



**AIRLINK**

YOUR SMART DEVICE PARTNER

# **ANNUAL REPORT 2021**



# COVER STORY

Airlink recognizes the importance of access to technology for a better, more digitally literate Pakistan. Therefore, the company has worked towards the provision of affordable technology to every household of this country. The vertical and backward Integration of the business supports airlink's vision of putting Pakistan on the global technological map by synchronizing its business functions for bringing innovation for the betterment of its consumers.

The Company's structure is built around effective strategies and visionary leadership that provides a strong foundation for expanding its business functions and sustainable growth. Starting off with distribution of mobile phones to manufacturing, retail and e-commerce, Airlink has always aspired to be a fully integrated Omni channel with consumer centric approach. During the pandemic our aim and priority was to deliver excellence by seamless services and solutions to the end consumer.



# VISION

To be the largest and most reliable  
distributor and mobile manufacturer  
in Pakistan.

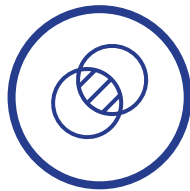


# MISSION

To establish strong network in Pakistan  
by providing state of the art services  
to customers.



# VALUES



Transparency



Diversity



Customer  
Satisfaction



Passion



Quality



Integrity

# PERFORMANCE AT A GLANCE

ACHIEVED PHENOMENAL GROWTH IN A  
SHORT SPAN OF TIME

10.15%

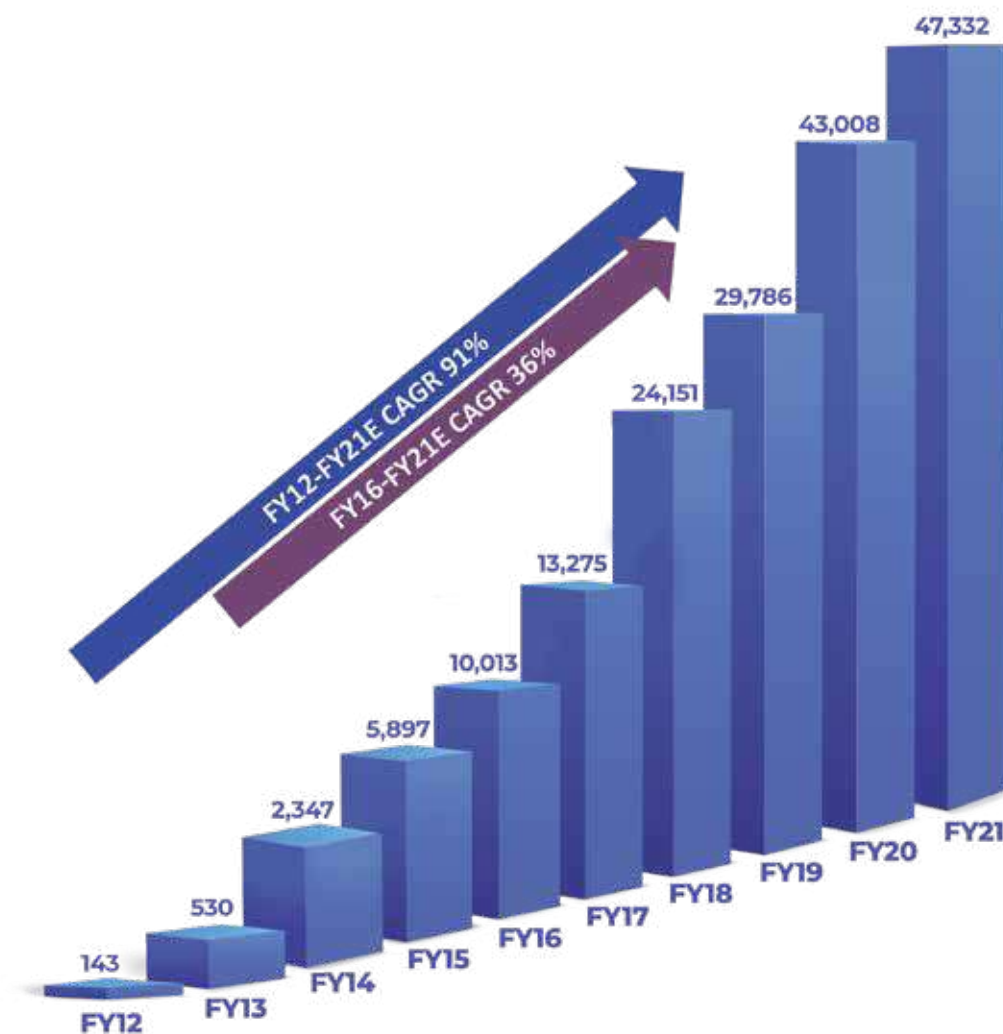
REVENUE GROWTH  
IN FY21

3.18%

NET PROFIT  
MARGIN IN FY21

23.3%

RETURN ON  
EQUITY IN FY21

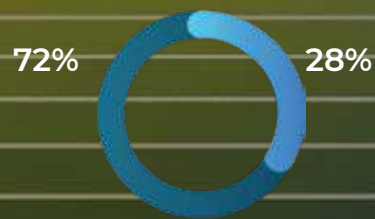


## SEGMENT-WISE LATEST MARKET SHARE JAN TO JUN 2021 (VALUE WISE)

KEY ■ AIR LINK ■ OTHER



SAMSUNG



TECNO



ITEL



APPLE



XIAOMI





# ORGANIZATIONAL OVERVIEW

Air Link Communication Limited is one of the largest manufacturers, distributors and retailers of smartphone devices in Pakistan with over a decade long brilliance in telecom industry. The company aims to provide unparalleled customer service and cultivate a loyal following.

The company has set up state-of-the-art smartphone production facility which is going to produce top-notch products that will enable us to take technology to every nook and corner of the country.

With effective management and positive relations with our partners and customers, we were able to achieve PKR 51 Billion gross revenue amidst the pandemic which speaks volumes about the potential of this industry.



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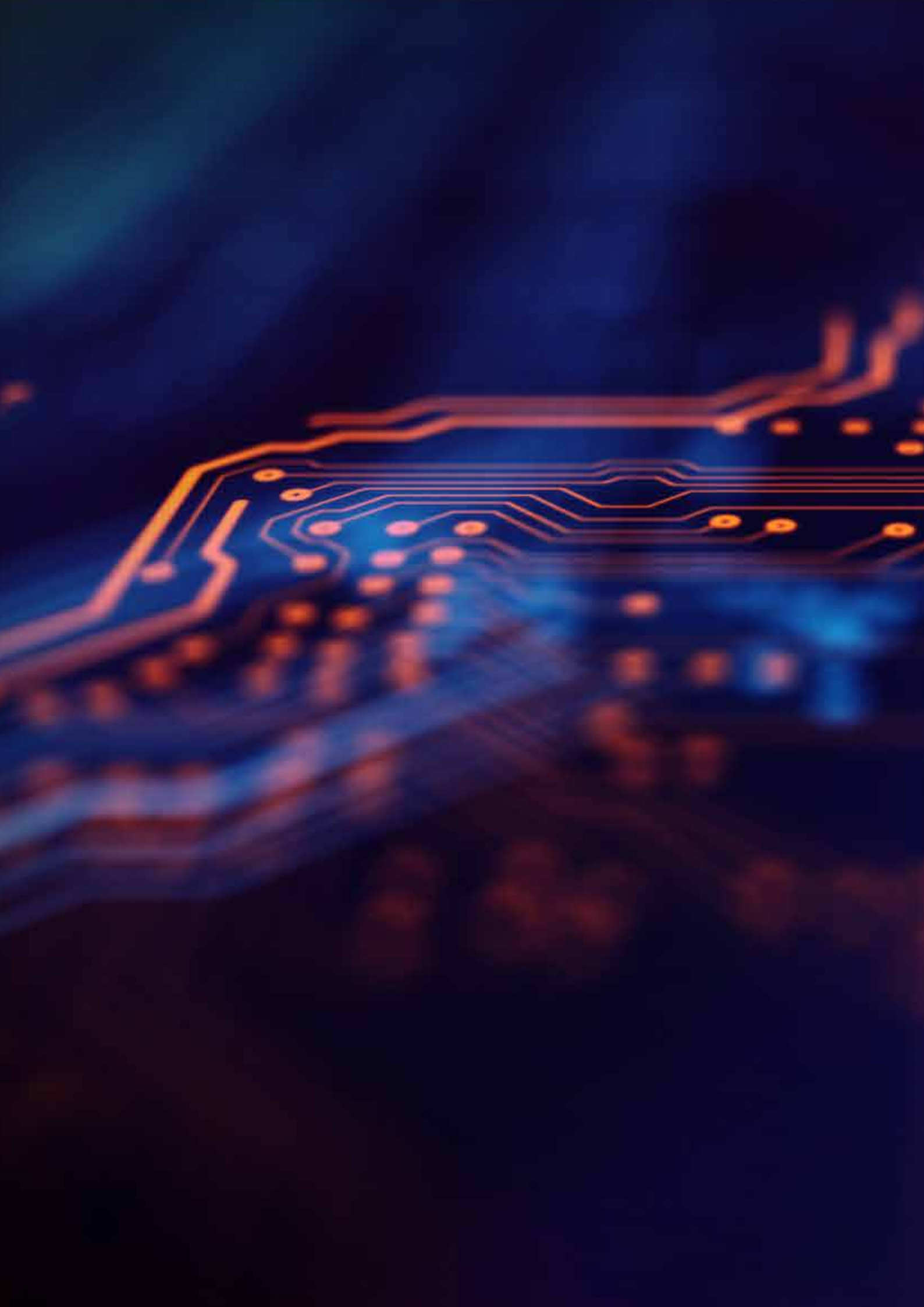
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# 01

## INTRODUCTION

# DISTRIBUTION

Air Link Communication Limited is a leading distributor of mobile phones having a strong presence in Pakistan with service centers across the country. The Company is official distributor of Samsung, Huawei, TCL, Tecno, Itel, and Xiaomi; and has an agreement with the Apple Authorized Distributor for Pakistan (i.e. Mercantile Pacific Asia Pte. Ltd or “MP”) for distribution of products procured from MP in Pakistan. The Company imports and distributes mobile phones & accessories in Pakistan, having market share of around 20% within imported mobile phone according to Pakistan Customs Import Data and GfK Report. The Company was awarded “Platinum National Distributor” and “Sustainable Channel Growth Partner” by Huawei in 2018.

*The Company has a country-wide distribution network consisting of*



**16**

Regional Hubs



**1,000+**

Wholesalers



**4,000+**

Retailers

Years	Revenues(PKR Mn)	Legal Status*
FY 2015	5,897	AOP
FY 2016	10,013	AOP
FY 2017	13,275	AOP
FY 2018	24,151	AOP + Air Link Communication(Pvt) Ltd
FY 2019	29,786	Air Link Communication(Pvt) Ltd
FY 2020	43,008	Air Link Communication(Pvt) Ltd
FY2021	47,372	Air Link Communication(Pvt) Ltd

*\*Air Link Communication (Pvt.) Limited was incorporated in January 02, 2014 but was dormant till FY 2018 when it started taking over the assets and liabilities of the AOP. The acquisition was completed w.e.f. July 01, 2018. Air Link Communication (Pvt.) Limited was converted into a public limited company w.e.f. April 24, 2019.*

- The business revenues grew exponentially from PKR 5,897 million in FY15 to PKR 43,008 million in FY20, depicting a remarkable 5-Year CAGR of 49%, whereas revenues during FY21 stood at PKR 47,372 million, with revenue growth of 10.15% and volume growth of 57% as compared to last year.
- The management of Air Link is highly experienced and most of the team has been associated with the Company for a number of years.
- Corporate Governance and management systems of the Company are in line with international best practices. This is evident from the fact that the Company utilizes Enterprise Resource Planning system of SAP for its financial and management information system, and its financial statements are audited by EY Ford Rhodes, Chartered Accountants, member firm of Ernst & Young in Pakistan.
- Air Link Communication was declared among the top five tax payers (in AOP category) for the Tax Year 2018 in a ceremony held at Prime Minister's Office on February 21, 2019.

# RETAIL



The retail industry has evolved dramatically over the past decade. With ever-changing shopping behaviors, the strong emergence of e-commerce and global competition, retailers are consistently challenged to bring shoppers into their brick-and-mortar stores and keep them coming back. Retail stores play an important role in high-level exposure of businesses and widespread distribution of products.

At Air Link we believe in reinventing the shopping experience through state-of-the-art retail outlets with latest technology and customer experience of international standard. As of June 30, 2021, the Company operated fourteen retail outlets, out of which five were located in Karachi, five in Lahore, two in Bahawalpur and one in Hyderabad and Multan.



# SMART PHONE PRODUCTION FACILITY

Airlink has set up state of the art smartphone assembly plant in Lahore. The organization is strong proponent of investment in Pakistan and has invested heavily in the local industry. The idea is to promote "Make in Pakistan" products to and to create employment opportunities for skilled and unskilled labor. The company is currently assembling phones of famous brands



The total covered area of factory is 150,000sqft. In the first phase, we have established 8 Production, 2 Quality, and 4 Packaging lines, with the technological assistance from TCL and Transsion Holdings Company. The facility will have an estimated production capacity of 500,000-800,000 units (per month) for smart phones and featured phones. Warehouse area is around 10,000 sq ft. with the height of 30 ft., equipped with the latest material handling devices. This local assembling will provide 1000 jobs in Pakistanis including engineers, skilled and semi-skilled educated youth. The local market carries a potential of 40 million handsets. This has become a practical possibility, especially after the successful launch of Device Identification and Blocking System(DIRBS) that eliminates smuggling of mobile phones.



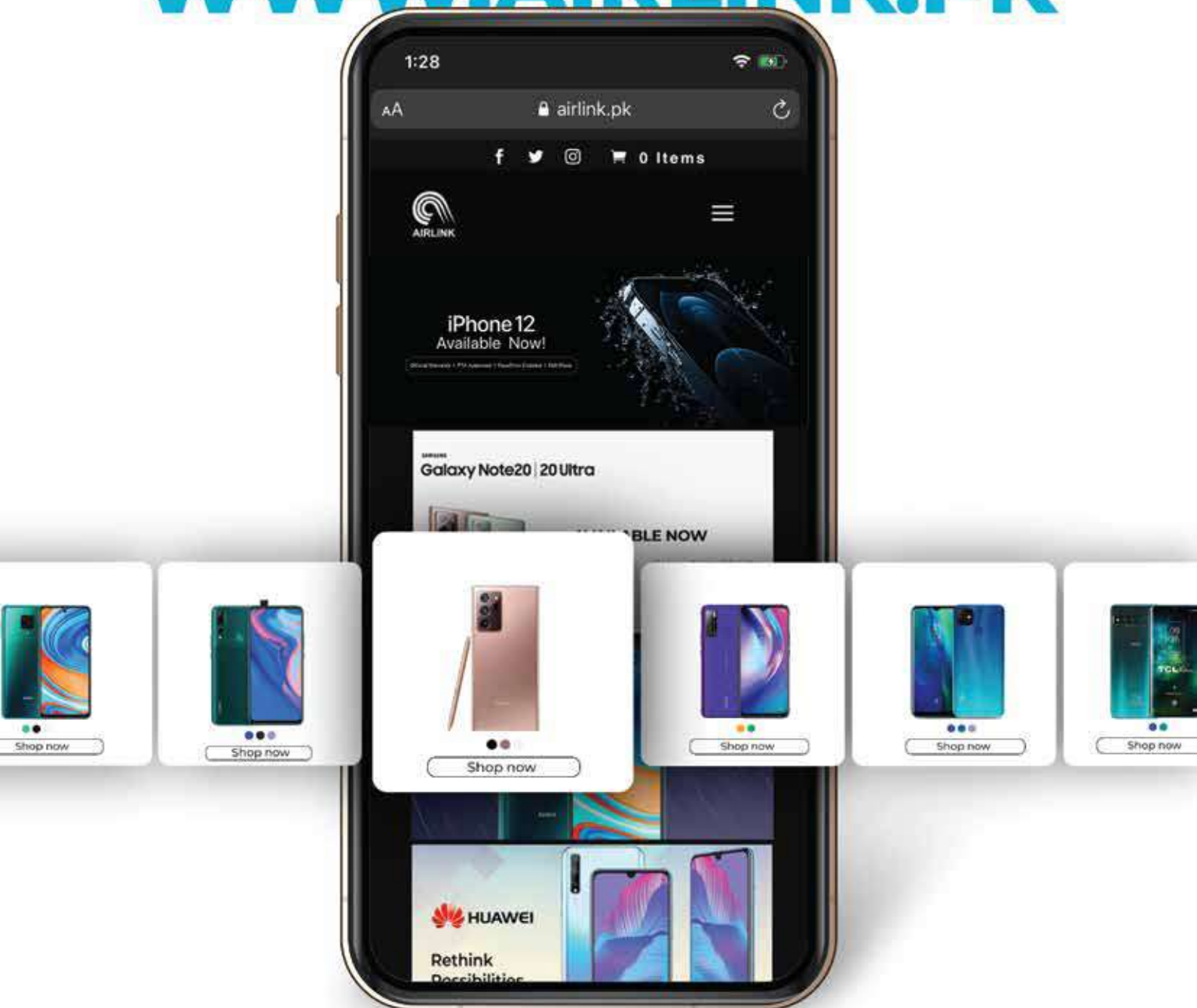


# ECOMMERCE

The popularity of e-commerce is not a new story. As lockdowns became the new normal, businesses and consumers increasingly went digital, providing and purchasing more goods and services online, raising e-commerce's share of global retail trade. The pandemic has made an already exploding trend of selling online even more important. With the expansion of 3G/4G network in Pakistan and the new shopping habits of shoppers during the pandemic, we have witnessed sharp increase in online sales. To cater to this trend, Air Link has developed an E-commerce platform “[www.airlink.pk](http://www.airlink.pk)” where people have access to a wide range of products with the ease of ordering from home. Through our user-friendly portal, we provide authentic products to customers at best pricing and fast delivery at their door step.



# WWW.AIRLINK.PK



*For hassle free online shopping*









02

COMPANY  
HISTORY

# BACKGROUND AND HISTORY

Name	Air Link Communication Limited
Registration Number	0086378
Date of Commencement of Business	January 2, 2014 in Lahore
Date of Commencement of Business	Not applicable, since the business was acquired from Air Link Communication, as Association of Persons (AOP)
Date of Acquisition of AOP Business (In Effect)	July 1, 2018
Date of Conversion to Public Limited Company	April 24, 2019

Air Link Communication registered itself as an Association of Persons ("AOP") and commenced operations on August 20, 2010 when it introduced Pakistan's First 3G-enabled Dual-Mode (GSM + EVDO) Android Tablet and First 3G-enabled (GSM + EVDO) Android Smartphone in partnership with PTCL.

Air Link Communication (Pvt.) Limited was incorporated on January 2, 2014 to take over the existing business of import, export distribution, indenting, wholesale, retail of communication and IT related products and services including cellular mobile / smartphones, tablets, laptops, accessories and allied products being run by Air Link Communication (the AOP). This was achieved by acquiring all assets and liabilities of the latter on July 1, 2018 vide Acquisition Agreement dated October 2, 2018. Subsequently, Air Link Communication (Pvt) Limited was converted into an unlisted public limited company with effect from April 24, 2019. The Company is in distribution business and has commenced assembly of 3G/4G smartphones

**-EXCELLENCE-**





# CALENDAR OF MAJOR EVENTS

## OFFICIAL PARTNERSHIP WITH XIAOMI



Airlink joined hands with Xiaomi for the distribution of its smartphones and ecoproducts across Pakistan

## AGREEMENT OF SMARTPHONE ASSEMBLING



To further our mission of producing mobile phones locally, Airlink signed Agreement with itel for assembling of smartphones

## HIGHEST TAX PAYER AWARD



Airlink was awarded with 'Highest Tax Payer Award 2020' in a ceremony held by Pakistan Customs at Wahga Border

## PROUD SPONSOR PESHAWAR ZALMI



Air Link believes in supporting our community and what better way than playing our role in promoting cricket: a sport so passionately loved by the nation. We partnered with Peshawar Zalmi as their proud sponsor for the 6th season of PSL.

## **INAUGURATION OF SMART PHONE PRODUCTION FACILITY**



Formally Inaugurated Air Link smartphone production facility. The occasion was graced by many prominent personalities including Mr. Hammad Azhar then Minister of Industries and Production.

## **SALES TEAM MEET AND GREET**



Airlink Annual Sales Meeting held at Avari Lahore to meet and greet the sales staff, the real force behind the success of our company







# COMPANY PROFILE

## BOARD OF DIRECTORS

Mr. Muzzaffar Hayat Piracha  
*Chief Executive Officer / Executive Director*

Mr. Aslam Hayat Piracha  
*Chairman / Non-executive Director*

Mrs. Rabiya Muzzaffar  
*Non-executive Director*

Mr. Syed Nafees Haider  
*Executive Director*

Mr. Sharique Azim Siddiqui  
*Independent Director*

Mr. Hussain Kuli Khan  
*Independent Director*

Mr. Aqdus Faraz Tahir  
*Independent Director*

## AUDIT COMMITTEE

Mr. Hussain Kuli Khan  
*(Independent Director)-Chairman*

Mr. Sharique Azim Siddiqui  
*(Independent Director)-Member*

Ms. Rabiya Muzzaffar  
*(Non-executive Director) -Member*

Mr. Qaiser Ali  
*(Head of Internal Audit)-Secretary*

## HR COMMITTEE

Mr. Sharique Azim Siddiqui  
*(Independent Director)-Chairman*

Mr. Aqdus Faraz Tahir  
*(Independent Director)-Member*

Mr. Muzzaffar Hayat Piracha  
*(Chief Executive Officer)-Member*

Mr. Amer Latif  
*(Company Secretary & Head of Legal)-Secretary*

## CHIEF FINANCIAL OFFICER

Mr. Nusrat Mahmood

## COMPANY SECRETARY

Mr. Amer Latif



## BANKS



Bank Al Habib Limited



JS Bank Limited



United Bank Limited



Askari Bank Limited



Standard Chartered Limited



The Bank of Punjab Limited



The Bank of Khyber Limited



Habib Metro Limited



Bank Alfalah Limited



Dubai Islamic Bank Limited



Habib Bank Limited



Meezan Bank Limited



Bank Islami Limited



Soneri Bank Limited

## LEGAL ADVISOR

Punjab Law Associates

## FACTORY ADDRESS

152/1 - M, Quaid-e-Azam Industrial Estate, Kotlakhpat Lahore.

## COMPANY'S REGISTERED ADDRESS (HEAD OFFICE)

LG-2, Al Qadir Heights, 1 Babar Block, New Garden Town, Lahore, Pakistan

## EXTERNAL AUDITORS

EY Ford Rhodes (Chartered Accountants) 96/B-1, 4th Floor, Pace tower, M.M. Alam Road, Gulberg 3, Lahore, 54000, Pakistan

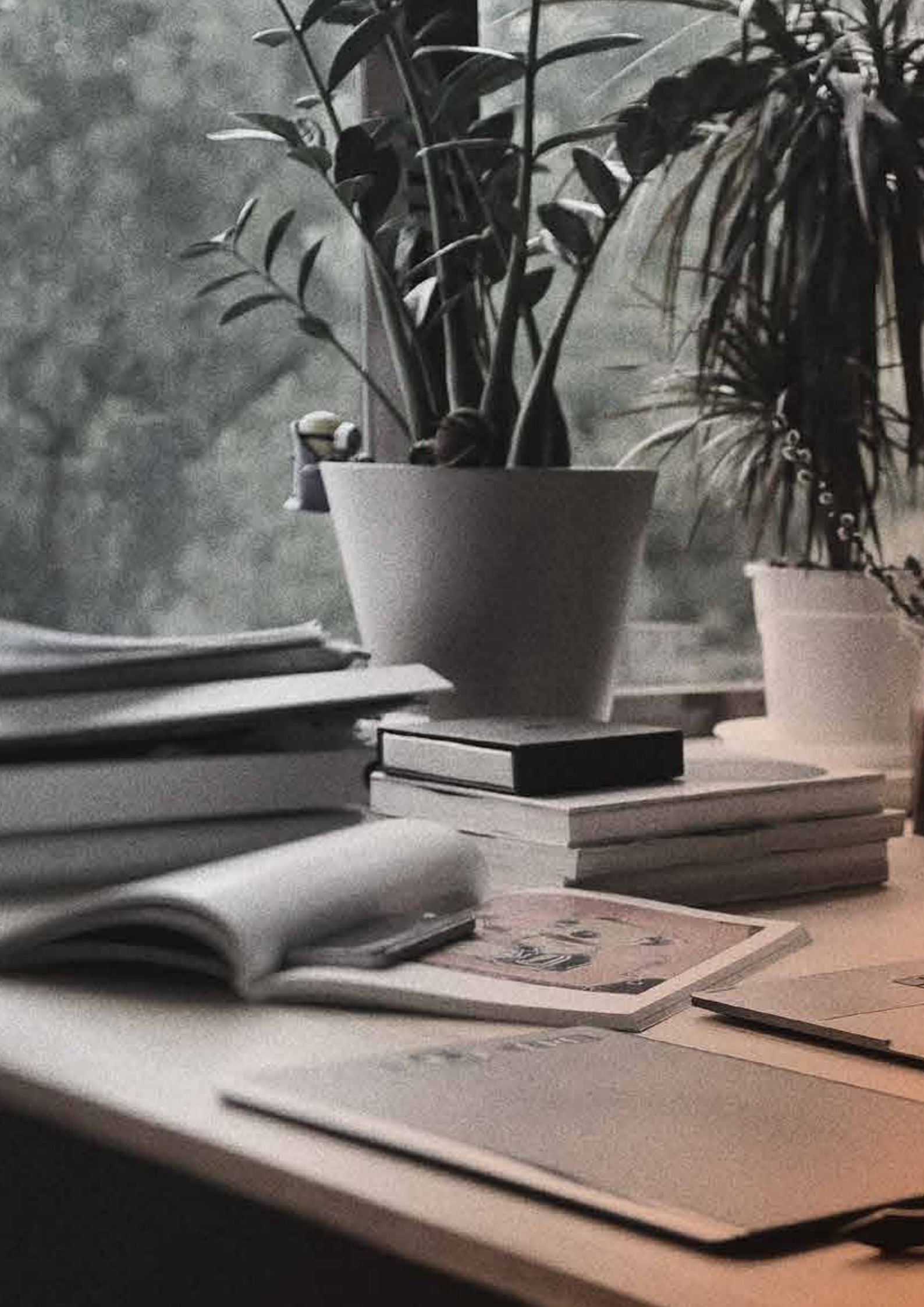






03

**ORGANIZATIONAL  
STRUCTURE**





# ORGANOGRAM



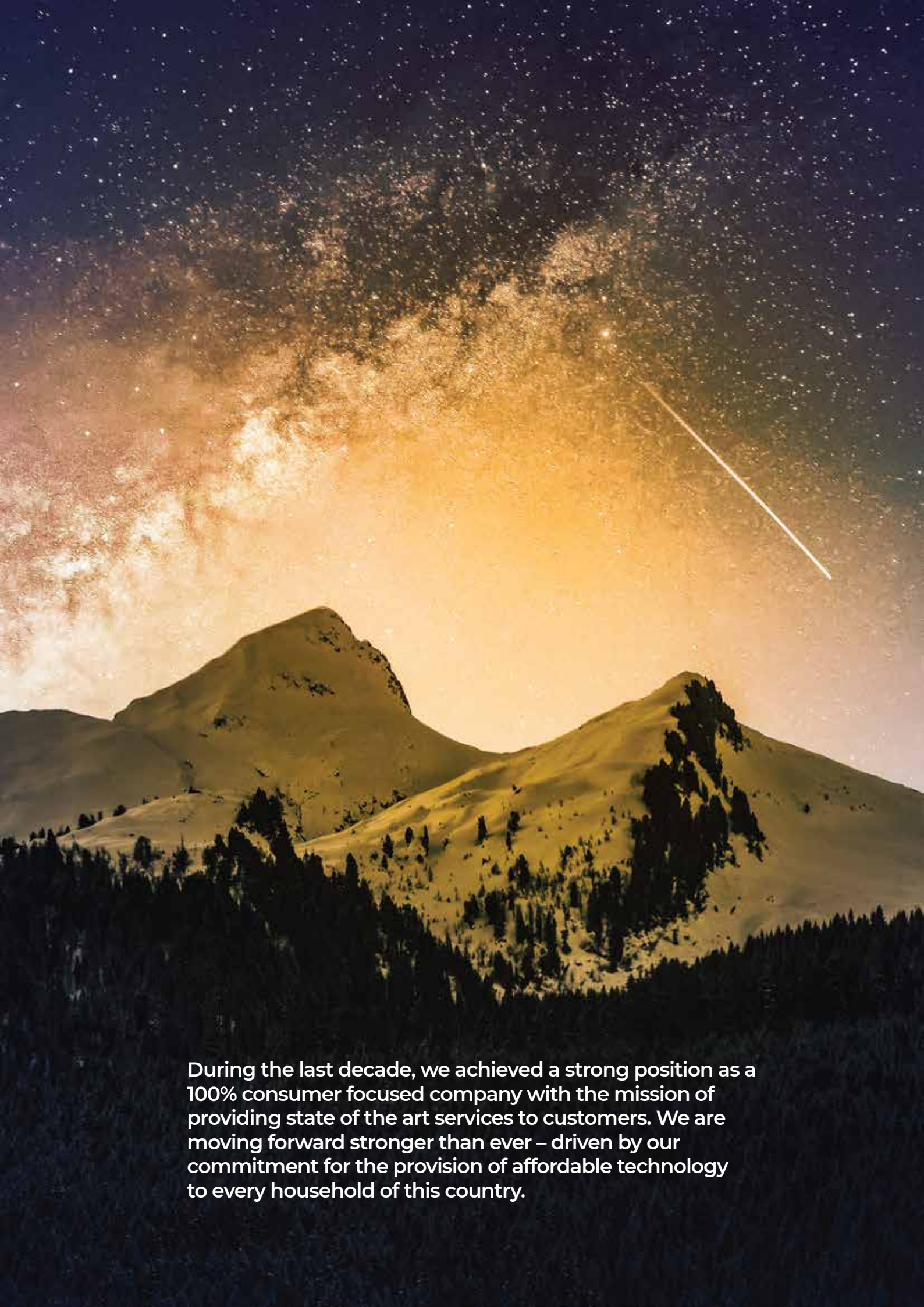




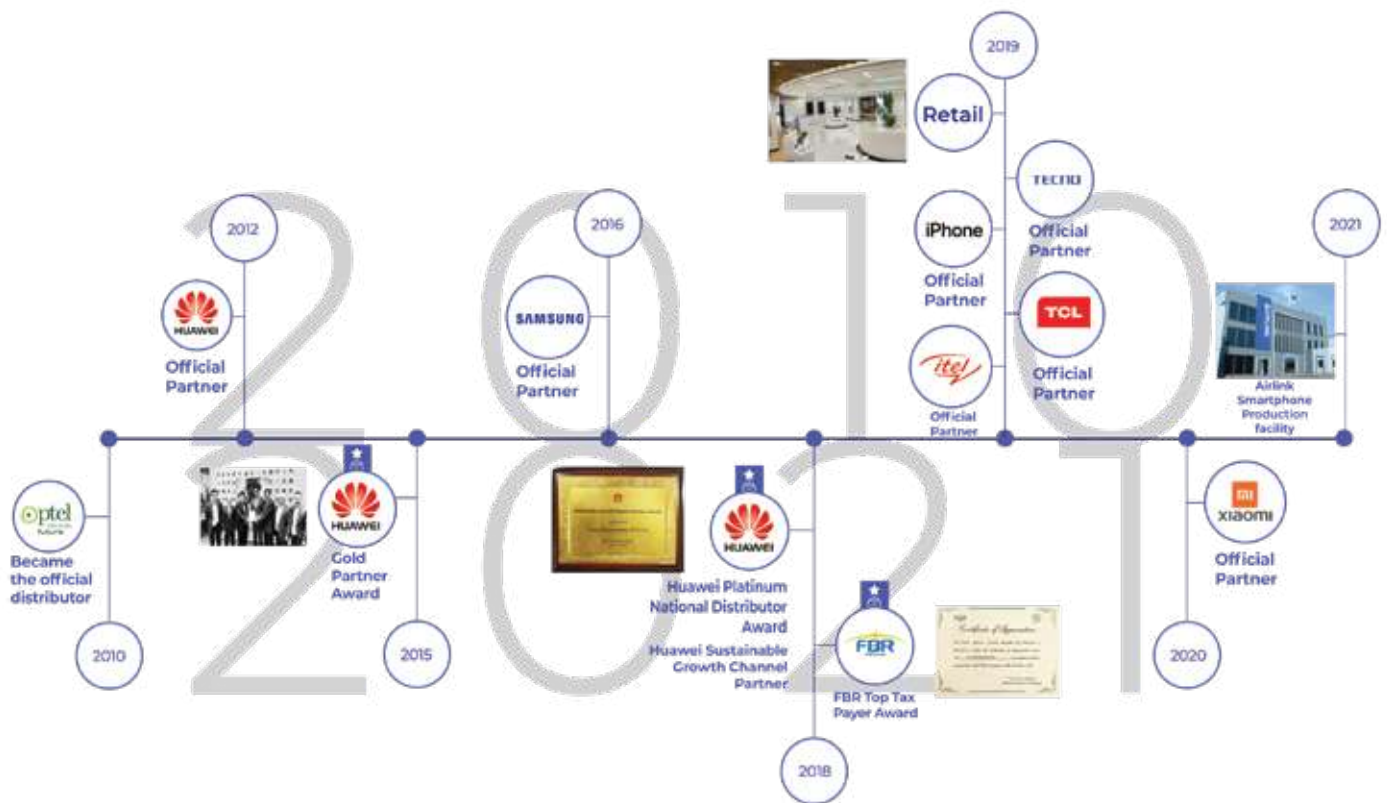
04

**MILESTONES**





During the last decade, we achieved a strong position as a 100% consumer focused company with the mission of providing state of the art services to customers. We are moving forward stronger than ever – driven by our commitment for the provision of affordable technology to every household of this country.










05

**GEOGRAPHICAL  
PRESENCE**

A photograph taken from inside a cave, looking out through a natural rock archway. The arch is made of rough, brownish-orange rock. The view outside shows a clear blue sky above a calm blue ocean. The water has gentle ripples. The horizon line is visible in the distance.

Our nationwide presence enables us to facilitate and develop solutions and be closer to our customers. We've spent years addressing the country's technological needs and continuously improving our supply chain helped ensure steady access to our trusted services.













06

SWOT  
ANALYSIS



# STRENGTHS

Experienced and customer-friendly team.

Official partnerships with leading mobile phone manufacturers and the ability to run competing brands under one umbrella.

Excellent stakeholder relations based on prompt delivery of stock and customer service.

Country wide distribution network and warehouses.

Remarkable 5-Year revenue CAGR of 36% during FY15 to FY20.

Sound margins owing to adjustment to pricing of products provided by vendors.

Inventory of the Company is comprehensively insured against damage, fire, theft etc.

Commenced assembly of mobile phones which will provide a cost advantage



# WEAKNESSES

Margins are set by Principal/ Manufacturer/ Regional Distributor.





# OPPORTUNITIES

Post-implementation of DIRBS by PTA will enable official importers /distributors to capture additional market share.

Forward integration via opening of Company operated retail outlets to capture retailer margins.

Establishment of own e-commerce platform utilizing alternate delivery channels such as online shopping and television to increase outreach to customers.

Increasing demand as customer preferences shift from feature phones to low cost smart phones.

Setting up an assembly unit will result in localization, import substitution and possible exports. The Company has set up an assembly line in Lahore, and is in the process of obtaining requisite approvals from Regulatory bodies.

Air Link can add more brands in the portfolio.

Leverage expanding distribution & retail network to tap feature phone market.



# THREATS

Government may impose additional duty on high-end mobile phones to reduce Current Account deficit.

Decrease in demand as a result of currency devaluation.

Adverse changes in the regional and global mobile market will have spillover effects on local trade volumes.

Future changes in import policy by the government.

Higher interest rates increase the cost of debt.







# 07

## GOVERNANCE

# PROFILES OF DIRECTORS



**MR. ASLAM HAYAT PIRACHA**

*Chairman/Non-executive Director*

Mr. Aslam Hayat Piracha belongs to a well-known business family of Sargodha. His leadership experience spans over five decades with core specialty in trading. He started his business career in the late 1960s as a trader, importing and exporting textile products. In the early 1980s, he laid the foundation of a manufacturing unit of textile garments by installing knitting machines.

He is a result driven and self-motivated individual with a proven ability to develop and strengthen management teams in order to

maximize corporate profitability and efficiency. He has maintained professional relationships with customers and suppliers over the long term giving him a discernible competitive advantage in the industry.

Mr. Aslam Hayat Piracha actively participates in Corporate Social Responsibility (CSR) and welfare activities of the Company and is involved in development of Bhera Community Center – a state of art medical and community center.





## MR. MUZZAFFAR HAYAT PIRACHA

*Chief Executive Officer/Executive Director*

Mr. Piracha has been instrumental in the sustained growth of Air Link from a relatively smaller set-up with FY12 revenue of PKR 143 Million to an entity which generated PKR 43 billion in revenues in FY20. He ventured into telecommunications in 2010 to form Air Link Communication.

In Air Link, he partnered with Huawei to bring EVO devices in Pakistan through PTCL's network. Although 3G services were not officially launched, Pakistan Telecommunication Company Limited's (PTCL) CDMA network offered 3G speeds and through the vision of Mr. Piracha who established and fostered relationships with Huawei and PTCL, the Company gained a first-mover advantage and

became Huawei's licensed distributor for telecommunication devices and accessories.

In 2016, Mr. Piracha also signed an agreement with Samsung for distribution of its smart phones through Air Link's established nationwide distribution network.

Mr. Piracha's vision for Air Link is to use the FMCG model employed by large multi-nationals to develop a multi-faceted distribution network. Apart from Air Link, Mr. Piracha is considered an industry stalwart and has supported relevant authorities in formation and implementation of DIRBS to eliminate illegal import of telecom devices in Pakistan.



**MRS. RABIYA MUZZAFFAR**

*Non- Executive Director*

Mrs. Rabiya Muzzaffar holds a Masters in Business Administration from NUST University, Islamabad.

Mrs. Muzzaffar specializes in Marketing and Human Capital Management. She utilizes her skills for improvement of efficiencies, job satisfaction and retention of human resource.

She also has experience of outdoor media and marketing campaigns with the objectives of accessing the target market. She believes that continuous training and development of human resources would make the workforce that is compatible in the emerging era.

She has attended various conferences and seminars on human capital management.



**MR. SYED NAFEES HAIDER**

*Executive Director*

Mr. Haider began his career in 2003 and has been associated with Air Link Communication since its inception.

He is involved in the formulation and implementation of the distribution strategy, in consultation with the Sales Head. He provides valuable input to the overall sales strategy through in-depth market analysis to drive profitability of the distribution channel. He sets forth strategic and operational plans for achieving sales targets by the distribution network and is involved in planning launch of new products in coordination with sales and marketing teams. He also coordinates and liaisons with vendors about new development in market dynamics and its implications.

Prior to Air Link, Mr. Nafees was associated with stock brokerage and tourism industry.





**MR. SHARIQUE AZIM SIDDIQUI**

*Independent Director*

Mr. Siddiqui is the CEO of Pakistan International Bulk Terminal Limited (PIBT). PIBT is Pakistan's first bulk terminal for handling cement, clinker and coal.

He led the team for the bidding of the PIBTL's terminal in 2007 and was instrumental in the planning and execution of the project. He joined Marine Group of Companies in 1997 and was involved in various Group Ventures. He served as Project Director and Chief Operating Officer at Pakistan International Container Terminal Ltd. from 2002 till 2012 and was in-charge of container terminal's project planning, coordination and implementation.

He also served as CEO of Marine International Container Terminal - an inland Container Depot project with Railways connectivity in Lahore. He did his Bachelors and Masters of Arts in Economics from Tufts University, Boston, USA.



**MR. HUSSAIN KULI KHAN**

*Independent Director*

Mr. Khan is the CEO of The General Tyre and Rubber Company of Pakistan Limited. He is an accomplished professional with substantial and diversified managerial and leadership experience in the manufacturing sector.

He has served as President and Vice President of Landhi Association of Trade and Industry (LATI), Karachi. Prior to that, he held the position of Executive Director Finance at JDM Textile Mills Limited. In 2003, he was elected as the chairman of All Pakistan Textile Mills Association (APTMA) Khyber Pakhtunkhwa and Vice Chairman APTMA Central Body.

Mr. Khan possesses Business Administration qualification from Gettysburg College, USA and attended several professional programs in Europe. Mr. Khan is also Certified Director from Pakistan Institute of





**MR. AQDUS FARAZ TAHIR**

*Independent Director*

Mr. Tahir is an established telecom procurement consultant who played an instrumental role in the procurement, logistics and implementation of the PTCL and Ufone telecom network as per international best practices.

He has served as an Advisor to PTCL for Procurement, where he was responsible for setting up and implementation of procurement systems. Prior to that, he held senior positions in procurement at PTCL & Ufone.

His responsibilities included heading procurement, logistics and implementation of procurement systems transformation. Moreover, he supervised the merger of traditional turnkey and supply sections based on latest technologies.

He did his Masters of Technology Management from Griffith University, Brisbane, Australia.





# MANAGEMENT TEAM



**MR. NUSRAT MAHMOOD**

*Chief Financial Officer*

Mr. Mahmood is an achievement-oriented, talented and accomplished Management Accountant and Chemical Engineer with 19 years of experience. He has a proven track record of managing corporate operations, with investment related ability to implement effective policies and procedures, internal controls systems, and Enterprise Resource Management systems. He is well versed in designing balance scorecard, budget management, forecasting and negotiations, preparing feasibilities and due diligence.

He has hands-on experience of diversified businesses including textiles, fertilizers and telecom. Mr. Mahmood is a Chemical Engineer and fellow member of Institute of Cost and Management Accountants Pakistan.



**MR. ADNAN AFTAB**

*GM Manufacturing*

A business manufacturing strategist with over 25 years of experience in start-ups, proficient oversight of cross-functional teams and overall development of corporate performance and organizational expansion projects that drive significant market advantages and optimize capacity planning, supply chain, least cost facilities and logistics.

Mr. Aftab has B.E in Mechanical Engineering and Masters in Manufacturing Engineering from N.E.D University of Engineering & Technology, Karachi.

Mr. Aftab has been previously associated with Dawlance Pvt. Ltd. for 15 years, Pak Elektron Ltd. for 6 years and Waves Singer Pakistan Ltd. for 4 Years; during this time he managed overall factory operations and ensured efficiency of processes.





**MR. MIAN IRFAN**

*Head of Distribution*

Mr. Irfan is an accomplished professional with over 23 years of experience in the telecom industry that encompasses complete aspects of marketing and sales. He has diversified experience of managing his own business and serving at the top management of different organizations.

He started his career in marketing & communications, and also has experience in brand management, public relations, business development, sales and distribution. Mr. Irfan has rich professional experience in developing, revamping and marketing brands and leading business units. As Head of Distribution, he effectively leads nationwide business and corresponds with the vendors on critical issues.

Mr. Irfan holds a Masters in Business Administration (Finance) and Certification in Accounts and Finance.



**MR. AMER LATIF**

*Company Secretary &  
Head of Legal Affairs*

Mr. Amer brings with him more than 18 years of experience in Company Secretarial functions, Corporate Laws, Regulatory Affairs & Office Administration in both the Public and Private Sector. He is member of Lahore Bar Association.

He is involved in improving the reporting capabilities of the Company, ensuring compliance with statutory regulations and developing an internal control environment in the Company. He also looks after litigation matters of the Company. Moreover, he has a vital role in dealing with SECP, CCP, CDC and other regulatory departments.

In the past, he has had professional associations with SECP's Company Law Division and with METRO Cash & Carry Pakistan, a member Company of German Group METRO AG.

# CHAIRMAN'S REVIEW



## MR. ASLAM HAYAT PIRACHA

*Chairman/Non-executive Director*

Dear Shareholders,

It gives me immense pleasure to write to you as the chairman of Air Link Communication Limited. I want to extend my sincerest gratitude to all of you for your

unwavering trust in the company by helping us execute the largest private sector IPO in Pakistan. Our whole organization is overwhelmed by this response. As an organization we yearn for excellence and we are all geared up and determined to deliver.

Last year has been very challenging for the economy as we witnessed some major slowdown of global economy. Covid-19 had a profound effect on the lives of millions of people around us. In addition to the threat to public health, the economic and social disruption threatened the long-term livelihoods and wellbeing of millions. Despite the challenges the Company managed to work through it and made a net profit of PKR 1.5 billion while safeguarding and prioritizing the health and safety of its employees.



## INDUSTRY OVERVIEW

Major volume of Pakistan's mobile market is attributed to the feature phone section, whereas majority of the revenue is being driven from smartphone segment. Smartphone penetration levels were low owing to limited outreach of 3G/4G services. However, with improved offers from mobile operators, there has been a considerable increase in 3G/4G subscriber base. The Pakistan mobile market is expected to transition from feature phones to smart phones as 4G becomes more widely available.

Mobile brands are providing consumers with a wider choice of smartphones at more affordable prices in the low tier range. Mobile network operators based in Pakistan have also completed successful testing of 5G technology which further bodes well for growth in sales of smartphones.



## BUSINESS PERFORMANCE

Air Link set up a state-of-the-art smartphone production facility with a total capacity of assembling 400,000 units per month. It is the most advanced mobile phone production facility with a vision of promoting manufacturing in the country by meeting all International standards of quality and production. Air Link Communication Limited was able to deliver resilient performance despite pandemic hit market. The Company's net turnover increased from PKR 4.3 Billion to PKR 47.3 billion. Moreover, net profit of the company is PKR 1.5 billion which translates into basic EPS of PKR 5.02 during the financial year ended June 30, 2021.





## ECONOMIC CONTRIBUTION

Technological development is an important factor in increasing the growth rate of economy at macro level. The social development occurs if a society can make technological advances and reflect them to their social and cultural lives. Our mission to make technology affordable for the end consumer will enable them to use technologies more efficiently, as this results in reduced costs and enhanced productivity gains.

I feel proud to share that Air Link has supported the national economy by contributing Rs.5.976 billion to national exchequer in the form of sales tax, income tax, custom duties and other levies which is equivalent to 12.5% of the net sales and 4 times of the profits of the Company. We believe that with local manufacturing we will be able to contribute an even larger sum next year.



## CREDIT RATING

To maintain credibility as an organization we need to ensure the transparency of our financials. To this effect, The Company engaged the Pakistan Credit Rating Agency Limited (PACRA) to evaluate the financial strength and governance system of the company. After evaluating our financial records, PACRA has awarded Air Link Communication Limited a credit rating of A- & A1 for long term and short-term tenures, respectively.



## WORDS OF GRATITUDE

Last but not the least, I want to acknowledge the hard work and consistency of employees, their strength, commitment and dedication is what makes the Company unique and successful. I am grateful for prudent and insightful approach of leadership team, support and loyalty of our customers, continued trust of all the stakeholders of the Company. With all of your trust and confidence in the Company, we will be able to achieve our goals and reach new heights.

## معاشی شراکت:

بڑے پیمانے پر معاشی شرح نمو بڑھانے میں ٹیکنالوجی کی ترقی ایک اہم محرک ہے۔ معاشرے کی سماجی ترقی کا دارومدار ٹیکنالوجی میں پیش رفت اور ٹیکنالوجی کی سماجی اور ثقافتی عکاسی پر ہے۔ اختتامی صارف کے لیے ٹیکنالوجی کو باکفایت بنانے کا ہمارا مشن انھیں زیادہ موثر طریقے سے ٹیکنالوجی کے استعمال کے قابل بنائے گا کیونکہ اس کا نتیجہ کم لاگت اور زیادہ پیداواری فوائد کی صورت میں نکلتا ہے۔

مجھے آپ کو یہ بتاتے ہوئے فخر محسوس ہو رہا ہے کہ انرلنک نے سیلز ٹیکس، انکم ٹیکس، کسٹم ڈیوٹیوں اور دیگر محصولات کی شکل میں قومی خزانے میں 5.976 ارب روپے کا حصہ ڈالا جو خالص سیلز کے 12.5 فیصد کے مساوی اور کمپنی کے منافع کا چار گنا ہے۔ ہمیں یقین ہے کہ مقامی مینوفیکچرنگ کے بعد ہم اگلے سال اس سے بھی بڑا خطیر حصہ ڈالنے کے قابل ہوں گے۔

## کریڈٹ ریٹنگ:

ایک ادارے کی حیثیت سے ساکھ برقرار رکھنے کے لیے ہم اپنے تمام تنظیمی طریقہ کار کی شفافیت کو یقینی بناتے ہیں۔ اس سلسلے میں کمپنی نے اپنے مالیاتی استحکام اور گورننس سسٹم کی قدر معلوم کرنے کے لیے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی خدمات حاصل کیں۔ ہمارے مالیاتی ریکارڈز کی جانچ کے بعد PACRA نے انرلنک کیونٹیکیشن لمیٹڈ کو طویل المدت A- اور مختصر مدت کے لیے A1 کریڈٹ ریٹنگ دی۔

## اظہار شکر:

میں آخر میں کارکنان کی انتھک محنت اور مستقل مزاجی کا اعتراف کرنا چاہتا ہوں۔ ان کا حوصلہ، عزم اور خلوص ہی کمپنی کو منفرد اور کامیاب بناتا ہے۔ میں لیڈر شپ ٹیم کے محاط اور دانش مندانہ انداز فکر، اپنے صارفین کی مدد اور وفاداری اور کمپنی کے تمام متعلقین کے مسلسل اعتماد کا شکر گزار ہوں۔ ہم، کمپنی پر آپ کے بھروسے اور اعتماد کے ساتھ اپنے مقاصد کے حصول اور نئی بلندیوں تک پہنچنے کے قابل ہو جائیں گے۔ انشاء اللہ۔



## چیرمین جائزہ رپورٹ

مکرمی حصص یافتگان،  
اسلام علیکم!

انٹرنک کیونٹیکیشن لمیٹڈ کے چیرمین کی حیثیت سے مجھے یہ لکھتے ہوئے انتہائی خوشی محسوس ہو رہی ہے کہ پاکستان میں نجی شعبے کے سب سے بڑے IPO میں شرکت فرما کر آپ نے کمپنی پر جس غیر متزلزل اعتماد کا اظہار کیا ہے، اس کا میں خلوص دل سے شکرگزار ہوں۔ ہمارا پورا ادارہ اس جذبے کی قدر کرتا ہے۔ ایک ادارے کی حیثیت سے ہم کمال فن کے آرزو مند ہیں اور ہم سب نے آپ کی توقعات پر پورا اترنے کا تہیہ کر رکھا ہے۔

پچھلا سال معیشت کے لیے بہت مشکل رہا، جیسا کہ ہم نے عالمی معیشت میں کسی حد تک ایک بڑی ست روی دیکھی۔ عالمی وبا Covid-19 نے ہمارے آس پاس لاکھوں زندگیوں پر گہرا اثر ڈالا۔ صحت عامہ کو لاحق ہونے والے خطرے کے علاوہ معاشی اور سماجی خلل نے لاکھوں انسانوں کے طویل المدت روزگار اور بہبود کو خطرے سے دوچار کر دیا۔ ان مشکل حالات کے باوجود کمپنی نے اپنے ملازمین کی صحت اور سلامتی کے تحفظ کو مقدم رکھتے ہوئے 1.5 ارب پاکستانی روپے کا خالص منافع کمایا۔

### انڈسٹری کا منظر نامہ:

پاکستان کی موبائل مارکیٹ کا ایک بڑا حصہ فیچر فون سے منسلک ہے، جبکہ آمدن کا بڑا حصہ اسمارٹ فون سیکمنٹ سے کمایا جا رہا ہے۔ 3G/4G سروسز کی محدود رسائی کے باعث اسمارٹ فون کی سرایت کی سطحیں کم تھیں۔ تاہم، موبائل آپریٹرز کی طرف سے بہتر آفرز کے ساتھ 3G/4G سبسکرائبرز کی تعداد میں خاطر خواہ اضافہ ہوا ہے۔ پاکستانی موبائل مارکیٹ کے فیچر فونز سے اسمارٹ فونز کی طرف مراجعت کی امید ہے، کیونکہ 4G اب زیادہ وسیع پیمانے پر دستیاب ہو رہا ہے۔

موبائل فونز صارفین کو فحشی سطح کی رینج میں وسیع پسند اور باکفایت اسمارٹ فونز میسر کر رہے ہیں۔ پاکستان میں موبائل فون آپریٹرز نے 5G ٹیکنالوجی کی بھی کامیاب آزمائش مکمل کر لی ہے جو اسمارٹ فونز کی فروخت کی افزائش کے لیے مزید اچھا اقدام ہے۔

### کاروباری کارکردگی

انٹرنک نے ایک بامثال اسمارٹ فون پراڈکشن فیسلٹی قائم کی ہے جو ماہانہ 400,000 سے زیادہ موبائل فون بنانے کی صلاحیت رکھتی ہے۔ کوالٹی اور پیداوار کے تمام بین الاقوامی معیارات کی پابندی کرتے ہوئے ملک میں مینوفیکچرنگ کو فروغ دینے کی سوچ کے ساتھ یہ جدید ترین موبائل فون پراڈکشن فیسلٹی ہے۔ مارکیٹ کے عالمی وبا سے متاثر ہونے کے باوجود انٹرنک کیونٹیکیشن لمیٹڈ مستقل مزاجی سے کارکردگی دکھانے کے قابل رہی۔ کمپنی کی سیلز 43 ارب پاکستانی روپے سے بڑھ کر 47.3 ارب پاکستانی روپے ہو گیا۔ مزید برآں، کمپنی کا خالص منافع 1.5 ارب پاکستانی روپے ہے جو 30 جون 2021 کو ختم ہونے والے مالی سال کے دوران 5.02 پاکستانی روپے کی بنیادی EPS کو ظاہر کرتا ہے۔

# CEO'S REVIEW



**MR. MUZZAFFAR HAYAT PIRACHA**

*Chief Executive Officer/Executive Director*

Dear Stakeholders,

I am excited to share the annual report for the financial year 2020-21. The last year has been the

most challenging and exhilarating at the same time. As the year winds down, it is valuable to take a look back at the work we've done and let it be a guide for the work ahead.

Air Link Communication Limited lived up to its reputation of being the industry leader and continued on the growth path during these unprecedented times. The company successfully managed to consolidate its position as the leading mobile phone distributor in Pakistan.

Keeping in line with our vision of taking technology to every nook and corner of the country, we built a state-of-the-art mobile phone production facility in Lahore, primarily focusing on improving system efficiencies for optimization of manufacturing processes, cost reduction, and enhancing

customer experience. With a capacity of producing over 400,000 mobile phones per month, this initiative will not only help reduce the import bill of the country but also create employment opportunities for skilled and non-skilled labour.

The company was able to meet its growth target with a net turnover increase from PKR 43 Billion to PKR 47.3 billion. Moreover, the company made net profit of PKR 1.5 billion which translates into basic EPS of PKR 5.02 during the financial year ended June 30, 2021.

In view of our continued coordination and engagement with the government, the policies towards this sector remained quite favorable. During the year, the management remained committed to increase the company's outreach by opening retail stores of international standards to provide an exquisite customer experience. We also developed a user-friendly e-commerce portal as we truly believe that digital storefronts will play a pivotal role in economic growth. I can proudly say that Air Link Communication is the only company in this sector that provides end-to-end services that include manufacturing, distribution, wholesale, e-commerce and retail.

The company takes great pride in the fact that our employees' wellbeing is of paramount importance to us as we believe they are the driving force behind the success of this company. So, we ensured strict Covid-19 compliance and proper action plan was devised for employees' safety and uninterrupted business operations. At Air Link, we are committed to improving the world around us and believe that we should contribute for the betterment of the society in whatever way we can including healthcare, social welfare, environment and sports.

We remain committed to our strategic targets and focus primarily on diversification and long-term sustainability. The company has adapted technology and innovation at every business process to be the market leader. For Air Link, the astronomical success that we achieved by mitigating risks and by enhancing our financial strength is still a journey, not a destination, for we believe that with the spread of technology Pakistan can shine as the north star in the world.

In the end, I would like to pay my gratitude to all the stakeholders including the employees, channel partners and the management for their unwavering support to make us a successful corporate entity.





## CEO کا پیغام:

عزیز اسٹیک ہولڈرز،

مالی سال 2020-21 کی سالانہ رپورٹ شیئر کرتے ہوئے مجھے خوشی ہے۔ یہ سال انتہائی مشکل ہونے کے ساتھ بہت سے خوشگوار پہلو بھی لایا۔ سال کے اختتام پر اپنے اقدامات کی نظر ثانی آئندہ کے لائحہ عمل کے لیے مفید ہوگا تاکہ آئندہ کے کام کے لیے رہنمائی حاصل ہو سکے۔

انٹرلنک کیونیکیشن لمیٹڈ انڈسٹری لیڈر کی حیثیت سے اپنی شہرت پر پورا اتاری اور ان مشکل حالات میں بھی افزائش کے راستے پر گامزن رہی۔ کمپنی نے ملک میں موبائل فون کے ممتاز ڈسٹری بیوٹر کی حیثیت کو برقرار رکھتے ہوئے اپنی پوزیشن کو کامیابی سے مزید مستحکم بنایا۔

ٹیکنالوجی کو ملک کے ہر کوئی تک پہنچانے کے پیش نظر ایک بے مثال پروڈکشن فیسلسٹی تعمیر کی گئی جس کی توجہ کا بنیادی مرکز مینوفیکچرنگ طریقہ کار کی بہتری اور اس لاگت میں کمی ہے۔ ماہانہ چار لاکھ سے زیادہ موبائل فونز تیار کرنے کی استعداد کے ساتھ یہ کاوش نہ صرف ملک کے درآمدی اخراجات کو کم کرنے میں مدد دے گی بلکہ ہنرمند اور غیر ہنرمند طبقے کے لیے روزگار کے مواقع بھی پیدا کرے گی۔

کمپنی اپنا خالص ٹرن اوور 43 بلین پاکستانی روپے سے 47.3 بلین پاکستانی روپے تک بڑھانے کے ہدف کو پورا کرنے کے قابل رہی۔ اس کے علاوہ کمپنی نے 1.5 بلین پاکستانی روپے کا خالص منافع حاصل کیا جو 30 جون 2021 کو ختم ہونے والے مالی سال کے دوران 5.02 کی بنیادی EPS کی عکاسی کرتا ہے۔

حکومت کے ساتھ ہمارے مسلسل تعاون اور رابطے کی وجہ سے اس سیکٹر کے بارے میں ہماری پالیسیاں انتہائی موافق رہیں۔ مالی سال 2020-21 کے دوران کسٹمر کو شاندار تجربہ فراہم کرنے کے پیش نظر بین الاقوامی معیارات کے حامل ریٹیل اسٹورز کھولے گئے۔ ہم نے یوزر فرینڈلی ای کامرس پورٹل بھی وضع کیا کیونکہ ہمیں پختہ یقین ہے کہ ڈیجیٹل اسٹور فرنٹس معاشی نمو میں مرکزی کردار ادا کریں گے۔ میں فخر کے ساتھ کہہ سکتا ہوں کہ انٹرلنک کیونیکیشن اس سیکٹر کی واحد کمپنی ہے جو مکمل سروسز فراہم کرتی ہے جن میں مینوفیکچرنگ، ڈسٹری بیوٹن، ہول سیل، ای۔ کامرس اور ریٹیل شامل ہے۔

کمپنی کو بے انتہا فخر ہے کہ ملازمین کی فلاح و بہبود ہمارے لیے انتہائی اہمیت کی حامل ہے، کیونکہ ہم یقین رکھتے ہیں کہ کمپنی کی کامیابی کا انحصار قوت متحرک ہے۔ اس فلاح و بہبود کے ملحوظ خاطر Covid-19 کی احتیاطی تدابیر کو سختی کے ساتھ یقینی بنایا گیا اور ملازمین کی حفاظت اور بلا قفل کاروباری سرگرمیوں کے لیے ایک جامع عملی منصوبہ تیار کیا۔ ہمارا عہد اپنے گردنواح کی بہتری ہے۔ اس حصول مقاصد کے لئے ہم یقین رکھتے ہیں کہ صحت عامہ، سماجی بہبود، ماحول اور کھیل کو دسمیت جس طرح بھی ممکن ہو ہمیں معاشرے کی بہتری کے لئے کام کرنا چاہیے۔

ہم اپنے ترویجی اہداف اور بنیادی طور پر تنوع اور طویل المدت پائیداری پر توجہ مرکوز رکھنے کے لیے بدستور پرعزم ہیں۔ کمپنی نے مارکیٹ لیڈر رہنے کے لیے ہر بزنس پراسیس میں ٹیکنالوجی اور جدت کو اختیار کیا ہے۔ ہم نے خطرات کو کم کرتے ہوئے اور اپنے مالی استحکام کو بڑھاتے ہوئے جو بھرپور کامیابی حاصل کی ہے، انٹرلنک کے لیے وہ ہنوز سفر ہے، منزل نہیں ہے، کیونکہ ہم اس بات پر یقین رکھتے ہیں کہ پاکستان ٹیکنالوجی کے پھیلاؤ سے دنیا میں روشن ستارے کی طرح چمک سکتا ہے۔

میں اپنے پیغام کا اختتام ملازمین، جینیٹل پارٹنرز اور انتظامیہ سمیت تمام اسٹیک ہولڈرز کے غیر متزلزل شکریہ پر کرنا چاہتا ہوں جس کی بدولت انٹرلنک ایک کامیاب کارپوریٹ ادارہ بن سکا۔







08

**DIRECTORS'  
REPORT**

## DEAR SHAREHOLDERS!

The Directors of Air Link Communication Limited are pleased to present the annual report, together with the audited financial statements for the year ended June 30, 2021.



### REVIEW OF OPERATING AND FINANCIAL PERFORMANCE

Despite the pandemic, the dreams must continue and so should the hard work. In this financial year, the Company remained consistent with its operational excellence and achieved its highest turnover of Rs. 47.3 billion with 10.15% growth.

We would like to extend our felicitations and appreciation to the entire Air Link Communication team for their relentless efforts with keen focus on implementation and execution, which enabled the Company to exceed its targets for the year, with net profitability of Rs 1.5 billion.

PARTICULARS	JUNE 30, 2021	JUNE 30, 2020
Turnover	47,372,802,392/-	43,007,647,183/-
Profit for the year	1,505,004,481/-	1,464,215,070/-
Basic EPS	5.02	4.88
Diluted EPS	4.86	4.71
ROE	23.23%	31.85%



### COMPOSITION OF BOARD

The Board of Directors of the Company consist of seven (7) Directors (one Female and six male directors). Composition of Board is as under:

BOARD OF DIRECTORS	CATEGORY	AUDIT COMMITTEE	HUMAN RESOURCE & REMUNERATION COMMITTEE
Hussain Kuli Khan	Independent Directors	Member	-
Aqdas Faraz Tahir		-	Member
Sharique Azim Siddiqui		Member	Member
Aslam Hayat Piracha	Non-Executive Director	-	-
Muzaffar Hayat Piracha	Executive Director	-	Member
Nafees Haider		-	-
Rabiya Muzaffar (Non-Executive Director)	Female Director	Member	-



## **EARNINGS PER SHARE**

Earnings per share for the year ended June 30, 2021 was Rs. 5.02 as against Rs. 4.88 of the preceding year. Earnings per share show an increase as compared to the last year.



## **DIRECTOR'S REMUNERATION**

The Board of Directors has approved a 'Remuneration Policy for Directors and Members of Senior Management'; the salient features of which are :

- The Company will not pay any remuneration to its non-executive and Independent directors except as meeting fee for attending the Board meetings.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A Director shall be provided or reimbursed for all traveling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its Committees and/or General Meetings of the Company.



## **ADEQUACY OF INTERNAL CONTROLS**

The Board of Air Link Communication Limited is responsible for the establishment and maintenance of the Company's system of internal control in order to identify and manage risks faced by the Company.

The System provides reasonable, though not absolute, assurance that:

- assets are safeguarded against unauthorized use or disposition;
- proper and reliable accounting records are available for use within the business;



- adequate control mechanisms have been established within the operational businesses
- Internal financial controls deployed within the Company have been satisfactory throughout the year.



### **RELATED PARTY TRANSACTIONS**

All transactions with related parties arising in the normal course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions, under the Company's Related Party policy.

The company has made no related party transaction other than disclosed in financial statements.



### **HEALTH, SAFETY AND ENVIRONMENT**

We strongly believe in maintaining the highest standards in health, safety and environment (HSE) to ensure the well-being of the people who works with us, as well as the communities where we operate. The Company obtained its certification from Bureau Veritas a gold standard certification. The safety policies in warehouses across Pakistan are implemented with the Company's vision of hazard free environment both for employees and nature.



### **FINANCIAL STATEMENTS**

The Chief Executive Officer, Chief Financial Officer and a Director have endorsed the financial statements of the Company for the financial year 2021 after approval of the Board. The auditors, EY Ford Rhodes, Chartered Accountants, audited the financial statements and have expressed an unmodified opinion on the financial statements.



### **STATEMENT OF ETHICS AND BUSINESS PRACTICES**

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations



### **AUDITORS**

The present Auditors M/s. EY Ford Rhodes, Chartered Accountants, shall stand retired on the conclusion of the 8th Annual General Meeting. Being eligible, they offered themselves for reappointment and the Board of Directors have recommended their appointment as auditors of the company on the suggestion of audit committee for the year ending June 30, 2022, at a fee to be mutually agreed.



### **DIVIDEND**

The Board of Directors have recommended a final cash dividend for the financial year ended June 30, 2021, at the rate of 12.5%, i.e. PKR 1.25 per share of PKR 10/- each, subject to the approval of the shareholders at the forthcoming annual general meeting. The BOD has also recommended the issue of bonus shares @ 7.5%, that is 7.5 new shares for every 100 shares held.



### **CONTRIBUTION TO NATIONAL EXCHEQUER AND ECONOMY OF PAKISTAN**

During the year the Company contributed approx. Rs. 5,976 million towards national exchequer by way of custom duties, income tax, sales tax, provincial and other levies.

# PATTERN OF SHAREHOLDING

## PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT 30 JUNE, 2021

NO OF SHAREHOLDERS	SHAREHOLDINGS	TOTAL SHARES HELD
03	Shareholding from 1 to 100 shares	03
02	Shareholding from 101 to 500 shares	240
NIL	Shareholding from 501 to 10,000,000 shares	NIL
05	Shareholding from 10,000,001 to 20,000,000 shares	89,100,000
NIL	Shareholding from 20,000,001 to 80,000,000 shares	NIL
01	Shareholding from 80,000,001 to 90,000,000 shares	89,100,000
NIL	Shareholding from 90,000,001 to 120,000,000 shares	NIL
01	Shareholding from 120,000,001 to 122,000,000 shares	121,799,757
12	TOTAL	300,000,000

CATEGORIES OF SHAREHOLDERS	SHARE HELD	PERCENTAGE
Directors, Chief Executive Officer, and their spouse and minor children	121,800,000	40.60
Associated Companies, undertakings and related parties.	NIL	NIL
NIT and ICP	NIL	NIL
Banks Development Financial Institutions, Non Banking Financial Institutions.	NIL	NIL
Insurance Companies	NIL	NIL
Modarabas and Mutual Funds	NIL	NIL
Share holders holding 10%	89,100,000	29.70
General Public		
Local	NIL	NIL
Foreign	NIL	NIL
Others (to be specified)	89,100,000	29.70





# PRINCIPAL RISKS AND UNCERTAINTY FACING THE COMPANY

Effective risk management is the key to sustainable business. Our risk management framework, coupled with our internal control policies have helped us maintain our focus and mitigating principal risks affecting our Company. The internal control framework established by the Company ensures appropriate risk mitigation plans by assigning designated accountability and policy framework for upward communication of any material issues and incidents. The Company is susceptible to the following principal risks which are mitigated via specific policies and plans:

1

## **TAX REGIME OF PAKISTAN**

Government may impose additional duty on high-end mobile phones and may withdraw tax exemptions on the import of Semi Knocked Down (SKD) kits.

2

## **FINANCIAL RISKS**

Financial risks are those that may cause financial loss to the entity. Financial risk has been described in detail in note 38 of the attached financial statements that include market risks, interest rate risk, currency risk, credit risks and liquidity risk.

3

## **COMPLIANCE RISK**

Non-compliance with laws and regulations may result in imposition of punitive action. Therefore, the Company has zero tolerance policy for non-compliance activities and behaviors. In addition, to mitigate such risks, a very comprehensive and effective compliance function is in place in the Company.

# SUBSEQUENT EVENTS

The company has been listed on PSX effective from September 22, 2021. The issue consists of 60M ordinary shares at the price of Rs. 71.5 per share determined by book building process on August 31, 2021. The paid up capital also consists of mandatory conversion of Term Finance Certificate (TFC) amounting to Rs. 400M with 7,692,308 shares on September 13, 2021.

The Board of directors of the Company at their meeting held on October 04, 2021, has proposed a cash dividend of Rs. 1.25 per share and bonus shares in the proportion of 7.5 new shares for every 100 shares for the financial year ended June 30 2021. However, this event has been considered as a non-adjusting event under IAS 1 'Events after the Reporting Period' and has not been recognized in these financial statements.

There are no other material changes, and commitments affecting the Company's financial position have occurred between the end of the financial year of the Company and the date of the auditor's Report.

# ACKNOWLEDGEMENT

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.

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Chief Executive Officer

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Director



## کمپنی کو درپیش بڑے خطرات اور غیر یقینی

موثر رسک مینجمنٹ پائیدار کاروبار کی کنجی ہوتی ہے۔ انٹرئل کنٹرول پالیسیوں کے ساتھ ہمارے رسک مینجمنٹ فریم ورک نے ہمیں اپنی توجہ مرکوز رکھنے اور کمپنی کو متاثر کرنے والے بڑے خطرات پر قابو پانے میں مدد دی ہے۔ کمپنی کی طرف سے قائم کردہ انٹرئل کنٹرول فریم ورک، کسی قسم کے مادی معاملات اور واقعات کے اوپر کی جانب کیونٹیکشن کے لیے مقرر کردہ احتساب اور پالیسی فریم ورک کے خطرات پر قابو پانے کے مناسب منصوبوں کو یقینی بناتا ہے۔ کمپنی مندرجہ ذیل بڑے خطرات کی زد میں رہتی ہے جن پر مخصوص پالیسیوں اور منصوبوں سے قابو پایا جاتا ہے:

### الف۔ پاکستان کانگس کا نظام

حکومت ہائی اینڈ موبائل فونز پر اضافی دیوٹی نافذ کر سکتی ہے اور Semi Knocked Down کٹس کی درآمد پر ٹیکس کی چھوٹ واپس لے سکتی ہے۔

### ب۔ مالی خطرات

مالی خطرات وہ ہوتے ہیں جو ادارے کے لیے مالی نقصان کا باعث بن سکتے ہیں۔ مالی خطرے کی صراحت مالی حسابات کے ساتھ منسلک نوٹ 39 میں تفصیل کے ساتھ کی گئی جس میں مارکیٹ رسکس، شرح سود کا رسک، کرنسی رسک، کریڈٹ رسک اور لیکویڈیٹی رسک شامل ہیں۔

### پ۔ تعمیل کا خطرہ

قوانین اور ضابطوں کی عدم تعمیل کا نتیجہ تعزیری کارروائی کی صورت میں نکل سکتا ہے۔ اس لیے، عدم تعمیل والی سرگرمیوں اور رویوں کے بارے میں کمپنی کی صفر برداشت کی پالیسی ہے۔ اس کے علاوہ، اس نوعیت کے خطرات پر قابو پانے کے لیے کمپنی میں ایک نہایت جامع اور موثر تعمیلاتی فنکشن کام کر رہا ہے۔ بعد کے واقعات

22 ستمبر، 2021 سے موثر، کمپنی کو PSX پر درج کر لیا گیا ہے۔ یہ 71.5 روپے فی شیئر کی قیمت پر جس کا تعین 31 اگست، 2021 کو بک بلڈنگ پرائس کے ذریعے کیا گیا، 60 ملین آرڈری شیئرز پر مشتمل ہے۔ ادا شدہ سرمایہ بھی 13 ستمبر، 2021 کو 7,692,308 شیئرز کے ساتھ 400 ملین روپے مالیت کے خرم فنانس سرٹیفیکیشن (TFC) کی لازمی تہدیلی پر مشتمل ہے۔

کمپنی کے بورڈ آف ڈائریکٹرز نے 04 اکتوبر، 2021 کو منعقد ہونے والے اپنے اجلاس میں 30 جون، 2021 کو ختم ہونے والے مالی سال کے لیے 1.25 روپے فی شیئر نقد منافع منقسمہ اور ہر 100 شیئرز کے لیے 7.5 نئے شیئرز کے تناسب سے بونس شیئرز کی تجویز دی ہے۔ تاہم، اس ایونٹ کو IAS کے تحت نان ایڈجسٹنگ ایونٹ "رپورٹنگ پیریڈ کے بعد پیش آنے والے واقعات" قرار دیا گیا ہے۔

دوسری ایسی کوئی مادی تہدیلیاں یا وعدے، جن سے کمپنی کی مالی پوزیشن متاثر ہوتی ہو، کمپنی کے مالی سال کے اختتام اور آڈیٹرز کی رپورٹ کے درمیان وقوع پذیر نہیں ہوئے۔

اظہار تشکر

آفیسرز، فیلڈ فورس اور اسٹاف جنہوں نے کمپنی کی افزائش میں حصہ لیا اور اس کے آپریشنز کی کامیابی کو جاری رکھا، ان کی تحسین کو ریکارڈ پر رکھنا آپ کے ڈائریکٹرز کے لئے انتہائی باعث مسرت ہے۔

## صحت، حفاظت اور ماحول

ہم، اپنے ساتھ کام کرنے والے لوگوں اور ان کیونٹیلرز کی بھلائی کو یقینی بنانے لیے جہاں ہم کام کرتے ہیں، صحت، حفاظت اور ماحول (HSE) کے اعلیٰ ترین معیارات برقرار رکھنے پر پختہ یقین رکھتے ہیں۔ کمپنی Bureau Veritas سے گولڈ اسٹینڈرڈ سرٹیفیکیشن حاصل کی ہے۔

ملازمین اور فطرت، دونوں کے لیے نقصان سے پاک ماحول کے بارے میں کمپنی کے ویژن کے مطابق پورے پاکستان میں ویرہاؤسز میں سیفٹی پالیسیوں پر عمل کیا جاتا ہے۔

## مالیاتی حسابات

بورڈ کی منظوری کے بعد، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر اور ایک ڈائریکٹر نے 2021 کے مالی سال کے لیے کمپنی کے مالیاتی حسابات کی توثیق کر دی ہے۔ آڈیٹر EY Ford Rhodes چارٹرڈ اکاؤنٹنٹس نے مالیاتی حسابات کا آڈٹ کیا اور ان مالیاتی حسابات کے بارے میں unmodified رائے دی ہے۔

## اخلاقیات اور کاروباری طور طریقوں کا اسٹینڈ

بورڈ نے اخلاقیات اور کاروباری طور طریقوں کے اسٹینڈ کو منظور کر لیا ہے۔ اس اسٹینڈ سے تمام ملازمین کو آگاہ کیا جاتا ہے اور انہیں کاروبار اور رضا بطوں کے سلسلے میں ان قواعد کار کی پابندی کرنے کے لیے کہا جاتا ہے۔

## آڈیٹرز

موجودہ آڈیٹر EY Ford Rhodes چارٹرڈ اکاؤنٹنٹس، 8 ویں سالانہ اجلاس عام کے اختتام پر سبکدوش ہو جائیں گے۔ انہوں نے اہل ہونے کے ناتے خود کو دوبارہ تقرر کے لیے پیش کیا ہے اور بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی تجویز پر انہیں 30 جون، 2022 کو ختم ہونے والے سال کے لیے، اُس مشاہرے پر جسے باہمی رضامندی سے طے کیا جائے گا، ان کے تقرر کی سفارش کی ہے۔

## منافع منقسمہ

بورڈ کی تجویز کے تحت نقد منافع منقسمہ بشرح 12.5 فیصد یعنی مبلغ 1.25 روپے فی حصص بحساب فی حصص 10.00 روپے کی ادائیگی اور کل ادا شدہ بونس حصص شرح 7.5 فیصد بتناسب 7.5 حصص برائے حصص بحساب مبلغ 10.00 روپے فی حصص کے طریقہ کار کے تحت ادائیگی پر غور و خوض اور منظوری۔ مالیاتی سال برائے 2021-2022 کیلئے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین۔

## قومی خزانے اور پاکستان کی معیشت میں حصہ

گزشتہ سال کے دوران کمپنی نے کسٹم ڈیوٹیوں، اکم ٹیکس، سیلز ٹیکس، صوبائی اور دوسری لیویز کی شکل میں قومی خزانے میں تقریباً 5,976 ملین روپے کا حصہ ڈالا۔

رابعہ مظفر	خاتون ڈائریکٹر نان ایگزیکٹو ڈائریکٹر	ممبر	--
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### آمدنی فی شیئر

30 جون، 2021 کو ختم ہونے والے سال کے لیے آمدنی فی شیئر، اس سے پچھلے سال کی 4.88 روپے کے مقابلے میں 5.02 روپے رہی۔ یہ فی شیئر آمدنی گزشتہ سال کے مقابلے میں بہت زیادہ ظاہر کرتی ہے۔

### ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور اعلیٰ انتظامیہ کے ارکان کے لیے ایک "Remuneration Policy for Directors and Members of Senior Management" کی منظوری دی ہے جس کے اہم نکات یہ ہیں:

- ☆ کمپنی اپنے نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کو بورڈ اجلاسوں میں شرکت کے لیے ان کی فیس کے سوا کوئی اور مشاہرہ ادا نہیں کرے گی۔
- ☆ بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے کسی ڈائریکٹر کے مشاہرہ کا تعین وقتاً فوقتاً کیا جائے گا اور بورڈ آف ڈائریکٹرز کی طرف سے اس کی منظوری دی جائے گی۔
- ☆ کسی ڈائریکٹر کو سفری، رہنے سہنے، کھانے پینے اور دوسرے ایسے اخراجات کی رقم فراہم یا واپس ادا کی جائے گی جو بورڈ، اس کی کمیٹیوں اور ایسا کمپنی کے عام اجلاسوں میں شرکت کے لیے اس نے خرچ کی ہوگی۔

کمپنی کے چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹر کو ادا کیے جانے والے مشاہرے کی تفصیلات، مالی حسابات کے نوٹ 37 میں بتائی گئی ہیں۔

### انٹرنل کنٹرولز کی ایڈیکوئیسی

انٹرنل کنٹرولز کی ایڈیکویشن لیمنڈ کا بورڈ کمپنی کو لاحق خطرات کی نشان دہی اور ان پر قابو پانے کے لیے کمپنی کے انٹرنل کنٹرول سسٹم کے قیام اور دیکھ بھال کا ذمہ دار ہے۔ یہ سسٹم اگر قطعی نہیں تو معقول یقین دہانی فراہم کرتا ہے کہ:

- ☆ اثاثے بغیر اجازت استعمال یا ڈسپوزیشن کے خلاف محفوظ ہیں؛
- ☆ کاروبار میں استعمال کے لیے مناسب اور قابل بھروسہ اکاؤنٹنگ ریکارڈز دستیاب ہیں؛
- ☆ آپریشنل برنسز کے اندر مناسب کنٹرول میکانزم قائم ہیں؛
- ☆ کمپنی کے اندر قائم کردہ انٹرنل کنٹرولز سارا سال اطمینان بخش رہے ہیں۔

### تعلق دار فریق سے لین دین

تعلق دار فریقوں سے تمام لین دین، کمپنی کی Related Party پالیسی کے تحت کسی طرف داری کے بغیر، کاروباری طریقوں سے معمول کے تجارتی ضابطوں اور شرائط کے مطابق کیا جاتا ہے۔

ماسوائے اس کے، جس کا مالیاتی حسابات میں ذکر کیا گیا ہے، کمپنی نے تعلق دار فریق کے ساتھ کوئی لین دین نہیں کیا۔



## ڈائریکٹر صاحبان کی رپورٹ

عزیز شیئر ہولڈرز!

انٹرلنگ کمیونیکیشن لمیٹڈ کے ڈائریکٹرز کو سالانہ رپورٹ اور اس کے ساتھ 30 جون، 2021 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالی حسابات پیش کرتے ہوئے خوشی ہو رہی ہے۔

کاروباری اور مالیاتی کارکردگی کا جائزہ

اس مالی سال کے دوران کمپنی اپنے کاروباری کمال پر کاربند رہی اور 10.15% نمو کے ساتھ بلند ترین 47.3 بلین روپے کا ٹرن اوور حاصل کیا۔

عمل درآمد اور رو بہ عمل لانے پر بھرپور توجہ کے ساتھ، جس نے کمپنی کو 1.5 بلین روپے کے خالص منافع کے ساتھ اس سال کے لیے اپنے اہداف سے اوپر جانے کے قابل بنایا، ہم انٹرلنگ کی پوری ٹیم کو ان کی انتھک محنت پر مبارکباد دیتے ہیں۔

کوائف	30 جون، 2021	30 جون، 2020
ٹرن اوور	47,372,802,392/-	43,007,647,183/-
سال کا منافع	1,505,004,481/-	1,464,215,070/-
بنیادی EPS	5.02	4.88
Diluted EPS	4.86	4.71
ROE	23.23%	31.85%

## بورڈ کی تشکیل

کمپنی کا بورڈ آف ڈائریکٹرز سات (7) ڈائریکٹرز (ایک خاتون اور چھ مرد ڈائریکٹرز) پر مشتمل ہے۔ بورڈ کی کمپوزیشن مندرجہ ذیل ہے:

بورڈ آف ڈائریکٹرز	کیٹگری	آڈٹ کمیٹی	انسانی وسائل اور مشاہیرہ کمیٹی
حسین قلی خان	انڈیپنڈنٹ ڈائریکٹر	ممبر	--
اقدر فراز طاہر		--	ممبر
شارق اعظم صدیقی		ممبر	ممبر
اسلم حیات پراچہ	نان ایگزیکٹو ڈائریکٹر	--	--
مظفر حیات پراچہ	ایگزیکٹو ڈائریکٹر	--	ممبر
نفیس حیدر		--	--

# BOARD AND IT'S COMMITTEES

## AUDIT COMMITTEE

### COMPOSITION OF COMMITTEE

The Audit Committee shall be consisted upon the following members:

SR. NO	NAME	DESIGNATION
01	Mr. Hussain Kuli Khan (Independent Director)	Chairman
02	Mr. Sharique Azim Siddiqui (Independent Director)	Member
03	Ms. Rabiya Muzzaffar (Non-executive Director)	Member
04	Mr. Qaiser Ali (Head of Internal Audit)	Secretary

# HUMAN RESOURCE & REMUNERATION COMMITTEE

## COMPOSITION OF COMMITTEE

The Human Resource & Remuneration Committee (HR&R) shall be consisted upon the following members:

SR. NO	NAME	DESIGNATION
01	Mr. Sharique Azim Siddiqui (Independent Director)	Chairman
02	Mr. Aqduş Faraz Tahir (Independent Director)	Member
03	Mr. Muzzaffar Hayat Piracha (Chief Executive Officer)	Member
04	Mr. Amer Latif (Company Secretary & Head of Legal)	Secretary







# 09

**CODE OF CONDUCT  
&  
COMPANY POLICIES**

# CODE OF CONDUCT

Our Employee Code of Conduct company policy outlines our expectations regarding employees' behavior towards their colleagues, supervisors and overall organization.

We promote freedom of expression and open communication. But we expect all employees to follow our code of conduct. They should avoid offending, participating in serious disputes and disrupting our workplace. We also expect them to foster a well-organized, respectful and collaborative environment.





## **CONFLICT OF INTEREST**

We expect employees to avoid any personal, financial or other interests that might hinder their capability or willingness to perform their job duties.



## **COMPLIANCE WITH LAW**

All employees must protect our company's legality. They should comply with all environmental, safety and fair dealing laws. We expect employees to be ethical and responsible when dealing with our company's finances, products, partnerships and public image.



## **RESPECT IN THE WORKPLACE**

All employees should respect their colleagues. We won't allow any kind of discriminatory behavior, harassment or victimization. Employees should conform with our equal opportunity policy in all aspects of their work, from recruitment and performance evaluation to interpersonal relations.

# COMPANY POLICIES



## HR POLICIES

HR policies and procedures of Airlink gives guidance on a range of employment issues for:



Employees



Managers

and others with responsibility for its people. They also provide consistency and transparency for employees and managers, helping to enhance the psychological contract and create a positive organizational culture.

Air Link's HR policies provide general and practical advice and guidance for managers and staff on a range of employment issues.

It can be helpful to consider the type of policies that may be relevant to the organization during the course of the employment life cycle: beginning employment, during employment and leaving employment.



## IT GOVERNANCE

The purpose of this policy is to establish a framework to maintain the security of information and related assets exchange between Air link communication ltd. And any external entity.

The policy applies to permanent, contractual employees, consultants and other workers at ALC including all personnel affiliated with third parties. It also covers all suppliers and customers where a formal contract is in place.

All departments of the organization will ensure that information in electric form shall be exchanged through electronic medium and using reliable security & encryption controls to ensure its integrity, and the ones shared through physical media and written/printed form shall follow the same protocols of security.



Air Link Communication is committed to encouraging equality, diversity and inclusion among our workforce, and eliminating unlawful discrimination.

The aim is for our workforce to be truly representative of all sections of society and our customers, and for each

employee to feel respected and able to give their best.

The organization - in providing goods and/or services and/or facilities - is also committed against unlawful discrimination of customers or the public.



*Provide equality, fairness, and respect for all in our employment, whether temporary, part-time or full-time*



*Not unlawfully discriminate because of the Equality Act 2010 protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including colour, nationality, and ethnic or national origin), religion or belief, sex and sexual orientation*



*Oppose and avoid all forms of unlawful discrimination. This includes in pay and benefits, terms and conditions of employment, dealing with grievances and discipline, dismissal, redundancy, leave for parents, requests for flexible working, and selection for employment, promotion, training or other developmental opportunities*





## WHISTLE BLOWING POLICY

Compliance and integrity are of great importance for Air Link Communication. The Board of Directors therefore requires all employees and members of the Air Link Communication act in accordance with the law, the Air Link Communication Business Principles, our company guidelines and other internal regulations. It is therefore crucial to be aware of any potential non-compliant behavior that puts Air Link Communication at risk.

Hence, the Air Link Communication Board of Directors promotes a culture of openness, trust and transparency and encourages employees as well as external parties to speak up and raise concerns about actual or suspected misconduct.

This is key to avert and safeguard Air Link Communication from any potential financial and/or reputational risk and secure our long-term success.

This guideline is intended to demonstrate the Board of Directors' commitment towards protecting reporters of misconduct or wrongdoing in the organization to actively encourage employees to raise any concerns.

In this sense, the guideline sets out standards for protecting reporters of alleged Compliance Incidents. In addition, it governs the process of reporting suspected or actual misconduct at Air Link Communication and the handling of received reports.

*This Guideline mainly describes:*



Protection of  
Compliance  
Incident  
reporters



Compliance  
Incident  
reporting  
and handling  
process.



## CSR POLICY

This policy applies to our company and its subsidiaries. It may also refer to suppliers and partners.

### Policy Elements

We want to be a responsible business that meets the highest standards of ethics and professionalism.

Our company's social responsibility falls under two categories: compliance and proactiveness.

Compliance refers to our company's commitment to legality and willingness to observe community values. Proactiveness is every initiative to promote human rights, help communities and protect our natural environment.



Compliance



Legality



Protecting the  
environment



Protecting  
people



Human rights



Proactiveness



Donations  
and aid



Volunteering



Preserving the  
environment



Supporting the  
community



## PROHIBITION OF CHILD LABOR POLICY

Airlink's prohibition of child labor policy is our position on employing minors and aims to ensure that our company, its subsidiaries, and everyone we're connected with, follows the law and cares for children's interests.

This policy applies to our entire organization and those we do business or partner with including suppliers, vendors, and contractors.

The International Labor Organization (ILO), the U.N Convention on the Rights of the Child, local government legislation including and not limited to THE PUNJAB RESTRICTION ON EMPLOYMENT OF CHILDREN ACT 2016; guide our policy on child labor. When it comes to legal aspects, we always:



Follow the stricter law if more than one laws apply (e.g. state and federal, local and international).



Require suppliers, partners, and vendors to follow the stricter applicable laws and recognize children's rights. They must also require their own suppliers, subcontractors, and stakeholders to do the same.





# PANDEMIC RESPONSE PLAN & STRATEGIES



1

## OUTLINE

This document is designed to help Air link minimize the risk posed by Covid-19 pandemic to the health and safety of employees, the continuity of business operations and their bottom line. It is intended to provide all businesses in Canada with the basic information they require in preparing a continuity plan to mitigate the potential effects of a pandemic.



# 2

## BUSINESS CONTINUITY PLANNING



### 2.1. SAFETY MEASURES FOR WORKFORCE

Right after the pandemic broke out, we ensured the hygiene kits including and not limited to mandatory face masks at workplace, use of hand sanitizers, installation of hand washers for frequent hand washing, personal protection equipment where needed and social distancing practices.



### 2.2. EXTENDING DIGITAL OUTREACH

IT team ensured that everyone stays connected during mandatory work from home, everyone was connected through Zoom (video app) and there has been a SOP regarding daily team meeting over Zoom for business continuity and job delivery. IT team also ensured that teams have virtual access to the required data during WFH phase.



### 2.3. MAINTAINING ESSENTIAL BUSINESS OPERATIONS

Supply Chain was ensured to be effectively managed during the extreme waves of pandemic to ensure that product delivery is not compromised. Certain measures were taken to onboard the logistics careers with new service levels.



### 2.4 COMMUNICATION WITH STAFF

Simultaneous communication from CEO, HODs and HR with staff was developed and maintained throughout the pandemic to keep them posted with overall business strategy and evolving situations.



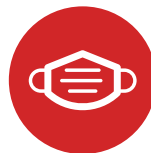


## **HUMAN RESOURCE OBLIGATIONS**



### **3.1. TRAINING & AWARENESS**

HR Department devised a strategy to train and teach employees by developing and communicating SOPs under precautions advised by concerned local and global bodies, through their managers, officer management teams, display, email & whatsapp reminders.



### **3.2. POLICIES FOR INFECTED EMPLOYEES**

HR department had a very clear policy for infected employees by advising them complete isolation for mild symptoms and hospitalization in case of mild to strong symptoms. HR benefits team also worked to include coverage of hospitalization in current health insurance plan. HR stayed in contact with all infected employees during their recovery period and arranged medical advice where needed. HR also maintained database for tracking all such cases.



### **3.3. MANDATORY WORK FROM HOME & 50% STAFF @WORK PLACE IMPLEMENTATION**

HR ensured the compliance on government policies of mandatory work from home and 50% staff at workplace to keep all employees from any infection. HR with the help of IT also ensured that all employees remain virtually connected and acted as POC in case of any problem.



### **3.4. VACCINATED WORKPLACE DRIVE**

As soon as vaccination drive started by government, HR pushed all employees to get vaccinated and made it obligatory to have vaccinated to appear for work. HR had to achieve 100% vaccinated staff at workplace without consuming any considerable time. HR also updated recruitment policy and made vaccination a spot on checklist for new hires.



144 +3.60  
0.29 +3.57

18,600  
6,770,200



# FINANCIAL STATEMENT

## **Independent Auditor's Report To the Members of Air Link Communication Limited Report on the Audit of the Financial Statement**

### **Opinion**

We have audited the annexed financial statements of **Air Link Communication Limited**, which comprise the statement of financial position as at **30 June 2021**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 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 30 June 2021 and of the profit, total 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 Auditor's 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.

### **Information Other than the Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Director's Report, 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.

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## **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.

## **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

#### **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 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 auditor's report is Abdullah Fahad Masood.



**EY Ford Rhodes**  
**Chartered Accountants**  
**Lahore**



**AIR LINK COMMUNICATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	30 June 2021 Rupees	30 June 2020 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	1,253,900,236	476,972,145
Intangibles	6	18,016,354	8,808,487
Deferred tax asset	7	-	81,263,214
		1,271,916,590	567,043,846
<b>CURRENT ASSETS</b>			
Stock in trade	8	3,533,673,866	4,610,051,895
Stores and spares		7,560,647	-
Trade debts	9	5,391,262,155	4,655,311,735
Loans and advances	10	171,674,967	166,642,003
Trade deposits and short term prepayments	11	32,468,109	36,115,092
Other receivables	12	3,753,344,917	9,152,334,650
Tax refunds due from the Government	13	244,859,633	246,964,049
Short term investments	14	509,500,786	726,246,877
Cash and bank balances	15	832,153,312	814,288,761
		14,476,498,392	20,407,955,062
<b>TOTAL ASSETS</b>		<b>15,748,414,982</b>	<b>20,974,998,908</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY AND RESERVES</b>			
Authorized share capital			
400,000,000 (30 June 2020: 400,000,000 of Rs.10 each) ordinary shares of Rs.10 each		4,000,000,000	4,000,000,000
Issued, subscribed and paid up capital	16	3,000,000,000	3,000,000,000
Accumulated profit - revenue reserve		2,991,850,517	1,487,720,145
General reserves - revenue reserve		44,559,977	44,559,977
Long term loan - equity portion		42,744,954	42,744,954
Loan from director - unsecured	17	-	21,557,155
Share deposit money		400,000,000	-
		6,479,155,448	4,596,582,231
<b>NON CURRENT LIABILITIES</b>			
Long term loans - debt portion	18	145,487,575	412,818,849
Lease liabilities	19	621,155,313	295,102,166
Defined benefit liability	20	34,722,393	29,188,579
Deferred tax liability	7	15,239,805	-
		816,605,086	737,109,594
<b>CURRENT LIABILITIES</b>			
Trade payables, accrued and other liabilities	21	1,399,995,041	6,481,639,315
Contract liabilities	22	82,882,488	117,073,114
Refund liabilities	23	30,221,644	7,835,833
Current portion of long term loans	18	438,747,989	415,028,414
Current maturity of lease liabilities	19	89,901,750	75,384,670
Short term borrowings	24	6,085,626,053	8,183,936,642
Accrued markup	25	110,730,936	163,414,317
Provision for taxation		214,548,547	196,994,778
		8,452,654,448	15,641,307,083
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,748,414,982</b>	<b>20,974,998,908</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	26		

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

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

**AIR LINK COMMUNICATION LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Note</b>	<b>30 June 2021</b> <b>Rupees</b>	<b>30 June 2020</b> <b>Rupees</b>
Revenue from contracts with customers - net	27	47,372,802,392	43,007,647,183
Cost of sales	28	(42,571,010,193)	(38,237,702,770)
Gross profit		<u>4,801,792,199</u>	<u>4,769,944,413</u>
Administrative expenses	29	(725,215,507)	(518,971,962)
Selling and distribution cost	30	(580,987,886)	(476,889,706)
		<u>(1,306,203,393)</u>	<u>(995,861,668)</u>
Operating profit		<u>3,495,588,806</u>	<u>3,774,082,745</u>
Other expenses	31	(57,113,232)	(1,527,912)
Other income	32	67,846,840	169,250,228
Finance cost	33	(1,102,264,243)	(1,397,970,559)
Profit before taxation		<u>2,404,058,171</u>	<u>2,543,834,502</u>
Taxation	34	(899,053,690)	(1,079,619,432)
Net profit for the year		<u><u>1,505,004,481</u></u>	<u><u>1,464,215,070</u></u>
Earnings per share			
- Basic	35	<u>5.02</u>	<u>4.88</u>
- Diluted	35	<u>4.86</u>	<u>4.71</u>

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

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**




**AIR LINK COMMUNICATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<u>Note</u>	<u>30 June 2021</u> <u>Rupees</u>	<u>30 June 2020</u> <u>Rupees</u>
Net profit for the year	A	1,505,004,481	1,464,215,070
Items not to be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plan	20.4	(1,231,140)	(1,100,176)
Related tax effect		357,031	307,661
Re-measurement losses on defined benefit plan - net of tax		(874,109)	(792,515)
Items to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive loss	B	(874,109)	(792,515)
Total comprehensive income for the year	A+B	<u>1,504,130,372</u>	<u>1,463,422,555</u>

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

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

**AIR LINK COMMUNICATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Revenue reserves					
	Issued, subscribed and paid up capital	General reserves	Accumulated profit	Long term loan - equity portion	Loan from Director	Share deposit money
				(Rupees)		Total
Balance as at 1 July 2019	2,500,000,000	44,559,977	524,297,590	42,744,954	29,331,568	3,140,934,089
Profit for the year	-	-	1,464,215,070	-	-	1,464,215,070
Other comprehensive loss for the year	-	-	(792,515)	-	-	(792,515)
Total comprehensive income for the year	-	-	1,463,422,555	-	-	1,463,422,555
Transactions with owners in their capacity as owners:						
Issue of 50,000,000 bonus shares @ Rs. 10 per share	500,000,000	-	(500,000,000)	-	-	-
Loan repaid	-	-	-	-	(7,774,413)	(7,774,413)
Balance as at 30 June 2020	3,000,000,000	44,559,977	1,487,720,145	42,744,954	21,557,155	4,596,582,231
Profit for the year	-	-	1,505,004,481	-	-	1,505,004,481
Other comprehensive loss for the year	-	-	(874,109)	-	-	(874,109)
Total comprehensive income for the year	-	-	1,504,130,372	-	-	1,504,130,372
Transactions with owners in their capacity as owners:						
Loan repaid	-	-	-	-	(21,557,155)	(21,557,155)
Conversion of long term loan (note 18.1)	-	-	-	-	-	400,000,000
Balance as at 30 June 2021	3,000,000,000	44,559,977	2,991,850,517	42,744,954	-	6,479,155,448

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

  
Chief Executive

  
Chief Financial Officer

  
Director

**AIR LINK COMMUNICATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	30 June 2021 Rupees	30 June 2020 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,404,058,171	2,543,834,502
Adjustments for :			
Depreciation of property, plant and equipment	5.5	232,928,893	96,568,159
Amortization of intangible assets	6	7,459,242	3,167,264
Provision for net realizable value reversed	8.1	(18,875,891)	(111,082,619)
Allowance for expected credit loss - trade debts	29	8,588,796	52,390,940
Allowance for expected credit loss - other receivables	29	50,659,247	-
Provision for gratuity	20.2	13,048,974	9,287,996
Loss on disposal of property, plant and equipment	31	-	293,350
Loss on lease termination	31	6,265,435	-
Foreign currency exchange loss / (gain)	31 & 32	1,996,317	(3,600,428)
Provision written back	32	(14,819,017)	-
Finance cost	33	771,002,246	1,207,132,752
Unrealized (gain) / loss on financial assets	32	(2,651,572)	1,234,562
Profit on investments	32	(50,376,251)	(165,649,800)
		<u>1,005,226,419</u>	<u>1,089,742,176</u>
Operating profit before working capital changes		3,409,284,590	3,633,576,678
(Increase)/decrease in current assets			
Stock in trade		1,095,253,920	(3,380,613,151)
Stores and spares		(7,560,647)	-
Trade debts		(744,539,216)	417,349,737
Loans and advances		(5,032,964)	(136,592,690)
Trade deposits and short term prepayments		(16,014,063)	7,563,084
Other receivables		5,348,330,486	(3,759,091,737)
Tax refunds due from the Government		2,623,238	(102,220,288)
		<u>5,673,060,754</u>	<u>(6,953,605,045)</u>
Increase/(decrease) in current liabilities			
Trade payables, accrued and other liabilities		(5,046,435,763)	3,034,370,642
Contract liabilities		(34,190,626)	98,822,508
		<u>4,001,718,955</u>	<u>(186,835,217)</u>
Financial cost paid		(739,238,538)	(1,282,788,436)
Gratuity paid	20.4	(8,746,300)	(2,834,670)
Income tax paid		(785,158,695)	(973,500,424)
		<u>(1,523,143,533)</u>	<u>(2,258,123,530)</u>
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>2,468,575,422</b>	<b>(2,445,958,747)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions in property, plant and equipment - owned assets		(578,163,563)	(32,991,201)
Sale proceeds from disposal of property and equipment		-	11,886,650
Additions in intangibles	6	(16,667,109)	(8,104,219)
Interest income received		72,773,914	145,086,915
Short term investments		197,000,000	1,804,579,000
		<u>(325,056,758)</u>	<u>1,920,457,145</u>
<b>NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES</b>		<b>(325,056,758)</b>	<b>1,920,457,145</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Lease liability repaid		(162,174,670)	(106,691,355)
Director's loan repaid		(21,557,155)	(7,774,845)
Loans acquired		156,388,301	70,592,652
Short term borrowings (repaid) / obtained - net		(2,098,310,589)	1,101,684,091
		<u>(2,125,654,113)</u>	<u>1,057,810,543</u>
<b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>		<b>(2,125,654,113)</b>	<b>1,057,810,543</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>17,864,551</b>	<b>532,308,941</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>814,288,761</b>	<b>281,979,820</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	38	<b>832,153,312</b>	<b>814,288,761</b>

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

  
Chief Executive

  
Chief Financial Officer

  
Director



# AIR LINK COMMUNICATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### 1 THE COMPANY AND ITS OPERATIONS

- 1.1 The Company was incorporated in Pakistan on 02 January 2014 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) having registered office at LG 2, AI - Qadeer Heights, 1 Babar Block, New Garden Town, Lahore, Punjab. The Company is engaged in the business of import, export distribution, indenting, wholesale, retail of communication and IT related products and services including cellular mobile/smart phones, tablets, laptops, accessories and allied products. The Company converted to a public limited company on 24 April 2019 and got itself registered on Pakistan Stock Exchange (PSX) subsequent to the year end (see note 1.2).

During the year, the Company set-up a facility for assembly of smart phones and feature phones located at 152-M, Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan. Initial assembling capacity has been planned for 400,000 mobile sets per month which is expandable according to market demand.

The locations of Company's head office, assembling facility, retail outlets and flagship store are as below:

BUSINESS UNIT	ADDRESS
Head Office	LG 2, AI - Qadeer Heights, 1 Babar Block, New Garden Town, Lahore, Punjab
Assembling Facility	152-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore, Punjab, Pakistan
Samsung Retail Store	Shop No. LG-19, Lucky One Mall, LA-2/B, Block 21, Opp. UBL Sports Complex, Rashid Minhas Road, Karachi, Pakistan
Huawei Retail Store	Shop No. SF-23, Lucky One Mall, LA-2/B, Block 21, Opp. UBL Sports Complex, Rashid Minhas Road, Karachi, Pakistan
Air Link Flagship Store	Shop No. 1, Xinhua Mall, 24-B/2, Mian Mehmood Ali Kasoori Road, Block B2 Gulberg III, Lahore, Pakistan
Samsung Retail Store	Shop No. 27, Ground floor, Emporium Mall, Johar Town, Lahore, Pakistan
Air Link Retail Store	Shop No. SF-7, Lucky One Mall, LA-2/B, Block 21, Opp. UBL Sports Complex, Rashid Minhas Road, Karachi, Pakistan
Air Link Retail Store	Shop No. 1080 Opposite Carrefour, Packages Mall, Walton Road, Lahore, Pakistan
Air Link Retail Store	Shop No. SF-51, Dolmen Mall Clifton, Karachi, Pakistan
Samsung Retail Store	Shop No. 1 Near Bank Alfalah, Saddar Cantt. Hyderabad, Pakistan
Air Link Retail Store	Shop No. 2, Al Kareem Plaza, Circular Road, Bahawalpur, Pakistan
Samsung Retail Store	Shop No. 5, Ground Floor, Shareef Complex, Tehsil Chowk, Multan, Pakistan.
Samsung Retail Store	City Centre, DC Office Chowk, Bahawalpur
Samsung Retail Store	Shop-1079, 1st Floor, Packages Mall, Walton Road, Lahore
Air Link Retail Store	Shop G-56, Ground Floor, Emporium Mall, Johar Town, Lahore
MI Retail Store	Shop No. LG-20, Lucky One Mall, LA-2/B, Block 21, Opp. UBL Sports Complex, Rashid Minhas Road, Karachi, Pakistan

In addition to the above, the Company also has stores and warehouses, the list of which is not presented in these financial statements to maintain concision.

- 1.2 During the year, the Company initiated the process to raise funds through Initial Public Offering (IPO) to meet working capital requirements, in order to expand the existing business of the Company. On 19 July 2021, the Securities and Exchange Commission of Pakistan (SECP) granted approval to the Company to issue, circulate and publish Prospectus for the Initial Public Offering (IPO) of 90 million ordinary shares. On 31 August 2021, book-building and institutional / large investors' bidding process was completed for new issue of 60 million shares at strike price of Rs. 71.5 per share, whereas, public subscription of remaining 30 million shares was completed on 7 September 2021. Consequently, 25% of the total share capital of the Company stands offered to the public and institutional investors subsequent to the year end whilst the process of listing of shares on Pakistan Stock Exchange is completed on 22 September 2021.

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- 1.3 In 2018, the Company took over the existing business of import, export, distribution, indenting, wholesale, retail of communication and IT related products and services including cellular mobile/smart phones, tablets, laptops, accessories and allied products being run by Air Link Communication (a Partnership) by taking over all assets and liabilities with effect from 01 July 2018.

## 2 STATEMENT OF COMPLIANCE

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

### 2.2 Standards, interpretation and amendments applicable to the financial statements for the year ended 30 June 2021

The accounting policies adopted in the preparation of these financial statements are consistent with those of the Company for the year ended 30 June 2021, except as described below:

#### New standards and amendment

The Company has adopted the following accounting standards and the amendment:

IAS 33	Earnings per Share
IFRS 8	Operating Segments
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

The adoption of the above standards and amendment did not have any material effect on the financial statements, except for IAS 33 and IFRS 8 which have been disclosed in note 35 and 44 respectively.

### 2.3 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on after)
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
AIP IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023



The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on after) *
IFRS 1	First-time Adoption of International Financial Reporting	1 July 2009
IFRS 17	Insurance Contracts	1 January 2023

\*This represents effective date as per the standards. However, the standards will become effective from the date as notified by the SECP.

The Company expects that such improvements to the standards and new standards will not have any material impact on the Company's financial statements.

### 3 BASIS OF PREPARATION

#### 3.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain employee benefits are recognized on the basis mentioned in note 4.11

#### 3.2 PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupee which is the functional currency of the Company. The figures have been rounded off to the nearest of Rupees unless otherwise stated.

#### 3.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these financial statements, the significant estimates, assumptions and judgements made by the management in applying accounting policies include:

##### 3.3.1 Judgements

##### 3.3.1.1 Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonable certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease options that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factor that create an economic incentive for it to exercise the renewal or termination. After the commencement period, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

##### 3.3.2 Estimates and assumptions

##### 3.3.2.1 Revenue from contracts with customers

The Company applied the following judgement that significantly affect the determination of the amount of revenue from contracts with customers:

##### - Variable consideration

Contracts with customers include incentives and lower portion discounts that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

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The Company applies the most likely amount method. The selected method that best predicts the amount of variable consideration is primarily driven by the incentives decided by the brand owners at the time of purchase of goods and historical recovery patterns.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience and current economic conditions.

### 3.3.2.2 Impairment of financial assets

The Company assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Company measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, if applicable; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward looking economic factors.

Other areas where estimates and judgments are involved have been disclosed in respective notes to the financial statements.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with prior year except as stated in note 2.2.

### 4.1 Property, plant and equipment

#### Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided on straight line method at the rates given in schedule of property, plant and equipment and charged to statement of profit or loss to write off the depreciable amount of each asset at the rates specified in the note 5. Depreciation is provided on assets for the proportionate period of its use in the year of addition and disposal in statement of profit or loss. Normal repairs and maintenance are charged to statement of profit or loss, while major renewals and improvements are capitalized.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Estimates with respect to residual values, depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the management reviews the value of the assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

### 4.2 Intangibles

Intangibles are initially stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to statement of profit or loss applying the straight line basis over its normal useful life as specified in note 6. Amortization is charged to statement of profit or loss on time proportion basis for addition or deletion during the year. Gains and losses on disposal of assets are included in statement of profit or loss.



#### 4.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand and cash at bank as specified in note 38 that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in values.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and cash at banks defined above.

#### 4.4 Stock in trade

Stock in trade, stores, spares and loose tools are valued at lower of cost or net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows:

Raw and packing material	- weighted average cost
Material in transit	- actual cost
Work in process	- actual cost
Finished goods	- weighted average cost
Stores, spare parts and loose tools	- weighted average cost

Items considered obsolete are carried at nil value. Provision for obsolete and slow moving inventory is based on management estimates of usage in normal business operations. Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred in order to make the sale.

#### 4.5 Trade and other receivables

Trade debts and other receivables are carried at original invoice amount. Provision is made for debts considered doubtful of recovery based on ECL model of IFRS 9 and debts considered irrecoverable are written off as and when identified.

#### 4.6 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Company as lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### 4.6.1 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

##### 4.6.2 Lease liabilities - rented premises

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### 4.7 Trade and other payables

Trade and other payables are carried at cost which is the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

#### 4.8 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the extent of obligation.



## 4.9 Taxation

### Current

Provision for the current tax is based on the taxable income for the year determined in accordance with the provisions of the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 4.10 Revenue from contracts with customers

The Company is in the business of selling cellular mobile phones, tablets, accessories and allied products. Revenue from contract with customers is recognized when control of goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange of those goods.

Revenue from sale of goods is recognized at a point when performance obligations are satisfied coinciding with transfer of control of the asset to the customer, generally on delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated such as sale incentives, promotions and rebates. In considering the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to customer (if any).

### 4.10.1 Service Income

The Company also provides repair services for mobile phones, tablets, accessories and allied products which are in-warranty and out-of-warranty at its service centers. The Company recognizes the revenue from repair services when the service is provided to the customer.

### 4.10.2 Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts with customers provide them with a right to incentives, lower portion discounts, rebates and promotions at the discretion of brand owners. Only the incentives and lower portion discounts give rise to variable consideration.

#### (i) Incentives and lower portion discounts

The Company provides retrospective sale incentives to certain customers once the quantity of products sold by those customers to end consumers during the period exceeds an agreed threshold. These incentives reduce the amounts payable by the customer. To estimate the variable consideration for the expected future incentives, the Company applies the most likely amount method. The selected method that best predicts the amount of variable consideration is primarily driven by the incentives decided by the brand owners at the time of purchase of goods. The Company then applies the requirements on constraining estimates of variable consideration and recognizes a refund liability for the expected future incentives.

#### (ii) Rebates and promotions

The Company provides rebates and promotions to customers based on the instructions by the brand owners. Upon receipts of instructions, the Company gives the customers an option to return unsold products and obtain same product categories based on revised selling prices or the Company issues a credit note to the customer which can be used to adjust against the receivable recorded of the customer. These do not constitute variable consideration as these rebates and promotions are decided by brand owners on specific categories based on market demand which is a factor outside the Company's influence and there is no established pattern of possible consideration amounts at time of sale. Therefore, these rebates and promotions are not adjusted in revenue from contract with customers.

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**4.10.3 Significant financing component**

The Company receives few short-term advances from its customers and hence does not adjust the promised amount of consideration for the effects of a significant financing component as the effect of the same is not considered material.

**4.10.4 Non cash consideration**

The Company's receivables against the transfer of goods to customers are usually settled in cash.

**4.10.5 Consideration payable to customers**

The Company records the consideration payable to customers when brand owners provide instructions to provide rebates and promotions to the customers. The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

**4.10.6 Contract balances****(i) Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Accounting policy for initial recognition and subsequent measurement is disclosed in note 4.5 to these financial statements. Payment is generally due within 30 to 90 days of satisfaction of performance obligation.

**(ii) Contract liabilities**

A contract liability is the obligation to transfer goods 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 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 performs under the contract.

**(iii) Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

**4.10.7 Costs to obtain a contract**

The Company pays legal documentation costs for each contract that they obtain for sale of goods. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense these costs because the amortization period of the asset that the Company otherwise would have used is one year or less.

**4.10.8 Costs to fulfill a contract**

The Company incurs carriage costs on delivery of goods to warehouses as well as to customers. The Company has elected to apply the optional practical expedient for costs to fulfill a contract which allows the Company to immediately expense these costs as the amortization period of the asset that the Company otherwise would have used is less than a year.

In case of carriage costs from shipping port to main warehouse, these costs are classified as domestic carriage which is part of cost of sales. In case of deliveries to regional warehouses and customers, these costs are included under freight outward which is part of selling and distribution cost.

**4.11 Employees' Retirement Benefits - Defined Benefit Plan**

The Company operates an unfunded gratuity scheme covering eligible workers, payable on ceasing of employment subject to completion of minimum qualifying period of service. Obligations under the scheme are calculated on the last drawn gross salary by number of years served to the Company.

An actuarial valuation of all defined benefit schemes except eligible retired employees' medical scheme is conducted every year. The valuation uses the Projected Unit Credit method. Experience adjustments are recognized in other comprehensive income when they occur. Amounts recorded in statement of profit or loss are limited to current and past service cost, gains or losses on settlements, and net interest income / (expense). All other changes in net defined benefit liability are recognized in other comprehensive income with no subsequent recycling to statement of profit or loss.

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#### 4.12 Foreign exchange

Foreign currency transactions are recorded at the exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into rupees using exchange rates applicable at the reporting date. All gains and losses on settlement and translation at period end are recognized in the statement of profit or loss.

#### 4.13 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### 4.13.1 Financial assets

###### Financial assets - initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long-term deposits, trade debts, loans and advances, other receivables and bank balances.

###### Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at fair value through profit or loss
- b) Financial assets at amortized cost (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

###### **a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

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This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company's financial asset at fair value through profit or loss include investment in mutual funds.

**b) Financial assets at amortized cost (debt instruments)**

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes trade debts, other receivables, short term investments excluding investment in mutual funds and bank balance.

**c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under 'IAS 32 Financial Instruments: Presentation' and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets designated at fair value through OCI (equity instruments).

**d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)**

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

**Financial assets - Derecognition**

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

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- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **Financial assets - Impairment**

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company uses a provision matrix to calculate ECLs for trade debts. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type and customer type).

For trade debts, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The expected credit losses are recognized in the statement of profit or loss. For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

#### **4.13.2 Financial liabilities**

##### **Financial liabilities - initial recognition**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include long term loans, short term borrowings utilized under mark-up arrangements, creditors, lease liabilities, accrued and other liabilities.

##### **Financial liabilities - subsequent measurement**

##### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category applies to long term loans, short term borrowings utilized under mark-up arrangements, creditors, lease liabilities, accrued and other liabilities.

#### **Financial liabilities - derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### **4.14 Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### **4.15 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision Maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO who makes strategic decisions. The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The management has determined that the Company has 'Distribution & Retail' and 'Assembly' as two distinct reportable segments. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

#### **4.16 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

#### **4.17 Dividend and appropriation to reserves**

Dividend distribution and appropriation to reserves are recognized as liability in the financial statements in the period in which these are approved.



[illegible]

**5.3** Company's immovable fixed assets are located at 152-M Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore having area of 77,637 square feet.

5.4 Plant and machinery includes borrowing cost capitalized during the year amounting to Rs. 27,498,704 (30 June 2020: Rs. Nil). The expansion has been financed by term finance facilities from financial institutions at the rate of 9.45%.

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

	Note	30 June 2021	30 June 2020
		Rupees	Rupees
Cost of sales	28	21,626,328	6,389,064
Administrative expenses	29	93,561,998	52,909,557
Selling and distribution cost	30	117,720,567	37,269,538
		232,928,893	96,568,159



	Note	30 June 2021 Rupees	30 June 2020 Rupees
<b>6 INTANGIBLES - Software</b>			
<b>Cost:</b>			
As at 1 July		13,511,171	5,406,952
Additions during the year		16,667,109	8,104,219
As at 30 June		<u>30,178,280</u>	<u>13,511,171</u>
<b>Accumulated amortization:</b>			
As at 1 July		4,702,684	1,535,420
Charge for the year	28 & 29	7,459,242	3,167,264
As at 30 June		<u>12,161,926</u>	<u>4,702,684</u>
<b>Net book value</b>		<u>18,016,354</u>	<u>8,808,487</u>
<b>Rate of amortization</b>		<u>33%</u>	<u>33%</u>
<b>7 DEFERRED TAX ASSET/(LIABILITY)</b>			
This comprises of:			
<b>Deferred tax liabilities on taxable temporary differences</b>			
Lease liabilities		-	9,877,053
Accelerated tax depreciation		65,216,875	-
<b>Deferred tax assets on deductible temporary differences</b>			
Lease liabilities		7,137,286	-
Defined benefit liability		10,069,493	8,470,160
Provision for net realizable value adjustment		4,001,891	9,137,610
Decelerated tax depreciation		-	3,311,824
Provision for upfront discount		-	51,141,680
Refund liabilities		8,764,277	2,191,267
Provision for expected credit loss		20,004,123	16,887,726
		<u>(15,239,805)</u>	<u>81,263,214</u>
<b>Reconciliation of deferred tax, net</b>			
As at 1 July		81,263,214	209,578,554
Recognized in statement of profit or loss	34	(96,860,050)	(128,623,002)
Recognized in other comprehensive income		357,031	307,662
As at 30 June		<u>(15,239,805)</u>	<u>81,263,214</u>
7.1	Deferred tax asset has been recognized based on assessment that in future sufficient taxable profits will be available to the Company and the Company will fall under Normal Tax Regime in future years and shall have sufficient taxable profits against which this deferred tax asset shall be utilized.		
<b>8 STOCK IN TRADE</b>	Note	30 June 2021 Rupees	30 June 2020 Rupees
Raw material		393,763,974	-
Work in process		19,576,154	-
Mobile phones		1,254,026,953	2,581,622,998
Equipment		-	3,343,651
Spare parts		79,678,663	167,910,916
		<u>1,747,045,744</u>	<u>2,752,877,565</u>
Provision for net realizable value	8.1	<u>(13,799,624)</u>	<u>(32,675,515)</u>
		1,733,246,120	2,720,202,050
Goods in transit		1,800,427,746	1,889,849,845
		<u>3,533,673,866</u>	<u>4,610,051,895</u>
8.1	Movement in provision for net realizable value is as follows:		
Opening balance		32,675,515	143,758,134
Reversal during the year		(18,875,891)	(111,082,619)
Closing balance		<u>13,799,624</u>	<u>32,675,515</u>
<b>9 TRADE DEBTS</b>			
Considered good - unsecured			
Local		4,034,354,128	2,525,527,813
Exports		1,425,887,763	2,190,174,862
		<u>5,460,241,891</u>	<u>4,715,702,675</u>
Allowance for expected credit loss	9.1	<u>(68,979,736)</u>	<u>(60,390,940)</u>
		<u>5,391,262,155</u>	<u>4,655,311,735</u>

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	Note	30 June 2021 Rupees	30 June 2020 Rupees
9.1	Movement in allowance for expected credit loss is as follows:		
Opening balance		60,390,940	8,000,000
Reversal during the year		(60,390,940)	(8,000,000)
Charge during the year		68,979,736	60,390,940
	29	8,588,796	52,390,940
Closing balance		68,979,736	60,390,940
9.2	Age analysis of these trade debts is disclosed in Note 39.2.1.		
10	LOANS AND ADVANCES		
Advances considered good - unsecured			
Advance to suppliers	10.1	152,235,346	3,659,589
Employees against salary	10.2	18,883,649	662,594
Employees against Company expenses		154,300	54,177,585
Employees against loaned / mobile sets		401,672	6,625,966
Clearing agent		-	101,516,269
		171,674,967	166,642,003
10.1	This represents amount given as advance to suppliers against purchase of stock in trade.		
10.2	These are interest free loan provided to employees repayable in one year.		
11	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Security deposits	11.1	29,308,107	33,017,044
Prepayments		3,160,002	3,098,048
		32,468,109	36,115,092
11.1	This represents amount deposited with brand owners against purchase of parts and deposit with logistics company.		
12	OTHER RECEIVABLES		
Margin against letters of credit and contracts		2,283,571,862	6,035,542,751
Shipping guarantee		-	314,707,073
Bank guarantee		3,000,000	1,250,500
Earnest money		32,000,000	33,981,124
Performance bond		-	6,024,222
Due from brand owners	12.1	1,384,192,837	2,659,391,601
Insurance claims	12.2	99,430,680	99,430,680
Claims from courier against lost items		1,808,785	611,026
Others		-	1,395,673
		3,804,004,164	9,152,334,650
Less: Allowance for expected credit loss	12.3	(50,659,247)	-
		3,753,344,917	9,152,334,650
12.1	This represents due from brand owners on account of various incentives and promotions offered by them.		
12.2	This represents amount receivable from Premier Insurance Limited (PIL) against which the Company has filed an application in Insurance Tribunal for recovery of the same on the grounds that PIL deviated from its legal and contractual obligations and despite payment of premium by the Company, PIL has arbitrarily withheld the amounts claimed. The management, based on legal advice, is confident that the above claims will be received by the Company and will take 6-8 months for settlement of the said application. Consequently, no provision has been recognized in these financial statements and the management is continuing to classify the said receivable as current asset. The Company has also recorded amount of Rs. 27.9 million as payable to PIL in trade and other payables.		
12.3	Movement in allowance for expected credit loss is as follows:		
Opening balance		-	-
Charged during the year	29	50,659,247	-
Closing balance		50,659,247	-
13	TAX REFUNDS DUE FROM THE GOVERNMENT		
Advance income tax	13.1	160,808,854	160,290,032
Sales tax		84,050,779	86,674,017
		244,859,633	246,964,049
13.1	This represents the amount of advance income tax recoverable from tax authorities net of current year's provision for taxation amounting to Rs. 787,944,002 (2020: Rs. 950,996,430).		

14	SHORT TERM INVESTMENTS	Note	30 June 2021 Rupees	30 June 2020 Rupees
	Financial assets at amortized cost			
	Term deposits	14.1	368,190,162	588,676,313
	Term finance certificate	14.2	100,000,000	101,887,000
			<u>468,190,162</u>	<u>690,563,313</u>
	Financial assets at fair value through profit or loss			
	Investment in mutual funds	14.3	41,310,624	35,683,564
			<u>509,500,786</u>	<u>726,246,877</u>

14.1 These term deposits (TDR's) have face value of Rs. 366.4 million (30 June 2020: Rs. 566 million) and carry mark up of 5% to 8% (30 June 2020: 6.2% to 13.25%), having maturity period 30 days to 90 days (30 June 2020: 30 days to 90 days). These TDR's are under lien against funded facilities obtained from financial institutions.

14.2 This term finance certificate have face value of Rs. 100 million (30 June 2020: Rs. 100 million) and carry mark up at the rate of 6 months KIBOR + 2.25 % (30 June 2020: 6 Months KIBOR + 2.25%). This term finance certificate is under lien against funded facilities obtained from financial institutions.

14.3 The amount relates to 422,772.1690 units (30 June 2020: 365,112.1791 units) of JS Islamic Hybrid Fund of Funds II (JS Islamic Capital Preservation Allocation Plan III) managed by JS Investments Limited.

14.4 Movement in financial assets is as follows:

	At amortized cost		At fair value through profit and loss	
	Term Deposit	Term Finance Certificate	Investment in mutual funds	Total
<b>30 June 2021</b>				
Opening balance	588,676,313	101,887,000	35,683,564	726,246,877
Additions	-	-	29,000,000	29,000,000
Deletions	(200,000,000)	-	(26,000,000)	(226,000,000)
Mark up accrued	51,469,200	9,521,351	-	60,990,551
Fair value gain on investment	-	-	2,627,060	2,627,060
Mark up received	(71,955,351)	(11,408,351)	-	(83,363,702)
Closing Balance	<u>368,190,162</u>	<u>100,000,000</u>	<u>41,310,624</u>	<u>509,500,786</u>
<b>30 June 2020</b>				
Opening balance	2,384,779,000	100,000,000	23,000,000	2,507,779,000
Additions	-	-	13,800,000	13,800,000
Deletions	(1,818,379,000)	-	-	(1,818,379,000)
Mark up accrued	152,717,313	12,933,000	-	165,650,313
Fair value loss on investment	-	-	(1,116,436)	(1,116,436)
Mark up received	(130,441,000)	(11,046,000)	-	(141,487,000)
Closing Balance	<u>588,676,313</u>	<u>101,887,000</u>	<u>35,683,564</u>	<u>726,246,877</u>

14.5 Movement in gain on remeasurement of financial assets at fair value through profit or loss is as follows:

	Note	30 June 2021 Rupees	30 June 2020 Rupees
Balance as at 1 July		(1,116,436)	118,126
Fair value gain / (loss) during the year		<u>3,743,496</u>	<u>(1,234,562)</u>
Closing Balance		<u>2,627,060</u>	<u>(1,116,436)</u>

#### 15 CASH AND BANK BALANCES

Cash in hand		14,936,115	5,403,772
Cash at bank - current accounts		650,731,335	808,868,831
- savings account	15.1	166,485,862	16,158
		<u>832,153,312</u>	<u>814,288,761</u>

15.1 This carries markup at the rate of 4.00% per annum (2020: 4.25 % per annum).

#### 16 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30 June 2021 No. of shares	30 June 2020		30 June 2021 Share Capital	30 June 2020
125,000,000	125,000,000	Ordinary shares of Rs. 10 each (30 June 2020: Rs. 10	1,250,000,000	1,250,000,000
175,000,000	175,000,000	Ordinary shares of Rs. 10 each (30 June 2020: Rs. 10	1,750,000,000	1,750,000,000
		each) fully paid as bonus shares		
<u>300,000,000</u>	<u>300,000,000</u>		<u>3,000,000,000</u>	<u>3,000,000,000</u>



	No. of Shares		Share Capital	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
16.1 Movement in share capital as follows:				
Balance as at 1 July	300,000,000	250,000,000	3,000,000,000	2,500,000,000
Issuance of bonus shares at face value of Rs. 10	-	50,000,000	-	500,000,000
Closing Balance	<u>300,000,000</u>	<u>300,000,000</u>	<u>3,000,000,000</u>	<u>3,000,000,000</u>

## 17 LOAN FROM DIRECTOR - UNSECURED

This interest free, unsecured loan was fully repaid during the year.

18 LONG TERM LOANS	Note	30 June 2021	30 June 2020
		Rupees	Rupees
JS Bank Limited and PCF Communication Investments (Private) Limited	18.1	393,435,951	767,733,611
JS Bank Limited	18.2	68,251,302	60,113,652
Orix Leasing Pakistan Limited	18.3	122,548,311	-
Add: Accrued markup		<u>28,318,519</u>	<u>16,678,055</u>
		612,554,083	844,525,318
Less: Current portion shown under current liabilities		(438,747,989)	(415,028,414)
Less: Accrued markup presented in current liabilities	25	<u>(28,318,519)</u>	<u>(16,678,055)</u>
		<u>145,487,575</u>	<u>412,818,849</u>

- 18.1 This represents loan obtained from JS Bank Limited and PCF Communication Investments (Private) Limited to meet working capital requirements of the Company. The Company has agreed to issue redeemable capital in the form of secured and convertible term finance certificates subject to the requirements of the Private Placement Securities Rules, 2017. The rate of mark up on loan is 3 months KIBOR + 1%.

This loan is convertible into ordinary shares on meeting caveats agreed in the subscription agreement. However, the loan, if not converted into ordinary shares, shall be redeemable after 31 December 2021 in the event Company does not meet criteria set out in the subscription agreement with loan providers. Based on these facts, the Company had determined that liability to redeem shares exists at the reporting date, therefore, this loan has been presented as a compound financial instrument and the current portion has been recognized under current liabilities. Present value of future cash flows have been discounted at market interest rate of 3 months KIBOR plus 250 bps and difference is accounted for as an equity reserve in financial statements. This loan is secured against joint pari passu charge over current assets of the Company.

	30 June 2021	30 June 2020
	Rupees	Rupees
Opening balance	767,733,611	757,255,046
Unwinding during the year	25,702,341	10,478,565
Transferred to share deposit money	<u>(400,000,000)</u>	<u>-</u>
	393,435,952	767,733,611
	<u>6,564,048</u>	<u>32,266,389</u>
	<u>400,000,000</u>	<u>800,000,000</u>

- 18.1.1 On 25 May 2021, the Company obtained approval from Securities Exchange Commission of Pakistan for conversion of redeemable capital amounting Rs. 400 million from JS Bank Limited and PCF Communication Investments (Private) Limited into 7,692,308 ordinary shares of Rs. 10 at conversion rate of Rs. 52 per share. Accordingly, the corresponding portion of loan has been transferred to share deposit money.

- 18.2 The Company has obtained long term finance facility from JS Bank Limited under State Bank of Pakistan refinance scheme for payment of wages and salaries of workers and employees for the month of April 2020 to June 2020. This represents amount of term finance facility for paying salaries for the month of April 2020 and May 2020. The facility is repayable in eight equal quarterly instalments, payable quarterly in arrears, commencing after a grace period of 6 months and it carries markup at the rate of 3% per annum. However, till the grant of refinance from SBP, markup is charged at 1 month KIBOR plus 2%. The effect of differential in rate by applying 'IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance' is considered immaterial. This facility is secured against lien over term deposit receipts of Rs. 190 million (30 June 2020: Nil) and JSIL of Rs. 10 million (30 June 2020: Nil), lien against already issued JSIL funds with 20% margin and personal guarantees of the directors.

- 18.3 This represents loan obtained from Orix Leasing Pakistan Limited under sale and lease back arrangement of different machinery including but not limited to mobile assembly units, air conditioner including VRF system, elevator, electrical equipment's vehicles. As the transfer of the assets did not meet the criteria of sales under IFRS 15 Revenue from Contracts with Customers. The loan carries mark-up of 6 months KIBOR+ 5% and is repayable in 36 equal monthly instalments. The loan is secured against the leased assets.

## 19 LEASE LIABILITIES

The effective interest rate used as the discounting factor (i.e. incremental borrowing rate) is 12.69% The amounts of future payments and the periods in which they will become due are:

Year ending	30 June 2021	30 June 2020
	Rupees	Rupees
2021	-	105,734,407
2022	169,133,039	106,337,354
2023	163,865,032	84,517,093
2024	139,281,335	65,343,853
2025	137,782,181	92,427,808
2026	84,182,932	-
Later than 2026	<u>387,036,499</u>	<u>-</u>
	1,081,281,018	454,360,515
Less: Future finance charges	<u>(370,223,955)</u>	<u>(83,873,679)</u>
Present value of minimum lease payments	711,057,063	370,486,836
Less: Current maturity shown under current liabilities	<u>(89,901,750)</u>	<u>(75,384,670)</u>
	<u>621,155,313</u>	<u>295,102,166</u>

## 19.1 Minimum Lease Payments (MLP) and their Present Value (PV) are as follows:

	30 June 2021		30 June 2020	
	MLP	PV of MLP	MLP	PV of MLP
	Rupees	Rupees	Rupees	Rupees
Due not later than 1 year	169,133,039	89,901,750	105,734,407	75,384,670
Due later than 1 year but not later than 5 years	525,111,480	315,695,204	348,626,108	295,102,166
Later than 5 years	387,036,499	305,460,109	-	-
	<u>1,081,281,018</u>	<u>711,057,063</u>	<u>454,360,515</u>	<u>370,486,836</u>

## 19.2 Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Note	30 June 2021	30 June 2020
		Rupees	Rupees
Opening balance		370,486,836	22,288,000
IFRS 16 adjustment		-	173,624,000
Reassessment of lease		32,573,783	-
Lease liabilities acquired during the year		458,439,687	270,028,092
Mark-up on lease liabilities - rented premises	33	84,447,089	24,037,731
Termination of lease		(72,715,662)	-
		<u>873,231,733</u>	<u>489,977,823</u>
Lease rentals paid		(162,174,670)	(119,490,987)
Closing balance		<u>711,057,063</u>	<u>370,486,836</u>

The Company had total cash outflows for leases of Rs. 162,174,670 (2020: Rs. 119,490,987). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs. 510,674,516 and Rs. 458,439,687 respectively. (2020: Right-of-use assets and lease liabilities of Rs. 270,028,092 and Rs. 270,028,092 respectively).

	Note	30 June 2021	30 June 2020
		Rupees	Rupees
<b>20 DEFINED BENEFIT LIABILITY</b>			
<b>UNFUNDED GRATUITY</b>			
<b>20.1</b> The amounts recognized in the statement of financial position are:			
Present value of defined benefits obligation		<u>34,722,393</u>	<u>29,188,579</u>
<b>20.2</b> The amounts recognized in the statement of profit or loss are:			
Current service cost		11,397,238	7,820,069
Interest cost on defined benefit obligation		1,651,736	1,467,927
Expense recognized in the statement profit or loss		<u>13,048,974</u>	<u>9,287,996</u>
<b>20.3</b> The charge for the year has been allocated as follows:			
Cost of sales	28	142,250	-
Administrative expenses	29	<u>12,906,724</u>	<u>9,287,996</u>
		<u>13,048,974</u>	<u>9,287,996</u>
<b>20.4</b> Movement in the net present value of defined benefit obligation is:			
Net liabilities at the beginning of the year		29,188,579	23,057,845
Current service cost		11,397,238	7,820,069
Interest cost on defined benefit obligation		1,651,736	1,467,927
Remeasurements charged to other comprehensive income			
-Actuarial assumption		<u>1,231,140</u>	<u>1,100,176</u>
		<u>43,468,693</u>	<u>33,446,017</u>
Less: Payments during the year		(8,746,300)	(2,834,670)
Less: Benefits payable during the year		-	(1,422,768)
Net liabilities at the end of the year		<u>34,722,393</u>	<u>29,188,579</u>

Qualified actuaries have carried out the valuation as at 30 June 2021. The projected unit credit method, based on the following significant assumptions, is used for valuation:

	30 June 2021	30 June 2020
Discount rate for interest cost	10.00%	8.50%
Discount rate for obligation	10.00%	10.00%
Expected rates of salary increase in future years	5.00%	5.00%
Retirement assumption	Age 60	Age 60
Mortality rate	SLIC 2001-2005 with one year setback	SLIC 2001-2005 with one year setback

A quantitative sensitivity analysis for significant assumption on defined benefit obligation is as shown below:

Sensitivity level	Assumption	Impact on defined benefit obligation (Rupees)
+100 bps	Discount rate	36,290,896
-100 bps	Discount rate	33,237,158
+100 bps	Expected increase in salary	33,153,903
-100 bps	Expected increase in salary	36,351,787



The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years.

	Note	30 June 2021 Rupees	30 June 2020 Rupees
<b>21 TRADE PAYABLES, ACCRUED AND OTHER LIABILITIES</b>			
Trade payables		1,050,104,185	6,095,619,066
Incentives and promotions payable		143,969,719	235,929,516
Accrued expenses		57,306,627	48,610,462
Withholding tax payable		89,839,256	45,255,013
Workers' Welfare Fund	21.1	55,535,806	6,684,326
Other payables	21.2	3,239,448	49,540,932
		<u>1,399,995,041</u>	<u>6,481,639,315</u>
<b>21.1 Movement in Workers' Welfare Funds:</b>			
As at 1 July		6,684,326	6,684,326
Charge for the year	31	48,851,480	-
As at 30 June		<u>55,535,806</u>	<u>6,684,326</u>
<b>21.2</b>			
This includes rebate payable amounting to Rs. 2.43 million (30 June 2020: Rs.15.86 million) which is adjustable against due from brand owners (note 12).			
<b>22 CONTRACT LIABILITIES</b>			
Advances from customers in respect of revenue recognized at a point in time		<u>82,882,488</u>	<u>117,073,114</u>
<b>22.1</b>			
This represents the liability recognized in respect of consideration received from customers before the satisfaction of performance obligation.			
<b>22.2 Revenue recognized in current year from:</b>	Note	30 June 2021 Rupees	30 June 2020 Rupees
Amounts included in contract liabilities at the beginning of the year		<u>117,073,114</u>	<u>18,250,607</u>
<b>23 REFUND LIABILITIES</b>			
Arising from retrospective incentives and lower portion discounts		<u>30,221,644</u>	<u>7,835,833</u>
<b>24 SHORT TERM BORROWINGS</b>			
JS Bank Limited	24.1	2,958,308,505	1,912,354,236
Bank AL Habib Limited	24.2	1,937,956,517	3,959,439,047
Dubai Islamic Bank	24.3	263,972,993	1,362,159,606
Bank Alfalah Limited	24.4	439,388,038	350,799,753
Askari Bank Limited	24.5	486,000,000	324,184,000
Pak Oman Investment Company	24.6	-	275,000,000
Accrued markup		<u>82,412,417</u>	<u>146,736,262</u>
Less: Accrued markup presented in current liabilities	25	<u>6,168,038,470</u>	<u>8,330,672,904</u>
		<u>(82,412,417)</u>	<u>(146,736,262)</u>
		<u>6,085,626,053</u>	<u>8,183,936,642</u>
<b>24.1</b>			
Working capital facilities obtained from JS Bank comprise of letter of credit (sight) amounting to Rs. 800 million (30 June 2020: Rs. 800 million), shipping guarantees of Rs. 800 million (30 June 2020: Rs. 1.99 billion) (sublimit of letter of credit (sight)), short term finance of Rs. 600 million (30 June 2020: Rs. 600 million) (sublimit of letter of credit (sight)), running finance of Rs. 600 million (sublimit of Letter of credit (Sight)) (30 June 2020: Rs. 600 million (finance against trust receipt)) and bank guarantee of Rs. 20 million (30 June 2020: Rs. 15 million) (sublimit of running finance). Cash secured letter of credit (sight) facility of Rs. 650 million (30 June 2020: Rs.1.1 billion), short term finance of Rs. 1 billion (30 June 2020: Rs. 500 million), (sub limit of letter of credit (sight)) and finance against imported merchandise of Rs. 200 million ( 30 June 2020: Rs. 200 million). These facilities are secured against mortgage of residential properties belonging to sponsors and shareholders having fair market value amounting to Rs. 151,228 million (30 June 2020: Rs. 151,228 million), first pari passu hypothecation charge of Rs. 2.4 billion (30 June 2020: Rs. 2.4 billion) over all present and future current assets, lien of term deposits and personal guarantees of all Directors. The rate of mark up on funded facilities is 3 months KIBOR + 2% (30 June 2020: 3 months KIBOR + 2%).			
<b>24.2</b>			
Working capital facilities obtained from Bank AL Habib comprise of LC sight amounting Rs. 2.5 billion (30 June 2020: Rs. 1.5 billion), LC sight of Rs. 750 million in Bank Al Habib Islamic, One time letter of credit (sight) facility of Rs. Nil (30 June 2020: Rs. 800 million), running finance facility of Rs. 3.06 billion (30 June 2020: Rs. 3.06 billion), Import Murabaha facility in Bank Al Habib Islamic of PKR 750 million (Import Murabaha is sublimit of RF) ,finance against trust receipt (FATR is sublimit of RF) of Rs. 640 million (30 June 2020: Rs. 640 million) and short term finance facility of Rs. 150 million (30 June 2020: Rs. 150 million), one time short term finance of Rs. 200 million (30 June 2020: Rs. 300 million). These facilities are secured against mortgage of residential properties belonging to sponsors and shareholders having fair market value amounting to Rs. 347 million (30 June 2020: Rs. 347 million) and pari passu / joint pari passu charge over current assets of Rs. 5.5 billion (30 June 2020: Rs. 5.5 billion), cash margin, lien over term deposits, term certificates, current accounts and import documents, personal guarantees of Directors and mortgagors of Rs.7.8 billion (30 June 2020: Rs. 6 billion) and cross corporate guarantees. The rate of mark up on funded facilities is 3 months KIBOR + 1%(RF) & 3 months KIBOR + 2% (FATR) (30 June 2020: 3 months KIBOR + 2%).			
<b>24.3</b>			
Working capital facilities obtained from Dubai Islamic Bank comprise of LC sight amounting Rs. 700 million (30 June 2020: Rs. 700 million), shipping guarantee (sublimit of LC) of Rs. 700 million (30 June 2020: Rs. 700 million), letter of credit usance / acceptance of Rs. 600 million (30 June 2020: Rs. 600 million) and advance against import murabaha of Rs. 1.4 billion (30 June 2020: Rs. 1.4 billion) of which import murabaha is of Rs. 600 million (30 June 2020: Rs. 600 million). These facilities are secured against 1st pari passu / joint pari passu charge of Rs. 1.86 billion (30 June 2020: Rs. 1.86 billion) over current assets of the company, cash margin and lien over term deposits is 60% of import murabaha. The rate of mark up on funded facilities is 3 months KIBOR + 2.5% (30 June 2020: 3 months KIBOR + 2.5%).			



- 24.4** Working capital facilities obtained from Bank Alfalah comprise of short term finance facility of Rs. 225 million (30 June 2020: Rs. 225 million), finance against trust receipt Rs. 425 million (30 June 2020: Rs. 425 million) and sight LC of Rs. 500 million (30 June 2020: Rs. 500 million). These facilities are secured against 1st joint pari passu charge over present & future current assets of company of Rs. 700 million (30 June 2020: Rs. 700 million) and personal guarantee of all directors of the company. The rate of mark up on funded facilities is 1 month KIBOR + 2% (30 June 2020: 1 month KIBOR + 2%).
- 24.5** Working capital facilities obtained from Askari Bank Limited comprise of letter of credit (sight) amounting to Rs. 500 million (30 June 2020: Rs. 500 million), shipping guarantees of Rs. 500 million (30 June 2020: Rs. 500 million) (sublimit of letter of credit (sight)) and short term finance of Rs. 500 million (30 June 2020: Rs. 500 million) (sublimit of letter of credit (sight)). These facilities are secured against personal guarantees of directors along with their net worth statements. These facilities are secured against ranking charge of Rs. Nil (30 June 2020: Rs. 334 million) and joint pari passu charge of Rs. 334 million (30 June 2020: Rs. Nil) over all present and future current assets of the company, TDR covering 50% of outstanding exposure at all times. The rate of mark up on funded facilities is 3 months KIBOR + 1.9% (30 June 2020: 3 months KIBOR + 1.9%).
- 24.6** As at reporting date, the Company's working capital facilities obtained from Pak Oman Investment Company have been terminated. Working capital facilities comprised of term finance facility. The facilities were secured against personal guarantees of directors along with their net worth statements.

	Note	30 June 2021 Rupees	30 June 2020 Rupees
<b>25 ACCRUED MARKUP</b>			
Long term loans	18	28,318,519	16,678,055
Short term borrowings	24	82,412,417	146,736,262
		<u>110,730,936</u>	<u>163,414,317</u>

## **26 CONTINGENCIES AND COMMITMENTS**

### **26.1 Contingencies**

A number of legal cases have been filed against the Company by individuals at various forums relating to several disputes / difference of opinion primarily in relation to consumer court matters. Due to their nature, it is not possible to quantify their financial impact at present. However, the management and the Company's legal advisors are of the view that the outcome of these cases is expected to be favorable and a liability, if any, arising on the settlement of these cases is not likely to be material. Accordingly, no provision has been made for any liability that may arise as a result of these cases in these financial statements.

	Note	30 June 2021 Rupees	30 June 2020 Rupees
<b>26.2 Commitments</b>			
Letters of credit & contracts		2,283,571,862	6,035,542,751
Bank guarantees		3,000,000	1,250,500
		<u>2,286,571,862</u>	<u>6,036,793,251</u>

### **27 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET**

Sales - local	51,367,832,877	44,123,840,286
Sales - export	-	1,632,764,105
Service income	42,533,678	25,466,010
Gross sales	<u>51,410,366,555</u>	<u>45,782,070,401</u>
Less: Sales tax	(42,253,231)	(52,437,462)
	<u>51,368,113,324</u>	<u>45,729,632,939</u>
Less: Discounts	(3,995,310,932)	(2,721,985,756)
	<u>47,372,802,392</u>	<u>43,007,647,183</u>

#### **Geographical region:**

Pakistan	51,410,366,555	44,149,306,296
UAE	-	1,632,764,105
	<u>51,410,366,555</u>	<u>45,782,070,401</u>

#### **Timing of transfer of goods and services:**

At a point in time	<u>51,410,366,555</u>	<u>45,782,070,401</u>
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### **28 COST OF SALES**

Cost of local sales	35,050,824,156	31,026,396,537
Cost of goods assembled	28.1 1,807,227,400	-
Cost of export sales	-	1,407,875,418
Sales tax - mobiles	2,381,239,558	2,127,295,833
Sales tax- tablets	8,400,988	74,954,540
Regulatory duty	3,132,573,750	3,488,512,820
Insurance	13,031,516	14,249,140
Clearing charges	52,267,363	61,453,913
Salaries, wages and benefits	75,459,409	-
Custom duty- tablets	22,280,620	26,657,699
Depreciation	5.5 21,626,328	6,389,064
Amortization	6 469,880	-
Staff retirement benefits - gratuity scheme	20.3 142,250	-
Domestic carriage	5,466,975	3,917,806
	<u>42,571,010,193</u>	<u>38,237,702,770</u>

	Note	30 June 2021 Rupees	30 June 2020 Rupees
<b>28.1 Cost of goods assembled:</b>			
Raw material consumed		1,816,793,771	-
Packing material consumed		85,182,162	-
Closing stock			
- Work in process		(19,576,154)	-
- Finished goods		(75,172,379)	-
		<u>1,807,227,400</u>	<u>-</u>
<b>29 ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits		338,170,508	245,433,774
Rent, rates and taxes		2,317,699	7,740,089
Depreciation	5.5	93,581,998	52,909,557
Insurance		26,905,093	20,556,605
Legal and professional		26,779,254	27,500,003
Repair and maintenance		35,769,006	13,040,161
Fees and subscription		17,919,538	5,848,090
Utilities		14,914,503	8,452,665
Office expenses		17,415,193	6,303,524
Security service charges		12,249,497	7,419,624
Traveling and conveyance		9,265,941	11,302,755
Entertainment		8,971,748	4,697,238
Vehicle running expenses		7,718,050	4,049,084
Postage and telephone		7,445,464	6,674,649
Amortization	6	6,989,362	3,167,264
Printing and stationary		5,119,275	3,434,394
Staff retirement benefits - gratuity scheme	20.3	12,906,724	9,287,996
Auditors' remuneration	29.1	7,502,350	2,915,500
Allowance for expected credit loss - trade debts	9.1	8,588,796	52,390,940
Allowance for expected credit loss - other receivables	12.3	50,659,247	-
Charity and donation	29.2	11,256,863	15,842,195
Miscellaneous expenses		2,769,398	10,005,855
		<u>725,215,507</u>	<u>518,971,962</u>
<b>29.1 Breakup of auditors' remuneration is as follows:</b>			
Annual audit fee		1,950,000	1,960,000
Out of pocket expenses		70,000	55,500
Certificates and other assurance engagements		1,150,000	900,000
Capital market review		4,332,350	-
		<u>7,502,350</u>	<u>2,915,500</u>
<b>29.2 No donation has been made to a single donee which comprise at least 10% of the total donations during the year. In prior year, donation of Rs. 2.5 million was made to Akhuwat Foundation.</b>			
<b>30 SELLING AND DISTRIBUTION COST</b>	Note	30 June 2021 Rupees	30 June 2020 Rupees
Salaries, wages and benefits		270,678,535	260,579,016
Freight outward		117,952,497	71,503,687
Advertisement and promotions		17,987,772	62,566,333
Depreciation	5.5	117,720,567	37,269,540
Travelling and conveyance		12,340,449	20,792,868
Packing expenses		15,341,483	13,007,498
Utilities		26,798,060	9,823,155
Insurance		2,168,523	1,347,609
		<u>580,987,886</u>	<u>476,889,706</u>
<b>31 OTHER EXPENSES</b>			
Loss on termination of lease		6,265,435	-
Workers' Welfare Fund	21.1	48,851,480	-
Loss on disposal of property, plant and equipment		-	293,350
Loss on financial instruments at fair value through profit or loss		-	1,234,562
Foreign currency exchange loss		1,996,317	-
		<u>57,113,232</u>	<u>1,527,912</u>
<b>32 OTHER INCOME</b>			
<b>Financial assets</b>			
Profit on investments		50,376,251	165,649,800
Unrealized gain on financial assets at fair value through profit or loss	14.5	2,651,572	-
<b>Non-financial assets</b>			
Provision written back		14,819,017	-
Foreign currency exchange gain		-	3,600,428
		<u>67,846,840</u>	<u>169,250,228</u>



	Note	30 June 2021 Rupees	30 June 2020 Rupees
<b>33 FINANCE COST</b>			
Mark up on borrowings		686,555,157	1,183,095,021
Bank charges		331,261,997	190,837,807
Lease financial charges	19.2	84,447,089	24,037,731
		<u>1,102,264,243</u>	<u>1,397,970,559</u>
<b>34 TAXATION</b>			
Current tax		787,944,002	950,996,430
Deferred tax - relating to origination of temporary differences	7	96,860,050	128,623,002
Prior year		14,249,638	-
	34.1	<u>899,053,690</u>	<u>1,079,619,432</u>
<b>34.1 Reconciliation between tax expenses and accounting profit</b>			
Accounting profit before taxation		<u>2,404,058,171</u>	<u>2,543,834,502</u>
Tax at applicable tax rate of 29% (2020: 29%)		697,176,870	737,712,006
Effect of expenses not allowed for tax		93,887,343	2,644,724
Effect of tax on import stage		91,943,801	339,262,702
Effect of prior years tax		14,249,638	-
Tax expense for the year		<u>899,053,690</u>	<u>1,079,619,432</u>
<b>35 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit attributable to ordinary equity holders for basic earnings	A	1,505,004,481	1,464,215,070
Add: Unwinding of discount on convertible loan - net of tax	18.1	18,248,662	10,478,565
Profit attributable to ordinary equity holders adjusted for the effect of dilution	B	<u>1,523,253,143</u>	<u>1,474,693,635</u>
		<u>30 June 2021</u>	<u>30 June 2020</u>
		Numbers	Numbers
Weighted average number of ordinary shares for basic EPS	C	300,000,000	300,000,000
Effect of potential dilution from convertible loan		13,286,714	13,286,714
Weighted average number of ordinary shares adjusted for the effect of dilution	D	<u>313,286,714</u>	<u>313,286,714</u>
		<u>30 June 2021</u>	<u>30 June 2020</u>
		Rupees	Rupees
Earning per share - basic	A/C	5.02	4.88
Earning per share - diluted	B/D	<u>4.86</u>	<u>4.71</u>

- 35.1 As explained in note 1.2, the Company has issued 60,000,000 new ordinary shares of Rs. 10 each through Initial Public Offering on 31 August 2021.
- 35.2 On 10 September 2021, long term loan amounting Rs. 400 million from JS Bank Limited and PCF Communication Investments (Private) Limited has been converted in to 7,692,308 ordinary shares of Rs. 10 at conversion rate of Rs. 52 per share.

### 36 RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

The related parties includes remuneration of key management personnel which is disclosed in note 37.

### 37 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in the financial statements in respect of remuneration, including all benefits to Chief Executives and Executives of the Company are as follows:

	Number of persons	Managerial remuneration Rupees	Gratuity	Bonus Rupees	Total Rupees
<b>30 June 2021</b>					
Chief executive	1	59,936,768	1,807,585	-	61,744,353
Executive director	1	7,410,602	672,945	-	8,083,547
Executives	48	136,934,387	7,160,807	-	144,095,194
		<u>204,281,757</u>	<u>9,641,337</u>	<u>-</u>	<u>213,923,094</u>
<b>30 June 2020</b>					
Chief executive	1	68,659,000	1,467,082	4,000,000	74,126,082
Executive director	1	7,300,000	337,153	500,000	8,137,153
Executives	41	108,064,000	4,560,369	9,116,000	121,740,369
		<u>184,023,000</u>	<u>6,364,604</u>	<u>13,616,000</u>	<u>204,003,604</u>

The Chief Executive is provided with company - maintained car. No remuneration is paid to directors other than CEO and executive director.



The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

	Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate
<b>39.2.1 Trade Debts</b>			
<b>30 June 2021</b>			
Not due	1,883,449,624	235,507	0.01%
Past due:			
1-30 days	496,316,903	352,355	0.07%
31-60 days	548,042,329	384,557	0.07%
61-90 days	635,622,990	927,423	0.15%
91-120 days	428,894,682	2,624,777	0.61%
Above 120 days	1,467,915,363	64,455,117	4.39%
	<u>3,576,792,267</u>	<u>68,744,229</u>	
	<u>5,460,241,891</u>	<u>68,979,736</u>	
<b>30 June 2020</b>			
Not due	1,590,141,540	1,630,390	0.10%
Past due:			
1-30 days	167,652,881	169,349	0.10%
31-60 days	139,040,000	46,230	0.03%
61-90 days	182,051,614	106,382	0.06%
Above 120 days	2,636,816,640	58,438,589	2.22%
	<u>3,125,561,135</u>	<u>58,760,550</u>	
	<u>4,715,702,675</u>	<u>60,390,940</u>	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. The information about the credit risk exposure on the Company's trade debts using a provision matrix is given above.

	Exposure at default Rupees	Expected credit loss Rupees	Expected credit loss rate
<b>39.2.2 Other receivables</b>			
30 June 2021	3,804,004,164	50,659,247	1.33%
30 June 2020	9,152,334,650	-	0.00%

### 39.2.3 Bank balances

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Chief Executive. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial institution	Ratings		30 June 2021	30 June 2020
	Agency	Short Term Long term	Rupees	Rupees
Allied Bank Limited	PACRA	A-1+ AAA	3,540	4,175
Askari Bank Limited	PACRA	A-1+ AA+	74,444,203	30,127,838
Bank Alfalah Limited	PACRA	A-1+ AA+	255,455,854	145,348,283
Bank AL Habib Limited	PACRA	A-1+ AAA	29,546,477	173,369,120
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+ AA	167,295,765	332,343,653
Faysal Bank Limited	PACRA	A-1+ AA	1,038,943	8,549,967
Habib Bank Limited	JCR-VIS	A-1+ AAA	6,066,033	32,066,020
Habib Metropolitan Bank Limited	PACRA	A-1+ AA+	256,337,443	8,701,404
JS Bank Limited	PACRA	A-1+ AA-	51,175	82,283
Meezan Bank Limited	JCR-VIS	A-1+ AAA	3,674,583	19,672,117
MCB Bank Limited	PACRA	A-1+ AAA	19,518	20,578
Silk Bank Limited	JCR-VIS	A-2 A-	1,391,612	7,394,375
Soneri Bank Limited	PACRA	A-1+ AA-	2,130,042	10,495,715
Standard Chartered Bank	PACRA	A-1+ AAA	1,173,466	-
Summit Bank Limited	JCR-VIS	A-3 BBB-	5,923,316	17,889,955
The Bank of Khyber	PACRA	A-1 A	3,600	-
The Bank of Punjab	PACRA	A-1+ AA+	3,158,281	461,767
United Bank Limited	JCR-VIS	A-1+ AAA	9,503,346	22,357,739
			<u>817,217,197</u>	<u>808,884,989</u>

39.2.4 With respect to credit risk arising from other financial assets of the Company, the Company's management assesses exposure to such risk to be minimal based on past experience and is restricted to the carrying amount of those assets.

### 39.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand Rupees	Within one year Rupees	More than one year but less than five years Rupees	After five years Rupees	Total Rupees
<b>30 June 2021</b>					
Long term loans	-	513,372,774	109,332,297	-	622,705,071
Lease liabilities	-	169,133,039	525,111,480	387,036,499	1,081,281,018
Short term borrowings	925,365,172	5,160,260,881	-	-	6,085,626,053
Trade and other payables	-	1,399,995,041	-	-	1,399,995,041
Accrued markup	-	110,730,936	-	-	110,730,936
	<u>925,365,172</u>	<u>7,353,492,671</u>	<u>634,443,777</u>	<u>387,036,499</u>	<u>9,300,338,119</u>

	On demand Rupees	Within one year Rupees	More than one year but less than five years Rupees	After five years Rupees	Total Rupees
<b>30 June 2020</b>					
Long term loans	-	482,548,888	462,830,587	-	945,379,475
Lease liabilities	-	105,734,407	348,626,108	-	454,360,515
Short term borrowings	511,212,000	7,672,724,642	-	-	8,183,936,642
Trade and other payables	6,481,639,315	-	-	-	6,481,639,315
Accrued markup	-	163,414,317	-	-	163,414,317
	<u>6,992,851,315</u>	<u>8,424,422,254</u>	<u>811,456,695</u>	<u>-</u>	<u>16,228,730,264</u>

#### Changes in liabilities arising from financing activities

	As at 1 July Rupees	Cash flows Rupees	New leases Rupees	Others Rupees	As at 30 June Rupees
<b>30 June 2021</b>					
Long term loans	827,847,263	156,388,301	-	(400,000,000)	584,235,564
Lease liabilities	370,486,836	(162,174,670)	458,439,687	44,305,210	711,057,063
Short term borrowings	8,183,936,642	(2,098,310,589)	-	-	6,085,626,053
Accrued markup	163,414,317	(739,238,538)	-	686,555,157	110,730,936
	<u>9,545,685,058</u>	<u>(2,843,335,496)</u>	<u>8,329,956,327</u>	<u>330,860,367</u>	<u>7,491,649,616</u>

	As at 1 July Rupees	Cash flows Rupees	New leases Rupees	Others Rupees	As at 30 June Rupees
<b>30 June 2020</b>					
Long term loans	757,254,611	70,592,652	-	-	827,847,263
Lease liabilities	33,526,191	(106,691,355)	270,028,092	173,623,908	370,486,836
Short term borrowings	7,082,252,551	1,101,684,091	-	-	8,183,936,642
Accrued markup	239,070,530	(1,282,788,436)	-	1,207,132,223	163,414,317
	<u>8,112,103,883</u>	<u>(217,203,048)</u>	<u>270,028,092</u>	<u>1,380,756,131</u>	<u>9,545,685,058</u>

## 40 CAPITAL MANAGEMENT

The Company's objectives when managing capital are 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.

In order to maintain or adjust the capital structure, the Company may adjust the return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital plus debt. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt (as defined above).

The debt to equity ratio is as follows:

	30 June 2021 Rupees	30 June 2020 Rupees
Long term loan	612,554,083	844,525,318
Short term borrowings	6,168,038,470	8,330,672,904
Cash and cash equivalent	(832,153,312)	(814,288,761)
Net debt	5,948,439,241	8,360,909,461
Total equity	6,479,155,448	4,596,582,231
Total capital	12,427,594,689	12,957,491,692
Capital gearing ratio	48%	65%



## 41 FINANCIAL INSTRUMENTS - FAIR VALUES

## Fair value measurement of financial instruments

The Company measures financial instruments such as investment in mutual funds, at fair value at each reporting date.

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.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The management assessed that the fair values of all financial assets and financial liabilities, carried at amortized cost, approximate their carrying amounts largely due to the short-term maturities of these instruments. The following table shows the carrying amounts and fair values of financial instruments carried at fair value, including their levels in the fair value hierarchy:

	Note	Fair value			
		Level 1	Level 2	Level 3	Total
		(Rupees)			
Financial assets at fair value through profit or loss					
30 June 2021					
Investment in mutual funds	14	41,310,624	-	-	41,310,624
30 June 2020					
Investment in mutual funds	14	35,683,564	-	-	35,683,564

## 42 CAPACITY AND PRODUCTION

## Cell phones

- Maximum capacity
- Actual production

1,200,000  
165,740

The assembly plant became operational in April 2021, therefore, the actual production is less than maximum capacity.

## 43 NUMBER OF EMPLOYEES

- As at reporting period
- Average during the year

	30 June 2021 Number	30 June 2020 Number
As at reporting period	530	477
Average during the year	504	442



#### 44 OPERATING SEGMENT INFORMATION

	Distribution and retail		Assembly		Inter segment eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Amount in Rupees								
Revenue								
- External customer	47,372,802,392	43,007,647,183	-	-	-	-	47,372,802,392	43,007,647,183
- Inter-segment	47,372,802,392	43,007,647,183	1,910,612,152	-	(1,910,612,152)	-	47,372,802,392	43,007,647,183
Cost of sales	(42,546,766,724)	(38,237,702,770)	(1,934,855,621)	-	1,910,612,152	-	(42,571,010,193)	(38,237,702,770)
Gross profit	4,826,035,668	4,769,944,413	(24,243,469)	-	-	-	4,801,792,199	4,769,944,413
Administrative expenses	(668,836,846)	(518,971,962)	(56,378,661)	-	-	-	(725,215,507)	(518,971,962)
Selling and distribution cost	(579,490,524)	(476,889,706)	(1,497,362)	-	-	-	(580,987,886)	(476,889,706)
Operating profit	3,577,708,298	3,774,082,745	(82,119,492)	-	-	-	3,495,588,806	3,774,082,745
Other expenses	(57,113,232)	(1,527,912)	-	-	-	-	(57,113,232)	(1,527,912)
Other income	67,846,840	169,250,228	-	-	-	-	67,846,840	169,250,228
Finance cost	(1,099,212,848)	(1,397,970,559)	(3,051,395)	-	-	-	(1,102,264,243)	(1,397,970,559)
Profit / (loss) before taxation	2,489,229,058	2,543,834,502	(85,170,887)	-	-	-	2,404,058,171	2,543,834,502
Taxation	(899,053,690)	(1,079,619,432)	-	-	-	-	(899,053,690)	(1,079,619,432)
Profit / (loss) for the year	1,590,175,368	1,464,215,070	(85,170,887)	-	-	-	1,505,004,481	1,464,215,070
Segment assets	14,836,247,990	20,974,998,908	2,170,622,104	-	(1,258,455,112)	-	15,748,414,982	20,974,998,908
Segment liabilities	(7,025,265,931)	(16,378,416,677)	(2,896,150,643)	-	652,157,040	-	(9,269,259,534)	(16,378,416,677)
Capital expenditure	94,685,023	32,991,201	487,976,540	-	-	-	582,661,563	32,991,201

#### 44.1 Geographical information

The Company's revenue from external customers by geographical location is detailed below:

Pakistan	51,410,366,555	44,149,306,296
UAE	-	1,632,764,105
	51,410,366,555	45,782,070,401

All non-current assets of the Company as at reporting dates are located and operating in Pakistan.

44.2 The Company's revenue is earned from a large mix of customers.

44.3 Inter segment sales, purchases and balances have been eliminated.

**45 SUBSEQUENT EVENT**

- 45.1 On 13 September 2021, long term loan amounting Rs. 400 million from JS Bank Limited and PCF Communication Investments (Private) Limited has been converted in to 7,692,308 ordinary shares of Rs. 10 at conversion rate of Rs. 52 per share
- 45.2 The Board of Directors of the Company in its meeting held on 4th and 5th October 2021 has proposed cash dividend at the rate of Rs. 1.25 (2020: Rs. Nil) per share and issuance of 7.5% bonus shares for the year ended 30 June 2021, (2020: Nil) subject to the approval of members at the Annual General Meeting to be held on 28 October 2021. These financial statements do not reflect these appropriations.

**46 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (IPO)**

As explained in note 1.2, the Company raised funds through Initial Public Offering (IPO) to meet working capital requirements, in order to expand the existing business of the Company. Below is the summary of utilization proceeds from IPO:

	Amount Rupees
Issuance of 90,000,000 ordinary shares at Rs. 71.5 per share	6,435,000,000
Less: Expenses related to IPO*	(174,434,470)
Net proceeds received from IPO	<u>6,260,565,530</u>
Less: OFS transaction of 30,000,000 ordinary shares to sponsor	(2,145,000,000)
Less: Expenditures incurred on Working capital (Purchase of stock) till 28 September 2021	(2,743,516,733)
Less: Duties paid	(68,493,389)
Balance amount	<u><u>1,303,555,408</u></u>

\* These expenses have been incurred subsequent to the reporting date.

**47 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized by Board of Directors on \_\_\_\_\_



Chief Executive



Chief Financial Officer



Director

# NOTICE OF AGM

**NOTICE IS HEREBY GIVEN** that the 8th Annual General Meeting of Air Link Communication Limited will be held on Thursday, October 28, 2021 at 11:00 a.m. at the registered office of the Company at LG-2 Al Qadir Heights, 1- Babar Block, New Garden Town, Lahore through Video Conference to transact the following business:

## **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2021 together with the Directors' and Auditors' reports thereon.
2. To consider and approved the payment of final cash dividend @ 12.5% i.e. Rs 1.25 per share of Rs 10.00 each and by way of issue of fully paid bonus shares @ 7.5% in the proportion of 7.5 shares for every 100 shares of Rs 10.00 each held by the members as recommended by the Board of Directors.
3. To appoint Auditors for the financial year 2021-2022 and to fix their remuneration

## **SPECIAL BUSINESS**

4. To consider the increase in authorized capital of the Company from Rs. 4,000,000,000 to Rs. 6,000,000,000 divided into 600,000,000 ordinary shares of Rs. 10 each and if thought fit to pass a special resolution in the matter.
5. To consider, subject to declaration of the final dividend as above, to capitalize a sum of Rs. 275,769,230 by way of issue of 27,576,923 fully paid bonus shares of Rs 10.00 each and if thought fit to pass an ordinary resolution in the matter.

## **OTHER BUSINESS**

6. To transact any other business with the permission of the Chair.

Statement under Sub-Section 3 of Section 134 of the Companies Act, 2017 in the above matters mentioned in item Nos.4 & 5 is annexed.

By Order of the Board



## NOTES:

1. The register of members of the Company will be closed from Friday, October 22, 2021 to Thursday, October 28, 2021 (both days inclusive) and no transfers will be registered during that time. Transfers received in order by the Shares Registrar of the Company, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B' S.M.C.H.S. Main Shahra-e-Faisal, Karachi up to the close of business on October 21, 2021 will be treated in time for the above entitlement.

2. In view of the prevailing pandemic COVID-19 situation and in line with the directions issued to listed companies by the Securities & Exchange Commission of Pakistan vide its Circular No.4 dated February 15, 2021 and subsequent Circular No.6 of 2021 dated March 03, 2021, the company has decided to hold Annual General Meeting (AGM) through electronic means.

Special arrangements for attending the AGM through electronic means will be as under:

a. AGM will be held through Zoom – video link facility.

b. To attend the meeting, members are requested to register them self by providing the following information along with a valid copy of CNIC (both sides)/ passport or attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at [agm@airlinkcommunication.net](mailto:agm@airlinkcommunication.net) on or before Friday, October, 22, 2021;

Name of Share Holder	CNIC No.	CDC Account No./Folio No	Cell No	Email Address

c. Members who are registered, after the necessary verification, will be provided a video link by the Company on the said email address. The login facility will remain open from 10:45 a.m. till the end of the meeting.

3. A member of the Company entitled to attend, speak and vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote in his/her instead. The proxies to be effective must be in writing and must be received by the Company's Registered Office situated at LG-2, Al Qadir Heights, 1- Babar Block, New Garden Town, Lahore 48 hours before the meeting.

4. Members of the Company whose shares are registered in their account/sub-account with Central Depository/System (CDS) are requested to keep with them handy their original Computerized National Identity Card along with their account number in CDS and participant's ID number for verification.

5. Members of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.

6. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its members only through electronic mode directly into bank account designated by the entitled shareholders.

a. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website that is [www.airlinkcommunication.net](http://www.airlinkcommunication.net) and send it duly signed along with a copy of CNIC to the Shares Registrar of the Company CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B' S.M.C.H.S. Main Shahra-e-Faisal, Karachi, in case of physical shares.

b. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the shareholder.

7. Members holding shares in physical form are requested to promptly notify Shares Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their addresses updated with their participant or CDC Investor Accounts Service.

8. In accordance with Section 223 of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2021 together with Chairman's Review Report, Directors' and Auditors' Report thereon have been made available on the Company's website [www.airlinkcommunication.net](http://www.airlinkcommunication.net). Further, we are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail. In this respect members are hereby requested to convey their consent via e-mail at [agm@airlinkcommunication.net](mailto:agm@airlinkcommunication.net) on a standard request form which is available at the Company's website i.e. [www.airlinkcommunication.net](http://www.airlinkcommunication.net). Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be

larger than 20 MB file in size. Further, it is the responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address.

9.(i) The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:

- a) Persons appearing in Active Tax Payers List (ATL) 15%
- b) Persons not appearing in Active Tax Payers List (ATL) 30%

(ii) To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers 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 in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

(iii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to CDC Share Registrar Services Limited, by the first day of Book Closure.

(iv) In case of joint account, please intimate proportion of shareholding of each account holder along with their individual's status on the ATL. According to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

(v) In this regard all shareholders who hold shares jointly are requested to provide shareholding Proportions of Principal shareholders and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follow:

Company Name	Folio/CDS Account#	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC#.	Shareholding Proportion  (No. of Shares)	Name and CNIC#	Shareholding Proportion  (No. of Shares)

(vi) The required information must reach our Shares Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint-holder(s).

(vii) Corporate shareholders having CDC accounts are required to have



Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or CDC Share Registrar Services Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers. Without the NTN company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.

(viii) Members who desire to stop deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law (if not submitted earlier).

(ix) Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar by first day of Book Closure.

10. Section 72 of the Companies Act, 2017 requires every company to replace its physical shares with book- entry form within the period to be notified by the SECP. The Shareholders having physical shareholding are accordingly encouraged to open their account with investors account services of CDC or sub account with any of the brokers and convert their physical shares in script less form. This will facilitate the shareholders in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

11. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

12. Form of Proxy is enclosed.

#### **STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017**

The statement sets out the material facts concerning the Special Business given in agenda items No.4 & 5 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

Agenda Item No.4 of the Notice – Increase in Authorized Capital to be passed as a Special Resolution.

At present the authorized capital of the Company is Rs. 4,000,000,000 and the paid-up capital is Rs. 3,676,923,080. The Board of Directors recommend to increase the authorized capital to Rs. 6,000,000,000 in

order to facilitate increase in the paid-up capital as and when required to do so, and if thought fit by the members to pass the following resolution as a special resolution.

**“RESOLVED that:**

a) The authorized share capital of the company be and is hereby increased from Rs. 4,000,000,000 divided into 400,000,000 shares Rs.10 each to Rs. 6,000,000,000 divided into 600,000,000 shares of Rs.10 each ranking pari passu in every respect with the existing ordinary shares of the Company.

b) In consequence of the said increase in the Authorized Share Capital of the Company, the existing Clause V of the Memorandum of Association of the Company and Article 5 of the Articles of Association of the Company be and hereby replaced accordingly, to read as follows:

***Clause V of the Memorandum of Association***

The authorized capital of the Company is Rs 6,000,000,000 (Rupees Six billion only) divided into 600,000,000 (Six Hundred Million only) ordinary shares of Rs.10/- (Rupees Ten only) each.

***Article 5 of the Article of Association***

The Authorized Capital of the Company is Rs. 6,000,000,000/- (Rupees Six billion only) divided into 600,000,000 (Six Hundred Million only) ordinary shares of Rs. 10/- (Rupees Ten only) each with powers to the Company from time to time to increase and reduce its Capital for the time being into several classes in accordance with the provisions of the Act.

c) The Chief Executive Officer of the Company be and is hereby authorized to take all necessary steps and execute documents including legal and corporate formalities and file all requisite documents with Securities & Exchange Commission of Pakistan as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the above resolutions.”

## **Agenda Item No.5 of the Notice – Issue of Bonus Shares to be passed as an Ordinary Resolution**

The Board of Directors has recommended to the members of the Company to declare final dividend in cash @ 12.5% and by way of issue of fully paid bonus shares @ 7.5% for the year ended June 30, 2021. Subject to approval of the Board of Directors' recommendation as above, the resolution as under will be considered to be passed by the members as an ordinary resolution:

### **“RESOLVED that:**

a) A sum of Rs. 275,769,230 out of the profit for the year ended June 30, 2021 be capitalized and applied in making payment in full of 27,576,923 ordinary shares of Rs.10 each and that the said shares be allotted as fully paid up bonus shares to those members of the Company whose names appear in the register of members on October 28, 2021 @ 7.5% i.e. in the proportion of 7.5 shares for every 100 existing shares held by the members and that such new shares shall rank pari passu in all respects with the existing ordinary shares of the Company. However, they will not qualify for the final cash dividend declared for the year ended June 30, 2021;

b) Fractional entitlements of the members shall be consolidated into whole shares and the Directors of the Company be and are hereby authorized to arrange sale of the shares constituted thereby in such manner as they may think fit and to pay the proceeds of the sale to such of the members according to their entitlement;

c) For the purpose of giving effect to the above, the Chief Executive and the Company Secretary be and are hereby authorized to take all necessary steps in the matter and to settle any question or difficulties that may arise in regard to the distribution of the said new shares as they think fit.”

The Directors are interested in this business only to the extent of their entitlement of dividend and bonus shares as ordinary shareholders.



کے مجودہ عمومی خصوصی میں مساوی درجہ بندی کی بنیاد پر بذریعہ ہذا اضافہ کیا جائے۔

(b) کمپنی کے مجودہ حصص سرمایہ میں مذکورہ اضافے کے نتیجے میں کمپنی کے میمورنڈم آف ایسوسی ایشن کی شق نمبر ۷ اور کمپنی کے آرٹیکل آف ایسوسی ایشن کی شق نمبر ۷ بذریعہ ہذا حسب ذیل کے مطابق پڑھی جائے گی۔

میورنڈم آف ایسوسی ایشن کی شق نمبر ۷

کمپنی کا مجوزہ سرمایہ مبلغ 6000,000,000 روپے (صرف چھ بلین روپے) منقسمہ 600,000,000 (صرف چھ سو بلین) عمومی حصص بحساب مبلغ = 10 روپے (صرف دس روپے) فی حصص ہے۔

آرٹیکل آف ایسوسی ایشن کی شق نمبر ۷

ایکٹ کی شرائط کے مطابق کمپنی کو اختیار حاصل ہے کہ وہ کمپنی کے مجوزہ سرمایہ مبلغ 6000,000,000 روپے (صرف چھ بلین روپے) منقسمہ 600,000,000 (صرف چھ سو بلین) عمومی حصص بحساب 10 روپے (دس روپے) فی حصص میں وقفہ وقتاً اپنے سرمایہ میں اضافہ یا کی کر سکتی ہے۔

(c) کمپنی کے چیف ایگزیکٹو آفیسر بذریعہ ہذا مجاز ہیں کہ وہ تمام تر ضروری اقدامات اور دستاویزات کی تعمیل بشمول کاروباری یا قانونی تقاضوں کی تکمیل اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے پاس تمام مطلوبہ دستاویزات کا اندراج جو مذکورہ قراردادوں کے بھرپور طریقے سے نفاذ کے مقصد کیلئے ضروری ہوں۔

نوٹس کا ایجنڈہ نمبر 5، نوٹس حصص کے اجراء کیلئے ایک عمومی قرارداد کی منظوری

مذکورہ بالا بورڈ آف ڈائریکٹرز کی سفارش کی منظوری سے مشروط، 30 جون 2021 کو ختم ہونے والے سال کیلئے حتمی نقد منافع منقسمہ شرح 12.5 فیصد بذریعہ اجراء کل ادائیگیوں حصص بشرح 7.5 فیصد کے اعلان کیلئے بورڈ آف ڈائریکٹرز نے کمپنی کے ممبران کو تجویز دی ہے حسب ذیل قرارداد کو بطور عمومی قرارداد ممبران کی جانب سے منظور تصور کیا جائے گا۔

#### قرار پایا کہ:

(a) 30 جون 2021 کو ختم ہونے والے سال کے منافع میں سے ایک رقم مبلغ 275769230 کی سرمایہ کاری کی جائے گی اور عمومی خصوصی بحساب 10 روپے فی حصص کی مکمل ادائیگی میں استعمال ہوگی اور مذکورہ حصص کو بطور کل ادا شدہ نوٹس حصص ان کمپنی کے ممبران کو مختص کیا جائے گا جن کے نام ممبران کے رجسٹر میں مورخہ 28 اکتوبر 2021ء تک بشرح 7.5 فیصد یعنی ممبران کے پاس موجود ہر 100 موجودہ حصص میں سے 7.5 فیصد کا تناسب ہوگا اور نئے حصص کی درجہ بندی مساوی انداز میں کمپنی کے موجودہ عمومی حصص کے حوالے سے کی جائے گی۔ تاہم 30 جون 2021 کو ختم ہونے والے سال کیلئے اعلان کردہ حتمی نقد منافع منقسمہ کے وہ اہل نہیں ہوں گے۔

(b) ممبران کی جزوی اہلیت کا کل حصص کے تحت انتظام کیا جائے گا اور کمپنی کے ڈائریکٹرز کو بذریعہ ہذا وہ جیسے چاہیں حصص کی فروخت کے انتظام اور ممبران کی اہلیت کے تحت فروخت کی ادائیگی کی تکمیل کا اختیار دیا جاتا ہے اور قابل اطلاق قوانین کے تحت فروخت کی آمدنی رقم فلاحی اداروں کو عطیہ کر دی جائے گی۔

(c) مذکورہ کے نفاذ کے مقصد کیلئے، چیف ایگزیکٹو آفیسر کمپنی کی سیکریٹری کو تمام ضروری اقدامات اور مذکورہ نئے حصص کے حوالے سے کسی بھی سوالات یا تضادات کے موزوں حل آوری کا اختیار دیا جاتا ہے، ڈائریکٹرز کا مذکورہ امور میں ماسوائے منافع منقسمہ اور عمومی حصص یا دیگران کے طور پر نوٹس حصص کی اہلیت کوئی مفاد نہیں ہے۔

(a) منافع منقسمہ کی براہ راست اپنے بینک اکاؤنٹ میں وصولی کے سلسلے میں حصص یافتگان سے درخواست ہے کہ کمپنی کی ویب سائٹ [www.airlinkcommunication.net](http://www.airlinkcommunication.net) پر دستیاب الیکٹرانک کریڈٹ مینڈیٹ فارم کو پُر کریں اور باقاعدہ دستخط کر کے CNIC کی کاپی کے ہمراہ کمپنی کے شیئر رجسٹرار، CDC شیئر رجسٹرار سروس لمیٹڈ، سی ڈی سی ہاؤس، B-99، بلاک SMCHS، بین شاہراہ فیصل کراچی کو فزیکل حصص کی صورت میں ارسال کریں۔

(b) CDC میں حصص کی موجودگی کی صورت میں الیکٹرانک کریڈٹ مینڈیٹ فارم لازمی طور پر حصص یافتگان کے بروکر/شریک/CDC اکاؤنٹ سروس کو براہ راست جمع کرائیں۔ CDC اکاؤنٹ یا فزیکل فلیو برائے حصص یافتگان میں IBAN کی پہلے ہی سے جمع آوری کی صورت میں کسی کارروائی کی ضرورت نہیں ہوگی۔

(7) فزیکل فارم میں ممبران کی پاس حصص کی موجودگی کی صورت میں ان سے گزارش ہے کہ اپنے پتے میں تبدیلی کی صورت میں فوری طور پر کمپنی کے شیئر رجسٹرار کو فوری طور پر کمپنی کے شیئر رجسٹرار کو فوری طور پر مطلع کریں۔ الیکٹرانک صورت میں حصص کے حامل حصص یافتگان اپنا پتہ اپنے شریک یا CDC انویسٹر اکاؤنٹس سروس کے پاس اپ ڈیٹ کرائیں۔

(8) کمپنیز ایکٹ مجریہ 2017 کی دفعہ 223 کے مطابق، 30 جون 2021 کو ختم ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے، مجمع چیز مین جائزہ رپورٹ، ڈائریکٹرز اور آڈیٹرز رپورٹ کمپنی کی ویب سائٹ [www.airlinkcommunication.net](http://www.airlinkcommunication.net) پر دستیاب ہے۔ مزید برآں، ہم بخوشی اپنے ممبران کو مذکورہ سہولت پیش کرتے ہیں جو کمپنی کے نوٹس اور سالانہ مالیاتی گوشوارے بذریعہ ای میل وصول کرنے کے خواہشمند ہیں۔ اس سلسلے میں ممبران سے درخواست ہے کہ اپنی رضا مندی [agm@airlinkcommunication.net](mailto:agm@airlinkcommunication.net) پر ای میل پر جو کہ اسٹینڈرڈ ریکوئسٹ فارم پر ہو جو کہ کمپنی کی ویب سائٹ [www.airlinkcommunication.net](http://www.airlinkcommunication.net) پر موجود ہے، پُر کر کے ارسال کر دیں، براہ کرم اس بات کو یقینی بنائیں کہ ای میل کے ذریعے ارسال کردہ فائل 20MB سے زائد نہ ہو۔ مزید برآں ممبران کی ذمہ داری ہے کہ اپنے رجسٹرڈ ای میل ایڈریس میں تبدیلی کے متعلق ہمارے شیئر رجسٹرار کو بروقت مطلع کریں۔

(i) آئٹم گیس آرڈیننس مجریہ 2001 کی دفعہ 150 کے تحت منافع منقسمہ ادا ہنگی پرائیم گیس کی شرح حسب ذیل ہے۔

(a) وہ افراد جن کے نام فعال گیس دہندہ فہرست (ATL) میں درج ہیں۔ 15 فیصد

(b) وہ افراد جن کے نام فعال گیس دہندہ فہرست (ATL) میں درج نہیں ہیں۔ 30 فیصد

(ii) انفرادی منافع منقسمہ رقم سے ٹیکس 30 فیصد کے بجائے 15 فیصد کوٹی کیلئے حصص یافتگان جن کے نام FBR کی ویب سائٹ پر موجود ایکٹیو ٹیکس بینر لسٹ میں موجود نہیں ہیں ان کے فائلر ہونے کے باوجود اطلاع دی جاتی ہے کہ کتب بندش کی تاریخ سے ایک دن قبل ATL میں اپنے نام کا اندراج یقینی بنائیں، بصورت دیگر ان کے منافع منقسمہ سے ٹیکس 15 فیصد کے بجائے 30 فیصد کی شرح سے منہا کیا جائے گا۔

(iii) منافع منقسمہ سے وہ ہولڈنگ ٹیکس اسٹیٹی کی اجازت کتب بندش کی تاریخ سے ایک دن قبل فعال ٹیکس ایگریمنٹس تحقیق کی کاپی یا عدالتی آڈٹ ریکارڈ کی CDC شیئر رجسٹرار سروس لمیٹڈ کو دستیابی کے تحت ہوگی۔

(iv) مشترکہ اکاؤنٹ کی صورت میں براہ کرم ہر اکاؤنٹ ہولڈر اپنے حصص سے تناسب بشمول ATL میں انکی انفرادی حیثیت کے متعلق آگاہ کریں۔ فیڈرل بورڈ آف ریونیو کی وضاحت کے مطابق بنیادی حصص یافتگان کے ساتھ جوائنٹ ہولڈر کی حیثیت سے حصص کے تناسب کی بنیاد پر جوائنٹ اکاؤنٹ کی صورت میں وہ ہولڈنگ ٹیکس کا ”فائلر/نان فائلر“ اسٹیٹس پر علیحدہ علیحدہ یقین کیا جائے گا۔

(v) اس سلسلے میں وہ تمام حصص یافتگان جن کے مشترکہ حصص ہیں سے استدعا ہے کہ بنیادی حصص یافتگان اور جوائنٹ ہولڈر کے حصص کا تناسب بابت موجودہ حصص (اگر پہلے فراہم نہ کیا ہو تو) ہمارے شیئر رجسٹرار کو تحریری طور پر حسب ذیل فراہم کر دیں۔

کمپنی کا نام	فلیو/ CDS اکاؤنٹ نمبر	کل حصص	بنیادی حصص	جوائنٹ حصص یافتگان	کمپنی کا نام
			نام اور CNIC	نام اور CNIC	شیئر ہولڈنگ تناسب (حصص کی تعداد)

(vi) مطلوبہ معلومات ہمارے شیئر رجسٹرار کے پاس اندرون 10 یوم موصول ہونے لازمی ہے۔ بصورت دیگر پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈر کے پاس موجود حصص کا تناسب مساوی تصور کیا جائے گا۔

(vii) CDC اکاؤنٹ کے حامل کارپوریٹ حصص یافتگان کیلئے لازمی ہے کہ اپنا نیشنل ٹیکس تحقیق (NTN) اپنے متعلقہ شریک کار کے ساتھ لازمی اپ ڈیٹ کرائیں جبکہ کارپوریٹ فزیکل حصص یافتگان اپنے NTN تحقیق کی ایک عدد کاپی کمپنی CDC شیئر رجسٹرار سروس لمیٹڈ کو جمع کمپنی کا نام اور متعلقہ فلیو نمبر ارسال کر دیں۔ NTN کی عدم فراہمی کی صورت میں کمپنی انکی ATL میں حیثیت کی جانچ کرنے کے قابل نہیں ہوگی اور ایسی صورت میں زائد شرح سے ٹیکس کوٹی کی جائے گی۔

(viii) ممبران جو اپنے منافع منقسمہ سے زکوٰۃ کوٹی اسٹیٹی کا خواہشمند ہیں وہ مطلوبہ قوانین کے تحت نان جوڈیشیل اسٹام پیپر پر ایک عدد اعلامیہ جمع کرائیں (اگر پہلے جمع نہ کرایا ہو)۔

(ix) منافع منقسمہ آمدنی سے وہ ہولڈنگ ٹیکس اسٹیٹی کی اجازت فعل ٹیکس ایگریمنٹس تحقیق کی کاپی کی کتب بندش کی تاریخ کے آغاز سے ہمارے شیئر رجسٹرار کو دستیابی کے تحت ممکن ہے۔

(10) کمپنیز ایکٹ مجریہ 2017 کی دفعہ 72 کے تحت مقررہ ہر کمپنی کیلئے اپنے فزیکل حصص کو بک انٹری صورت میں SECP کی جانب سے مقررہ مدت کے دوران تبدیل کرنا ضروری ہے۔ فزیکل حصص یافتگان کی اس کے تحت حوصلہ افزائی کی جاتی ہے کہ CDC انویسٹرز اکاؤنٹ سروس کے پاس اکاؤنٹ کھولیں یا کسی بروکر کے پاس ذیل اکاؤنٹ کھولوائیں تاکہ اپنے فزیکل حصص کو اسکرپٹ لیس شکل میں تبدیل کیا جائے جس سے حصص یافتگان کو متعدد طریقوں میں سہولت ملے گی جس میں محفوظ تحویل، حصص کی جب چاہے فروخت شامل ہے چونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضوابط کے تحت فزیکل حصص کی تجارت کی اجازت نہیں ہے۔

(11) کمپنیز ایکٹ مجریہ 2017 کی دفعہ 143 تا 145 کے تقاضوں اور کمپنیز (پوسٹل بیٹ) ضوابط 2018 کی قابل اطلاق شقوں سے مشروط ممبران پبلنگ کے حق کا استعمال کر سکتے ہیں۔

(12) پراکسی فارم منسلک ہے۔

کمپنیز ایکٹ مجریہ 2017 کی دفعہ 134 کے تحت خصوصی امور سے متعلق ٹھوس شواہد کا بیان

نوٹس کے ایجنڈہ نمبر 4 اور 5 میں مندرجہ خصوصی امور کے متعلق ٹھوس شواہد کا بیان ممبران کی جانب سے منظور تصور کیا جائے گا۔ اس بیان کا مقصد مذکورہ خصوصی امور کے متعلق ٹھوس شواہد بیان کرنا ہے، نوٹس کا ایجنڈہ نمبر 4 مجاز سرمایہ میں اضافہ کیلئے خصوصی قرارداد کی منظوری۔

کمپنی کا مجودہ مجاز سرمایہ مبلغ 4,000,000,000 روپے اور ادا شدہ سرمایہ مبلغ 3,676,923,080 روپے ہے بورڈ آف ڈائریکٹرز نے سفارش کی ہے کہ مجاز سرمایہ میں مبلغ 6,000,000,000 روپے کا اضافہ کیا جائے تاکہ ادا شدہ سرمایہ میں جب ضرورت ہو اضافہ کیا جاسکے اور ممبران کی جانب سے موزوں سمجھا جائے تو مندرجہ ذیل قرارداد کی بطور خصوصی قرارداد منظوری دی جائے۔

(a) قرار پایا کہ کمپنی کے مجاز حصص سرمایہ میں مبلغ 4,000,000,000 منقسمہ 400,000,000 حصص بحساب 10 روپے فی حصص میں مبلغ 6,000,000,000 منقسمہ 600,000,000 حصص بحساب 10 روپے فی حصص کمپنی

# ایئر لنک کمیونیکیشن لمیٹڈ

## آٹھواں سالانہ اجلاس عام

بذریعہ مذکور مطلع کیا جاتا ہے کہ ایئر لنک کمیونیکیشن لمیٹڈ کا آٹھواں (8) سالانہ اجلاس عام بروز جمعرات مورخہ 28 اکتوبر 2021ء کو بوقت صبح 11:00 بجے کمپنی کے رجسٹرڈ دفتر واقع LG-2 القدریر ہائٹس، 1 بار بلاک نیوگا روڈ ٹاؤن لاہور میں بذریعہ ویڈیولنک کانفرنس مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔

### عمومی امور

- (1) مورخہ 30 جون 2021ء کو ختم ہونے والے سال کیلئے کمپنی کی آڈٹ شدہ مالیاتی گوثوارے بمعہ ڈائریکٹرز اور ڈیپوٹیشن کی وصولی، غور و خوض اور منظوری۔
- (2) بورڈ کی تجویز کے تحت نقد منافع منقسمہ بشرح 12.5 فیصد یعنی مبلغ 1.25 روپے فی حصص بحساب فی حصص 10.00 روپے کی ادائیگی اور کل ادا شدہ بونس حصص شرح 7.5 فیصد بتناسب 7.5 حصص برائے حصص بحساب مبلغ 10.00 روپے فی حصص کے طریقہ کار کے تحت ادائیگی پر غور و خوض اور منظوری۔
- (3) مالیاتی سال برائے 2021-2022 کیلئے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین۔

### خصوصی امور

- (4) کمپنی کا مجاز سرمایہ 4,000,000,000 روپے 600,000,000 منقسمہ 600,000,000 عمومی حصص بحساب مبلغ 10 روپے فی حصص میں اضافہ پر غور و خوض اور اگر موزوں ہو تو معاملہ کے سلسلے میں خصوصی قرارداد کی منظوری۔
- (5) مذکورہ بالا کے تحت حتمی منافع منقسمہ کے اعلان سے مشروط 275,769,230 روپے کی سرمایہ کاری بذریعہ 27,576,923 کلی ادا شدہ بونس حصص بحساب مبلغ 10.00 روپے فی حصص کے اجراء پر غور و خوض اور موزوں ہو تو معاملہ کے سلسلے میں خصوصی قرارداد کی منظوری۔

### دیگر امور

- (6) چیئرمین کی اجازت سے دیگر امور کی انجام دہی:

کمپنیز ایکٹ مجریہ 2017 کی دفعہ 134 کی ذیلی دفعہ 3 کے تحت بیانہ مذکورہ معاملہ کے حوالے سے آئٹم نمبر 4 اور 5 میں مندرجہ بونس ہذا کے ساتھ منسلک ہے۔

بحکم  
عامر لطیف  
کمپنی سیکریٹری

مورخہ 7 اکتوبر 2021ء

### نوٹس:

- (1) کمپنی کے ممبران کا رجسٹر بروز جمعہ مورخہ 22 اکتوبر 2021ء تا بروز جمعرات مورخہ 28 اکتوبر 2021ء (بشمول دونوں ایام) بند رہے گا اور بعد از میعاد کسی منتقلی کا اندراج نہیں کیا جائے گا اور مورخہ 21 اکتوبر 2021ء کو اختتام کارکن کمپنی کے شیئرز رجسٹر، CDC شیئرز رجسٹر اور سرور لمیٹڈ، CDC ہاؤس، 99-B، SMCHS میں شاہراہ فیصل کراچی موصول ہونے والی منتقلیاں مذکورہ اہلیت کیلئے بروقت تصدیق کی جائے گی۔
- (2) Covid-19 کی پھیلی ہوئی وبائی صورت حال کے پیش نظر سیکیورٹی رٹائر ایجنڈا کیپٹن کمیشن آف پاکستان اپنے سرکل نمبر 4 بتاریخ 15 فروری 2021ء اور اسکے ساتھ ہی سرکل نمبر 6 سال 2021ء بتاریخ 3 مارچ 2021ء میں لکھنؤ کو جاری کردہ ہدایات کے مطابق کمپنی نے سالانہ اجلاس عام (AGM) کا الیکٹرانک طریقہ کار سے انعقاد کا فیصلہ کیا ہے۔ AGM میں بذریعہ الیکٹرانک طریقہ کار شرکت کیلئے خصوصی انتظامات حسب ذیل ہیں۔
- (a) AGM بذریعہ روم ویڈیولنک سہولت منعقد کیا جائے گا۔
- (b) اجلاس میں شرکت کیلئے، ممبران سے درخواست ہے کہ مندرجہ ذیل معلومات جمع اپنے فعال CNIC کی کاپی (دونوں اطراف) پاسپورٹ یا بورڈ کی قرارداد کی مصدقہ کاپی/پاور آف اٹارنی (بصورت کاروباری حصص یافتگان) بذریعہ ای میل [agm@airlinkcommunication.net](mailto:agm@airlinkcommunication.net) بروز جمعہ مورخہ 22 اکتوبر 2021ء تک فراہم کر کے اپنا اندراج کرائیں۔

حصص یافتگان کا نام	CNIC نمبر	CDC اکاؤنٹ/فولیو نمبر	موبائل نمبر	ای میل ایڈریس
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- (c) ممبران کے اندراج کے اور ضروری تصدیق کے بعد کمپنی مذکورہ ای میل ایڈریس پر ویڈیولنک سہولت فراہم کر دے گی۔ لاگ ان سہولت بوقت صبح 10:45 تا اجلاس کے اختتام تک کھلی رہے گی۔
- (3) اجلاس میں شرکت کا اہل کمپنی کے ممبر، اجلاس میں شرکت اور رائے دہی کیلئے اپنی جانب سے کسی دیگر ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کے مؤثر ہونے کیلئے ضروری ہے کہ وہ تحریری طور پر کمپنی کے رجسٹرڈ آفس بمقام LG-2، القدریر ہائٹس، 1 بار بلاک، نیوگا روڈ ٹاؤن لاہور میں اجلاس کے انعقاد سے 48 گھنٹے قبل لازمی موصول ہو جائے۔
- (4) کمپنی کا ممبران جن کے حصص کا سینٹرل ڈپازٹری سسٹم (CDS) کے ساتھ اکاؤنٹ/ذیلی اکاؤنٹ میں اندراج ہے ان سے استدعا ہے کہ اپنی اصل کمپیوٹرائزڈ قومی شناختی کارڈ بمعہ CDC میں اپنے اکاؤنٹ نمبر اور شرکاء آئی ڈی نمبر تصدیق کیلئے ہمراہ لائیں۔
- (5) کمپنی کے ممبران سے گزارش ہے کہ پتے میں کسی بھی تبدیلی کی صورت میں ہمارے شیئرز رجسٹر کو فوری طور پر مطلع کریں۔
- (6) کمپنیز ایکٹ مجریہ 2017 کی دفعہ 242 کی شرائط کے تحت لکھنؤ کمپنی کیلئے ضروری ہے کہ وہ اپنے ممبران کو نقد منافع منقسمہ کی ادائیگی صرف الیکٹرانک طریقہ کار کے ذریعے اہل حصص یافتگان کے نامزد کردہ بینک اکاؤنٹ میں براہ راست کرے۔



# FORM OF PROXY

The Company Secretary  
Air Link Communication Limited  
LG-2 Al Qadir Heights, 1- Babar Block,  
New Garden Town, Lahore

I/We \_\_\_\_\_  
of \_\_\_\_\_  
a member of Air Link Communication Limited hereby  
appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_

who is/are also member/s of Air Link Communication Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the 8<sup>th</sup> Annual General Meeting of the shareholders of the Company to be held on the 28<sup>th</sup> day of October 2021 and at any adjournment thereof.

Signed this \_\_\_\_ day of \_\_\_\_\_ 2021.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of Shares held

Signature on Rs.5/-  
Revenue Stamp

**Witness:1**

**Witness:2**

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

CINC# \_\_\_\_\_

CINC# \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

**Notes:**

1. The proxy must be a member of the Company.
2. The signature must tally with the specimen signature/s registered with the Company.
3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number along with attested photocopies of 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.
4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting excluding holidays.

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Company Secretary  
Air Link Communication Limited  
LG-2 Al Qadir Heights, 1- Babar  
Block, New Garden Town,  
Lahore.54000.  
Phone: +92-42-35844063-6

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