



Pak Datacom



PAK DATACOM LIMITED

**Condensed Interim
Financial Statements**
For the Nine Months Period Ended
March 31, 2021

COMPANY INFORMATION

BOARD OF DIRECTORS

- | | |
|-------------------------------|-----------------------------------------------|
| 1. Syed Zomma Mohiuddin | <i>Chairman / Non-Executive Director</i> |
| 2. Brig (R) Syed Zulfiqar Ali | <i>Chief Executive / Executive Director</i> |
| 3. Ms. Rubina Safir | <i>Independent Director / Female Director</i> |
| 4. Engr. Perwaiz Khan | <i>Non-Executive Director</i> |
| 5. Syed Junaid Imam | <i>Non-Executive Director</i> |
| 6. Mr. Abdul Khaliq Shaikh | <i>Non-Executive Director</i> |
| 7. Mr. Shahmim Sherazi | <i>Independent Director</i> |
| 8. Mr. Muhammad Waheed | <i>Non-Executive Director</i> |

AUDIT COMMITTEE

- | | |
|------------------------|--------------------|
| 1. Ms. Rubina Safir | <i>Chairperson</i> |
| 2. Mr. Shahmim Sherazi | <i>Member</i> |
| 3. Mr. Muhammad Waheed | <i>Member</i> |

HUMAN RESOURCE & REMUNERATION COMMITTEE

- | | |
|----------------------------|-----------------|
| 1. Mr. Shahmim Sherazi | <i>Chairman</i> |
| 2. Mr. Abdul Khaliq Shaikh | <i>Member</i> |
| 3. Ms. Rubina Safir | <i>Member</i> |
| 4. Syed Junaid Imam | <i>Member</i> |

PROCUREMENT COMMITTEE

- | | |
|----------------------------|-----------------|
| 1. Syed Zomma Mohiuddin | <i>Chairman</i> |
| 2. Mr. Abdul Khaliq Shaikh | <i>Member</i> |
| 3. Engr. Perwaiz Khan | <i>Member</i> |
| 4. Mr. Muhammad Waheed | <i>Member</i> |

NOMINATION COMMITTEE

- | | |
|-------------------------|-----------------|
| 1. Syed Zomma Mohiuddin | <i>Chairman</i> |
| 2. Syed Junaid Imam | <i>Member</i> |
| 3. Engr. Perwaiz Khan | <i>Member</i> |

STRATEGY & PROJECT APPRAISAL COMMITTEE

- | | |
|-------------------------|-----------------|
| 1. Syed Zomma Mohiuddin | <i>Chairman</i> |
| 2. Syed Junaid Imam | <i>Member</i> |
| 3. Engr. Perwaiz Khan | <i>Member</i> |

CHIEF FINANCIAL OFFICER

Syed Muhammad Asif Makhdoomi *FCMA, FPFA & ACIS*

COMPANY SECRETARY

Mr. Jibran Shazib Abbas

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARES DEPARTMENT

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

AUDITORS

BDO Ebrahim & Co. Chartered Accountants, 3rd Floor, Saeed Plaza, 22-East Blue Area, Jinnah Avenue, Islamabad. Tel: (92-51) 2604461-4.

LEGAL ADVISOR

Ahmed Bashir & Associates, Advocates and Solicitors, 210-A, Sughra Tower, Street # 73, Sector F11/1, Islamabad.

DIRECTORS' REPORT

On behalf of the Board of Directors of Pak Datacom Limited (PDL), we are pleased to present to the shareholders, un-audited condensed interim financial results and operations of the Company for Nine months period ended on March 31, 2021.

During the period under review (1st Jul 2020 - 31st Mar 2021), PDL's revenue was Rs. 566 million (as compared to Rs. 567 million during the corresponding period 1st July 2019-31st March 2020), cost of service was Rs. 475 million as compared to Rs. 468 million (of the corresponding period of last year) and gross profit was Rs. 90 million as compared to Rs. 99 million (of the corresponding period of last year). In addition, other income was Rs. 31 million as compared to Rs. 41 million (of the corresponding period of last year) and net loss was Rs. 29 million as compared to Rs. 2 million (of the corresponding period of last year).

The COVID-19 pandemic badly affected the entire corporate sector. During these challenging times, PDL however managed to maintain business continuity successfully and prepared plans to cope with and mitigate the adverse effects of this crisis. The Company, in line with its mission, did not retrench any of its employee nor it reduced the perks and benefits during the pandemic and also ensured that Environment, Health and Safety standards are maintained at best. Despite the difficult business environment, the management maintained an upward trend in its operational efficiency, but loss in exchange rate became the unavoidable cause of affecting the overall above given financials.

A three pronged strategy has already been enforced with a view to enhance profitability and cash flow of the Company by minimizing the expenditure, making recoveries of receivables and ensuring the completion of projects already in pipeline as well as acquisition of new projects. Such measures are likely to yield beneficial results by the close of financial year 2020-21.

Pak Datacom Limited has always strived to perform par excellence in the field of Digital Connectivity. Selection of Pak Datacom Limited as its main and trusted supplier by Defence Services of Pakistan is testimony of this fact. In addition to this, we are constantly evaluating new avenues in our business area. New projects related to Defence, National Bank of Pakistan Project of providing connectivity to its 460 sites, bidding for Wapda Project for linking its headquarters with its 4 new dam sites via PDL VSAT network and preparation of proposals for Data Centers in Baluchistan are all concerted efforts in the same direction.

The Board takes this opportunity to thank the Company's valued customers, bankers and other stakeholders for their continuous support. The Board also recognizes the contribution made by a very dedicated team who served the Company with enthusiasm, and hopes that the same zeal and spirit of devotion shall remain intact in the future as well.

For and on behalf of the Board

Islamabad
April 23, 2021

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

ڈائریکٹرز رپورٹ

31 مارچ 2021ء کو ختم ہونے والی نو ماہی کے لیے پاک ڈیٹا کام لمیٹڈ (PDL) کے بورڈ آف ڈائریکٹرز کی طرف سے شیئر ہولڈرز کے لیے غیر آڈٹ شدہ عبوری مالیاتی نتائج اور آپریشنز کی رپورٹ پیش خدمت ہے۔

زیر جائزہ مدت (یکم جولائی 2020 سے 31 مارچ 2021) کے دوران پی ڈی ایل کارپوریشن پچھلے سال کی مماثل مدت (یکم جولائی 2019 سے 31 مارچ 2020) کے 567 ملین روپے کے مقابلے میں 566 ملین روپے رہا، خدمات کی فراہمی پر آنے والی لاگت مماثل مدت کے 468 ملین کے مقابلے میں 475 ملین روپے، مجموعی منافع مماثل مدت کے 99 ملین روپے کے مقابلے میں 90 ملین روپے، دیگر آمدن مماثل مدت کے 41 ملین روپے کے مقابلے میں 31 ملین روپے جبکہ خالص نقصان مماثل مدت کے 2 ملین روپے کے مقابلے میں 29 ملین روپے رہا۔

کووڈ-19 کی صورتحال نے پورے کاروباری شعبے کو بری طرح متاثر کیا ہے۔ تاہم پی ڈی ایل نے ان مشکل حالات کے دوران کاروبار کو کامیابی سے جاری رکھنے کے انتظامات کیے اور اس بحران کے منفی اثرات سے نمٹنے کے لیے منصوبہ بندی کی۔ کمپنی نے اپنے مشن کے مطابق اس وباء کے دوران نہ تو کسی ملازم کو نوکری سے برخاست کیا اور نہ ہی تنخواہوں یا مراعات میں کٹوتی کی اور اس کے ساتھ ساتھ ماحولیات، صحت اور تحفظ کے اعلیٰ معیار کو بھی یقینی بنایا۔ مشکل کاروباری ماحول کے باوجود انتظامیہ نے آپریشنل مستعدی کا مثبت رجحان برقرار رکھا، لیکن غیر ملکی شرح مبادلہ میں گراؤ کی وجہ سے مذکورہ بالا مالیاتی نتائج سے گریز قابو سے باہر تھا۔

تین جہتی حکمت عملی پر پہلے سے ہی عملدرآمد کیا جا رہا ہے جس کا مقصد اخراجات میں کمی، واجبات کی وصولی اور جاری منصوبوں کی بروقت تکمیل یقینی بنا کر منافع جات اور رقومات کی آمد کو یقینی بنانا ہے۔ نئے منصوبوں کا حصول بھی اس حکمت عملی کا حصہ ہے۔ ان اقدامات کی بدولت مالیاتی سال 2020-21 کے اختتام تک مفید نتائج حاصل ہونے کی توقع ہے۔

پاک ڈیٹا کام لمیٹڈ کی ہمیشہ کوشش رہی ہے کہ سیٹلائٹ کمیونی کیشن اور ڈیجیٹل connectivity کے شعبے میں بہترین کارکردگی کا مظاہرہ کیا جائے۔ پاک ڈیفنس سروسز کی طرف سے پاک ڈیٹا کام لمیٹڈ کا بطور مرکزی سپلائر انتخاب اسی بات کی عکاسی کرتا ہے۔ تاہم ہم اپنے شعبے میں نئے راستوں کی تلاش و جانچ کے لیے ہمیشہ سرگرم رہتے ہیں۔ نئے منصوبے جیسا کہ ڈیفنس، نیشنل بینک آف پاکستان کی طرف سے اپنی 460 سائٹس کو کنیکٹ کرنے کا منصوبہ، واپڈا کی طرف سے 4 نئے ڈیموں کو ہیڈ کوارٹرز سے جوڑنے کے لیے PDL VSAT نیٹ ورک کی بولی اور بلوچستان میں ڈیٹا سنٹرز کے قیام کے لیے بولیوں کی تیاری اسی سمت میں سنجیدہ کوششوں کو ظاہر کرتے ہیں۔

بورڈ اس موقع کو مناسب سمجھتے ہوئے کمپنی کے قیمتی کسٹمرز، بینکرز اور دیگر سٹیک ہولڈرز کی طرف سے مسلسل تعاون پر ان کا شکریہ ادا کرتا ہے۔ بورڈ کمپنی میں کام کرنے والی ٹیم کی کاوشوں کا بھی معترف ہے جنہوں نے بلند جذبے کے ساتھ کمپنی کے لیے خدمات سرانجام دیں اور ہمیں امید ہے کہ وہ مستقبل میں بھی اسی لگن اور جذبے کو برقرار رکھیں گے۔

بورڈ کی وساطت سے

روبینہ سفیر
ڈائریکٹر

بریگیڈیئر (ر) سید ذوالفقار علی
چیف ایگزیکٹو

اسلام آباد
23 اپریل، 2021ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2021

		March 31, 2021	June 30, 2020
		Un-audited	Audited
	Note	Rupees	
NON-CURRENT ASSETS			
Property and equipment	4	197,067,464	201,773,690
Intangible assets	5	4,270,000	4,590,250
Deferred taxation		55,640,262	63,306,328
		<u>256,977,726</u>	<u>269,670,268</u>
CURRENT ASSETS			
Trade debts	6	610,112,613	566,728,551
Contract assets	7	51,228,583	59,379,710
Contract work in progress		64,169,056	24,160,152
Advances		16,285,210	20,630,251
Trade deposits and short term prepayments		15,796,452	27,717,822
Other receivables		7,090,094	6,673,652
Interest accrued		4,068,885	11,357,226
Tax refunds due from the Government		46,209,650	32,273,378
Short term investments		108,000,000	108,000,000
Cash and bank balances	8	93,598,894	268,684,342
		<u>1,016,559,437</u>	<u>1,125,605,084</u>
		<u>1,273,537,163</u>	<u>1,395,275,352</u>
SHARE CAPITAL AND RESERVES			
Authorised share capital		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	9	107,811,000	98,010,000
Reserves			
General reserve		591,500,000	591,500,000
Unappropriated profits		104,769,563	153,359,597
		<u>804,080,563</u>	<u>842,869,597</u>
NON-CURRENT LIABILITIES			
Deferred employees' benefits		44,062,356	45,657,011
Lease liabilities		29,451,147	29,445,075
		<u>73,513,503</u>	<u>75,102,086</u>
CURRENT LIABILITIES			
Customers' deposits		193,409,048	206,495,867
Contract liability		4,139,907	5,346,287
Trade and other payables	10	177,721,003	245,118,741
Current portion of lease liabilities		9,922,406	10,482,899
Unclaimed dividend		10,750,734	9,859,875
		<u>395,943,097</u>	<u>477,303,669</u>
CONTINGENCIES AND COMMITMENTS			
	11	<u>1,273,537,163</u>	<u>1,395,275,352</u>

The annexed notes 1 - 22 form an integral part of these financial statements.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

	Note	Three months period ended		Nine months period ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rupees		Rupees	
Revenue - net	12	181,538,925	178,528,731	565,617,765	567,005,836
Cost of services	13	(154,552,625)	(158,871,132)	(475,241,249)	(468,480,555)
Gross profit		26,986,300	19,657,599	90,376,516	98,525,281
Administrative expenses	14	(33,638,998)	(30,277,447)	(94,551,084)	(94,346,179)
Marketing expenses	15	(7,259,175)	(6,630,878)	(21,400,709)	(18,941,193)
Impairment reversal / (loss) on financial assets		1,570,680	(18,267,122)	50,877	(18,005,902)
Finance (cost) / income	16	(12,192,890)	36,097,689	(21,386,201)	19,188,289
		(24,534,083)	579,841	(46,910,601)	(13,579,704)
Other income	17	4,186,334	6,688,881	31,261,335	20,796,505
(Loss) / Profit before taxation		(20,347,749)	7,268,722	(15,649,266)	7,216,801
Taxation		(6,549,558)	(1,893,494)	(13,338,768)	(9,213,683)
(Loss) / Profit for the period		(26,897,307)	5,375,228	(28,988,034)	(1,996,882)
Earnings per share - basic and diluted		(2.49)	0.55	(2.69)	(0.20)

The annexed notes 1 - 22 form an integral part of these financial statements.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

	Three months period ended		Nine months period ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees		Rupees	
(Loss) / Profit for the period	(26,897,307)	5,375,228	(28,988,034)	(1,996,882)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/ income for the period	<u>(26,897,307)</u>	<u>5,375,228</u>	<u>(28,988,034)</u>	<u>(1,996,882)</u>

The annexed notes 1 - 22 form an integral part of these financial statements.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

	Share capital Issued, subscribed and paid-up	Revenue Reserves		Total
		General Reserve	Unappropriated profits	
Rupees				
Balance as at July 01, 2019	98,010,000	591,500,000	169,736,403	859,246,403
Total comprehensive income or (loss)				
Loss for the period	-	-	(1,996,882)	(1,996,882)
Other comprehensive income or loss for the period	-	-	-	-
	-	-	(1,996,882)	(1,996,882)
Transaction with owners				
Final dividend for the year ended June 30, 2019: Rs. 4.00 per share	-	-	(39,204,000)	(39,204,000)
Balance as at March 31, 2020	<u>98,010,000</u>	<u>591,500,000</u>	<u>128,535,521</u>	<u>818,045,521</u>
Balance as at June 30, 2020	98,010,000	591,500,000	153,359,597	842,869,597
Balance as at July 1, 2020	98,010,000	591,500,000	153,359,597	842,869,597
Total comprehensive income or (loss)				
Loss for the period	-	-	(28,988,034)	(28,988,034)
Other comprehensive income	-	-	-	-
Total comprehensive income or (loss) for the period	-	-	124,371,563	813,881,563
Transaction with owners of the Company				
Final dividend for the year ended June 30, 2020: Rs. 1.00 per share	-	-	(9,801,000)	(9,801,000)
Bonus Shares for the year ended June 30, 2020: Rs. 1.00 per share	9,801,000	-	(9,801,000)	-
Balance as at March 31, 2021	<u>107,811,000</u>	<u>591,500,000</u>	<u>104,769,563</u>	<u>804,080,563</u>

The annexed notes 1 - 22 form an integral part of these financial statements.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS(UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

	Note	Nine months period ended	
		March 31, 2021	March 31, 2020
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit for the year - before taxation		(15,649,266)	7,216,801
Adjustments for non-cash items:			
Depreciation		21,072,131	21,502,423
Amortization		320,250	320,250
Loss on disposal of property and equipment		23,114	-
Property and equipment - write off		853,688	-
Impairment (reversal) / loss on financial assets		(50,877)	18,005,902
Finance cost		3,182,775	1,763,479
Unrealized exchange (gain)/loss		18,203,426	-
Interest income		(13,539,944)	(17,510,813)
Provision for gratuity		11,364,000	9,684,000
Provision for earned leave encashment		-	2,637,000
Provision for provident fund		4,348,372	-
		30,127,669	43,619,042
Changes in working capital			
Decrease / (increase) in trade debts		(46,158,811)	(243,690,361)
Decrease / (increase) in contract assets		9,699,166	217,953,692
Decrease / (increase) in contract work in progress		(40,008,904)	(10,375,868)
Decrease / (increase) in advances		(740,494)	(6,232,292)
Decrease / (increase) in trade deposits and short term prepayments		13,138,747	12,734,475
Decrease / (increase) in other receivables		(416,442)	(662,124)
Increase / (decrease) in customers' deposits		(13,086,819)	4,789,676
Increase / (decrease) in contract liability		(1,206,380)	(5,518,737)
Increase / (decrease) in trade and other payables		(72,973,421)	64,975,692
		(151,753,358)	33,974,153
		(121,625,690)	77,593,195
Taxes paid		(19,608,974)	(26,575,630)
Gratuity paid		(5,051,156)	(828,245)
Leave encashment paid		(1,594,655)	(14,077,171)
Net cash used / generated from operating activities		(147,880,475)	36,112,149
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(17,413,212)	(4,285,408)
Proceeds from sale of property and equipment		170,507	-
(Purchase) / sale of short term investments		-	4,000,000
Interest and profit received		20,828,285	12,075,133
Net cash used / generated from investing activities		3,585,580	11,789,725
CASH FLOWS FROM FINANCING ACTIVITIES			
Unclaimed dividend		(8,910,141)	(38,572,092)
Payment of finance lease obligation		(3,129,487)	(3,639,106)
Finance cost paid		(607,710)	(1,763,479)
Net cash used / generated from financing activities		(12,647,337)	(43,974,677)
Net increase / (decrease) in cash and cash equivalents		(156,942,232)	3,927,197
Cash and cash equivalents at the beginning of the year		268,800,641	206,579,390
Effect of movements in exchange rates on cash and cash equivalent		(18,203,426)	-
Cash and cash equivalents at end of the period	8	93,654,983	210,506,587

The annexed notes 1 - 22 form an integral part of these financial statements.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

1 LEGAL STATUS AND ITS OPERATIONS

Pak Datacom Limited (the Company) was incorporated in Pakistan on July 13, 1992 as a private limited company under the Companies Ordinance, 1984 (which is repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and was converted into a public limited company on June 26, 1994. The Company has its shares quoted on the Pakistan Stock Exchange Limited.

The Company commenced its commercial activities from July 1, 1994 and is principally engaged in setting up, operating and maintaining a network of data communication and serving the needs of the customers.

The Company is a subsidiary of Telecom Foundation, Pakistan. The registered office of the Company is situated at 1st Floor, TF Complex, 7 - Mauve Area, G - 9/4, Islamabad.

2 STATEMENT OF COMPLIANCE

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual audited financial statements for the year ended June 30, 2020.

2.3 These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

3 ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of these interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2020.

3.2 The preparation of these interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.

		March 31, 2021 Un-audited	June 30, 2020 Audited
	Note	Rupees	
4 PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	155,421,532	162,415,626
Right of use assets	4.2	41,645,932	39,358,064
		<u>197,067,464</u>	<u>201,773,690</u>
4.1 Operating fixed assets			
Opening net book value		162,415,626	197,975,402
Impact of adoption of IFRS -16			
Cost		-	(25,513,000)
Accumulated depreciation		-	10,494,175
		-	(15,018,825)
Additions		8,545,212	4,285,408
Disposal:			
Cost		(459,993)	(1,094,000)
Accumulated depreciation		379,565	543,207
		(80,428)	(550,793)
Transfer from leased to owned:			
Cost		2,198,000	2,645,000
Accumulated depreciation		(1,482,810)	(1,846,869)
		715,190	798,131
Depreciation charge		(16,174,068)	(25,073,697)
Closing net book value		<u>155,421,532</u>	<u>162,415,626</u>
4.2 Right of use (ROU) assets			
Opening net book value			
Impact of adoption of IFRS -16		39,358,064	-
- Cost		-	59,899,120
- Accumulated depreciation		-	(10,494,175)
- Net book value		-	49,404,945
Additions		8,868,000	-
Transfer from leased to owned			
- Cost		(2,198,000)	(2,645,000)
- Accumulated depreciation		1,482,810	1,846,869
- Net book value		(715,190)	(798,131)
Write off			
- Cost		(1,889,000)	(2,149,000)
- Accumulated depreciation		1,035,312	1,022,982
- Net book value		(853,688)	(1,126,018)
Depreciation charge		(5,011,254)	(8,122,732)
Closing net book value		<u>41,645,932</u>	<u>39,358,064</u>

	March 31, 2021 Un-audited	June 30, 2020 Audited
	Rupees	
5 INTANGIBLE ASSETS		
Software and infrastructure license		
Opening net book value	4,590,250	5,017,250
Amortization charge	(320,250)	(427,000)
Closing net book value	<u>4,270,000</u>	<u>4,590,250</u>
6 TRADE DEBTS		
Trade debts	708,632,153	662,473,342
Less: Impairment loss allowance	(98,519,540)	(95,744,791)
	<u>610,112,613</u>	<u>566,728,551</u>
7 CONTRACT ASSETS		
Unbilled revenue	68,420,192	79,607,269
Less: Impairment loss allowance	(17,191,608)	(20,227,559)
	<u>51,228,583</u>	<u>59,379,710</u>
8 CASH AND BANK BALANCES		
Cash at bank:		
Current accounts	7,781,760	15,636,215
Deposit accounts	70,437,474	235,247,324
Deposit accounts with Islamic Banks		
Under Shariah arrangements	3,395,010	6,652,525
Current accounts - dividend	12,040,739	11,264,577
	<u>93,654,983</u>	<u>268,800,641</u>
Less: Impairment loss allowance	(56,089)	(116,299)
	<u>93,598,894</u>	<u>268,684,342</u>
9 SHARE CAPITAL		
9.1 Authorised Share Capital		
100,000,000 ordinary shares of Rs 10 each (June 30, 2020: 100,000,000 ordinary shares of Rs 10 each)	<u>1,000,000,000</u>	<u>1,000,000,000</u>
9.2 Issued, subscribed and paid up capital:		
Shares issued for cash		
5,400,000 ordinary shares of Rs 10 each (June 30, 2020: 5,400,000 ordinary shares of Rs 10 each)	54,000,000	54,000,000
Shares issued as fully paid bonus shares:		
5,381,100 ordinary shares of Rs 10 each (June 30, 2020: 4,401,000 ordinary shares of Rs 10 each)	53,811,000	44,010,000
10,782,000 ordinary shares of Rs 10 each (June 30, 2020: 9,801,000 ordinary shares of Rs 10 each)	<u>107,811,000</u>	<u>98,010,000</u>

	March 31, 2021	June 30, 2020
	Un-audited	Audited
	Rupees	

10 TRADE AND OTHER PAYABLES

Trade creditors	142,620,701	213,515,437
Advances from employees for vehicle lease	3,756,103	3,106,756
License fee payable	2,361,735	3,538,589
Accrued liabilities	15,466,753	12,761,230
Sales tax payable	-	1,548,624
Withholding tax payable	2,162,083	7,459,903
Provident fund payable	4,348,372	-
Gratuity payable	1,227,309	-
Payable to employees	5,777,947	3,188,202
	<u>177,721,003</u>	<u>245,118,741</u>

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 There has been no significant change in the the status of contingencies as disclosed on Note 24 to the audited financial statements of the Company for the year ended June 30, 2020 except the following:

11.1.2 The income tax return filed by the Company for the tax year 2016 was selected for audit under section 214C of the Income Tax Ordinance, 2001. After examining the relevant record, the assessing officer found discrepancies and raised a tax demand of Rs 31.56 million. The taxpayer filed appeal before Commissioner Inland Revenue Appeals against the order. The case has been decided by the learned CIR-Appeals vide order dated February 2, 2019 whereby remanding it back to the assessing officer. A decision was received in December 2020 from the Deputy Commissioner Inland Revenue, in which tax demand of Rs. 31.56 million has been abolished, whereas refund was reduced by Rs. 18 million. An appeal is being filed before the Commissioner Inland Revenue Appeals (CIR-Appeals).

11.1.3 The Deputy Commissioner Inland Revenue vide order dated June 27, 2018 raised a demand of Rs 38.96 million for short assessment of taxable income under section 122(1) of the Income Tax Ordinance (ITO), 2001 for tax year 2012. The Company filed an appeal to the Commissioner Inland Revenue Appeals (CIR-Appeals). The Company has also obtained stay order from honorable Islamabad High Court dated November 15, 2018 restraining Inland Revenue Department from adopting coercive measures for recovery of disputed tax liability. A hearing was made with Deputy Commissioner Inland Revenue in December 2020, against the order of the Commissioner Inland Revenue Appeals (CIR-Appeals). The Deputy Commissioner again issued an order dated December 30, 2020 without any change in previous order. An appeal is being filed before the Commissioner Inland Revenue Appeals (CIR-Appeals).

	March 31, 2021	June 30, 2020
	Un-audited	Audited
	Rupees	

11.2 Commitments

The Company has following commitments in respect of:

Capital expenditure commitments	30,563,770	99,745,353
Outstanding letter of credits	15,334,640	6,345,023

	Note	Three months period ended		Nine months period ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rupees		Rupees	
12 REVENUE					
Communication Value Added Services (CVAS) / data communication services		178,346,634	206,268,767	557,418,529	619,226,749
Telecom infrastructure services		412,264	457,657	1,236,795	1,296,428
Specialised projects		32,117,760	4,369,318	98,028,022	42,925,469
Gross revenue		210,876,659	211,095,742	656,683,347	663,448,646
Less:					
Sales tax / Federal Excise Duty		(27,106,744)	(31,139,095)	(85,331,069)	(92,967,581)
Advance tax		(2,230,989)	(1,427,916)	(5,734,512)	(3,475,229)
		181,538,925	178,528,731	565,617,765	567,005,836

13 COST OF SERVICES

Channel and local lead rentals		44,245,822	58,145,435	141,854,665	149,085,877
Space segment rentals		19,289,088	34,071,295	60,932,734	90,534,945
Salaries and other benefits	13.1	46,845,405	49,163,791	136,398,570	144,045,032
Repair and maintenance expenses		1,577,929	2,156,233	5,601,251	7,200,087
License fee		754,006	881,122	2,385,185	2,645,503
Depreciation - operating fixed assets		3,666,359	6,588,076	14,446,509	19,676,563
Depreciation - right of use assets		698,947	-	1,152,588	-
Amortization		106,750	106,750	320,250	320,250
Travelling and local conveyance		171,249	772,394	605,445	2,336,858
Communication expenses		477,353	318,073	1,185,488	618,259
Vehicle running expenses		3,766,290	3,770,372	10,700,802	11,616,956
Insurance		172,014	375,142	770,503	1,001,129
Entertainment		272,050	327,262	823,623	864,157
Rent, rates and taxes		1,623,843	1,203,134	5,595,074	4,626,347
Utilities		1,039,947	968,671	3,736,022	3,740,780
Other projects costs		29,845,573	23,383	88,732,540	30,167,813
		154,552,625	158,871,132	475,241,249	468,480,555

13.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 9.24 million (March 2020: Rs. 8.01 million).

	Note	Three months period ended		Nine months period ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rupees		Rupees	
14 ADMINISTRATIVE EXPENSES					
Salaries and other benefits	14.1	22,425,898	19,561,188	68,401,176	58,269,871
Travelling and local conveyance		244,335	1,228,230	385,010	3,221,355
Communication expenses		340,165	1,719,535	1,069,927	2,658,479
Vehicle running expenses		1,380,119	1,384,314	3,909,868	4,125,841
Repair and maintenance expenses		674,611	515,062	1,753,521	1,176,782
Insurance		57,616	36,718	253,830	262,581
Depreciation - operating fixed assets		357,459	455,579	1,197,869	1,339,200
Depreciation - right of use assets		2,188,010	-	3,608,103	-
Entertainment		231,067	318,659	827,470	1,087,635
Rent, rates and taxes		58,869	1,177,236	95,712	3,715,174
Legal and professional charges		1,931,785	2,363,375	5,195,420	6,246,957
Printing and stationery		941,605	298,380	1,446,349	1,284,233
Utilities		807,459	675,171	2,092,704	1,914,071
Donation		2,000,000	-	4,000,000	8,000,000
Auditors' remuneration		-	544,000	314,125	1,044,000
		33,638,998	30,277,447	94,551,084	94,346,179

14.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 3.9 million (March 2020: Rs. 3.3 million).

Note	Three months period ended		Nine months period ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees		Rupees	
15 MARKETING EXPENSES				
Advertisement and marketing	783,171	279,511	2,508,649	604,237
Salaries and other benefits	5,323,904	5,452,221	16,400,198	15,640,905
Travelling and local conveyance	6,800	217,255	13,800	743,487
Communication expenses	51,784	31,560	141,262	99,194
Vehicle running expenses	467,482	479,608	1,341,981	1,301,765
Insurance	245,641	8,505	270,671	22,334
Depreciation - operating fixed assets	197,488	162,218	416,499	486,660
Depreciation - right of use assets	151,945	-	250,563	-
Repair and maintenance expenses	18,960	-	45,086	-
Entertainment	-	-	-	42,611
Printing and stationery	12,000	-	12,000	-
	<u>7,259,175</u>	<u>6,630,878</u>	<u>21,400,709</u>	<u>18,941,193</u>

15.1 Salaries and other benefits include employees' retirement and other service benefits of Rs.1.12 million (March 2020: Rs.0.98 million).

	Three months period ended		Nine months period ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees		Rupees	
16 FINANCE COST				
Exchange loss / (gain) - net	11,102,214	(36,570,570)	18,203,426	(20,951,768)
Finance lease charges	848,231	328,568	2,575,065	1,093,870
Bank charges	242,445	144,313	607,710	669,609
	<u>12,192,890</u>	<u>(36,097,689)</u>	<u>21,386,201</u>	<u>(19,188,289)</u>
17 OTHER INCOME				
Income from financial assets				
Return on short term investments	2,469,878	3,560,622	8,796,113	9,207,497
Return on bank deposits	-	2,804,245	4,436,692	7,783,969
Return on bank deposits with Islamic Banks	101,918	174,014	307,139	519,347
Income from non-financial assets				
Gratuity fund payable written back	-	-	10,964,936	-
Loss on disposal of property & equipment	-	-	(23,114)	-
Others	1,614,538	150,000	6,779,569	3,285,692
	<u>4,186,334</u>	<u>6,688,881</u>	<u>31,261,335</u>	<u>20,796,505</u>

18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company has related party relationship with its holding Company and associated companies, its directors, key management personnel and employee benefit plan. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with the related parties during the year were as follows:

	Aggregate % age of shareholding	Three months period ended		Nine months period ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rupees		Rupees	
Telecom Foundation - Holding Company	55.08%				
Dividend paid		-	-	5,398,353	21,593,563
Bonus Shares		-	-	5,398,353	-
Donations paid		2,000,000	-	4,000,000	8,000,000
Directors					
Dividend payable/paid		-	-	1,000	4,000
Bonus Shares		-	-	1,000	-
TF Technologies - Associated Company	Nil	-	-	-	-
Receivable against consultancy charges		-	-	217,689	114,500
Other related parties	Nil				
Advance/Receivable from Gratuity Funds		2,490,465	637,400	5,879,401	637,400
Payable to Gratuity Fund		3,788,000	3,228,000	11,364,000	9,684,000
Contribution to Gratuity fund		5,879,401	800,000	5,879,401	828,245
Payable to Provident Fund		1,448,539	-	4,348,372	-
Remuneration of key management personnel		8,227,148	6,934,620	24,384,932	18,459,627

19 IMPACT OF COVID - 19

The spread of COVID - 19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. It resulted in decrease of other projects revenue due to delayed implementation. However, as at period end, there is no other material adverse impact to the business, financial conditions and results of operations. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

20 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2020. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the company for the year ended June 30, 2020

The carrying amount of all financial assets and liabilities are estimated to approximate their fair values

21 GENERAL

Figures have been rounded off to the nearest rupee.

22 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on April 23, 2021.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

Complete >
Network >
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