



Pak Datacom



Condensed Interim Financial Statements

For the First Quarter Ended
September 30, 2020

PAK DATACOM LIMITED

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. Dr. Riaz Ahmed | <i>Non-Executive Director</i> |
| 4. Engr. Perwaiz Khan | <i>Non-Executive Director</i> |
| 5. Ms. Rubina Safir | <i>Non-Executive / Female Director</i> |
| 6. Syed Junaid Imam | <i>Non-Executive Director</i> |
| 7. Mr. Muhammad Waheed | <i>Non-Executive Director</i> |
| 8. Mr. Arshad Rasheed Chaudhary | <i>Independent Director</i> |

AUDIT COMMITTEE

- | | |
|---------------------------------|--------------------|
| 1. Ms. Rubina Safir | <i>Chairperson</i> |
| 2. Dr. Riaz Ahmed | <i>Member</i> |
| 3. Mr. Muhammad Waheed | <i>Member</i> |
| 4. Mr. Arshad Rasheed Chaudhary | <i>Member</i> |

HUMAN RESOURCE & REMUNERATION COMMITTEE

- | | |
|---------------------------------|-----------------|
| 1. Mr. Arshad Rasheed Chaudhary | <i>Chairman</i> |
| 2. Dr. Riaz Ahmed | <i>Member</i> |
| 3. Syed Junaid Imam | <i>Member</i> |
| 4. Mr. Muhammad Waheed | <i>Member</i> |

PROCUREMENT COMMITTEE

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

NOMINATION COMMITTEE

- | | |
|-------------------------|-----------------|
| 1. Syed Zomma Mohiuddin | <i>Chairman</i> |
| 2. Syed Junaid Imam | <i>Member</i> |
| 3. Mr. Muhammad Waheed | <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

A.F. Ferguson & Co. (PwC) Chartered Accountants, 3rd Floor, PIA Building, Fazl-e-Haq Road, Block E, G-6/2, Blue Area, Islamabad - 44000.

LEGAL ADVISOR

Kundi & Kundi, Advocates & Legal Consultants, 29, Street # 63, Sector F - 10 / 3, Islamabad.

DIRECTORS' REPORT

On behalf of the Board of Directors of Pak Datacom Limited (PDL), we are pleased to present a brief review of the financial results and operations of the Company for the first quarter ended September 30, 2020.

Due to COVID-19 situation resulting in restricted / limited business activities from March to July 2020, its impact was visible in 1st quarter of FY 2020/2021, which showed a downward trend compared to 1st quarter of FY 2019/2020.

During the first quarter ended September 30, 2020, the Company netted a small loss after tax of Rs. 4.9 million as compared with profit after tax of Rs. 9.7 million last year. The revenue of your Company was Rs. 161 million compared to Rs. 208 million of last year and it resulted in an operating loss of Rs. 7.0 million as compared with operating profit of Rs. 8.0 million last year.

These financial results indicate the delayed implementation of the special projects of the Company as a result of the COVID-19 pandemic.

PDL management is nevertheless confident in not only making the recovery, but InshaAllah making significant improvement in profit at the end of FY 2020/2021, because despite the COVID-19 crises, during the first quarter, ending on 30th September 2020, the Company accrued significant savings of approximately 376,000 USD by renegotiating the Satellite bandwidth charges with Pak Sat 1R Management and by retendering the procurement of VSAT antennas, resulting in a saving of 0.5m USD - the financial improvement of which should be visible in 2nd and 3rd quarter of FY 2020/2021.

Additionally, PDL has made a substantial breakthrough in the first quarter of FY 2020/2021 by signing contracts worth 1.7 Million USD in the communications equipment supply. These contracts will yield an increase in revenue and also profitability in 3rd and 4th quarter of FY 2020/2021.

Further, the deliverables of additional VSAT Projects have been completed in 2nd quarter and payments are likely to be credited to PDL in 2nd/3rd quarter.

We are also anxiously on our way to go for collaboration and adaptation of partnership business models, which are time tested and beneficial to both the parties, yielding sustainable success as a result of the multiplied synergy.

The Board of Directors appreciates its employees, valued customers, suppliers as well as shareholders and regulators for their continued trust and support.

For and on Behalf of the Board

Islamabad
December 26, 2020

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

ڈائریکٹرز رپورٹ

پاک ڈیٹا کام لمیٹڈ (PDL) کے بورڈ آف ڈائریکٹرز کی وساطت سے 30 ستمبر 2020ء کو ختم ہونے والی موجودہ سال کی پہلی سہ ماہی کے لیے کمپنی کے آپریٹنگ اور مالیاتی نتائج کی تفصیلات مختصر طور پر پیش کی جارہی ہیں۔

مارچ سے جولائی 2020ء کے دوران کورونا کی صورتحال کی وجہ سے کاروباری سرگرمیاں محدود ہونے کے اثرات رواں مالی سال کی پہلی سہ ماہی کے دوران بھی دیکھے گئے جس کی وجہ سے مالی سال 2019-2020ء کی پہلی سہ ماہی کے مقابلے میں گراؤٹ دیکھنے میں آئی۔

30 ستمبر کو ختم ہونے والی پہلی سہ ماہی کے دوران کمپنی کو ٹیکس کی ادائیگی کے بعد 4.9 ملین روپے کا خسارہ ہوا جبکہ پچھلے سال اسی مدت کے دوران کمپنی کو ٹیکس کی ادائیگی کے بعد 9.7 ملین روپے کا منافع ہوا تھا۔ آپ کی کمپنی کی آمدن 161 ملین روپے رہی جو کہ پچھلے سال اسی مدت کے دوران 208 ملین روپے تھی، اس کے نتیجے میں کمپنی کو 7 ملین روپے کا آپریٹنگ نقصان ہوا جبکہ پچھلے سال اسی مدت کے دوران 8 ملین روپے کا آپریٹنگ منافع ہوا تھا۔

یہ مالیاتی نقصانات کو ڈی-19 کے تناظر میں کمپنی کے خصوصی پراجیکٹس پر عملدرآمد میں تاخیر کی طرف اشارہ کرتے ہیں۔

اس کے باوجود PDL کی انتظامیہ پر اعتماد ہے کہ انشاء اللہ مالی سال 2020-2021ء کے اختتام تک نہ صرف ریکوری کر لی جائے گی بلکہ منافع جات میں بھی خاطر خواہ اضافہ ہو گا، اس کی وجہ یہ ہے کہ پہلی سہ ماہی کے دوران کو ڈی-19 کے بحران کے باوجود کمپنی نے تقریباً 376,000 ڈالر کی بچت کی۔ یہ بچتیں پاک سیٹ آئی آر کی انتظامیہ کے ساتھ سیٹلائٹ ہینڈوڈ تھ کے واجبات پر دوبارہ بات چیت اور VSAT اینٹینا کے حصول کے لیے دوبارہ ٹینڈر دینے سے ہوئیں جس سے کمپنی کو 0.5 ملین ڈالر کی بچت ہوئی، اس کے مثبت مالیاتی اثرات مالی سال 2020-2021ء کی دوسری اور تیسری سہ ماہی میں دیکھنے میں آئیں گے۔

مزید برآں PDL نے مالی سال 2020-2021ء کی پہلی سہ ماہی کے دوران کمیونٹی کیشن آلات کی سپلائی کے لیے 1.7 ملین ڈالر کے معاہدوں پر دستخط کیے، جو انتہائی اہم اقدام ہے۔ ان معاہدوں کے نتیجے میں مالی سال 2020-2021ء کی تیسری اور چوتھی سہ ماہی کے دوران آمدن اور منافع جات میں اضافہ ہو گا۔

مزید برآں اضافی VSAT پراجیکٹس کے لیے درکار اشیاء کی فراہمی دوسری سہ ماہی کے دوران مکمل ہو چکی ہے اور PDL کو ان کی ادائیگیاں مکمل طور پر دوسری / تیسری سہ ماہی میں کر دی جائیں گی۔

ہم مختلف حالات میں کارآمد اور تمام فریقین کے لیے منافع بخش شرائط پر مبنی متعدد کاروباری ماڈلز کو اختیار کرنے اور ان کے حوالے سے تعاون حاصل کرنے کے لیے گرجوشی سے کام کر رہے ہیں، مرمیوں حکمت عملی پر مبنی یہ ماڈل پائیدار کامیابی کی بنیاد بنتے ہیں۔

بورڈ آف ڈائریکٹرز اپنے ملازمین، گرانفرد صارفین، سپلائرز، شیئرز، بولڈرز اور ریگولیٹرز کی طرف سے مسلسل اعتماد اور تعاون پر ان کا ممنون ہے۔

بورڈ کی وساطت سے

اسلام آباد

26 دسمبر، 2020ء

بریگیڈیئر (ر) سید ذوالفقار علی
چیف ایگزیکٹو

روبینہ سفیر
ڈائریکٹر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT SEPTEMBER 30, 2020

		September 30, 2020 Un-audited	June 30, 2020 Audited
	Note	Rupees	
NON-CURRENT ASSETS			
Property and equipment	4	196,682,793	201,773,690
Intangible assets	5	4,483,500	4,590,250
Deferred taxation		61,847,023	63,306,328
		263,013,316	269,670,268
CURRENT ASSETS			
Trade debts	6	523,003,190	566,728,551
Contract assets	7	59,996,815	59,379,710
Contract work in progress		52,982,943	24,160,152
Advances		17,732,679	20,630,251
Trade deposits and short term prepayments		14,981,860	27,717,822
Other receivables		6,511,977	6,673,652
Interest accrued		2,043,046	11,357,226
Tax refunds due from the Government		38,382,634	32,273,378
Short term investments		158,000,000	108,000,000
Cash and bank balances	8	217,444,238	268,684,342
		1,091,079,380	1,125,605,084
		1,354,092,696	1,395,275,352
SHARE CAPITAL AND RESERVES			
Authorised capital		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	9	98,010,000	98,010,000
Reserves			
General reserve		591,500,000	591,500,000
Unappropriated profits		148,414,883	153,359,597
		837,924,883	842,869,597
NON-CURRENT LIABILITIES			
Deferred employees' benefits		45,329,109	45,657,011
Lease liabilities		28,069,126	29,445,075
		73,398,235	75,102,086
CURRENT LIABILITIES			
Customers' deposits		203,889,144	206,495,867
Contract liability		6,242,264	5,346,287
Trade and other payables	10	212,857,849	245,118,741
Current portion of lease liabilities		9,920,446	10,482,899
Unclaimed dividend		9,859,875	9,859,875
		442,769,578	477,303,669
CONTINGENCIES AND COMMITMENTS			
	11	1,354,092,696	1,395,275,352

The annexed notes 1 - 23 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 (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

	Note	Three months period ended	
		September 30 2020	September 30 2019
		Rupees	
Revenue - net	12	161,043,992	207,651,374
Cost of services	13	(130,017,444)	(153,972,375)
Gross profit		31,026,548	53,678,999
Administrative expenses	14	(29,032,837)	(24,280,889)
Marketing expenses	15	(6,480,999)	(5,167,378)
Impairment reversal / (loss) on financial assets		975,921	(114,844)
Finance cost	16	(3,563,512)	(15,783,709)
		(7,074,879)	8,332,179
Other income	17	6,093,093	8,437,461
(Loss) / Profit before taxation		(981,786)	16,769,640
Taxation		(3,962,928)	(7,100,549)
(Loss) / Profit for the period		(4,944,714)	9,669,091
Earnings per share - basic and diluted		(0.50)	1.00

The annexed notes 1 - 23 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 (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

	Note	Three months period ended	
		September 30 2020	September 30 2019
		Rupees	
(Loss) / Profit for the period		(4,944,714)	9,669,091
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain on defined benefit plan		-	-
Total comprehensive (loss) / income for the period		<u>(4,944,714)</u>	<u>9,669,091</u>

The annexed notes 1 - 23 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 (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020**

	Share Capital Issued, subscribed and paid-up	Revenue Reserves		Total
		General Reserve	Unappropriated profit	
Rupees				
Balance as at June 30, 2019	98,010,000	591,500,000	170,133,191	859,643,191
Total comprehensive income or (loss)				
Profit for the period	-	-	9,669,091	9,669,091
Other comprehensive income or loss for the period	-	-	-	-
	-	-	9,669,091	9,669,091
Balance as at September 30, 2019	<u>98,010,000</u>	<u>591,500,000</u>	<u>179,802,282</u>	<u>869,312,282</u>
Balance 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	-	-	(4,944,714)	(4,944,714)
Other comprehensive income	-	-	-	-
Total comprehensive income or (loss) for the period	-	-	(4,944,714)	(4,944,714)
Balance as at September 30, 2020	<u>98,010,000</u>	<u>591,500,000</u>	<u>148,414,883</u>	<u>837,924,883</u>

The annexed notes 1 - 23 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 (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Note	Three months period ended	
		September 30 2020	September 30 2019
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit for the year - before taxation		(981,786)	16,769,640
Adjustments for non-cash items:			
Depreciation		6,800,874	7,131,712
Amortization		106,750	106,750
Impairment (reversal) / loss on financial assets		(975,921)	114,844
Finance cost		1,867,684	595,622
Unrelaized exchange loss		1,695,828	15,188,087
Interest income		(2,637,205)	(5,301,769)
Provision for gratuity		3,788,000	3,228,000
Provision for provident fund		1,447,022	-
Provision for leave encashment		3,824,000	879,000
		14,935,246	38,711,886
Changes in working capital			
Decrease / (increase) in trade debts		43,201,963	(191,858,097)
Decrease / (increase) in contract assets		797,746	183,987,448
Decrease / (increase) in contract work in progress		(28,822,791)	(6,251,923)
Decrease / (increase) in advances		(890,428)	374,956
Decrease / (increase) in trade deposits and short term prepayments		12,802,120	9,424,590
Decrease / (increase) in other receivables		161,675	348,671
Increase / (decrease) in customers' deposits		(2,606,723)	(8,299,689)
Increase / (decrease) in contract liability		895,977	-
Increase / (decrease) in trade and other payables		(31,617,119)	(5,780,960)
		(6,077,579)	(18,055,004)
		8,857,667	20,656,882
Taxes paid		(8,612,879)	(8,926,842)
Leave encashment paid		(4,151,902)	(6,974,659)
Net cash used / generated from operating activities		(3,907,113)	4,755,381
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(1,709,977)	(1,410,674)
(Purchase) / sale of short term investments		(50,000,000)	1,300,000
Interest and profit received		11,951,385	7,899,962
Net cash used / generated from investing activities		(39,758,592)	7,789,288
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(4,696)
Payment of finance lease obligation		(3,557,053)	(1,267,303)
Finance cost paid		(4,035,655)	(595,622)
Net cash used in financing activities		(7,592,709)	(1,867,621)
Net increase / (decrease) in cash and cash equivalents		(51,258,414)	10,677,048
Cash and cash equivalents at the beginning of the year		268,800,641	205,936,957
Cash and cash equivalents at end of the period	8	217,542,227	216,614,005

The annexed notes 1 - 23 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 (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

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 Limited.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the method of computation adopted in preparation of these interim financial statements and financial risk management policies are the same as those applied in preparation annual audited financial statements for the year ended June 30, 2020.

		September 30, 2020 Un-audited	June 30, 2020 Audited
	Note	Rupees	
4 PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	158,464,846	162,415,626
Right of use assets	4.2	38,217,947	39,358,064
		196,682,793	201,773,690

	September 30, 2020 Un-audited	June 30, 2020 Audited
	Rupees	
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	1,709,977	4,285,408
Disposal:		
Cost	-	(1,094,000)
Accumulated depreciation	-	543,207
	-	(550,793)
Transfer from leased to owned:		
Cost	-	2,645,000
Accumulated depreciation	-	(1,846,869)
	-	798,131
Depreciation charge	(5,660,757)	(25,073,697)
Closing net book value	158,464,846	162,415,626
4.2 Right of use (ROU) assets		
Opening net book value		
Impact of adoption of IFRS -16 as at July 1, 2019	39,358,064	-
- Cost	-	59,899,120
- Accumulated depreciation	-	(10,494,175)
- Net book value	-	49,404,945
Additions	-	-
Transfer from leased to owned		
- Cost	-	(2,645,000)
- Accumulated depreciation	-	1,846,869
- Net book value	-	(798,131)
Write off		
- Cost	-	(2,149,000)
- Accumulated depreciation	-	1,022,982
- Net book value	-	(1,126,018)
Depreciation charge	(1,140,117)	(8,122,732)
Closing net book value	38,217,947	39,358,064
At June 30, 2020		
Cost	39,358,064	55,105,120
Accumulated depreciation	(1,140,117)	(15,747,056)
Net book value	38,217,947	39,358,064

	September 30, 2020 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	(106,750)	(427,000)
Closing net book value	<u>4,483,500</u>	<u>4,590,250</u>
At June 30, 2020		
Cost	11,744,006	11,744,006
Accumulated amortization	(7,260,506)	(7,153,756)
Net book value	<u>4,483,500</u>	<u>4,590,250</u>
6 TRADE DEBTS		
Trade debts	619,271,379	662,473,342
Less: Impairment loss allowance	(96,268,189)	(95,744,791)
	<u>523,003,190</u>	<u>566,728,551</u>
7 CONTRACT ASSETS		
Unbilled revenue	78,578,725	79,607,269
Less: Impairment loss allowance	(18,581,910)	(20,227,559)
	<u>59,996,815</u>	<u>59,379,710</u>
8 CASH AND BANK BALANCES		
Cash at bank:		
Current accounts	5,461,279	15,636,215
Deposit accounts	190,194,872	235,247,324
Deposit accounts with Islamic Banks		
-under Shariah arrangements	10,621,500	6,652,525
Current accounts-dividend	11,264,577	11,264,577
	<u>217,542,227</u>	<u>268,800,641</u>
Less: Impairment loss allowance	(97,989)	(116,299)
	<u>217,444,238</u>	<u>268,684,342</u>
9 SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
100,000,000 ordinary shares of Rs 10 each (June 30, 2019: 100,000,000 ordinary shares of Rs 10 each)	<u>1,000,000,000</u>	<u>1,000,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Shares issued for cash		
5,400,000 ordinary shares of Rs 10 each (June 30, 2019: 5,400,000 ordinary shares of Rs 10 each)	54,000,000	54,000,000
Shares issued as fully paid bonus shares		
4,401,000 ordinary shares of Rs 10 each (June 30, 2019: 4,401,000 ordinary shares of Rs 10 each)	44,010,000	44,010,000
9,801,000 ordinary shares of Rs 10 each (June 30, 2019: 9,801,000 ordinary shares of Rs 10 each)	<u>98,010,000</u>	<u>98,010,000</u>

	September 30, 2020 Un-audited	June 30, 2020 Audited
	Rupees	
10 TRADE AND OTHER PAYABLES		
Trade creditors	174,700,402	213,515,437
Advances from employees for vehicle lease	3,377,077	3,106,756
License fee payable	4,350,930	3,538,589
Accrued liabilities	18,625,677	12,761,230
Sales tax payable	-	1,548,624
Withholding tax payable	5,864,815	7,459,903
Payable to employees	5,938,948	3,188,202
	<u>212,857,849</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.

	September 30, 2020 Un-audited	June 30, 2020 Audited
	Rupees	
11.2 Commitments		
The Company has following commitments in respect of:		
Capital expenditure commitments	99,856,083	19,418,620
Outstanding letter of credits	33,710,329	27,135,329

Three months period ended	
September 30 2020	September 30 2019
Rupees	

12 REVENUE

Communication Value Added Services (CVAS) / data communication services	191,483,966	200,465,426
Telecom infrastructure services	412,264	421,814
Specialised projects	-	38,124,654
Gross revenue	191,896,230	239,011,894
Less:		
Sales tax / Federal Excise Duty	(29,066,066)	(30,764,448)
Advance tax	(1,786,172)	(596,072)
	<u>161,043,992</u>	<u>207,651,374</u>
12.1 Disagregation of revenue based on timing of revenue:		
Services transferred at a point in time	161,043,992	169,526,720
Services transferred over time	-	38,124,654
	<u>161,043,992</u>	<u>207,651,374</u>

	Note	Three months period ended	
		September 30	September 30
		2020	2019
		Rupees	
13 COST OF SERVICES			
Channel and local lead rentals		49,624,195	41,509,417
Space segment rentals		21,450,382	28,092,892
Salaries and other benefits	13.1	41,579,741	36,999,262
Repair and maintenance expenses		2,763,072	633,828
License fee		812,341	854,919
Depreciation - operating fixed assets		5,157,434	6,497,465
Depreciation - right of use assets		262,227	-
Amortization		106,750	106,750
Travelling and local conveyance		330,195	647,987
Communication expenses		274,331	178,699
Vehicle running expenses		3,487,700	3,941,597
Insurance		408,852	431,042
Entertainment		268,608	288,107
Rent, rates and taxes		2,067,584	1,473,279
Utilities		1,424,032	1,705,426
Other projects costs		-	30,440,125
		<u>130,017,444</u>	<u>153,800,795</u>

13.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 5.85 million (September 2019: Rs. 2.67 million).

	Note	Three months period ended	
		September 30	September 30
		2020	2019
		Rupees	
14 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	14.1	21,653,451	14,980,346
Travelling and local conveyance		65,507	721,488
Communication expenses		266,519	372,182
Vehicle running expenses		1,223,367	1,496,339
Repair and maintenance expenses		650,013	171,580
Insurance		45,412	65,754
Depreciation - operating fixed assets		399,175	506,047
Depreciation - right of use assets		820,884	-
Entertainment		346,472	392,276
Rent, rates and taxes		36,843	1,467,724
Legal and professional charges		1,272,169	2,979,298
Printing and stationery		269,081	280,102
Utilities		833,944	719,333
Donation		1,000,000	-
Auditors' remuneration		150,000	300,000
		<u>29,032,837</u>	<u>24,452,469</u>

14.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 2.49 million (September 2019: Rs. 1.11 million).

	Note	Three months period ended	
		September 30	September 30
		2020	2019
		Rupees	
15 MARKETING EXPENSES			
Advertisement and marketing		196,680	28,316
Salaries and other benefits	15.1	5,595,500	3,953,870
Travelling and local conveyance		7,000	606,863
Communication expenses		45,042	26,076
Vehicle running expenses		446,108	373,474
Insurance		12,515	12,648
Depreciation - operating fixed assets		104,148	128,200
Depreciation - right of use assets		57,006	-
Repair and maintenance expenses		17,000	-
Entertainment		-	37,931
		<u>6,480,999</u>	<u>5,167,378</u>

15.1 Salaries and other benefits include employees' retirement and other service benefits of Rs.0.72 million (September 2019: Rs.0.43 million).

	Three months period ended	
	September 30	September 30
	2020	2019
		Rupees
16 FINANCE COST		
Exchange (loss) - net	(1,695,828)	(15,188,087)
Finance lease charges	(167,508)	(454,371)
Bank charges	(1,700,175)	(141,251)
	<u>(3,563,512)</u>	<u>(15,783,709)</u>
17 OTHER INCOME		
Income from financial assets		
Return on short term investments	2,530,138	2,633,204
Return on bank deposits	9,118	2,530,472
Return on bank deposits with Islamic Banks	97,949	138,093
Others	3,455,888	3,135,692
	<u>6,093,093</u>	<u>8,437,461</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 % of shareholding	Three months period ended	
		September 30 2020	September 30 2019
		Rupees	
Telecom Foundation - Holding Company	55.08%		
Donations payable		1,000,000	-
TF Technologies - Associated Company	Nil		
Receivable against consultancy charges		217,689	118,525
Other related parties			
Advance/Receivable from Gratuity Fund		6,348,691	6,265,155
Payable to Gratuity Fund		3,788,000	3,228,000
Payable to Provident Fund		1,447,022	-
Remuneration of key management personnel		7,227,728	5,330,609

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, the businesses are now resuming as per relaxation given by the Authorities. 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 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on December 26, 2020 did not recommend interim cash dividend for the period ended September 30, 2020.

23 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on December 26, 2020.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

Notes

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