نئے حصوں میں کسٹمر بیس اور پروڈکٹس کی رسائی کو بڑھانے میں مدد ملی۔

پی ٹی سی ایل نے ڈیٹا سینٹر ہوسٹنگ سروسز میں اپنی مضبوط پوزیشن اور وسیع تجربے کا فائدہ اٹھاتے ہوئے، جدید ترین Tier-3 سرٹیفائیڈ ڈیٹا سینٹرز اور تیز رفتار کنیکٹیویٹی سلوشنز فراہم کرنے والے، انٹرپرائز گریڈ کا استعمال کرتے ہوئے اختراعی پیشکشوں کے ساتھ اپنی کلاؤڈ سروسز کو مزید مضبوط بنایا۔ پی ٹی سی ایل ملک کا واحد ٹیلی کام آپریٹر ہے جس نے اپنی کلاؤڈ سروسز انفراسٹرکچر کے متوازی طور پر دو ISO سرٹیفکیشن حاصل کیے ہیں۔
پی ٹی سی ایل اپنے صارفین کو پریمیم سیکیورٹی خدمات فراہم کرنے کے لیے ایک سفر کا آغاز کر رہا ہے۔ پی ٹی سی ایل بینکنگ انفراسٹرکچر کے صارفین اور انٹرپرائز صارفین کی حفاظتی ضروریات کو پورا کرنے کے لیے منظم سیکیورٹی سروسز کو تعینات کرنے کا ارادہ رکھتا ہے۔

پاکستان میں ڈیجیٹل تبدیلی کے لیے راہنمائی کرتے ہوئے، پی ٹی سی ایل نے اپنے انٹرپرائز سلوشنز پورٹ فولیو کو کنیکٹیویٹی کی ضروریات کو پورا کرنے سے لے کر اپنے نیٹ ورک سیکیورٹی کے لیے کسٹمر کا بھروسہ مند انتخاب بننے کے لیے بڑھایا ہے۔ اپنے پورٹ فولیو کو متنوع بنانے اور اپنی انٹرپرائز پیشکشوں میں قیمتی مصنوعات شامل کرنے کے لیے، پی ٹی سی ایل نے 360 ڈگری مینجڈ کنیکٹیویٹی اور سرویلنس سلوشنز فراہم کرنے والے اسمارٹ سلوشنز کا آغاز کیا۔ کمپنی نے آئی سی ٹی سنٹرک وژن کی بدولت Q-Taleem اور Q-Cloud جیسے جدید ICT سلوشنز کے ساتھ اپنے کارپوریٹ کسٹمر بیس کو وسعت دی۔ آج، پی ٹی سی ایل کے پاس آئی سی ٹی اور کلاؤڈ صارفین ہیں جن میں تعلیم، مالیاتی، صحت کی دیکھ بھال، اور ایف ایم سی جی سمیت متعدد صنعتی طبقات شامل ہیں۔ وفاقی تعلیم اور پیشہ ورانہ تربیت کی وزارت کے لیے پاکستان میں تعلیم کی ڈیجیٹلائزیشن کو فعال کرنے کے لیے پی ٹی سی ایل نے کامیابی کے ساتھ ٹیلی اسکول ایپلیکیشن فراہم کی ہے جس نے طلباء کے لیے لائیو ٹی وی چینلز کے ساتھ ریموٹ لرننگ اور ویڈیو آن ڈیمانڈ کے ذریعے KG سے کلاس 12 تک کے مختلف مضامین سے متعلقہ تعلیمی مواد کا حسین امتزاج کیا۔ پی ٹی سی ایل نے کال سنٹر اور دیگر ہیلپ لائن خدمات کو فعال کر کے کوویڈ کے دوران حکومت کی مدد کی، مزید برآں پی ٹی سی ایل سرکاری اور نجی شعبوں میں اپنے صارفین کے ساتھ کام کر رہا ہے تاکہ ان کے ڈیجیٹل تبدیلی کے سفر کو فعال اور تیز کیا جا سکے۔ صنعت کے معروف ٹیکنالوجی اور سروس پارٹنرز کے ساتھ مل کر کام کرتے ہوئے، ہماری حکمت عملی یہ ہے کہ ہم اپنے کارپوریٹ صارفین کو ان کے آئی سی ٹی چیلنجز سے نمٹنے کے لیے موثر حل فراہم کریں۔

کیریئر سروسز

پی ٹی سی ایل گروپ پاکستان میں معروف آئی سی ٹی فراہم کنندہ کے طور پر تمام ٹیلی کام آپریٹرز کے بنیادی انفراسٹرکچر اور رابطے کی ضروریات کو پورا کرنے میں اہم کردار ادا کر رہا ہے، جن میں سیلولر موبائل آپریٹرز، لانگ ڈسٹنس انٹرنیشنل، لوکل لوپ آپریٹرز، ٹیلی کام انفراسٹرکچر پرووائیڈر اور ٹیلی کام ٹاور پرووائیڈر کے علاوہ حکومتی اور دفاعی کمیونیکیشنز شامل ہیں۔
جدید ترین بین الاقوامی سب میرین کیبل نیٹ ورک جس میں چار مختلف روٹس یعنی، AAE1, SMW4, IMEWE اور SMW3 اور ایک نئی سب میرین کیبل (افریقہ 1) پر مشتمل جدید ترین بین الاقوامی سب میرین کیبل نیٹ ورک کے ساتھ پی ٹی سی ایل ملک کی ڈیٹا کی ضروریات کو پورا کرنے کے لئے تیار ہے۔ پی ٹی سی ایل کیریئر انڈسٹری کیلئے بہترین انتخاب ہے کیونکہ اسے ملک بھر میں آپٹک فائبر کی رسائی، متعدد لنکس کے ساتھ پائیدار کور نیٹ ورک، میٹرو، اور رسائی نیٹ ورک، جس کو ٹائر–3 سرٹیفائیڈ ڈیٹا سینٹرز، منظم سہولیات اور VSAT بیک ہال سلوشنز کی حمایت حاصل ہے۔

کیریئر کنیکٹیویٹی اور مسلسل بڑھتی ڈیٹا کی ضروریات کے پیش نظر پی ٹی سی ایل نے ملک بھر میں اپنے نیٹ ورک کی توسیع کے سلسلے کو جاری رکھا جس کے تحت سال 2022 کے دوران 136 اہم سائٹس پر کامیابی کے ساتھ جدید انفراسٹریکچر کے عمل کو مکمل کیا گیا۔
پاکستان میں حالیہ تباہ کن سیلاب نے ٹیلی کام انڈسٹری کے انفراسٹریکچر کو بری طرح متاثر کیا، تاہم پی ٹی سی ایل کے پائیدار نیٹ ورک کے باعث زیادہ نقصان نہیں ہوا اور ہم اپنے انڈسٹری پارٹنرز کے لئے سروسز کی فراہمی برقرار رکھنے میں کافی حد تک کامیاب رہے۔
صارفین کے تجربے کو بہتر بنانے کے لئے پی ٹی سی ایل نے آن لائن پلیٹ فارم 'پی ٹی سی ایل کیریئر واچ' تیار کیا ہے تاکہ ہمارے معزز پارٹنرز کو سروسز کی بلاتعطل فراہمی یقینی بنائی جا

مالیاتی جائزہ اور دیگر امور برائے 2022

ہم پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2022 کو ختم ہونے والے سال کیلئے سالانہ رپورٹ اور آڈٹ شدہ مالیاتی حسابات بہ ہمراہ آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

سال 2022 پاکستان کے لیے ایک مشکل سال تھا کیونکہ عالمی اقتصادی بحران کے اثرات اور ملک کے اپنے میکرو اکنامک چیلنجز نے معاشی نمو کو نمایاں طور پر متاثر کیا۔لیکن ان چیلنجز کے باوجود مالی سال 22-2021 میں پاکستان میں جی ڈی پی کی شرح نمو 6 فیصد رہی، جبکہ گزشتہ سال یہی شرح 5.4 فیصد تھی۔ 2022 میں پاکستان کو سیلاب کی تباہ کاریوں کا بھی سامنا کرنا پڑا جس نے انفراسٹرکچر کو متاثر کیا اور ایک محتاط اندازے کے مطابق اس سیلاب کے نتیجے میں ہونے والے معاشی نقصان کا تخمینہ 30 ارب امریکی ڈالرز لگایا گیا ہے۔ ان اقتصادی اور ماحولیاتی مشکلات کے نتیجے میں صرف ٹیلی کام انڈسٹری ہی نہیں بلکہ پاکستان میں موجود تمام کاروباری شعبوں کی آمدنی اور منافع پر منفی اثر پڑا۔

ان چیلنجز کے باوجود، پی ٹی سی ایل 2022 میں ایک مضبوط کارکردگی پیش کرنے میں کامیاب رہا اور کمپنی نے گزشتہ سال کے مقابلے میں 8.6 فیصد اضافے کے ساتھ اپنی تاریخ کی سب سے زیادہ آمدن حاصل کی۔ پی ٹی سی ایل کی پریمیم ایف ٹی ٹی ایچ سروس، فلیش فائبر نے گزشتہ سال کے مقابلے میں 102.7 فیصد کا زبردست اضافہ حاصل کیا۔ اس کے علاوہ پی ٹی سی ایل نے 4.9 ارب روپے کا آپریٹنگ منافع کمایا جو گزشتہ سال کے مقابلے میں 17.1 فیصد زیادہ ہے۔ خالص منافع 9.1 ارب روپے رہا جو 2013 کے بعد حاصل ہونے والا سب سے زیادہ منافع ہے اور گزشتہ سال کے مقابلے میں 31.7 فیصد زیادہ ہے۔

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

مالیاتی کارکردگی

پی ٹی سی ایل گروپ نے سال 2022 کے دوران 151.6 ارب روپے کی آمدن حاصل کی جو 2021 کے مقابلے میں 10.2 فیصد زیادہ ہے۔ آمدنی میں یہ اضافہ گروپ کی تمام کمپنیوں کی مثبت کارکردگی کا نتیجہ ہے۔ بجلی اور ایندھن کے نرخوں میں نمایاں اضافہ، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، بلند شرح سود، 4G سپیکٹرم کے حصول کے بعد متعلقہ نیٹ ورک رول آؤٹ سے منسلک دیگر اخراجات پی ٹی سی ایل گروپ کے منافع پر اثر انداز ہونے کی وجہ بنے اور پی ٹی سی ایل گروپ کو 7.8 ارب روپے کا خالص نقصان ہوا۔

آمدن

پی ٹی سی ایل نے 2022 کے دوران اپنی مضبوط کارکردگی کے تسلسل کو جاری رکھا۔ پی ٹی سی ایل نے سال 2022 میں 83.4 ارب روپے کی آمدن حاصل کی جو پی ٹی سی ایل کی تاریخ کی ریکارڈ آمدن ہے۔ یہ سال 2021 کے مقابلے میں 8.6 فیصد زیادہ ہے۔ اس کی بنیادی وجہ براڈ بینڈ و کارپوریٹ اور ہول سیل بزنس سیگمنٹس میں نمایاں ترقی ہے۔ پی ٹی سی ایل کی پریمیم FTTH سروس فلیش فائبر نے 2022 میں FTTH مارکیٹ میں سب سے زیادہ صارفین کا اضافہ کرتے ہوئے زبردست نمو دکھائی۔ پی ٹی سی ایل نے فلیش فائبر کو وسعت دینے کے علاوہ اپنے موجودہ انفراسٹرکچر اور نیٹ ورک کی اپ گریڈیشن کے عمل کو جاری رکھا، صارفین کو بہترین سروسز کی فراہمی، فلیش فائبر سروس کی فوری تنصیب اور کارپوریٹ و ہول سیل سیگمنٹس میں مضبوط کارکردگی، پی ٹی سی ایل کی کامیابی کی نمایاں وجوہات تھیں جس کے باعث کمپنی نے ریکارڈ منافع حاصل کیا۔

پی ٹی سی ایل نے فکسڈ براڈ بینڈ کے شعبے میں ایف ٹی ٹی ایچ کی جارحانہ حکمت عملی کے باعث 12.2 فیصد سالانہ شرح نمو حاصل کی۔ فلیش فائبر نے 102.7 فیصد کی غیر معمولی ترقی حاصل کی اور مارکیٹ میں صارفین کے ایک بڑے طبقے تک رسائی حاصل کی، جب کہ IPTV کے شعبے میں بھی 8.1 فیصد سالانہ کا اضافہ دیکھنے میں آیا۔ وائس اور وائرلیس براڈ بینڈ کے بزنس میں کمی آئی جس کی بنیادی وجہ صارفین کی او ٹی ٹی سروسز کی جانب غیر معمولی دلچسپی اور موبائل آپریٹرز سے مسابقت تھی۔

بزنس سلوشنز کے شعبے نے اپنی ترقی کی رفتار کو جاری رکھا اور IP بینڈ وتھ، کلاؤڈ، ڈیٹا سینٹر، اور دیگر ICT خدمات میں اپنی مارکیٹ کی قیادت کو برقرار رکھا۔ پی ٹی سی ایل کے کارپوریٹ بزنس میں گزشتہ سال کے مقابلے میں 18.8 فیصد اضافہ ہوا، جبکہ کیریئر اور ہول سیل بزنس نے اپنی ترقی کی رفتار کو جاری رکھا اور مجموعی طور پر 11 فیصد شرح نمو حاصل کی۔

اسی طرح انٹرنیشنل بزنس میں 8.5 فیصد اضافہ ریکارڈ کیا گیا۔ بزنس سلوشنز میں مجموعی آمدنی میں سال بہ سال 12.5 فیصد اضافہ دیکھا گیا۔

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

یوفون نے سال 2022 کے دوران سبسکرائبر بیس میں 3.9 فیصد سالانہ اضافہ حاصل کیا اور ٹیلی کام انڈسٹری میں اپنے مارکیٹ شیئر میں اضافہ حاصل کیا۔ 4G سپیکٹرم کے حصول کے بعد سے یوفون نے ایڈوانس انکم ٹیکس (AIT) میں اضافے، موبائل ٹرمینیشن ریٹ (MTR) میں کمی اور ملک بھر میں سیلاب کی تباہ کاریوں کے چیلنجز کے باوجود گزشتہ سال کے مقابلے میں 7.1 فیصد سالانہ کی نمایاں ترقی حاصل کی، جس کی بنیادی وجہ نیٹ ورک کی توسیع میں سرمایہ کاری کے علاوہ ڈیٹا اور علاقائی سطح کو مدنظر رکھتے ہوئے بہترین پروڈکٹس کی فراہمی تھی، اس جارحانہ حکمت عملی کا تمام تر مرکز ڈیٹا پورٹ فولیو میں نمایاں اضافہ تھا۔ ڈیٹا پروڈکٹس کی تشکیل میں نوجوان طبقے کی بنیادی ضروریات کو مدنظر رکھا گیا جس کے باعث آمدن میں 40 فیصد سے زیادہ اضافہ ہوا۔

بنیادی انفراسٹرکچر میں جدت اور ملک بھر میں 4G سروسز کی بہترین فراہمی کے ذریعے یوفون نے وائس اور ڈیٹا سروسز کے شعبوں میں صارفین کو بہترین معیار فراہم کیا۔ یہی وجہ ہے کہ پاکستان ٹیلی کمیونیکیشن اتھارٹی نے 2022 کے دوران ملک گیر بہترین سروسز کی فراہمی اور کوالٹی بینچ مارکنگ میں نمایاں مقام حاصل کرنے پر یوفون کو پاکستان کا نمبر 1 وائس اور ڈیٹا نیٹ ورک قرار دیا۔

پی ٹی سی ایل کے مائیکروفنانس اور برانچ لیس بینکنگ کے ذیلی ادارے یو بینک نے اپنی ترقی کے سفر کو جاری رکھا اور سیلاب کی وجہ سے چیلنجنگ میکرو اکنامک صورتحال کے باوجود اپنے ایڈوانس پورٹ فولیو میں اضافہ کرتے ہوئے گزشتہ سال کے مقابلے میں اپنی آمدنی میں 35.4 فیصد اضافہ حاصل کیا ہے۔ بینک کی بیلنس شیٹ کی سطح 221 ارب روپے کی حد کو عبور کر چکی ہے کیونکہ بینک نے اپنی فنڈنگ کے سلسلے اور اثاثہ جات کی کلاسوں کو متنوع بناتے ہوئے مثبت اثر کو یقینی بنایا۔ بینک اس وقت چھ کاروباری ایریاز میں کام کر رہا ہے جن میں رورل ریٹیل بینکنگ، کارپوریٹ فنانس اینڈ انویسٹمنٹ بینکنگ، اسلامک بینکنگ، اربن ریٹیل بینکنگ، کارپوریٹ بینکنگ اور ڈیجیٹل بینکنگ شامل ہیں، یو بینک ایک ریٹیل چیلنجر بینک بننے کیلئے مصروف عمل ہے۔ بینکنگ سروسز میں اضافے کا بنیادی مقصد اپنے مختلف مزاج کسٹمرز کیلئے بہترین سہولیات کی فراہمی ہے۔ مائیکروفنانس کے بنیادی مشن کے ساتھ بینک اپنے ماڈل کو مزید وسعت اور جدت دینے کی کوشش کر رہا ہے تاکہ پاکستان کے تمام شعبوں سے تعلق رکھنے والے زیادہ سے زیادہ کسٹمرز کو بینکنگ نیٹ کا حصہ بنایا جا سکے اور ان کی تمام مالی سہولیات کا بہترین حل فراہم کیا جا سکے۔

منافع

پی ٹی سی ایل نے 4.9 ارب روپے کا آپریٹنگ منافع حاصل کیا ہے جو کہ 2021 کے مقابلے میں 17.1 فیصد زیادہ ہے۔ 9.1 ارب روپے کا خالص منافع گزشتہ سال کے مقابلے میں 31.7 فیصد زیادہ ہے۔ یہ 2013 کے بعد حاصل ہونے والا سب سے زیادہ منافع ہے۔ پی ٹی سی ایل نے مہنگائی کے نتیجے میں پیدا ہونے والے مشکل معاشی حالات، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، بجلی کے نرخوں میں اضافے اور دیگر عوامل کے باوجود یہ کامیابی حاصل کی ہے۔ پی ٹی سی ایل کی سالانہ آمدنی فی حصص 1.78 روپے ہے۔

کیش فلو

پی ٹی سی ایل کی حاصل کردہ رقوم، جو سال کے دوران آپریشنز کے ذریعے حاصل ہوتی ہیں انہیں بنیادی طور پر FTTH نیٹ ورک پر کیپیٹل اخراجات کے لیے استعمال کیا گیا تا کہ مارکیٹ شیئر اور اسٹریٹجک ریونیو کو بڑھایا جا سکے۔ موجودہ ریونیو کو محفوظ بناتے ہوئے موجودہ کا پر کسٹمر بیس کی حفاظت کے لیے بھی کچھ سرمایہ کاری کی گئی، تا کہ ایسے صارفین کو حاصل کیا جا سکے جن میں مستقبل قریب میں FTTH کی صلاحیت نہیں ہے۔ آمدنی میں اضافے کے حصول کے لئے کاروباری سروسز فراہم کرنے والے سیگمنٹ میں بھی سرمایہ کاری کی گئی۔ دیگر ضروری سرمایہ کاری میں ٹرانسپورٹ کی توسیع، آئی ٹی کی تبدیلی، کاروبار کا تسلسل وغیرہ شامل ہیں۔ یوفون کے معاملے میں، سرمائے کے اخراجات زیادہ تر 4G کوریج کو بڑھانے پر مرکوز ہیں، تا کہ حاصل کردہ سپیکٹرم کو مکمل طور پر استعمال کیا جا سکے جبکہ یو بینک کے لیے سرمایہ کاری بنیادی طور پر ان کے برانچ نیٹ ورک کی توسیع اور سافٹ ویئر اور اس سے منسلک ہارڈ ویئر آلات میں کی گئی۔

Audit Committee

Composition as at February 15, 2023

1. Dr. Mohamed Karim Bennis, Chairman
2. Mr. Abdulrahim A. Al Nooryani
3. Mr. Mohamed Dukandar
4. Mr. Ahad Khan Cheema
5. Dr. Iram Anjum Khan

Attendance

Total 05 Meetings of the Audit Committee were held during the Financial Year ended December 31, 2022.

Sr.	Name of Director-Member	Attendance
1	Dr. Mohamed Karvim Bennis	5
2	Mr. Abdulrahim A. Al Nooryani	5
3	Mr. Mohamed Dukandar	5
4	Mr. Hamed Yaqoob Sheikh	4
	Mr. Ahad Khan Cheema	1
5	Mr. Hassan Nasir Jamy	2
	Dr. Iram Anjum Khan	3

Functions

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

Human Resource & Remuneration Committee

Composition as at February 15, 2023

1. Mr. Abdulrahim A. Al Nooryani, Chairman
2. Mr. Mikhail Gerchuk
3. Mr. Burak Sevilengul
4. Mr. Ahad Khan Cheema
5. Dr. Iram Anjum Khan

Attendance

Total 05 Meetings of the HR & R Committee were held during the Financial Year ended December 31, 2022.

Sr.	Name of Director-Member	Attendance
1	Mr. Abdulrahim A. Al Nooryani	5
2	Mr. Hatem Dowidar	3
	Mr. Burak Sevilengul	2
3	Mr. Khalifa Al Shamsi	2
	Mr. Mikhail Gerchuk	3
4	Mr. Hamed Yaqoob Sheikh	3
	Mr. Ahad Khan Cheema	2
5	Mr. Hassan Nasir Jamy	2
	Dr. Iram Anjum Khan	3

Functions

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

DATA CENTER & CLOUD SERVICES

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

Investment & Finance Committee

Composition as at February 15, 2023

1.	Mr. Mikhail Gerchuk, Chairman
2.	Dr. Mohamed Karim Bennis
3.	Mr. Burak Sevilengul
4.	Mr. Hamed Yaqoob Sheikh
5.	Dr. Iram Anjum Khan

Attendance

Total 5 Meetings of the Investment and Finance Committee were held during the Financial Year ended December 31, 2022.

Sr.	Name of Director-Member	Attendance
1	Mr. Hatem Dowidar	3
	Mr. Burak Sevilengul	2
2	Dr. Mohamed Karim Bennis	5
3	Mr. Khalifa Al Shamsi	2
	Mr. Mikhail Gerchuk	3
4	Mr. Hamed Yaqoob Sheikh	5
5	Mr. Hassan Nasir Jamy	2
	Dr. Iram Anjum Khan	3

Functions

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

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

PTCL Board

Composition and Attendance

Total 05 Board Meetings were held during the Financial Year ended December 31, 2022.

Sr.	Name of Director	Portfolio	Attendance
1.	Dr. Muhammad Sohail Rajput	Chairman	2
	Mr. Mohsin Mushtaq Chandna		3
2.	Mr. Hamed Yaqoob Sheikh	Member	5
3.	Mr. Hassan Nasir Jamy	Member	2
	Dr. Iram Anjum Khan		3
4.	Syed Hussnain Abbas Kazmi	Member	1
	Mr. Ahad Khan Cheema		2
5.	Mr. Abdulrahim A. Al Nooryani	Member	5
6.	Mr. Hatem Dowidar	Member	5
7.	Mr. Burak Sevilengul	Member	5
8.	Mr. Khalifa Al Forah Al Shamsi	Member	2
	Mr. Mikhail Gerchuk		3
9.	Dr. Mohamed Karim Bennis	Member	5

INTERNATIONAL SUBMARINE CABLES

Connecting Pakistan to the world, PTCL is a member of 4 international submarine cable consortiums handling most of the internet traffic coming in or going out of Pakistan.

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

Pakistan Telecommunication Company Limited (the "Company") Year ending December 31, 2022

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. Mr. Mohsin Mushtaq Chandna, Chairman 2. Mr. Abdulrahim A. Al Nooryani 3. Mr. Hamed Yaqoob Sheikh 4. Mr. Hatem Dowidar 5. Dr. Iram Anjum Khan 6. Mr. Mikhail Gerchuk 7. Mr. Ahad Khan Cheema 8. Dr. Mohamed Karim Bennis 9. Mr. Burak Sevilengul
iii)	Executive Directors	None
iv)	Female Directors	None

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

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

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

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

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

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

9. The Board has arranged Directors' Training program for the following:
   Dr. Iram Anjum Khan

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

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

a) Audit Committee

1. Dr. Mohamed Karim Bennis, Chairman
2. Mr. Abdulrahim A. Al Nooryani
3. Mr. Mohamed Dukandar
4. Mr. Ahad Khan Cheema
5. Dr. Iram Anjum Khan

b) Human Resource and Remuneration Committee

1. Mr. Abdulrahim A. Al Nooryani, Chairman
2. Mr. Mikhail Gerchuk
3. Mr. Burak Sevilengul
4. Mr. Ahad Khan Cheema
5. Dr. Iram Anjum Khan

c) Investment and Finance Committee

1. Mr. Mikhail Gerchuk, Chairman
2. Dr. Mohamed Karim Bennis
3. Mr. Burak Sevilengul
4. Mr. Hamed Yaqoob Sheikh
5. Dr. Iram Anjum Khan

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

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

    a) Audit Committee
    The frequency of meetings is on quarterly basis and as per the requirement of the Company. Total five meetings were held during year 2022.

    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 2022.

    c) Investment and Finance Committee
    The frequency of meetings is on quarterly basis and as per the requirement of the Company. Total five meetings were held during year 2022.

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan ("ICAP"); and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants ("IFAC") guidelines on code of ethics as adopted by the ICAP; and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or Director of the Company.

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

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

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

19. The Company routinely arranges Directors' training whenever required. The current Board is not fully certified due to recent changes in its composition post-election of directors.

Hatem Mohamed Bamatraf
President and Group Chief Executive Officer

Mohsin Mushtaq Chandna
Chairman PTCL Board

Islamabad: February 15, 2023

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, 2022 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, 2022.

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

	Reference	Description
i	Paragraph 18	Board of Directors has not yet elected an independent director and a female director.
ii	Paragraph 19	As at 30 June 2022 all members of the Board of Directors had not acquired the prescribed certification under a director training program.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
Date: April 7, 2023
UDIN: CR202210111xCGvAuT98

NOTES

FINANCIAL

Company's Financial Statements

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022, 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, 2022 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 15.9 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
FOR THE YEAR ENDED DECEMBER 31, 2022

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.

Sr No.	Key audit matters	How the matter was addressed in our audit
1.	Revenue recognition Refer notes 5.19 and 29 to the financial statements. The Company has reported revenue amounting to Rs. 83,443 million for the year ended December 31, 2022. 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 testing key automated application and general information technology controls; • Test the completeness and accuracy of relevent revenue reports generated from the billing systems and reconciling those with the financial statements; • 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 for compliance with applicable financial reporting framework including 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.
2.	Income tax recoverable Refer notes 5.23 and 25 to the financial statements. As at December 31, 2022, income tax recoverable is stated at Rs. 21,136 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 significance of the amount and inherent uncertainties associated, this requires special audit consideration.	Our audit procedures in relation to the matter included: • Assessing the reasonableness of the management assessment in respect of recoverability of income tax refundable thorough our tax specialist; • 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; and • Assessing adequacy of disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT
To the members of Pakistan Telecommunication Company Limited
FOR THE YEAR ENDED DECEMBER 31, 2022

Sr No.	Key audit matters	How the matter was addressed in our audit
3.	Investment in Pak Telecom Mobile Limited – a subsidiary company (PTML) Refer notes 5.12 and 19 to the financial statements. The Company has an investment in PTML aggregating to Rs. 39,500 million, which includes Rs. 13,000 million invested during the year. The Company has performed an impairment assessment by comparing the carrying value of its investment as at 31 December 2022. We identified determination of recoverable amount as Key Audit Matter as changes in the assumption used can lead to significant changes in assessment of the recoverable amount.	Our audit procedures in relation to the matter, amongst others, included the following: • Compared data in the management impairment assessment including forecasted revenue, operating expenses and capital expenditure is consistent with the financial projection prepared by management pf PTML; • 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 assumption used in the assesmnet.
4.	Acquisition of property, plant and equipment Refer notes 5.10 (a) and 16 to the financial statements. The Company has recognised additions to property, plant and equipment amounting to Rs. 22,063 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; • Tested the completeness and accuracy of fixed asset register and inspected its reconciliation with general ledger balances; and • Scanned repair and maintenance ledger to identify any items that may meet the capitalization criteria.

INDEPENDENT AUDITORS' REPORT
To the members of Pakistan Telecommunication Company Limited
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022 but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
Date: April 7, 2023
UDIN: AR202210111yzYBpxqNG

NOTES

STATEMENT OF
FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022 Rs '000	2021 Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital	6	51,000,000	51,000,000
Revenue reserves			
General reserve		27,497,072	27,497,072
Unappropriated profit		29,556,957	21,156,077
		57,054,029	48,653,149
		108,054,029	99,653,149
Liabilities			
Non-current liabilities			
Deferred income tax	7	1,898,305	2,897,782
Employees retirement benefits	8	29,208,130	27,065,257
Deferred government grants	9	14,205,487	8,618,967
Long term loans from banks	10	22,379,981	-
Contract liabilities		1,885,020	1,649,806
Lease liabilities	11	1,271,634	1,307,056
		70,848,557	41,538,868
Current liabilities			
Trade and other payables	12	124,932,591	103,320,087
Short term running finance	13	92,582	-
Security deposits	14	606,424	591,137
Unclaimed dividend		209,814	210,317
Current maturity of lease liabilities	11	347,459	421,755
Current portion of long term loans from banks	10	68,386	-
		126,257,256	104,543,296
Total equity and liabilities		305,159,842	245,735,313
Contingencies and commitments	15		

The annexed notes 1 to 47 are an integral part of these financial statements.

Chief Financial Officer President & CEO Chairman

STATEMENT OF
FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022 Rs '000	2021 Rs '000
Assets			
Non-current assets			
Property, plant and equipment	16	131,489,641	121,507,885
Right of use assets	17	1,777,706	2,085,452
Intangible assets	18	1,445,264	1,866,109
		134,712,611	125,459,446
Long term investments	19	44,736,284	30,736,284
Long term loans and advances	20	17,432,860	9,077,445
Contract cost	21	644,804	580,895
		197,526,559	165,854,070
Current assets			
Stores and spares	22	7,636,587	5,575,040
Contract cost	21	1,934,409	1,742,684
Trade debts and contract assets	23	39,293,476	27,936,723
Loans and advances	24	8,091,983	4,931,477
Income tax recoverable	25	21,138,370	18,548,005
Receivable from Government of Pakistan	26	2,164,072	2,164,072
Prepayments and other receivables	27	21,689,431	16,427,088
Cash and bank balances	28	5,684,955	2,556,154
		107,633,283	79,881,243
Total assets		305,159,842	245,735,313

Chief Financial Officer President & CEO Chairman

STATEMENT OF
PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 Rs '000	2021 Rs '000
Revenue	29	83,443,998	76,853,090
Cost of services	30	(65,211,315)	(60,320,343)
Gross profit		18,232,683	16,532,747
Administrative and general expenses	31	(7,823,757)	(7,382,836)
Selling and marketing expenses	32	(3,821,196)	(3,511,994)
Impairment loss on trade debts and contract assets	23.3	(1,707,110)	(1,469,679)
		(13,352,063)	(12,364,509)
Operating profit		4,880,620	4,168,238
Other income	33	10,803,627	5,852,786
Finance and other costs	34	(2,171,733)	(339,363)
Profit before tax		13,512,514	9,681,661
Taxation	35	(4,459,130)	(2,807,684)
Profit after tax		9,053,384	6,873,977
Earnings per share - basic and diluted (Rupees)	36	1.78	1.35

The annexed notes 1 to 47 are an integral part of these financial statements.

Chief Financial Officer

President & CEO

Chairman

STATEMENT OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Rs '000	2021 Rs '000
Profit for the year	9,053,384	6,873,977
Other comprehensive income for the year		
Items that will not be reclassified to statement of profit or loss:		
Remeasurement gain / (loss) on employees retirement benefits	323,436	(1,733,286)
Tax effect	(106,734)	502,653
Other comprehensive income / (loss) for the year - net of tax	216,702	(1,230,633)
Total comprehensive income for the year	9,270,086	5,643,344

The annexed notes 1 to 47 are an integral part of these financial statements.

Chief Financial Officer

President & CEO

Chairman

STATEMENT OF
CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 Rs '000	2021 Rs '000
Cash flows from operating activities			
Cash generated from operations	38	27,414,969	30,174,677
Payment to Pakistan Telecommunication Employees Trust (PTET)		(822,813)	(807,959)
Payment to PTCL Employees Gratuity Fund		(308,994)	-
Employees retirement benefits paid		(1,829,919)	(1,890,455)
Advances from customers		394,788	282,121
Income tax paid		(1,922,604)	(1,894,935)
Net cash inflows from operating activities		22,925,427	25,863,449
Cash flows from investing activities			
Capital expenditure		(25,881,242)	(22,145,159)
Acquisition of intangible assets		(201,042)	(923,174)
Proceeds from disposal of property, plant and equipment		2,596,853	986,240
Addition to contract cost		(3,989,450)	(3,686,946)
Investment in Pak Telecom Mobile Limited		(13,000,000)	(13,000,000)
Investment in U Microfinance Bank Limited		(1,000,000)	-
Return on long term loans and short term investments		1,227,695	1,416,598
Subordinated long term loan to Pak Telecom Mobile Limited		(11,500,000)	-
Repayment of subordinated loans - Pak Telecom Mobile Limited		1,750,000	-
Repayment of subordinated loans - U Microfinance Bank Limited		1,000,000	-
Government grants received		6,767,876	2,846,045
Long term loans and advances		190,127	(137,116)
Dividend income - U Microfinance Bank Limited		195,286	-
Net cash used in investing activities		(41,843,897)	(34,643,512)
Cash flows from financing activities			
Dividend paid		(503)	(1,194)
Long term loan from banks - net of transaction costs		22,448,367	-
Lease liabilities	39.1	(493,175)	(639,190)
Net cash from / (used in) financing activities		21,954,689	(640,384)
Net increase/ (decrease) in cash and cash equivalents		3,036,219	(9,420,447)
Cash and cash equivalents at the beginning of the year		2,556,154	11,976,601
Cash and cash equivalents at the end of the year	39	5,592,373	2,556,154

The annexed notes 1 to 47 are an integral part of these financial statements.

Chief Financial Officer

President & CEO

Chairman

STATEMENT OF
CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Issued, subscribed and paid-up capital		Revenue reserves		
	Class "A"	Class "B"	General reserve	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at January 1, 2021	37,740,000	13,260,000	27,497,072	15,512,733	94,009,805
Total comprehensive income for the year 2021					
Profit for the year	-	-	-	6,873,977	6,873,977
Other comprehensive income - net of tax	-	-	-	(1,230,633)	(1,230,633)
	-	-	-	5,643,344	5,643,344
Balance as at December 31, 2021	37,740,000	13,260,000	27,497,072	21,156,077	99,653,149
Impact of change in accounting policy - net of tax	-	-	-	(869,206)	(869,206)
Adjusted balance as at 01 January 2022	37,740,000	13,260,000	27,497,072	20,286,871	98,783,943
Total comprehensive income for the year 2022					
Profit for the year	-	-	-	9,053,384	9,053,384
Other comprehensive income - net of tax	-	-	-	216,702	216,702
	-	-	-	9,270,086	9,270,086
Balance as at December 31, 2022	37,740,000	13,260,000	27,497,072	29,556,957	108,054,029

The annexed notes 1 to 47 are an integral part of these financial statements.

Chief Financial Officer

President & CEO

Chairman

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 Head Office Room No. 17, Ground Floor (Margalla Side), Ufone Tower, Plot No 55-C, Main Jinnah Avenue, Blue Area, Sector F-7/1 Islamabad.

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

The business units of the Company include the following:

Business Unit	Geographical Location
1 Headquarter	Ufone Tower, F-7/1 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 Alvi road Karachi.

2. Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017.
  Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.
  These financial statements are the separate financial statements of the Company (PTCL). In addition to these separate financial statements, the Company also prepares consolidated financial statements.

2.1 Standards, interpretations and amendments adopted during the year

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

(a) New accounting standards / amendments and IFRSs interpretations that are effective for the year ended December 31, 2022.

The following standards, amendments and interpretations thereto as are notified under the Companies Act, 2017 became effective during the year and do not have any material effect on the financial statements of the Company except as disclosed in note 5.

Reference to the Conceptual Framework (Amendments to IFRS 3)	
The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	Annual reporting periods beginning on or after 1 January 2022
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	Annual reporting periods beginning on or after 1 January 2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	Annual reporting periods beginning on or after 1 January 2022
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	
The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	Annual reporting periods beginning on or after 1 April 2021
Reference to the Conceptual Framework (Amendments to IFRS 3)	
The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	Annual reporting periods beginning on or after 1 January 2022
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	
Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4: Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4: an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.	Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for five years after that date.
The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.	

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	
The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	Immediately available.
Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)	
The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	Immediately available.
Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)	
The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.	An entity that elects to apply the amendment
Initial Application of Expected Credit loss on financial assets due from government	
As per SECP directive exemption on recognition of expected credit loss on financial assets due from government of Pakistan has been revoked.	Annual reporting periods beginning on or after 1 January 2022

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

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

IFRS 17 Insurance Contracts	
IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.	Annual reporting periods beginning on or after 1 January 2023.
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	
Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified 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's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.	Annual reporting periods beginning on or after 1 January 2024
Amendments to IFRS 17	
Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:	Annual reporting periods beginning on or after 1 January 2023.

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023;

- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk;

- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination;

- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level;

- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements;

- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives;

- Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held;

- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts;

- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

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

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.	Annual reporting periods beginning on or after 1 January 2024.

NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

Non-current Liabilities with Covenants (Amendments to IAS 1)

Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date.	Annual reporting periods beginning on or after 1 January 2023.

However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

Definition of Accounting Estimates (Amendments to IAS 8)

Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.	Annual reporting periods beginning on or after 1 January 2024.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include: - requiring companies to disclose their material accounting policies rather than their significant accounting policies; - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements. The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.	Annual reporting periods beginning on or after 1 January 2023.

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 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. 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.

IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
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.

(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

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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. 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:
Significant estimates and judgments

(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) 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.

(d) Impairment of financial assets

Management exercises judgement in measuring the loss allowance on trade debts and contract assets under simplified approach and recognizes the expected credit loss using a provision matrix based on historic experience and forward looking assumptions equal to the life time expected credit losses inherent to trade debtors and contract assets. For other financial assets, expected credit loss is recognized based on a general approach which includes an assessment of expected credit risk underlying these financial assets.

For financial assets within the scope of IFRS - 10, 'Consolidated financial statements', impairment is recognized in the cost of assets if the recoverable amount is below the carrying amount at the date when indicators of impairment are identified and an assessment of recoverable amount is made by management. As at the reporting date, the Company performed an impairment test for its' investment in Pak Telecom Mobile Limited (PTML). The Company has determined recoverable amount of PTML, based on a fair value determined through discounted cash flow method, which was higher than the carrying amount of the investment in the Company's financial statements. Fair value was estimated using cash flow projections approved by the Board of Directors of PTML, covering a five-year period. The Company has applied a discount rate and the long-term steady growth-rate to the cash flow projections. The cash flow projections are sensitive to assumptions regarding the sales growth rate, operating margin, long-term market growth-rate and discount rate.

Other estimates and judgments

(a) 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.

(b) Revenue from contract with customers

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

(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) 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 accounting policies as set out below have been applied consistently to all periods presented in these financial statements expect for the change presented below.

Securities and Exchange Commission of Pakistan issued an SRO through which only financial assets due from Government of Pakistan in respect of circular debt will be exempt from the requirements of calculating expected credit loss as per the requirements of IFRS 9 “Financial Instruments” till 30 June 2022. As the Company’s receivable from Government of Pakistan is not in respect of circular debt, the Company has recorded the impact of expected credit loss on opening balances of financial assets due from Government of Pakistan in the Statement of Changes in Equity. There has been no change in classification of financial assets and financial liabilities due to this change in accounting policy.

5.1 Functional and presentation currency

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

5.2 Foreign currency transactions and translations

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

5.3 Short-term employee benefits

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

5.4 Government grants

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

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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.

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) Right of use assets

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

(c) Intangible assets

(i) Licenses

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

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

(ii) Computer software

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

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

5.11 Investments in subsidiaries and associates

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

5.12 Impairment of non-financial assets

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

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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 / Contract assets

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

5.16 Financial instruments

5.16.1 Classification

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

(a) Amortized cost

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

(b) Fair value through other comprehensive income

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

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

(c) Fair value through profit or loss

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

5.16.2 Recognition and measurement

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

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

5.16.3 Subsequent measurement and gains and losses

(i) Financial assets at amortized costs	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.
(ii) Financial assets at FVOCI	Debt investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.
	Equity investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.
(iii) Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.

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

5.16.4 Impairment of financial assets

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

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

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

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

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

5.16.5 Financial liabilities

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

5.16.6 Derecognition

Financial assets

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

Financial liabilities

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

5.17 Offsetting of financial assets and liabilities

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

5.18 Cash and cash equivalents

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

5.19 Revenue recognition

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

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

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

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

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

Nature and timing of satisfaction of performance obligations

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

Principal versus agent presentation

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

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

5.19.1 Income on bank deposits

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

5.19.2 Dividend income

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

5.20 Contract cost

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

5.21 Contract assets

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

5.22 Contract liability

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

5.23 Taxation

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

(a) Current

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

(b) Deferred

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

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

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

(c) Group taxation

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

5.24 Employees retirement benefits

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

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

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

(b) Defined benefit plans

The Company provides the following defined benefit plans:

(i) Pension plans

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

(ii) Gratuity plan

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

(iii) Medical benefits plan

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

(iv) Accumulated compensated absences

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

(v) Benevolent grants

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

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

5.25 Lease liability

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

6 Share capital

6.1 Authorized share capital

2022 (Number of shares '000)	2021 (Number of shares '000)		2022 Rs '000	2021 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

2022 (Number of shares '000)	2021 (Number of shares '000)		2022 Rs '000	2021 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, 2022, 599,582 thousand (December 31, 2021: 599,568 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.

			2022 Rs '000	2021 Rs '000
7	**Deferred income tax**			
	Deferred tax liability / (asset) relating to:			
	Taxable temporary diffrence			
	Accelerated tax depreciation		7,202,244	6,863,727
	Accelerated tax amortization		151,329	171,827
	Contract cost		851,140	325,784
	Right of use assets / lease liabilities		52,346	28,983
	Deductible temporary diffrence			
	Provision for obsolete stores		(275,483)	(306,868)
	Impairment loss on trade debts		(2,909,936)	(2,087,075)
	Liabilities claimable on payment		(3,163,918)	(2,089,179)
	Others		(9,417)	(9,417)
			1,898,305	2,897,782

			2022 Rs '000	2021 Rs '000
7.1	**Movement during the year**			
	Balance at the beginning of the year		2,897,782	5,609,546
	(Reversal) / charge for the year in respect of			
	Accelerated tax depreciation		338,517	(2,226,124)
	Accelerated tax amortization		(20,498)	(16,445)
	Provision for obsolete stores		31,385	51,535
	Impairment loss on trade debts		(394,745)	180,267
	Right of use assets / lease liabilities		23,363	(22,768)
	Contract cost		525,356	6,618
	Liabilities claimable on payment		(1,074,739)	(684,847)
	Recognized in statement of profit or loss		(571,361)	(2,711,764)
	Recognized in retained earnings on change in accounting policy		(428,116)	-
	Balance at end of the year		1,898,305	2,897,782
8	**Employees retirement benefits**			
	Liabilities for pension obligations			
	Unfunded	8.1	9,862,468	8,633,593
			9,862,468	8,633,593
	Gratuity - funded	8.1	-	308,994
	Accumulated compensated absences - unfunded	8.1	1,954,579	1,982,538
	Post retirement medical facility- unfunded	8.1	13,238,012	12,144,429
	Benevolent grants - unfunded	8.1	4,153,071	3,995,703
			29,208,130	27,065,257

8.1 The latest actuarial valuations of the Company's defined benefit plans, were conducted at December 31, 2022 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			
	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000
a) The amounts recognized in the statement of financial position:														
Present value of defined benefit obligations	131,936,258	127,384,941	9,862,468	8,633,593	2,334,940	2,077,003	1,954,579	1,982,538	13,238,012	12,144,429	4,153,071	3,995,703	163,479,328	156,218,207
Fair value of plan assets Note: 8.3	(135,125,260)	(129,187,278)	-	-	(2,365,201)	(1,768,009)	-	-	-	-	-	-	(137,490,461)	(130,955,287)
(Asset) / Liability at end of the year Note: 8.2	(3,189,002)	(1,802,337)	9,862,468	8,633,593	(30,261)	308,994	1,954,579	1,982,538	13,238,012	12,144,429	4,153,071	3,995,703	25,988,867	25,262,920
b) Changes in the present value of defined benefit obligations:														
Balance at beginning of the year	127,384,941	122,844,751	8,633,593	7,313,570	2,077,003	1,865,613	1,982,538	1,606,358	12,144,429	11,549,073	3,995,703	3,831,610	156,218,207	149,010,975
Current service cost	959,087	822,813	413,582	345,753	208,744	195,826	89,125	75,070	96,986	84,475	39,067	38,927	1,806,591	1,562,864
Interest expense	12,256,908	11,820,480	858,925	729,081	178,399	155,607	173,029	137,517	1,156,937	1,112,411	384,307	368,974	15,008,505	14,324,070
Actuarial gain on accumulated compensated absences	-	-	-	-	-	-	(170,142)	332,839	-	-	-	-	(170,142)	332,839
	13,215,995	12,643,293	1,272,507	1,074,834	387,143	351,433	92,012	545,426	1,253,923	1,196,886	423,374	407,901	16,644,954	16,219,773
Remeasurements:														
Loss due to experience adjustments	967,050	1,176,795	45,060	298,688	60,367	153,098	-	-	989,749	523,456	39,266	48,481	2,101,492	2,200,518
Benefits paid	(9,631,728)	(9,279,898)	(88,692)	(53,499)	(189,573)	(293,141)	(119,971)	(169,246)	(1,150,089)	(1,124,986)	(305,272)	(292,289)	(11,485,325)	(11,213,059)
Balance at end of the year	131,936,258	127,384,941	9,862,468	8,633,593	2,334,940	2,077,003	1,954,579	1,982,538	13,238,012	12,144,429	4,153,071	3,995,703	163,479,328	156,218,207
c) Charge for the year:														
Profit or loss:														
Current service cost	959,087	822,813	413,582	345,753	208,744	195,826	89,125	75,070	96,986	84,475	39,067	38,927	1,806,591	1,562,864
Net interest expense	(180,233)	(266,153)	858,925	729,081	5,373	9,373	173,029	137,517	1,156,937	1,112,411	384,307	368,974	2,398,338	2,091,203
Actuarial gain on accumulated compensated absences	-	-	-	-	-	-	(170,142)	332,839	-	-	-	-	(170,142)	332,839
Contribution from deputationists / employees	(6,174)	(11,426)	-	-	-	-	-	-	-	-	(17,504)	(31,280)	(23,678)	(42,706)
	772,680	545,234	1,272,507	1,074,834	214,117	205,199	92,012	545,426	1,253,923	1,196,886	405,870	376,621	4,011,109	3,944,200
Other comprehensive income														
Remeasurements:														
(Gain) / Loss on remeasurement of assets	(2,309,756)	(470,282)	-	-	(115,172)	3,050	-	-	-	-	-	-	(2,424,928)	(467,232)
Loss / (gain) due to change in financial assumptions	14,742	(15,854)	1,240	(1,854)	249	-			1,307	-	695	-	18,233	(17,708)
Loss due to experience adjustments	952,308	1,192,649	43,820	300,542	60,118	153,098	-	-	988,442	523,456	38,571	48,481	2,083,259	2,218,226
	(1,342,706)	706,513	45,060	298,688	(54,805)	156,148	-	-	989,749	523,456	39,266	48,481	(323,436)	1,733,286
	(570,026)	1,251,747	1,317,567	1,373,522	159,312	361,347	92,012	545,426	2,243,672	1,720,342	445,136	425,102	3,687,673	5,677,486
d) Significant actuarial assumptions at the date of the statement of financial position:														
Discount rate	12.25%	10.00%	12.25%	10.00%	12.25%	9.00%	12.25%	9.00%	12.25%	10.00%	12.25%	10.00%		
Future salary / medical cost increase	10.25%	8.00%	10.25%	8.00%	11.25%	8.00%	11.25%	8.00%	11.25%	9.00%	9.25%	8.00%		
Future pension increase	8.50%	6.25%	8.50%	6.25%	-	-	-	-	-	-	-	-		
Rate of increase in benevolent grant	-	-	-	-	-	-	-	-	-	-	4.25%	2.00%		
Average duration of the obligation	20 years	21 years	27 years	30 years	6 years	6 years	6 to 9 years	6 to 7 years	23 years	23 years	16 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 15.8, the Company's obligation for funded pension is restricted to the extent of pension increases and benefits as determined by the Board of Trustees of the Pakistan Telecommunication Employees Trust (PTET).

	Defined benefit pension plan funded		Defined benefit gratuity plan funded	
	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000
8.3 Changes in the fair value of plan assets				
Balance at beginning of the year	129,187,278	125,102,302	1,768,009	1,624,825
Expected return on plan assets	12,437,141	12,086,633	173,026	146,234
Payments made to members on behalf of fund	-	-	189,573	293,141
Gain / (loss) on remeasurement of assets	2,309,756	470,282	115,172	(3,050)
Contributions made by the Company during the year	822,813	807,959	308,994	-
Benefits paid	(9,631,728)	(9,279,898)	(189,573)	(293,141)
Balance at end of the year	135,125,260	129,187,278	2,365,201	1,768,009

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

	2022		2021	
	Rs '000	Percentage	Rs '000	Percentage
Debt instruments - unquoted				
- Special savings accounts	-	0.00	1,820,678	1.41
- Defense savings certificates	27,446,545	20.32	27,500,107	21.30
- Regular income certificates	44,423,056	32.89	62,534,059	48.41
- Pakistan investment bonds	3,064,527	2.27	4,354,156	3.38
-Term Deposit Receipt	1,079,016	0.80	-	0.00
	76,013,144	56.28	96,209,000	74.50
Cash and cash equivalents				
- Term deposits	27,892,644	20.65	11,300,000	8.74
- Equity securities	1,176,835	0.87	1,185,787	0.92
- Sukuks	1,720,424	1.27	1,765,403	1.37
- Pakistan investment bond	686,770	0.51	904,952	0.70
- Term finance certificates	45,441	0.00	42,420	0.00
- Treasury bills	7,517,420	5.56	1,038,459	0.80
- Cash and bank balances	2,670	0.00	2,827	0.00
	39,042,204	28.86	16,239,848	12.53
Investment property				
- Telecom tower	10,113,021	7.48	10,113,021	7.83
- Telehouse	2,280,969	1.69	2,280,969	1.77
	12,393,990	9.17	12,393,990	9.60
Fixed assets	9,563	0.01	7,085	0.01
Other assets	9,062,942	6.71	5,740,972	4.45
	136,521,843	101.03	130,590,895	101.09
Liabilities				
- Staff retirement benefits	(106,330)	(0.08)	(90,504)	(0.07)
- Amount due to PTCL	(15,366)	(0.01)	(1,300)	0.00
- Accrued and other liabilities	(247,723)	(0.18)	(254,167)	(0.20)
- Provision for zakat	(1,027,164)	(0.76)	(1,057,646)	(0.82)
	(1,396,583)	(1.03)	(1,403,617)	(1.09)
	135,125,260	100.00	129,187,278	100.00

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

	2022		2021	
	Rs '000	Percentage	Rs '000	Percentage
Units of mutual funds	113,042	4.78	108,432	6.13
Term deposit receipt	1,601,536	67.76	1,382,991	78.23
Term finance certificate	500,000	21.16	200,000	11.31
Other assets	36,097	1.45	34,352	1.94
Bank balances	114,526	4.85	42,234	2.39
	2,365,201	100.00	1,768,009	100.00

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8.6 The expected contributions in the next financial year to be paid to the funded gratuity plan by the Company is Rs 84,804 thousand respectively.

8.7 Sensitivity analysis

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

	Impact on defined benefit obligation	
	1% increase in assumption Rs '000	1% decrease in assumption Rs '000
Future salary / medical cost		
Pension - funded	8,118,459	(7,646,335)
Pension - unfunded	1,031,966	(934,104)
Gratuity - funded	143,676	(135,321)
Accumulating compensated absences - unfunded	161,760	(149,013)
Post-retirement medical facility - unfunded	2,131,098	(1,835,457)
Discount rate		
Pension - funded	(16,010,227)	18,217,666
Pension - unfunded	(1,367,541)	1,587,411
Gratuity - funded	(135,348)	143,615
Accumulating compensated absences - unfunded	(149,035)	161,708
Post-retirement medical facility - unfunded	(1,835,597)	2,130,720
Benevolent grants - unfunded	(575,869)	668,456
Future pension		
Pension - funded	18,221,355	(16,008,803)
Pension - unfunded	1,474,324	(1,282,486)
Benevolent grants		
Benevolent grants - unfunded	668,575	(575,825)

	Increase by 1 year Rs '000	Decrease by 1 year Rs '000
Expected mortality rate		
Pension - funded	(3,029,357)	3,011,111
Pension - unfunded	(127,069)	123,658
Gratuity - funded	(30,087)	29,270
Accumulating compensated absences - unfunded	(24,276)	33,377
Post-retirement medical facility - unfunded	(367,921)	369,327
Benevolent grants - unfunded	(115,427)	115,865

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.

		Note	2022 Rs '000	2021 Rs '000
9	**Deferred government grants**			
	Balance at beginning of the year		8,618,967	7,279,353
	Received during the year		6,767,876	2,846,045
			15,386,843	10,125,398
	Income recognized during the year	33	(1,181,356)	(1,506,431)
	Balance at end of the year		14,205,487	8,618,967

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

10 **Long term loans from banks**

Bank	Annual Mark-up Rate (3month KIBOR Plus)	Repayment Commencement Date - Interest	Repayment Commencement Date - Principal	Bi-annual Repayment Installment	Note	2022 Rs '000	2021 Rs '000
MCB Bank Ltd	0.30%	September 15, 2022	December15, 2026	6	10.1	11,000,000	-
Habib Bank Ltd	0.40%	March 31, 2023	June 30, 2027	6	10.2	11,500,000	-
Less: transaction costs						(120,019)	-
						22,379,981	-
Accrued Interest						68,386	-
						22,448,367	-
Current portion of long term loans from banks						(68,386)	-
						22,379,981	-

10.1 During the year the Company has entered into a syndicate term finance agreement dated 16 June 2022 to avail long term finance facility to the extent of Rs. 11,000,000 thousand for the purpose of equity injection into its wholly owned subsidiary Pak Telecom Mobile Limited. The finance facility is secured by creating a charge by way of hypothecation over the Hypothecated Assets in favour of the MCB Bank Limited - Security Agent, which shall constitute a first charge in favour of MCB Bank Limited - Security Agent (for the benefit of the Syndicate). The loan is repayable in 6 bi-annual instalments commencing from 15 December 2026.

10.2 During the year the Company has entered into a syndicate term finance agreement dated 29 December 2022 to avail long term finance facility to the extent of Rs. 11,500,000 thousand for the purpose of equity injection into its wholly owned subsidiary Pak Telecom Mobile Limited. The finance facility is secured by creating a charge by way of hypothecation over the Hypothecated Assets in favour of the HBL Bank Limited - Security Agent, which shall constitute a first charge in favour of HBL Bank Limited - Security Agent (for the benefit of the Syndicate). The loan is repayable in 6 bi-annual instalments commencing from 30 June 2027.

		Note	2022 Rs '000	2021 Rs '000
11	**Lease liabilities**			
	Lease commitments			
	Not later than one year		484,647	581,389
	Later than one year and not later than 5 years		1,239,695	1,311,536
	Later than 5 years		261,411	261,497
	Total undiscounted lease commitments		1,985,753	2,154,422
	Discounted lease liability using the incremental borrowing rate		1,619,093	1,728,811
	Current portion shown under current liabilities		(347,459)	(421,755)
	Due after 12 months		1,271,634	1,307,056
12	**Trade and other payables**			
	Trade creditors		17,961,115	13,495,298
	Accrued and other liabilities	12.1	36,715,513	33,308,502
	Technical services assistance fee	12.2	35,656,357	30,644,507
	Contract liability		8,156,078	7,136,903
	Retention money / payable to contractors and suppliers		7,666,471	6,666,995
	Payable to subsidiaries on account of group taxation	12.4	16,032,624	10,070,728
	Sales tax payable		2,057,179	1,505,864
	Income tax collected / deducted at source		687,254	491,290
		12.3	124,932,591	103,320,087

		Note	2022 Rs '000	2021 Rs '000
12.1	Accrued and other liabilities			
	Accrued liability for operational expenses		9,251,535	7,647,118
	Amount withheld on account of provincial levies (Sub-judice) for ICH operations	12.1.1	12,110,803	12,110,803
	Accrual for Government / regulatory expenses		12,183,134	10,670,730
	Accrued wages		2,451,585	2,318,258
	Others		718,456	561,593
			36,715,513	33,308,502

12.1.1 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.

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

		2022 Rs '000	2021 Rs '000
12.3	Trade and other payables include payables to the following related parties:		
	Pak Telecom Mobile Limited (PTML)	46,320	1,091,142
	U Microfinance Bank Limited	643	643
	DVCOM Data (Private) Limited (DVCOM)	1,581,000	1,377,000
	Emirates Telecommunication Corporation	2,203,154	1,361,012
	Etisalat - Afghanistan	77,660	45,747
	Telecom Foundation	3,411	63,995
	Government of Pakistan (GoP) related entities	,732,806	1,464,680
	TF Pipes Limited	4,430	4,630
	PTCL Employees GPF Trust	38,606	5,541
	Retention money / payable to contractors and suppliers		
	TF Pipes Limited	2,940	3,055

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

12.4 This represents payable to PTML Rs 15,616,879 thousand (December 31, 2021: Rs 9,650,660 thousand), DVCOM Rs 415,745 thousand (December 31, 2021: Rs 420,068 thousand) on account of group taxation.

13 **Short term running finance**

These facilities are obtained from various commercial banks with an aggregate limit of Rs. 9,100,000 thousand (2021: Nil) and are secured against 1st pari passu charge on present and future current assets and all other movable assets of the Company. These facilities carry markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.2% to 1.5% (2021: Nil) per annum.

14 **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, 2021: Rs 3,623 thousand) from Pak Telecom Mobile Limited (PTML), a related party. The Company has adjusted / paid a sum of Rs 42 thousand (December 31, 2021: Rs 619 thousand) to its customers during the year against their balances. Amount of these security deposits has been kept in a separate bank account.

15 **Contingencies and commitments**

Contingencies

Indirect taxes

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

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

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

15.4 The Sindh Revenue Board (SRB) has assessed Sindh sales tax on services amounting to Rs 702 million on the premise that PTCL did not pay sales tax on invoices issued for services rendered to Cellular Mobile Operators (CMOs). Department view was not supported by the record and PTCL has submitted detailed evidence to refute the same before the learned Commissioner Appeals, SRB and stay has been granted. Management and tax advisors believe that this case would be settled in favor of PTCL owing to the evidence on record.

15.5 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

15.6 For the tax years 2007, 2009, 2010, 2011 to 2021, Taxation Officer disallowed certain expenses, tax credits and levied short deduction of WHT. 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 52,523,778 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.

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

Others

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

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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. Islamabad High Court on 2nd November, 2021, has decided that the GOP increases are not allowed to VSS optees, PTC pensioners and to the workmen. To the extent of Civil Servants the Islamabad High Court allowed the GOP increase. However, to the same extent appeal has been filed before Apex court within the limitation. Under the circumstances, management of the Company, on the basis of legal advice, believes that the Company's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in the Company's financial statements.

15.9 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.

15.10 A total of 1,267 cases (December 31, 2021: 1,118) against PTCL involving Regulatory, Telecom Operators, Employees and Subscribers. Because of number of cases and their uncertain nature, it is not possible to quantify their financial impact. Management and legal advisors of the Company are of the view that the outcome of these cases is expected to be favorable and liability, if any, arising out on the settlement is not likely to be material.

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

15.11 Guarantees and bid bonds issued in favour of:	Note	2022 Rs '000	2021 Rs '000
Bank guatantees			
Universal Service Fund (USF) against government grants		9,195,921	9,058,005
Others	15.11 .1	2,362,885	2,809,251
		11,558,806	11,867,256
Corporate guarantee in favour of PTML		43,800,000	27,991,416

15.11.1 Others includes bank guarantees given on behalf of DVCOM Data (Private) Limited to PTA amounting to Rs 675,000 thousand (December 31, 2021: Rs. 675,000 thousand).

15.12.1 Commitments	2022 Rs '000	2021 Rs '000
Contracts for capital expenditure	8,850,046	7,319,139
Letter of comforts in favour of PTML	3,500,000	3,500,000
	12,350,046	10,819,139

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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16 Property, plant and equipment

		2022 Rs '000	2021 Rs '000
16.1	Operating fixed assets	114,100,867	107,937,650
	Capital work in progress	17,388,774	13,570,235
		131,489,641	121,507,885

	Land		Buildings on										
	Freehold - note 16.2	Leasehold	Freehold land	Leasehold land	Lines and wires	Apparatus, plant and equipment	Passive Network & Allied systems	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 '00	Rs '000	Rs '000	Rs '000	Rs '000	
As at December 31, 2020													
Cost	1,637,680	100,782	13,305,939	1,259,712	137,010,933	222,880,197	1,377,687	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)	(101,775,132)	(173,225,189)	(1,203,995)	(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	35,235,801	49,655,008	173,692	6,915,868	1,309,571	268,024	228,322	658,227	103,724,068
Movement during 2021													
Additions	-	-	550,797	169,732	7,934,589	9,251,532	12,633	202,352	616,969	246,220	73,938	457,790	19,516,552
Disposals													
Cost	-	-	-	-	(1,382,028)	(222,778)	-	-	(5,497)	(55,298)	-	(85,832)	(1,751,433)
Accumulated depreciation	-	-	-	-	1,373,316	174,139	-	-	5,497	54,803	-	85,462	1,693,217
	-	-	-	-	(8,712)	(48,639)	-	-	-	(495)	-	(370)	(58,216)
Depreciation charge for the year	-	(1,651)	(339,470)	(33,895)	(3,451,283)	(10,170,304)	(25,886)	(474,568)	(244,643)	(183,603)	(37,280)	(282,024)	(15,244,607)
Impairment charge	-	-	-	-	-	(147)	-	-	-	-	-	-	(147)
Net book value	1,637,680	58,209	7,192,681	736,498	39,710,395	48,687,450	160,439	6,643,652	1,681,897	330,146	264,980	833,623	107,937,650
As at December 31, 2021													
Cost	1,637,680	100,782	13,856,736	1,429,444	143,563,494	231,908,951	1,390,320	18,739,171	3,534,384	2,535,469	872,243	3,562,208	423,130,882
Accumulated depreciation and impairment	-	(42,573)	(6,664,055)	(692,946)	(103,853,099)	(183,221,501)	(1,229,881)	(12,095,519)	(1,852,487)	(2,205,323)	(607,263)	(2,728,585)	(315,193,232)
Net book value	1,637,680	58,209	7,192,681	736,498	39,710,395	48,687,450	160,439	6,643,652	1,681,897	330,146	264,980	833,623	107,937,650
Movement during 2022													
Additions	-	-	133,355	26,714	8,228,384	12,962,649	5,130	101,629	310,389	171,143	27,779	95,531	22,062,703
Disposals - note 16.4													
Cost	-	-	-	-	(5,221,858)	(86,592)	-	-	(2,358)	(76,103)	-	(130,090)	(5,517,001)
Accumulated depreciation	-	-	-	-	5,217,408	80,547	-	-	1,700	74,593	-	98,247	5,472,495
	-	-	-	-	(4,450)	(6,045)	-	-	(658)	(1,510)	-	(31,843)	(44,506)
Depreciation charge for the year - note 16.5	-	(1,643)	(347,131)	(35,964)	(3,576,418)	(10,427,951)	(24,689)	(528,517)	(306,588)	(220,186)	(42,468)	(283,887)	(15,795,442)
Impairment charge	-	-	-	-	(4,180)	(55,358)	-	-	-	-	-	-	(59,538)
Net book value	1,637,680	56,566	6,978,905	727,248	44,353,731	51,160,745	140,880	6,216,764	1,685,040	279,593	250,291	613,424	114,100,867
As at December 31, 2022													
Cost	1,637,680	100,782	13,990,091	1,456,158	146,570,020	244,785,008	1,395,450	18,840,800	3,842,415	2,630,509	900,022	3,527,649	439,676,584
Accumulated depreciation and impairment	-	(44,216)	(7,011,186)	(728,910)	(102,216,289)	(193,624,263)	(1,254,570)	(12,624,036)	(2,157,375)	(2,350,916)	(649,731)	(2,914,225)	(325,575,717)
Net book value	1,637,680	56,566	6,978,905	727,248	44,353,731	51,160,745	140,880	6,216,764	1,685,040	279,593	250,291	613,424	114,100,867
Annual rate of depreciation (%)	-	1 to 3.3	2.5	2.5	5 to 7	10 to 20	10 to 15	5	10	33.33	10	20	

16.2 In view of large number of properties i.e. PTCL has more than 3,000 properties throughout Pakistan. Disclosure of particular of these properties in the financial statements is impracticable in accordance with the requirements of Clause VI(I) Sub-Clause(ii) of the Fourth Schedule of the Companies Act 2017, therefore, this information/record is available for inspection of members at the registered office of the Company, i.e. PTCL Headquarters, Ufone Tower, F-7/4, Blue area, Islamabad. The copy of the details of said properties will be provided, on request, to the shareholders who are unable or unwilling to visit the Company's registered office but yet wish to review the said details.

16.3 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-I	City Survey No. 995,996, 997 etc. Katchahary Road, Near Mukhtiarkar Office, Dadu.	Ministry of Defense	PTCL	Being a Camping Ground, the case is pending with Ministry of Defense	17,300
5	Morgah (Mini) Telephone Exchange	Army Housing Scheme, Morgah, Rawalpindi.	Ministry of Defense	PTCL	The land is under dispute between GHQ other parties	25,750
6	Dhanna Singh Wala	Near Johar Town, Canal Bank, Moza Dhanna Singh Wala, Lahore	Telegraph & Telephone (T&T)	Partially in Possession of PTCL	Partially under Litigation	5,587,354
7	T&T Land Kashmir/ Egerton Road	T&T Land Kashmir (Egerton Road), Near Awan-e-Iqbal, Lahore.	Federal Government	PTCL	Under Litigation	1
8	P&T Colony Multan Road Lahore	Khasra No. 1594, 85, 96, 97 etc. Khewat No. 4846, Khatoni No. 10439 (1995-96) etc. Near More Samanabad and Chuburji Quarters, Multan Road, Lahore.	Federal Government	Partially in Possession of PTCL	Under Litigation	3,303,375
9	Industrial Estate SGD	Plot # A-17 Small Industrial Estate Lahore Road Sargodha.	Punjab Small Industries Corporation	Not in Possession of PTCL.	Under Litigation	1
10	Wireless Receiving Station, Malir	Survey No. 74, 76, 77, 80, 81, 82, 83, 85, 86, 91, 92, 93 etc. National Highway, Opposite R.T.T.S Malir Halt, Deh Drigh Tappo, Malir Karachi East.	Telegraph & Telephone (T&T)	Partially in Possession of PTCL	Under Litigation	1,872,800
11	Clifton (Gizri) P&T Colony	Clifton P&T Colony, Ch. Khaliq-uz-Zaman Road, Opposite Ministry of Foreign Affairs, Clifton, Karachi South.	Provincial Government	Partially in Possession of PTCL	Under Litigation	1
12	Kundwal Telephone Exchange	Khata No. 160/760, Moza Kundwal, Pind Dadan Khan, Jhelum.	Private Name	PTCL	Under Litigation	81,000
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

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)
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
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.

16.4 Disposals of property, plant and equipment:
The assets disposed off during the year with book value exceeding five hundred thousand rupees.

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser /relationship with Company
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000		
Line and wire	970	442	528	15,000	14,472	Auction	Abdullah Engineering Works, Gujranwala/ No relation with Company
Line and wire	848	321	527	15,000	14,473	Auction	Abdullah Engineering Works, Gujranwala/ No relation with Company
Line and wire	1,268	671	597	11,923	11,326	Auction	Abdullah Engineering Works, Gujranwala/ No relation with Company
Apparatus, plant and equipment	3,552	1,717	1,835	1,835	-	Insurance	EFU General Insurance Co.
Apparatus, plant and equipment	3,647	1,185	2,462	2,492	30	Insurance	EFU General Insurance Co.
Vehicles	6,573	5,314	1,259	1,168	(91)	Company Policy	Mr. Moqeem ul Haq
Vehicles	9,608	7,768	1,840	1,707	(133)	Company Policy	Mr. Nadeem Khan
Vehicles	15,200	7,093	8,107	8,090	(17)	Company Policy	Mr. Sikandar Naqi
Vehicles	21,849	1,457	20,392	20,757	365	Company Policy	Mr. Moqeem ul Haq
	63,515	25,968	37,547	77,972	40,425		

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

	Note	2022 Rs '000	2021 Rs '000
Cost of services	30	15,444,105	14,925,809
Administrative and general expenses	31	217,118	196,675
Selling and marketing expenses	32	134,219	122,123
		15,795,442	15,244,607

16.6 Capital work in progress

	2022 Rs '000	2021 Rs '000
Buildings	494,420	398,320
Lines and wires	7,465,110	3,923,223
Apparatus, plant and equipment	4,626,361	4,266,016
Turnkey projects	4,802,883	4,982,676
	17,388,774	13,570,235

16.7 Movement during the year

	2022 Rs '000	2021 Rs '000
Balance at beginning of the year	13,570,235	10,941,628
Additions during the year	25,832,145	22,876,124
Transfers during the year		
- operating fixed assets	(21,812,564)	(19,324,343)
- intangible assets	(201,042)	(923,174)
	(22,013,606)	(20,247,517)
Balance at end of the year	17,388,774	13,570,235

17 Right of use (ROU) assets

Movement during the year	Note	Lease rental Rs '000	Right of way Rs '000	2022 Rs '000	2021 Rs '000
Balance as at January 01, 2022		1,392,202	693,250	2,085,452	1,672,711
Additions for the year		48,979	167,800	216,779	816,587
Depreciation for the year	30	(372,418)	(152,107)	(524,525)	(403,846)
Balance as at Decenbner 31, 2022		1,068,763	708,943	1,777,706	2,085,452

18 Intangible assets

	Note	Licenses and spectrum Rs '000	Computer software Rs '000	Total Rs '000
As at December 31, 2020				
Cost		4,166,794	2,721,354	6,888,148
Accumulated amortization		(3,375,762)	(2,054,319)	(5,430,081)
Net book value		791,032	667,035	1,458,067
Movement during 2021				
Opening net book value		791,032	667,035	1,458,067
Additions		472,219	450,955	923,174
Amortization charge for the year	30	(214,982)	(300,150)	(515,132)
Net book value	18.1	1,048,269	817,840	1,866,109
As at December 31, 2021				
Cost		4,639,013	3,172,309	7,811,322
Accumulated amortization		(3,590,744)	(2,354,469)	(5,945,213)
Net book value		1,048,269	817,840	1,866,109
Movement during 2022				
Opening net book value		1,048,269	817,840	1,866,109
Additions		-	201,042	201,042
Amortization charge for the year	30	(214,982)	(406,905)	(621,887)
Net book value	18.1	833,287	611,977	1,445,264
As at December 31, 2022				
Cost		4,639,013	3,373,351	8,012,364
Accumulated amortization		(3,805,726)	(2,761,374)	(6,567,100)
Net book value		833,287	611,977	1,445,264
Annual rate of amortization (%)		4 - 10	6.67 - 33	

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

	Note	2022 Rs '000	2021 Rs '000
Licenses and spectrum			
Telecom	18.2	434,441	453,330
WLL spectrum	18.2	313,221	492,220
WLL and LDI License	18.3	71,442	84,836
IPTV	18.4	14,183	17,883
		833,287	1,048,269
Computer software		611,977	817,840
		1,445,264	1,866,109

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

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18.3 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.

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

19 Long term investments

	Note	2022 Rs '000	2021 Rs '000
Investments in subsidiaries and associate	19.1	44,684,857	30,684,857
Other investments	19.2	51,427	51,427
		44,736,284	30,736,284

19.1 Investments in subsidiaries and associate - at cost (unquoted)

	2022 Rs '000	2021 Rs '000
Wholly owned subsidiaries		
Pak Telecom Mobile Limited - Islamabad 3,950,000,000 (December 31, 2021: 2,650,000,000) ordinary shares of Rs 10 each	39,500,000	26,500,000
U Microfinance Bank Limited - Islamabad 408,571,420 (December 31, 2021: 308,571,420) ordinary shares of Rs 10 each	4,083,857	3,083,857
78,863,428 (December 31, 2021: 78,863,428) Preference shares of Rs 12.68 each	1,000,000	1,000,000
	5,083,857	4,083,857
DVCOM Data (Private) Limited - Karachi 10,000 (December 31, 2021: 10,000) ordinary shares of Rs 100 each Shares held 100% (December 31, 2021: 100%)	1,000	1,000
Smart Sky (Private) Limited - Islamabad 10,000,000 (December 31, 2021: 10,000,000) ordinary shares of Rs 10 each Shares held 100% (December 31, 2021: 100%)	100,000	100,000
	44,684,857	30,684,857
Associate		
TF Pipes Limited - Islamabad 1,658,520 (December 31, 2021: 1,658,520) ordinary shares of Rs 10 each Shares held 40% (December 31, 2021: 40%)	23,539	23,539
Less: accumulated impairment loss on investment	(23,539)	(23,539)
	-	-
	44,684,857	30,684,857

19.2 Other investments

	2022 Rs '000	2021 Rs '000
Fair value through other comprehensive income (FVOCI) - unquoted		
Thuraya Satellite Telecommunication Company - Dubai, UAE 3,670,000 (December 31, 2021: 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, 2021: 2,000,000) ordinary shares of Rs 10 each	20,000	20,000
	51,427	51,427

20 Long term loans and advances - considered good

	Note	2022 Rs '000	2021 Rs '000
Loans to PTML - unsecured	20.1	17,250,000	7,500,000
Loans to Ubank - unsecured	20.1	1,200,000	2,200,000
Loans to employees - secured		1,434,188	1,649,737
Imputed interest		(305,238)	(326,883)
		1,128,950	1,322,854
		19,578,950	11,022,854
Others		179,047	153,624
		19,757,997	11,176,478
Current portion shown under current assets			
Loans to Subsidiaries - unsecured	24	(2,000,000)	(1,750,001)
Loans to employees - secured	24	(325,137)	(349,032)
		(2,325,137)	(2,099,033)
		17,432,860	9,077,445

20.1 These represent various unsecured loans given to PTML and Ubank under subordinated debts agreements, from 2017 to 2022 on following terms:

	PTML					Ubank
	First loan	Second loan	Third loan	Fourth loan	Fifth loan	First loan
Disbursement Date	December 04 2017	August 03 2018	December 24 2019	July 20 2022	October 28 2022	December 31 2018
Loan (Rs '000)	5,000,000	1,000,000	1,500,000	4,000,000	7,500,000	2,200,000
Mark-up Rate	Kibor plus 24 basis points	Kibor plus 25 basis points	Kibor plus 60 basis points	Kibor plus 50 basis points	Kibor plus 50 basis points	3 month Kibor plus 200 basis points
Grace Period	4 years	4 years	4 years	4 years	4 years	5 years
Repayment method	Twelve equal quarterly installments	Twelve equal quarterly installments	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	October 20 2026	January 28 2027	June 30 2024

Maximum amount of outstanding subsidary loans at any time during the year was Rs. 18,950,000 thosand (December 31, 2021: Rs. 9,700,000 thosand)

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

	As at January 01,2022 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at December 31, 2022 Rs '000
Executives	149,593	11,604	(90,276)	70,921
Other employees	1,500,144	188,806	(325,683)	1,363,267
	1,649,737	200,410	(415,959)	1,434,188

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

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

	2022 Rs '000	2021 Rs '000
Executives	137,431	228,240
Other employees	1,500,323	1,519,278

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

Loans to executive employees include loan balances of key management personnel aggregating Rs 34,174 thousand (December 2021: 63,548 thousand).

List of key management personnel having outstanding balances of loans up till December 31, 2022 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 Siddiqi
3	Mr. Abdul Basit	16	Mr. Muhammad Basharat Qureshi
4	Mr. Abdullah Hameed	17	Mr. Muhammad Fahim Ur Rehman
5	Mr. Amjad Iqbal	18	Mr. Muhammad Shehzad Yousuf
6	Mr. Arslan Haider	19	Mr. Muhammad Umar Ilyas
7	Mr. Dr Muhammad Shafiq Ur Rehman	20	Ms. Saima Akbar Khattak
8	Ms. Hina Tasleem	21	Mr. Saleem Ullah Baig
9	Mr. Ishtiaq Naveed Gill	22	Mr. Syed Muhammad Imran Ali
10	Mr. Mateen Malik	23	Mr. Syed Muhammad Shoaib
11	Mr. Mian Omer Shah	24	Mr. Wajeeh Anwer
12	Mr. Mohammad Nadeem Khan	25	Mr. Zain Ul Abideen
13	Mr. Mubashir Naseer Ch.		

The maximum aggregate amount of loans to key management personnel outstanding at any time during the year was Rs 58,541 thousand (December 31,2021: Rs. 84,468 thousand).

21 Contract cost

	Note	2022 Rs '000	2021 Rs '000
Cost to obtain a contract		642,678	480,946
Cost to fulfil a contract		1,936,535	1,842,633
	21.1	2,579,213	2,323,579
Current maturity of contract costs		(1,934,409)	(1,742,684)
		644,804	580,895

21.1 Movement during the year

	Note	2022 Rs '000	2021 Rs '000
Balance at the beginning of the year		2,323,579	2,300,758
Capitalization during the year		3,989,450	3,686,946
		6,313,029	5,987,704
Amortization during the year	30	(3,733,816)	(3,664,125)
Balance at end of the year		2,579,213	2,323,579

22 Stores and spares

	Note	2022 Rs '000	2021 Rs '000
Stores and spares		8,471,386	6,633,205
Provision for obsolescence	22.1	(834,799)	(1,058,165)
		7,636,587	5,575,040

22.1 Provision for obsolescence

	Note	2022 Rs '000	2021 Rs '000
Balance at beginning of the year		1,058,165	1,235,872
Reversal during the year	22.2	(223,366)	(177,707)
Balance at end of the year		834,799	1,058,165

22.2 The company has reversed Rs. 223,366 thousand of the inventory provided for in the previous years and these have been disposed off / consumed during the year.

23 Trade debts and contract assets - unsecured

	Note	2022 Rs '000	2021 Rs '000
Trade debts		33,944,416	23,452,694
Contract asset		5,349,060	4,484,029
		39,293,476	27,936,723
Domestic			
Considered good	23.1	11,816,749	10,977,112
Considered doubtful		8,039,691	6,953,517
		19,856,440	17,930,629
International			
Considered good	23.2	27,476,728	16,959,611
Considered doubtful		57,475	57,475
		27,534,203	17,017,086
		47,390,643	34,947,715
Excpected credit loss on trade debts and contract assets	23.3	(8,097,166)	(7,010,992)
	23.4	39,293,477	27,936,723

23.1 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	2022 Rs '000	2021 Rs '000
Pak Telecom Mobile Limited	974,849	-	-	152,645	486,506
U Microfinance Bank Limited	4,324	3,083	1,241	4,324	1,157
GoP related entities	3,163,535	1,184,682	1,978,853	3,163,535	3,039,371
	3,167,859	1,187,765	1,980,094	3,167,859	1,963,481

23.2 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	2022 Rs '000	2021 Rs '000
Emirates Telecommunication Corporation	25,306,481	3,399,849	21,906,632	25,306,481	15,155,221
Etisalat - Afghanistan	500,441	8,287	492,154	500,441	101,883
Etihad Etisalat Company	54,803	-	-	-	54,803
GoP related entities	205,219	205,219	-	205,219	105,594
	26,012,141	3,613,355	22,398,786	26,012,141	15,417,501

23.3 Expected credit loss on trade debts and contract assets

	2022 Rs '000	2021 Rs '000
Balance at beginning of the year	7,010,992	7,631,181
Expected credit loss on trade debts and contract assets	1,707,110	1,469,679
Recognised due to change in accounting policy	1,297,322	-
Recovery of Defence Saving Certificates	4,120	1,420
	3,008,552	1,471,099
	10,019,544	9,102,280
Write off against expected credit loss on trade debts and contract assets	(1,922,378)	(2,091,288)
Balance at end of the year	8,097,166	7,010,992

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

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24 Loans and advances - considered good

	Note	2022 Rs '000	2021 Rs '000
Current portion of long term loans to employees	20	325,137	349,032
Current portion of long term loans to subsidiaries	20	2,000,000	1,750,001
Advances to suppliers and contractors	24.1	5,766,846	2,832,444
		8,091,983	4,931,477

24.1 These include Rs 26,774 thousand (December 31, 2021: Rs 26,774 thousand) to TF Pipes Limited, a related party.

25 Income tax recoverable

	Note	2022 Rs '000	2021 Rs '000
Balance at beginning of the year		8,901,729	12,023,588
Current tax charge for the year - profit or loss		(5,030,491)	(5,519,447)
Tax (charge) /credit on re-measurement gains- OCI		(106,734)	502,653
Tax paid during the year		1,922,604	1,894,935
		5,687,108	8,901,729
Tax receivable on behalf of subsidiaries under group taxation	12.4	15,451,262	9,646,276
Balance at end of the year		21,138,370	18,548,005

26 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.

27 Prepayments and other receivables

	Note	2022 Rs '000	2021 Rs '000
Prepayments			
- Pakistan Telecommunication Authority - related party		26,903	24,313
- Others		106,554	90,713
		133,457	115,026
Other receivables			
Due from related parties	27.1	14,432,768	10,596,718
Funded pension	8	3,189,002	1,802,337
Gratuity - funded	8	30,261	-
Federal Excise Duty (FED)	27.2	2,816,935	2,816,935
Others	27.7	1,087,008	1,096,072
		21,689,431	16,427,088

27.1	Note	Maximum aggregate amount Rs '000	Up to 6 months Rs '000	More than 6 months Rs '000	2022 Rs '000	2021 Rs '000
Pak Telecom Mobile Limited	27.4	10,597,121	3,069,242	7,290,419	10,359,661	6,720,300
DVCOM Data (Pvt) Limited	27.5	3,331,913	-	2,796,913	2,796,913	3,305,309
Emirates Telecommunication Corporation		71,305	-	71,305	71,305	71,305
Interest on subordinated loan to PTML		420,764	345,028	75,736	420,764	70,462
Interest on subordinated loan to Ubank		201,580	131,929	52,562	184,491	785
Pakistan Telecommunication Employees Trust		15,366	12,409	2,957	15,366	1,300
U Microfinance Bank Limited	27.6	582,637	68,880	513,757	582,637	426,757
Smart Sky (Pvt) Limited		1,631	1,031	600	1,631	500
		15,222,317	3,628,519	10,804,249	14,432,768	10,596,718

	Note	2022 Rs '000	2021 Rs '000
27.2 Federal Excise Duty		3,283,111	3,283,111
Provision for doubtful amount		(466,176)	(466,176)
	27.3	2,816,935	2,816,935

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

27.4 This amount includes TSA fee receivable from PTML Rs 7,943,096 thousand (December 31, 2021: Rs 5,882,463 thousand).

27.5 This amount is net off provision for impairment of Rs. 535,000 thousand (December 31, 2021: Nil).

27.6 This includes receivable from U Bank of Rs. 575,948 thousand (December 31, 2021: Rs 424,451 thousand) on account of group taxation.

27.7 This amount is net off provision for impairment of Rs. 185,239 thousand (December 31, 2021: 185,239 thousand).

28 Cash and bank balances

	Note	2022 Rs '000	2021 Rs '000
Cash in hand		367,188	71,671
Balances with banks:			
Deposit accounts - local currency	28.1	877,538	1,280,946
Current accounts			
Local currency		988,975	269,498
Foreign currency- USD 15,242 thousand (December 31, 2021: USD 5,291 thousand)		3,451,254	934,039
		4,440,229	1,203,537
	28.2	5,684,955	2,556,154

28.1 The balances in deposit accounts, carry mark-up ranging between 8.25% and 14.50% (December 31, 2021: 5% and 10%) per annum. These deposit accounts include Rs 580,797 thousand (December 31, 2021: Rs. 209,678 thousand) with U Microfinance Bank Limited - a related party. The maximum aggregate amount outstanding at any time during the year amounts to Rs 580,797 thousand.

28.2 Bank balance includes Rs. 862 thousand (December 31, 2021: Rs. 1,924 thousand) carrying profit at the rate of 7% (December 31, 2021: 4.00%) per annum from Shariah arrangements.

29 Revenue

	Note	2022 Rs '000	2021 Rs '000
Broadband and IPTV		35,268,813	31,468,960
Voice services		9,016,356	9,942,808
Wireless data		2,118,514	2,524,310
Revenue from retail customers		46,403,683	43,936,078
Corporate and wholesale		28,316,010	24,879,554
International		8,724,305	8,037,458
Total revenue	29.1	83,443,998	76,853,090

29.1 Revenue is stated net of trade discount amounting to Rs 53,405 thousand (December 31, 2021 Rs 69,532 thousand) and Federal Excise Duty and sales tax amounting to Rs 13,387,459 thousand (December 31, 2021: Rs 11,900,970 thousand). International revenue represents revenue from foreign network operators, for calls that originate outside Pakistan.Revenue amounting to Rs. 1,080,722 thousand (2021: Rs. 1,021,633 thousand) has been recognized during the year from opening contract liability.

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30 Cost of services

	Note	2022 Rs '000	2021 Rs '000
Staff cost	30.1	14,547,380	14,201,543
Outsourced staff cost		2,039,100	1,718,325
Interconnect costs		1,529,220	1,974,476
Foreign operators costs and satellite charges		6,455,027	6,442,689
Fuel and power		8,020,102	5,414,087
Cost of devices sold		1,581,459	1,159,617
Amortization of contract costs	21.1	3,733,816	3,664,125
Rent, rates and taxes		1,839,089	1,763,917
Repairs and maintenance and IT cost		5,916,154	5,579,802
Annual license fee and regulatory charges	30.2	2,084,763	1,744,046
Security service charges		720,095	723,843
Depreciation on property, plant and equipment	16.5	15,444,105	14,925,809
Depreciation on ROU assets	17	524,525	403,846
Amortization and impairment of intangible assets	18	621,886	515,132
Other expenses		154,594	89,086
		65,211,315	60,320,343

30.1 This includes Rs 3,060,476 thousand (December 31, 2021: Rs 3,009,425 thousand) in respect of employees retirement benefits.

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

31 Administrative and general expenses

	Note	2022 Rs '000	2021 Rs '000
Staff cost	31.1	2,478,585	2,419,659
Outsourced staff cost		48,743	41,076
Fuel and power		414,465	284,394
Rates and taxes		239,388	198,749
Repairs and maintenance cost		263,903	280,317
Gas and water		102,568	105,060
Travelling and conveyance		117,446	76,761
Technical services assistance fee	31.2	2,949,999	2,896,345
Legal and professional charges	31.3	417,797	309,753
Billing and printing expenses		383,232	372,784
Depreciation on property, plant and equipment	16.5	217,118	196,675
Other expenses		190,513	201,263
		7,823,757	7,382,836

31.1 This includes Rs 521,444 thousand (December 31, 2021: Rs 512,746 thousand) in respect of employees retirement benefits.

31.2 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.

31.3 This includes auditors' remuneration	2022 Rs '000	2021 Rs '000
Statutory audit, including half yearly review	9,300	8,400
Out of pocket expenses	600	600
Non-audit service	-	300
	9,900	9,300

32 Selling and marketing expenses	Note	2022 Rs '000	2021 Rs '000
Staff cost	32.1	2,040,067	1,991,566
Outsourced staff cost		620,125	522,572
Advertisement and publicity	31.2	624,755	583,031
Sales and distribution charges		402,030	292,702
Depreciation on property, plant and equipment	16.5	134,219	122,123
		3,821,196	3,511,994

32.1 This includes Rs 429,189 thousand (December 31, 2021: Rs 422,029 thousand) in respect of employees retirement benefits.

32.2 It includes donation Rs. 39,979 thousand (December 31, 2021: Rs 9,419 thousand). Donations that exceed Rs 1,000 thousand are given to the parties given hereunder :

	Note	2022 Rs '000	2021 Rs '000
Name of Donees:			
Prime Minister flood relief fund		20,000	-
PTCL Employees flood affectee		10,000	-
Pakistan Red Crescent		2,500	-
Akhuwat Foundation		2,500	-
Rashid Khan Trust		-	7,000
		35,000	7,000

33 Other income	Note	2022	2021
Income from financial assets:			
Return on bank deposits	33.1	144,453	617,647
Late payment surcharge from subscribers		131,570	164,144
Interest on subordinated long term loan to subsidiaries		1,598,568	804,587
Exchange gain		3,219,080	1,046,456
Imputed Interest on employee loans		21,645	-
Dividend income from U Bank		195,286	-
		5,310,602	2,632,834
Income from non financial assets:			
Government grants recognised		1,181,356	1,506,431
Re chargeable projects income		177,419	326,337
Gain on disposal of property, plant and equipment		2,552,347	928,024
Scrap sales		1,124,766	137,385
Rental income		314,039	254,962
Others		143,098	66,813
		10,803,627	5,852,786

33.1 Income from financial assets include Rs 117 thousand (December 31, 2021: Rs 273 thousand) earned from Shariah arrangements.

34 Finance and other costs	2022 Rs '000	2021 Rs '000
Bank and other charges	1,470,055	157,798
Impairment of receivable from subsidiary - DVCOM Data	535,000	-
Imputed Interest on employee loans	-	39,064
Interest on lease liabilities	166,678	142,501
	2,171,733	339,363

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35 Taxation	Note	2022 Rs '000	2021 Rs '000
Current tax			
Current year		5,910,959	5,519,447
Prior year		(880,468)	-
		5,030,491	5,519,447
Deferred tax			
Current year		(972,354)	(1,190,892)
Prior year		400,993	(1,520,871)
	7.1	(571,361)	(2,711,763)
		4,459,130	2,807,684

35.1 Reconciliation of effective tax rate	2022	2021
Profit before tax (Rupees in thousand)	13,512,514	9,681,661
	%	%
Applicable tax rate	33.00	29.00

36 Earnings per share - basic and diluted			
Profit for the year	Rupees in thousand	9,053,384	6,873,977
Weighted average number of ordinary shares	Numbers in thousand	51,000,000	51,000,000
Earnings per share	Rupees	1.78	1.35

37 Non-funded finance facilities

The Company has non funded financing facilities available with banks, which include facilities to avail letters of credit and letters of guarantee. The aggregate facility of Rs 25,232,000 thousand (December 31, 2021: Rs 25,150,000 thousand) and Rs 17,718,000 thousand (December 31, 2021: Rs 15,300,000 thousand) is available for letters of credit and letters of guarantee respectively, out of which the facility availed at the year end is Rs 12,580,000 thousand (December 31, 2021: Rs 13,840,417 thousand) and Rs 11,558,806 thousand (December 31, 2021: Rs 11,867,256 thousand) respectively. The letter of guarantee facility is secured by a hypothecation charge over certain assets of the Company, amounting to Rs 118,316,667 thousand (December 31, 2021: Rs 39,701,000 thousand).

38 Cash generated from operations

	Note	2022 Rs '000	2021 Rs '000
Profit before tax		13,512,514	9,681,661
Adjustments for non-cash charges and other items:			
Depreciation of property, plant and equipment		15,795,442	15,244,607
Impairment of property, plant and equipment		59,538	147
Amortization and impairment of intangible assets		621,887	515,132
Depreciation of right of use assets		524,525	403,846
Amortization of contract cost		3,733,816	3,664,125
Reversal for obsolete stores and spares		(12,297)	(177,707)
Impairment loss on trade debts and contract assets		1,707,110	1,469,679
Provision for employees retirement benefits		4,011,110	3,944,200
Gain on disposal of property, plant and equipment		(2,552,347)	(928,024)
Return on bank deposits		(144,453)	(617,647)
Imputed interest on long term loans		(21,645)	39,064
Imputed interest on lease liabilities		166,678	142,501
Return on subordinated long term loans to subsidiaries		(1,598,568)	(804,587)
Dividend income		(195,286)	-
Unearned revenue realised		(159,574)	(130,074)
Release of deferred government grants		(1,181,356)	(1,506,431)
Exchange gain		(2,700,050)	(787,487)
		31,567,044	30,153,005
Effect of cash flows due to working capital changes			
Increase in current assets:			
Stores and spares		(2,049,250)	(1,796,351)
Trade debts and contract assets		(10,900,908)	(5,275,476)
Loans and advances		(2,945,121)	(1,732,072)
Prepayments and other receivables		(3,162,461)	(2,554,280)
		(19,057,740)	(11,358,179)
Increase in current liabilities:			
Trade and other payables		14,890,378	11,373,312
Security deposits		15,287	6,539
Cash generated from operations		27,414,969	30,174,677

39 Cash and cash equivalents

	Note	2022 Rs '000	2021 Rs '000
Cash and bank balances	28	5,684,955	2,556,154
Short term running finance	13	(92,582)	-
		5,592,373	2,556,154

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

	Liabilities			
	Lease liabilities Rs '000	Unpaid / unclaimed dividend Rs '000	Long term loans from banks Rs '000	Total Rs '000
Balance as at January 01, 2021	1,728,811	210,317	-	1,939,128
Addition during the year	383,457	-	-	383,457
Changes from financing cash flow	(493,175)	(503)	22,448,367	21,954,689
Total liability related changes	-	-	(68,386)	(68,386)
Balance as at December 31, 2022	1,619,093	209,814	22,379,981	24,208,888
Balance as at January 01, 2020	1,408,913	211,511	-	1,620,424
Addition during the year	959,088	-	-	959,088
Changes from financing cash flow	(639,190)	(1,194)	-	(640,384)
Balance as at December 31, 2021	1,728,811	210,317	-	1,939,128

40 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		Executive			
					Key management personnel		Other executives	
	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000
Managerial remuneration	-	-	87,281	23,332	342,764	272,317	853,204	624,645
Honorarium	300	300	-	-	-	-	-	-
Retirement benefits	-	-	-		31,379	34,642	74,807	71,610
Housing	-	-	48,200	13,663	100,243	121,444	216,086	224,891
Utilities	-	-	6,419	1,980	53,068	48,840	49,291	50,065
	300	300	141,900	38,975	527,454	477,243	1,193,388	971,211
Bonus paid	-	-	19,384	35,891	101,918	95,839	192,979	148,140
	300	300	161,284	74,866	629,372	573,082	1,386,367	1,119,351
Number of persons	1	1	1	1	36	43	339	273

The Company also provides free medical and limited residential telephone facilities, to all its Executives, including the Chief Executive Officer (CEO). The Chairman is entitled to free transport and a limited residential telephone facility, whereas, the Directors of the Company are provided only with limited telephone facilities; certain executives are also provided with the Company maintained cars. Approximate value of of medical and car facility is Rs.52,551 thousand (December 31, 2021 : Rs. 56,153 thousand).

Aggregate amount charged in the financial statements for the year ended December 31, 2022 as fee to 9 directors including chairman fee (December 31, 2021 : 9) is Rs 80,245 thousand (December 31, 2021: Rs 97,412 thousand) for attending Board of Directors and subcommittee meetings.

41 Rates of exchange

Assets in US dollars have been translated into Rupees at USD 1 = Rs 226.43 (December 31, 2021: USD 1 = Rs 176.52), while liabilities in US dollars have been translated into Rupees at USD 1 = Rs 226.43 (December 31, 2021: USD 176.52).

42 Employees' provident fund

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

43 Financial instruments and risk management

43.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2022 Rs '000	2021 Rs '000
USD		
Trade and other payables	(9,201,072)	(7,746,770)
Trade debts	27,609,057	17,208,946
Cash and bank balances	3,451,254	934,039
Net exposure	21,859,239	10,396,215
AED		
Trade and other payables	(4,351)	(3,392)
EUR		
Trade and other payables	(5,576)	(2,696)
CNY	(145)	(1,403)

The following significant exchange rates were applied during the year:

	2022	2021
Rupees per USD		
Average rate	204.52	162.63
Reporting date rate	226.43	176.52
Rupees per AED		
Average rate	55.68	44.28
Reporting date rate	61.65	48.06
Rupees per EUR		
Average rate	214.53	192.18
Reporting date rate	241.31	199.64
Rupees per CNY		
Average rate	30.32	25.24
Reporting date rate	32.57	27.7

If the functional currency, at the reporting date, had fluctuated by 5% against the USD, AED, EUR and CNY with all other variables held constant, the impact on profit after taxation for the year would have been Rs 775,645 thousand (December 31, 2021: Rs 368,800 thousand) respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

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

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

If redemption price on mutual funds, at the year end date, fluctuate by 5% higher / lower with all other variables held constant, total comprehensive income for the year would have been Rs Nil (December 31, 2021: Rs. Nil) higher / lower, mainly as a result of higher / lower redemption price on units of mutual funds.

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(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:

	2022 Rs '000	2021 Rs '000
Financial assets		
Fixed rate instruments:		
Staff loans	1,434,188	1,649,737
Bank balances - deposit accounts	877,538	1,280,946
	2,311,726	2,930,683
Variable rate instruments:		
Subordinated long term loan to PTML	17,250,000	7,500,000
Subordinated long term loan to Ubank	1,200,000	2,200,000
	18,450,000	9,700,000
Financial liability		
Variable rate instruments:		
Syndicate Term Finance Facility	22,379,981	-
	22,379,981	-

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) and syndicate term finance facilty (PTCL) 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 134,726 thousand (December 31, 2021: Rs 68,870 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:

	2022 Rs '000	2021 Rs '000
Long term loans and advances	17,432,860	9,077,445
Trade debts and contract assets	39,293,476	27,936,723
Loans and advances	2,325,137	2,099,033
Other receivables	15,519,776	11,692,790
Bank balances	5,317,767	2,484,483
	79,889,016	53,290,474

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 17,250,000 thousand (December 31, 2021: Rs 7,500,000 thousand) to the subsidiary-PTML and a loan of Rs 1,200,000 thousand to the subsidiary U-bank (December 31, 2021: 2,200,000). Impairment loss on trade debts and contract assets arising from contract with customers amounts to Rs 1,707,110 thousand (December 31, 2021: Rs 1,469,679 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 Short term	Rating Long term	Rating Agency
National Bank of Pakistan	A-1+	AAA	PACRA
Bank Alfalah Limited	A-1+	AA+	PACRA
MCB Bank Limited	A-1+	AAA	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
The Bank of Punjab	A-1+	AA+	PACRA
Habib Bank Limited	A-1+	AAA	VIS
Askari Bank Limited	A-1+	AA+	PACRA
Allied Bank Limited	A-1+	AAA	PACRA
United Bank Limited	A-1+	AAA	VIS
BankIslami Pakistan Limited	A-1	A+	PACRA
Bank Al-Habib Limited	A-1+	AAA	PACRA
Faysal Bank Limited	A-1+	AA	PACRA
Citi Bank, N.A	P-1	Aa3	Moody's
Albaraka Bank (Pakistan) Limited	A-1	A+	VIS
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
Silk Bank Limited	A-2	A-	VIS
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	VIS
The Bank of Khyber	A-1	A+	VIS
First Women Bank Limited	A-2	A-	PACRA
Samba Bank Limited	A-1	AA	VIS
U Microfinance Bank Limited	A-1	A+	VIS
Khushhali Microfinance Bank Limited	A-1	A+	VIS
Telenor Microfinance Bank Limited	A-1	A	VIS
Mutual funds			
HBL Cash Management Fund		AA+(f)	VIS
ABL Cash Management Fund		AA+(f)	VIS
UBL Cash Management Fund		AA+(f)	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.

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(c) Liquidity risk

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

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

The following are the contractual maturities of financial liabilities as at December 31, 2022

	Carrying amount Rs '000	Less than one year Rs '000	One to five years Rs '000	More than five years Rs '000
Syndicate Term Finance Facility	22,448,367	68,386	10,941,324	11,438,657
Security deposits	606,424	606,424	-	-
Short term running finance	92,582	92,582	-	-
Trade and other payables	89,738,143	89,738,143	-	-
Unclaimed dividend	209,814	209,814	-	-
Current portion of long term loans from banks	68,386	68,386	-	-
Lease liabilities	1,619,093	347,459	1,112,147	159,487
	139,076,746	115,425,131	12,053,471	11,598,144

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

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

43.2 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, 2022 are as follows:

		Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Long term other investments	2022	-	-	51,427	51,427
Long term other investments	2021	-	-	51,427	51,427

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

Measurement of fair value

Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Sensitivity of input to fair value
Non listed equity investments Thuraya Satellite Telecommunication Company	Discounted cash flows: The valuation model considers the present value of projected cash flows, discounted using long term discount rate that reflect the risk inherent to the investment in these equity instruments	Long term discount rate 9% (31 December 2021: 10%)	1% (31 December 2021: 1%) increase (decrease) in the discount rate would decrease (increase) the fair value by Rs.434.2 thousand (Rs. 443.08 thousand) (31 December 2021: Rs.2.7 thousand (Rs. 3.29 thousand))
		Future free cash flows	1% (31 December 2021: 1%) increase (decrease) in the future free cash flows would increase (decrease) the fair value by Rs. 1,887.69 thousand (Rs. 1,819.7 thousand) (31 . 1.33 thousand (Rs. 1.28 thousand))
Non listed equity investments Alcatel - Lucent Pakistan Limited	Discounted cash flows: The valuation model considers the present value of projected cash flows, discounted using long term discount rate that reflect the risk inherent to the investment in these equity instruments	Long term discount rate 15.5% (31 December 2021: 10%)	1% (31 December 2021: 1%) increase (decrease) in the discount rate would decrease (increase) the fair value by Rs. 171.01 thousand (Rs. 173.89 thousand) (31 December 2021: Rs. 551.94 thousand (Rs. 675.57 thousand))
		Future free cash flows	1% (31 December 2021: 1%) increase (decrease) in the future free cash flows would increase (decrease) the fair value by Rs. 760.88 thousand (Rs. 736.11 thousand) (31 December 2021: Rs. 238.16 thousand (Rs. 230.11 thousand))

NOTES TO AND FORMING PART OF THE
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	FVOCI - equity instruments Rs '000	FVTPL - equity instruments Rs '000	Assets at amortised cost Rs '000	Total Rs '000
43.3 Financial instruments by categories - 2022				
Financial assets as per statement of financial position				
Long term other investments	51,427	-	-	51,427
Long term loans and advances	-	-	17,432,860	17,432,860
Trade debts and contract assets	-	-	39,293,476	39,293,476
Loans and advances	-	-	8,091,983	8,091,983
Receivable from the Government of Pakistan	-	-	2,164,072	2,164,072
Other receivables	-	-	21,689,431	21,689,431
Cash and bank balances	-	-	5,684,955	5,684,955
Financial liabilities as per statement of financial position	Amortized cost			
Trade and other payables	114,032,080			
Securities deposits	606,424			
Unclaimed dividend	209,814			
Lease liabilities	1,619,093			

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

43.4 Capital risk management

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

The Company's objectives when managing capital are:

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

(ii) to provide an adequate return to shareholders.

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

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

44 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, 9,12,13,20,23,24,25,26,27 and 28. The Company has also issued a letter of comfort and corporate guarantee in favour of PTML as disclosed in note 15.12. 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
Pakistan Telecommunication Company Limited General Provident Fund Trust	Not applicable
Pakistan Telecommunication Company Limited Employees Gratuity Fund	Not applicable
Other related parties	
Pakistan Telecommunication Authority	Not applicable
Universal Service Fund	Not applicable
National ICT R&D Fund	Not applicable
Pakistan Electronic Media Regulatory Authority	Not applicable

Chief Executive, directors and key management personnel

The Company also has transactions with Chief Executive Officer, directors and other key management personnel transactions with whom are disclosed in note 20 and 40 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

	2022 Rs '000	2021 Rs '000
Details of transactions with related parties		
Shareholders		
Technical services assistance fee	2,949,999	2,896,345
Subsidiaries		
Sale of goods and services	5,670,912	5,159,621
Purchase of goods and services	5,015,927	3,507,847
Mark up on long term loans	1,598,569	804,587
Dividend income	195,000	-
Associated undertakings		
Sale of goods and services	6,363,481	4,511,518
Purchase of goods and services	691,672	406,746
Contribution to:		
Pakistan Telecommunication Employees Trust	822,813	807,959
PTCL Employees Gratuity Fund	308,994	293,141
Charge under license obligations	2,084,764	1,744,046

45 Offsetting of financial assets and liabilities

	Gross amounts subject to offsetting	Offset	Net amount	Amount not in scope of offsetting	Net as per statement of financial position
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
As at December 31, 2022					
Trade debts	31,324,154	(6,079,952)	25,244,202	14,049,274	39,293,476
Trade creditors	(7,011,267)	6,079,952	(931,315)	17,029,800	17,961,115
As at December 31, 2021					
Trade debts	21,820,678	(6,444,128)	15,376,550	12,560,173	27,936,723
Trade creditors	(6,853,324)	6,444,128	(409,196)	13,904,494	13,495,298

46 Number of employees

	2022 (Number)	2021 (Number)
Total number of persons employed at end of the year	15,392	16,106
Average number of employees during the year	15,590	16,118

47 Date of authorization for issue

47.1 These financial statements were authorized for issue by the Board of Directors of the Company on February 15, 2023.

Chief Financial Officer

President & CEO

Chairman

FINANCIAL

Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

FOR THE YEAR ENDED DECEMBER 31, 2022

Report on the Audit of the Financial Statements

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, 2022, 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, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 19.9 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

FOR THE YEAR ENDED DECEMBER 31, 2022

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.

Sr No.	Key audit matters	How the matter was addressed in our audit
1.	Revenue from Telecommunication and Banking services Refer notes 5.28 (a) and 35 to the consolidated financial statements. The Group has reported revenue amounting to Rs. 151,643 million mainly from telecommunication and banking services for the year ended December 31, 2022. The Group mainly provides telecommunication and banking services and 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, Further interest income from Banking services is also largely dependant upon underlying systems due to volume of data. 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; • Test the completeness and accuracy of relevant revenue reports generated from the billing systems and reconciling those with the financial statements of each component. • Comparing a sample of transactions comprising of various revenue streams recorded during the year with relevant underlying supporting documents and cash receipts; • Performing recalculation of banking income on sample basis and tracing the transactions recorded in the books of account to underlying supporting documents and ensured income has been recorded in relevant year; • Assessing the appropriateness of accounting policies for revenue recognition for compliance with applicable financial reporting framework including application to amounts recognised 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.
2.	Income tax recoverable Refer notes 5.33 and 30 to the consolidated financial statements. As at December 31, 2022, income tax recoverable is stated at Rs. 28,737 million.	Our audit procedures in relation to the matter included: • Assessing the reasonableness of the management assessment in respect of recoverability of income tax refundable thorough our tax specialist; • Reviewing the status of significant pending tax matters, including the Group's assessment of the potential liabilities;

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

FOR THE YEAR ENDED DECEMBER 31, 2022

Sr. No.	Key audit matters	How the matter was addressed in our audit
	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 significance of the amount and inherent uncertainties associated, this requires special audit consideration.	• Comparing refund applications filed for refund of tax relating to the 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; and • Assessing adequacy of disclosures in the financial statements.
3.	Acquisition of property, plant and equipment Refer notes 5.17 (a) and 20 to the consolidated financial statements. The Group has recorded additions to property, plant and equipment amounting to Rs. 52,899 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; • Tested the completeness and accuracy of fixed asset register and inspected its reconciliation with general ledger balance; and • Scanned repair and maintenance ledger to identify any items that may meet he capitalization criteria.
4.	First time adoption of IFRS 9 "Financial Instruments" for U Microfinance Bank Limited (UBANK) Refer note 5 to the consolidated financial statements. The Group has adopted IFRS 9 "Financial Instruments" with effect from 1 January 2022 for the figures related to UBANK used for preparation of the Consolidated financial statements of the Group. The application of IFRS 9 supersedes the requirement of prudential regulations for microfinance banks.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • Evaluating the management assessment for identifying the financial statements line item impacted due to first time adoption of IFRS 9 "Financial Instruments"; • Evaluating the classification of financial assets and financial liabilities determined by the management due to first time adoption of IFRS 9 "Financial Instrument" is consistent with the requirements of IFRS 9; • Testing of completeness and accuracy of the underlying data used by the management to determine the impact of first-time adoption of IFRS 9 "Financial Instruments"

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited

FOR THE YEAR ENDED DECEMBER 31, 2022

Sr No.	Key audit matters	How the matter was addressed in our audit
	We identified this as a key audit matter due to the judgments and estimates involved in initial application of IFRS 9 "Financial Instruments	• Testing of key assumptions and judgments used by the management to calculate the expected credit loss; and • Involved our specialist to review the methodology used in model to determine expected credit loss; and • Accessed the appropriateness of transitional adjustments and for the year accounting impact
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, 202, carrying amounts of property and equipment, intangible assets and right of use amounts to Rs. 230,063 million, Rs. 64,167 and Rs. 16,468 million respectively out of which Rs. 96,398 million, Rs. 61,449 million and Rs. 12,363 million relates to property and equipment, intangible assets and right of use (referred to as cash generating unit or "CGU") of Pak Telecom Mobile Limited (PTML), a component of the Group. In view of identified indicators for impairment of this CGU, management has carried out an assessment of recoverable amount of this CGU and concluded that no impairment is required to be recognised in the consolidated financial statements. We identified the impairment of CGU as a key audit matter because it involves significant management's judgment, subjective assumptions and estimates in determining the recoverable amount of CGU.	Our audit procedures, amongst others, included the following: • Evaluated the design, implementation and operating effectiveness of internal controls over impairment assessment of non-current assets of Pak Telecom Mobile Limited (PTML), a component of the Group; • Evaluated management's identification of components of CGU; • Compared data in the discounted cash flow forecasts including forecast revenue, forecast operating expenses and forecast capital expenditure is consistent with the financial projection prepared by management; • Challenged management's assumptions and obtain supporting evidence for the short-term growth rates and long-term steady growth rate to arrive at terminal value used in cash flow model; • Involved our valuation specialist to assist us in evaluating management's impairment assessment methodology and calculations contained within the discounted cash flow forecasts including the appropriateness of the discount rate applied with reference to the applicable reporting framework;
6.	Existence of loan and advances of for U Microfinance Bank Limited (UBANK) Please refer to note 28 of the consolidated financial statements. As at 31 December 2022, the carrying amount of loans and advances for UBank amounted to Rs. 59,284 million We have identified existence of loans and advances as a key audit matter because of the significant and large volume of advances these require constant monitoring. Given the large volume of advances, there is a risk that advances do not exist	Our audit procedures, amongst others, included the following: • Obtaining an understanding of the process relating to disbursement of advances and testing the design, implementation and operating effectiveness of key internal controls over disbursement of advances; • Testing the sample selected by tracing the disbursed loan from the underlying supporting documents including approved application and repayment history of the borrower; • Assessing the appropriateness of accounting policies for advances for compliance with applicable financial reporting framework; and • Considering the appropriateness of disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Telecommunication Company Limited
FOR THE YEAR ENDED DECEMBER 31, 2022

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 31,2022 but does not include the consolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
To the members of Pakistan Telecommunication Company Limited
FOR THE YEAR ENDED DECEMBER 31, 2022

- 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.

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

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

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

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
Date: April 7, 2023
UDIN: AR202210111JNfS0Hz6K

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022 Rs '000	2021 Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital	6	51,000,000	51,000,000
Revenue reserves			
General reserve		27,497,072	27,497,072
Accumulated (loss) / profit		(2,672,095)	9,107,014
		24,824,977	36,604,086
Statutory and other reserves		1,351,802	789,313
Unrealized loss on investments measured at fair value through OCI		(2,015)	(288,630)
		77,174,764	88,104,769
Liabilities			
Non-current liabilities			
Long term loans from banks	7	78,260,607	52,242,044
Subordinated debt	8	448,980	449,100
Deposits from banking customers	9	1,273,020	1,323,709
Lease liabilities	10	13,442,256	14,879,122
Deferred income tax	11	-	2,499,975
Employees retirement benefits	12	29,360,928	27,097,185
Deferred government grants	13	29,362,359	20,377,148
Advances from customers		1,899,388	1,651,860
License fee payable	14	13,604,960	21,006,989
Long term vendor liability	15	43,919,757	35,600,437
		211,572,255	177,127,569
Current liabilities			
Trade and other payables	16	122,541,819	103,983,955
Deposits from banking customers	9	90,910,070	53,432,764
Interest accrued		1,916,674	1,033,404
Short term running finance	17	40,799,207	8,227,208
Current portion of:			
Long term loans from banks	7	46,637,709	11,162,076
Repo borrowing	7	29,537,082	17,472,353
Subordinated debt	8	120	149,820
Lease liabilities	10	4,476,012	3,377,198
Long term vendor liability	15	15,915,561	10,386,943
License fee payable	14	164,459	4,809,781
Security deposits	18	1,531,698	1,364,880
Unpaid / unclaimed dividend		209,814	210,317
		354,640,225	215,610,699
Total equity and liabilities		643,387,244	480,843,037
Contingencies and commitments	19		

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

Chief Financial Officer President & CEO Chairman

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022 Rs '000	2021 Rs '000
Assets			
Non-current assets			
Property, plant and equipment	20	230,063,134	204,872,579
Right of use assets	21	16,468,843	17,154,073
Intangible assets	22	64,167,468	71,171,339
		310,699,445	293,197,991
Long term investments	23	51,427	51,427
Long term loans and advances	24	982,860	1,127,445
Long term loans to banking customers	28	12,705,350	8,212,253
Deferred income tax	11	7,901,476	-
Contract costs	25	762,364	697,273
		333,102,922	303,286,389
Current assets			
Stock in trade, stores and spares	26	8,618,963	5,947,168
Trade debts and contract assets	27	41,375,661	29,190,559
Loans to banking customers	28	46,578,644	26,163,476
Loans and advances	29	6,278,658	3,356,292
Contract costs	25	3,138,112	2,879,400
Income tax recoverable	30	28,736,568	27,404,527
Receivable from the Government of Pakistan	31	2,164,072	2,164,072
Deposits, prepayments and other receivables	32	12,948,042	19,667,039
Short term investments	33	143,912,508	46,564,520
Cash and bank balances	34	16,533,094	14,219,595
		310,284,322	177,556,648
Total assets		643,387,244	480,843,037

Chief Financial Officer President & CEO Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 Rs '000	2021 Rs '000
Revenue	35	151,643,728	137,625,446
Cost of services	36	(120,168,406)	(103,095,709)
Gross profit		31,475,322	34,529,737
Administrative and general expenses	37	(20,429,217)	(18,237,317)
Selling and marketing expenses	38	(8,561,663)	(8,147,223)
Impairment loss on trade debts and contract assets	39	(848,067)	(3,062,239)
		(29,838,947)	(29,446,779)
Operating profit		1,636,375	5,082,958
Other income	40	15,646,821	9,800,268
Finance costs and other expenses	41	(29,704,862)	(11,496,193)
(Loss) / profit before tax		(12,421,666)	3,387,033
Income tax	42	4,633,084	(811,768)
(Loss) / profit after tax		(7,788,582)	2,575,265

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

Chief Financial Officer

President & CEO

Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Rs '000	2021 Rs '000
(Loss) / Profit for the year	(7,788,582)	2,575,265
Other comprehensive income for the year		
Items that will not be subsequently reclassified to consolidated statement of profit or loss:		
Remeasurement gain / (loss) on employees retirement benefits	273,949	(1,679,946)
Tax effect	(90,403)	505,319
	183,546	(1,174,627)
Items that may be subsequently reclassified to consolidated statement of profit or loss:		
Gain / (loss) on equity instruments arising during the year	9,243	(340,246)
Tax effect	(3,050)	50,987
Unrealized gain / (loss) on equity instrument - net of tax	6,193	(289,259)
	189,739	(1,463,886)
Impact of reversal of deficit on revaluation of investments held at fair value through other comprehensive income due to change in classification	280,422	-
Total comprehensive income for the year - (loss)	(7,318,421)	1,111,379

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

Chief Financial Officer

President & CEO

Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 Rs '000	2021 Rs '000
Cash flows from operating activities			
Cash generated from operations	44	25,220,671	46,119,911
Employees retirement benefits paid		(2,180,867)	(1,977,627)
Deposits from banking customers		37,426,617	9,123,157
Advances from customers		407,102	282,765
Payment made to Pakistan Telecommunication Employees Trust (PTET)		(822,813)	(807,959)
Income tax paid		(5,525,659)	(6,416,185)
Net cash inflows from operating activities		54,525,051	46,324,062
Cash flows from investing activities			
Capital expenditure		(54,032,161)	(38,577,781)
Acquisition of intangible assets		(537,008)	(24,532,449)
Proceeds from disposal of property, plant and equipment		2,745,271	1,098,817
Additions to contract costs		(5,927,710)	(5,497,691)
Long term loans and advances		122,940	(118,382)
Short term investments		(97,347,988)	(22,040,021)
Return on long term loans and short term investments		6,865,965	2,351,551
Government grants received		11,511,935	5,172,718
Net cash outflows from investing activities		(136,598,756)	(82,143,238)
Cash flows from financing activities			
Loans from banks - net		73,558,925	37,111,398
Subordinated debt		(149,820)	(240)
Finance cost paid		(17,406,918)	(7,669,892)
License fee - repayments		(12,047,351)	-
Vendor liability		13,847,938	5,760,458
Lease liabilities - repayments		(5,987,066)	(5,413,484)
Dividend paid		(503)	(1,194)
Net cash inflows from financing activities		51,815,205	29,787,046
Net decrease in cash and cash equivalents		(30,258,500)	(6,032,130)
Cash and cash equivalents at beginning of the year		5,992,387	12,024,517
Cash and cash equivalents at end of the year	44.2	(24,266,113)	5,992,387

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

Chief Financial Officer | President & CEO | Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Issued, subscribed and paid-up capital		Revenue Reserves				
	Class "A"	Class "B"	General reserve	Unappropriated profit	Statutory and other reserves	Unrealized loss on investments measured at fair value through OCI	Total
	(Rupees in '000)						
Balance as at December 31, 2020	37,740,000	13,260,000	27,497,072	7,984,136	511,553	629	86,993,390
Total comprehensive income for the year							
Profit for the year	-	-	-	2,575,265	-	-	2,575,265
Other comprehensive income - net of tax	-	-	-	(1,174,627)	-	(289,259)	(1,463,886)
	-	-	-	1,400,638	-	(289,259)	1,111,379
Others							
Transfer to statutory and other reserves	-	-	-	(277,760)	277,760	-	-
Balance as at December 31, 2021	37,740,000	13,260,000	27,497,072	9,107,014	789,313	(288,630)	88,104,769
Adjustment on initial applicationof IFRS 9 - PTCL	-	-	-	(869,206)	-	-	(869,206)
Adjustment on initial application of IFRS 9 - U Bank	-	-	-	(2,742,378)	-	-	(2,742,378)
Adjusted balance as at January 01, 2022	37,740,000	13,260,000	27,497,072	5,495,430	789,313	(288,630)	84,493,185
Total comprehensive income for the year							
Loss for the year	-	-	-	(7,788,582)	-	-	(7,788,582)
Other comprehensive income - net of tax	-	-	-	183,546	-	286,615	470,161
	-	-	-	(7,605,036)	-	286,615	(7,318,421)
Others							
Transfer to statutory and other reserves	-	-	-	(562,489)	562,489	-	-
Balance as at December 31, 2022	37,740,000	13,260,000	27,497,072	(2,672,095)	1,351,802	(2,015)	77,174,764

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

Chief Financial Officer | President & CEO | Chairman

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 Head Office Room No. 17, Ground Floor (Margalla Side) , Ufone Tower, Plot No 55-C, Main Jinnah Avenue, Blue Area, Sector F-7/1 Islamabad.

The Holding 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 Holding Company has also been licensed to provide such services in territories of Azad Jammu and Kashmir and Gilgit-Baltistan.

Pak Telecom Mobile Limited (PTML)

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

U Microfinance Bank Limited (U Bank)

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

DVCOM Data (Private) Limited (DVCOM Data)

DVCOM DATA (PRIVATE) LIMITED (the Company) was incorporated as a private limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on 30 May 2017) on 27 March 2007. The principal activities of the Company are to provide Wireless Local Loop (WLL) services in Pakistan under the license from Pakistan Telecommunication Authority (PTA).

Effective April 01, 2015, Pakistan Telecommunication Company Limited (PTCL), (the Holding Company) acquired 100% shareholding of the Company from DVCOM Limited and is the sole customer of the Company.

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 office, 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.

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

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

2. Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

The applicable financial reporting framework for the consolidated subsidiary U Microfinance Bank Limited (U Bank) also includes the following:

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of the Chartered Accountants of Pakistan as notified under the Companies Act, 2017;

- Provisions of and directives issued under The Microfinance Institutions Ordinance, 2001 (the MFI Ordinance) and the Companies Act, 2017; and

- directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP)

Whenever the requirements of the Microfinance Institution Ordinance, 2001, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Microfinance Institution Ordinance, 2001, the Companies Act, 2017 and the said directives shall prevail.

State Bank of Pakistan (SBP) through its BPRD circular No. 4 of 2019 dated 23 October 2019 had decided that the effective date of IFRS 9 implementation was 01 January 2021 for banks/DFIs/MFBs. However, given the prevalent COVID-19 (Corona Virus Disease 2019) pandemic situation, SBP through its BPRD circular No. 15 of 2020 dated 26 March 2020 had decided to extend the timeline of the tasks related to IFRS 9 implementation till periods beginning on or after 01 July 2020. Moreover in view of COVID-19 impact and banking industry representations, SBP vide its BPRD circular letter no. 24 of 2021 dated 05 July 2021 has decided to implement IFRS 9 from 01 January 2022. However as per State Bank of Pakistan (SBP)' BPRD circular letter no. 3 of 2022, the applicability of IFRS 9 to Microfinance Banks in Pakistan was further deferred to accounting periods beginning on or after January 1, 2024. The Bank, however, has early adopted IFRS 9 'Financial Instruments' during the year. The impact of early adoption of IFRS 9 'Financial Instruments' is disclosed in note 5 to these consolidated financial statements.

The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of the International Accounting Standard (IAS) 39, “Financial Instruments: Recognition and Measurement” and IAS 40, “Investment Property” for banking companies till further instructions. Further, the SECP vide its SRO 633 (I)/ 2014, dated 10 July 2014 has deferred the applicability of International Accounting Standard (IAS) 39, “Financial Instruments: Recognition and Measurement”, IAS 40, “Investment Property” and International Financial Reporting Standard (IFRS) 7, “Financial Instruments: Disclosures” for banking companies till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

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

2.1 Standards, interpretations and amendments adopted during the year

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

a) New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2022

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

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	Annual reporting periods beginning on or after 1 January 2022

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	Annual reporting periods beginning on or after 1 January 2022

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	Annual reporting periods beginning on or after 1 January 2022

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	Annual reporting periods beginning on or after 1 April 2021

Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	Annual reporting periods beginning on or after 1 January 2022

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Applying IFRS 9 'Financial Instruments' with IFRS 4 Insurance Contracts' (Amendments to IFRS 4)

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4: Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4: an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.	Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for five years after that date.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	Immediately available.

Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)

The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	Immediately available.

Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)

The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	An entity that elects to apply the amendment

(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. The management is currently in the process of evaluating the potential impact on these financial statements.

Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified 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's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the Holding company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

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

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

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

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

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

Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Holding Company applies the amendments.

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

Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

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

As per State Bank of Pakistan (SBP)'s BPRD circular letter no. 03 of 2022, IFRS 9 'Financial Instruments' is applicable:

- Effective 1 January 2023 for banks having asset size of PKR 500 billion or above as per their Annual Financial Statements of December 31, 2021 all Development Finance Intuitions (DFIs).

- Effective 1 January 2024 for all other banks and Microfinance Banks (MFBs).

Early adoption of the standard is permissible. U Bank has early adopted IFRS 9 'Financial Instruments' as of 01 January 2022. The impact of early adoption of IFRS 9 is disclosed in note 5 to these consolidated 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 consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments at fair value and the recognition of certain employees retirement benefits on the basis of actuarial assumptions.

4. 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:

Significant estimates and judgments

(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) 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.

(c) 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.

(d) 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.

Criteria / rates for expected credit loss against non-performing advances as per the requirements of the 'IFRS 9 Financial Instruments application instructions' issued by SBP BPRD circular no. 3 of 2022 dated 05 July 2022.

(e) Impairment of non - financial assets

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

Other estimates and judgments

(a) 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.

(b) 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.

(c) 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.

(d) Right of use assets and lease liability

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

(e) 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.

5. Summary of significant accounting policies

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements expect for the changes presented below.

PTCL

Securities and Exchange Commission of Pakistan issued an SRO through which only financial assets due from Government of Pakistan in respect of circular debt will be exempt from the requirements of calculating expected credit loss as per the requirements of IFRS 9 “Financial Instruments” till 30 June 2022. As the Holding Company’s receivable from Government of Pakistan is not in respect of circular debt, the Holding Company has recorded the impact of expected credit loss on opening balances of financial assets due from Government of Pakistan in the Statement of Changes in Equity. There has been no change in classification of financial assets and financial liabilities due to this change in accounting policy.

U Bank - Impact of adoption of IFRS 9

Classification and measurement of financial instrument:

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and loss (“FVTPL”). This classification is generally based on the business model in which a financial asset is managed and is based on its contractual cash flows.

Impairment of financial assets:

The IFRS 9 replaces the current credit loss measurement method with an 'expected credit loss' model (“ECL”). The IFRS 9 requires U Bank to record an allowance for ECLs for all financial assets not held at FVTPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as of 01 January 2022. Accordingly, the carrying amounts of financial assets and financial liabilities and impairment allowance presented for 2021 does not reflect the requirements of IFRS 9 and therefore, is not comparable to the information presented for 2022 under IFRS 9.

The assessment for the determination of the business model within which a financial asset is held, considers the facts and circumstances that existed at the date of initial application.

Reconciliation of carrying amount before early adoption of IFRS 9 to carrying amounts under complete IFRS 9 at 01 January 2022

Impact of re-classification	31 December 2021	Re-classification	Re-measurement	01 January 2022
	Rs '000			
Financials assets				
Balances with other Banks/ NBFIs/ MFBs	6,223,904	18,134	-	6,242,038
Investments	46,564,520	515,445	-	47,079,965
Advances - net of provisions	34,375,729	8,616,365	(4,136,582)	38,855,512
Other assets	10,050,583	(8,837,417)	-	1,213,166
Financials liabilities				
Deposits and other accounts	55,000,290	438,823	-	55,439,113
Borrowings	36,880,686	172,991	(168,816)	36,884,861
Subordinated debt	1,798,920	480	-	1,799,400
Other liabilities	3,407,297	(612,294)	-	2,795,002
Impact on other financial statement captions				
Deferred tax asset	677,448	(46,833)	1,286,919	1,917,533
Surplus / (deficit) on revaluation of assets	(288,630)	265,694	-	(22,937)
Deferred grants	2,054	-	32,347	34,401

The following table summaries the effect on retained earnings of the entity as a result of early adoption of IFRS 9:

	Rs. '000
Retained earnings as at 31 December 2021	1,926,314
Reversal of provision held against advances	2,035,615
Reversal of markup on advances (previously suspended)	580,079
Recognition of expected credit loss	(5,384,670)
Remeasurement of advances on amortized cost (effective interest rate)	(956,644)
Reversal of loan processing fee due to adjustment against effective interest rate	(410,963)
Impact of remeasurement of advances	(4,136,583)
Impact of deferred tax on remeasurement of advances	1,240,086
Impact of remeasurement of investments previously held at amortized cost	158,294
Impact of remeasurement of borrowings	(4,175)
Net impact on opening retained earnings	(2,742,378)
Retained earnings under IFRS 9 as at 01 January 2022	(816,064)

Classification of Financials assets and Liabilities

The following table provides classification of financial instruments of U Bank by class and their carrying amounts as at 31 December 2021 and 01 January 2022:

	Classification as at 01 January 2022			
	Designated at FVTPL	Designated at FVOCI	Amortized Cost	Total Carrying amount
	Rupees, 000			
Financials assets				
Cash and balances with SBP and NBP	-	-	3,799,931	3,799,931
Balances with other Banks/ NBFIs/ MFBs	-	-	6,242,038	6,242,03
Investments - net of provisons:	-	-	-	-
Pakistan Investment Bond (PIBs)	-	-	6,229,687	6,229,687
Term deposit receipts	-	-	7,789,986	7,789,986
Mutual Funds	12,082,206	-	-	12,082,206
T-bills	-	20,978,086	-	20,978,086
Advances - net of provisions	-	-	38,855,512	38,855,512
Other assets	-	-	1,213,166	1,213,166
Total financials assets	12,082,206	20,978,086	64,130,320	97,190,612
Financials liabilities				
Deposits and other accounts	-	-	55,439,113	55,439,113
Borrowings	-	-	36,884,861	36,884,861
Subordinated debt	-	-	1,799,400	1,799,400
Other liabilities	-	-	2,795,002	2,795,002
Total financials liabilities	-	-	96,918,376	96,918,376

CLASSIFICATION AND MEASUREMENT

Financial assets

IFRS has different requirements for debt or equity financial assets. Debt instruments are classified and measured either at:

- Amortized cost, where the effective interest rate method will apply;
- Fair value through other comprehensive income, with subsequent recycling to the statement of profit or loss upon disposal of the financial asset; or

- Fair value through profit or loss.

Investments in equity instruments, other than those to which consolidation or equity accounting apply, are classified and measured either at:
- Fair value through profit or loss; or
- Fair value through other comprehensive income, with no subsequent recycling to the statement of profit or loss upon disposal of the financial asset (if the instrument by instrument option is to classify at fair value through other comprehensive income is elected).

When classifying a financial asset (other than derivatives and equity instruments), IFRS requires that the contractual cash flows test is performed, commonly referred to as the solely payments of principal and interest test ("SPPI") test. If an instrument fails the SPPI test, it is classified as Fair Value through profit or loss. When an instrument passes the SPPI test, it undergoes the business model test, on a portfolio level.

Business model	**Classification basis**
Hold to collect	Portfolio accounted at amortized cost
Hold to collect and sell	Portfolio accounted at fair value through other comprehensive income with recycling
Others	Portfolio accounted at fair value through profit or loss

All instruments held for trading are classified as Fair value through profit or loss.

Investments in equity instruments are by default classified as fair value through profit or loss, however, U Bank has an irrevocable choice on an instrument by instrument basis, to elect that the fairvalue changes on the equity investment are accounted for through other comprehensive income. Upon disposal of the investment, the gain or loss on disposal is recognized in equity. Dividends received are recognized in the profit and loss account. The following table summarizes the two-stage approach for financial assets classification on their initial recognition.

	At initial recognition	Contractual cash flow characteristics test	
		Pass	Fail
Business model	Held within a business model whose objective is to hold financial assets in order to collect contractual cash flows	Amortized cost	Fair value through profit or loss (FVTPL)
Business model	Held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets	Fair value through other comprehensive income (FVOCI) with recycling (debt)	Fair value through profit or loss (FVTPL)
Business model	Financial assets which are neither held at amortized nor at fair value through other comprehensive income	Fair value through profit or loss (FVTPL)	Fair value through profit or loss (FVTPL)
Options	Conditional fair value option is elected	Fair value through profit or loss (FVTPL)	Fair value through profit or loss (FVTPL)
Options	Option elected to present changes in fair value of an equity instrument not held for trading in OCI	N/A	"Fair value through other comprehensive income (FVOCI) without recycling (equity)

Financial liabilities

All financial liabilities are carried at amortized cost (i.e. loan payables) and are subsequently accounted in accordance with the effective interest rate method.

Recognition and measurement

U Bank recognizes a financial asset or a financial liability in its financial statements when and only when it becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities not measured at fair value through profit or loss

When a financial asset or financial liability is recognized initially, U Bank measures it at its fair value plus or minus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Examples of transaction costs include fees and commissions paid to agents such as broker commissions and stamp duty.

Financial assets and liabilities at fair value through profit or loss.

Financial asset or financial liability are measured at initial recognition at the fair value excluding transaction costs. Transaction costs for this class of financial instrument are recognized directly in the profit and loss account.

Subsequent measurement of financial assets

Financial assets can be categorized into the following categories:

i. Amortized cost (Expected credit losses need to be provided);

ii. Fair value through other comprehensive income with recycling (Expected credit losses need to be provided);

iii. Fair value through other comprehensive income without recycling (for equity instruments for which the FVOCI option was elected)

iv. Fair value through profit and loss.

The categorization of the instrument determines the manner of subsequent measurement.

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IMPAIRMENT REQUIREMENT FOR FINANCIAL ASSETS

U Bank assesses impairment of financial assets measured at amortized cost and FVOCI at the end of each reporting period. Measurement of expected losses reflects:

- A considered and unbiased, probability-weighted amount;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort and that reflects past events, current conditions and forecasts of future economic conditions.

IFRS 9 establishes two approaches for measuring impairment i.e. general and simplified. Under the general approach, impairment is generally measured as either 12 months ECL or lifetime ECL relevant for banks and financial institutions. The measurement basis depends on whether there has been a significant increase in credit risk of a financial instrument at the reporting date since its initial recognition. U Bank has identified basis of ECL computation for following stages:

Stage 1: No significant deterioration in credit quality of the financial assets – 12 month expected credit loss

Stage 2: Significant deterioration in credit quality of the financial asset since recognition – lifetime expected credit loss

Stage 3: Credit impaired – impairment determined on individual or collective basis over the life time.

The staging guidelines applicable on U Bank has been adopted from State Bank of Pakistan (SBP) guidelines:

General loans	Classification	Days due	Stage allocation under IFRS 9	Provision to be made
	Performing	1 - 29	Stage 1	As per IFRS 9 ECL modelling
	Underperforming (OAEM)	30 - 59	Stage 2	
	Non-performing			
	Substandard	60 - 89	Stage 3	whichever is higher
	Doubtful	90 - 179		(a) IFRS 9 ECL
	Loss	180 or more		(b) PR's requirements

Microenterprise	Classification	Days due	Stage allocation	Provision to be made
	Performing	1 - 89	Stage 1	As per IFRS 9 ECL modelling
	Underperforming (OAEM)	90 - 179	Stage 2	
	Non-performing			
	Substandard	180 - 364	Stage 3	whichever is higher
	Doubtful	365 - 546		(a) IFRS 9 ECL
	Loss	547 or more		(b) PR's requirements

In order to align classification and provisioning requirements with enhanced loan sizes, State Bank of Pakistan (SBP) via AC&MFD circular 02 of 2022 dated 16 March 2022 has decided to revise Prudential Regulations R-8 for MFBs as under:

Regulation R-8: Classification of Assets and Provisioning Requirements

Specific Provisioning:

The outstanding principal and mark-up of the loans and advances, payments against which are overdue, shall be classified as Non- Performing Loans (NPLs) as prescribed below:

For General Loans

Category	Determinant	Treatment of Income	Provisioning to be made
Other Assets Especially Mentioned (OAEM)	Where mark-up or principal is overdue for 30 days or more but less than 60 days.	NIL	No provisioning required
Substandard	Where mark-up or principal is overdue for 60 days or more but less than 90 days	The unrealized interest / profit / markup / service charges on NPLs shall be suspended and credited to memorandum account.	25% of outstanding principal net of liquid assets realizable without recourse to a court of law
Doubtful	Where mark-up or principal is overdue for 90 days or more but less than 180 days.	As above	50% of outstanding principal net of liquid assets realizable without recourse to a court of law
Loss	Where mark-up or principal is overdue for 180 days or more.	As above	100% of outstanding principal net of liquid assets realizable without recourse to a court of law

For Housing Loans

Category	Determinant	Treatment of Income	Provisioning to be made
Other Assets Especially Mentioned (OAEM)	Where mark-up or principal is overdue for 90 days or more but less than 180 days from the due date.	NIL.	No provisioning Required.
Substandard	Where mark-up or principal is overdue by 180 days or more but less than one year from the due date.	Unrealized interest / profit / mark-up to be kept in Memorandum Account and not to be credited to Income Account except when realized in cash. Unrealized interest / profit / mark-up already taken to income account to be reversed and kept in Memorandum Account.	Provision of 25% of the difference resulting from the outstanding balance of principal net of liquid assets realizable without recourse to a court of law, and Forced Sale Value (FSV) of mortgaged properties to the extent of 75% of such FSV.
Doubtful	Where mark-up or principal is overdue by one year or more but less than two years from the due date.	As above.	Provision of 50% of the difference resulting from the outstanding balance of principal net of liquid assets realizable without recourse to a court of law, and Forced Sale Value (FSV) of mortgaged properties to the extent of 75% of such FSV.
Loss	Where mark-up or principal is overdue by two years or more from the due date	As above.	Provision of 100% of the difference resulting from the outstanding balance of principal net of liquid assets realizable without recourse to a court of law, and Forced Sale Value (FSV) of mortgaged properties to the extent of 75% of such FSV for first and second year, 50% for third and fourth year and 30% of FSV for fifth year from the date of Classification. Benefit of FSV against NPLs shall not be available after 05 years from the date of classification of financing.

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For Microenterprise Loans

Category	Determinant	Treatment of Income	Provisioning to be made
Other Assets Especially Mentioned (OAEM)	Where mark- up/ interest or principal is overdue by 90 days or more but less than 180 days from the due date	Unrealized interest / profit / mark-up to be kept in Memorandum Account and not to be credited to Income Account except when realized in cash. Unrealized interest / profit / mark-up already taken to income account to be reversed and kept in Memorandum Account.	Provision of 10% of the difference resulting from the outstanding balance of principal net of liquid assets realizable without recourse to a court of law, and Forced Sale Value (FSV) of pledged stocks, plant & machinery under charge and mortgaged residential, commercial and industrial properties (land & building only) to the extent allowed in Annexure I-4.
Substandard	Where mark- up/ interest or principal is overdue by 180 days or more but less than one year from the due date.	As above	Provision of 25% of the difference resulting from the outstanding balance of principal net of liquid assets realizable without recourse to a court of law, and Forced Sale Value (FSV) of pledged stocks, plant & machinery under charge and mortgaged residential, commercial and industrial properties (land & building only) to the extent allowed in Annexure I-4
Doubtful	Where mark-up/ interest or principal is overdue by one year or more but less than 18 months from the due date.	As above	Provision of 50% of the difference resulting from the outstanding balance of principal net of liquid assets realizable without recourse to a court of law, and Forced Sale Value (FSV) of pledged stocks, plant & machinery under charge and mortgaged residential, commercial and industrial properties (land & building only) to the extent allowed in Annexure I-4.
Loss	Where mark-up/ interest or principal is overdue by 18 months or more from the due date. Where Inland Trade Bills are not paid/ adjusted within 180 days of the due date.	As above	Provision of 100% of the difference resulting from the outstanding balance of principal net of liquid assets realizable without recourse to a court of law, and Forced Sale Value (FSV) of pledged stocks, plant & machinery under charge and mortgaged residential, commercial and industrial properties (land & building only) to the extent allowed in Annexure I-4.

Significant increase in credit risk

A financial asset is considered to have had a significant deterioration in its credit quality, when following factors exists:

i. Quantitative factor: 30 days or more past due for general loans and 90 days or more past due for microenterprise loans;

Qualitative factors:

ii. Restructuring/Rescheduling due to credit reasons;
iii. Unavailable/inadequate financial information/financial statements;
iv. Expectation of forbearance (restructuring/rescheduling) occurring;
v. Qualified report by external auditors;
vi. Significant contingent liabilities;
vii. Pending litigation resulting in a detrimental impact;
viii. Loss of key staff to the organization;
ix. Increase in operational risk and higher occurrence of fraudulent activities;
x. Borrower is the subject of litigation by third parties that may have a significant impact on his financial position;
xi. Frequent changes in senior management;
xii. Intra-group transfer of funds without underlying transactions; and
xiii. Deferment/delay in the date for commencement of commercial operations by more than one year.

Key assumptions used in calculation of ECL:

Expected credit loss is a product of:

Probability of default ("PD") x Loss given default ("LGD") x Exposure at default ("EAD")

Probability of default:

Probability of default is a term ascribed to the likelihood of a default over a specified period that a borrower will not be able to repay the amount due.

Many models have been developed by statisticians to estimate probability of default for portfolios with varying default rates. These models take into account a number of factors such as debtor characteristics including third-party-credit-risk-ratings, days past due, past default rates, macroeconomic factors, and asset correlation to estimate future PDs associated with the financial exposures of an entity. Based on analysis performed on available data, flow rate migration matrix have been found most suitable for estimation of probability of default. Accordingly, U Bank has computed loss rates for its advances using flow rate by observing default behavior over the period of 5 years as suggested by BASEL II.

The flow rates have been determined using month on month movement of outstanding balance from one bucket to another. In order to arrive at loss rate the product of average flow rates and LGD was taken.

Forward looking information:

IFRS 9 requires incorporating future economic conditions into the measurement of ECL. Future economic conditions are incorporated by adjusting estimates of PD to reflect expectations about the stage of economic cycle expected to be prevalent in the economy as-and-when default is expected to arise in the future. The macroeconomic factors were selected based on regression analysis of historical default rate and macroeconomic indicator and based on the results of the analysis GDP and CPI were considered to be the most suitable factors based on highest correlation with default rate.

The GDP and CPI forecast were sourced from "The Economist Intelligence Unit" which was used to determine forward looking Point in time PDs (PiT PDs). In compliance with IFRS 9, GDP and CPI were forecasted considering scenarios indicating movement of both indicators under base case, best case, and worst-case simulations. Base case forecasts were sensitized using a scaling factor of 5 years standard deviation to determine better and worst-case scenarios. It was assumed that forecast is a normal distribution. As per normal distribution property the base, better and worst would have 68%, 16% and 16% chances of likelihood.

Furthermore, in order to arrive at the Point in Time (PiT) loss rates, the Vasicek model framework has been used to take into account macroeconomic variables for Pakistan, loss rates and asset correlation as inputs.

Loss given default (LGD):

Loss given default is the loss expected to be suffered should the counterparty default and is set as a percentage. To estimate LGD, specific and accurate recovery data is to be made available. However, in the absence of this information, the standard loss given default identified in Basel framework for secured and unsecured portfolio is used for estimation of expected credit loss.

Segment	Secured / Unsecured	Loss given default
Gold	Secured	35%
Enterprise	Unsecured	45%
Agriculture	Unsecured	45%
Livestock	Unsecured	45%

Exposure at default (EAD):

Exposure at default is the value of the contractual obligation that must be fulfilled by the obligor under the contract at the time of default. Therefore, EAD represents the amount of potential exposure that is at risk.

In case of advances, the EAD is to be calculated by amortizing loans over their tenures. The EAD is to be bifurcated into stage 1, stage 2 and stage 3 using low risk, significant increase in credit risk and default definitions. Further, the SBP guidelines require that loan rescheduled should be considered as an indicator of significant increase in credit risk. Therefore, the rescheduled portfolio has been classified in stage 2 or above.

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DERECOGNITION

Financial assets

A financial asset is derecognized when, and only when:

- the contractual rights to the cash flows from the financial asset expire; or
- the entity transfers the financial asset and the transfer qualifies for derecognition (substantially all risks and rewards are transferred meaning that no control is retained).

Financial liabilities

A financial liability (e.g. debt) is derecognized from the balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired. This condition is met when the debtor either:

- Discharges the liability (or part of it) by paying the creditor, normally with cash, other financial assets, goods or services; or
- is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor.

Policies applicable before 01 January 2022:

Investments

The investments of 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 profit and loss account.

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 profit and loss account 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 rate 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 and loss account when actually realised 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 profit and loss account.

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 profit and loss account.

Advances

Advances are stated net of provision for non-performing advances. The outstanding principal and mark-up of the loans and advances, payments against which are overdue for 30 days or more are classified as non-performing loans (NPLs). The unrealized interest / profit / mark-up / service charges on NPLs is suspended and credited to interest suspense account. Further the NPLs are classified into following categories as prescribed in the Regulations:

Other assets especially mentioned
These are advances, payments against which are overdue for 30 days or more but less than 60 days.

Substandard
These are advances, payments against which are overdue for 60 days or more but less than 90 days.

Doubtful
These are advances, payments against which are overdue for 90 days or more but less than 180 days.

Loss
These are advances, payments against which are overdue for 180 days or more.

In addition U Bank maintains a watch list of all accounts overdue for 5-29 days. However, such accounts are not treated as non-performing for the purpose of classification/ provisioning.

In order to enable MFBs in extending relief measures to the affected borrowers, SBP via AC&MFD Circular Letter No. 01 of 2021 dated 01 December 2021 relaxed the criteria for classification of assets and provisioning requirements for Deferred and Restructured Portfolio (DRP) as per the following:

Category	Determinant (Existing)	Determinant (DRP)
Other Assets Especially Mentioned (OAEM)	Loans (principal/mark-up) is overdue for 30 days or more but less than 60 days	Loans (principal/mark-up) is overdue for 60 days or more but less than 90 days
Substandard	Loans (principal/mark-up) is overdue for 60 days or more but less than 90 days	Loans (principal/mark-up) is overdue for 90 days or more but less than 120 days
Doubtful	Loans (principal/mark-up) is overdue for 90 days or more but less than 180 days	Loans (principal/mark-up) is overdue for 120 days or more but less than 210 days
Loss	Loans (principal/mark-up) is overdue for 180 days or more	Loans (principal/mark-up) is overdue for 210 days or more

In accordance with the Regulations, U Bank maintains specific provision of outstanding principal net of cash collaterals and gold (ornaments and bullion) realizable without recourse to a Court of Law at the following rates:

Other assets especially mentioned Substandard	Nil
Substandard	25% of outstanding principal net of cash collaterals
Doubtful	50% of outstanding principal net of cash collaterals
Loss	100% of outstanding principal net of cash collaterals

In addition to above, a general provision is made equivalent to 1% (2021: 1%) of the net outstanding balance (advance net of specific provisions) in accordance with the requirement of the Regulations. U Bank also recognizes general provisions in addition to the above general provision when the circumstances indicate delinquency in the portfolio.

General and specific provision is charged to the profit and 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. Such rescheduling does not have any effects on the classification of the loan as per the Prudential Regulations.

Impairment

Non-derivative financial assets

Financial assets not classified at fair value through profit and loss account are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to U Bank on the terms that U Bank would not consider otherwise and indication that a debtor will enter bankruptcy.

For financial assets measured at amortized cost, U Bank considers evidence of impairment for these assets at both an individual asset and a collective level. All significant assets are assessed for impairment individually. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, U Bank uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit and loss account and reflected in an allowance account. When U Bank considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit and loss account.

Financial instruments

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 and loss for the year in which it arises.

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 profit and loss account.

5.1 Consolidation

a) Subsidiaries

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

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

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

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

b) Associates

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

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

5.2 Functional and presentation currency

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

5.3 Foreign currency transactions and translations

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

5.4 Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When it is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in the consolidated 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 Short-term employee benefits

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

5.6 Dividend distribution

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

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.

5.10 Statutory liquidity requirement

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

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.

5.12 Deposits from banking customers

Deposits are initially recorded at the amounts of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the consolidated statement of profit or loss over the period.

5.13 Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the consolidated statement of financial position and are measured in accordance with the accounting policies for investment securities by U Bank. The counter party liability for consideration received is included in borrowings from financial institutions. The difference between sale and repurchase price is treated as markup / return / interest expense over the period of the transaction. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized as investment in the consolidated statement of financial Position. Amounts paid under these agreements are included in lending to financial institutions. The difference between the purchase and resale price is treated as markup / return / interest income over the period of the transaction.

5.14 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 General Provident Fund (GPF) Trust

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

(b) Defined benefit plans

The Holding Company provides the following defined benefits:

(i) Pension plans

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

(ii) Gratuity plan

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

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(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.

(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 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 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. Goodwill is tested for impairment annually.

(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.

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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.

(c) Right of use assets

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

5.18 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.

Securities and Exchange Commission of Pakistan issued an SRO through which only financial assets due from Government of Pakistan in respect of circular debt will be exempt from the requirements of calculating expected credit loss as per the requirements of IFRS 9 “Financial Instruments” till 30 June 2022. As the Holding Company's receivable from Government of Pakistan is not in respect of circular debt, the Holding Company has recorded the impact of expected credit loss on opening balances of financial assets due from Government of Pakistan in the Statement of Changes in Equity. There has been no change in classification of financial assets and financial liabilities due to this change in accounting policy.

5.23 Lease liability

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

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

5.24 Cash and cash equivalents

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

5.25 Provisions

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

5.26 Contingent liabilities

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

5.27 Financial instruments

5.27.1 Classification

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

(i) Amortized cost

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

(ii) Fair value through other comprehensive income

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

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

(iii) Fair value through profit or loss

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

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5.27.2 Recognition and measurement

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

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

5.27.3 Subsequent measurement and gains and losses.

(i)	Financial assets at amortized costs	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gain and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
(ii)	Financial assets at FVOCI	Debt investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
		Equity investments are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gain and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
(iii)	Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets of the Group include trade debts, contract assets, long term loans, deposits, other receivables, short term investments and forward exchange contracts.

5.27.4 Impairment of financial assets

The Group recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. 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.

5.27.5 Financial liabilities

Financial liabilities, other than for U Bank, are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated 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.

5.27.6 Derecognition

Financial assets

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

Financial liabilities

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

5.27.7 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value and are subsequently remeasured at fair value. These are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is charged to profit or loss for the year.

5.27.8 Offsetting of financial assets and liabilities

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

5.28 (a) Revenue recognition

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

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

The Group mainly generates revenue from providing telecommunication services such as Data, Voice, IPTV, Connectivity services, Interconnect, Information and communication technology (ICT), digital solutions and equipment sales, messaging services, sales of mobile devices etc.

Services are offered separately and as bundled packages along with other services and/or devices.

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

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

Nature and timing of satisfaction of Performance obligations are as follows:

Product and services	**Nature and timing of satisfaction of Performance obligations**
Voice, Broadband, IPTV	The Holding Company recognizes revenue as and when these services are provided (i.e. actual usage by the customer).
Installation charges	Installation services provided for service fulfillment are not distinct performance obligation and the amount charged for installation service is recognized over the average customer life.
Corporate Services	Revenue is recognized over the period when these services are provided to the customers. Where hardware (e.g. routers) are provided as part of the contract, the Holding Company recognizes these as distinct POs only if the customer can benefit from them either by selling for more than scrap value or using with services from other service providers.
Carrier and Wholesale (C&WS)	Revenue from C&WS services is recognized when the services are rendered.
Mobile telecommunication services	Mobile telecommunication services include voice, data and messaging services. The Group recognizes revenue as and when these services are provided. These services are either prepaid or billed, in which case they are paid for on a monthly basis. Revenue for SIM activation and special numbers is recognized on the date of activation.
Equipment revenue	Group recognizes revenue when the control of the device is transferred to the customer. This usually occurs at the contract inception when the customer takes the possession of the device.
International Revenue	Revenue is recognized over the period when services are provided to the customers.

Principal versus agent presentation

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

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

Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient in para 121 of IFRS - 15 and does not disclose information about the remaining performance obligations that have original expected duration of one year or less.

Constraining of transaction price under pre-paid customer contracts

The Group constrains the unused subscriber resources to the historic pattern of usage for calculation of the unsatisfied performance obligations as at the reporting date. The Group does not expect adjustment to the amount of revenue recognized based on such constraining of resources.

5.28 (b) Contract liabilities

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

5.28 (c) Contract assets

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

5.28 (d) Contract costs

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

5.28 (e) U Bank revenue recognition

(i) Mark-up / income on loan to banking customers

Mark-up/ income/ return/ service charges on advances is recognized on accrual/ time proportion basis using effective interest method at the U Bank's prevailing interest rates for the respective loan products. Mark-up/ income on advances is collected with loan instalments. Due but unpaid service charges/ income are accrued on overdue advances for period up to 30 days. After 30 days, overdue advances are classified as non-performing and recognition of unpaid service charges / income ceases. Further accrued mark-up on non-performing advances are reversed and credited to suspense account. Subsequently, mark-up recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Regulations. Application processing fee is recognized as income when service is performed.

(ii) Fee, commission and brokerage income

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

5.29 Income on bank deposits

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

5.30 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.

5.31 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 consolidated profit or loss statement over the remaining period of maturity of said investment. Gain or loss on sale of securities is accounted for in the period in which the sale occurs.

5.32 Dividend income

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

5.33 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.

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(b) Deferred

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

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

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

(c) Group taxation

The Group is taxed as a one fiscal unit along with Holding Company and its other wholly owned subsidiaries under section 59AA to the Income Tax Ordinance, 2001. Current and deferred income taxes are recognized by each entity within the Group in their respective statement of comprehensive income, regardless of who has the legal rights or obligation for the recovery or payment of tax from or to the tax authorities. However, tax liability / receivable is shown by the parent, on submission of annual tax return, who has the legal obligation to pay or right of recovery of tax from the taxation authorities. Balances between the group entities on account of group tax are shown as other receivables / liabilities by the respective group entities.

5.34 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized as part of other liabilities and is charged to the consolidated statement of profit and loss over the period on an accrual basis.

5.35 Operating segments

Operating segments are reported in a manner consistent with the internal reporting of the Group in note 50 to the consolidated financial statements.

6. Share capital

6.1 Authorized share capital

2022	2021		2022	2021
(Number of shares '000)			Rs '000	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

2022	2021		2022	2021
(Number of shares '000)			Rs '000	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, 2022, 599,582 thousand (December 31, 2021: 599,568 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

7.1 Borrowings from Banks

These represent secured loans from the following banks:

	Annual mark-up rate	Repayment commencement date		Repayment installments		Outstanding loan balance	
	3-Months KIBOR plus	Interest	Principal	Quarterly	Note	2022 Rs '000	2021 Rs '000
MCB Bank Limited	0.25%	Jul. 2014	Jul. 2018	12		-	666,667
Faysal Bank Limited	0.25%	Jul. 2014	Jul. 2018	12		-	333,333
Bank Al-Habib Limited	0.25%	Jul. 2014	Jul. 2018	12		-	166,667
Bank Alfalah Limited	0.25%	Jul. 2014	Jul. 2018	12		-	166,667
Allied Bank Limited	0.25%	Mar. 2015	Mar. 2019	12		-	666,667
United Bank Limited	0.25%	Mar. 2015	Mar. 2019	12		-	333,333
Meezan Bank Limited	0.25%	Aug. 2015	Aug. 2019	12		333,333	1,000,000
Habib Bank Limited - Islamic Banking	0.25%	Sep. 2015	Sep. 2019	12		333,333	1,000,000
Dubai Islamic Bank Limited	0.25%	Oct. 2015	Oct. 2019	12		250,000	583,333
Habib Bank Limited - Islamic Banking	0.25%	Mar. 2016	Mar. 2020	12		333,333	666,667
United Bank Limited	0.25%	May 2016	May 2020	12		833,333	1,500,000
Allied Bank Limited	0.25%	May 2016	May 2020	12		1,250,000	2,250,000
MCB Bank Limited	0.24%	Mar. 2018	Mar. 2022	12		900,000	1,000,000
MCB Bank Limited	0.24%	Mar. 2018	Mar. 2022	12		766,667	1,500,000
United Bank Limited	0.25%	Jul. 2014	Jul. 2018	12		-	166,667
MCB Bank Limited	0.25%	Apr. 2019	Apr. 2023	12		2,000,000	2,000,000
BankIslami Pakistan Limited	0.50%	Mar. 2020	Mar. 2024	12		1,000,000	1,000,000
Askari Bank Limited	0.60%	Mar. 2020	Mar. 2024	12		2,000,000	2,000,000
MCB Bank Limited	0.50%	Sep. 2020	Sep. 2024	12		3,000,000	3,000,000
Meezan Bank Limited	0.50%	Sep. 2020	Sep. 2024	12		2,000,000	2,000,000
Meezan Bank Limited	0.50%	Mar. 2021	Mar. 2025	12		1,500,000	1,500,000
Faysal Bank Limited	0.50%	Mar. 2021	Mar. 2025	12		1,000,000	1,000,000
MCB Islamic Bank Limited	0.50%	Mar. 2021	Mar. 2025	12		500,000	500,000
Syndicate loan MCB	0.55%	Sep. 2021	Feb. 2026	6	7.1.1	21,000,000	21,000,000
Faysal Bank Limited	0.60%	Apr. 2021	Jul. 2025	12		4,000,000	4,000,000
Meezan Bank Loan-4B	0.50%	Aug. 2022	Nov. 2026	12		4,000,000	-
Askari Bank 2B	0.60%	Oct. 2022	Jan 2027	12		2,000,000	-
Bank Alfalah Limited	0.60%	Dec 2022	Mar 2027	12		2,000,000	-
United Bank Limited	-0.10%	Dec 2022	Mar 2023	1	7.1.2	2,000,000	-
Less: Transaction cost						(136,875)	-
					7.1.3	52,863,124	50,000,001
Loan under SBP refinance scheme							
Bank Al Falah Limited - 1	2.00% Flat	Jul. 2020	Jan. 2021	8	7.1.4	-	252,375
Bank Al Falah Limited - 2	1.25% Flat	Oct. 2020	Jan. 2021	8	7.1.4	-	243,411
						-	495,786
						52,863,124	50,495,787
	6-Months KIBOR plus			Semi-annual			
Faysal Bank Limited - I	1.00%	Aug. 2018	Aug. 2019	6	7.1.5	-	166,667
Faysal Bank Limited - II	0.75%	Jun. 2019	Jun. 2020	6	7.1.6	-	333,333
Allied Bank Limited - II	0.95%	Jun. 2019	Jun. 2020	6	7.1.7	-	1,333,333
State Bank of Pakistan	-1.00%	Jun. 2019	Jun. 2024	4	7.1.8	945,294	1,500,000
Bank Alfalah - PPTFC	1.35%	Jun. 2021	Dec. 2022	6	7.1.9	3,287,195	3,500,000
Bank of Punjab	0.95%	Jun. 2021	Jun. 2022	7	7.1.10	508,591	600,000
Allied Bank Limited - III	1.25%	Nov. 2021	May. 2023	6	7.1.11	2,442,825	2,250,000
Pakistan Kuwait Investment Company (Private) Limited	1.10%	Dec. 2021	Jun. 2022	4	7.1.12	397,270	750,000
Allied Bank Limited - IV	0.95%	Dec. 2021	Dec. 2022	9	7.1.13	429,154	500,000
UMBL ADT-1 TFCs	3.50%				7.1.14	1,000,000	-
NBP - Term Finance	0.65%	Dec. 2023	Jun. 2027	8	7.1.15	1,495,131	-

	Mark-up rate	Repayment commencement date		Repayment installments	Note	Outstanding loan balance	
		Interest	Principal			2022 Rs '000	2021 Rs '000
Pakistan Mortgage Refinance Company	1 year PKRV	Aug. 2021	Aug. 2022	Bullet	7.1.16	-	500,000
Pakistan Mortgage Refinance Company - II	1 year KIBOR-1 Spread	Dec. 2021	Mar. 2023	8 Quarterly	7.1.17	432,040	500,000
United Bank Limited	1 month KIBOR+0.85%	Dec. 2021	Jun. 2022	6 Semi-annual	7.1.18	339,067	475,000
MCB Bank Limited	3 months KIBOR+0.75%	Dec. 2021	Mar. 2023	12 Quarterly	7.1.19	351,093	500,000
Meezan Bank - Bi Maujal	12 months KIBOR+0.15%	Dec. 2023	Dec. 2023	Yearly	7.1.20	995,932	-
UMBL - MCB - STFWC	1 month KIBOR+0.05%	Mar. 2023	Mar. 2023	1 Quarterly	7.1.21	10,002,488	-
MCB - STFWC-2	1 month KIBOR	Mar. 2023	Mar. 2023	1 Quarterly	7.1.22	20,001,165	-
Meezan Bank - Bi Maujal	KIBOR+0.15%	Mar. 2023	Mar. 2023	1 Quarterly	7.1.23	1,990,109	-
Meezan Bank - Bi Maujal	KIBOR+0.05%	Aug. 2023	Aug. 2023	3 Quarterly	7.1.24	2,997,528	-
Call Borrowing - ZTBL	16.75%	Jan. 2023	Jan. 2023	1 monthly	7.1.25	1,000,000	-
Accrued Interest						971,943	-
						49,586,825	12,908,333
	3-Months KIBOR plus			Bi-Annual			
MCB Bank Ltd	0.30%	Sep. 2022	Dec. 2026	6	7.1.26	11,000,000	-
Habib Bank Ltd	0.40%	Dec. 2022	Jun. 2027	6	7.1.27	11,500,000	-
Accrued Interest						68,386	-
Less: Transaction cost						(120,019)	-
						22,448,367	-
						124,898,316	63,404,120
Current portion of long term loans from banks						(46,637,709)	(11,162,076)
						78,260,607	52,242,044

7.1.1 PTML entered into an arrangement with MCB Bank Limited for syndicated term finance facility. The facility is secured against hypothecation over fixed and current assest (excluding land, building and cellular licenses) and corporate guarantee of the Holding Company amounting to Rs 21,000,000 thousand.

7.1.2 It represents bridge financing facility availed from United Bank Limited amounting to Rs. 2,000,000 thousand (December 31, 2021: Nil). This facility is secured by first ranking pari passu charge by way of hypothecation over all present and future assets of PTML, excluding land, building and licenses with 25% margin.

7.1.3 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 17% at December 31, 2022 (December 31, 2021: 10.54%). These loans also require the PTML to comply with the financial covenants and other operational requirements.

7.1.4 These represent long term loans availed under State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries to the employees of PTML. PTML received the loan on below-market rate therefore recognized the deferred grant on the statement of financial position as the difference between the actual loan proceed and the present value of the loan proceed received, discounted using the prevailing market rate of interest.

	Note	2022 Rs '000	2021 Rs '000
Loan proceed received		1,037,934	1,037,934
Re-payments		(1,037,934)	(518,967)
Deferred government grants	13	-	(23,181)
Fair value of loan proceeds		-	495,786

7.1.5 This represent term finance loan of Rs 1,000,000 thousand which is secured against first pari passu charge over book debts, advances and receivable of U Bank with 25% margin and Microfinance Credit Guarantee Facility (MCGF) from State Bank of Pakistan at 25%.

7.1.6 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 thousand (25% margin). Initial disbursement on ranking charge was upgraded to first pari passu from December 21, 2018.

7.1.7 This represents term finance facility under syndicate financing through Allied Bank Limited of Rs 4,000,000 thousand which is secured against first pari passu charge over all present and future assets excluding land and building of U Bank but not limited to advances and investments beyond CRR and SLR requirements of U Bank with 25% margin. Disbursement was initially made against a ranking charge which was upgraded to first pari passu with in 120 days of first disbursement.

7.1.8 This represent term finance loan of Rs 1,500,000 thousand for a tenure of five years. Mark-up is payable on 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 following target stated by SBP:
- the loan should be disbursed to 60% female borrowers
- U Bank should disburse 25,000 loans; and
- all loans disbursed should meet the E&S guidline issued by SBP.

7.1.9 This represents privately placed term finance certificates (TFCs) of Rs 3,500,000 thousand distributed in 35,000 TFCs of Rs. 100,000 each. The Issue amount will be utilized to enhance the advances portfolio of U Bank. Half of the issue amount is secured against 1st pari passu charge on the book debts, advances and receivables with 25% margin remaining half is secured against charge / lien on government securities. The rating of these certificates issued by PACRA is AA- with stable outlook. These TFCs shall be inducted in CDS and the laws and regulation relating to the CDS with respect to the term finance certificates will be applicable to the TFCs.

7.1.10 This represents term finance facility through U Bank of Punjab of Rs 600,000 thousand. This is secured against first pari passu charge over all present and future assets (excluding land and building), book debts, advances microcredit receivables and investments of U Bank with 25% margin. The loan was drawn on 30 June 2021.

7.1.11 This represent syndicated Term Finance facility with Allied Bank Limted. This is secured against first pari-passu charge on all present and future assets of the borrower with the margin of 25%.The loan was drawn on 26 November 2021.

7.1.12 This represent utilised amount of term finance facility of Rs 750,000 thousand from Pakistan Kuwait Investment Company (Private) Limited (PKIC or lender). This is secured against first pari passu charge on all present and future assets (excluding land and building) including but not limited to book debts, advances, microcredits, bills, cash and bank balances, investments etc with 25% margin. The loan was drawn on 2 December 2021.

7.1.13 This represent Housing Loan of Rs 500,000 thousand from Allied Bank Limited. This is secured against first pari passu hypothecated charge on all present and future assets (excluding land and building) of U Bank inclusive of 25% margin. The loan was drawn on 17 December 2021.

7.1.14 This represents term finance certificates (TFCs) of Rs 1,000,000 thousand distributed in 10,000 TFCs of Rs 100 thousand each. The Issue amount will be utilized to contribute towards Ubank's Additional Tier-1 capital. The facility tenure is perpetual. Profit will be payable semi-annualy in arrears on non-comulative on the outstanding Issue. Amount basis shall continue till the maturity of the instrument. The first such profit payment will fall due six months from the issue of the date and subsequently every six months. The rating of these certificates issued by PACRA is A-. These TFCs shall be inducted in CDS and the laws and regulation relating to the CDS with respect to the term finance certificates will be applicable to the TFCs.

7.1.15 This represents Term finance facility of Rs 1,495,131 thousand from National bank of Pakistan. This is secured against First pari-passu hypothecation charge over all present and future assets (excluding land & building) of U bank including but not limited to advances, mircocredit receivables and investment beyond CRR and SLR requirement of the company with 25% margin.

7.1.16 This represent Housing Loan from Pakistan Mortgage Refinance Company Limited carrying markup at the rate of 1 year PKRV. This is secured against first pari-passu charge on all present and future assets of the borrower with the margin of 25%. The loan amounting to Rs.300,000 thousand was drawn on 27 August 2021 and Rs.200,000 thousand 30 September 2021.

7.1.17 This represent Housing Loan of Rs. 500,000 thousand from Pakistan Mortgage Refinance Company Limited. This is secured against first pari-passu charge on all present and future assets of U Bank. The loan was drawn on 30 December 2021

7.1.18 This represent Housing Loan of Rs 475,000 thousand from United Bank Limited. This is secured against first pari passu hypothecated charge on all present and future assets inclusive of 25% margin. The loan was drawn on 29 December 2021.

7.1.19 This represent Housing Loan of Rs 500,000 thousand from MCB Bank Limited. This is secured against first pari passu amounting to Rs.667,000 thousand charge on all present and future assets (excluding land and building) but not limited to advances / microcredit receivables and investments (excluding CRR and SLR requirements, any lien over cash / TDR). The loan was drawn on 31 December 2021.

7.1.20 This represents Bi Mawajjal of Rs 995,932 thousand from Meezan Bank Ltd to finance the lending operations of Islamic Microfinance Division of U Microfinance Bank Ltd by utilizing the short-term facility to setup, establish and develop loan portfolio. This is secured against Government security amounting to Rs. 1,100,000 thousand charge. The loan was drawn on 22 June 2022.

7.1.21 This represents loan of Rs 10,000,000 thousand from MCB Bank Ltd to finance the working capital requirements including for expansion of U Bank's advances portfolio. This loan is secured with 10% margin on latest NAV. The principle amount of facility is repayable on maturity and mark-up repayments fall due at the time of adjustment of each tranche / maturity.

7.1.22 This represents loan of Rs 20,000,000 thousand from MCB Bank Ltd This facility is secured against Pakistan investment bond / treasury bills to be kept in IPS account maintained with MCB at the rate of 5% margin.The principle amount of facility is repayable on maturity and mark-up repayments fall due at the time of adjustment of each tranche/maturity.

7.1.23 This represents Bai Mawajjal of Rs 1,990,109 thousand from Meezan Bank Ltd to finance the lending operations of Islamic Microfinance Division of U Bank. This loan is secured against the investment in Pakisatan Investment Bonds maintained with third party banks investor portfolio with 5% margin.

7.1.24 This represents Bai Maujjal facility of Rs 2,997,528 thousand from Meezan bank limited to finance the lending operations of Islamic Microfinance Bank. This is secured against over the principle value of Pakistan investment Bond's or treasury bills in 3rd party IPS account of UMBL maintained with ABL or Pak Brunei investment CO Ltd at the rate of 5% margin and / or lien over GOP ijarah sukuk in the IPS account of UMBL maintained with MBL with nil margin .

7.1.25 This represents Call Borrowing from Zarai Taraqiati Bank Limited at the rate of 16.75% amounting to Rs 1,000,000 thousand with maturity date of 06 January 2023.

7.1.26 The Holding Company has entered into a syndicate term finance agreement dated 16 June 2022. The finance facility is secured by creating a charge by way of hypothecation over the Hypothecated Assets in favour of the MCB Bank Limited - Security Agent, which shall constitute a first charge in favour of MCB Bank Limited - Security Agent (for the benefit of the Syndicate).

7.1.27 The Holding Company has entered into a syndicate term finance agreement dated 29 December 2022. The finance facility is secured by creating a charge by way of hypothecation over the Hypothecated Assets in favour of the HBL Bank Limited - Security Agent, which shall constitute a first charge in favour of HBL Bank Limited - Security Agent (for the benefit of the Syndicate).

7.2 Repo borrowings

This represents Repo Borrowing from:
- Pak Oman Investment Bank at the rate of 16.9% amounting to Rs 1,460,000 thousand with maturity date of 06 January 2023.
- Pak Oman Investment Bank at the rate of 16.9% amounting to Rs. 1,460,000 thousand with maturity date of 06 January 2023.
- Zarai Taraqiati Bank Limited at the rate of 16.40% amounting to Rs 1,980,000 thousand with maturity date of 06 January 2023..
- Zarai Taraqiati Bank Limited at the rate of 16.40% amounting to Rs. 1,980,000 thousand with maturity date of 06 January 2023.
- CDC ABL Income Fund at the rate of 16.40% amounting to Rs. 1,470,000 thousand with maturity date of 18 January 2023.
- CDC ABL Income Fund at the rate of 16.40% amounting to Rs. 1,470,000 thousand with maturity date of 18 January 2023.
- CDC ABL Income Fund at the rate of 16.40% amounting to Rs 195,680 thousand with maturity date of 18 January 2023.
- Bank of Punjab at the rate of 16.40% amounting to Rs 1,930,000 thousand with maturity date of 06 Jan 2023.
- Bank of Punjab at the rate of 16.40% amounting to Rs 978,800 thousand with maturity date of 06 Jan 2023.
- Bank of Punjab at the rate of 16.40% amounting to Rs 1,930,000 thousand with maturity date of 06 Jan 2023.
- Bank of Punjab at the rate of 16.50% amounting to Rs 1,980,000 thousand with maturity date of 03 Jan 2023.
- Bank of Punjab at the rate of 16.50% amounting to Rs 1,980,000 thousand with maturity date of 03 Jan 2023.
- Bank of Punjab at the rate of 16.50% amounting to Rs 992,953 thousand with maturity date of 03 Jan 2023.
- Bank of Punjab at the rate of 16.40% amounting to Rs 1,910,000 thousand with maturity date of 03 Jan 2023.
- Bank of Punjab at the rate of 16.40% amounting to Rs. 1,910,000 thousand with maturity date of 03 Jan 2023.
- Bank of Punjab at the rate of 16.40% amounting to Rs. 1,910,000 thousand with maturity date of 03 Jan 2023.
- Bank of Punjab at the rate of 16.40% amounting to Rs 994,500 thousand with maturity date of 03 Jan 2023.
- Khushali Bank Limited at the rate of 16.50% amounting to Rs 1,990,000 thousand with maturity date of 03 Jan 2023.
- Khushali Bank Limited at the rate of 16.50% amounting to Rs 497,250 thousand with maturity date of 03 Jan 2023.
- Habib Metro Bank Limited at the rate of 16.20% amounting to Rs 497,250 thousand with maturity date of 06 Jan 2023.

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% (2021: 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.

				2022 Rs '000	2021 Rs '000
9. Deposits from banking customers	Note	Conventional	Islamic	Total	Total
Fixed deposits		26,708,855	76,903	26,785,758	20,280,327
Saving deposits		55,982,555	3,222,331	59,204,886	30,648,858
Current deposits		5,678,274	514,172	6,192,446	3,827,288
	9.1	88,369,684	3,813,406	92,183,090	54,756,473
Current portion				(90,910,070)	(53,432,764)
				1,273,020	1,323,709

9.1 These include amounts due from the following related parties:	2022 Rs '000	2021 Rs '000
PTCL GP Fund	5,490,768	204,103,259
Pakistan Telecommunication Employee Trust (PTET)	37,572,083	119,493,199
	43,062,851	323,596,458

NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

10. Lease liabilities	Note	2022 Rs '000	2021 Rs '000
Lease commitments			
- Not later than one year		5,689,150	4,950,743
- Later than one year and not later than five years		15,381,997	15,439,156
- Later than five years		2,505,163	3,735,787
Total undiscounted lease commitments		23,576,310	24,125,686
Discounted lease liabilities using the incremental borrowing rate		17,918,268	18,256,320
Current portion shown under current liabilities		(4,476,012)	(3,377,198)
Due after 12 months		13,442,256	14,879,122

11. Deferred income tax	Note	2022 Rs '000	2021 Rs '000
Deferred tax (asset) / liability relating to:			
Accelerated tax depreciation		7,137,875	9,775,290
Accelerated tax amortization		773,505	3,152,602
Provision for stock in trade, stores and spares		(426,495)	(504,954)
Impairment loss on trade debts		(4,129,048)	(2,677,403)
Right of use assets / lease liabilities		(612,034)	(531,739)
Contract costs		1,008,095	588,861
Liabilities claimable on payment		(6,176,794)	(4,156,283)
Tax losses		(4,167,243)	(3,121,534)
Others		(1,309,337)	(24,865)
		(7,901,476)	2,499,975
Movement during the year			
Balance at the beginning of the year		2,499,975	6,093,589
Reversal) / Charge for the year in respect of:			
Accelerated tax depreciation	39	(2,637,415)	(2,803,095)
Accelerated tax amortization		(2,379,097)	999,142
Provision for stock in trade, stores and spares		78,459	26,530
Impairment loss on trade debts		(1,023,529)	(29,273)
Right of use assets / lease liabilities		(80,295)	(247,281)
Contract costs		419,234	71,631
Liabilities claimable on payment		(2,020,511)	(2,877,080)
Tax losses		(2,913,049)	(382,047)
Others		(10,964)	85,289
		(10,567,167)	(5,156,184)
Transferred to income tax recoverable on account of group taxation		1,867,340	1,616,223
Tax reversal in OCI		(33,422)	(53,653)
Recognized in retained earnings on change in accounting policy		(1,668,202)	-
Balance at the end of the year		(7,901,476)	2,499,975

12. Employees retirement benefits	Note	2022 Rs '000	2021 Rs '000
Liabilities for pension obligations			
Unfunded - PTCL	12.1	9,862,468	8,633,593
		9,862,468	8,633,593
Gratuity funded - PTCL, PTML and U Bank	12.1	152,798	340,922
Accumulated compensated absences - PTCL	12.1	1,954,579	1,982,538
Post retirement medical facility - PTCL	12.1	13,238,012	12,144,429
Benevolent grants - PTCL	12.1	4,153,071	3,995,703
		29,360,928	27,097,185

12.1 The latest actuarial valuations of the Group's defined benefit plans, were conducted at December 31, 2022 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			
	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000
a) The amounts recognized in the consolidated statement of financial position:														
Present value of defined benefit obligations	131,936,258	127,384,941	9,862,468	8,633,593	3,315,379	3,079,171	1,954,579	1,982,538	13,238,012	12,144,429	4,153,071	3,995,703	164,459,767	157,220,375
Fair value of plan assets - note 12.3	(135,125,260)	(129,187,278)	-	-	(3,209,575)	(2,738,249)	-	-	-	-	-	-	(138,334,835)	(131,925,527)
(Asset) / Liability at end of the year - note 12.2	(3,189,002)	(1,802,337)	9,862,468	8,633,593	105,804	340,922	1,954,579	1,982,538	13,238,012	12,144,429	4,153,071	3,995,703	26,124,932	25,294,848
b) Changes in the present value of defined benefit obligations:														
Balance at beginning of the year	127,384,941	122,844,751	8,633,593	7,313,570	3,079,171	2,758,050	1,982,538	1,606,358	12,144,429	11,549,073	3,995,703	3,831,610	157,220,375	149,903,412
Current service cost	959,087	822,813	413,582	345,753	354,565	328,694	89,125	75,070	96,986	84,475	39,067	38,927	1,952,412	1,695,732
Interest expense	12,256,908	11,820,480	858,925	729,081	280,045	243,494	173,029	137,517	1,156,937	1,112,411	384,307	368,974	15,110,151	14,411,957
Actuarial gain on accumulated compensated absences	-	-	-	-	-	-	(170,142)	332,839	-	-	-	-	(170,142)	332,839
	13,215,995	12,643,293	1,272,507	1,074,834	634,610	572,188	92,012	545,426	1,253,923	1,196,886	423,374	407,901	16,892,421	16,440,528
Remeasurements:														
Loss due to experience adjustments	967,050	1,176,795	45,060	298,688	116,389	110,268	-	-	989,749	523,456	39,266	48,481	2,157,514	2,157,688
Benefits paid	(9,631,728)	(9,279,898)	(88,692)	(53,499)	(514,791)	(361,335)	(119,971)	(169,246)	(1,150,089)	(1,124,986)	(305,272)	(292,289)	(11,810,543)	(11,281,253)
Balance at end of the year	131,936,258	127,384,941	9,862,468	8,633,593	3,315,379	3,079,171	1,954,579	1,982,538	13,238,012	12,144,429	4,153,071	3,995,703	164,459,767	157,220,375
c) Charge for the year														
Profit or loss:														
Current service cost	959,087	822,813	413,582	345,753	354,565	328,694	89,125	75,070	96,986	84,475	39,067	38,927	1,952,412	1,695,732
Net interest expense	(180,233)	(266,153)	858,925	729,081	3,150	8,546	173,029	137,517	1,156,937	1,112,411	384,307	368,974	2,396,115	2,090,376
Actuarial gain/ loss on accumulated compensated absences	-	-	-	-	-	-	(170,142)	332,839	-	-	-	-	(170,142)	332,839
Contribution from deputationists / employees	(6,174)	(11,426)	-	-	-	-	-	-	-	-	(17,504)	(31,280)	(23,678)	(42,706)
	772,680	545,234	1,272,507	1,074,834	357,715	337,240	92,012	545,426	1,253,923	1,196,886	405,870	376,621	4,154,707	4,076,241
Other comprehensive income:														
Remeasurements:														
Gain on remeasurement of assets	(2,309,756)	(470,282)	-	-	(79,879)	(7,459)	-	-	-	-	-	-	(2,389,635)	(477,741)
Loss/(gain) due to change in financial assumptions	14,742	(15,854)	1,240	(1,854)	249	-	-	-	1,307	-	695	-	18,233	(17,708)
Loss due to experience adjustments	952,308	1,192,649	43,820	300,542	94,456	110,268	-	-	988,442	523,456	38,571	48,481	2,117,597	2,175,396
	(1,342,706)	706,513	45,060	298,688	14,826	102,809	-	-	989,749	523,456	39,266	48,481	(253,805)	1,679,947
	(570,026)	1,251,747	1,317,567	1,373,522	372,541	440,049	92,012	545,426	2,243,672	1,720,342	445,136	425,102	3,900,902	5,756,188
d) Significant actuarial assumptions at the date of consolidated statement of financial position:														
Discount rate	12.25%	10.00%	12.25%	10.00%	12.25% to 14.25%	9% to 12.5%	12.25%	9.00%	12.25%	10.00%	12.25%	10.00%		
Future salary / medical cost increase	10.25%	8.00%	10.25%	8.00%	10.25% to 11.36%	8% to 11.25%	11.25%	8.00%	11.25%	9.00%	9.25%	7.00%		
Future pension increase	8.50%	6.25%	8.50%	6.25%	-	-	-	-	-	-	-	-		
Rate of increase in benevolent grants	-	-	-	-	-	-	-	-	-	-	4.25%	2.00%		
Average duration of obligation	20 years	21 years	27 years	30 years	6 - 11.89 years	6 - 12 years	6 to 9 years	6 to 7 years	23 years	23 years	16 years	17 years		
Expected mortality rate	SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005			
Expected withdrawal rate	Based on experience		Based on experience		Based on experience		Based on experience		Based on experience		Based on experience			

12.2 As more fully explained in note 19.9, the Holding Company's obligation for funded pension is restricted to the extent of pension increases and benefits as determined by the Board of Trustees of the Pakistan Telecommunication Employees Trust (PTET).

12.3 Changes in the fair value of plan assets

	Defined benefit pension plan - funded		Defined benefit gratuity plan - funded		Total plan assets	
	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000
Balance at beginning of the year	129,187,278	125,102,302	2,738,249	2,484,713	131,925,527	127,587,015
Expected return on plan assets	12,437,141	12,086,633	276,896	234,949	12,714,037	12,321,582
Payments made to members on behalf of fund	-	-	189,573	293,141	189,573	293,141
Gain on remeasurement of assets	2,309,756	470,282	101,562	7,459	2,411,318	477,741
Contributions made by the Group during the year	822,813	807,959	391,020	79,322	1,213,833	887,281
Benefits paid	(9,631,728)	(9,279,898)	(487,725)	(361,335)	(10,119,453)	(9,641,233)
Balance at end of the year	**135,125,260**	**129,187,278**	**3,209,575**	**2,738,249**	**138,334,835**	**131,925,527**

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

	2022		2021	
	Rs '000	Percentage	Rs '000	Percentage
Debt instruments - unquoted				
- Special saving accounts	-	0.00	1,820,678	1.41
- Defence saving certificates	27,446,545	20.32	27,500,107	21.29
- Regular income certificates	44,423,056	32.89	62,534,059	48.41
- Pakistan investment bonds	3,064,527	2.27	4,354,156	3.37
-Term Deposit Receipt	1,079,016	0.80	-	0.00
	76,013,144	55.48	96,209,000	74.48
Cash and cash equivalents				
- Term deposits	27,892,644	20.65	11,300,000	8.75
- Equity securities	1,176,835	0.87	1,185,787	0.92
- Sukuks	1,720,424	1.27	1,765,403	1.37
- Pakistan investment bond	686,770	0.51	904,952	0.70
- Term finance certificates	45,441	0.03	42,420	0.03
- Treasury bills	7,517,420	5.53	1,038,459	0.80
- Cash and bank balances	2,670	0.00	2,827	0.00
	39,042,204	28.86	16,239,848	12.57
Investment property				
- Telecom tower	10,113,021	7.48	10,113,021	7.83
- Telehouse	2,280,969	1.69	2,280,969	1.77
	12,393,990	9.17	12,393,990	9.60
Fixed assets	9,563	0.01	7,085	0.01
Other assets	9,062,942	7.51	5,740,972	4.44
	136,521,843	101.03	130,590,895	101.10
Liabilities				
- Staff retirement benefits	(106,330)	(0.08)	(90,504)	(0.07)
- Amount due to PTCL	(15,366)	(0.01)	(1,300)	-
- Accrued & other liabilities	(247,723)	(0.18)	(254,167)	(0.20)
- Provision for zakat	(1,027,164)	(0.76)	(1,057,646)	(0.83)
	(1,396,583)	(1.03)	(1,403,617)	(1.10)
	135,125,260	100.00	129,187,278	100.00

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

	2022 Rs '000	2022 Percentage	2021 Rs '000	2021 Percentage
Units of mutual funds	113,042	3.52	108,432	3.96
Term deposit receipts	2,176,536	67.81	2,192,783	80.08
Term finance certificates	500,000	15.58	200,000	7.30
Other assets	148,371	4.62	34,352	1.25
Bank balances	271,626	8.47	202,682	7.41
	3,209,575	100.00	2,738,249	100.00

12.6 The expected contributions in the next financial year to the funded gratuity plan by the Group is Rs 273,395 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	8,118,459	(7,646,335)
Pension - unfunded	1,031,966	(934,104)
Gratuity - funded	469,855	(407,089)
Accumulated compensated absences - unfunded	161,760	(149,013)
Post-retirement medical facility - unfunded	2,131,098	(1,835,457)
Discount rate		
Pension - funded	(16,010,227)	18,217,666
Pension - unfunded	(1,367,541)	1,587,411
Gratuity - funded	(408,204)	468,882
Accumulated compensated absences - unfunded	(149,035)	161,708
Post-retirement medical facility - unfunded	(1,835,597)	2,130,720
Benevolent grants - unfunded	(575,869)	668,456
Future pension		
Pension - funded	18,221,355	(16,008,803)
Pension - unfunded	1,474,324	(1,282,486)
Benevolent grants		
Benevolent grants - unfunded	668,575	(575,825)
Expected mortality rates	Increase by 1 year	Decrease by 1 year
	Rs '000	Rs '000
Pension - funded	(3,029,357)	3,011,111
Pension - unfunded	(127,069)	123,658
Gratuity - funded	(30,087)	29,270
Accumulated compensated absences - unfunded	(24,276)	33,377
Post-retirement medical facility - unfunded	(367,921)	369,327
Benevolent grants - unfunded	(115,427)	115,865

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	2022 Rs '000	2021 Rs '000
13.	Deferred government grants			
	USF Government grants	13.1	29,362,359	20,353,967
	Government grant under SBP refinance scheme	7.1.4	-	23,181
			29,362,359	20,377,148
13.1.	Balance at beginning of the year		20,353,967	18,139,023
	Received during the year		11,511,935	5,172,718
			31,865,902	23,311,741
	Income recognized during the year	40	(2,503,543)	(2,957,774)
	Balance at end of the year		29,362,359	20,353,967

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

		Note	2022 Rs '000	2021 Rs '000
14.	License Fee Payable			
	Interest bearing	14.1	12,634,844	24,854,533
	Non interest bearing	14.2	1,134,575	962,237
			13,769,419	25,816,770
	Current portion		(164,459)	(4,809,781)
			13,604,960	21,006,989
14.1	Interest bearing			
	Gross amount payable	14.3	12,634,844	24,854,533
	Current portion		-	(4,769,505)
			12,634,844	20,085,028
14.2	Non Interest bearing			
	Gross amount payable	14.4	1,480,127	1,308,983
	Imputed deferred interest		(345,552)	(346,746)
	Present value of obligation		1,134,575	962,237
	Current portion		(164,459)	(40,276)
			970,116	921,961

14.3 Interest bearing License includes acquisition of 4G license throughout Pakistan excluding Azad Jammu & Kashmir (AJK) and Gilgit-Baltistan (GB) in September 2021 at a fee of USD 279 million. 50% of the license fee had been paid at the time of acquisition of license. During the year, PTML has paid 3 installments including 2 prepayments and the remaining amount will be paid in 2 equal installments along with interest @ LIBOR + 3% per annum, due on September 15th each year, in US dollar or equivalent Pak Rupee.

14.4 (i) Non-Interest bearing includes renewal of 2G license for operations in AJK and GB in June 2021 at a fee of USD 13,500 thousand. 50% of the license fee had been paid at the time of acquisition of license and the remaining 50% of the amount is to be paid in 10 equal annual installments on June 24th each year in US Dollars or equivalent Pak Rupees. Accordingly, at initial recognition, the aggregate amount payable is discounted to the present value of future cash flows at the rate of 6% per annum.

(ii) Non-Interest bearing also includes acquisition of 4G license for operations in AJK and GB in October 2021 at a fee of USD 1,026 thousand. 50% of the license fee has been paid at the time of acquisition of license and the remaining 50% of the amount is to be paid in 10 equal annual installments on October 11th each year in US Dollars or equivalent Pak Rupees. Accordingly, at initial recognition, the aggregate amount payable is discounted to the present value of future cash flows at the rate of 6% per annum.

15. Long term vendor liability

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

	Note	2022 Rs '000	2021 Rs '000
Obligation under acceptance of bills of exchange	15.1	53,361,922	42,137,440
Other accrued liabilities		6,473,396	3,849,940
		59,835,318	45,987,380
Current portion		(15,915,561)	(10,386,943)
		43,919,757	35,600,437

15.1 These include liability of Rs. 18,358,897 thousand (December 31, 2021: Rs 15,544,513 thousand) carrying interest in the range of 7.35% to 16.08% per annum (December 31, 2021: 6.94% to 10.16% per annum).

16. Trade and other payables

	Note	2022 Rs '000	2021 Rs '000
Trade creditors		19,612,606	13,659,146
Accrued and other liabilities	16.1	44,734,225	40,304,005
Technical services assistance fee	16.2	35,656,357	30,644,507
Advances from customers / contract liability		11,798,257	10,558,009
Retention money / payable to contractors and suppliers		7,666,471	6,666,995
Income tax collected from subscribers / deducted at source		1,070,965	636,931
Sales tax payable		2,002,938	1,514,362
	16.3	122,541,819	103,983,955

16.1 Accrued and other liabilities comprise:

	Note	2022 Rs '000	2021 Rs '000
Accrued liability for operational expenses		14,273,957	12,034,850
Amount withheld on account of provincial levies (sub judice) for ICH operations	16.1.1	12,110,803	12,110,803
Accrual for Government / regulatory expenses		14,093,258	12,481,453
Accrued wages		2,683,288	2,628,658
Others		1,572,919	1,048,241
		44,734,225	40,304,005

16.1.1 This represents International Clearing House (ICH) revenue which were shared between 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 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 Holding Company till the finalization of the subject cases.

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

16.3 Trade and other payables include payable to the following related parties:

	2022 Rs '000	2021 Rs '000
Etisalat - UAE	2,286,895	1,459,420
Etisalat's subsidiaries and associates	175,431	105,143
Emirates data clearing house	19,162	9,013
Telecom Foundation	3,411	63,995
TF Pipes Limited	4,430	4,630
GoP related entities	1,732,806	1,464,680
PTCL Employees GPF Trust	38,606	5,541
Retention money / payable to contractors and suppliers		
TF Pipes Limited	2,940	3,055

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

NOTES TO AND FORMING PART OF THE
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17. Short term running finance

	Note	2022 Rs '000	2021 Rs '000
PTML	17.1	3,706,817	1,727,208
U Bank	17.2	36,999,808	6,500,000
PTCL	17.3	92,582	-
		40,799,207	8,227,208

17.1 Short term running finance facilities available under mark-up arrangements with banks amounting to Rs 4,580,000 thousand (December 31, 2021: Rs 4,580,000 thousand), out of which the amount availed at the year end was Rs 3,212,753 thousand (December 31, 2021: Rs. 1,955,803 thousand). The current balance of Rs 3,706,817 thousand represents book overdrawn as at December 31, 2022 (December 31, 2021: Rs. 1,727,208 thousand).These facilities are secured by first ranking pari passu charge by way of hypothecation over all present and future assets of PTML, excluding land, building and licenses.

17.2 This includes running finance facility through:

(i) National Bank of Pakistan Limited of Rs 1,000,000 thousand (December 31,2021: Rs 1,000,000 thousand) carrying markup of 3-months KIBOR plus 0.75% per annum (December 31, 2021: 3-months KIBOR plus 0.75%). This is secured against first pari passu charge on all the current and future book debts, advances and receivables of U Bank.

(ii) Allied Bank Limited of Rs 500,000 thousand (December 31,2021: 500,000 thousand) at the rate of 3 months KIBOR + 0.85% per annum (December 31, 2021: 3 months KIBOR + 0.85%) to be paid on quarterly basis. This running finance facility is secured against all present and future assets of U Bank excluding land and building with 25 % margin and is obtained to meet the short term funding requirement and to finance growth in advances.

(iii) Allied Bank II of Rs 5,000,000 thousand (December 31, 2021: 5,000,000 thousand) carrying markup at the rate of 3 months KIBOR + 0.05% per annum (December 31, 2021: 3 months KIBOR +0.10%) to be paid on quarterly basis in arrears with the tenure of 12 months. This is secured against ABL asset management units with 10% margin.

(iv) Allied bank Limited of Rs 20,000,000 thousand (December 31, 2021: Nil) carrying markup at the rate of 03-months KIBOR per annum (2021:Nil). This is secured against Pakistan investment bond / treasury bills to be kept in IPS account maintained with ABL with 5% margin.

(v) Askari Bank Limited of Rs 10,000,000 thousand (December 31, 2021: Nil) carrying markup of 01-month KIBOR plus 0.01% per annum (2021:Nil). This is secured against Pakistan investment bond / treasury bills / sukuks to be kept in IPS account maintained with AKBL with 5% margin.The principle is required to be repaid at maturity on demand and mark up is repayable on quarterly basis.

17.3 These facilities are obtained from various commercial banks with an aggregate limit of Rs 7,100,000 thousand (2021: Nil) and are secured against 1st pari passu charge on present and future current assets and all other movable assets of the Holding Company. These facilities carry markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.2% to 1.5% (2021: Nil) per annum.

18. Security deposits

	Note	2022 Rs '000	2021 Rs '000
Utilizable in business	18.1	726,002	579,573
Others	18.2	805,696	785,307
		1,531,698	1,364,880

18.1 These represent utilizable interest free security deposits received from distributors, franchisees and customers for services to be provided and are refundable / adjustable on termination of their relationship with the Group. The amount is being fully utilized for the purpose of Group's business. Amount of these security deposits has been kept in a separate bank account.

18.2 These security deposits are received from customers for services to be provided and are refundable / adjustable on termination of their relationship with the Group. These are non-interest bearing. The Group has adjusted / paid an amount of Rs 42 thousand (December 31, 2021: Rs 619 thousand) to its customers during the year against their balances. Amount of these security deposits has been kept in a separate bank account.

19. Contingencies and commitments

Contingencies

PTCL

Indirect Taxes

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

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

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

19.4 The Sindh Revenue Board (SRB) has assessed Sindh sales tax on services amounting to Rs 702,000 thousand on the premise that the Holding Company did not pay sales tax on invoices issued for services rendered to Cellular Mobile Operators (CMOs). Department view was not supported by the record and the Holding Company has submitted detailed evidence to refute the same before the learned Commissioner Appeals, SRB and stay has been granted. Management and tax advisors believe that this case would be settled in favor of the Holding Company owing to the evidence on record.

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

Income Tax

19.6 For the tax years 2007, 2009, 2010, 2011 to 2021, Taxation Officer disallowed certain expenses, tax credits and levied short deduction of WHT. 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 52,523,778 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.

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

Others

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

The Honourable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by the Holding Company, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated May 17, 2017. Through the said order, the Apex Court directed the Review Petitioners to seek remedy under section 12(2) CPC (Civil Procedure Code) which shall be decided by the concerned Court in accordance with the law, and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts. However, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case. Some of the interveners (pensioners) seeking the same relief as allowed vide order dated June 12, 2015 have been directed by the Apex Court to approach the appropriate forum on May 10, 2018. Islamabad High Court on 2nd November, 2021, has decided that the GOP increases are not allowed to VSS optees, PTC pensioners and to the workmen. To the extent of Civil Servants the Islamabad High Court allowed the GOP increase. However, to the same extent appeal has been filed before Apex court within the limitation. Under the circumstances, management of the Holding Company, on the basis of legal advice, believes that the Holding Company’s obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in these Consolidated financial statements.

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

19.10 A total of 1,267 cases (December 31, 2021: 1,118) against the Holding Company involving Regulatory, Telecom Operators, Employees and Subscribers. Because of number of cases and their uncertain nature, it is not possible to quantify their financial impact. Management and legal advisors of the Holding Company are of the view that the outcome of these cases is expected to be favorable and liability, if any, arising out on the settlement is not likely to be material.

PTML

Indirect Taxes

19.11 The Federal Board of Revenue (FBR) has raised multiple tax demands, by assessing Federal Excise Duty (FED) on PTML’s payments of technical services fee to Etisalat as fee for "Franchise Services", for multiple periods from July 2006 till December 2018. PTML is contesting such assessments and demands before Commissioner Inland Revenue (Appeals) [CIR-A], Appellate Tribunal Inland Revenue (ATIR) and the Islamabad High Court (IHC).

Management contends that payments of technical services fee are outside the ambit of the Federal Excise Act, 2005 and also lack the "franchiser-franchisee" arrangement, essential for the payments to be considered franchise services fee. Against the demands created by FBR, PTML has paid Rs 521,579 thousand in prior years under protest, being carried as receivable from taxation authorities as reflected in these consolidated financial statements. Overall exposure on this issue is Rs. 2,696,000 thousand (December 31, 2021: Rs. 2,489,000 thousand).

Income Tax

19.12 The taxation authorities (FBR) had raised demands aggregating to Rs 1,830,000 thousand for tax years 2008 to 2014, by disallowing advance income tax paid by PTML on import of telecommunication equipment, on the premise that the same was final tax and could not be adjusted against normal tax liability. The earliest case was instituted in December 2011. PTML contends that these demands are not based on sound taxation principles: PTML's telecommunication services have been subject to normal tax since inception and the imported equipment is used in-house for provision of those services, not sold as commercial imports. On the PTML's tax references filed before the IHC against the unfavourable order of the ATIR, the IHC remanded the cases back to ATIR for fresh hearing. The tax authorities responded by filing constitutional petition before the Supreme Court (SC), on which the matter is pending before Supreme Court of Pakistan.

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

19.14 Since December 2006, PTML has been contesting various notices and orders in front of the Federal, Provincial and Azad Jammu and Kashmir Tax Authorities, CIR-A, ATIR and the High Courts in respect of Income Tax, FED and Federal and Provincial Sales Taxes.

19.15 On 30 July 2020, PTA imposed a fine of Rs 50,000 thousand on the PTML on account of suspected grey traffic on their network and directed it to submit the fine within ten working days of the order. PTML filed appeal before the High Court of Sindh on 10 August 2020 which suspended the operation of the PTA's determination.

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

	Note	2022 Rs '000	2021 Rs '000
19.16 Bank guarantees and bid bonds of Group issued in favour of:			
Universal Service Fund (USF) against government grants		20,160,942	18,625,353
Pakistan Telecommunication Authority		3,622,895	2,824,217
Others	19.16.1	2,404,712	3,088,102
		26,188,549	24,537,672
Corporate guarantee in favour of PTML		43,800,000	27,991,416

19.16.1 Others includes bank guarantees given on behalf of DVCOM Data (Private) Limited to PTA amounting to Rs 675,000 thousand (December 31, 2021: Rs. 675,000 thousand).

19.17 Commitments	Note	2022 Rs '000	2021 Rs '000
19.17.1 Standby letter of guarantee	19.17.2	12,800	10,600
Letter of credit for purchase of stock		721,799	1,083,835
Letters of comfort in favour of PTML		3,500,000	3,500,000
Contracts for capital expenditure		21,979,149	23,706,125
		26,213,748	28,300,560

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

	Note	2022 Rs. '000	2021 Rs. '000
20. Property, plant and equipment			
Operating fixed assets	20.1	201,507,607	177,451,353
Capital work in progress	20.6	28,555,527	27,421,226
		230,063,134	204,872,579

20.1 Operating fixed assets

	Land		Buildings on		Lines and wires	Apparatus, plant and equipment	Passive maintenance and allied systems	Office equipment	Computer and electrical equipment	Furniture and fittings	Vehicles	Submarine cables	Total
	Freehold - note 20.2	Leasehold	Freehold Land	Leasehold Land									
	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, 2020													
Cost	1,650,684	100,782	13,305,939	2,987,333	137,010,933	386,594,685	39,853,771	2,911,918	13,086,212	1,517,325	3,527,012	18,536,819	621,083,413
Accumulated depreciation and impairment	-	(40,922)	(6,324,585)	(2,228,128)	(101,775,132)	(274,827,565)	(34,511,267)	(1,602,357)	(11,122,441)	(797,625)	(2,833,758)	(11,620,951)	(447,684,731)
Net book value	1,650,684	59,860	6,981,354	759,205	35,235,801	111,767,120	5,342,504	1,309,561	1,963,771	719,700	693,254	6,915,868	173,398,682
Movement during 2021													
Additions	-	-	550,797	270,065	7,934,589	19,022,976	1,345,473	616,969	872,118	162,437	495,743	202,352	31,473,519
Disposals													
Cost	-	-	-	(33,690)	(1,382,028)	(1,703,729)	-	(5,497)	(476,467)	(18,500)	(108,256)	-	(3,728,167)
Accumulated depreciation	-	-	-	33,505	1,373,316	1,519,807	-	5,497	466,481	10,496	103,961	-	3,513,063
	-	-	-	(185)	(8,712)	(183,922)	-	-	(9,986)	(8,004)	(4,295)	-	(215,104)
Depreciation charge for the year - note 20.5	-	(1,651)	(339,470)	(133,054)	(3,451,283)	(19,873,322)	(1,388,267)	(244,643)	(892,880)	(108,432)	(298,027)	(474,568)	(27,205,597)
Impairment charge	-	-	-	-	-	(147)	-	-	-	-	-	-	(147)
Net book value	1,650,684	58,209	7,192,681	896,031	39,710,395	110,732,705	5,299,710	1,681,887	1,933,023	765,701	886,675	6,643,652	177,451,353
As at December 31, 2021													
Cost	1,650,684	100,782	13,856,736	3,223,708	143,563,494	403,913,932	41,199,244	3,523,390	13,481,863	1,661,262	3,914,499	18,739,171	648,828,765
Accumulated depreciation	-	(42,573)	(6,664,055)	(2,327,677)	(103,853,099)	(293,181,227)	(35,899,534)	(1,841,503)	(11,548,840)	(895,561)	(3,027,824)	(12,095,519)	(471,377,412)
Net book value	1,650,684	58,209	7,192,681	896,031	39,710,395	110,732,705	5,299,710	1,681,887	1,933,023	765,701	886,675	6,643,652	177,451,353
Movement during 2022													
Additions	-	-	133,355	27,263	8,228,385	40,527,427	1,271,242	310,389	1,847,301	286,101	164,768	101,629	52,897,860
Disposals - note 20.4													
Cost	-	-	-	(5,898)	(5,221,858)	(1,270,395)	-	(2,358)	(379,668)	(708)	(162,736)	-	(7,043,621)
Accumulated depreciation	-	-	-	5,898	5,217,408	1,169,390	-	1,700	374,405	530	128,838	-	6,898,169
	-	-	-	-	(4,450)	(101,005)	-	(658)	(5,263)	(178)	(33,898)	-	(145,452)
Transfers during the year													
Depreciation charge for the year - note 20.5	-	(1,643)	(347,131)	(103,304)	(3,576,418)	(21,041,083)	(1,318,863)	(306,588)	(974,434)	(132,186)	(306,449)	(528,517)	(28,636,616)
Impairment charge	-	-	-	-	(4,180)	(55,358)	-	-	-	-	-	-	(59,538)
Net book value	1,650,684	56,566	6,978,905	819,990	44,353,732	130,062,686	5,252,089	1,685,030	2,800,627	919,438	711,096	6,216,764	201,507,607
As at December 31, 2022													
Cost	1,650,684	100,782	13,990,091	3,245,073	146,570,021	443,170,964	42,470,486	3,831,421	14,949,496	1,946,655	3,916,531	18,840,800	694,683,004
Accumulated depreciation and impairment	-	(44,216)	(7,011,186)	(2,425,083)	(102,216,289)	(313,108,278)	(37,218,397)	(2,146,391)	(12,148,869)	(1,027,217)	(3,205,435)	(12,624,036)	(493,175,397)
Net book value	1,650,684	56,566	6,978,905	819,990	44,353,732	130,062,686	5,252,089	1,685,030	2,800,627	919,438	711,096	6,216,764	201,507,607
Annual rate of depreciation (%)	-	1 to 3.3	2.5	2.5-20	5 to 7	10 to 33	6.67- 33	10	20 to 33.33	10	20	5	

20.2 In view of large number of properties i.e. over three thousand, located across Pakistan, it is impracticable to disclose the details of properties in the consolidated financial statements as required under paragrapghs 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 on request and the copy of the details of said properties will be provided on request to the said shareholders who are unable or unwilling to visit the Holding Company's registered office, i.e. PTCL Head Office, Ufone Tower Main Jinnah Avenue, Sector F-7/1, Blue Area Islamabad.

20.3 As explained in note 1.1, the property and rights vesting in the operating assets, as at January 01, 1996, were transferred to the Holding Company from the Pakistan Telecommunication Corporation under the Pakistan Telecommunication (Re-organisation) Act, 1996; however, the possession and control or title to of certain freehold land properties were not transferred in the name of the Holding Company in the land revenue records,therefore, in pursuant to the disclosure required under Clause VI Sub clause 12 of Part 2 of the fourth schedule of the Companies Act 2017,the list of such properties is given below:

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

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)
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
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.

20.4 Disposal of property, plant and equipment:

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

	Cost Rs '000	Accumulated depreciation Rs '000	Net book value Rs '000	Sale Proceeds Rs '000	Gain on disposal Rs '000	Mode of disposal Rs '000	Particulars of purchaser / Relationship with the Group
Line and Wire	970	442	528	15,000	14,472	Auction	Abdullah Engineering Works, Gujranwala / No relation with the Group
Line and Wire	848	321	527	15,000	14,473	Auction	Abdullah Engineering Works, Gujranwala / No relation with the Group
Line and Wire	1,268	671	597	11,923	11,326	Auction	Abdullah Engineering Works, Gujranwala / No relation with the Group
Apparatus, plant and equipment	1,082,472	1,010,144	72,328	77,367	5,039	Scrap	Misc. Vendor - Third Party Vendor
Apparatus, plant and equipment	101,331	78,698	22,633	56,272	33,639	Insurance	EFU General Insurance Co.
Computer and electrical equipment	10,834	9,621	1,213	2,033	820	Company Employee	Misc. Buyers - Resigned Employee
Apparatus, plant and equipment	274,014	272,690	1,324	4,346	3,022	Scrap	Misc. Vendor - Third Party Vendor
Apparatus, plant and equipment	3,552	1,717	1,835	1,835	-	Insurance	EFU General Insurance Co.
Apparatus, plant and equipment	3,647	1,185	2,462	2,492	30	Insurance	EFU General Insurance Co.
Vehicles	22,423	20,369	2,054	5,605	3,551	Company Employee	Misc. Buyers - Company Employee
Vehicles	6,573	5,314	1,259	1,168	(91)	Company Employee	Misc. Buyers - Company Employee
Vehicles	9,608	7,768	1,840	1,707	(133)	Company Employee	Misc. Buyers - Company Employee
Vehicles	15,200	7,093	8,107	8,090	(17)	Company Employee	Misc. Buyers - Company Employee
Vehicles	21,849	1,457	20,392	20,757	365	Company Employee	Misc. Buyers - Company Employee
	1,554,589	1,417,490	137,099	223,595	86,496		

	Note	2022 Rs '000	2021 Rs '000
20.5 The depreciation charge for the year has been allocated as follows:			
Cost of services	36	27,351,412	25,991,208
Administrative and general expenses	37	1,150,985	1,092,268
Selling and marketing expenses	38	134,219	122,123
		28,636,616	27,205,599
20.6 Capital work in progress			
Buildings		494,420	398,320
Lines and wires		7,465,110	3,923,223
Apparatus, plant and equipment		14,836,395	17,658,546
Turnkey Projects		4,802,883	4,982,676
Others		956,719	458,461
	20.6.1	28,555,527	27,421,226
20.6.1 Movement during the year			
Balance at beginning of the year		27,421,226	20,316,963
Additions during the year		53,694,442	88,526,061
Transfers during the year to:			
- Operating fixed assets		(52,076,777)	(31,191,422)
- Intangible assets		(483,364)	(50,230,376)
		(52,560,141)	(81,421,798)
Balance at end of the year		28,555,527	27,421,226

	Note	Lease rentals	Right of way	2022 Rs '000 Total	2021 Rs '000 Total
21. Right of use assets (ROU)					
Movement during the year:					
Balance as at the beginning of the year		16,460,823	693,250	17,154,073	19,419,596
Additions		3,599,900	167,800	3,767,700	1,964,323
Lease modifications during the year		1,998	-	1,998	79,224
Derecognition during the year		(23,297)	-	(23,297)	(320,736)
Depreciation for the year	21.1	(4,279,524)	(152,107)	(4,431,631)	(3,988,334)
		(700,923)	15,693	(685,230)	(2,265,523)
Balance as at the end of the year		15,759,900	708,943	16,468,843	17,154,073
21.1 Depreciation charge for the year is allocated as follows:					
Cost of services	36			3,204,711	2,873,988
Administrative and general expenses	37			1,226,920	1,114,346
				4,431,631	3,988,334
22. Intangible assets					
Goodwill on acquisition of U Bank	22.1			78,790	78,790
Goodwill on acquisition of DVCOM Data	22.1			656,102	1,191,102
Other intangible assets	22.2			63,432,576	69,901,447
				64,167,468	71,171,339

22.1 Goodwill

These represent excess of the amount paid over fair value of net assets of DVCOM Data and U Bank on their acquisition on April 01, 2015 and August 30, 2012 respectively. The recoverable amount of goodwill is tested for impairment annually based on its value in use, determined by discounting the future free cash flows to be generated by the respective Cash Generating Units (CGUs).

The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate is determined based on management's estimate of the long-term compound annual 'Earnings Before Interest, Tax, Depreciation and Amortization, (EBITDA) growth rate, consistent with the assumptions that a market participant would make.

Budgeted growth is based on expectations of future outcomes taking into account past experience and is adjusted for anticipated revenue growth. Revenue growth is projected taking into account the average growth levels experienced in the recent years and the estimated sales volume and price growth for the next five years.

The estimated recoverable amounts of the CGUs exceed their carrying amounts. The Group estimates that reasonably possible changes in the assumptions would not cause the recoverable amount of the CGUs to decline below their carrying amounts.

22.2 Other intangible assets

	Note	Licenses and spectrum	Computer software	Total
		Rs '000		
As at December 31, 2020				
Cost		44,908,714	6,751,820	51,660,534
Accumulated amortization		(22,128,460)	(5,212,327)	(27,340,787)
Transfer			34,653	34,653
Accumulated impairment		-	(42,284)	(42,284)
Net book value		22,780,254	1,531,862	24,312,116
Movement during the year 2021				
Opening net book value		22,780,254	1,531,862	24,312,116
Additions		49,621,683	727,536	50,349,219
Amortization charge for the year		(4,137,717)	(622,171)	(4,759,888)
Closing net book value		68,264,220	1,637,227	69,901,447
As at December 31, 2021				
Cost		94,530,397	7,479,356	102,009,753
Accumulated amortization		(26,266,177)	(5,834,498)	(32,100,675)
Transfer		-	34,653	34,653
Accumulated impairment		-	(42,284)	(42,284)
Net book value		68,264,220	1,637,227	69,901,447
Movement during the year 2022				
Opening net book value		68,264,220	1,637,227	69,901,447
Additions		-	537,008	537,008
Amortization charge for the year	22.8	(6,261,902)	(743,977)	(7,005,879)
Closing net book value		62,002,318	1,430,258	63,432,576
As at December 31, 2022				
Cost		94,530,397	8,051,017	102,581,414
Accumulated amortization and impairment		(32,528,079)	(6,620,759)	(39,148,838)
Net book value	22.3	62,002,318	1,430,258	63,432,576
Amortization rate per annum (%)		4 - 10	6.67 - 33.33	

22.3 Breakup of the net book value as at the year end is as follows:

	Note	2022 Rs '000	2021 Rs '000
Licenses and spectrum - PTCL			
Telecom	22.4	434,441	453,330
WLL spectrum	22.4	313,221	492,220
WLL and LDI License	22.5	71,442	84,836
IPTV	22.6	14,183	17,883
Next Generation Mobile Services (NGMS) Licenses - PTML	22.7	50,120,398	53,397,028
Mobile cellular Licenses - PTML	22.7	10,769,468	13,387,485
WLL licenses- DVCOM Data		279,165	431,437
		62,002,318	68,264,219
Computer software		1,430,258	1,637,228
		63,432,576	69,901,447

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

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

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

22.7 (i) NGMS License includes acquisition of 4G license by PTML throughout Pakistan (excluding Azad Jammu & Kashmir (AJK) and Gilgit-Baltistan (GB)) in September 2021 at a fee of USD 279,000 thousand. The term of the license is 15 years commencing from the date of its acquisition.

(ii) NGMS License also include acquisition of 4G license by PTML for operations in AJK and GB in October 2021 at a fee of USD 1,026 thousand. The term of the license is 15 years from the date of its acquisition.

(iii) Mobile Cellular License include renewal of 2G license by PTML for operations in AJK and GB in June 2021 at a fee of USD 13,500 thousand. The term of the license is 15 years from the date of its acquisition.

22.8 The amortization charge for the year has been allocated as follows:

	Note	2022 Rs '000	2021 Rs '000
Cost of services	36	6,668,806	4,437,867
Administrative and general expenses	37	337,073	322,021
		7,005,879	4,759,888

23. Long term investments	Note	2022 Rs '000	2021 Rs '000
Investment in associate	23.1	-	-
Other investments	23.2	51,427	51,427
		51,427	51,427

23.1 Investment in associate - unquoted

	2022	2021
TF Pipes Limited - Islamabad		
1,658,520 (December 31, 2021: 1,658,520) ordinary shares of Rs 10 each		
Shares held 40% (December 31, 2021: 40%)	23,539	23,539
Less: accumulated impairment loss on investment	(23,539)	(23,539)
	-	-

	Note	2022 Rs '000	2021 Rs '000
23.2 Other investments			
Fair value through other comprehensive income - unquoted			
Thuraya Satellite Telecommunication Company - Dubai, UAE			
3,670,000 (December 31, 2021: 3,670,000) ordinary shares of AED 1 each		63,900	63,900
Less: accumulated impairment loss on investment		(32,473)	(32,473)
		31,427	31,427
Alcatel - Lucent Pakistan Limited - Islamabad, Pakistan 2,000,000 (December 31, 2020: 2,000,000) ordinary shares of Rs 10 each		20,000	20,000
		51,427	51,427
24. Long-term loans and advances - considered good			
Loans to employees - secured	24.1	1,434,188	1,649,737
Imputed interest		(305,238)	(326,883)
		1,128,950	1,322,854
Others		179,047	153,623
		1,307,997	1,476,477
Current portion shown under current assets			
Loans to employees - secured	29	(325,137)	(349,032)
		982,860	1,127,445

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

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

	As at January 01, 2022 Rs '000	Disbursements Rs '000	Repayment Rs '000	As at December 31, 2022 Rs '000
Executives	149,593	11,604	(90,276)	70,921
Other employees	1,500,144	188,806	(325,683)	1,363,267
	1,649,737	200,410	(415,959)	1,434,188

	As at January 01, 2021	Disbursements	Repayment	As at December 31, 2021
Executives	206,454	38,924	(95,785)	149,593
Other employees	1,368,855	422,944	(291,655)	1,500,144
	1,575,309	461,868	(387,440)	1,649,737

	2022 Rs '000	2021 Rs '000
Maximum amount of loan to executives and other employees outstanding at any time during the year:		
Executives	137,431	228,240
Other employees	1,500,323	1,519,278

Loans to employees include loans given to key management personnel of Rs 34,174 thousand (December 31, 2021: Rs 63,548 thousand). The maximum aggregate amount of loans to key management personnel outstanding at any time during the year was Rs 58,541 thousand (December 31, 2021: Rs 87,168 thousand).

List of key management personnel having outstanding balances of loans up till December 31, 2022 are as under:

No.	Names of Employees	No.	Names of Employees
1	Mr. Aamer Ejaz	14	Mr. Muhammad Amer Shafique
2	Mr. Aasif Inam	15	Mr. Muhammad Amir Siddiqi
3	Mr. Abdul Basit	16	Mr. Muhammad Basharat Qureshi
4	Mr. Abdullah Hameed	17	Mr. Muhammad Fahim Ur Rehman
5	Mr. Amjad Iqbal	18	Mr. Muhammad Shehzad Yousuf
6	Mr. Arslan Haider	19	Mr. Muhammad Umar Ilyas
7	Mr. Dr Muhammad Shafiq Ur Rehman	20	Ms. Saima Akbar Khattak
8	Ms. Hina Tasleem	21	Mr. Saleem Ullah Baig
9	Mr. Ishtiaq Naveed Gill	22	Mr. Syed Muhammad Imran Ali
10	Mr. Mateen Malik	23	Mr. Syed Muhammad Shoaib
11	Mr. Mian Omer Shah	24	Mr. Wajeeh Anwer
12	Mr. Mohammad Nadeem Khan	25	Mr. Zain Ul Abideen
13	Mr. Mubashir Naseer Ch.		

	Note	2022 Rs '000	2021 Rs '000
25. Contract costs			
Cost to obtain a contract		1,963,941	1,734,040
Cost to fulfill a contract		1,936,535	1,842,633
	25.1	3,900,476	3,576,673
Current maturity of contract costs		(3,138,112)	(2,879,400)
		762,364	697,273
25.1 Movement during the year			
Balance at the beginning of the year		3,576,673	3,329,666
Capitalization during the year		5,927,710	5,497,691
		9,504,383	8,827,357
Amortization during the year	36	(5,603,907)	(5,250,684)
Balance at the end of the year		3,900,476	3,576,673
26. Stock in trade, stores and spares			
Stores and spares	26.1	7,636,587	5,575,040
Stock in trade	26.2	982,376	372,128
		8,618,963	5,947,168
26.1 Stores and spares		8,471,386	6,633,205
Provision for obsolescence	26.1.1	(834,799)	(1,058,165)
		7,636,587	5,575,040
26.1.1 Provision for obsolescence			
Provision during the year		1,058,165	1,235,872
Reversal / Written off during the year	26.1.2	(223,366)	(177,707)
Balance at end of the year		834,799	1,058,165

26.1.2 The Group has reversed Rs 223,366 thousand (December 31, 2021: Rs 177,707 thousand) of the inventory provided for in the previous years and these have been disposed off / consumed during the year.

		2022 Rs '000	2021 Rs '000
26.2	**Stock in trade**		
	SIM cards	197,285	99,596
	Mobile phones and accessories	554,306	199,835
	Scratch cards	190,186	81,513
	ATM cards and stationary	78,608	29,193
		1,020,385	410,137
	Provision for slow moving stock	(38,009)	(38,009)
		982,376	372,128

		Note	2022 Rs '000	2021 Rs '000
27.	**Trade debts and contract assets**			
	Trade debts			
	- Secured	27.1	223,515	327,013
	- Unsecured		35,559,766	24,152,013
	Contract assets		5,592,380	4,711,533
			41,375,661	29,190,559
	Domestic			
	Considered good	27.2	13,898,934	12,230,948
	Considered doubtful		8,459,293	7,598,563
			22,358,227	19,829,511
	International			
	Considered good	27.3	27,476,728	16,959,611
	Considered doubtful		57,475	57,475
			27,534,203	17,017,086
	Expected credit loss on trade debts and contract assets	27.4	(8,516,769)	(7,656,038)
		27.5	41,375,661	29,190,559

27.1 These are secured against customer and dealer deposits aggregating to Rs 726,002 thousand (December 31, 2021: Rs 579,572 thousand). The normal credit period of debtors is not more than one month.

	Maximum aggregate amount	Up to 6 months	More than 6 months	2022	2021
	Rs '000				
27.2 These include amounts due from the following related parties:					
GoP related entities	3,163,535	1,184,682	1,978,853	3,163,535	3,039,371

27.3 These include amounts due from the following related parties:

	Maximum aggregate amount	Up to 6 months	More than 6 months	2022	2021
Emirates Telecomunication Corporation	25,306,481	3,399,849	21,906,632	25,306,481	15,155,221
Etisalat - Afghanistan	500,441	8,287	492,154	500,441	101,883
Etihad Etisalat Company	54,803	-	-	-	54,803
Etisalat's subsidiaries and associates	115,048	91,730	23,318	115,048	26,738
GoP related entities	205,219	205,219	-	205,219	105,594
	26,127,189	3,705,085	22,422,104	26,127,189	15,444,239

		Note	2022 Rs '000	2021 Rs '000
27.4	**Expected credit loss on trade debts and contract assets**			
	Balance at beginning of the year		7,656,038	8,190,008
	Expected credit loss on trade debts and contract assets	39	1,732,727	1,549,339
	Recognised due to change in accounting policy		1,297,323	-
	Recovery of Defence Saving Certificates / adjustment		4,120	7,979
			3,034,170	1,557,318
			10,690,208	9,747,326
	Write off against expected credit loss on trade debts and contract assets		(2,173,439)	(2,091,288)
	Balance at end of the year		8,516,769	7,656,038

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

28 Long term loans to banking customers

	Performing Stage 1 2022 Rs.'000	Performing Stage 1 2021 Rs.'000	Performing Stage 2 2022 Rs.'000	Performing Stage 2 2021 Rs.'000	Non performing Stage 3 2022 Rs.'000	Non performing Stage 3 2021 Rs.'000	Total 2022 Rs.'000	Total 2021 Rs.'000
Micro credits								
Secured	32,295,686	-	81,791	-	169,670	-	32,547,147	-
Unsecured	22,345,682	-	5,883,047	-	1,595,501	-	29,824,230	-
Islamic financing	606,896	-	-	-	-	-	606,896	-
Advances - gross	55,248,264	-	5,964,838	-	1,765,171	-	62,978,273	-
Credit loss allowance against long term loans								
- Stage 1	(222,314)	-	-	-	-	-	(222,314)	-
- Stage 2	-	-	(2,601,981)	-	-	-	(2,601,981)	-
- Stage 3	-	-	-	-	(869,984)	-	(869,984)	-
	(222,314)	-	(2,601,981)	-	(869,984)	-	(3,694,279)	-
Advances - net of credit loss allowance	55,025,950	-	3,362,857	-	895,187	-	59,283,994	-
Long term portion shown under non-current assets							(12,705,350)	-
							46,578,644	-

28.1 Long term loans - Credit loss allowance details

	2022 Stage 1 Rs.'000	2022 Stage 2 Rs.'000	2022 Stage 3 Rs.'000	2021 Stage 1 Rs.'000	2021 Stage 2 Rs.'000	2021 Stage 3 Rs.'000
Outstanding gross exposure						
Performing - Stage 1	55,038,456	5,353,053	1,322	-	-	-
Under Performing	-	-	-			
Other assets especially mentioned	82,032	525,724	23,255	-	-	-
Non - Performing	-	-	-			
Substandard	78,340	23,548	903,644	-	-	-
Doubtful	44,452	37,436	498,806	-	-	-
Loss	4,984	25,077	338,144	-	-	-
	127,776	86,061	1,740,594	-	-	-
Total	55,248,264	5,964,838	1,765,171	-	-	-
Corresponding credit loss allowance						
- Stage 1	(222,314)	-	-	-	-	-
- Stage 2	-	(2,601,981)	-	-	-	-
- Stage 3	-	-	(869,984)	-	-	-
	(222,314)	(2,601,981)	(869,984)	-	-	-

	2022 Rs. '000	2021 Rs. '000
28.2 Particulars of write offs / charge offs		
Against credit loss allowance	(335,283)	-
Against provision	-	(772,192)
Directly charged to profit & loss account	(453,495)	(18,156)
	(788,778)	(790,348)

	2022 Number	2022 Rs. '000	2021 Number	2021 Rs. '000
Advances - gross			346,390	36,411,344
Less: Provision held				
Specific	-	-	15,813	(529,681)
General	-	-		(1,505,934)
	-	-	346,390	(2,035,615)
Advances - net of provisions	-	-	-	34,375,729
Long term portion shown under non-current assets				(8,212,253)
				26,163,476

28.3 In view of the COVID 19, management expect that certain degree of customers would be impacted, however, it is difficult to estimate potential effect on advances portfolio with any degree of certainty. The Bank had previously recorded an additional general provision amounting to Rs. 1,312 million based on management's assessment of asset quality and credit risk. Moreover, due to monsoon rains in the months of July and August 2022, out of total 303 branches of the Bank, 53 branches are located in the areas which were declared as calamity hit by the Government. In order to provide relief to the flood affected borrowers, SBP vide circular AC&MFD/MFPD/PRs/10183 dated 07 October 2022 encouraged the Microfinance Banks (MFBs) to reschedule/ restructure loans of flood affected borrowers upto one year and to extend fresh financing in flood affected areas. Accordingly, as of 31 December 2022, the Bank has rescheduled / restructured advances of flood affected borrowers amounting to Rs. 1.58 billion of its 19,612 customers. During the year, the Bank early adopted IFRS 9 'Financial Instruments' and has classified these advances as stage 2 to compute the expected credit loss amounting to Rs. 2,948 million against these advances.

28.4 In order to curb the impact of flood SBP has also extended regulatory relief vide circular AC&MFD/MFPD/PRs/10183 dated October 7, 2022. Through the said circular among other reliefs SBP has encouraged MfBs to reschedule/ restructure loans of their flood-affected borrowers upto one year and to extend fresh financing in flood-affected areas. Out of total 303 locations (at relevant time) of the Bank, 53 locations are affected in the areas which were declared as calamity hit by the Government.

The SBP vide Circular AC&MFD No. 3 of 2022 dated December 21, 2022 has issued a “Mark-up Waiver and Financing Schemes for Farmers in Rain/Flood Affected Areas under Kissan Package 2022”. Following reliefs were allowed:

Markup Waiver Scheme (MWS) for subsistence farmers against agriculture loans with outstanding balance (including markup) of up to Rs 500,000/- per loan that were regular as on June 30, 2022 – waiver of the entire amount of markup due till September 30, 2022 against outstanding loans (principal plus markup) up to Rs 500,000/- that were regular as on June 30, 2022 and reschedule/restructure the principal amount of loans for up to one year in calamity-notified areas. 50% of the cost of above waiver of markup will be borne by the Government of Pakistan (GoP) through budgetary allocation whereas 50% will be borne by the concerned Banks/MFBs themselves.

GOP Markup Subsidy Scheme for revival of agriculture/livestock sectors against loans of up to Rs. 500,000/- to subsistence farmers at markup rate of 0% per annum to end user. Whereas the Government will provide markup subsidy at 6 months KIBOR + 9%. The scheme validity is six months from the date of issue of the Circular.

Interest Free Loans and Risk Sharing Scheme for Landless Farmers up to Rs. 200,000 in flood affected areas at markup rate of 0% per annum to end user. Whereas the Government will provide markup subsidy at 6 months KIBOR + 9%. The scheme provides credit risk coverage of 50% of outstanding loans (principal) in case of non-repayments, after being classified as ‘SUBSTANDARD’ (as per the classification criteria laid down in the Prudential Regulations for both Agriculture Financing and Microfinance banks). The scheme validity is six months from the date of issue of the Circular.

The total outstanding markup accrued on these loans in Flood affected areas as at 30 September 2022 amounted to Rs. 908 million net of recoveries. The Bank has waived off the entire amount by directly writing off the markup accrued on loans. 50% of this amount, Rs. 453 million has been recognised as receivable from the Government. Had this circular not been applicable, the profit after tax of the bank would have been higher by Rs. 304 million.

28.5 On March 16, 2022 SBP AC&MFD issued Circular No. 02 of 2022 and revised the Prudential Regulations for Microfinance Banks including Classification of Assets, Charging-off Non-Performing Loans (NPLs) and Provisioning Requirements. Had there been no change in the Prudential Regulations (PR) for Microfinance Banks (MFBs) as mentioned above, the Profit after tax would have been lower by Rs. 370 million

28.6 Movement in impairment allowance for credit losses is as follows:

	2022 Rs. '000	2021 Rs. '000
Balance at beginning of the year	2,035,615	1,313,063
Impact of Re-measurement due to adoption of IFRS 9	3,349,055	-
Impairment charge for the year	(1,355,109)	1,512,900
Advances written off	(335,283)	(790,348)
Balance at end of the year	3,694,278	2,035,615

	Note	2022 Rs '000	2021 Rs '000
29. Loans and advances			
Loans			
Current portion of long term loans to employees - secured	24	325,137	349,032
Advances - considered good			
Advances to employees	29.1	175,209	144,616
Advances to suppliers and contractors	29.2	5,778,312	2,851,924
Others		-	10,720
		5,953,521	3,007,260
		6,278,658	3,356,292

29.1 These include advances to executives and key management personnel amounting to Rs 18,566 thousand (December 31, 2021: Rs 6,366 thousand) and 1,616 thousand (December 31, 2021: 3,886) respectively.

	2022 Rs '000	2021 Rs '000
29.2 These include amounts due from the following related parties:		
TF Pipes Limited	26,774	26,774
30. Income tax recoverable		
Balance at beginning of the year	27,404,527	24,837,418
Current tax charge for the year	(4,070,222)	(4,351,726)
Tax (charge) / credit on re-measurement gains - OCI	(123,396)	502,650
	(4,193,618)	(3,849,076)
Tax paid during the year	5,525,659	6,416,185
Balance at end of the year	28,736,568	27,404,527

31. Receivable from the Government of Pakistan (GoP)

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

	Note	2022 Rs '000	2021 Rs '000
32. Deposits, prepayments and other receivables			
Deposits		339,047	328,418
Prepayments			
- Pakistan Telecommunication Authority - a related party		26,903	24,313
- Prepaid rent and others		1,079,671	1,141,726
		1,106,574	1,166,039
Other receivables			
Due from related parties	32.1	89,047	72,605
Accrued interest receivable	32.2	-	8,837,417
Funded Pension	12.1	3,189,002	1,802,337
Gratuity - funded	12.1	46,994	-
Federal Excise Duty (FED)	32.3	3,338,694	3,338,694
Forward exchange contracts		-	1,492,975
Others	32.4	4,838,684	2,628,554
		12,948,042	19,667,039

		Maximum aggregate amount	Up to 6 months	More than 6 months	2022	2021
				Rs '000		
32.1	Etisalat - UAE	71,305	-	71,305	71,305	71,305
	Pakistan Telecommunication Employees Trust	15,366	12,409	2,957	15,366	1,300
	Employees' Provident fund - U Bank	2,376	2,319	57	2,376	-
		89,047	14,728	74,319	89,047	72,605

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

		Note	2022 Rs '000	2021 Rs '000
32.3	Federal Excise Duty	32.3.1	3,804,870	3,804,870
	Provision for doubtful amount		(466,176)	(466,176)
			3,338,694	3,338,694

32.3.1 (i) This includes amount of Rs 3,283,111 thousand (December 31, 2021: 3,283,111 thousand) payments under protest by the Holding Company on account of FED on interconnect charges. The Honourable Supreme Court has decided the case in favor of the Holding Company.

(ii) This also includes federal excise duty on technical service fee of Rs 521,759 thousand (December 31, 2021: Rs 501,541 thousand) paid by PTML to the taxation authority under protest.

32.4 (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 amount is net off provision for impairment of Rs. 185,239 thousand (December 31, 2021: 185,239 thousand).

	Note	2022 Rs '000	2021 Rs '000
33. Short term investments			
Amortized cost			
Term deposit receipts - Maturity upto 6 months	33.1	-	7,750,000
Lending to Financial Institution	33.2	6,581,567	-
Pakistan Investment Bonds (PIBs) - Maturity upto 6 months	33.3	5,690,878	-
Fair value through Profit or Loss			
Mutual Funds	33.4	21,971,007	12,082,206
Market treasury bills - Maturity upto 6 months	33.5	20,326,564	-
Pakistan Investment Bonds (PIBs) - Maturity upto 6 months	33.3	51,120,968	-
TFCs		2,268,757	-
Fair value through Other Comprehensive Income			
Market treasury bills - Maturity upto 6 months	33.5	34,442,206	20,996,827
Pakistan Investment Bonds (PIBs) - Maturity upto 6 months	33.3	-	5,735,487
Sukuks	33.6	1,510,561	-
	33.7	35,952,767	26,732,314
		143,912,508	46,564,520

33.1 Term deposit receipts carry interest at the rate of 10.5% to 16% (December 31, 2021: 8.5% to 12%) per annum.

33.2 This represented reverse repo from National Bank of Pakistan which carrying interest rate ranging from 16.10% to 16.40% per annum amounting to 6,581,567 thousand (December 31, 2021: Nil) with the maturity date of Jan 3, 2023.

33.3 This represents Pakistan Investment Bonds carrying interest at the rate ranging from 9.00% to 17.67% (2021: 9% to 9.5%) per annum.

33.4 This represents investments in open ended mutual funds. Fair value of these investments is determined using quoted repurchase price. Units held in funds are tabulated below:

	2022		2021	
	No. of units in '000	Rs '000	No. of units in '000	Rs '000
ABL Cash Fund	528,895	5,320,257	681,214	7,043,168
Faysal Income and Growth Fund	62,576	7,245,671	36,078	4,037,161
Pak Oman Government Securities Fund	198,043	2,310,052	88,979	1,001,877
JS Islamic Income Fund	15,240	1,699,996	-	-
JS Microfinance Sector Fund	38,209	3,845,698	-	-
Alfalah GHP Income Multiplier Fund	17,422	1,015,165	-	-
Alfalah GHP Income Multiplier Fund	9,167	534,168	-	-
	869,552	21,971,007	806,271	12,082,206

33.5 This represents market treasury bills having yield of 15.55% to 16.95% (December 31, 2021: 7.40% to 11.45%) per annum.

33.6 Ijarah Sukkuk carries mark up at the rate of 16.45% to 19.30% (2021: Nil) per annum and due to mature in 22 June 2027.

33.7 This includes credit loss allowance amounting to Rs 16,953 thousand (December 31, 2021: Rs 337,506 thousand).

		Note	2022 Rs '000	2021 Rs '000
34.	Cash and bank balances			
	Cash in hand		2,116,029	951,354
	Balances with banks:			
	Local currency			
	Current account maintained with SBP	34.1	5,721,518	2,990,491
	Current accounts	34.2	1,676,399	282,660
	Saving accounts	34.3	2,602,716	8,404,468
			10,000,633	11,677,619
	Foreign currency			
	Current accounts (USD 15,242 thousand: December 31, 2021: 5,291 thousand)		3,451,254	934,039
	Saving accounts (USD 3,543 thousand: December 31, 2021: USD 3,228 thousand, Euro 683 thousand: December 31, 2021: Euro 434 thousand)		965,178	656,583
			4,416,432	1,590,622
		34.4	16,533,094	14,219,595

34.1 This includes balance maintained with SBP to comply with the requirement of Prudential Regulations for microfinance banks to maintain minimum cash reserve not less than 5% (2021: 5%) of U Bank's time and demand deposits with tenure of less than 1 year.

34.2 This includes Rs 12,800 thousand (December 31, 2021: Rs 10,600 thousand) placed under lien with a bank in respect of standby letter of guarantee issued to China Union Pay International.

34.3 These carry mark-up ranging between 6.5% to 18.25% per annum (December 31, 2021: 3.5% to 11.5%).

34.4 Bank balance includes Rs 862 thousand (December 31, 2021: Rs 1, 924 thousand) carrying profit at the rate of 7% per annum (December 31, 2021: 4%) from Shariah arrangements.

		Note	2022 Rs '000	2021 Rs '000
35.	Revenue			
	Broadband & IPTV		35,268,813	31,468,960
	Cellular and other wireless		53,822,692	51,843,695
	Fixed line voice services		9,016,356	9,942,808
	Revenue from retail customers		98,107,861	93,255,463
	Corporate and wholesale		28,263,137	23,977,524
	International		10,307,321	9,342,375
	Banking		14,965,409	11,050,084
	Total revenue	35.1	151,643,728	137,625,446

35.1 Revenue is net of trade discount amounting to Rs 1,772,149 thousand (December 31, 2021: Rs. 1,775,680 thousand) and Federal Excise Duty / Sales tax amounting to Rs 23,416,617 thousand (December 31, 2021: Rs 21,170,133 thousand).

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		Note	2022 Rs '000	2021 Rs '000
36.	Cost of services			
	Staff cost	36.1	15,704,899	15,680,830
	Outsourced staff cost		2,034,300	1,711,821
	Security service charges		1,344,934	1,352,186
	Interconnect cost		3,920,185	5,835,842
	Foreign operators cost and satellite charges		6,990,766	6,761,761
	Fuel and power cost		19,813,899	12,878,439
	Cost of devices sold		1,659,920	1,230,873
	Amortization of contract costs	25	5,603,907	5,250,684
	Rent, rates and taxes		820,562	842,525
	Repairs and maintenance and IT cost		12,051,726	10,012,393
	Depreciation on property, plant and equipment	20.5	27,351,412	25,991,208
	Depreciation on ROU assets	21.1	3,204,711	2,873,988
	Amortization of intangible assets	22.8	6,668,806	4,437,867
	Annual license fee and regulatory charges	36.2	3,390,707	2,947,764
	Markup / interest expense - U Bank		6,837,677	3,324,590
	Other expenses		2,769,995	1,962,938
			120,168,406	103,095,709

36.1 This includes Rs 3,121,098 thousand (December 31, 2021: Rs 3,087,866 thousand) in respect of employees retirement benefits.

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

		Note	2022 Rs '000	2021 Rs '000
37.	Administrative and general expenses			
	Staff cost	37.1	7,322,884	6,632,700
	Outsourced staff cost		329,008	229,092
	Technical services assistance fee	37.2	5,011,850	4,816,891
	Fuel and power cost		666,453	454,013
	Gas and water		102,568	105,060
	Rent, rates and taxes		407,480	325,911
	Repairs and maintenance		1,192,618	980,402
	Travelling and conveyance		673,123	396,896
	Legal and professional charges	37.3	726,357	553,594
	Billing and printing expenses		383,232	372,784
	Depreciation on property, plant and equipment	20.5	1,150,985	1,092,268
	Depreciation on ROU assets	21.1	1,226,920	1,114,346
	Amortization of intangible assets	22.8	337,073	322,021
	Other expenses	38.2	898,666	841,339
			20,429,217	18,237,317

37.1 This includes Rs 717,507 thousand (December 31, 2021: Rs 691,196 thousand) in respect of employees retirement benefits.

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

		2022 Rs '000	2021 Rs '000
37.3	Auditors' remuneration		
	Statutory audit, including half yearly review	14,800	12,800
	Out of pocket expenses	600	600
	Fee for Certifications	2,650	2,607
	Advisory services	1,900	1,051
	Taxation services	-	190
		19,950	17,248

38. Selling and marketing expenses

	Note	2022 Rs '000	2021 Rs '000
Staff cost	38.1	3,182,240	3,309,929
Outsourced staff cost		620,125	522,572
Sales and distribution charges		960,659	794,915
Advertisement and publicity	38.2	3,433,470	3,246,269
Depreciation on property, plant and equipment	20.5	134,219	122,123
Others		230,950	151,415
		8,561,663	8,147,223

38.1 This includes Rs 489,007 thousand (December 31, 2021: Rs 491,937 thousand) in respect of employees retirement benefits.

38.2 (i) Donations that exceed Rs 1,000 thousand are given to the parties given hereunder :

Names of Donees	2022 Rs '000	2021 Rs '000
Rashid Khan Trust	-	7,000
Pakistan Poverty Alleviation fund (PPAF)	-	2,250
PTCL's flood affected employees	10,000	-
Prime Minister flood relief fund	40,000	-
Pakistan Red Crescent	5,000	-
Akhuwat Foundation	5,000	-
	60,000	9,250

(ii) This also includes penalty paid during the year related to various non-compliances identified by the State Bank of Pakistan during its inspection of U Bank.

39. Impairment loss on trade debts and contract assets

	Note	2022 Rs '000	2021 Rs '000
Impairment loss on:			
Trade debts and contract assets	27.4	1,732,727	1,549,339
Loans to banking customers	28.1 , 28.2	(884,660)	1,512,900
		848,067	3,062,239

40. Other income

	Note	2022 Rs '000	2021 Rs '000
Income from financial assets:			
Return on bank deposits	40.1	3,840,141	1,728,442
Interest on investment in Government securities		3,550,113	1,147,398
Late payment surcharge from subscribers		131,570	164,144
Gain on fair value remeasurement of forward exchange contracts		-	1,231,118
Gain on disposal of investments		155,181	140,523
Others		429,652	153,753
		8,106,657	4,565,378
Income from non-financial assets:			
Gain on disposal of property, plant and equipment		2,599,819	883,714
Government grants recognized		2,503,543	2,957,774
Re-chargeable projects income		177,419	326,337
Rental income		1,015,970	853,171
Others		1,243,413	213,894
		7,540,164	5,234,890
		15,646,821	9,800,268

40.1 Return on bank deposits includes Rs 117 thousand (December 31, 2021: Rs 273 thousand) earned from Shariah arrangements.

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41. Finance costs and other expenses

	Note	2022 Rs '000	2021 Rs '000
Interest on:			
Long term loans from banks		13,872,716	5,073,090
Long term vendor liability		2,316,845	1,252,566
Lease liabilities		1,902,613	1,930,576
License fee		1,054,586	258,065
Employee loans - Imputed interest		-	39,064
Exchange loss		5,781,162	2,248,605
Impairment of goodwill on acqisition of DVCOM Data		535,000	-
Bank and other charges		4,241,940	694,227
		29,704,862	11,496,193

42. Income tax

	Note	2022 Rs '000	2021 Rs '000
Current tax			
Current year	30	4,582,689	4,351,726
Prior year		(512,467)	-
Deferred	11		
Current year		(9,104,299)	(991,246)
Prior year		400,993	(2,548,712)
		(8,703,306)	(3,539,958)
		(4,633,084)	811,768

42.1 Reconciliation of effective tax rate:

	2022	2021
Profit before tax (Rupees in thousand)	(12,421,666)	3,387,033
	%	%
Applicable tax rate	33.00	29.00
Reversal of turnover tax of prior period	0.26	0.38
Impact of change in tax rate	(0.35)	-
Income chargeable tax at lower rate	-	(5.55)
Tax effect of amounts that are not deductible for tax purposes	4.02	0.23
Other	0.37	(0.09)
	4.30	(5.03)
Average effective tax rate charged to the consolidated statement of profit or loss	37.30	23.97

43. Non-funded financing facilities

The Holding Company has non funded financing facilities available with banks, which include facilities to avail letters of credit and letters of guarantee. The aggregate facility of Rs 25,232,000 thousand (December 31, 2021: Rs 25,150,000 thousand) and Rs 17,718,000 thousand (December 31, 2021: Rs 15,300,000 thousand) is available for letters of credit and letters of guarantee respectively, out of which the facility availed at the year end is Rs 12,580,000 thousand (December 31, 2021: Rs 13,840,217 thousand) and Rs 11,558,806 thousand (December 31, 2021: Rs 11,867,256 thousand) respectively. The letter of guarantee facility is secured by a hypothecation charge over certain assets of the Holding Company, amounting to Rs 118,316,667 thousand (December 31, 2021: Rs 39,701,000 thousand).

44. Cash generated from operations

	2022 Rs '000	2021 Rs '000
Profit before tax	(12,421,666)	3,387,033
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	28,636,616	27,205,598
Impairment of property, plant and equipment	59,538	147
Depreciation of right of use assets	4,431,631	3,988,334
Amortization of intangible assets	7,005,879	4,759,888
Amortization of contract costs	5,603,907	5,250,684
Reversal for obsolete stores and spares	(223,366)	(177,707)
Impairment loss on trade debts and contract assets	1,732,727	1,549,339
Impairment loss on non performing loans to banking customers	(884,660)	1,512,900
Provision for employees retirement benefits	4,154,707	4,076,241
Gain on disposal of property, plant and equipment	(2,599,819)	(883,714)
Return on bank deposits and Government securities	(7,390,254)	(2,875,840)
Gain on disposal of investments measured at fair value through profit or loss (FVTPL)	(155,181)	(140,523)
Release of deferred government grants	(2,503,543)	(2,957,774)
Finance cost	18,267,007	7,277,948
Impairment of goodwill on acqisition of DVCOM Data	535,000	-
Unearned revenue realised	(159,574)	(130,074)
Exchange gain	(2,700,050)	(787,487)
Imputed interest on loans and advances	21,645	39,064
Imputed interest on lease liabilities	1,902,613	1,930,576
	43,313,157	53,024,633
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade, stores and spares	(2,448,429)	(1,936,577)
Trade debts and contract assets	(12,515,101)	(4,515,458)
Loans to banking customers	(28,006,069)	(5,882,330)
Loans and advances	(2,922,366)	(1,802,355)
Deposits, prepayments and other receivables	9,074,797	(2,637,506)
	(36,817,168)	(16,774,226)
Increase / (decrease) in current liabilities:		
Trade and other payables	18,557,864	9,806,808
Security deposits	166,818	62,696
	18,724,682	9,869,504
	25,220,671	46,119,911

44.1. Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities							Equity	
	Sub-ordinated loan Rs '000	Loans from banks Rs '000	Vendor liability Rs '000	Licence fee payable Rs '000	Lease liabilities Rs '000	Unpaid / unclaimed dividend Rs '000	Interest accrued Rs '000	Revenue reserve Rs '000	Total Rs '000
Balance at December 31, 2021	598,920	80,876,473	45,987,380	25,816,770	18,256,320	210,317	1,033,404	36,604,086	209,383,670
Changes from financing cash flows									
Draw-downs / additions	-	84,830,517	21,279,366		-	-	-	-	106,109,883
Repayments	(149,820)	(11,271,592)	(13,171,910)	(12,047,351)	(5,987,066)	(503)	(17,406,918)	-	(60,035,160)
	(149,820)	73,558,925	8,107,456	(12,047,351)	(5,987,066)	(503)	(17,406,918)	-	46,074,723
Other changes									
Interest cost on lease liabilities	-	-	-	-	1,902,613	-	-	-	1,902,613
Liability related changes	-	-	5,740,482	6,317,746	(23,297)	-	18,290,188		30,325,119
Adjustment on initial application of IFRS 9	-	-	-	-	-	-	-	(3,611,584)	(3,611,584)
	-	-	5,740,482	6,317,746	1,879,316	-	18,290,188	(3,611,584)	28,616,148
Total equity related changes	-	-	-	-	-	-	-	(8,167,525)	(8,167,525)
Balance at December 31, 2022	449,100	154,435,398	59,835,318	20,087,165	14,148,570	209,814	1,916,674	24,824,977	275,907,016
Balance at December 31, 2020	599,160	43,765,075	40,226,922	25,816,770	20,016,417	211,511	1,371,131	35,481,208	167,488,194
Changes from financing cash flows									
Draw-downs / additions	-	45,892,813	12,386,299	-	2,038,743	-	-	-	60,317,855
Repayments	(240)	(8,781,415)	(8,970,105)	-	(5,413,484)	(1,194)	(7,669,892)	-	(30,836,330)
	(240)	37,111,398	3,416,194	-	(3,374,741)	(1,194)	(7,669,892)		29,481,525
Other changes									
Interest cost on lease liabilities	-	-	-	-	1,930,576	-	-	-	1,930,576
Liability related changes	-	-	2,344,264	-	(315,932)	-	7,332,165	-	9,360,497
	-	-	2,344,264	-	1,614,644	-	7,332,165	-	11,291,073
Total equity related changes	-	-	-	-	-	-	-	1,122,878	1,122,878
Balance at December 31, 2021	598,920	80,876,473	45,987,380	25,816,770	18,256,320	210,317	1,033,404	36,604,086	209,383,670

44.2 Cash and cash equivalents

	Note	2022 Rs '000	2021 Rs '000
Cash and bank balances	34	16,533,094	14,219,595
Short term running finance	17	(40,799,207)	(8,227,208)
		(24,266,113)	5,992,387

45. Remuneration of Directors, Chief Executive Officer and Executives

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

	Chairman		Chief Executive Officer		Executives			
					Key management personnel		Other executives	
	2022	2021	2022	2021	2022	2021	2022	2021
					Rs '000			
Managerial remuneration	-	-	185,242	46,022	558,284	551,115	1,852,114	1,677,658
Honorarium	300	300	-	-	-	-	-	-
Retirement benefits	-	-	-	-	55,538	72,146	197,866	189,878
Housing	-	-	72,759	24,842	181,434	246,269	616,111	631,651
Utilities	-	-	-	-	80,111	66,672	213,997	108,171
	300	300	258,001	70,864	875,367	936,202	2,880,088	2,607,358
Bonus paid	-	-	35,244	65,256	168,184	179,947	429,995	348,448
	300	300	293,245	136,120	1,043,551	1,116,149	3,310,083	2,955,806
Number of persons	1	1	1	1	60	77	722	614

The Group also provides free medical and limited residential telephone facilities, to all its executives, including the Chief Executive Officer. The Chairman is entitled to free transport and a limited residential telephone facility, whereas, the Directors of the Group are provided only with limited telephone facilities. Certain executives are also provided with the Group maintained cars. Approximate value of of medical and car facility is Rs 317,822 thousand (December 31, 2021 : Rs 247,462 thousand).

The aggregate amount charged in the consolidated financial statements for the year as fee paid to 21 directors including chairman (December 31, 2021: 20) is Rs 175,956 thousand (December 31, 2021: Rs 201,598 thousand) for attending the Board of Directors, and its sub-committee meetings.

46. Rates of exchange

Assets in US dollars have been translated into Rupees at USD 1 = Rs 226.43 (December 31, 2021: USD 1 = Rs 176.52), while liabilities in US dollars have been translated into Rupees at USD 1 = Rs 226.43 (December 31, 2021: USD 176.52).

47. Financial risk management

47.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2022 Rs '000	2021 Rs '000
USD		
Trade and other payables	(9,328,685)	(7,973,700)
Long term vendor liability	(2,439,593)	(1,747,008)
License fee payable	(14,114,921)	(25,906,624)
Trade debts	28,409,020	17,864,236
Cash and bank balances	4,251,570	1,503,993
Net exposure	6,777,391	(16,259,103)
EUR		
Trade and other payables	(245,980)	(150,516)
Trade debts	292,250	220,032
Long term vendor liability	(30,888)	-
Cash and bank balances	164,861	86,652
Net exposure	180,243	156,168
AED		
Trade and other payables	(4,351)	(3,392)
CNY		
Vendor liability	(27,714,906)	(25,714,980)

The following significant exchange rates were applied during the year:

	2022	2021
Rupees per USD		
Average rate	204.52	162.63
Reporting date rate	226.43	176.52
Rupees per EUR		
Average rate	214.53	192.18
Reporting date rate	241.31	199.64
Rupees per AED		
Average rate	55.68	44.28
Reporting date rate	61.65	48.06
Rupees per CNY		
Average rate	30.32	25.24
Reporting date rate	32.57	27.70

If the functional currency, at the reporting date, had fluctuated by 5% against the USD, AED, EUR and CNY with all other variables held constant, the impact on profit after taxation for the year would have been Rs 737,038 thousand (December 31, 2021: Rs 1,484,656 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

(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 21,971,007 thousand (December 31, 2021: 12,082,206 thousand) which were subject to price risk.

If redemption price on mutual funds at the year end date, fluctuate by 5% higher / lower with all other variables held constant, total comprehensive income for the year would have been 779,971 thousand (December 31, 2021: 428,918) 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 :

Financial assets	2022 Rs '000	2021 Rs '000
Fixed rate instruments:		
Staff loans	1,434,188	1,649,737
Short term investments	56,279,331	25,567,693
Bank balances - savings accounts	3,567,894	9,061,051
	61,281,413	36,278,481
Variable rate instruments:		
Market treasury bills	87,633,177	20,996,827
Loans to banking customers	59,283,994	34,375,729
	146,917,171	55,372,556
	208,198,584	91,651,037

Financial liabilities	2022 Rs '000	2021 Rs '000
Fixed rate instruments:		
Deposits from banking customers	92,183,090	54,756,473
Floating rate instruments:		
Long term loans from banks	154,435,398	80,876,473
Long term vendor liability	18,358,897	15,544,513
License fee payable	12,634,844	24,854,533
Short term running finance	40,799,207	8,227,208
	226,228,346	129,502,727
	318,411,436	184,259,200

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 563,109 thousand (December 31, 2021: Rs 504,596 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:

	2022 Rs '000	2021 Rs '000
Long term loans and advances	1,307,997	1,476,477
Trade debts and contract assets	41,375,661	29,190,559
Loans to banking customers	59,283,994	34,375,729
Loans and advances	5,953,521	3,007,260
Deposits and other receivables	8,502,774	15,162,306
Short term investments	143,912,508	46,564,520
Bank balances	14,417,065	13,268,241
	274,753,520	143,045,092

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 848,067 thousand (December 31, 2021: Rs 3,062,239 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
MCB Islamic Bank Limited	A-1	A	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
The Bank of Punjab	A-1+	AA+	PACRA
Habib Bank Limited	A-1+	AAA	VIS
Askari Bank Limited	A-1+	AA+	PACRA
Allied Bank Limited	A-1+	AAA	PACRA
United Bank Limited	A-1+	AAA	VIS
BankIslami Pakistan Limited	A-1	A+	PACRA
Bank Al-Habib Limited	A-1+	AAA	PACRA
Faysal Bank Limited	A-1+	AA	PACRA
Citi Bank, N.A	P-1	Aa3	Moody's
Albaraka Bank (Pakistan) Limited	A-1	A+	VIS
Mobilink Microfinance Bank Limited	A-1	A	PACRA
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS
JS Bank Limited	A-1+	AA-	PACRA
Sindh Bank Limited	A-1	A+	VIS
SME Bank Limited	B	CCC	PACRA
SilkBank Limited	A-2	A-	VIS
Standard Chartered Bank (Pakistan) Limited	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	VIS
The Bank of Khyber	A-1	A+	VIS
First Women Bank Limited	A-2	A-	PACRA
Samba Bank Limited	A-1	AA	VIS
U Microfinance Bank Limited	A-1	A+	VIS
Khushhali Microfinance Bank Limited	A-1	A+	VIS
Telenor Microfinance Bank Limited	A-1 A	A	VIS

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group follows an effective cash management and planning policy to ensure availability of funds, and to take appropriate measures for new requirements.

The following are the contractual maturities of the Group's financial liabilities:

As at December 31, 2022	Gross amount	Less than one year	One to five years	More than five years
	Rs. '000			
Long term loans from banks	154,435,398	76,174,791	60,488,617	17,771,990
Lease liabilities	17,918,268	4,476,012	11,588,137	1,854,119
Security deposits	1,531,698	1,531,698	-	-
Long term vendor liability	59,835,318	15,915,561	43,919,757	-
Trade and other payables	83,375,722	83,375,722	-	-
Interest accrued	1,916,674	1,916,674	-	-
License fee payable	13,769,419	164,459	13,026,416	578,544
Unpaid / Unclaimed Dividend	209,814	209,814	-	-
Short term running finance	40,799,207	40,799,207	-	-
Deposits from banking customers	92,183,090	90,910,070	1,273,020	-
	490,268,545	339,767,945	130,295,947	20,204,653
As at December 31, 2021				
Long term loans from banks	80,876,473	28,634,429	41,575,377	10,666,667
Lease liabilities	18,256,320	3,388,099	11,270,175	3,598,046
Security deposits	1,364,880	1,364,880	-	-
Long term vendor liability	45,987,380	10,386,943	35,600,437	-
Trade and other payables	91,274,653	91,274,653	-	-
Interest accrued	1,033,404	1,033,404	-	-
License fee payable	25,816,770	4,809,781	20,474,092	532,897
Unpaid / Unclaimed Dividend	210,317	210,317	-	-
Short term running finan	8,227,208	8,227,208	-	-
Deposits from banking customers	54,756,473	53,432,764	1,323,709	-
	327,803,878	202,762,478	110,243,790	14,797,610

47.2 Fair value of financial instruments

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

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

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

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

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

Details of the Group's assets / (liabilities) fair value hierarchy as at December 31 are as follows:

		Level 1	Level 2	Level 3	Total
		Rupees '000			
Long term other investments	2022			51,427	51,427
Market treasury bills	2022	-	54,768,770	-	54,768,770
Interest rate swap	2022	-	-	913	913
Forward exchange contracts	2022	-	(442,318)	-	(442,318)
Long term other investments	2021		-	51,427	51,427
Market treasury bills	2021	-	20,996,827	-	20,996,827
Interest rate swap	2021	-	-	(15,497)	(15,497)
Forward exchange contracts	2021	-	1,492,975	-	1,492,975

Measurement of fair value

Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Sensitivity of input to fair value
Non listed equity investments - Thuraya Satellite Telecommunication Company	Discounted cash flows: The valuation model considers the present value of projected cash flows, discounted using long term discount rate that reflect the risk inherent to the investment in these equity instruments	Long term discount rate 9% (31 December 2021: 10%)	1% (31 December 2021: 1%) increase (decrease) in the discount rate would decrease (increase) the fair value by Rs 434,200 thousand (Rs 443,080 thousand) (31 December 2021: Rs 2,700 thousand (Rs 3,290 thousand)).
		Future free cash flows	1% (31 December 2021: 1%) increase (decrease) in the future free cash flows would decrease (increase) the fair value by Rs.1,887,690 thousand (Rs 1,819,700 thousand (31 December 2021: Rs. 1,330 thousand (Rs 1,280 thousand)).
Non listed equity investments - Alcatel - Lucent Pakistan Limited	Discounted cash flows: The valuation model considers the present value of projected cash flows, discounted using long term discount rate that reflect the risk inherent to the investment in these equity instruments	Long term discount rate 15.5% (31 December 2021: 10%)	1% (31 December 2021: 1%) increase (decrease) in the discount rate would decrease (increase) the fair value by Rs 171,010 thousand (Rs 173,890 thousand) (31 December 2021: Rs 551,940 thousand (Rs 675,570 thousand)).
		Future free cash flows	1% (31 December 2021: 1%) increase (decrease) in the future free cash flows would decrease (increase) the fair value by Rs 760,880 thousand (Rs 736,110 thousand) (31 December 2021:Rs. 238,160 thousand (Rs 230,110 thousand)).
Interest rate Swap	The fair value is calculated as the present value of estimated future cashflows	Not Applicable	Not Applicable

47.3 Financial instruments by categories - 2022

	FVOCI - equity instruments	FVTPL - equity instruments	FVTPL - debt instruments	FVOCI - debt instruments	Financial assets at amortized cost	Total
	Rs '000					
Financial assets as per consolidated statement of financial position						
Long term other investments	51,427	-		-	-	51,427
Debt securities- treasury bills	-	-	20,326,564	34,442,206	-	54,768,770
Long term loans and advances	-	-		-	7,261,518	7,261,518
Trade debts and contract assets	-	-		-	41,375,661	41,375,661
Loans to banking customers	-	-		-	59,283,994	59,283,994
Receivable from the Government of Pakistan	-	-		-	2,164,072	2,164,072
Other receivables	-	-		-	8,502,774	8,502,774
Short term investments	-	21,971,007	53,389,725	1,510,561	12,272,445	89,143,738
Cash and bank balances	-	-		-	16,533,094	16,533,094

Financial liabilities as per consolidated statement of financial position	Amortized cost
Loans from Banks	154,435,398
Subordinated debts	449,100
Vendor liability	59,835,318
Trade and other payables	107,669,659
Security deposits	1,531,698
Unpaid / unclaimed dividend	209,814
License fee payable	13,769,419
Lease liabilities	17,918,268
Interest accrued	1,916,674
Short term running finance	40,799,207

Financial instruments by categories - 2021

	FVOCI - equity instruments	FVTPL - equity instruments	FVTPL - debt instruments	FVOCI - debt instruments	Financial assets at amortized cost	Total
	Rs '000					
Financial assets as per consolidated statement of financial position						
Long term other investments	51,427	-	-	-	-	51,427
Debt securities- treasury bills	-	-	-	20,996,827	-	20,996,827
Long term loans and advances	-	-	-	-	4,483,737	4,483,737
Trade debts and contract assets	-	-	-	-	29,190,559	29,190,559
Loans to banking customers	-	-	-	-	34,375,729	34,375,729
Receivable from the Government of Pakistan	-	-	-	-	2,164,072	2,164,072
Other receivables	-	-	-	-	15,162,306	15,162,306
Short term investments	-	12,082,206	-	5,735,487	7,750,000	25,567,693
Cash and bank balances	-	-	-	-	14,219,595	14,219,595

Financial liabilities as per consolidated statement of financial position	Amortized cost
Loans from banks	80,876,473
Subordinated debts	598,920
Vendor liability	45,987,380
Trade and other payables	91,274,653
Security deposits	1,364,880
Unpaid / unclaimed dividend	210,317
License fee payable	25,816,770
Lease liabilities	18,256,320
Interest accrued	1,033,404
Short term running finance	8,227,208

NOTES TO AND FORMING PART OF THE
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FOR THE YEAR ENDED DECEMBER 31, 2022

47.4 Capital Risk Management

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

The Group's objectives when managing capital are:

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

(ii) to provide an adequate return to shareholders.

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

U Bank

As per amendments on Prudential Regulations (R-1) issued vide BPRD Circular No. 10 of 2015 dated 3 June 2015, the minimum paid up capital requirement (MCR), free of losses for Microfinance Banks operating at national level is Rs. 1,000,000 thousand as at 31 December 2022. As of 31 December 2022, the net equity of U Bank stood at Rs 6,029,000 thousand (2021: Rs 7,491,000 thousand).

The capital of U Bank is managed keeping in view the minimum CAR (15%) required by the Prudential Regulations for Microfinance Banks / Institutions. The adequacy of the capital is tested with reference to the risk-weighted assets of U Bank. The calculation of capital adequacy enables U Bank to assess the long-term soundness. As U Bank conducts business on a wide area network basis, it is critical that U Bank continuously monitor the exposure across the entire organization.

As at 31 December 2022, U Bank's Capital adequacy ratio (CAR) was appropriately 15.85% (2021: 18.50%) of its weighted exposure, as against the minimum requirement of 15% prescribed by SBP.

48. Employees' Provident Funds

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

49. Transactions with related parties

The Government of Pakistan and Etisalat International Pakistan (EIP), UAE are the majority shareholders of the Group. Additionally, the Group's associate T.F. Pipes Limited, Directors, Chief Executive, Key management personnel and employees retirement benefits are also related parties of the Group. The remuneration of the Directors, Chief Executive and Executives is given in note 45 to these Consolidated Financial Statements. The amounts due from and due to these related parties are disclosed in the respective notes including note 12, 13, 16, 23, 24, 27, 29, 30, 31 and 32. The Holding Company has also issued a letter of comfort and corporate guarantee in favour of PTML as disclosed in note 19.17. The Group had transactions with the following related parties during the year:

Particulars	Aggregate % of Shareholding in the Holding Company
Shareholders	62.18%
The Government of Pakistan	26%
Etisalat International Pakistan	
Associated undertakings	
Emirates Telecommunication Corporation - Ultimate Parent Company	
Etisalat - Afghanistan	Not applicable
Etihad Etisalat Company	Not applicable
Etisalat - Egypt	Not applicable
Etisalat - Nigeria	Not applicable
Emirates Data Clearing House	Not applicable
TF Pipes Limited	Not applicable
Telecom Foundation	Not applicable
Pakistan MNP Database (Guarantee) Limited	Not applicable
Employees retirement benefit plans	
Pakistan Telecommunication Employees Trust	Not applicable
PTCL - General Provident Fund Trust	Not applicable
PTML - Employees Provident Fund	Not applicable
PTCL - Employees Gratuity Fund	Not applicable
PTML - Employees Gratuity Fund	Not applicable
U Bank - Employees Provident Fund	Not applicable
U Bank - Employees Gratuity Fund	Not applicable
Other related parties	
Pakistan Telecommunication Authority	Not applicable
Universal Service Fund - The Government of Pakistan	Not applicable
National ICT R&D Fund	Not applicable
Pakistan Electronic Media Regularity Authority	Not applicable

Chief Executive, directors and key management personnel

The Group also has transactions with Chief Executive Officer, directors and other key management personnel which are disclosed in note 24 and 45 to these financial statements.

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

Names	Country of Incorporation	Basis of Association
Holding Company		
Etisalat International Pakistan	United Arab Emirates	Holding Company
Associated Companies		
Emirates Telecommunication Corporation	United Arab Emirates	Associate of the Holding Company
Etisalat - Afghanistan	Afghanistan	Associate of the Holding Company
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	2022 Rs '000	2021 Rs '000
Shareholders		
Technical services assistance fee	5,011,850	4,816,891
Associates		
Sale of goods and services	6,716,693	4,642,156
Purchase of goods and services	1,048,884	651,539
Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	24,000	32,250
Rentals paid to Pakistan Telecommunication Employees Trust (PTET)	756,023	687,294
Employees retirement benefit plan		
Contribution to PTET	822,813	807,959
Contribution to Gratuity Fund	475,956	423,121
Contribution to Provident Fund	172,905	196,829
Other related party		
Charge under license obligations	2,084,764	1,744,046

50. Operating segment information

50.1 Management has determined the operating segments based on the information that is presented to the Board of Directors for allocation of resources and assessment of performance. The Group is organized into three operating segments i.e. fixed line communications (Wireline), wireless communications (Wireless) and banking. The reportable operating segments derive their revenue primarily from voice, data and other services.

50.2 The Board of Directors monitor the results of the above mentioned segments for the purpose of making decisions about the resources to be allocated and for assessing performance based on consolidated comprehensive income for the year.

50.3 The segment information for the reportable segments is as follows:

	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
Year ended December 31, 2022				
Segment revenue	81,325,484	62,396,275	14,966,147	158,687,906
Inter - segment revenue	(5,670,912)	(1,372,528)	(738)	(7,044,178)
Revenue from external customers	75,654,572	61,023,747	14,965,409	151,643,728
Segment results	8,597,403	(18,635,941)	2,249,956	(7,788,582)
Year ended December 31, 2021				
Segment revenue	74,328,780	58,806,476	11,050,433	144,185,689
Inter - segment revenue	(5,159,621)	(1,400,273)	(349)	(6,560,243)
Revenue from external customers	69,169,159	57,406,203	11,050,084	137,625,446
Segment results	6,672,664	(5,208,436)	1,111,037	2,575,265

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, 2022				
Segment assets	219,832,894	204,880,573	218,673,777	643,387,244
Segments liabilities	173,303,293	180,804,295	212,104,892	566,212,480
As at December 31, 2021				
Segment assets	184,828,498	193,039,942	102,974,597	480,843,037
Segments liabilities	132,033,093	166,394,841	94,310,334	392,738,268

50.4 Other segment information is as follows:

	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
Year ended December 31, 2022				
Depreciation	15,321,580	12,827,767	487,269	28,636,616
Amortization	603,229	6,338,094	64,556	7,005,879
Finance cost	(1,016,642)	23,267,660	7,453,844	29,704,862
Interest income	275,869	37,556	7,076,829	7,390,254
Income tax expense	4,325,356	(9,114,354)	155,914	(4,633,084)
Year ended December 31, 2021				
Depreciation	14,787,269	12,013,366	404,964	27,205,599
Amortization	499,678	4,209,836	50,374	4,759,888
Finance cost	328,844	8,894,494	2,272,855	11,496,193
Interest income	784,417	(92,501)	2,183,924	2,875,840
Income tax expense	2,723,453	(2,129,683)	217,998	811,768

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

50.6 The amounts of revenue from external parties, total segment assets and segment liabilities are measured in a manner consistent with that of the financial information reported to the Board of Directors.

51. Number of employees

	2022 (Number)	2021 (Number)
Total number of persons employed at year end	21,425	21,852
Average number of employees during the year	21,432	21,812

52. Offsetting of financial assets and liabilities

	Gross amounts 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, 2022					
Trade debts	32,344,423	(6,953,681)	25,390,742	24,501,688	49,892,430
Trade creditors	(7,955,008)	6,953,681	(1,001,327)	(18,611,279)	(19,612,606)
As at December 31, 2021					
Trade debts	23,144,418	(7,564,956)	15,579,462	21,267,135	36,846,597
Trade creditors	(8,144,923)	7,564,956	(579,967)	(13,079,179)	(13,659,146)

53. Date of authorization for issue

These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company on February 15, 2023.

Chief Financial Officer

President & CEO

Chairman

NOTES

ANNEXES

Company's Annexes

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2022

No. of Shareholders	Shareholdings From	To	Total Shares held
24,569	1	100	2,418,449
8,773	101	500	2,729,080
2,876	501	1,000	2,552,087
3,436	1,001	5,000	9,539,507
1,153	5,001	10,000	9,542,119
452	10,001	15,000	5,896,897
334	15,001	20,000	6,201,876
238	20,001	25,000	5,626,098
157	25,001	30,000	4,459,675
81	30,001	35,000	2,683,400
83	35,001	40,000	3,232,698
44	40,001	45,000	1,896,371
144	45,001	50,000	7,156,608
35	50,001	55,000	1,884,801
41	55,001	60,000	2,421,200
29	60,001	65,000	1,812,780
26	65,001	70,000	1,786,500
27	70,001	75,000	2,008,600
22	75,001	80,000	1,724,600
13	80,001	85,000	1,086,264
22	85,001	90,000	1,956,806
15	90,001	95,000	1,390,000
90	95,001	100,000	8,983,528
10	100,001	105,000	1,023,000
16	105,001	110,000	1,734,250
9	110,001	115,000	1,021,500
8	115,001	120,000	948,000
13	120,001	125,000	1,609,306
4	125,001	130,000	514,300
8	130,001	135,000	1,067,540
11	135,001	140,000	1,522,992
5	140,001	145,000	713,200
20	145,001	150,000	2,985,531
4	150,001	155,000	610,500
9	155,001	160,000	1,429,517
6	160,001	165,000	973,000
3	165,001	170,000	509,500
4	170,001	175,000	700,000
5	175,001	180,000	887,100
3	180,001	185,000	547,117
4	185,001	190,000	751,500
1	190,001	195,000	195,000
30	195,001	200,000	5,999,000
3	200,001	205,000	607,000
5	205,001	210,000	1,047,500
3	210,001	215,000	642,000
3	215,001	220,000	651,500
5	220,001	225,000	1,115,000
2	225,001	230,000	453,500
3	230,001	235,000	700,678
3	235,001	240,000	714,384
1	240,001	245,000	245,000
8	245,001	250,000	1,994,000
2	250,001	255,000	502,500
3	255,001	260,000	771,500
3	265,001	270,000	804,500
3	270,001	275,000	823,500

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2022

No. of Shareholders	Shareholdings From	To	Total Shares held
2	275,001	280,000	556,500
3	290,001	295,000	884,000
11	295,001	300,000	3,296,000
1	300,001	305,000	300,500
2	305,001	310,000	620,000
1	315,001	320,000	319,500
1	320,001	325,000	325,000
2	325,001	330,000	651,732
4	330,001	335,000	1,334,000
1	335,001	340,000	337,500
3	345,001	350,000	1,050,000
1	350,001	355,000	353,900
1	365,001	370,000	367,500
1	370,001	375,000	375,000
1	375,001	380,000	376,000
1	385,001	390,000	387,073
1	390,001	395,000	392,500
5	395,001	400,000	2,000,000
1	405,001	410,000	410,000
2	410,001	415,000	826,500
1	420,001	425,000	420,500
1	425,001	430,000	430,000
2	430,001	435,000	864,000
1	435,001	440,000	436,000
5	445,001	450,000	2,250,000
2	460,001	465,000	928,000
2	470,001	475,000	947,800
2	475,001	480,000	955,200
1	485,001	490,000	485,500
7	495,001	500,000	3,500,000
2	505,001	510,000	1,017,877
1	510,001	515,000	511,500
2	520,001	525,000	1,050,000
2	535,001	540,000	1,078,500
2	545,001	550,000	1,100,000
1	555,001	560,000	560,000
1	565,001	570,000	567,500
4	595,001	600,000	2,399,500
1	600,001	605,000	604,000
2	605,001	610,000	1,215,000
2	645,001	650,000	1,300,000
1	650,001	655,000	651,000
1	670,001	675,000	674,000
1	690,001	695,000	690,400
1	695,001	700,000	700,000
1	700,001	705,000	705,000
1	715,001	720,000	720,000
1	745,001	750,000	750,000
1	780,001	785,000	783,500
3	795,001	800,000	2,400,000
1	825,001	830,000	829,500
1	835,001	840,000	838,000
1	860,001	865,000	864,000
1	865,001	870,000	870,000
1	880,001	885,000	884,000
1	895,001	900,000	900,000
2	920,001	925,000	1,846,000

PATTERN OF
SHAREHOLDING
AS AT DECEMBER 31, 2022

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares held
1	935,001	940,000	936,000
1	965,001	970,000	965,400
4	995,001	1,000,000	4,000,000
1	1,000,001	1,005,000	1,001,000
1	1,005,001	1,010,000	1,010,000
1	1,080,001	1,085,000	1,083,103
2	1,145,001	1,150,000	2,295,700
3	1,195,001	1,200,000	3,600,000
1	1,245,001	1,250,000	1,250,000
1	1,250,001	1,255,000	1,251,500
1	1,305,001	1,310,000	1,306,000
1	1,325,001	1,330,000	1,326,000
1	1,395,001	1,400,000	1,400,000
1	1,415,001	1,420,000	1,420,000
1	1,450,001	1,455,000	1,451,000
2	1,495,001	1,500,000	3,000,000
2	1,530,001	1,535,000	3,064,000
1	1,560,001	1,565,000	1,564,500
1	1,610,001	1,615,000	1,614,000
1	1,670,001	1,675,000	1,670,500
1	1,695,001	1,700,000	1,700,000
1	1,805,001	1,810,000	1,810,000
1	1,845,001	1,850,000	1,850,000
1	1,890,001	1,895,000	1,894,500
3	1,995,001	2,000,000	6,000,000
1	2,005,001	2,010,000	2,010,000
1	2,025,001	2,030,000	2,029,500
1	2,095,001	2,100,000	2,100,000
1	2,145,001	2,150,000	2,148,500
1	2,180,001	2,185,000	2,180,500
2	2,195,001	2,200,000	4,400,000
1	2,345,001	2,350,000	2,350,000
1	2,395,001	2,400,000	2,400,000
1	2,435,001	2,440,000	2,439,884
1	2,615,001	2,620,000	2,617,562
1	2,995,001	3,000,000	3,000,000
1	3,080,001	3,085,000	3,084,050
1	3,095,001	3,100,000	3,099,500
1	3,140,001	3,145,000	3,143,000
1	3,220,001	3,225,000	3,220,500
1	3,265,001	3,270,000	3,265,500
1	3,345,001	3,350,000	3,347,600
1	3,380,001	3,385,000	3,384,139
1	3,895,001	3,900,000	3,900,000
3	3,995,001	4,000,000	12,000,000
1	4,030,001	4,035,000	4,033,500
1	4,215,001	4,220,000	4,219,000
1	4,495,001	4,500,000	4,500,000
1	4,695,001	4,700,000	4,700,000
1	5,335,001	5,340,000	5,340,000
1	5,495,001	5,500,000	5,500,000
1	6,395,001	6,400,000	6,400,000
1	6,515,001	6,520,000	6,518,500
1	6,545,001	6,550,000	6,549,000
1	6,620,001	6,625,000	6,625,000
1	6,815,001	6,820,000	6,818,000
1	8,995,001	9,000,000	9,000,000

PATTERN OF
SHAREHOLDING
AS AT DECEMBER 31, 2022

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares held
1	11,590,001	11,595,000	11,595,000
1	13,540,001	13,545,000	13,544,500
1	15,405,001	15,410,000	15,407,500
1	33,620,001	33,625,000	33,625,000
1	52,325,001	52,330,000	52,325,854
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
43,069			5,100,000,000

CATEGORIES OF SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022

S.No.	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
1.	Directors, Chief Executive Officer, and their spouses and minor children	9	9	0.00
2.	President of Pakistan	2	3,171,067,993	62.18
3.	Associated Companies, Undertakings and related Parties	2	1,326,000,000	26.00
4.	NIT and ICP	2	3,000	0.00
5.	Banks, Development Financial Institutions, Non Banking Financial Institutions	20	108,462,587	2.13
6.	Insurance Companies	16	105,681,936	2.07
7.	Modarabas and Mutual Funds	17	9,331,743	0.18
8.	Shareholders holding 10%	4	4,497,067,993	88.18
9.	General Public :			
	a. local	42,577	245,033,560	4.80
	b .Foreign	193	126,800	0.00
10.	Others	231	134,292,372	2.63
	Total (excluding : shareholders holding 10%)	43,069	5,100,000,000	100.00

Trades in PTCL Shares

The Directors, Chief Executive Officer, Chief Finanical Officer, Company Secretary, Head of Internal Audit and their spouses and minor children have not traded in PTCL shares during the year ended December 31, 2022.

INFORMATION OF
SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022

sr. No.	Shareholder's category	Number of Sharehoders	Number of share held
i.	Associated Companies, Undertaking and Related Parties		
	ETISALAT INTERNATIONAL PAKISTAN (LLC) - FIRST CDC ACCOUNT	1	918190476
	ETISALAT INTERNATIONAL PAKISTAN (LLC) SECOND CDC ACCOUNT	1	407809524
	TOTAL >>	2	1,326,000,000
ii.	Mutual Funds		
	CDC - TRUSTEE ABL STOCK FUND	1	14,500
	CDC - TRUSTEE AKD INDEX TRACKER FUND	1	157,017
	CDC - TRUSTEE AKD OPPORTUNITY FUND	1	35,000
	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	207,500
	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
	DCCL - TRUSTEE AKD ISLAMIC STOCK FUND	1	864,000
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	5,000
	TOTAL>>	9	8,190,143
iii.	Directors and their spouses		
	MR. MOHSIN MUSHTAQ CHANDNA	1	1
	MR. ABDULRAHIM A. AL NOORYANI	1	1
	MR. HATEM DOWIDAR	1	1
	MR. AHAD KHAN CHEEMA	1	1
	MR. HAMED YAQOOB SHEIKH	1	1
	DR. IRAM ANJUM KHAN	1	1
	MR. MIKHAIL GERCHUK	1	1
	DR. MOHAMED KARIM BENNIS	1	1
	MR. BURAK SEVILENGUL	1	1
	TOTAL >>	9	9
	Executives		
	TOTAL>> -	-	
	Public Sector Companies and Corporations		
	TOTAL >>	4	113,627,274
	Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
	TOTAL >>	51	167,782,126
	Shareholders holding five percent or more voting Rights in the Listed Company		
	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 EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the twenty eighth Annual General Meeting (the 'meeting') of Pakistan Telecommunication Company Limited (the 'Company') will be held on Friday, April 28, 2023 at 10:30 a.m. at PTCL Office, Sector G-8/4, Islamabad, to transact the following business:

A. Ordinary Business

1. To confirm minutes of the 27th Annual General Meeting held on April 28, 2022.
2. To receive, consider and adopt the Audited Accounts for the year ended December 31, 2022, together with the Auditors' and Directors' reports.
3. To appoint Auditors for the financial year ending December 31, 2023 and to fix their remuneration.

B. Special Business

4. To obtain approval/consent of the shareholders pursuant to the provisions of SRO No. 389(I)/2023 dated March 21, 2023 issued by Securities and Exchange Commission of Pakistan for circulation of Company's annual audited financial statements through QR enabled code and weblink.
5. To transact any other business with the permission of the Chair.

By order of the Board

Saima Akbar Khattak
Company Secretary

Islamabad
Dated: April 06, 2023.

NOTICE OF THE
TWENTY EIGHTH ANNUAL GENERAL MEETING

Notes:

1. Participation in the Annual General Meeting

A Coronavirus Contingency Planning for the Annual General Meeting

In compliance with the instructions of Securities and Exchange Commission of Pakistan (the 'Commission') promulgated vide its various Circulars, the Members are encouraged to attend the AGM through video-link or by consolidating their attendance through proxies. The Members who are willing to attend and participate at the AGM through video-link are required to register their particulars by sending an email at company.secretary@ptclgroup.com. Such Members are requested to register by providing their credentials i.e. Name, Folio Number, Scanned copy of CNIC (both sides), Cell Phone Number and Number of Shares held in their name through email with subject 'Registration for PTCL's AGM'. Video link and login details will be shared with only those Members whose emails, containing all the required particulars, are received at the given email address before 05:00 p.m. on April 26, 2023. The Members can also provide their comments and suggestions related to the agenda items of the AGM at email address: company.secretary@ptclgroup.com

The Company will follow the best practices and comply with the instructions of the Government and the Commission to ensure protective measures are in place for wellbeing of its Members.

B Any member of the Company entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend and vote on his/her behalf. A corporate entity, being a member, may appoint any person, regardless of 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 19, 2023 to April 28, 2023 (both days inclusive). Transfers received by our Share Registrar, FAMCO Associates (Pvt.) Limited at 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi at the close of business on April 18, 2023 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.

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, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.

Shareholders who hold shares with CDC or Participants/ Stock Brokers, are advised to provide the mandate to CDC or their Participants/ Stock Brokers.

6. Further Guidelines for CDC Account Holders

CDC account holders will have to follow the guidelines issued by the SECP through its Circular 1 of January 26, 2000, stated herein below:

A. For Attending the Meeting

(i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the Meeting.

(ii) In case of corporate entity, a resolution of the Board of Directors / Power of Attorney with specimen signature of the nominee shall be produced (unless the same has been provided to the Company earlier) at the time of the Meeting.

B. For appointing Proxies

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
(ii) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be stated on the proxy form.
(iii) Attested copies of CNICs or passports of the beneficiary owner and the proxy shall be attached with the proxy form.
(iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
(v) In case of corporate entity, a resolution of the Board of Directors/ Power of Attorney with specimen signature should be submitted along with the proxy form to the Company.

7. Consent for Video Conference Facility

Members can also avail video conference facility in Karachi & Lahore. In this regard please fill the following and submit to registered address of the Company at least 10 days before holding of the meeting.

The video facility will be provided only if the Company receives consent from members holding in aggregate 10% or more shareholding residing at Karachi or Lahore, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of meeting along with complete information necessary to enable them to access such facility.

I/we _________of___________, being a member of Pakistan Telecommunication Company Limited holder of _________ Ordinary Shares(s) as per Register 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.

NOTICE OF THE
TWENTY EIGHTH ANNUAL GENERAL MEETING

9. Deduction of withholding tax on the amount of dividend

The following information is being disseminated for information of the members in accordance with the instructions of the SECP promulgated vide its Circular No. 19/2014 of October 24, 2014;

(i) The Government of Pakistan through Finance Act has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a) For filers of income tax returns: 15%
(b) For non-filers of income tax returns: 30%

All shareholders whose names are not entered into the Active Tax-pavers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of future cash dividend otherwise tax on their cash dividend will be deducted as per the rates prescribed by the authority.

(ii) For any further query / problem / information, the investors may contact Company's Share Registrar FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi (Ph. # +9221- 34380101 and +9221-34380102. Email: info.shares@famco.com.pk).

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number ("NTN") updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to Company or its Share Registrar, FAMCO Associates (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

10. Conversion of physical shares into book entry form

Pursuant to the provisions of Section 72(2) of the Companies Act, 2017, Shareholders having physical shareholding are encouraged to open a CDC Sub - Account with any authorized Broker or Investor Account directly with CDC, to convert their existing physical shares into scrip less form. It would be pertinent to note that per the existing regulations of the Pakistan Stock Exchange Limited, trading of physical shares is not permitted. Conversion of physical shares into scrip less form will facilitate the shareholders in many ways e.g. safe custody and ease of sale or purchase of shares at their convenience.

Statement under Section 134(3) of the Companies Act, 2017

This statement sets out the material fact concerning special business to be transacted at the twenty eighth Annual General Meeting of Pakistan Telecommunication Company Limited (the "Company") to be held on April 28, 2023.

Pursuant to the provisions of the SRO No. 389(I)/2023 dated March 21, 2023 issued by Securities and Exchange Commission of Pakistan ("SECP"), the Company is required to obtain the approval of its shareholders for circulation of its annual audited financial statements through QR enabled code and weblink. Accordingly, the following draft resolution with or without amendments has been proposed for approval of the shareholders in the general meeting.

Resolved that the Company Secretary be and is hereby authorized to circulate Company's annual audited financial statements together with reports and documents required to be annexed thereto to its shareholders through QR enabled code and weblink.

The Directors of the Company have no direct or indirect interest in the special business. The special business is only proposed to comply with the relevant provisions of the SRO issued by the SECP.

FORM OF PROXY

PAKISTAN TELECOMMUNICATION COMPANY LIMITED

ptcl

I / We ______________________________

of ______________________________

being a member of **Pakistan Telecommunication Company Limited,** and a holder of ______________

Ordinary Shares as per Share Register Folio No. ______________ and / or CDC Participant 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 Eight Annual General Meeting of the Company to be held on Friday, April 28, 2023 at 10:30 a.m. and at any adjournment thereof.

Signed this ______________ day of ______________ 2023.

Five Rupees Revenue stamp

For beneficial owners as per CDC List.

1. Witness	2. Witness
Signature	Signature
Name ______________	Name ______________
Address ______________	Address ______________
CNIC No. [ ][ ][ ][ ][ ]-[ ][ ][ ][ ][ ][ ][ ]-[ ]	CNIC No. [ ][ ][ ][ ][ ]-[ ][ ][ ][ ][ ][ ][ ]-[ ]
or Passport 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 Head Office, Room # 17, Plot # 55-C, Ufone Tower, Jinnah Avenue, Blue Area, 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

Room # 17, Plot # 55-C, Ufone Tower,

Jinnah Avenue, Blue Area, 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 تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے 28 ویں سالانہ اجلاس عام، جو بتاریخ 28 اپریل 2023ء بروز جمعہ بوقت 10:30 بجے صبح منعقد ہو رہا ہے یا اس کے ملتوی شدہ اجلاس میں شرکت کرسکیں اور ووٹ ڈال سکیں۔

مورخہ: ____________________

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

گواہان:

1.	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
کمرہ نمبر17، پلاٹ نمبر C-55، یوفون ٹاور ،
جناح ایونیو، بلیو ایریا،
اسلام آباد-44000 پاکستان