



Ministry of Information Technology  
& Telecommunication

**DIGITAL PAKISTAN**



FY 2020-2021

# ANNUAL REPORT





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# Acronyms

<b>USF</b>	Universal Service Fund
<b>IT</b>	Information Technology
<b>ICT</b>	Information and Communication Technologies
<b>NG-BSL</b>	Next Generation Broadband for Sustainable Development
<b>KBPS</b>	Kilobits Per Second
<b>FOC</b>	Free of Cost
<b>SLA</b>	Service Level Agreement
<b>OFC</b>	Optical Fiber Cable
<b>NG-OF</b>	Next Generation Optical Fiber
<b>STM</b>	Synchronous Transport Module
<b>FE</b>	Fast Ethernet
<b>GE</b>	Gigabit Ethernet
<b>E1</b>	European 1 interface
<b>Gbps</b>	Gigabytes per second
<b>PTA</b>	Pakistan Telecommunication Authority
<b>PEMRA</b>	Pakistan Electronic Media Regulatory Authority
<b>FAB</b>	Frequency Allocation Board
<b>SDGs</b>	Sustainable Development Goals
<b>UN</b>	United Nations



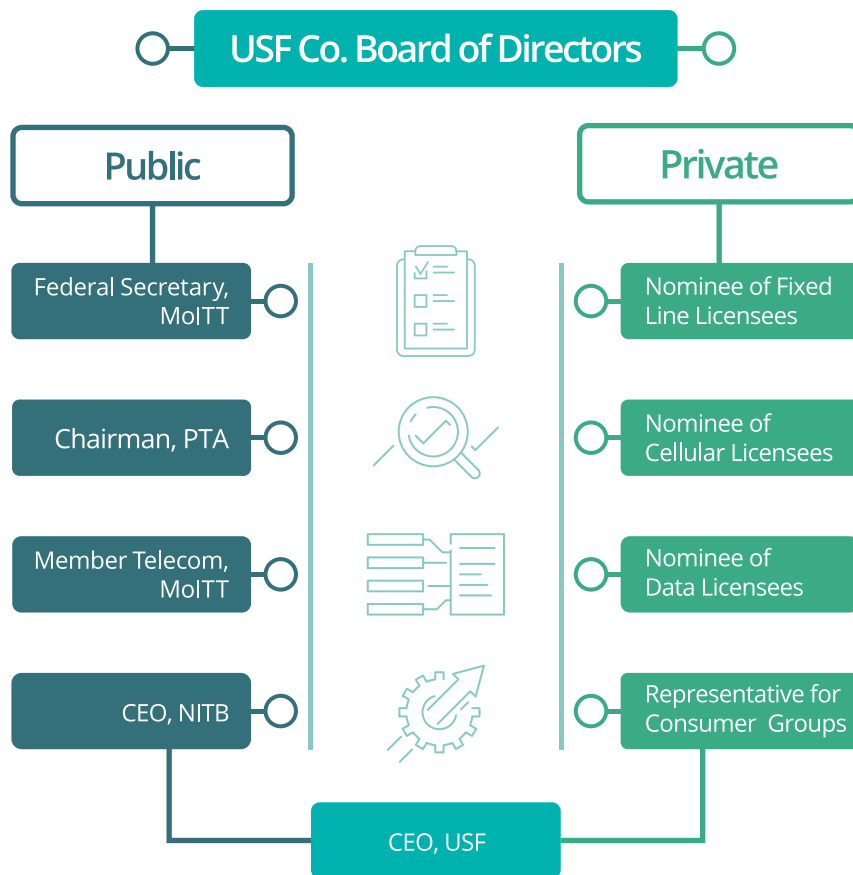
# Overview

USF was established by the Government of Pakistan (Ministry of IT and Telecommunication) to spread the benefits of ICT to all corners of Pakistan. USF strives to provide IT and Telecommunication services in un-served and under-served areas across the country by making Broadband available and affordable for all. USF is a leader and active partner with community, industry and other stakeholders in bridging the digital divide in line with the vision of Digital Pakistan.

USF was established under section 42 of the Companies Act 2017 (previously known as the Companies Ordinance 1984) in 2006 with Board of Directors comprising of representatives from both private and public sectors. The Chairperson of the Board is responsible for all major decisions while the CEO is responsible for daily operations.


In order to make the needed investments to provide services in the un-served and under-served areas of

Pakistan, USF provides subsidies to licensed telecom operators through a competitive bidding process. 'Merit,' 'Excellence' and 'Discipline' are the basic pillars of the USF way of work. These set high moral standards for actions that help in expansion of the telecommunication infrastructure in the un-served and under-served areas of the country, thus accelerating the country's progress towards the United Nations sustainable development goals.







# Objectives of USF



- To bring the focus of telecom operators towards rural population and increase the level of telecom penetration significantly in the rural areas through effective and fair utilization of the fund.



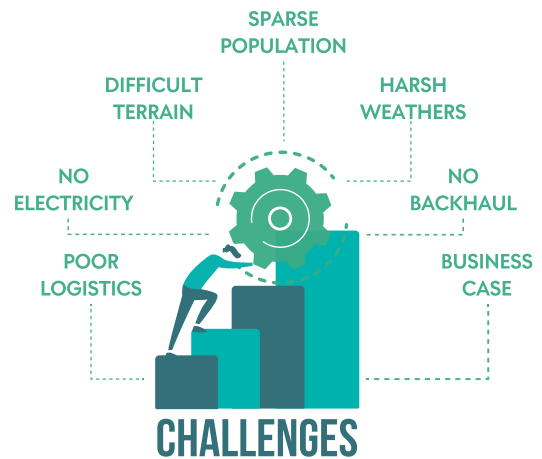
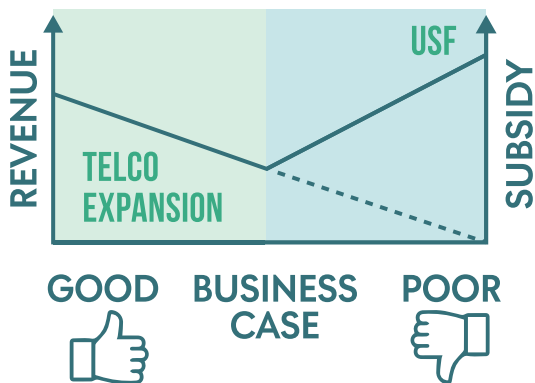
- To improve the Broadband penetration in the country.



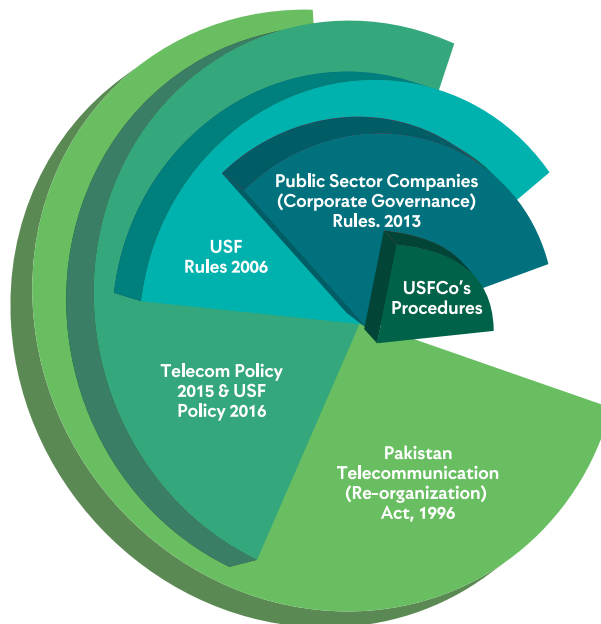
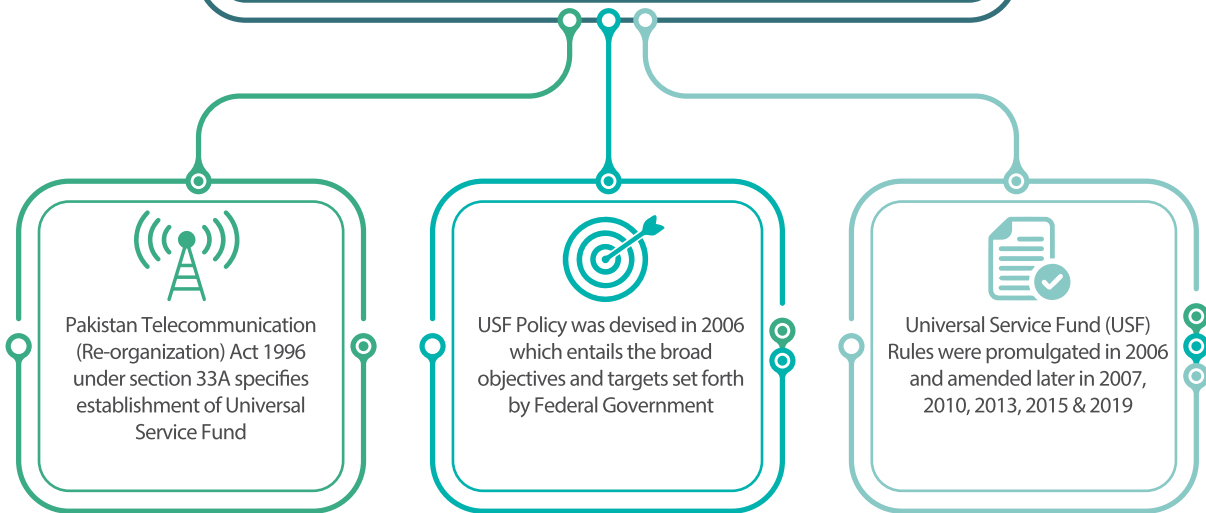
- To bring significant advances towards enhancement of e-services, both in rural as well as urban areas of the country.

**Un-served area** An un-served area means a lot having no coverage nor provision of any telecommunication service.

**Under-served area** An under-served area means a lot not having adequate coverage nor provision of voice and data telecommunication services as determined by the Federal Government from time to time, except in some parts of it.



## USF – GOVERNING FRAMEWORK



# Forewords



# Message from Federal Minister



**“The opportunities and promise of a better digital future should be accessible to all, and we are committed to ensuring that the more vulnerable are not left behind on the journey to that future.”**

Connectivity is a critical building block for vibrant communities of Pakistan. As highlighted by the current COVID-19 pandemic, all aspects of society, including families, businesses, education and healthcare, to name a few, rely heavily on connectivity and the digital services that depend on it. It is noteworthy to mention that the digital economy of Pakistan is outperforming all other sectors in terms of speed of growth, the dynamics of innovation, and the scope of influence. It is the key to creating new structures and mechanisms for economic growth.

As I reflect on a uniquely challenging year, one thing is clear — we have all been impacted by COVID-19. My heart goes out to those who are grieving the passing of loved ones, to those who were furloughed or lost their jobs, and to the business owners who have struggled mightily or were forced to shut down. While it has been a tough year for many, I am hopeful that better days are yet to come.

The Ministry of IT and Telecommunication believes that the opportunities and promise of a better digital future should be accessible to all. USF is committed to this vision of not leaving the more vulnerable strata of the society behind through democratization of health care information, education resources and financial services.

Today, as we continue to bridge the digital divide through USF and move forward to make Digital Pakistan vision a reality, reaching our goal of creating a self-sustaining ICT sector and reaping all economic and social benefits that come with it seems not only a more imminent reality, but almost an inevitable one, with continued efforts and investments on all fronts. With the right policies in place and with the private and public sectors working in partnership for a common purpose, we will continue to make progress towards the shared goal of bringing ICTs to every rural household of Pakistan resulting in a prosperous future for all.

**Syed Amin Ul Haque**  
**Federal Minister**  
**Ministry of IT & Telecommunication**

# Message from Chairman



**“We will continue to improve our organization, to generate favorable results for the remote communities.”**

Dear Stakeholders,

I'm delighted to present the USF Annual Report for FY 2020-21; my first as Chairman of the USF Board.

I am incredibly proud of how much we have accomplished during such an unprecedented time. At USF, we have played an essential role in enabling people, businesses, students, and communities, manage through the crisis in Pakistan. We have helped our employees adapt to remote working and we have connected tens of thousands of people during this outbreak. Our ability to grow, even in a crisis, reflects the strength and diversity of our team. It also reflects our commitment to innovation and to the millions of relationships we have established with the rural and remote population.

In FY 2020 - 21, we remained laser-focused on empowering the un-served and under-served communities. USF has contracted 15 new projects to provide high-speed mobile broadband services to approximately over 7.2 million people in Southern

Balochistan, Interior Sindh, Southern Punjab and Khyber Paktunkhwa (EX-FATA -Merged Districts). On a broader scale, these projects will ensure economic prosperity, social inclusiveness, and general networking between communities.

In addition, USF has completed the NH-10 and NH-25 highway project. Commuters are now enjoying e-services while traveling on Makran Coastal Highway in Balochistan. Approximately 473 km of un-served and under-served road segments have been provided with seamless broadband coverage on NH-10, NH-25, NH-65, NH-70 and NH-50; boosting the economy and laying the foundation for an intelligent transportation system.

USF has also rolled out the NF-OF Network and Services program to connect 563 union councils of Punjab, Khyber Pakhtunkhwa and Sindh that will further increase the scope of e-commerce and online services in remote areas of the country. Educational institutes, health institutes, government offices and banks in far-flung areas of Pakistan will substantially benefit from this program.

In FY 2021-22, we will continue to improve our organization, to generate favorable results for the remote communities. Our mission would not have found its way where it is today, without the support from the Prime Minister of Pakistan and Federal Minister for IT & Telecommunication. We are extremely grateful to them. The Minister has been constantly providing guidance and motivation to do more for the people and expand connectivity. With the Digital Pakistan Vision set in motion, USF's strategic role of providing access and connectivity to all Pakistanis becomes even more significant than before. I expect USF Board, the management and the whole team to stay committed in making Digital Pakistan vision a reality with every commencing year.

**Dr. Muhammad Sohail Rajput**  
**Federal Secretary, Ministry of IT and Telecommunication**  
**Chairman of USF Board**

# Letter from CEO



“ I am pleased with the momentum that we have achieved and confident we will continue to deliver excellence for the marginalized communities in FY 22 and achieve the vision of Digital Pakistan. ”

Dear Stakeholders,

The past year was not one that we, or anyone, could have predicted. For many it was a time of great hardship and loss. The COVID-19 pandemic is sadly not over yet and we have all been working, while being impacted by it directly or indirectly.

When the year began, we had embarked on a new strategy designed to advance our position as a leading public sector organization. This strategy involved expanding our operations to empower more communities with meaningful connectivity, creating stronger relationships with our stakeholders and opening our platform to forge new partnerships with businesses across industries. This plan, coupled with our unique culture, core values, pillars, open workplace and agile mindset was foundational to our navigation of 2021.

## Performance

In fiscal year 2021, we delivered record performance despite the ongoing and sometimes extreme challenges of the COVID-19 pandemic. Our outstanding results reflect the dedication and hard work of our team, who are focused on creating value for our stakeholders. We ended the year witnessing 435 % growth in contractual obligations of subsidy disbursement of over PKR 23 billion, which is the highest since the inception of the company. With a growth rate of 108%, we contracted 25 projects during this fiscal year. In addition to setting record growth in contracted projects, we also awarded the highest number of projects this year.

Furthermore, USF is building a digital highway to connect union councils \ towns with optic fiber cable for provision of ICT services to the un-served communities of Pakistan. This will pave the way for improving access to broadband in un-served areas of Pakistan and facilitate gradual transition to 5G technology. Prior to this program, USF had laid over 10,555 km of optical fiber cable to connect the tehsil headquarters \ towns of Pakistan.

### Brand Strategy

We re-branded this year and are proud to have launched our new logo, which gives clear meaning to the words "Universal Service Fund" and emphasizes on going beyond one's imagination and exploring new opportunities for digital inclusiveness in Pakistan. Our vision & mission are now a refined version of what we have always known and have strived to achieve. While this is a significant change, our core values have not changed. Our journey started with a vision to create a company that empowers individuals, hence the articulation of our core values of DIGIT which stands for Diversity, Integrity, Growth, Innovation, and Teamwork. We display these core values colorfully on our walls, and more importantly, they guide our core purpose: To empower the un-served and under-served communities.

Defining our core values clearly transformed them from words written on the walls to practices that every team member believes in, internalizes and applies to their own life and work. In addition to these core values, we have three pillars that serve as the foundation of USF way of work: MED which stands for 'Merit', 'Excellence' and 'Discipline'. These pillars give life to our mission and provide clarity when we determine priorities and consider trade-offs.

### Looking Ahead

As we look ahead to the next year and the years to come, there is so much that gives me great confidence about our future. In FY 2021-22, USF will be launching a new program for provision of ICT services to the tourist destinations of Pakistan. This will play a significant role not only in creating safe destinations but also encourage tourism in the country.

Moreover, at USF, we care about diversity and specifically for gender diversity we are developing, retaining and promoting female talent on priority. Our target is to increase the representation of women in USF workforce to 15% in order to promote gender equality in the workplace.

In closing, I am pleased with the momentum that we have achieved and confident we will continue to deliver excellence for the marginalized communities in FY 22 and achieve the vision of Digital Pakistan. As we move ahead together to bridge the digital divide, I would like to express my appreciation and gratitude for the unconditional support of the Federal Minister for IT and Telecommunication, the Ministry of IT and Telecommunication, the Board of Directors, our partners and the rural and remote communities and also the USF people for their extraordinary commitment to achieving our vision.



**Haaris Mahmood Chaudhary**  
Chief Executive Officer



### **Vision**

To empower the un-served & under-served communities through Information and Communication Technologies (ICT) to achieve a digitally inclusive Pakistan.



### **Mission Statement**

Improving lives of un-served & under-served communities by making high speed Internet available and affordable for all.



# Board of Directors FY 2020-2021



**Mr. Shoaib Ahmad Siddiqui**  
Federal Secretary, Ministry of  
IT and Telecommunication &  
Chairman of USF Board  
July 2019 - May 2021



**Dr. Muhammad Sohail Rajput**  
Federal Secretary, Ministry of  
IT and Telecommunication &  
Chairman of USF Board  
June 2021 - Present



**Mr. Major General (R)  
Amir Azeem Bojwa**  
Chairman- PTA



**Mr. Muhammad Omar Malik**  
Member Telecom-Ministry of  
IT and Telecommunication



**Mr. Shabahat Ali Shah**  
CEO-NITB



**Mr. Irfan Wahab Khan**  
CEO - Telenor



**Mr. Imran Akhtar Shah**  
VP for Government  
Sales - Super Net Limited



**Mr. Rashid Khan (Late)**  
President and Group CEO  
PTCL & Ufone



**Mr. Haaris Mahmood  
Chaudhary**  
Chief Executive Officer



**Mr. Kaukab Iqbal**  
Chairman Consumer  
Association of Pakistan

# Board of Directors



**Dr. Muhammad Sohail Rajput**  
**Chairman of USF Board**  
**Federal Secretary for Ministry of IT and Telecommunication**

Dr. Rajput, Federal Secretary for Ministry of Information Technology & Telecommunication is a senior civil servant with expertise in financial management and project development and management.

Dr. Rajput studied MBBS degree in 1988 from Liaquat Medical College, Jamshoro, Post Graduate Diploma in Business Administration in 2004 from Institute of Business Administration, Karachi and MPA in Economics Policy Management with concentration in International Energy Management and Policy from Columbia University, New York.

He was also awarded Hubert H. Humphrey fellowship by US Department of State, in recognition of his leadership skills, under which he attended academic courses at University of North Carolina, Chapel Hill and the Duke University and did an internship at the World Bank.

He has over 25 years of experience in Civil Service of Pakistan, which includes managing provincial government finances and handling diversified development projects.

During his career in Civil Services of Pakistan, he has received extensive training at the Civil Service Academy Lahore, National School of Public Policy Lahore,

University of Birmingham in England and Joint Vienna Institute in Vienna, Austria.

Dr. Rajput's core areas of expertise include public finance management and project development and management, particularly in the energy sector. He has proven capacity to work in a challenging atmosphere with diversified stakeholders and against strict timelines. Dr. Rajput's key achievements include developing Thar Coal mining and power project, improving fiscal health of Government of Sindh through effective financial management and establishing a robust delivery and monitoring system at Chief Minister's Secretariat in Sindh.



**Major General (R) Amir Azeem Bajwa**  
**Chairman, PTA**

Maj. Gen (R) Bajwa holds BE (Telecom), MSc Electronics and Systems Engineering, MSc Security and Strategic Studies degrees. He has served at key leadership positions dealing with ICTs strategy and transformation. He has vast experience in handling cyber security related portfolios, devising policies and implementations.

Maj. Gen (R) Bajwa retired from the Pakistan Army, with experience of over 35 years in national security, ICT development, spectrum management, digital transformation, policy-making, and regulatory modernization. In recognition of his outstanding services for the country, Maj. Gen (R) Bajwa has been conferred with 'Hilal-e-Imtiaz' (Military).

He is currently serving as the Chairman for PTA. Moreover, he is also the board member of the PEMRA, FAB, USF and Ignite.



**Mr. Muhammad Omar Malik**  
Member Telecom, Ministry of IT and Telecommunication

Mr. Malik is a dynamic and versatile technologist with master's degree from King's College London, UK and multiple executive qualifications from University of Oxford, Massachusetts Institute of Technology & Harvard Business School on business financial management & entrepreneurship.

With 20 years of diversified experience, before joining the Government, he has held various executive positions in tier-1 technology companies like STC Group, Abu Dhabi Group, Du Dubai, Mobilink, Warid, Nokia, Ericsson Alcatel Lucent and Center for Telecom research in Asian, African, Middle Eastern and European multicultural markets. He has also worked as the Senator of WBAF G-20 Group to promote startup's innovation culture & investments in Pakistan. Mr. Malik has launched more than six green field networks including 5G Technology Networks globally.

Currently, he is working on policy and strategy to upscale USD 17 billion telecom industry by Government of Pakistan and serving as Member Telecom in the Federal Government apart from the Board of Director of Frequency Allocation Board, PakSat International (SUPARCO), USF, Ignite, Telecom Industries of Pakistan Board, Member AGM Committee R&D Fund, Chairman Project Management committee at National Incubation Centers and also the member of Prime Minister Task force on IT & Telecommunication.



**Mr. Irfan Wahab Khan**  
CEO, Telenor

Mr. Khan is the Chairman of Telenor Microfinance Bank and CEO of Telenor Pakistan. Prior to that, he served as Deputy CEO Telenor Pakistan for two years.

Mr. Khan holds a Masters degree in Mobile and Personal Communications from University of Westminster London UK. He also holds qualifications in Financial Management from Harvard Business School, executive diploma in Marketing from London Business School and Business Management from INSEAD. He is also a lifetime Alumni of INSEAD.

Mr. Khan has a long association with Telenor Pakistan being the first member of the startup team when he joined the company as Executive Vice President in 2004. Mr. Khan has over 20 years of diverse management experience with leading telecommunication companies across North America, Europe and Asia. Since 2009, he has served as Group Vice President Devices and VP-Head of Asia Distribution within the Telenor Group in Norway and Thailand respectively. In Bangkok, Mr. Khan was responsible for developing sales and distribution capabilities, organization systems and processes for over 1.1 million retailers within 5 countries in Asia. As VP Devices with Telenor Group, he was responsible for Group Device Strategy, Partnerships and Innovation, Handset Bundles and Device Portfolio of over USD 2 billion across 11 countries.



**Mr. Kaukab Iqbal**  
**Chairman Consumer Association of Pakistan**

Mr. Iqbal has been serving as the Chairman of the Consumer Association of Pakistan since March 2003. He has been working for the rights of consumers in the fields of Civil Rights and Social Action, Economic Empowerment, Education, Environment, Health, Human Rights, Disaster and Humanitarian Relief etc.

Mr. Iqbal has a degree in B.Tech Hon. as well as Executive MBA in Marketing. He is a strong business development professional who graduated from GBSS SHAH FAISAL COLONY.

He is an experienced Chairperson with a demonstrated history of working in the non-profit organization management industry. He is skilled in nonprofit organizations, budgeting, youth development, the Government, and Humanitarian.

He is also a recipient of Quaid-e-Azam- Bhutto Award, Energy Award, S.H.Hashmi Memorial Award, Youm-e-Azaadi Pakistan Award, Muhammad Jamal Abbasi Memorial Award, SAP Aeteraf-e-Kamal Award and Human Rights Award.



**Mr. Shabahat Ali Shah**  
**CEO, NITB**

Mr. Shah is a versatile and highly innovative Silicon Valley executive with 20+ years of diverse expertise in cutting-edge technologies (PaaS/SaaS/IaaS, business process re-engineering, virtualization, AI/ML & data integration technologies) across a wide variety of industry segments. He has extensive experience in building sustainable decision-making IT infrastructure and solutions at a country level and for Fortune500 commercial enterprises along with progressive experience of generating & running \$300M+ business.

Mr. Shah has served as CEO for NITB and Chairman of the Board at Ignite. He is also the board member for USF, NTC and PTCL. He has extensive experience in policy making, strategy and growth. In addition, he also indigenously developed and deployed multiple projects to combat coronavirus spread.



**Mr. Imran Akhtar Shah**  
**VP for Government Sales, Super Net Limited**

Mr. Shah is a strategist and techno-commercial professional with over 30 years of rich TMT experience with specialization in strategy development and implementation, business development, product management, project coordination and administration

for data, voice over wireline & wireless services/satellite for telecom & media solutions for broadcast operators.

He has over 15 years of Wholesale Product Development experience. He is proficient in product development & management over wireline & wireless services, has hands-on exposure in management and provisioning of solutions in the Africa, SA, SEA & GCC region, understanding of client needs and developing new wholesale products or services accordingly, extensive experience in marketing management for TMT and Triple Play services including TV/Data & Voice.

He is an expert in providing cutting-edge solutions, driving new businesses through key accounts and establishing new partnerships to increase channel revenues through launch of different products, managing the portfolio of services throughout the product life cycle, improve products and services, and providing insight into the marketing product roadmap.



**Mr. Rashid Khan (Late)**  
**President and Group CEO, PTCL & Ufone**

Late Mr. Khan was an executive with extensive professional experience of managing business at the CEO and Board level. He had a proven track record of managing companies in all phases of business life cycle from start-ups to mature business. Moreover, he had a broad experience of working in developed and emerging markets i.e., USA, Middle East and Pakistan.

Late Mr. Khan was appointed President and Group CEO for PTCL & Ufone in March 2019. He started his career in telecom industry in 1994 with Paktel, moving to Mobilink as EVP and CCO from 2000 to 2006, and then to Banglalink in Bangladesh as President, MD and

Board Member till 2008. He also served as Chairman of Waseela Bank in 2011. Prior to PTCL Group, he was President and CEO of Mobilink. He held a Master's degree in Electrical Engineering from USA and was the co-inventor of 2 patents in USA.



**Mr. Haaris Mahmood Chaudhary**  
**CEO, USF**

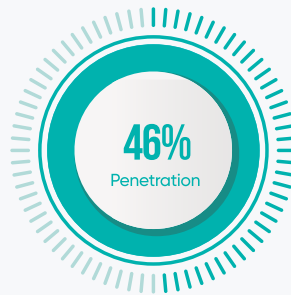
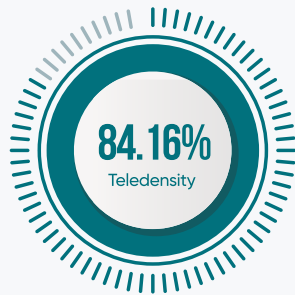
Mr. Chaudhary is currently working as the CEO of USF. He is also serving as a Director on the Board of Zarai Taraqati Bank Limited. With extensive senior management experience in Finance, Strategy, Management and Corporate Affairs, he has over 18 years of global professional experience of leading initiatives in both, private and public sector.

He started his career with Citibank in New York, after completing his MBA with distinction from the New York Institute of Technology. Later, he worked in senior management positions for top-tier banks such as ABN Amro Bank, Barclays Bank and Credit Suisse.

He is an exceptional leader with strong experience in building and inspiring teams and worked as an investment banker for over 15 years in various countries, including the United States, the United Arab Emirates and Pakistan. Prior to the CEO position, he served as Chief Financial Officer and Company Secretary at USF for the past eight years and has certainly transformed the organization. He is passionate about bridging the digital divide and empowering the marginalized communities of Pakistan.

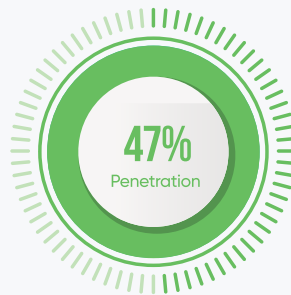
## PTA Indicators\*

**\*184 MILLION**  
Cellular Subscribers



**\*102 MILLION**  
3G/4G Subscribers

**\*2.5 MILLION**  
Basic Telephony  
Subscribers



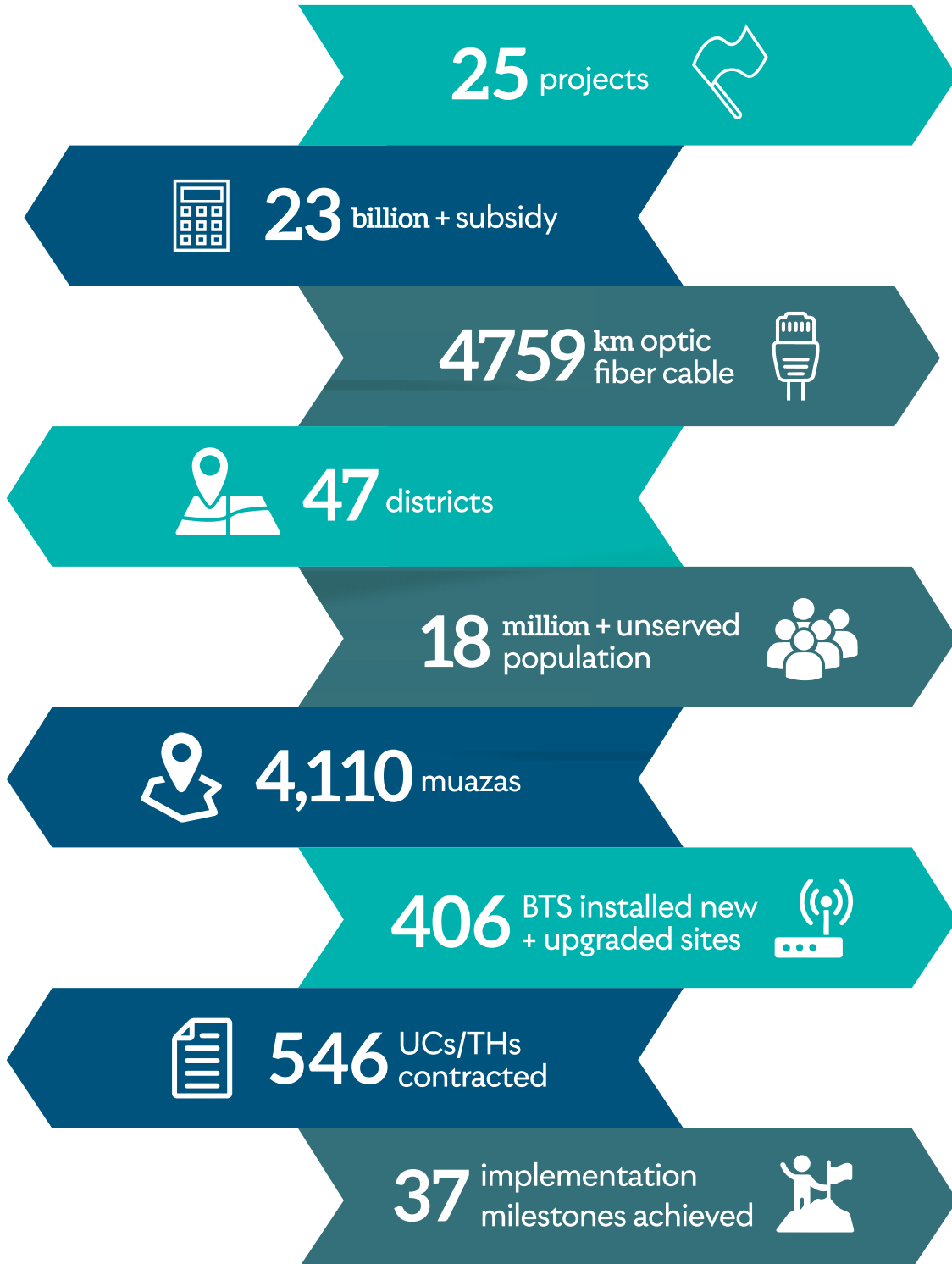
**\*103 MILLION**  
Broadband Subscribers

\*Figures are updated as on June 2021

\*\*[www.pta.gov.pk/en/telecom-indicators](http://www.pta.gov.pk/en/telecom-indicators)



# Year at a Glance



# Our Core Values

During the financial year, active work began aimed at defining USF's core values and giving them concrete expressions. At USF, all employees share

five fundamental core values that guide our decision-making, known as 'DIGIT': Diversity, Integrity, Growth, Innovation and Teamwork.



USF's core values serve as the foundation for our corporate culture. They define the way we conduct our business and how we interact with our stakeholders. Our values are understood and embraced by all at USF. We maintain a culture of trust and provide the freedom

to develop personal responsibility. The working climate is characterized by mutual respect. Every individual contribution counts while we work together to reach our goals.



# Our Pillars

USF's basic pillars - Merit, Excellence & Discipline - which help in enabling USF to be a leading organization in the public sector, are also USF's way of work. These pillars help set high standards for our business practices.

We, at USF believe that these pillars enable us to focus on areas we can improve and allow us to respond more effectively to our operating environment.



## Merit

Character or conduct that is deserving of approval



## Excellence

Outstanding performance (performance that surpasses ordinary standards)



## Discipline

Orderliness, efficiency, punctuality and focus on one's task





# Corporate Governance Financial Highlights

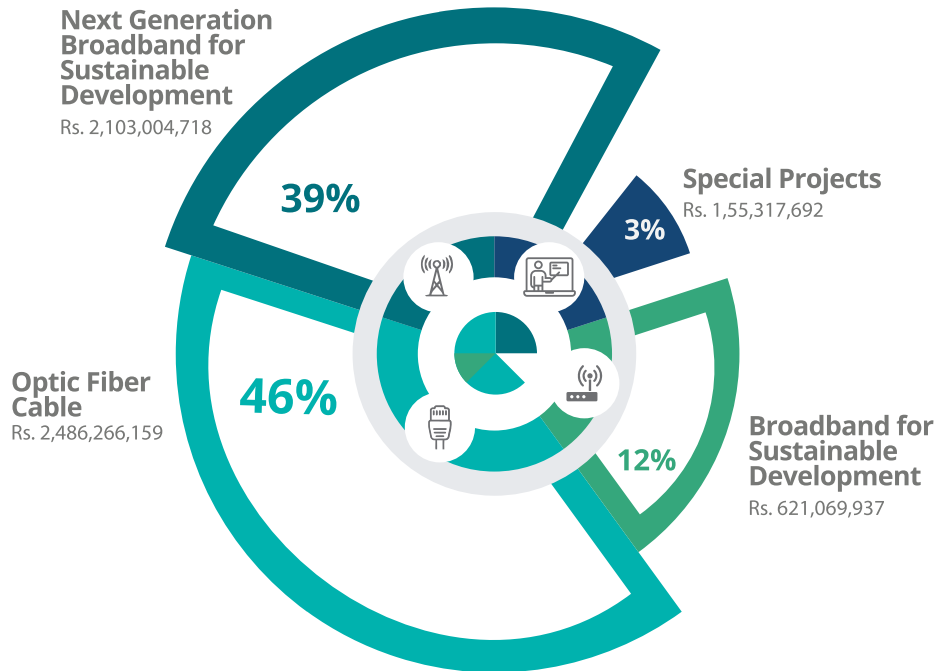
Program		Subsidy Disbursed during FY 2020-21 (in Rs)
1	Broadband for Sustainable Development	621,069,937
2	Next Generation - Broadband for Sustainable Development	2,103,004,718
3	Optic Fiber Cable	2,486,266,159
4	Special Projects	155,317,692
<b>Total</b>		<b>5,365,658,506</b>



## PROGRAM WISE SUBSIDY

### Project Wise

Subsidy Paid 2020-21



**Specific statements to comply with the requirements of the Code of Corporate Governance are as follows:**

1. This report is also being submitted to the contributors of Universal Service Fund.
  2. USF Co Board makes the following statements, prepared under section S227 of the Companies Act, 2017:
    - The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such noncompliance (Statement of Compliance).
    - The financial statements, prepared by the management of USF, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the USF have been maintained.
  - Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
  - They recognize their responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored; and
  - The appointment of Chairman and other members of the Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the public sector company as well as in line with the best practices.

3. Given below is the remuneration to the CEO and Directors of USF Board;

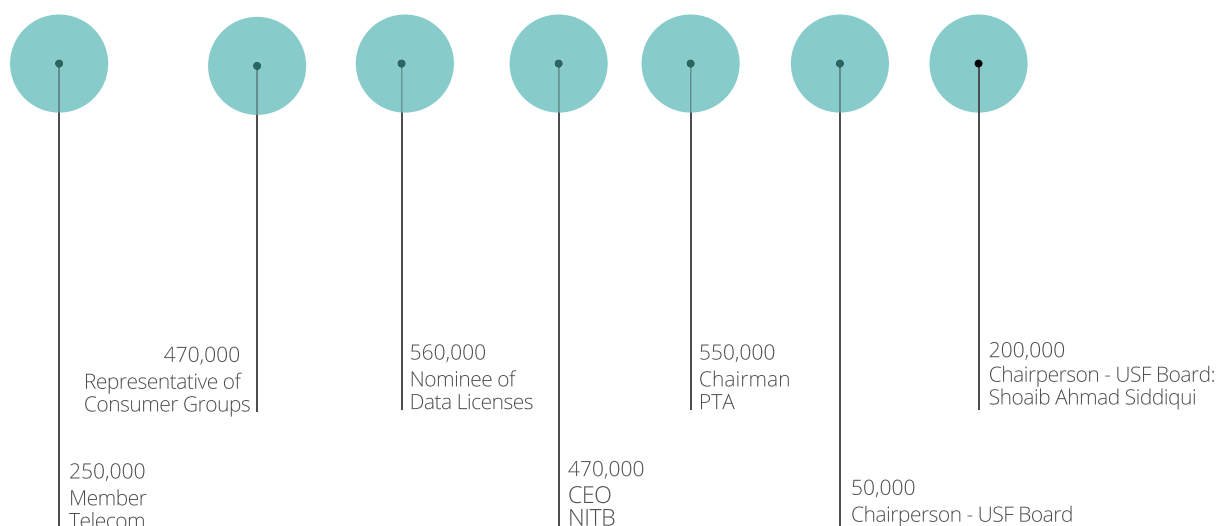
Remuneration to CEO (Rs.)						
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Managerial Remuneration	8,869,872	3,831,787	5,985,938	11,017,500	1,599,315	9,060,484
Allowance	8,170,723	4,043,325	4,293,562	9,412,433	5,536,426	7,119,580
Total	17,040,595	7,875,112	10,279,500	20,429,933	7,135,741	16,180,064

The **USF Co Board** in its **65th Board of Directors Meeting** held on 25<sup>th</sup> July, 2019 resolved and approved to revise the remuneration of the Directors for attending Board and Committee Meetings as follows:

**Rs. 50,000** for attending Board Meetings

**Rs. 20,000** for attending Committee Meetings

### Directors Remuneration (PKR)



<b>Directors Remuneration Total (Rs.)</b>	<b>2,550,000</b>
<b>Chairperson USF Board</b>	
Shoab Ahmad Siddiqui	200,000
Muhammad Sohail Khan Rajput	50,000
<b>CEO NITB</b>	
Shabahat Ali Shah	470,000
<b>Member Telecom</b>	
Muhammad Omar Malik	250,000
<b>Chairman PTA</b>	
Major Gen. (R) Amir Azeem Bajwa	550,000
<b>Nominee Fixed Line Licensees</b>	
Rashid Khan	No remuneration taken
<b>Nominee Mobile Cellular Licensees</b>	
Irfan Wahab	No remuneration taken
<b>Nominee of Data Licensees</b>	
Imran Akhtar Shah	560,000
<b>Representative of Consumer Groups</b>	
Kaukab Iqbal	470,000

The amounts disclosed are the fee for attending the meeting and no salary, other benefits and performance related elements are paid to the directors.

4. Details regarding clause no. 4 of Rule no. 17 of the Public Sector Companies (Corporate Governance) Rules are given below:
  - a. Subsidy or other financial support from Government

Government Grants (Rs.)	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21*
	7,849,300,000	8,433,000,000	9,619,000,000	6,949,000,000	4,890,000,000	6,300,000,000

\* Includes allocation of Rs. 3,300,000,000 in sub-assignment account

b. Deviations from last year in operating results

## Grants

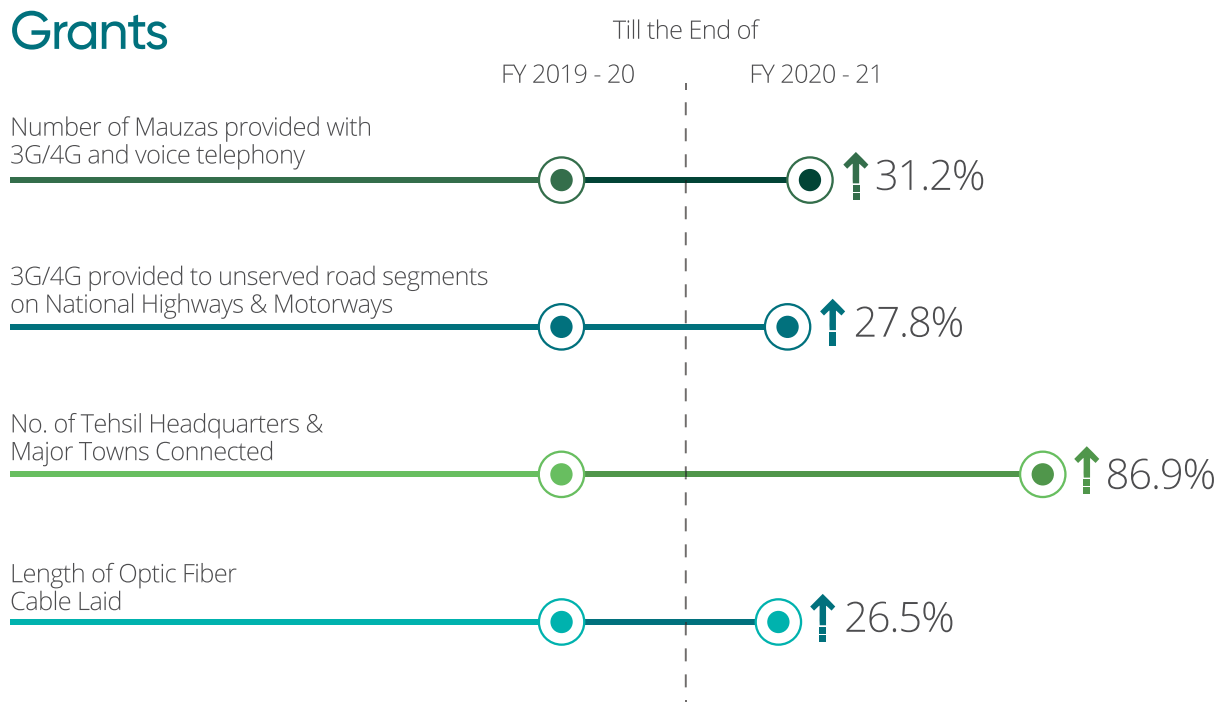


Table 5

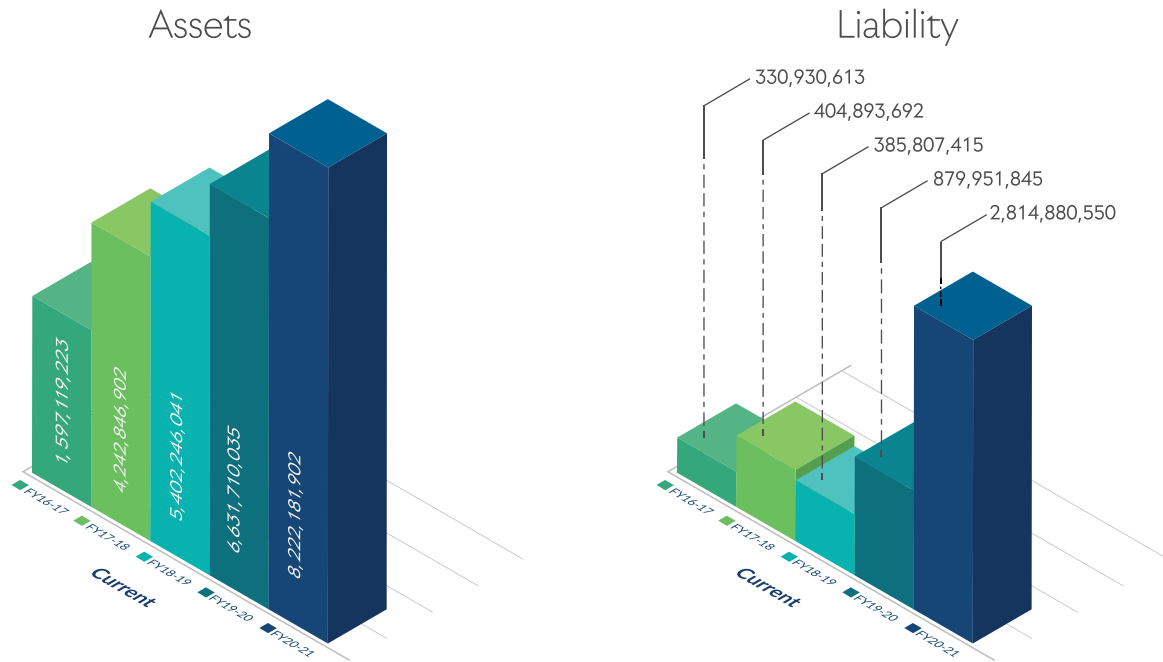
	Till the end of FY 2019-20	Till the end of FY2020-21
Number of Mauzas provided with 3G/4G and voice telephony	9,618	12,619
3G/4G provided to un-served road segments on National Highways & Motorways	981	1,253.81 km
No. of Tehsil Headquarters & Major Towns Connected	138	258
Length of Optic Fiber Cable Laid	8,344 km	10,555.94 km

c. Summary of Operating and Financial data of last 6 years (Rs)

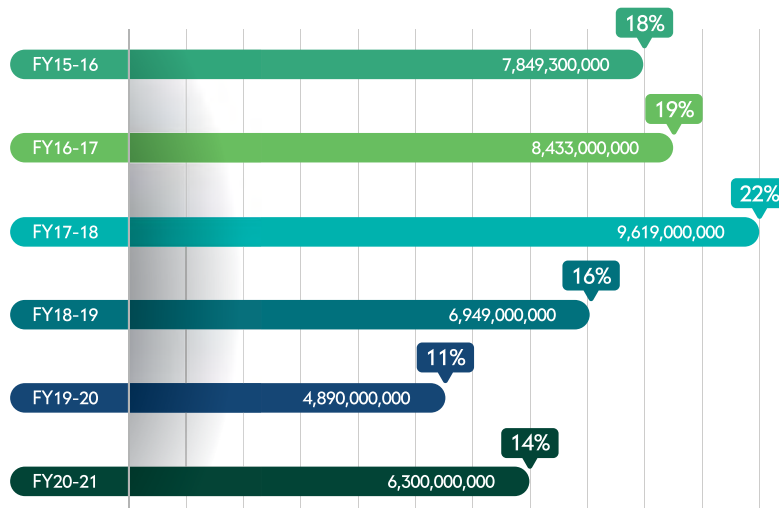
	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021
Government Grants	7,849,300,000	8,433,000,000	9,619,000,000	6,949,000,000	4,890,000,000	6,300,000,000
Operational Expenses	243,431,865	259,602,260	315,862,068	338,523,611	392,333,759 (Revised)	437,602,565
Capital Expenditure	1,060,250	4,031,310	19,827,996	40,160,764	18,085,490	140,882,947
Subsidy Grant for projects Disbursed	5,127,575,224	11,556,139,702	6,786,484,959	6,205,120,282	5,472,282,626	5,365,658,506
Fee disbursed to Technical & Monitoring Auditors for projects	12,044,639	17,735,943	13,622,192	34,451,262	24,268,108	88,510,760
<b>Balance Sheet –Assets</b>						
Non- Current	31,060,575	19,649,615	26,424,249	50,300,160	50,565,430	156,334,761
Current	3,554,104,975	1,597,119,223	4,242,846,902	5,402,246,041	6,631,710,035 (Revised)	8,222,181,902
	3,585,165,550	1,616,768,838	4,269,271,151	5,452,546,201	6,682,275,465	8,378,516,663
<b>Balance Sheet-Liabilities</b>						
Non- Current	2,757,001,335	1,285,838,225	3,864,377,459	5,066,738,786	5,802,323,620	5,563,636,113
Current	828,164,215	330,930,613	404,893,692	385,807,415	879,951,845 (Revised)	2,814,880,550
	3,585,165,550	1,616,768,838	4,269,271,151	5,452,546,201	6,682,275,465	8,378,516,663
Commitment	15,567,399,720	18,344,340,720	16,646,129,371	10,353,011,981	10,277,296,359	26,763,868,323
<b>B- Related Party Transactions (Rs.)</b>						
MoIT - GOP	7,849,300,000	8,433,000,000	9,619,000,000	6,949,000,000	4,890,000,000	6,300,000,000
Subsidy Payment PTCL	2,120,697,056	278,394,500	300,000,000	377,427,300	599,894,680	1,825,266,159
Subsidy Payment PMCL-jazz		28,000,000	(28,000,000)	45,101,418		
Subsidy Payment CM Pak	303,638,412					
Subsidy Payment Ufone	996,437,001	5,386,242,306	4,277,294,810	3,176,159,452	1,322,100,387	1,240,241,108
Subsidy Payment Telenor					3,063,415,965	1,213,274,753
Employees Gratuity Fund Account	4,809,761	8,824,997	9,597,938	17,677,638	12,512,106	24,218,549

# Grants

Summary of Operating & Financial Data of Last 5 years (PKR)

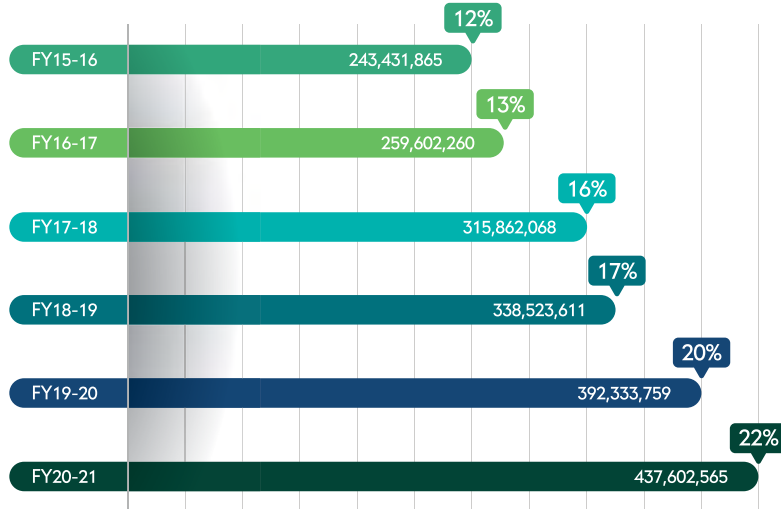


## Government Grants

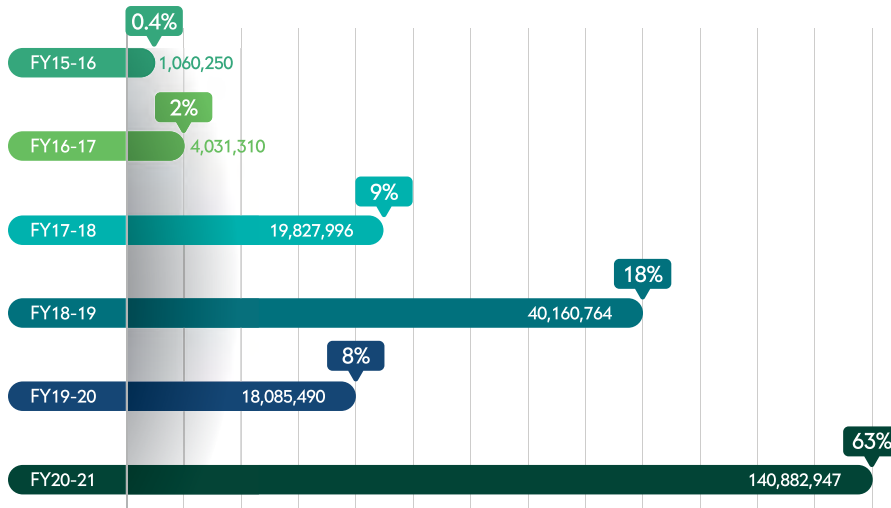




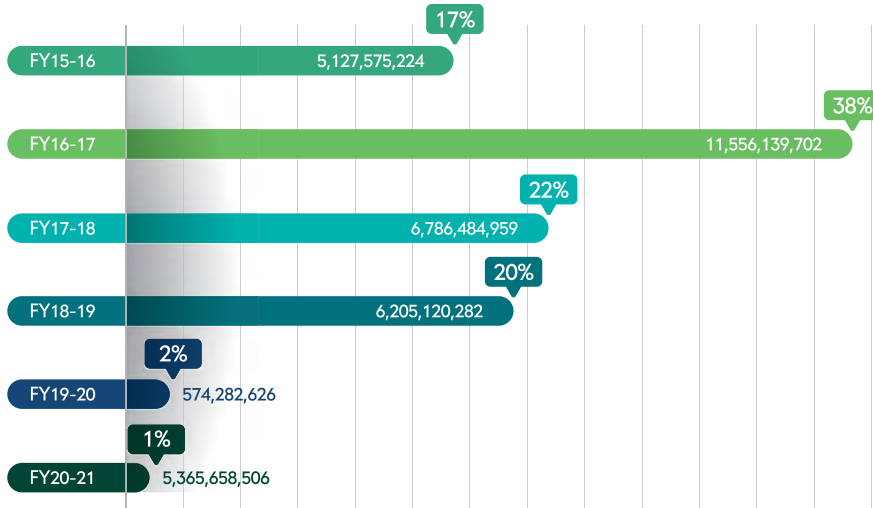
## Operational Expenses



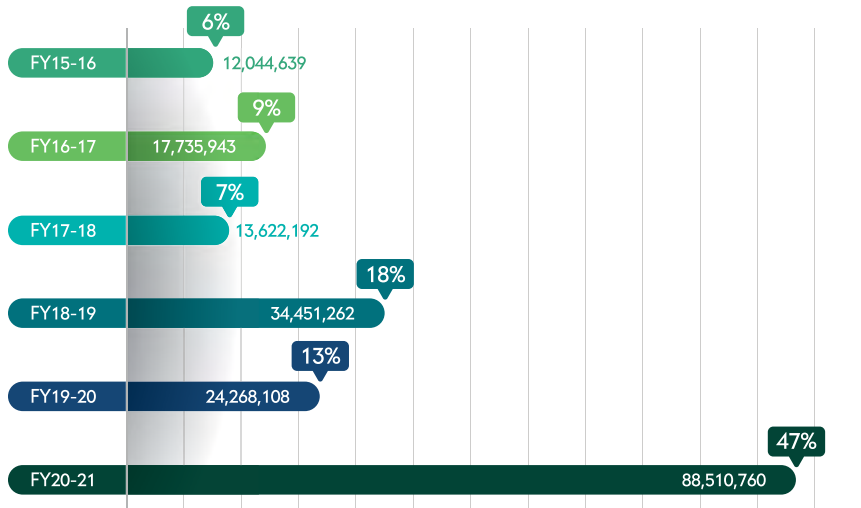
## Capital Expenditure



## Subsidy Grant for Projects Disbursed






## Fee Disbursed to Technical & Monitoring Auditors for Projects



d. Key Performance Indicators

The initiatives of USF have empowered the citizens of Pakistan to reap maximum benefits from the ICT services. USF programs have played a huge role in the socio-economic uplift of the underprivileged areas of Pakistan and have opened avenues to better educational facilities, gender empowerment and bridging the digital divide.

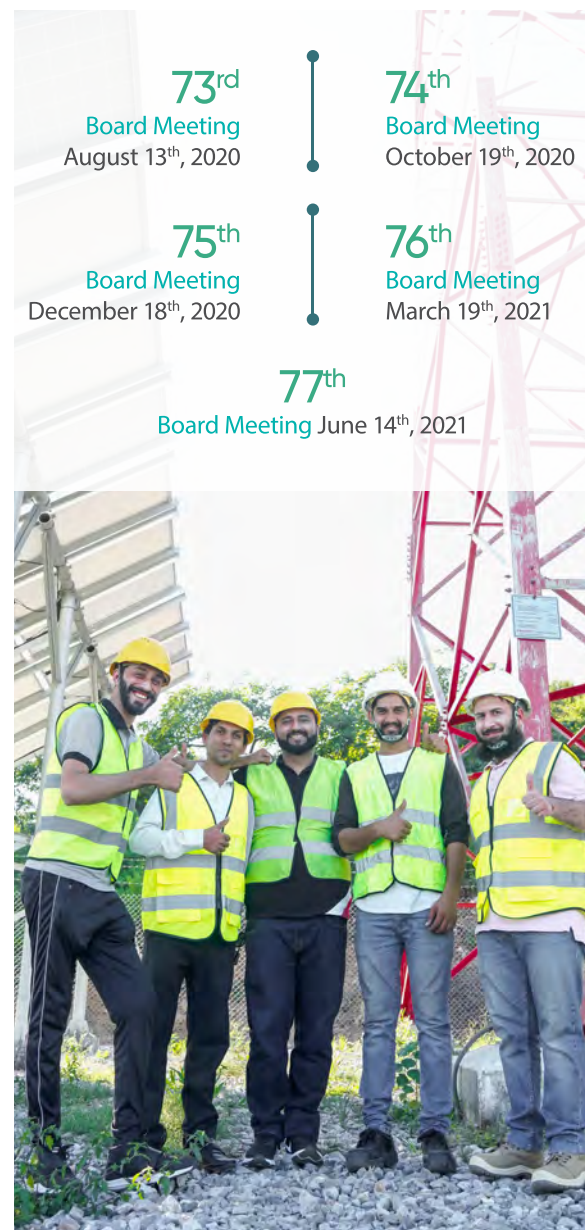
**Till the end of FY 2020-21:**

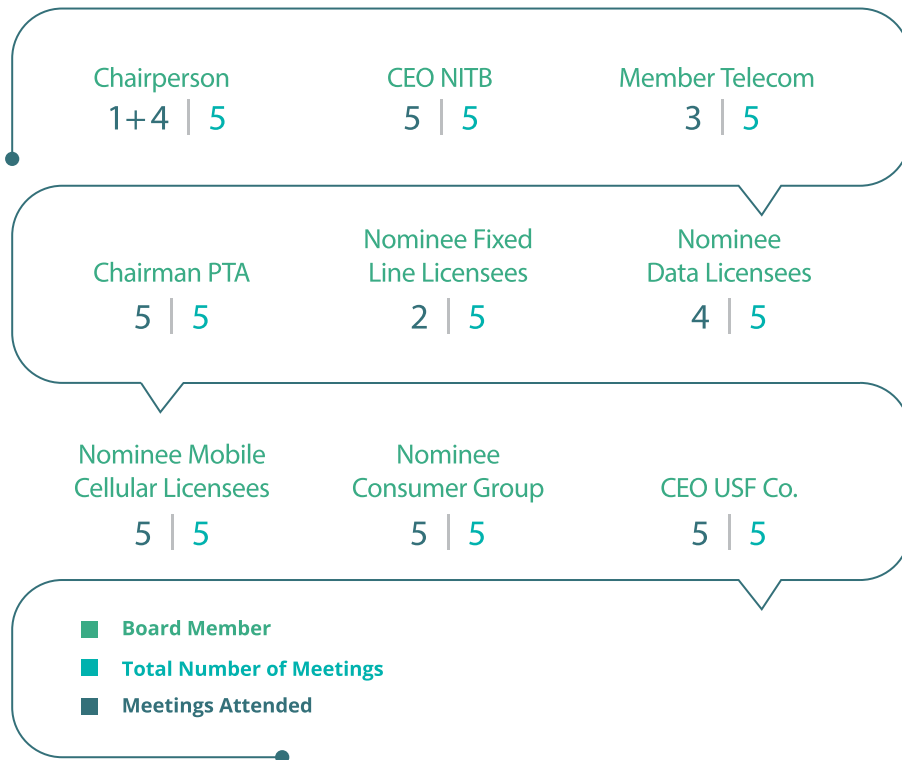
	12,619 un-served mauzas have been provided 3G/4G and voice telephony services.
	1,253.81 km of unserved road segments on National Highways & Motorways have been provided with 3G/4G data services.
	More than 10,555.94 km of Optic Fiber Cable has been laid.

- e. No Statutory payment on account of taxes, duties, levies and charges is overdue or outstanding.
- f. Looking ahead to FY 2021-22, USF commits to continued success for each of the USF programs. USF will measure success by its ability to deliver the Universal Service Fund efficiently and its ability to help bridge the digital divide for the millions of Pakistanis touched by Universal Service Fund initiatives. Our efforts include broadening the NG-BSD program, expanding the NG-OF Network and Services program and launching the NG-BSD for Tourist Destinations program.
- g. The value of investments of provident, gratuity and pension funds based on their respective audit accounts is as follow:
  - USF Company is not maintaining any pension and provident fund. Employees Gratuity is maintained separately by Trustees. However, no investment is made for gratuity in FY 2020-21.

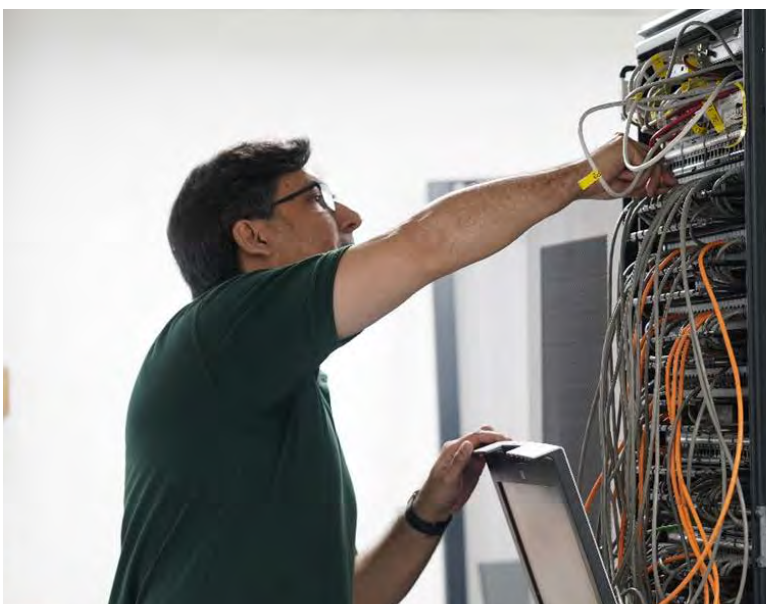
h. Following are the details of number of Board of Directors meetings held during the year and attendance by each Director:

During the FY 2020-21, five (05) Board of Directors meetings were held. The 73<sup>rd</sup>-76<sup>th</sup> meeting was chaired by Secretary IT & Telecom, Mr. Shoaib Ahmad Siddiqui. Whereas the 77<sup>th</sup> Board of Directors meeting was chaired by incumbent Secretary IT & Telecom, Mr. Muhammad Sohail Rajput. The Meetings were held on the following dates:





- i. Universal Service Fund is incorporated under the section 42 of the Companies Ordinance, 1984 (XLVII of 1984) and it's a company limited by Guarantee.



# Duties and Powers of the Board

The Board conducts and manages all the business affairs of the company, exercise all the powers, authorities and discretion of the company, obtain or oppose the application by others for all concessions, grants, charters and legislative acts and authorization from any government or authority, enter into, such contracts and do all such other things as may be necessary for

carrying on the business of the company, except only such of them as under the statutes and Articles are expressly directed to be exercised by general meetings and (without in any way prejudicing or limiting the extent of such general powers) shall have the following special powers and duties:

1. Presents to the general meeting of the company any matters which the directors feel are material to the company, its objects or interests or affecting the interests of members and make suitable recommendations regarding such matters.
2. Regulate through articles, the admission of members.
3. Appoints, remove or suspend the legal advisors, bankers, or other officers on such terms and conditions as they shall think fit and as may be agreed upon.
4. Appoints any qualified person as a first auditor(s) subject to provisions of the Ordinance;
5. Determines the remuneration, terms and conditions and powers of such appointees and from time to time, revoke such appointments and name person of similar status to such office except for the auditor in which case the relevant provisions of the Ordinance shall be followed.
6. Delegates from time to time, to any such appointee all or any of the powers and authority of the Board and to reconstitute, restrict or vary such delegations.
7. Agrees upon and pay any expenses in connection with the company's objects and oppose the application by others for all concessions, grants, charters and legislative acts and authorization from any government or authority, enter into, such contracts and do all such other things as may be necessary for carrying on the business of the company, except only such of them as under the statutes and Articles are expressly directed to be exercised by general meetings and (without in any way prejudicing or limiting the extent of such general powers) shall have the following special powers and duties: undertakings and pay all the expenses incidental to the formation and regulation of the company.
8. Constitutes from time-to-time committee(s) from among themselves or co-opt other persons for the purpose and delegate to them such functions and powers as the Board may see fit to carry out the objects of the company.
9. Subject to the provisions of Section 196 of the Ordinance, the directors exercise all the powers of the company to borrow and mortgage or charge its undertaking, property and assets (both present and future) or issue securities, whether outright security for any debt, liability or obligation of the company.
10. Operates, opens, draws or authorizes to draw amounts from the bank accounts of the Company.
11. Prepares annual and half yearly accounts of the Company.
12. Reviews and guides corporate strategy within the parameters of the objects of the Company.
13. Determines risk policy, sets high-level business objectives and monitors performance against objectives, oversees major capital expenditures, acquisitions and divestitures.

14. Monitors the effectiveness of the Company's governance practices and make changes as needed.
15. Ensures that remuneration of key executive is aligned to the Company's objectives and reflects the objectives of stakeholders.
16. Ensures that the appointment of directors is carried out in a fair, open and transparent manner.
17. Monitors and actively manage potential conflicts of interests affecting the directors, managers and other stakeholders including misuse of corporate assets and potential abuse in third party transactions.
18. Ensures the integrity of the Company's accounting and financial reporting systems, including independent audit and ensuring that systems of control are in place for risk management, financial and operational control and ensure-WA compliance with the relevant law and accounting standards.
19. Approve and maintain a succession plan for the chief executive officer and senior executives.
20. Designs and implement programmes for the orientation of the new directors and continuing education for existing directors on subjects that would assist them in discharging their duties.
21. Oversees the process of disclosure and the communication of information to stakeholders.
22. Establishes committees and delegate authority to committees for performance of specialized Board functions while ensuring that the SubCommittees do not get involved in the day-to-day operations and management of the Company in relation to matters falling within their respective terms of reference.
23. Provides strategic direction for the Company by providing guidance, without, however, involving itself in the day-to-day operations and management of the Company.
24. Maintains commercial orientation for the Company and actively explore, pursue and exploit commercial opportunities arising out of the research and development projects.
25. Approves business plan, allocate annual budget and request the Federal Government for release of funds and to approve the operations manual prepared by the management of the Company.
26. Sets targets for the Company and review progress while leaving the details for achievement of the targets to the management of the Company.
27. Advises the Federal Government for development, modification or refinement of the Universal Service Fund Framework.
28. Liaisons and interact with national and international research and development organizations in the field of information and communication technology.
29. Develops, publish, maintain in force and implement an operations manual setting out the processes and procedures for applications, appraisals, approvals, solicitations, grants, contracts, disbursements, monitoring, modifications, reporting, commercial exploitation and other matters pertaining to projects contemplated under, or pursuant to, the objects of the Company in provisioning of telecommunication services
30. Advises and propose changes in the Universal Service Fund Policy of the Federal Government.
31. Oversees, examines, evaluate, approve or review projects.
32. Requests the Federal Government and the Authority to lend support officers, as the case may be, on deputation.
33. Requests and demand from the Authority to furnish details about amounts received from licensees for Fund for any specific period.

## Audit & Finance Committee

The Board of Directors shall provide adequate resources and authority to enable the committee to carry out its responsibilities effectively.

The committee shall recommend appointment of external auditors to the Board of Directors and consider any questions of resignation or removal of external auditors, audit fees, etc.

- Facilitating the external audit and discussion with external auditors' observations arising from audits and any matter that the auditors may wish to highlight in the absence of management.
- Ensuring coordination between the internal and external auditors of the Company.
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has

adequate resources and is appropriately placed within the Company.

- Ascertaining that the internal control systems including financial and operational controls, accounting systems, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
- Review of the Company's Statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports.
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance and identification of significant violations thereof.
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors.

AFC Composition	September 28th, 2020	June 7th, 2021
Mr. Imran Akhtar Shah	✓	✓
Mr. Kaukab Iqbal	✓	✓
Mr. Shabahat Ali Shah	✓	✓

## Human Resource Committee

The roles and responsibilities of the Committee include:

- Review and recommend HR management strategy and policies.
- Review and recommend recruitment, remuneration and evaluation of senior management.
- Review and recommend to the Board development/training needs and strategy for the organization.
- Review and recommend to the Board succession plan and talent management for critical senior positions.
- Review and assess performance of CEO against specific performance criteria and objectives.

- Develop professional and ethical standards and values to be incorporated in the Code of Ethics and provide support to the Board on various aspects of employee relations.
- Consider any other issue or matter as may be assigned by the Board of Directors.
- Assist the Board in developing salary scales for different levels of employees and compensation strategies/policies.
- Review and align Company's organizational structure and human resources.

HRGC Composition	August 18th, 2020	September 21st, 2020	September 28th, 2020	September 29th, 2020	November 18th, 2020	November 19th, 2020	November 20th, 2020	December 3rd, 2020	June 7th, 2021
Maj Gen (R) Amir Azeem Bajwa	✓	✓	✓	✓				✓	✓
Mr. Imran Akhtar Shah			✓	✓	✓	✓	✓	✓	✓
Mr. Kaukab Iqbal			✓	✓	✓	✓	✓	✓	✓
Mr. Shahabhat Ali Shah		✓	✓	✓	✓	✓	✓	✓	✓

## Project Oversight Committee

The roles and responsibilities of the Committee include:

- Monitoring the progress in the implementation of projects
- Examining from time to time the development of project proposals and make recommendations to the Board on the implementation of such proposals.
- Keeping under review on an ongoing basis the in-house procedural framework related to the implementation of contracts and make recommendations on adjustment mechanisms to facilitate speedier and smoother implementation of projects.
- Developing of strategies to address delays in the implementation of projects.
- Perform such other functions as assigned by the board.

POC Composition	July 28th 2020	October 8th 2020	December 14th 2020	March 3rd 2021	May 3rd 2021	June 4th 2021	June 8th 2021
Maj. Gen (R) Amir Azeem Bajwa		✓	✓	✓	✓	✓	✓
Mr. Imran Akhtar Shah	✓	✓	✓	✓	✓	✓	✓
Mr. Rashid Khan (Late)	✓	✓					
Mr. Muhammad Omar Malik			✓	✓	✓	✓	✓
Mr. Irfan Wahab	✓	✓	✓				

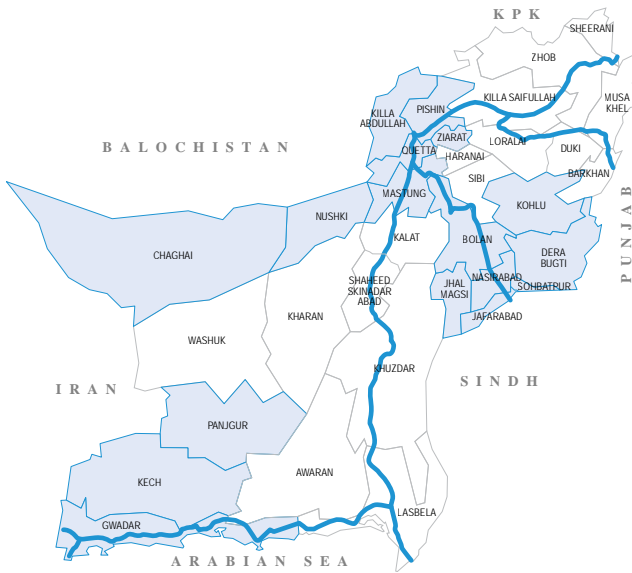
\* Mr Muhammad Omar Malik became member wef September 1<sup>st</sup>, 2020

\* (Late) Mr Rashid Khan remained on the Board till December.



# USF Footprint

## Balochistan



## Sindh



## Khyber Pakhtunkhwa



## Punjab



Disclaimer: FRs of ex-FATA have been merged with Khyber Pakhtunkhwa

# Programs

## NG- BSD Program

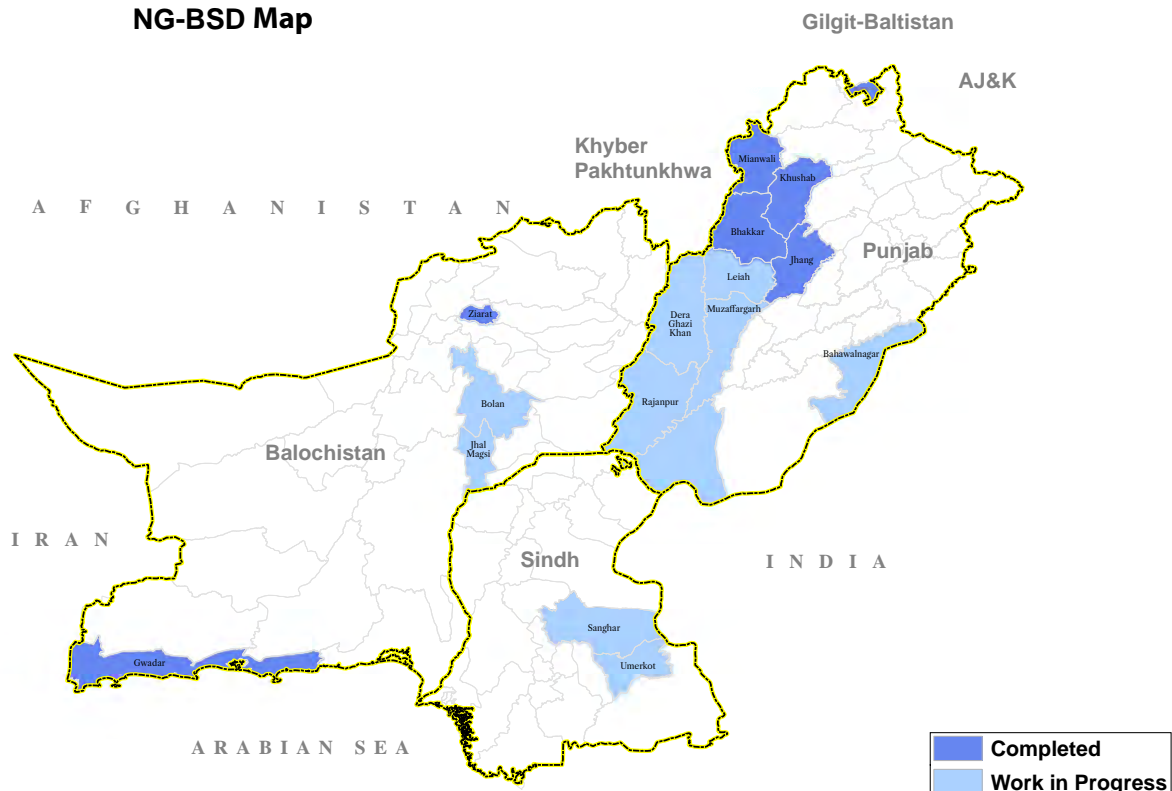
Through the NG-BSD program, USF is providing voice telephony and high-speed mobile broadband services (at the minimum rate of 512 kbps) to the un-served and under-served mauzas across Pakistan. These projects have a notable role in the socio-economic progress of the people at a grassroots level and have opened the doors of opportunities for people.

In FY 2020-21, USF has contracted 15 new projects. The projects target provision of high-speed mobile broadband and voice telephony services to 7.2 million population in 4,110 un-served and under-served mauzas

in the following districts: Bolan, Ghotki, Jaffarabad, Chitral, Mastung, Jhelum, Kech, Gwadar, Chagai, Pishin, Shikarpur, Panjgur, Multan, Swat and Swabi. Over PKR 11 billion has been contracted as subsidy for these projects.

USF also achieved various milestones in Rahimyar Khan, Bahawalnagar, DG Khan, Sanghar and Muzaffargarh districts. Moreover, significant progress has been made in 3 small lots that were contracted and 2 of them were later completed during this period.

**NG-BSD Map**

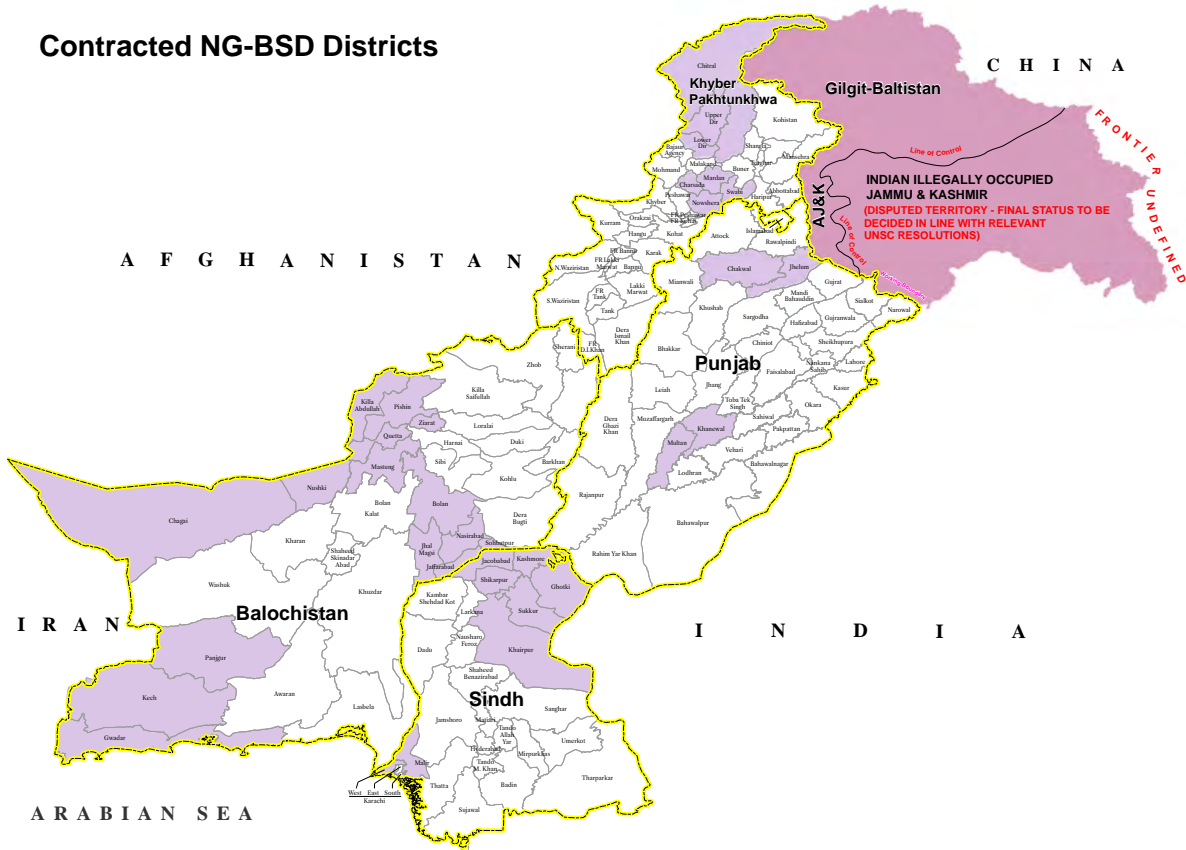


Project (Lot)	Current Status (Contracted/ WIP/Completed)	Target Un-served Districts	Covered Un-served Districts	Target Un-served Muazas	Covered Un-served Muazas	Target Un-served Population	Covered Un-served Population	Current Status (end of June 2021)
Rahim Yar Khan	Ongoing	Rahim Yar Khan	Rahim Yar Khan	741	230	1,292,827	8,62,161	50%
Bahawalnagar	Ongoing	Bahawalnagar	Bahawalnagar	505	264	946,068	5,54,935	75%
DG Khan	Ongoing	DG Khan, Layyah	DG Khan, Layyah	819	241	1,178,738	4,48,249	25%
Sanghar	Ongoing	Sanghar, Umerkot	Sanghar, Umerkot	500	373	1,466,215	13,46,527	75%
Muzzafargarh	Ongoing	Muzzafargarh, Rajapur	Muzzafargarh, Rajapur	666	152	2,065,057	3,93,905	25%
Small Lot I-1	Completed	Islamabad	Islamabad	12	12	9,083	9,083	Completed
Small Lot P-4	Completed	Bhakar, Khushab, Mianwali & Jhang	Bhakar, Khushab, Mianwali & Jhang	10	10	86,968	59,245	Completed
Bolan	Ongoing	Bolan, Jhal Magsi	Bolan, Jhal Magsi	582	346	260,321	300,387	75%
Small Lot B-3	Completed	Gwadar	Gwadar	9	9	2,760	2,760	Completed
Small Lot B-2	Completed	Ziarat	Ziarat	14	14	17,331	17,331	Completed

## Contracted Projects

Contracted Projects	Target Un-served Districts	Target Un-served Muazas	Target Un-served Population
Ghotki	Ghotki, Khairpur, Sukkur	549	1,997,505
Jaffarabad	Jaffarabad, Nasirabad, Sohbatpur	227	401,914
Chitral	Chitral, Upper Dir, Lower Dir	648	720,129
Small Lot S-4	Karachi West, Malir	36	100,730
Mastung	Mastung, Ziarat	226	142,197
Jhelum	Jhelum, Chakwal	263	343,595
KECH	KECH, Panjgur	306	345,567
Gwadar	Gwadar	71	138,400
Chagai	Chagai, Nushki	66	160,915
Pishin	Pishin, Killa Abdullah, Quetta	378	646,620
Shikarpur	Shikarpur, Jaccobabad, Kashmore	271	10,92,275
Panjgur	Panjgur	69	153,429
Multan	Multan, Khanewal	170	486,132
Swat	Swat	50	65,695
Swabi	Nowshehra, Mardan, Charsadda, Swabi	70	163,706

### Contracted NG-BSD Districts



### Features of NG-BSD project

<p>Time Frame: 12 - 18 months</p>			<p>60% coverage to mandatory population</p>
<p>1.2% of data capacity of 512 KBPS downlink and 128 KBPS uplink</p>			<p>Renewable energy used as prime source for USF deployments</p>
<p>30% population enabled with LTE services</p>			<p>60% voice capacity of mandatory population</p>

## NG-BSD for National Highways & Motorways program

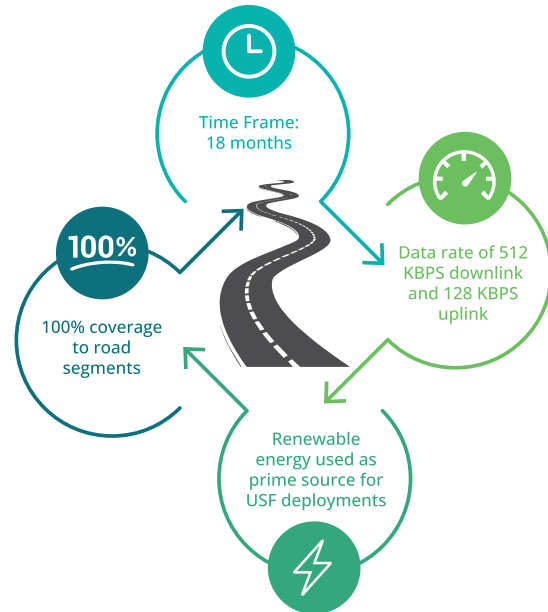
USF aims to provide voice and high-speed broadband data services to commuters on un-served patches of National Highways and Motorways in Pakistan. The program is first of its kind as it targets the commuters. Another unique feature is National Roaming whereby a commuter will get continuous services in USF served areas, irrespective of their subscribed networks.

In the FY 2020-21, USF has successfully completed Lot 1 project and seamlessly providing high-speed mobile broadband services now to commuters on NH-10 (Hub to Jiwani – Makran Coastal Highway) and NH-25 (Uthal-Quetta) highway. The covered road segment for NH10 and NH-25 is approximately 701.56 km. Commuters are now enjoying e-suite while traveling on Makran Coastal Highway in Balochistan.

Moreover, significant progress has been made in NH-65 (Quetta to Dera Allah Yar), NH-50 (Kuchlak to Sherani), NH-25 (Uthal to Quetta) and NH-70 (Qilla Saifullah to Rakhni) highways. Approximately 411.55 km of un-served and under-served road segments have been

provided with high-speed broadband coverage. USF is committed to timely delivery of its projects in all respects.

### Features of NG-BSD for National Highways & Motorways Program



Project (Lot)	Current Status (Contracted/ WIP/ Completed)	Target Route	Target Un-served Districts	Covered Un-served Districts	Target Un-served Road Segment (km)	Covered Un-served Population	Current Status (end of June 2021)
Lot 1	Completed	Lasbela, Awaran Gwadar Kech	Lasbela, Awaran Gwadar Kech	701.56	61.3	Completed	Completed
Lot 2	Ongoing	Lasbela, Khuzdar, Mustung, Kalat, Quetta, Jaffarabad, Nasirabad, Lehri, Kacchi (Bolan), Sibi	Lasbela, Khuzdar, Mustung, Kalat, Quetta, Jaffarabad, Nasirabad, Lehri, Kacchi (Bolan), Sibi	650	196.51	50%	50%
Lot 3	Ongoing	Pishin, Qilla Saifullah, Zhob, Sherani, Loralai, Musakhel, Barkhan	Pishin, Qilla Saifullah, Zhob, Sherani, Loralai, Musakhel, Barkhan	451.36	215.04	75%	75%

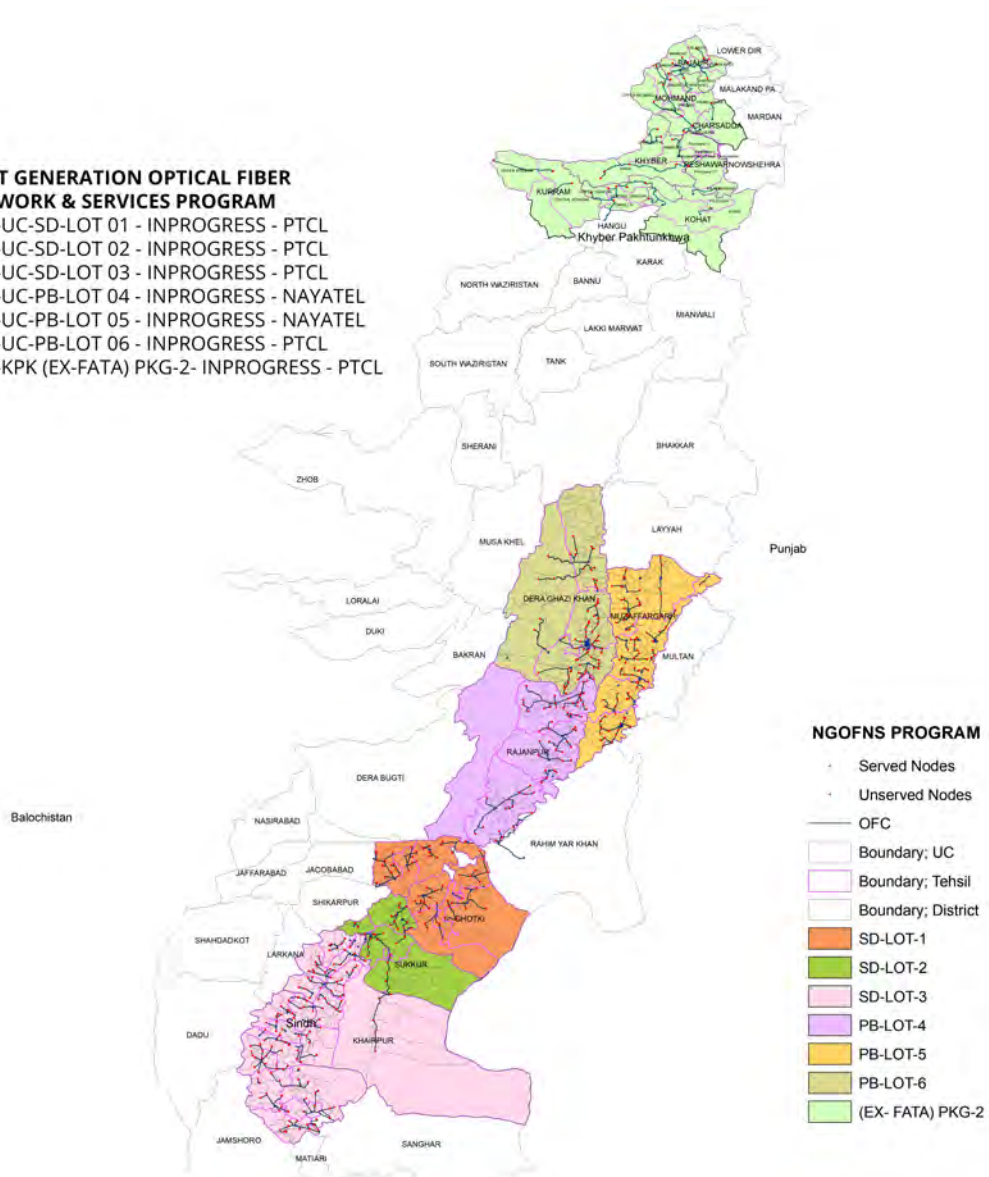


## NG-OF Network & Services program

Optic Fiber cable connectivity to UC is essential for bridging the digital divide in Pakistan and is considered integral across the globe for paving the way to provide ICT services. This project will open the avenues for access to digital apps and will guarantee their maximum utilization. Moreover, optic fiber will also help Pakistan in preparing for 5G. Our extensive fiber optic cable networks allow us to typically deliver redundant, end-to-end connectivity in un-served union councils of Pakistan.

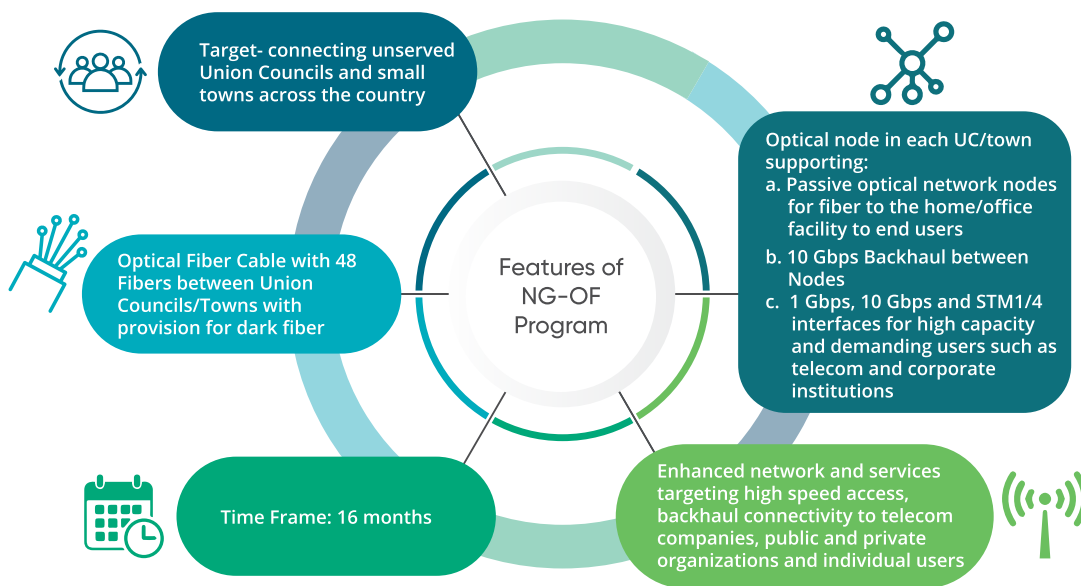
During the year, USF has contracted 7 projects to extend fiber deeper into union councils and tehsil headquarters of Sindh, Khyber Pakhtunkhwa and Punjab provinces. With over 10,555 km of optical fiber cable laid in the past twelve years, USF has contracted approximately 4,759 km of optic fiber cable to connect 546 union councils and tehsil headquarters, providing backhaul connectivity to over 14.7 million people in 18 districts.

**NEXT GENERATION OPTICAL FIBER NETWORK & SERVICES PROGRAM**  
 OFC-UC-SD-LOT 01 - INPROGRESS - PTCL  
 OFC-UC-SD-LOT 02 - INPROGRESS - PTCL  
 OFC-UC-SD-LOT 03 - INPROGRESS - PTCL  
 OFC-UC-PB-LOT 04 - INPROGRESS - NAYATEL  
 OFC-UC-PB-LOT 05 - INPROGRESS - NAYATEL  
 OFC-UC-PB-LOT 06 - INPROGRESS - PTCL  
 OFC-KPK (EX-FATA) PKG-2 - INPROGRESS - PTCL





Project (Lot)	Current Status (Contracted/WIP/ Completed)	Target Un-served Districts	Contracted Ucs/THQs	Target OFC Length (km)	Target Un-served Population
OFC-UC-SD-Lot 1	Contracted	Ghotki, Kashmore	73	562.19	2,064,154
OFC-UC-SD-Lot 2	Contracted	Khairpur, Sukkur	97	633.25	2,689,529
OFC-UC-SD-Lot 3	Contracted	Khairpur, Noshehro Feroze, Benazirabad	101	709.5	2,848,401
OFC-UC-SD-Lot 4	Contracted	Rajanpur	62	617	880,325
OFC-UC-SD-Lot 5	Contracted	Muzzafargarh	91	699	2,486,508
OFC-UC-SD-Lot 6	Contracted	DG Khan	82	629	1,622,505
OFC-KPK/Package-2	Contracted	Orakzai, Khurram, FR Peshawar	40	910	2,206,785




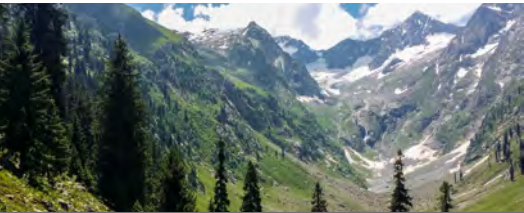


# Future Outlook

Looking ahead to FY 2021-22, USF commits to continued success for each of the USF programs. USF will measure success by its ability to deliver the Universal Service Fund efficiently and its ability to help bridge the digital divide for the millions of Pakistanis touched by USF initiatives. Our efforts include broadening the NG-BSD program, expanding the NG-OF Network and Services program and launching the NG-BSD for Tourist Destinations program. USF is determined to achieve the following targets:

## 1. NG-BSD program

With the future plan set in motion, USF will be providing High Speed Mobile Broadband access to approximately 2.7 million people in 4,109 un-served and under-served muazas in Balochistan, Punjab, Sindh and Khyber Pakhtunkhwa provinces.

Province	Districts
<p><b>Balochistan</b></p> 	<p>Lasbela, Awaran, Khuzdar, Qilla Saifullah, Zhob, Barkhan, Musakhel, Sherani, Loralai, Sibi, Washuk, Kharan</p>
<p><b>Punjab</b></p> 	<p>Bahawalnagar, Khushab, Mianwali, Jhang, Bhakkar, Toba Tek Singh, Kasur, Nankana Shaib, Sheikupura, Vehari, Lodhran, Narowal, Gujrat, Sialkot, Faisalabad, Multan, Bahawalpur, Rahim Yar Khan</p>
<p><b>Sindh</b></p> 	<p>Naushahro Feroze, Khairpur, Kashmore, Ghotki, Sukkur</p>
<p><b>Khyber Pakhtunkhwa</b></p> 	<p>Buner, Shangla, Orakzai, Swat, Upper Dir, Mansehra, Abbotabad</p>

## 2. NG-OF Network & Services program

USF will be launching 9 new projects to provide Optic Fiber Cable connectivity to 445 un-served union councils with an estimated 4,438 km of optic fiber cable in the districts of Chakwal, Jhelum, Mianwali, Dadu, Jamshoro, Badin, Hyderabad, Larkana, Kambar Shahdadkot, Gwadar, Attock, Chitral, Lower Dir, Upper Dir, Shikarpur and Jaccobabad districts.

## 3. NG-BSD for Tourist Destinations program

ICT has been transforming the tourism sector all over the world. On the demand side, it empowers visitors to identify, customize, and purchase tourism products and services. On the supply side, it is playing a critical role in the competitiveness of tourism organizations and destinations and providing tools for developing, managing, and distributing tourism product offerings globally.

USF embarks on a new program that aims to provide High Speed Mobile Broadband services in tourist destinations and their respective un-served \ under-served routes to promote tourism in Pakistan. The provision of ICT services will help the visiting tourists, local citizenry and support them in income generating activities. It will also play a significant role in sending timely response to the concerned agencies in case of an emergency. The tourist locations include Babusar Top, Lake Saif Ul Malook and Sharan Forest in Manshera district, Kumrat Valley in Upper Dir district, Mahodand Lake in Swat district and Galiyaat.



Cumulative Targets till the end of FY 2021-22		
S. No.	Program	Targets (Estimated)
1	Total No. of Muazas to be provided with 3G/4G and voice telephony	17,142
2	Length of Optic Fiber Cable to be laid under OFC program	11,466 km
3	No. of Tehsil Headquarters and Major Towns to be connected	298
4	3G/4G to be provided to un-served segments on National Highways & Motorways	1471.305 km
5	No. of Union Councils to be connected	950
6	Length of OFC to be laid under NG-OF Network & Services program	8,801 km
7	3G/4G services to be provided to un-served road segments in Tourist Destinations	157 km

With these programs, USF plans to carry on its journey towards improving lives of the marginalized communities

through ICTs with full dedication and devotion in the coming years as well.

# Deep Fiberization for 5G Readiness

5G is the fifth generation of wireless technology, and the most robust technology the world would have ever seen. With its tremendous connectivity benefits, 5G is expected to take the ICT industry by storm. The benefits of 5G are not only restricted to exponentially faster download and upload speeds and low latency, it will revolutionize the way we operate in our social, work, and economic spheres.

For Pakistan, this will change the way we interact with technology on a daily basis. Deep fiber is the key to a successful 5G implementation plan. Deep fiber can facilitate high-speed access to more homes, more businesses and support hundreds of thousands of new cell sites and hot spots for 4G and 5G. With the goal of better densification, broadband expansion, closing the digital divide and 5G readiness, USF has contracted multiple projects to extend fiber deeper into union councils of Sindh and Punjab provinces. Extending fiber deeper into union councils is a critical economic driver, promoting competition, increasing connectivity for the rural and un-served, and supporting densification for wireless. Fiber density is critical to support the next round of innovation and internet access for Pakistan.

One key beneficiary of this technology will be the public safety and infrastructure sector as 5G will allow cities and other municipalities to operate more efficiently. Further, in light of high climatic variability, the 5G technology can be employed to notify of timely emergency situations. One way to deal with the changing climatic patterns and threats is to

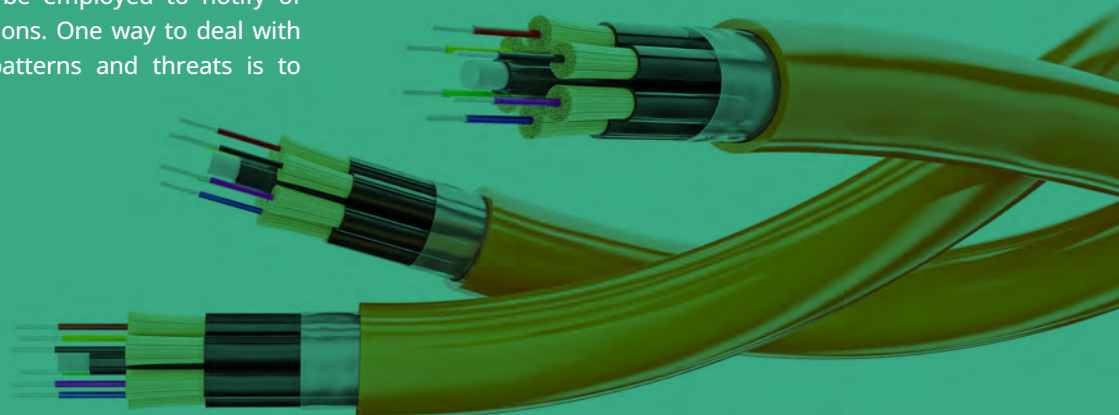
introduce technology in the mix to offer sustainable solutions and mitigate risks associated with climate change.

Given the volatile security situation in Pakistan, 5G technology offers tremendous benefits which can be used to improve the overall law and order situation as well. Given the remarkably low latency, remote controlled heavy machinery and security equipment will now be a reality, which can be used by law enforced agencies to avert untoward incidents.

Healthcare would drastically improve as telemedicine, precision surgery and operating low-cost remote healthcare units would become much easier. Technology is a key driver of socioeconomic development, and any improvement technologically opens up a world of possibilities for development practitioners.

A large population in Pakistan still lacks access to financial services, which hinders economic growth. There is growing evidence that improved access to financial services positively impacts development and poverty reduction. 5G will ensure more financial inclusivity and boost the burgeoning digital payment industry in Pakistan.

The way forward is to design low-cost technological solutions for development issues. With the introduction of 5G technology, Pakistan will be able to fuse technology in the education, agriculture, security and healthcare sector to offer development solutions.



# Milestones Achieved

CONTRACT SIGNING FOR HI-SPEED BROADBAND IN MUZAFFARGARH & RAJANPUR DISTRICTS



July 15th, 2020, Islamabad

PRIME MINISTER IMRAN KHAN INAUGURATES USF HIGH SPEED MOBILE BROADBAND PROJECT IN BOLAN, JHAL MAGSI, ZIARAT, KHAIRPUR, SUKKUR & GHOTKI DISTRICTS



September 30th, 2020

USF AWARDED CONTRACTS TO ZONG 4G FOR PROVIDING 4G NETWORK COVERAGE IN REMOTE AREAS OF BALOCHISTAN AND RURAL POCKETS OF SINDH



November 04th, 2020, Islamabad

USF AWARDS OPTIC FIBER CABLE CONTRACTS WORTH PKR 3 BILLION FOR INTERIOR SINDH TO PTCL



January 04th, 2021, Karachi

USF AWARDS CONTRACT WORTH PKR 254 MILLION TO JAZZ FOR PROVIDING HIGH SPEED MOBILE BROADBAND SERVICES IN JHELUM AND CHAKWAL DISTRICTS



January 25th, 2021, Islamabad

USF AWARDS HIGH SPEED MOBILE BROADBAND SERVICES CONTRACT WORTH PKR 1.37 BILLION FOR CHITRAL, UPPER DIR AND LOWER DIR DISTRICTS



February 10th, 2021, Islamabad

USF AWARDS CONTRACT WORTH PKR 2.07 BILLION TO Ufone FOR PROVIDING HIGH SPEED MOBILE BROADBAND SERVICES IN KECH DISTRICT



April 02nd, 2021, Islamabad

LAUNCHED 9 PROJECTS WORTH OVER PKR 8.48 BILLION FOR PROVISION OF HIGH SPEED MOBILE BROADBAND SERVICES AND OPTICAL FIBER CABLE PROJECTS IN SINDH- FEDERAL MINISTER OF IT AND TELECOMMUNICATION



May 24th, 2021, Jacobabad

USF AWARDS CONTRACT WORTH PKR 781 MILLION TO TELENOR TO PROVIDE HIGH SPEED MOBILE BROADBAND SERVICES IN SWAT

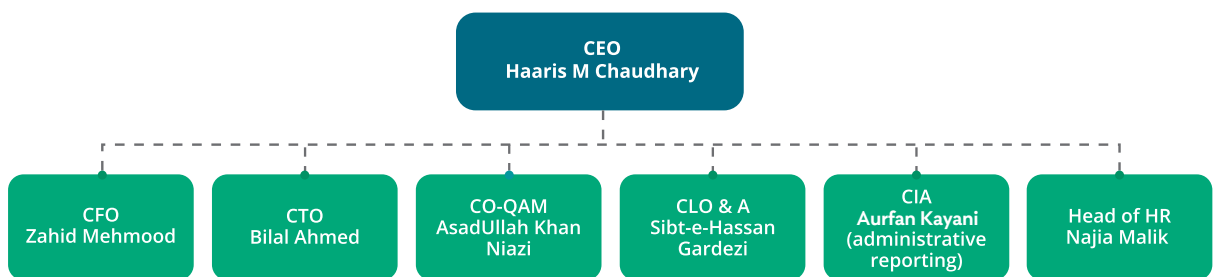
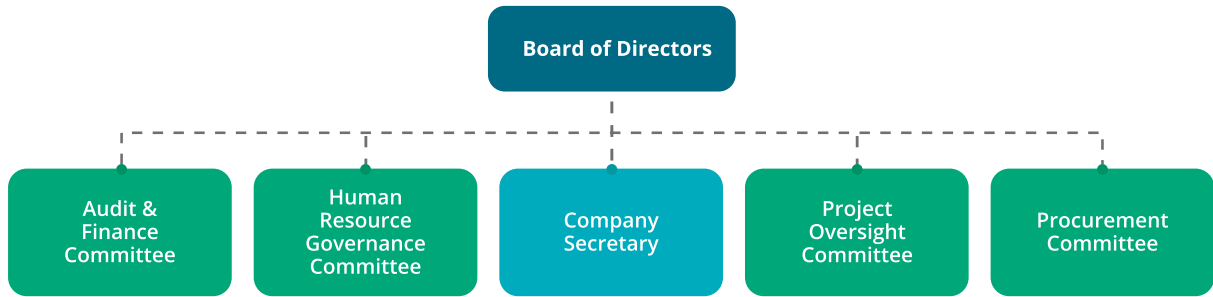


June 03rd, 2021, Islamabad

# Organizational Structure

The Board of Directors of USF is the company's highest governing body and is responsible, through the CEO for ensuring that the company's activities are soundly organized. The Board of Directors has four committees:

Audit and Finance Committee, Human Resource Governance Committee, Project Oversight Committee and Procurement Committee.



The senior management report to the CEO and are responsible for assisting the CEO with the day-to-day management of USF, as well as for the organization and day-to-day operation of their own departments. Their job specifications define their specific responsibilities and the authority delegated to their position. The general

responsibilities include executing USF's strategies and plans in accordance with the law and official regulations and USF's guidelines, as well as for carrying out internal control. The senior management can set procedures within their area of responsibility.

# Our People

Powered by a diverse workforce, we provide services that harness and amplify ICT in the most meaningful ways. Our goal is to ensure that USF is a compelling destination where team members of different backgrounds feel valued, engaged, and inspired to do their best work. Through our ongoing diversity and

inclusion efforts, flexible timings, an open workplace, learning and development offerings, and wellness resources for our team members, we are striving toward this goal — to attract, develop and retain an empowered workforce for maximum impact internally and externally for our stakeholders and communities.



## Diversity & Inclusion

Diversity is a core value in our culture. We take great pride at being a workplace for all, united in common principles, values and mission. Our approach is one where team members can feel empowered to lead and guide the culture where it needs to go in order to foster a more inclusive environment.

Valuing diversity means respecting differences that exist among individuals, be it a difference in ethnicity, gender, race, religion, socio-economic status, talents, lifestyle, opinions, perspectives, education, and a lot more. It is essential that we find ways to help these employees hold their personal voice and add value to the workplace.

At USF, our team takes a team member-led approach to diversity and inclusion. Executive team members are enthusiastic sponsors of the program and frequently check in and ask how they can help support the team members leading the efforts. Additionally, our leadership team plays a critical role in providing resources to take the diversity and inclusion program to the level our team members are striving to make a reality.

## Changes in Leadership

Our leadership team underwent significant change in FY 21 with the appointment of three experienced senior executives to help advance our key priorities: Haaris Mahmood Chaudhary, Chief Executive Officer, Zahid Mehmood, Chief Financial Officer and AsadUllah Khan Niazi, Chief Officer of Quality, Assurance and Monitoring.





## Employee Wellness program

During the pandemic, more than ever, USF supported employees' mental health and well-being with benefits and provided access to an in-house therapist to encourage mindfulness and re-institute a healthy work-life balance.



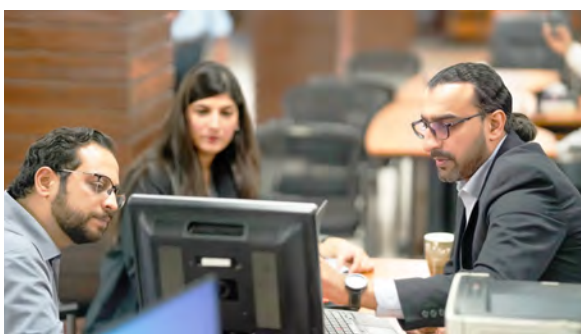
## Relaxation Room for Women

USF has created a relaxation/wellness room where the women of the workforce can go to temporarily escape work-related stressors without leaving the workplace. It is a quiet, private space where they can be comfortable, stretch and flex! We believe that a relaxed workplace can benefit our organization by increasing job satisfaction and reducing stress.



## Recruitment

We continue to invest in our workforce and recruit based on merit. We value sharp, curious minds who like to disrupt, change and improve the way things are done. We recruit people from a wide variety of disciplines, including law, finance, economics, statistics and analytics, business and accounting, social science, and information technology and computer science.



## Learning and Development

We develop team member capabilities through formal and on-the-job learning activities. These activities are aligned with the capabilities identified in our organizational capability framework and our professional and technical capability frameworks, which focus on building and maintaining capability in regulatory practice, enforcement, law, data analytics, accounting and auditing.

# User Testimonials

“

My wife suffered a stroke last year. Due to Broadband access, I was able to share her medical reports and seek the best advice from doctors all around the globe. By the grace of Allah, she is healthy now.

38 years old, Achakzai,  
North Waziristan, KPK

“

I was able to attend my online classes and access the course materials without facing any problems with the internet connectivity. I hope that the pandemic ends soon so I can return to my university.

21 years old, Imran,  
Mohmand Agency, KPK

“

It is a dream come true. I am grateful to the Government of Pakistan for bringing internet connectivity to our homes. I have not seen my son in years ever since he moved to Qatar. Now, he is a video call away. Technology has become a part of my daily life now.

60 years old, Khan,  
Bahawalnagar, Punjab

“

Internet connectivity is a blessing in my life. I run a grocery store in my neighborhood and being the only son of my aged parents, I found it very difficult to leave them alone at home while I traveled to the city to purchase stock. But now, I just place an order online, it saves me time and money.

32 years old, Abdullah,  
Rahim Yar Khan, Punjab

“

I am so happy that I can finally watch flower decoration videos on YouTube. Flower decoration is my passion. I cannot wait to finish school one day and pursue my career and become a florist. I am confident that I will truly excel in this field!

16 years old, Rubina,  
Sanghar, Sindh

“

I have been teaching for over 06 years and I love my job. I believe that Broadband connectivity has a profound effect on the new generation, unlike on any previous one. Children nowadays are self-directed learners, instead of waiting for a tutor or someone to help them, they are very proactive in seeking help for themselves through the internet.

32 years old, Raheela Bibi,  
Jhal Magsi, Balochistan

“

I am a farm owner. I am very grateful to the Government of Pakistan because the mobile phone connectivity has almost doubled my income. I have been directly selling the dry fruits to consumers at good prices without involving any third party.

48 years old, Allah Baksh,  
Bolan, Balochistan

“

Being a driver, I travel long distances and therefore, I am never home. When my family needs money, I transfer it through Easy Paisa. It is very convenient to send and receive money, just takes a minute, literally. I am thankful to the Government of Pakistan for bringing ease into our lives.

40 years old, Maalik,  
Manshera, KPK

## Irfan Wahab Khan, CEO, Telenor

USF and Telenor Pakistan go a long way and I believe what binds us together is the common ambition that we have strived for all these years: bridging the digital divide. USF has been instrumental in helping us achieve a 'generational impact' with the infrastructure that we have been able to web out across Pakistan together and has been connecting millions in the past 15 years and will continue to do so for years to come. It is this very communion between the public and private sector that inches us closer to realising the dream of a Digital Pakistan, where every Pakistani has access to opportunities, possibilities and a better tomorrow.



# Partner Testimonials

## Aamir Ibrahim, CEO, Jazz

As Pakistan's number one 4G operator and the largest internet and broadband services provider, Jazz is firmly focused on distributing the benefits of connectivity to those not yet online. In the last two years alone, we have invested USD 560 million under our '4G for all' ambition. Our goals and ambitions are matched by the Universal Service Fund, and we believe it is one of the most important organisations in the quest to bridge the digital divide, establishing a firm foundation for a digital Pakistan.

With a contribution of approximately PKR 24 billion, Jazz is a key partner to USF, working on 24 high-speed mobile broadband projects that will proliferate the benefits of connectivity in rural areas connecting over 11.5 million fellow citizens in over 5200 mauzas.

I have also had the honor of serving on USF's Board from 2017-2019 and look forward to exploring more synergies with the organisation to promote digital inclusion and uplift lives.



# How we contribute to the United Nations SDGs

## SUSTAINABLE DEVELOPMENT GOALS



USF has connected billions of residents and communities across Pakistan enabling them with access to ICT that improve their lives on daily basis while fulfilling the SDGs. The pandemic accelerated the need for e-suite services including e-education, e-health, e-agriculture, e-finance and e-commerce while opening avenues for USF to empower communities, enabling them to become a part of digital inclusion. Our programs are accelerating progress towards 11 of the 17 United Nations SDGs.

### No Poverty (1)

We are providing possibilities to improve productivity among millions of marginalized people so that they can better provide for themselves and their families and move out of poverty. One of our flagship project – ICT

for Girls, helps marginalized girls acquire 21<sup>st</sup> century skills to earn a better livelihood.

### Zero Hunger (2)

We are helping in reducing hunger and increasing food security by giving farmers direct access to market information, weather forecasts, as well as planting, harvesting and targeted irrigation advice, logistics and storage., thereby helping to increase yield, restore soil, reduce waste and improve both productivity and effectiveness through broadband proliferation.

### Good Health (3)

We are enabling health workers to be connected to information and diagnostic services, while analytics can help make projections about health service usage,

patient knowledge, personal continuous management of diseases and health practices.

### Quality Education (4)

We are assisting in opening up access to education for un-served and under-served populations and those living in remote, resource-poor areas, enabling online certification and student advisory services, in turn leading to improved economic opportunities for all.

### Gender Equality (5)

We are enhancing gender equality and gender empowerment, allowing women and girls to access information of importance to their productive and community roles through expanded access to markets, education, training and employment.

### Affordable and Clean Energy (7)

We are improving energy efficiency and reducing emissions by investing in alternate energy sources like solar powered equipment, making ICT itself more environmentally sound and less carbon intensive.

### Decent Jobs and Economic Growth (8)

We are digitally transforming the way that business is being done, from traditional employment sectors to new sectors such as IT.

### Industry, Innovation and Infrastructure (9)

We are building resilient infrastructure and fostering innovation by empowering the remote population to participate in the digital economy and to increase their overall economic well-being and competitiveness.

### Reduced Inequalities (9)

We are helping in reducing inequality within and between societies, especially when used to help bring information and knowledge, and therefore social and

economic progress, to disadvantaged segments of society - including those living with disabilities, as well as women and girls.

### Sustainable Cities and Communities (10)

We are enabling rural communities to manage more effectively and holistically, with ICT basic infrastructure and applications.

### Partnership for the Goals (17)

We are strengthening the means of implementation for the SDGs, through enhancing international cooperation and coordination; promoting technology transfer; capacity-building; forging multi-stakeholder partnerships; and enabling and improving data monitoring and accountability.

# Financial Statements 2021





**UNIVERSAL SERVICE FUND**  
(A Company incorporated under section 42  
of the Companies Act, 2017)

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2021**

**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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 Pakistan.

## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF UNIVERSAL SERVICE FUND

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **UNIVERSAL SERVICE FUND** (the Company), which comprise the statement of financial position as at June 30, 2021 and the statement of income and expenditure and other comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including the summary of 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 explanation given to us, the statement of financial position, statement of income and expenditure and other comprehensive income and 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 June 30, 2021 and of the surplus, other comprehensive income, and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Emphasis of Matter

We draw your attention to note 17.1.4 of the financial statements which describes that PTCL has filed legal suit in court of law against receivable and payable balances with PTCL including late delivery charges which is pending adjudication at the year end. Honorable District Court has ordered to maintain the status quo until outcome of the case is ascertained. Our opinion is not modified in respect of this matter.

#### 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 annual report but does not include the financial statements and our auditors report thereon.

**BDO Ebrahim & Co. Chartered Accountants**

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

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

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

#### **Auditors Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

#### **BDO Ebrahim & Co. Chartered Accountants**

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure and other comprehensive income 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).

#### BDO Ebrahim & Co. Chartered Accountants

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**Other Matter**

The financial statements of the Company for the year ended June 30, 2020 were audited by another firm of Chartered Accountants, who had expressed an unqualified opinion vide their report dated October 19, 2020.

The engagement partner on the audit resulting in this independent auditors report is Abdul Qadeer.

ISLAMABAD

DATED: 14 SEP 2021

  
BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS  

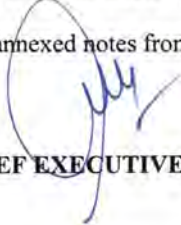

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**UNIVERSAL SERVICE FUND**  
**(A Company incorporated under Section 42 of the Companies Act, 2017)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	125,028,592	16,141,873
Intangible assets	6	25,905,249	32,028,972
Long term deposits	7	4,135,500	127,500
Long term advances	8	1,265,420	2,267,085
		<u>156,334,761</u>	<u>50,565,430</u>
<b>CURRENT ASSETS</b>			
Advances	9	3,132,117,643	1,891,923,984
Short-term prepayments	10	9,844,266	6,331,777
Interest accrued		46,566,478	133,093,896
Other receivables	11	1,722,238,808	1,722,438,824
Cash and bank balance	12	3,311,414,707	2,877,921,554
		<u>8,222,181,902</u>	<u>6,631,710,035</u>
<b>TOTAL ASSETS</b>		<u><u>8,378,516,663</u></u>	<u><u>6,682,275,465</u></u>
<b>FUNDS AND LIABILITIES</b>			
General fund		-	-
<b>NON-CURRENT LIABILITIES</b>			
Fund balance (restricted)	13	5,392,530,546	5,754,152,775
Deferred capital grant	14	150,933,841	48,170,845
Lease liability	15	20,171,726	-
		<u>5,563,636,113</u>	<u>5,802,323,620</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	2,790,832,550	879,951,845
Current portion of lease liabilities	15	24,048,000	-
		<u>2,814,880,550</u>	<u>879,951,845</u>
<b>TOTAL FUNDS AND LIABILITIES</b>		<u><u>8,378,516,663</u></u>	<u><u>6,682,275,465</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17	-	-

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**UNIVERSAL SERVICE FUND**  
**(A Company incorporated under Section 42 of the Companies Act, 2017)**  
**STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE**  
**INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
<b>INCOME</b>			
Amortization of deferred capital grant	14	38,119,951	19,589,046
<b>EXPENDITURE</b>			
Administrative and general expenses	18	437,602,565	392,333,759
Subsidy grant for projects	19	6,146,569,436	4,026,608,808
Technical and Monitoring audit fee	20	92,964,197	24,268,108
		6,677,136,198	4,443,210,675
		(6,639,016,247)	(4,423,621,629)
<b>FUNDS (RESTRICTED) RECOGNIZED AS GRANT AGAINST EXPENDITURE</b>	13	6,639,016,247	4,423,621,629
<b>NET SURPLUS FOR THE YEAR</b>		-	-
<b>OTHER COMPREHENSIVE INCOME</b>			
Item not to be reclassified to income and expenditure account in subsequent periods			
Re-measurement loss on defined benefit plan		(5,934,437)	(10,317,726)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		(5,934,437)	(10,317,726)

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
  
**DIRECTOR**

**UNIVERSAL SERVICE FUND**  
**(A Company incorporated under Section 42 of the Companies Act, 2017)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Subsidy grant disbursement		(5,365,658,506)	(5,472,282,626)
Technical & Monitoring audit fee		(88,510,760)	(24,268,108)
Liquidated damages, profit on deposit account and others		214,462,452	251,171,979
Payment to suppliers and employees		<u>(554,211,527)</u>	<u>(461,973,851)</u>
Net cash used in operating activities		<u>(5,793,918,341)</u>	<u>(5,707,352,606)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Procurement of property and equipment		<u>(72,588,506)</u>	<u>(18,085,490)</u>
Net cash used in investing activities		<u>(72,588,506)</u>	<u>(18,085,490)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grant received		<u>6,300,000,000</u>	<u>4,890,000,000</u>
Net cash generated from financing activities		<u>6,300,000,000</u>	<u>4,890,000,000</u>
Net increase/(decrease) in cash and cash equivalents		433,493,153	(835,438,096)
Cash and cash equivalents at beginning of year		<u>2,877,921,554</u>	<u>3,713,359,650</u>
Cash and cash equivalents at end of year	12	<u><u>3,311,414,707</u></u>	<u><u>2,877,921,554</u></u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**UNIVERSAL SERVICE FUND**  
**(A Company incorporated under Section 42 of the Companies Act, 2017)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1 STATUS AND ACTIVITIES**

The Universal Service Fund (the Company) was incorporated in Pakistan on December 12, 2006 as a public company, limited by guarantee, not having a share capital and as a not-for-profit organization licensed under section 42 of the repealed Companies Ordinance, 1984 (repealed through the enactment of the Companies Act, 2017). The Company was formed under Section 10 of the Universal Service Fund Rules, 2006 (the Rules) and its registered office was changed from 5th floor, HBL Tower, Jinnah Avenue, Islamabad to Office # 310-312, 3rd Floor, Evacuee Trust Complex, F-5/1, Islamabad.

Pursuant to Section 16 of the Rules, operations of the Company are funded by the Ministry of Information Technology and Telecommunication (MoIT&T), Government of Pakistan through the Universal Service Fund (USF), a separate entity established under section 33 A of the Telecommunication Re-organization Act, 1996. USF is kept in the non-lapsable public fund account of the Federal Government maintained with the Federal Treasury Office. The account is maintained and operated by Ministry of Information Technology and Telecommunication (MoIT&T). The primary objective of the Company is to plan, develop, finance and execute communication network projects and services to un-served or under-served areas of Pakistan as defined under Section 26 of the Rules mainly through disbursement of grants received from Government of Pakistan, in the form of subsidies to selected contributors to USF, for execution of the related telecom projects.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These Financial Statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved 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 (the Act);
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan 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 or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.



## 2.2 Basis of measurement

These Financial Statements have been prepared under the historical cost convention except for liability for gratuity, which is carried at present value of defined benefit obligation net of fair value of plan asset.

## 2.3 Functional and presentation currency

These Financial Statements have been presented in Pakistan Rupees which is the Company's functional and presentation currency.

## 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

### 3.1 Standards / amendments that are effective in current year and relevant to the Company

The Company has adopted the standards / amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

### 3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and



interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies have been applied consistently to all periods presented in these Financial Statements.

#### **4.1 Operating fixed assets**

These are stated at cost less accumulated depreciation and impairment losses (if any). Cost comprises of acquisition cost, non-refundable indirect taxes and any other directly attributable costs.

Depreciation is charged on assets using the straight line method, at the rates stated in note 5.2. A full month's depreciation is charged in the month of acquisition of an asset, while no depreciation is charged in the month of an assets' retirement.

Useful lives are determined by the management based on the expected usage of an asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effects of adjustments to residual values, useful lives and methods are recognized prospectively as a change in accounting estimates.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income and expenditure statement in the year the asset is derecognized.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property and equipment is recognized in the income and expenditure statement as incurred.

#### **4.2 Right-of-use assets and their related lease liability**

##### **4.2.1 Right of-use assets**

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

#### **4.2.2 Lease liability against right-of-use assets**

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. Remeasurements of lease liabilities only occur in cases where the terms of the lease are changed during the lease tenor. These remeasurements of lease liabilities are recognized as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the income and expenditure statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### **4.3 Intangibles**

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that cost of such an asset can also be measured reliably.

Intangible assets are measured on initial recognition at cost, being the fair value of the consideration given. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment, if any.

The useful lives of intangible assets are assessed either as finite or indefinite. The Company does not have an intangible asset with indefinite useful life. Intangible assets with finite useful lives are amortized over the period of their useful life, at rate mentioned in note 6. In respect of additions and disposal of intangible assets during a year, amortization is charged to income and expenditure statement from the month of acquisition and up to the month preceding the disposal of such intangible assets.

Gains and losses arising from the de-recognition of intangible assets are measured as the difference between the net disposal proceeds and carrying amount of the asset, and recognized in income and expenditure statement when the asset is de-recognized.

Changes in expected useful lives or the expected pattern of consumption of future economic benefits, embodied in intangible assets, are accounted for by changing the useful life or amortization method, as appropriate, and treated as a change in accounting estimate.

#### **4.4 Advances, deposits and other receivables**

These are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each statement of financial position date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the asset's recoverable amount and its carrying value.



**4.5 Cash and cash equivalents**

Cash and cash equivalents are carried at cost in the statement of financial position in case of local currency balances and at closing exchange rate, in case of foreign currency balances.

**4.6 Fund balance (restricted)**

The management is following deferral method of accounting for amount received from MoIT&T and included in the fund balance. Any income earned on these funds is also included in the fund. Expenditure incurred, as reduced by the income earned on these funds, is transferred from the fund balance to the income and expenditure statement to match the net expenditure incurred during the year.

**4.7 Deferred capital grant**

Restricted funds utilized for capital expenditure are transferred from the Fund balance (restricted) and accounted for as a deferred capital grant. An amount equal to the charge for depreciation and amortization for the year, on property and equipment acquired, is then recognized in the income and expenditure statement.

**4.8 Trade and other payables**

Creditors and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

**4.9 Provision**

Provisions are recognized when the Company has a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**4.10 Staff benefits****i) Defined benefit plan**

The Company operates a funded gratuity scheme for employees who have completed the minimum qualifying period of service to the Company. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at June 30, 2021, details are given in the note 16 of the financial statements.

**ii) Compensated absences**

The compensated absences provides a short-term leave encashment benefit to its employees whereby, employees can carry forward up to a maximum of 10 leaves for a year. Employees can either avail these leaves or en-cash them.

#### **4.11 Taxation**

##### **i) Current**

Provision for taxation is based on taxable profits, at the current rates of taxation, after taking into account tax credits and tax rebates, if any. The Company is subject to 100% tax credit as per section 100C of Income Tax Ordinance (ITO). Further, the Company's income is not liable for minimum tax, under Section 113 of the Income Tax Ordinance, 2001, as the Company considers the amount received from the MoIT&T as grant.

##### **ii) Deferred**

The Company being registered under section 42 of the repealed Companies Ordinance, 1984, as a non profit Company. Accordingly, the income of the Company is subject to 100% tax credit as per section 100C of Income Tax Ordinance, 2001. Therefore, no tax expense or deferred tax expense is recognized in the financial statements.

#### **4.12 Income**

##### **i) Profit on bank deposits**

Profit on bank deposit is accrued using the effective interest rate method.

##### **ii) Other income**

Any other income is recorded on an accrual basis.

Profit on bank deposits and other receipts are made part of fund balance (restricted) and are adjusted against future funding from MoIT&T.

#### **4.13 Foreign currency translation**

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the statement of financial position date. Gains and losses on translation are taken to the income and expenditure statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### **4.14 Financial instruments**

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.



Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the income and expenditure statement.

#### 4.14.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

##### Classification of financial assets:

(i) Debt instruments designated at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is 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.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective

interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

Amortized cost and effective interest rate method:

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income - interest income" line item.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to income and expenditure statement on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in income and expenditure.



## (iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Impairment of financial assets:

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.



(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.



(ii) Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 360 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets:

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in income and expenditure statement.

(v) Measurement and recognition of expected credit losses:

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Derecognition of financial assets:

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in income and expenditure statement. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments

revaluation reserve is reclassified to income and expenditure statement. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to income and expenditure statement, but is transferred to retained earnings.

#### 4.14.2 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

##### (i) Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the consolidated statement of income and expenditure statement to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch income and expenditure statement. The remaining amount of change in the fair value of liability is recognized in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to income and expenditure statement; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in income and expenditure statement.

##### (ii) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

##### Derecognition of financial liabilities:

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial

liability derecognized and the consideration paid and payable is recognized in income and expenditure statement.

**ii) Non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income and expenditure statement.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and fair value less cost to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss recognized in the prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**4.15 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability; or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Financial Statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Chief Financial Officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The Company does not measure any of its assets or liabilities at fair value, except plan assets for gratuity, under the gratuity scheme.

#### **4.16 Significant accounting judgments and estimates**

The preparation of financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

##### **4.16.1 Property, equipment and intangible assets**

The Company reviews the appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation/ amortization on an annual basis. Any change in estimates in the future years might affect the carrying amounts of the respective items of property

and equipment and intangible assets, with a corresponding effect on the depreciation and amortization charge.

#### 4.16.2 Employee benefits

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligations. Changes in these assumptions in future years may affect the liability under this scheme in those years.

#### 4.16.3 Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws, and decisions taken by the taxation authorities. In instances where the Company's views differ from the views taken by the income tax department at the assessment stage, and where the Company considers that its views on items of a material nature are in accordance with the law, the related amounts are disclosed as contingent liabilities.

#### 4.16.4 Provisions and contingencies

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as contingent liability.

		2021 Rupees	2020 Rupees
<b>5 PROPERTY AND EQUIPMENT</b>	<b>Note</b>		
Right of use assets	5.1	46,679,457	-
Operating fixed assets	5.2	78,349,135	16,141,873
		<u>125,028,592</u>	<u>16,141,873</u>
<b>5.1 Right of use (ROU) assets</b>			
Opening net book value		-	-
- Cost		64,633,094	-
- Accumulated depreciation	5.1.1	(17,953,637)	-
- Net book value		<u>46,679,457</u>	<u>-</u>
Depreciation rate per annum		3years	

5.1.1 Depreciation for the year is charged to administrative and general expenses (refer to note 18).

5.2 OPERATING FIXED ASSETS

Description	Vehicles	Furniture and Equipment	Computer and accessories	Communication equipment	Leasehold Improvements	Total
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<b>Net carrying value basis year ended June 30, 2021</b>						
Opening net book value (NBV)	70	11,790,057	3,229,731	1,122,015	-	16,141,873
Additions (at cost)	-	39,211,268	6,339,881	88,200	28,223,588	73,862,937
Disposals:						
Cost	-	(2,289,147)	(7,090,682)	-	-	(9,379,829)
Accumulated depreciation	-	2,200,607	7,090,222	-	-	9,290,829
	-	(88,540)	(460)	-	-	(89,000)
Depreciation charge	-	(7,559,507)	(3,152,009)	(384,766)	(470,393)	(11,566,675)
Net book value	70	43,353,278	6,417,143	825,449	27,753,195	78,349,135
<b>Gross carrying value basis year ended June 30, 2021</b>						
Cost	29,704,498	88,425,444	36,271,284	2,236,946	28,223,588	184,861,760
Accumulated depreciation	(29,704,428)	(45,072,166)	(29,854,141)	(1,411,497)	(470,393)	(106,512,625)
Net book value	70	43,353,278	6,417,143	825,449	27,753,195	78,349,135

<b>Net carrying value basis year ended June 30, 2020</b>						
Opening net book value (NBV)	281,542	15,763,051	7,364,588	1,270,882	-	24,680,063
Additions (at cost)	-	338,767	780,587	180,707	-	1,300,061
Depreciation charge	(281,472)	(4,311,761)	(4,915,444)	(329,574)	-	(9,838,251)
Net book value	70	11,790,057	3,229,731	1,122,015	-	16,141,873
<b>Gross carrying value basis year ended June 30, 2020</b>						
Cost	29,704,498	51,503,323	37,022,085	2,148,746	-	120,378,652
Accumulated depreciation	(29,704,428)	(39,713,266)	(33,792,354)	(1,026,731)	-	(104,236,779)
Net book value	70	11,790,057	3,229,731	1,122,015	-	16,141,873
Depreciation rate per annum	20%	20%	33%	20%-33%	20%	

5.3 Depreciation for the year is charged to administrative and general expenses (refer to note 18).



6 INTANGIBLE ASSETS

Description	2021			2020		
	Digital Maps	Software	Capital work in Progress (CWIP)-Softwares	Digital Maps	Software	Capital work in Progress (CWIP)-Softwares
<b>Net carrying value basis year ended June 30, 2021</b>						
Opening net book value (NBV)	10	15,243,533	16,785,429	10	15,243,533	16,785,429
Additions (at cost)	-	1,483,416	992,500	-	1,483,416	992,500
Amortization	-	(8,599,639)	-	-	(8,599,639)	-
Net book value	10	8,127,310	17,777,929	10	8,127,310	17,777,929
<b>Gross carrying value basis year ended June 30, 2021</b>						
Cost	7,500,000	41,436,943	17,777,929	7,500,000	41,436,943	17,777,929
Accumulated depreciation	(7,499,990)	(33,309,633)	-	(7,499,990)	(33,309,633)	-
Net book value	10	8,127,310	17,777,929	10	8,127,310	17,777,929
<b>Net carrying value basis year ended June 30, 2020</b>						
Opening net book value (NBV)	10	24,994,328	-	10	24,994,328	-
Additions (at cost)	-	-	16,785,429	-	-	16,785,429
Depreciation charge	-	(9,750,795)	-	-	(9,750,795)	-
Net book value	10	15,243,533	16,785,429	10	15,243,533	16,785,429
<b>Gross carrying value basis year ended June 30, 2020</b>						
Cost	7,500,000	39,953,527	16,785,429	7,500,000	39,953,527	16,785,429
Accumulated depreciation	(7,499,990)	(24,709,994)	-	(7,499,990)	(24,709,994)	-
Net book value	10	15,243,533	16,785,429	10	15,243,533	16,785,429
Depreciation rate per annum	20%		33%	20%		33%

6.1 Amortization for the year is charged to administrative and general expenses (refer to note 18).

6.2 Capital Work in progress (CWIP) software represents accounting software (Oracle) installed by the Company is currently in its testing phase. Additions during the year represent other softwares purchased.

**7 LONG TERM DEPOSITS**

This includes security deposits amounting to Rs. 4.008 million equals to two months office rent on the basis of 16,197 Sqft office area at Rs. 120 per Sqft and 1,006 Sqft at Rs. 60 per Sqft of common area amounting to Rs. 2,004,000 per month on the 3rd floor in the Evacuee Trust Complex, F - 5/1, Islamabad. Amortized cost of long term deposit is not materially different from its carrying amount.

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>8 LONG TERM ADVANCES</b>		
Advance against gratuity balance to employees	6,318,413	6,914,677
Current portion	<u>(5,052,993)</u>	<u>(4,647,592)</u>
	<u>1,265,420</u>	<u>2,267,085</u>

- 8.1 This represents advances issued against employees' gratuity in accordance with Company's service rules with repayment terms of maximum twenty four (24) months and carries no markup.

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>9 ADVANCES</b>			
<b>Considered good - secured</b>			
To employees			
Against gratuity - current portion		5,052,993	4,647,592
Against expenses		97,748	-
Advance against projects	9.1	<u>3,126,966,902</u>	<u>1,887,276,392</u>
		<u>3,132,117,643</u>	<u>1,891,923,984</u>

- 9.1 This represents unutilized portion of advances paid to service providers, in respect of following projects. The advances are secured against bank guarantees.

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Advances to related parties:</b>		
PTML-NG-BSD Gwadar	90,000,000	-
PTML-NG-BSD Kech	368,803,021	-
PTML-NG-BSD Small Lot-P4	-	9,800,000
Telenor-NG- BSD Chitral	274,417,010	-
Telenor-BSD Kohistan	-	331,087,248
Telenor-NG- BSD Dadu	-	67,206,683
Telenor-NG-BSD NH&MW Lot-2(NH 25&65)	-	65,167,259
Telenor-NG-BSD NH&MW Lot-3(NH 50&70)	-	86,347,029
Telenor-NG-BSD Hyderabad	-	112,423,036
Telenor-NG-BSD Bahawalpur	85,926,925	257,780,779
Telenor-NG-BSD Small Lot S3	16,942,374	16,942,374

	Note	2021 Rupees	2020 Rupees
Telenor-NG-BSD Tharparker		-	479,093,772
Telenor-NG-BSD Sanghar		-	117,633,831
Telenor-NG-BSD Muzaffargarh		-	130,043,980
Telenor-NG-BSD Small Lot Islamabad 1		-	6,049,105
PTCL-OFC-UC-SD-Lot-1		262,000,000	-
PTCL-OFC-UC-SD-Lot-2		351,293,163	-
PTCL-OFC-UC-SD-Lot-3		420,000,000	-
PTCL-OFC FATA PACKAGE-2		511,972,996	-
<b>Advances to other than related parties:</b>			
PMCL-NG-BSD Ghotki		23,457,517	-
PMCL-BSD South Waziristan		-	18,019,269
PMCL-NG-BSD Bahawalnagar		-	33,322,227
PMCL-NG-BSD Rahimyarkhan		-	39,705,142
PMCL-NG-BSD Dera Ghazi Khan		-	98,205,509
PMCL-NG-BSD Kurram		-	18,449,149
PMCL-NG-BSD Jhelum		50,944,193	-
PMCL-BSD North Waziristan		5,405,781	-
CM PAK-NG BSD Small Lot S4		4,803,922	-
Nayatel-OFC-UC-PB-Lot-4		316,000,000	-
Nayatel-OFC-UC-PB-Lot-5		345,000,000	-
		<u>3,126,966,902</u>	<u>1,887,276,392</u>
<b>10 SHORT-TERM PREPAYMENTS</b>			
Insurance		1,763,588	1,721,258
Others		8,080,678	4,610,519
		<u>9,844,266</u>	<u>6,331,777</u>
<b>11 OTHER RECEIVABLES</b>			
<b>Secured - considered good</b>			
PTCL Mastung		281,929,919	281,929,919
PTCL OFC BP-05		1,387,060,677	1,387,060,677
PTCL BB HTR		53,193,552	53,193,552
Others		54,660	254,676
	11.1 & 17.1.4	<u>1,722,238,808</u>	<u>1,722,438,824</u>

## 11.1

This includes receivables against late delivery charges amounting to Rs. 1,636.801 million and receivable against descoping from Pakistan Telecommunication Company Limited (PTCL) amounts Rs. 85.383 million. Late delivery charges are recognized on delay in implementation of projects milestones as per contract. PTCL has filed law suits in District Court Islamabad against the balances as detailed in note 17.1.4 to the financial statements. Receivable from PTCL are secured against performance bank guarantee provided by PTCL amounting to Rs. 1.946 billion.

11.2 Maximum outstanding balance at end of any month during the year amounts to Rs. 1,722.238 million (2020: 1,722.438 million).

11.3 Aging of other receivables at reporting date is as follows;

	Note	2021 Rupees	2020 Rupees
Past due 1-30 days		-	-
Past due 30-90 days		-	-
Past due 90 days		1,722,238,808	1,722,438,824
		<u>1,722,238,808</u>	<u>1,722,438,824</u>

## 12 CASH AND BANK BALANCE

Cash in hand		47,229	24,494
Cash at bank			
Sub-assignment account with National Bank of Pakistan	12.1	3,300,000,000	
Deposit account - local currency	12.2	11,367,478	2,877,897,060
		<u>3,311,414,707</u>	<u>2,877,921,554</u>

12.1 This represents sub-Assignment non-lapsable account opened on June 30, 2021 with National Bank of Pakistan. Accountant General Pakistan Revenues (AGPR) issued authorization on June 30, 2021 for placement of funds for payment up to a ceiling of Rs. 3,300 million. The authorization is made to arrange payment for withdrawals from this account against the Company approved budget.

Subsequent to the year end, funds amounting to Rs. 2,917.942 million have been withdrawn from the account. The company is allowed to make payments and issue cheques directly from this account.

12.2 This carries mark-up at rate 5.50% & 6.10% per annum (June 30, 2020: 6.10% to 12% per annum). The profit on bank deposit is receivable with reference to the daily balance in the bank account.

	Note	2021 Rupees	2020 Rupees
<b>13 FUND BALANCE (RESTRICTED)</b>			
Balance at the beginning of the period/year		5,754,152,775	5,017,064,385
Grant received during the period/year		6,300,000,000	4,890,000,000
Profit on deposit account	13.1	121,554,114	298,360,152
Miscellaneous receipts	13.2	2,657,288	753,083
		6,424,211,402	5,189,113,235
Grants transferred to:			
-Deferred capital grant	14	(140,882,947)	(18,085,490)
-Income and expenditure statement		(6,639,016,247)	(4,423,621,629)
		(6,779,899,194)	(4,441,707,119)
-Remeasurement loss on defined benefit plan	16.3.4	(5,934,437)	(10,317,726)
		<u>5,392,530,546</u>	<u>5,754,152,775</u>

- 13.1 Profit on deposit account and Miscellaneous receipts are included in the fund balance, being income of USF Fund MoIT&T, Government of Pakistan and are adjusted against future release of grants/funding to USF Company.
- 13.2 This includes amount of Rs. 785,972 (2020: Rs. 215,776) against liquidated damages, recovered from operators.

	Note	2021 Rupees	2020 Rupees
<b>14 DEFERRED CAPITAL GRANT</b>			
Balance at beginning of the year		48,170,845	49,674,401
Transferred from fund balance (restricted)	13	140,882,947	18,085,490
Depreciation/amortization charged		(38,119,951)	(19,589,046)
Balance at end of the period/year		<u>150,933,841</u>	<u>48,170,845</u>
<b>15 LEASE LIABILITY</b>			
Opening balance - IFRS-16		-	-
Add: Addition during the year		64,633,094	-
		<u>64,633,094</u>	-
Interest expense		3,634,632	-
Less: Lease payments		(24,048,000)	-
		<u>44,219,726</u>	-
As at June 30,			
Less: Current lease liabilities		(24,048,000)	-
Non-current liabilities		<u>20,171,726</u>	-
<b>Maturity analysis - contractual undiscounted cash flows:</b>			
Less than one year		24,048,000	-
More than one year and less than five years		24,048,000	-
More than five years		-	-
Total undiscounted lease		<u>48,096,000</u>	-
Future finance charges		(3,876,274)	-
Present value of lease payments		<u>44,219,726</u>	-
<b>Amount recognized in statement of profit or loss</b>			
Interest expense on lease liabilities		<u>3,634,632</u>	-
<b>16 TRADE AND OTHER PAYABLES</b>			
Project subsidy	16.1 & 17.1.4	2,762,587,102	741,985,662
Technical and monitoring auditor fee		4,556,178	102,741
Payable to suppliers		8,294,103	7,192,302
Rent payable		-	10,502,800
Accrued liabilities		2,523,129	2,370,924
Payable to gratuity fund	16.2	12,662,038	16,787,416
Earnest money	16.4	210,000	101,010,000
		<u>2,790,832,550</u>	<u>879,951,845</u>

- 16.1 This includes an amount of Rs. 2,503.312 million (June 30, 2020: 728.622 million) payable to related parties which also includes the amount payable to PTCL amounting to Rs. 626.222. The Company is in litigation with PTCL on receivable and payables as explained in notes 17.1.4 to the financial statements.

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>16.2 Payable to gratuity fund</b>		
The movement in net liability is as follows:		
Balance at beginning of the year	16,787,416	5,273,612
Charge for the year	14,158,734	13,708,184
Remeasurement gain	5,934,437	10,317,726
Contribution	<u>(24,218,549)</u>	<u>(12,512,106)</u>
Balance at end of the year	<u><u>12,662,038</u></u>	<u><u>16,787,416</u></u>

- 16.3 The details of actuarial valuation carried out as at June 30, 2021 are as follows:

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>16.3.1 Reconciliation of payable to gratuity fund</b>		
Present value of the defined benefit obligation	91,943,017	87,489,648
Fair value of the plan assets	<u>(79,280,979)</u>	<u>(70,702,232)</u>
	<u><u>12,662,038</u></u>	<u><u>16,787,416</u></u>

**16.3.2 Change in the present value of defined benefit obligation**

Opening balance		87,489,648	77,754,649
Current service cost	16.3.3	13,888,116	13,850,638
Interest cost on defined benefit obligatio	16.3.3	7,159,905	9,812,439
Benefits paid		(16,665,462)	(20,165,308)
Benefits due but not paid		(3,505,077)	-
Actuarial gain / (loss)		<u>3,575,887</u>	<u>6,237,230</u>
		<u><u>91,943,017</u></u>	<u><u>87,489,648</u></u>

**16.3.3 Expense Charge for the year is as follows:**

Current service cost		13,888,116	13,850,638
Interest expense		7,159,905	9,812,439
Interest income on plan assets		<u>(6,889,287)</u>	<u>(9,954,893)</u>
Interest income - net		270,618	(142,454)
Expense Chargeable to P&L		<u><u>14,158,734</u></u>	<u><u>13,708,184</u></u>

*A*

<b>16.3.4 Total Remeasurement Chargeable to Other Comprehensive Income</b>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
<u>Remeasurement of Plan Obligations</u>		
Actuarial (gains)/losses from changes in demographic assumptions	-	-
Actuarial (gains)/losses from changes in financial assumptions	180,360	3,868,182
Remeasurement loss on defined benefit plan	<u>3,395,527</u>	<u>2,369,048</u>
	3,575,887	6,237,230
Return on plan assets excluding the interest income	<u>2,358,550</u>	<u>4,080,496</u>
	<u><u>5,934,437</u></u>	<u><u>10,317,726</u></u>

**16.3.5 Change in fair value of plan assets**

Opening balance	70,702,232	72,481,037
Interest income	6,889,287	9,954,893
Contribution made directly to gratuity fund	24,218,549	9,086,760
Payments made on behalf of the gratuity fund	-	3,425,346
Benefits paid	(16,665,462)	(20,165,308)
Benefits due but not paid	(3,505,077)	-
Return on plan assets, except amount included in interest	<u>(2,358,550)</u>	<u>(4,080,496)</u>
	<u><u>79,280,979</u></u>	<u><u>70,702,232</u></u>

Major categories of the plan assets as a percentage of total plan assets are as follows:

	<b>2021 Rupees</b>	<b>2020 Rupees</b>
Cash and other deposits:		
-Bank A/c	<u>79,280,979</u>	<u>70,702,232</u>
-Percentage	<u>100%</u>	<u>100%</u>

**16.3.6 The principal actuarial assumptions used were as follows:**

Actuarial valuation of the plan was carried out as at June 30, 2021, by an independent valuer using projected unit credit method, on following assumptions:

	<b>2021</b>	<b>2020</b>
Discount rate used for Interest Cost in P&L Charge	9.25%	14.50%
Discount rate used for year end obligation	10.25%	9.25%
Salary increase used for year end obligation	N/A	N/A
Salary Increase FY 2021 Onward	9.75%	8.75%
Next salary is increased on	1-Jul-21	1-Jul-20

	2021	2020
Mortality rates	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year
Withdrawal rates	Age-Based (per appendix)	Age-Based (per appendix)
Retirement assumption	Age 60	Age 60
<b>16.3.7 Estimated expenses to be charged to income &amp; expenditure</b>	<b>2022</b> <b>Rupees</b>	<b>2021</b> <b>Rupees</b>
Current service cost	16,600,577	13,888,116
Interest cost on defined benefit obligation	9,209,252	7,902,458
Interest income on plan assets	(9,152,594)	(6,928,307)
	<u>16,657,235</u>	<u>14,862,267</u>

16.3.8 For a change of 100 basis points in these assumptions, keeping other present value of defined benefit obligation as at June 30, 2021 would have been as follows:

	2021		2020	
	Present value of obligation		Present value of obligation	
	1 % Increase	1 % decrease	1 % Increase	1 % decrease
	-----Rupees-----		-----Rupees-----	
Discount rate	82,435,952	103,033,734	78,122,839	98,470,418
Salary increase rate	103,120,919	82,189,169	98,557,355	77,877,524

	2021	2020
The average duration of the defined benefit obligation	11 Years	11 Years

#### 16.3.9 Historical information

	2021	2020	2019	2018
	-----Rupees-----			
Net staff retirement benefit liability	12,662,038	16,787,416	5,273,612	7,079,152
Remeasurement loss on defined benefit plan	5,934,437	10,317,726	4,013,072	4,206,951



<b>16.4 Earnest money</b>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
Bid bonds		
Telenor	-	30,000,000
PTML	-	30,000,000
PMCL	-	10,000,000
CM-PAK	-	30,000,000
Others	210,000	1,010,000
	<u>210,000</u>	<u>101,010,000</u>

- 16.4.1 This represents the bid amount along with the bids obtained from bidders through pay order. Project Bid amount is obtained from service providers as bid bond which is Rs. 10 million for each project (Rs. 5 million for each small Lot). Bid amounts are returned/released immediately to unsuccessful bidders. Bid amount of successful bidders are released on signing of contract with the lowest evaluated bidder.

## **17 CONTINGENCIES AND COMMITMENTS**

### **17.1 Contingencies**

- 17.1.1 During FY 2013-14, the Additional Commissioner Inland Revenue (ACIR) raised a demand in respect of tax years 2008 to 2013, amounting to Rs. 3,939,571,607 by treating the grant received from MoIT&T as taxable income, after giving benefit for the Company's administrative and general expenses. The Company filed appeals against this demand, with the Commissioner Inland Revenue Appeals [CIR(A)], for re-examining of facts for, ignoring the provision of clause 59 of part of 2nd Schedule, limiting the scope of Charitable purpose under section 2(11A) and ignoring the provisions of section 9, of Income Tax Ordinance, 2001 as well as limiting the admissibility of expense by disallowing expenses for projects subsidy grant and projects technical auditors fee. CIR (A) set aside all the orders and remanded back for admissibility of expenses not allowed and instructions that taxation should be made as is done on normal business/profession.

The Company filed appeals with the Appellate Tribunal Inland Revenue (ATIR) against the ACIR's & CIR(A) refusal to treat the Company funding from Government as Government Grants and its operations not of welfare organizations. ATIR during current year decided the appeals of TY 2011 and TY 2012 in Company's favour. Department has filed reference to High Court. The decision of the ATIR for remaining years is pending for adjudication.

Further, management believes that it is not chargeable to tax as the objective of incorporation of the Company is to pursue and implement the objective of the telecom policy announced by Federal Government (FG) to develop communication network in unserved and underserved areas, for this purpose it intends to obtain tax exemption from FG and is hopeful of successful outcome.

Also, based upon the advice of its tax advisors, the Company is confident of a favorable outcome of the above cases. Accordingly, no provision in this regard has been recognized.

- 17.1.2 The Deputy Commissioner Inland Revenue DCIR(Audit), passed the orders for Tax years 2015 to 2020 and raised the demand of Rs. 10,812,425,505, by disallowing the USF Projects Subsidy expense for non withholding u/s 153 & 174(N) and advertisement expense u/s 21(n) considering capital in nature. Company filed appeals to the Commissioner Inland Revenue CIR(A) for ignoring the facts and not considering subsidy payments as exempt. CIR (A) maintained the orders of DCIR(Audit). Company has filed appeals with ATIR. ATIR granted the stay orders till disposal of Appeals. Decision of ATIR is pending for adjudication.
- 17.1.3 The Deputy Commissioner Inland Revenue DCIR(Enforcement), issued notice for 2nd quarter of Tax year 2021 and raised the demand of Rs. 590,651,166 as advance, by considering receipt of grants to USF Co as Turnover u/s 147. Company filed the reply. DCIR (Enforcement) issued notice u/s 138 for payment .of advance tax. USF Co filed the appeal to Islamabad High Court and stay is granted by High Court.
- 17.1.4 Notice of default had been issued to PTCL by USF claiming the amount of late delivery (LD) / deduction of subsidy on the basis of actual BOQ. During the year 2021, PTCL has filed a law suits claiming recovery of amount Rs. 1,460,631,583 in the court of law which are pending in District courts of Islamabad. PTCL has contended that work has been completed in accordance with the contract and delay in the completion of work is protected under force majeure clause to the contract However, USF Co's contests the suit on the grounds that PTCL failed to the project in agreed time. The Honorable court has ordered the parties to maintain the status quo and has restrained from recovery and encashment of bank guarantee till the final outcome of the case. USF anticipates favorable outcome of the case.
- 17.1.5 There are some litigations filed against the USF, in which the Company is involved as proforma defendant/respondent and has no direct financial impact even if cases are decided against USF. Further litigations filed by Company or where Company is Petitioner/Appellant, management is of the opinion that USF has good prima facie cases and cases are likely to be decided in favor of Company and so no provision is made for these litigations in these financial statements.

17.2	Commitments	Note	2021 Rupees	2020 Rupees
	Subsidy grant commitments	19	26,669,344,219	10,168,293,254
	Technical auditor's fee	20	81,670,411	99,457,812
	Monitoring auditor's fee	20.2	12,853,693	9,545,293
<b>18</b>	<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>			
	Salaries and benefits	18.1	289,242,731	271,575,565
	Training & HR development		1,198,014	2,366,574
	Legal and professional charges		42,045,173	22,358,480
	Rent		14,322,000	31,508,400
	Utilities and office supplies		3,139,097	2,543,253
	Communication charges		1,359,014	1,293,483
	Entertainment		832,545	718,728
	Traveling		9,339,611	11,666,274

		<b>2021</b>	<b>2020</b>
		<b>Rupees</b>	<b>Rupees</b>
Printing and stationery		2,545,315	1,748,646
Vehicle fuel expenses		12,125,181	10,174,291
Repairs and maintenance		10,903,214	5,204,257
Advertisement		6,533,572	8,547,563
Depreciation	5	29,520,312	9,838,251
Amortization of intangible asset	6	8,599,639	9,750,795
Interest on finance lease	15	3,634,632	-
Auditors' remuneration	18.2	326,100	446,000
Insurance expense		1,908,051	2,572,881
Bank charges		28,364	20,318
		<u>437,602,565</u>	<u>392,333,759</u>

18.1 Salaries and benefits include Rs. 14,158,734 (June 30, 2020: Rs. 13,708,184) charged in respect of defined benefit scheme.

		<b>2021</b>	<b>2020</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>18.2 Auditors' remuneration:</b>			
Annual audit fee		160,000	200,000
Interim audit fee		75,000	100,000
Review of Code of Corporate Governance		25,000	50,000
Out of Pocket Expense		21,121	35,000
Sales Tax		44,979	61,000
		<u>326,100</u>	<u>446,000</u>





Sr. No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	As of 30 June 2020		Schedulable For the year		Subsidy disbursed For the year	As of 30 June 2021	As of 30 June 2021	Expended discharges for the year	Balances commitment	Risk guarantee	Milestones achieved	
					Capex	Opex	Total	Opex								Total
<b>C/OPTICAL FIBER CABLE- OFC</b>																
1	Baluchistan Package-2	FTCL****	23-Jun-09	1,200,000,000	-	960,000,000	-	-	960,000,000	960,000,000	960,000,000	-	240,000,000	400,000,000	Up to 3rd	
2	Baluchistan Package-3	Waron Telecom	24-Nov-09	986,000,000	-	591,600,000	-	-	591,600,000	591,600,000	-	-	394,400,000	-	Up to 3rd	
3	Baluchistan Package-5	FTCL****	17-May-10	1,498,000,000	-	1,498,000,000	-	-	898,800,000	898,800,000	-	-	599,200,000	Completed		
4	FAZL Package-1	FTCL****	8-Mar-18	379,804,680	-	379,804,680	-	-	379,804,680	379,804,680	-	-	330,000,000	Completed		
5	FAZL Package-2	FTCL****	27-Jun-18	684,486,049	-	280,000,000	-	-	520,000,000	520,000,000	-	-	164,486,049	Completed		
6	OFC-UJ-SD-L071	FTCL****	18-Nov-20	1,310,000,000	-	1,310,000,000	-	-	262,000,000	262,000,000	-	-	1,048,000,000	Up to 1st		
7	OFC-UJ-SD-L072	FTCL****	18-Nov-20	1,756,465,815	-	1,756,465,815	-	-	351,393,163	351,393,163	-	-	1,405,072,652	Up to 1st		
8	OFC-UJ-SD-L073	FTCL****	25-Jun-21	2,100,000,000	-	2,100,000,000	-	-	420,000,000	420,000,000	-	-	1,680,000,000	Up to 1st		
9	OFC-KPK(FA)P42	FTCL****	25-Jun-21	2,559,864,984	-	2,559,864,984	-	-	511,975,996	511,975,996	-	-	2,047,888,988	Up to 1st		
10	OFC-UJ-CPB-L074	Narail	9-Apr-21	1,580,000,000	-	1,580,000,000	-	-	316,000,000	316,000,000	-	-	1,264,000,000	Up to 1st		
11	OFC-UJ-CPB-L075	Narail	9-Apr-21	1,712,000,000	-	1,712,000,000	-	-	342,400,000	342,400,000	-	-	1,369,600,000	Up to 1st		
12	OFC-UJ-CPB-L076	FTCL****	25-Sep-21	1,100,000,000	-	1,100,000,000	-	-	345,000,000	345,000,000	-	-	755,000,000	Up to 1st		
13	OFC-UJ-CPB-L077	FTCL****	25-Sep-21	1,100,000,000	-	1,100,000,000	-	-	345,000,000	345,000,000	-	-	755,000,000	Up to 1st		
14																
				<b>Sub-total (C)</b>	<b>4,044,486,049</b>	<b>4,044,486,049</b>	<b>4,044,486,049</b>	<b>4,044,486,049</b>	<b>2,486,266,159</b>	<b>2,486,266,159</b>	<b>5,096,568,839</b>	<b>12,830,730,799</b>	<b>6,557,733,320</b>			
<b>D/ BROADBAND</b>																
1	HR	FTCL****	24-Nov-09	196,295,292	-	196,295,292	-	-	169,273,356	169,273,356	-	-	-	84,036,679	Completed	
2																
3																
				<b>Sub-total (D)</b>	<b>196,295,292</b>	<b>196,295,292</b>	<b>196,295,292</b>	<b>196,295,292</b>	<b>169,273,356</b>	<b>169,273,356</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,036,679</b>	<b>Completed</b>	
<b>E/ SPECIAL PROJECTS- TELECENTERS</b>																
1																
				<b>Sub-total (E)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Terminated</b>	
<b>F/ SPECIAL PROJECTS- OTHER ICT SERVICES</b>																
1	Computer labs- Government Girls School in Rural Areas of ICT-Rural Areas FDE-I	ICT-Computer	5-Jun-17	168,538,758	-	157,302,839	-	5,617,959	5,617,959	162,920,798	157,302,839	-	5,617,960	2,808,980	Up to 3rd (1st year)	
2	ICTOS-IBR-FDE-I	ICT-Computer	24-Oct-17	540,975,800	-	325,200,370	-	6,578,459	137,387,569	320,967,120	320,967,120	-	82,066,674	1,166,537	Up to 3rd (1st year)	
3	Women Empowerment (Centers-WECTII)	ICT-Computer	24-Oct-17	52,475,700	-	48,977,320	-	1,749,100	1,749,100	48,977,320	48,977,320	-	1,749,100	1,749,100	Up to 3rd (1st year)	
4	Computer labs- Government Girls School in Rural Areas of ICT-Rural Areas FDE-II	ICT-Computer	24-Oct-17	238,089,222	-	211,214,073	-	9,400,574	9,400,574	211,214,073	211,214,073	-	7,474,575	3,801,487	Up to 3rd (1st year)	
5	Computer labs-ICT For Rural Areas of Sp. job line of CAPD	ICT-Computer	8-May-18	23,513,900	-	22,318,800	-	797,100	797,100	22,318,800	22,318,800	-	397,100	797,100	Up to 3rd (1st year)	
6	Computer labs-ICT at SH Institutions	ICT-Computer	31-Dec-18	10,959,000	-	9,863,100	-	365,300	365,300	9,863,100	9,863,100	-	738,600	1,095,900	Up to 1st	
				<b>Sub-total (F)</b>	<b>1,024,051,678</b>	<b>774,876,502</b>	<b>24,508,582</b>	<b>17,106,307</b>	<b>151,838,969</b>	<b>155,317,692</b>	<b>770,641,252</b>	<b>770,641,252</b>	<b>185,972</b>	<b>98,436,899</b>	<b>11,419,304</b>	

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Sr. No.	Project / List	Allotted to	Contract date	Total subsidy as per contract	Subsidy due			Subsidy disbursed		Liquidated damages for the year	Balance commitment	Risk guarantee	Milestones achieved
					As of 30 June 2020	As of 30 June 2021	Total	Open	For the year				

**G) SPECIAL PROJECTS- BITEGAL INCLUSION**

1	Inclusion of students of SHREYANESH through Excellence Delivery(ExD) Pvt. Ltd		1-Aug-18	-	-	-	-	-	-	-	-	-	Contract Terminated
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Sub-total (G)

Total (A+B+C+D+E+F+G) 69,572,742,440 56,756,633,785 5,812,802,384 33,151,863 6,146,569,436 43,903,398,221 37,587,502,872 5,365,658,506 43,353,101,238 786,972 26,669,344,219 24,396,766,329

- \* Telenor Pakistan (Private) Limited (Telco) (a related party)
- \*\* Wind Mobile (Private) Limited (PACEL)
- \*\*\* Wind Telecom (Private) Limited (Warid)
- \*\*\*\* Pakistan Telecommunication Company Limited (PTCL) (a related party)
- \*\*\*\*\* CM Pak Limited
- \*\*\*\*\* Pakistan Telecommunication Mobile Limited (PTMCL) (a related party)

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18.1. SUBSIDY GRANT FOR PROJECTS

Sl. No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	Subsidy due For the year		As of 30 June 2019	As of 30 June 2020	Subsidy disbursed For the year	As of 30 June 2020	Liquidated damages for the year	Balance commitment	Bank guarantee	Milestones achieved
					Capital	Others								
3	FATA-Pakistan-I	PTCL****	27-Jan-18	704,000,000	-	240,000,000	280,000,000	140,000,000	140,000,000	200,000,000	-	470,000,000	280,000,000	Up to 1st
Sub-total (C)				7,951,894,680	6,077,967,722	819,506,958	6,897,494,680	5,698,400,000	599,894,680	6,298,294,680	-	1,054,400,000	3,192,800,000	
<b>(D) BROADBAND</b>														
1	FTR	PTCL****	27-Jan-09	1,183,720,000	-	-	1,183,720,000	1,183,720,000	-	-	-	-	-	Completed
2	WTR	Wipro Telecom	27-Jan-09	258,432,000	-	-	258,432,000	258,432,000	-	-	-	-	-	Completed
3	WTR	PTCL****	25-Jan-09	1,152,452,500	-	-	1,152,452,500	1,152,452,500	-	-	-	-	-	Completed
4	WTR	PTCL****	25-Jan-09	480,651,511	-	-	480,651,511	480,651,511	-	-	-	-	-	Completed
5	WTR	Worldcall Telecom	28-Jul-09	745,332,355	-	-	745,332,355	745,332,355	-	-	-	-	-	Completed
6	FTR	Wipro Telecom	24-Nov-09	196,295,292	-	-	196,295,292	196,295,292	-	-	-	-	-	Completed
7	FTR	Wipro Telecom	24-Nov-09	54,799,000	-	-	54,799,000	54,799,000	-	-	-	-	-	Completed
8	GTR	Worldcall Telecom	10-Mar-10	386,232,553	-	-	386,232,553	386,232,553	-	-	-	-	-	Completed
9	GTR	Worldcall Telecom	10-Mar-10	426,245,870	-	-	426,245,870	426,245,870	-	-	-	-	-	Completed
10	GTR	Wipro Telecom	13-Apr-10	244,869,250	-	-	244,869,250	244,869,250	-	-	-	-	-	Completed
11	CTR	Wipro Telecom	28-Apr-10	-	-	-	-	-	-	-	-	-	-	SSA Interrupted
12	CTR	PTCL****	28-Apr-10	503,272,000	-	-	503,272,000	503,272,000	-	-	-	-	-	Completed
13	STR-Y	PTCL****	8-May-12	941,132,500	-	-	941,132,500	941,132,500	-	-	-	-	-	Completed
14	STR-Y	PTCL****	11-Dec-13	1,391,070,000	-	-	1,391,070,000	1,391,070,000	-	-	-	-	-	Completed
15	STR-Y	PTCL****	12-Dec-13	1,158,050,000	-	-	1,158,050,000	1,158,050,000	-	-	-	-	-	Completed
Sub-total (D)				8,115,848,728	9,115,848,728	-	9,115,848,728	9,088,826,792	-	9,088,826,792	-	-	1,123,895,679	

18.2. SPECIAL PROJECTS- TELECENTERS

Sl. No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	Subsidy due For the year		As of 30 June 2019	As of 30 June 2020	Subsidy disbursed For the year	As of 30 June 2020	Liquidated damages for the year	Balance commitment	Bank guarantee	Milestones achieved
					Capital	Others								
1	Broadband for Meer Baghalval	NAVATEL	15-Mar-10	9,210,918	-	-	9,210,918	9,210,918	-	-	-	-	-	Completed
2	Broadband for Ptok MCT Sites	PTCL	16-Mar-10	27,899,147	-	-	27,899,147	27,899,147	-	-	-	-	-	Project Closed
3	Broadband for Ptok MCT Sites	World Call	31-Mar-10	5,944,157	-	-	5,944,157	5,944,157	-	-	-	-	-	Completed
4	Telecenters (Ten Sites)	PMCL**	18-Apr-17	-	-	-	-	-	-	-	-	-	-	Terminated
Sub-total (E)				43,054,222	43,054,222	-	43,054,222	43,054,222	-	43,054,222	-	-	-	

18.3. SPECIAL PROJECTS-OTHER ICT SERVICES

Sl. No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	Subsidy due For the year		As of 30 June 2019	As of 30 June 2020	Subsidy disbursed For the year	As of 30 June 2020	Liquidated damages for the year	Balance commitment	Bank guarantee	Milestones achieved
					Capital	Others								
1	Rawalpindi / Sukkur / Kohat	Altaba Trust- ICT for Disabled- By graduate / Establishment of Computerized Lab Pakistan	8-Jul-08	24,716,660	-	-	24,716,660	24,716,660	-	-	-	-	-	Completed
2	Rawalpindi / Islamabad	Foundation Fighting Blindness- PFFB - ICT for Disabled- Up	15-Sep-08	6,494,118	-	-	6,494,118	6,494,118	-	-	-	-	-	Completed
3	Rawalpindi / Karachi / Multan	Oncarier Technologies Pvt Ltd - Telemedicine Project	14-Oct-11	59,657,213	-	-	59,657,213	59,657,213	-	-	-	-	-	Completed
4	Pezaro	Cadet College Peshawar- Model ICT Labs	2-Apr-11	23,690,883	-	-	23,690,883	23,690,883	-	-	-	-	-	Completed
5	Educational Institutions, Birla Mah. Sweet Homes	13 Computer labs in Selected Institutions- Neutral	5-Nov-15	26,793,249	-	-	26,793,249	26,793,249	-	-	-	-	-	Up to 4th (End Year)
Sub-total (F)				119,358,123	119,358,123	-	119,358,123	119,358,123	-	119,358,123	-	-	-	



19.1 SUBSIDY GRANT FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total subsidy as per contract	Subsidy due For the year			As of 30 June 2020	As of 30 June 2019	Subsidy delivered For the year	As of 30 June 2020	Liquidated damages for the year	Balance commitment	Bank guarantee	Milestones achieved
					Capex	Opex	Total								
6	Women Empowerment Centre- WELC	Establishment of 50 Computer labs- Computer Marketing Co Pvt Ltd	15-May-16	108,448,711	7,229,914	-	7,229,914	108,448,711	101,218,797	7,229,914	108,448,711	215,776	-	4,019,308	Completed
7	Women Empowerment Centre- WELC	Establishment of 50 Computer labs Analytical Solutions Pvt Ltd	9-Jun-17	98,950,950	6,596,730	-	6,596,730	98,950,950	92,554,220	6,596,730	98,950,950	-	-	-	Completed
8	Computer labs-Government Girls School-ICT Rural Area FDE-I	Establishment of 107 Computer labs at Government Girls School in Rural Areas of Recruitment, Management, Equipment & Maintenance Operations 202	5-Jun-17	168,538,758	5,817,958	-	5,817,958	157,302,839	151,644,881	5,817,958	157,302,839	-	31,255,919	16,853,876	Up to 2nd (1st year)
9	ICTGS-IB-FDE-I	138,403,782	34-Oct-17	415,081,588	6,381,817	131,813,782	138,295,579	325,200,370	182,559,224	138,295,579	320,997,120	-	87,881,198	2,524,156	Train-25 Salary June & Adam June
10	Women Empowerment Centre- WELC	Establishment of 45 Computer Labs in Women Empowerment Centres-Multitask Girls School	24-Oct-17	52,475,300	1,740,190	-	1,740,190	48,972,320	47,228,130	1,740,190	48,972,320	-	3,498,340	1,749,200	Up to 2nd (1st Year)
11	Computer labs-Government Girls School-ICT Rural Area FDE-II	Establishment of 6 119 Computer labs at Government Girls School in Rural Areas of	24-Oct-17	228,089,232	7,474,574	960,000	8,437,574	211,214,073	202,776,499	8,437,574	211,214,073	-	16,875,149	7,602,974	Up to 2nd (1st Y Warranty)/ 6th Qtr
12	Computer labs-ICT For National Library & Sp. abn line of CADB	Establishment of 6 Computer labs - Analytical Solutions Pvt Ltd	8-May-18	25,913,000	797,100	-	797,100	22,318,800	21,521,700	797,100	22,318,800	-	1,594,200	797,100	Up to 1st (1st Y Warranty)
13	Computer labs-ICT at Six Girls Educational Institutions	Establishment of 6 Computer labs - Analytical Solutions Pvt Ltd	31-Dec-18	10,959,000	-	-	-	9,863,100	9,863,100	-	9,863,100	-	1,095,900	1,095,900	Up to 1st
<b>Sub-total (F)</b>				1,245,809,832	36,897,283	131,776,782	168,824,045	1,123,628,286	956,558,674	168,824,045	1,119,395,036	215,776	123,168,746	34,443,014	

19.2 SPECIAL PROJECTS, CRITICAL INCLUSIONS

Sr. No.	Project Name	Contract Date	Total Subsidy as per contract	Subsidy due For the year	As of 30 June 2020	As of 30 June 2019	Subsidy delivered For the year	As of 30 June 2020	As of 30 June 2019	Liquidated damages for the year	Balance commitment	Bank Guarantee	Milestones achieved	
1	Eschobee through E-Commerce	1-Aug-18	409,000,000	-	-	-	-	-	-	-	409,000,000	40,000,000	Contract Signed	
<b>Sub-total (G)</b>				409,000,000	-	-	-	-	-	-	409,000,000	40,000,000		
<b>Total (A+B+C+D+E+F+G)</b>				1,654,809,832	36,897,283	131,776,782	168,824,045	1,532,452,331	956,558,674	168,824,045	1,529,790,072	215,776	163,177,492	34,477,014

- \* Teloner Polisons (Private) Limited (Teloner) (a related party)
- \*\* Pakistan Mobile Communication Limited (PMCL)
- \*\*\* World Telecom (Private) Limited (World)
- \*\*\*\* Pakistan Telecommunication Company Limited (PTCL) (a related party)
- \*\*\*\*\* CM Park Limited
- \*\*\*\*\* Pakistan Telecom Mobile Limited (PTML) (None) (a related party)

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20 FEE TO TECHNICAL AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Technical audit fee due		Technical audit fee disbursed		Balance commitment	Milestones achieved	
					As of 30 June, 2020	For the year	As of 30 June, 2021	For the year			
Rupees											
<b>A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM</b>											
1	Turbat	Technology at	21-Mar-14	5,656,303	4,252,911	-	4,150,170	-	1,383,392	Up to 4th	
2	Kohistan	Fuairat Pvt Ltd	20-Dec-17	11,500,000	4,600,000	2,300,000	4,600,000	2,300,000	4,600,000	Up to 3rd	
3	Khyber	Exceleron	14-Feb-19	7,495,156	12,913	7,495,156	7,482,243	12,913	7,495,156	Completed	
4	North Waziristan	Ranop Solutions	17-Dec-19	6,888,050	1,528,146	-	1,528,146	1,528,146	5,359,904	Up to 2nd	
5	South Waziristan	Ranop Solutions	17-Dec-19	8,209,404	-	-	-	-	8,209,404	Contract Signed	
6	Dera Bugti	Komkomsult ****	20-Feb-20	2,921,074	2,921,074	-	2,921,074	2,921,074	-	Completed	
7	Mohmand	Komkomsult ****	20-Feb-20	6,579,069	2,723,870	2,723,870	2,723,870	2,723,870	3,855,199	Up to 2nd	
				<b>49,229,056</b>	<b>16,335,154</b>	<b>9,486,003</b>	<b>16,335,413</b>	<b>9,486,003</b>	<b>25,718,416</b>	<b>23,407,899</b>	
<b>Sub-total (A)</b>											
<b>B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM</b>											
1	NH&MW Lot-1	Komkomsult ****	23-Jul-19	4,950,498	3,470,426	-	3,470,426	1,005,656	4,476,082	474,416	Up to 4th
2	Dadu	Myson Engineering	25-Nov-19	10,388,000	4,761,000	2,784,000	4,761,000	2,784,000	7,545,000	2,843,000	Up to 3rd
3	NH&MW Lot-2(NH 25&65)	Myson Engineering	03-Feb-20	3,819,450	752,468	707,900	752,468	707,900	1,460,368	2,359,082	Up to 2nd
4	NH&MW Lot-3(NH 50&70)	Myson Engineering	03-Feb-20	3,455,806	1,175,316	949,560	949,560	1,175,316	2,124,876	1,330,930	Up to 3rd
5	Hyderabad	Komkomsult Private	20-Feb-20	7,664,803	-	-	-	-	7,664,803	-	Completed
6	Bahawalpur	Komkomsult Private	20-Feb-20	5,985,310	771,355	2,298,287	771,355	1,526,932	2,298,287	3,687,023	Up to 3rd
7	Bahawalnagar	Komkomsult Private	06-May-20	4,595,985	-	-	-	-	4,595,985	-	Up to 3rd
8	Rahimyarkhan	Komkomsult Private	06-May-20	5,495,586	2,414,803	2,414,803	2,414,803	2,414,803	3,080,283	1,782,034	Up to 2nd
9	Dera Ghazi Khan	Komkomsult Private	06-May-20	6,997,725	2,585,179	2,585,179	2,585,179	2,585,179	4,412,546	1,307,500	Up to 1st
10	Small Lot S3	Myson Engineering	06-May-20	1,307,500	-	-	-	-	1,307,500	Contract Signed	
11	Tharparkeer	Ranop Solutions	25-May-20	4,569,017	2,878,905	2,878,905	2,878,905	2,878,905	1,690,112	1,690,112	Up to 3rd
12	Sambar	Myson Engineering	25-Nov-20	6,687,825	4,210,000	4,210,000	4,210,000	4,210,000	2,477,825	2,477,825	Up to 3rd
13	Kurrain	Exceleron	01-Dec-20	2,106,417	-	-	-	-	2,106,417	Contract Signed	
14	Small Lot Islamabad-1	Exceleron	01-Dec-20	495,095	-	-	-	-	495,095	Contract Signed	
15	Small Lot P4	Exceleron	01-Dec-20	722,744	455,016	455,016	455,016	455,016	267,728	267,728	Up to 1st
16	Muzaffargarh	Myson Engineering	10-Dec-20	7,281,150	1,326,000	1,326,000	1,326,000	1,326,000	5,955,150	1,326,000	Up to 1st
17	Small Lot Baluchistan-2	Myson Engineering	26-Mar-21	618,850	396,000	396,000	396,000	396,000	222,850	222,850	Up to 1st
18	Small Lot Baluchistan-3	Myson Engineering	26-Mar-21	354,600	201,000	201,000	201,000	201,000	153,600	153,600	Up to 1st
19	Bolan	LCC	01-Apr-21	8,043,300	5,286,000	5,286,000	5,286,000	5,286,000	2,757,300	2,757,300	Up to 3rd
20	Ghotki	LCC	01-Apr-21	8,925,655	-	-	-	-	8,925,655	Contract Signed	
21	Jaffarabad	Relacom	18-May-21	3,903,500	-	-	-	-	3,903,500	Contract Signed	
<b>Sub-total (B)</b>				<b>98,368,906</b>	<b>10,704,899</b>	<b>37,431,551</b>	<b>48,136,360</b>	<b>10,704,899</b>	<b>37,431,551</b>	<b>48,136,360</b>	<b>50,232,546</b>
<b>C) OPTICAL FIBER CABLE- OFC</b>											
1	Balochistan Package-2	Shaukat Harat	21-May-10	8,601,988	6,245,588	-	6,245,588	6,245,588	2,356,400	Up to 3rd, 2 Idle days	
2	Balochistan-Punjab Package-TEACH ***	TEACH ***	16-Apr-14	8,974,928	4,487,464	-	4,487,464	4,487,464	4,487,464	Up to 3rd	
3	FATA Package-1	Global Enterprises	16-Apr-14	8,450,135	3,166,209	5,283,926	3,166,209	5,283,926	8,450,135	Completed	
<b>Sub-total (C)</b>				<b>26,027,051</b>	<b>13,899,261</b>	<b>5,283,926</b>	<b>19,183,187</b>	<b>13,899,261</b>	<b>5,283,926</b>	<b>19,183,187</b>	<b>6,643,864</b>

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Technical audit fee due		Technical audit fee disbursed		Balance commitment	Milestones achieved
					As of 30 June, 2020	For the year	As of 30 June, 2020	For the year		
Rupees										
<b>D) BROADBAND</b>										
1	HTR-PTCL	People Logic	27-Jul-10	4,217,788	3,387,516	-	3,422,676	-	830,272	Up to 4th & title days
2	HTR-Watson	People Logic	27-Jul-10	2,343,463	1,987,633	-	1,987,633	-	355,830	Up to 4th and title days
				6,561,251	5,375,149	-	5,410,309	-	1,186,102	
				<b>Sub-total (D)</b>					<b>5,410,309</b>	
				<b>Total (A+B+C+D)</b>					<b>98,448,272</b>	
					46,314,373	52,201,480	46,246,792	52,201,480	98,448,272	81,670,411

- \* Telecom Services & Consultants (Private) Limited- Tel-e-Com
- \*\* Optiwave Technologies (Pvt.) Ltd.
- \*\*\* Telecom Engineering & Consultancy House (Pvt) Limited- TEACH
- \*\*\*\* Konsanali Private Limited
- \*\*\*\*\* GlotTech Services Pakistan Pvt Ltd

2b.1 FEE TO TECHNICAL AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Technical audit fee due		As of 30 June, 2020	Technical audit fee disbursed		Balance commitment	Milestones achieved
					As of 30 June, 2019	For the year		As of 30 June, 2019	For the year		
<b>A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM</b>											
1	Malakand	Telecom Services*	02-Aug-08	5,000,000	5,000,000	-	5,000,000	5,000,000	-	-	Contract Closed
2	DG Khan	Telecom Services**	01-Jan-09	12,594,400	12,594,400	-	12,594,400	12,594,400	-	-	Completed
3	Sukkur	Optiwave**	01-Jan-09	11,327,700	11,327,700	-	11,327,700	11,327,700	-	-	Completed
4	Bahawalpur	Telecom Services*	26-Mar-09	8,975,000	8,975,000	-	8,975,000	8,975,000	-	-	Completed
5	Dadu	Myson Engineering	15-Apr-09	6,400,000	6,400,000	-	6,400,000	6,400,000	-	-	Completed
6	Pishin	Myson Engineering	15-Apr-09	6,700,000	6,700,000	-	6,700,000	6,700,000	-	-	Completed
7	Mamshra	Optiwave**	09-Dec-09	5,264,040	5,264,040	-	5,264,040	5,264,040	-	-	Up to 2nd, Contract Closed
8	Mirpurkhas	Telecom Services*	30-Dec-09	3,375,000	3,375,000	-	3,375,000	3,375,000	-	-	Completed
9	Nasirabad	Technology at	08-Feb-10	7,809,678	7,809,678	-	7,809,678	7,809,678	-	-	Completed/Idle days
10	Turbat	Technology at	21-May-14	5,636,303	4,252,911	-	4,252,911	4,150,170	-	1,383,392	Up to 4th
11	Mastung	Komkonsult****	23-May-14	2,895,572	2,895,572	-	2,895,572	2,895,572	-	-	Completed
12	Chitral	Myson Engineering	03-Nov-15	10,108,262	10,108,262	-	10,108,262	10,108,262	-	-	Completed
13	Sibi	Myson Engineering	11-May-16	3,818,570	3,818,570	-	3,818,570	3,818,570	-	-	Completed
14	Shangla	GloTech Services	30-Jun-16	3,457,792	3,457,792	-	3,457,792	3,457,792	-	-	Completed
15	Zhob	Myson Engineering	05-Dec-16	5,163,991	5,163,991	-	5,163,991	5,163,991	-	-	Completed
16	Khuzdar	GloTech Services	28-Mar-17	5,525,869	5,525,869	-	5,525,869	5,525,869	-	-	Completed
17	Chagai	Futurest Pvt Ltd	24-Mar-17	2,530,079	2,530,079	-	2,530,079	2,530,079	-	-	Completed
18	Awaran-Lashela	Komkonsult****	31-Jul-17	3,667,540	3,667,540	-	3,667,540	3,667,540	-	-	Completed
19	Kharan-Washuk	Komkonsult****	20-Dec-17	5,624,665	4,165,764	1,458,901	4,165,764	1,458,901	5,624,665	-	Completed
20	Kohistan	Futurest Pvt Ltd	20-Dec-17	11,500,000	2,300,000	4,600,000	2,300,000	2,300,000	4,600,000	6,900,000	Up to 2nd
21	Khayber	Exceleron	14-Feb-19	9,195,579	3,801,900	3,680,343	3,801,900	3,680,343	7,482,243	1,713,336	Up to 4th
22	DI Khan	Myson Engineering	14-Feb-19	11,111,750	10,986,750	125,000	11,111,750	10,986,750	125,000	11,111,750	Completed
23	North Waziristan	Ranop Solutions	17-Dec-19	6,888,050	-	-	-	-	-	6,888,050	Contract Signed
24	South Waziristan	Ranop Solutions	17-Dec-19	8,209,404	-	-	-	-	-	8,209,404	Contract Signed
25	Dera Bugti	Komkonsult****	20-Feb-20	5,375,831	-	-	-	-	-	5,375,831	Contract Signed
26	Mohmand	Komkonsult****	20-Feb-20	6,579,069	-	-	-	-	-	6,579,069	Contract Signed
<b>Sub-total (A)</b>				<b>174,734,144</b>	<b>130,120,818</b>	<b>7,564,244</b>	<b>137,685,062</b>	<b>130,018,077</b>	<b>7,564,244</b>	<b>37,049,082</b>	

**B) NEXT GENERATION-BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM**

1	NH&MW Lot-1	Komkonsult****	23-Jul-19	4,950,498	-	3,470,426	3,470,426	3,470,426	1,480,072	1,480,072	Up to 3rd
2	Dadu	Myson Engineering	25-Nov-19	10,388,000	-	4,761,000	4,761,000	4,761,000	5,627,000	5,627,000	Up to 2nd
3	NH&MW Lot-2(NH 25&65)	Myson Engineering	03-Feb-20	3,819,450	-	752,468	752,468	752,468	3,066,982	3,066,982	Up to 1st
4	NH&MW Lot-3(NH 50&70)	Myson Engineering	03-Feb-20	3,455,806	-	949,560	949,560	949,560	2,506,246	2,506,246	Up to 1st
5	Hyderabad	Komkonsult Private	20-Feb-20	7,861,555	-	-	-	-	7,861,555	7,861,555	Contract Signed
6	Bahawalpur	Komkonsult Private	20-Feb-20	5,985,310	-	771,355	771,355	771,355	5,213,955	5,213,955	Up to 1st
7	Bahawalnagar	Komkonsult Private	06-May-20	4,595,985	-	-	-	-	4,595,985	4,595,985	Contract Signed
8	Rahimyar Khan	Komkonsult Private	06-May-20	5,495,586	-	-	-	-	5,495,586	5,495,586	Contract Signed
9	Dera Ghazal Khan	Komkonsult Private	06-May-20	6,997,725	-	-	-	-	6,997,725	6,997,725	Contract Signed
10	Small Lot 53	Myson Engineering	06-May-20	1,307,500	-	-	-	-	1,307,500	1,307,500	Contract Signed
11	Tharparker	Ranop Solutions	25-May-20	4,569,017	-	-	-	-	4,569,017	4,569,017	Contract Signed
<b>Sub-total (B)</b>				<b>59,426,432</b>	<b>-</b>	<b>10,704,809</b>	<b>10,704,809</b>	<b>10,704,809</b>	<b>10,704,809</b>	<b>48,721,623</b>	

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20.1 FEE TO TECHNICAL AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Technical audit fee due		Technical audit fee disbursed		Balance commitment	Milestones achieved
				As of 30 June, 2019	For the year	As of 30 June, 2020	For the year		
Rupees									
<b>C) OPTICAL FIBER CABLE- OFC</b>									
1	Sindh-Package	Technology at	29-Sep-09	12,002,488	-	12,002,488	-	-	Completed & Idle days
2	Balochistan Package-1	Technology at	17-Mar-10	7,226,443	-	7,226,443	-	-	Completed, 2 Idle days
3	Balochistan Package-2	Shaukat Hyatt	21-May-10	8,601,988	-	6,245,588	-	2,356,400	Up to 3rd, 2 Idle days
4	Balochistan-Punjab Package-	Teralight Limited	27-Sep-10	835,858	-	835,858	-	-	Up to 1st, Contract Closed
5	Balochistan-Punjab Package-TEACH ***	TEACH ***	19-May-11	1,425,000	-	1,425,000	-	-	Up to 2nd/3rd 50%
6	Balochistan-Punjab Package-TEACH ***	TEACH ***	28-Oct-13	3,952,193	-	3,952,193	-	-	Completed
7	Balochistan-Punjab Package-TEACH ***	TEACH ***	16-Apr-14	8,974,928	-	4,487,464	-	4,487,464	Up to 3rd
8	FATA Package-1	Global Enterprises		8,823,350	-	3,166,209	-	5,657,141	Up to 1st
<b>Sub-total (C)</b>				<b>36,175,034</b>	<b>3,166,209</b>	<b>39,341,243</b>	<b>3,166,209</b>	<b>39,341,243</b>	<b>12,501,005</b>
<b>D) BROADBAND</b>									
1	STR-1	BIDCON	27-Jul-10	13,689,376	-	13,689,376	-	-	Completed
2	HTR-PTCL	People Logie	27-Jul-10	4,217,788	-	3,422,676	-	830,272	Up to 4th & Idle days
3	HTR-Wateen	People Logie	27-Jul-10	2,343,463	-	1,987,633	-	355,830	Up to 4th and Idle days
4	MTR-World call	Emerging Systems	27-Jul-10	7,336,740	-	7,336,740	-	-	Completed
5	MTR-PTCL	Emerging Systems	27-Jul-10	10,567,406	-	10,567,406	-	-	Completed
6	CTR	Opnwave **	05-Aug-11	-	-	-	-	-	Advance refunded,
7	GTR-World call	Technology at	05-Aug-11	3,508,042	-	3,508,042	-	-	Completed
8	GTR-Wateen	Technology at	05-Aug-11	1,590,300	-	1,590,300	-	-	Completed
9	GTR-PTCL	Technology at	05-Aug-11	2,783,025	-	2,783,025	-	-	Completed
10	FTR-PTCL	Technology at	18-Apr-14	5,492,920	-	5,492,920	-	-	Completed, Descoped
11	FTR-Wateen	Technology at	18-Apr-14	1,386,228	-	1,386,228	-	-	Completed
12	STR-V PTCL	Seronic Pvt Limited	22-May-14	2,766,000	-	2,766,000	-	-	upto 2nd Contract Closed
13	NTR-1 PTCL	Seronic Pvt Limited	17-Oct-14	4,840,500	-	4,840,500	-	-	Completed
14	RTR-1 PTCL	Makkays	23-Oct-14	3,678,350	-	3,678,350	-	-	Completed
15	STR-V PTCL	Emerging Systems	26-Dec-18	8,331,900	2,832,846	5,499,054	2,832,846	8,331,900	Completed
<b>Sub-total (D)</b>				<b>68,513,090</b>	<b>2,832,846</b>	<b>71,345,936</b>	<b>2,832,846</b>	<b>71,381,096</b>	<b>1,186,102</b>
<b>Total (A+B+C+D)</b>				<b>358,534,862</b>	<b>234,808,942</b>	<b>259,077,050</b>	<b>24,268,108</b>	<b>259,009,469</b>	<b>99,457,812</b>

\* Telecom Services & Consultancy (Private) Limited- Teh-e-Cell  
 \*\* Opnwave Technologies (Pvt.) Ltd.  
 \*\*\* Telecom Engineering & Consultancy House (Pvt) Limited- Te-ACH  
 \*\*\*\* Komkonult Private Limited  
 \*\*\*\*\* GloTech Services Pakistan Pvt Ltd

20.2 FEE TO MONITORING AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Technical audit fee due			Technical audit fee disbursed		Balance commitment	Milestones achieved	
					As of 30 June, 2020	For the year	As of 30 June, 2021	As of 30 June, 2020	For the year			As of 30 June, 2021
<b>Rspees</b>												
<b>A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM</b>												
1	Turbat	Exceleron	03-Mar-20	1,028,890	-	1,028,890	1,028,890	-	1,028,890	1,028,890	-	Contract Signed
2	Awaran-Lasbela	Exceleron	03-Mar-20	1,125,071	-	1,125,071	1,125,071	-	1,125,071	1,125,071	-	Completed
3	Mastung	Ranop Solutions	10-Mar-20	758,200	-	758,200	758,200	-	758,200	758,200	-	Completed
4	Chitral	Ranop Solutions	10-Mar-20	653,150	-	653,150	653,150	-	653,150	653,150	-	Completed
5	DI Khan	Ranop Solutions	10-Mar-20	850,000	-	850,000	850,000	-	850,000	850,000	-	Completed
6	Nasirabad	Myson Engineering	04-Jun-20	999,240	-	999,240	999,240	-	999,240	999,240	-	Completed
7	Khuzdar	Komkonsult Private	04-Jun-20	1,990,000	-	1,990,000	1,990,000	-	1,990,000	1,990,000	-	Completed
8	Chagai	Komkonsult Private	04-Jun-20	1,217,647	-	1,217,647	1,217,647	-	1,217,647	1,217,647	-	Completed
9	Kalat	Exceleron	04-Jun-20	882,960	-	882,960	882,960	-	882,960	882,960	-	Completed
10	Kharan-Washuk	Global Enterprises	11-Aug-20	2,436,000	-	2,436,000	2,436,000	-	2,436,000	2,436,000	-	Completed
11	Sibi	Global Enterprises	11-Aug-20	1,914,000	-	1,914,000	1,914,000	-	1,914,000	1,914,000	-	Completed
12	Shangla	Exceleron	05-Oct-20	1,197,530	-	1,197,530	1,197,530	-	1,197,530	1,197,530	-	Completed
13	Small Lot B-1	Exceleron	05-Oct-20	653,472	-	653,472	653,472	-	653,472	653,472	-	Completed
14	Zhob	Netkom	16-Oct-20	1,668,932	-	1,668,932	1,668,932	-	1,668,932	1,668,932	-	Completed
15	Khyber	Myson Engineering	22-Dec-20	725,000	-	725,000	725,000	-	725,000	725,000	-	Completed
16	Chagai	Myson Engineering	12-Mar-21	800,000	-	800,000	800,000	-	800,000	800,000	-	Completed
17	Kalat	Myson Engineering	12-Mar-21	975,000	-	975,000	975,000	-	975,000	975,000	-	Completed
18	Mastung	Global Enterprises	16-Mar-21	1,345,000	-	1,345,000	1,345,000	-	1,345,000	1,345,000	-	Completed
19	Khuzdar	Global Enterprises	16-Mar-21	2,838,817	-	2,838,817	2,838,817	-	2,838,817	2,838,817	-	Completed
20	Chitral	Global Enterprises	16-Mar-21	3,620,991	-	3,620,991	3,620,991	-	3,620,991	3,620,991	-	Completed
21	DI Khan	Komkonsult Private	16-Mar-21	1,348,836	-	1,348,836	1,348,836	-	1,348,836	1,348,836	-	Completed
22	Turbat	Komkonsult Private	16-Mar-21	1,107,714	-	1,107,714	1,107,714	-	1,107,714	1,107,714	-	Completed
23	Shangla	Netkom	19-Mar-21	2,669,500	-	2,669,500	2,669,500	-	2,669,500	2,669,500	-	Completed
24	Awaran-Lasbela	Ranop Solutions	05-Apr-21	2,000,000	-	-	-	-	-	2,000,000	-	Contract Signed
25	Kharan-Washuk	Ranop Solutions	05-Apr-21	2,299,992	-	-	-	-	-	2,299,992	-	Contract Signed
26	Nasirabad	Ranop Solutions	05-Apr-21	1,400,000	-	1,400,000	1,400,000	-	1,400,000	1,400,000	-	Completed
27	Sibi	Exceleron	05-May-21	4,453,437	-	4,453,437	4,453,437	-	-	-	-	Completed
28	Small Lot B-1	Myson Engineering	06/05/2021	700,000	-	-	-	-	-	700,000	-	Contract Signed
29	Khyber	Netkom	18/05/2021	3,347,731	-	-	-	-	-	3,347,731	-	Contract Signed
<b>Sub-total (A)</b>				<b>47,007,110</b>	<b>-</b>	<b>38,659,387</b>	<b>38,659,387</b>	<b>-</b>	<b>34,205,950</b>	<b>34,205,950</b>	<b>8,347,723</b>	
<b>B) OPTICAL FIBER CABLE- OFC</b>												
1	Sindh-Package	TEACH	23-Apr-21	2,926,170	-	-	-	-	-	-	-	2,926,170
2	FATA Package-1(KPK)	TEACH	23-Apr-21	2,103,330	-	2,103,330	2,103,330	-	2,103,330	2,103,330	-	Completed
3	Balochistan Package-1	Jovn	30-Apr-21	594,000	-	-	-	-	-	-	-	594,000
4	Balochistan-Punjab Pckg-4	Jovn	30-Apr-21	985,800	-	-	-	-	-	-	-	985,800
5	Balochistan Package-2											
6	Balochistan-Punjab Pckg-3											
7	Balochistan-Punjab Pckg-5											
8												
<b>Sub-total (B)</b>				<b>6,609,300</b>	<b>-</b>	<b>2,103,330</b>	<b>2,103,330</b>	<b>-</b>	<b>2,103,330</b>	<b>2,103,330</b>	<b>4,505,970</b>	
<b>Total (A+B)</b>				<b>53,616,410</b>	<b>-</b>	<b>40,762,717</b>	<b>40,762,717</b>	<b>-</b>	<b>36,309,280</b>	<b>36,309,280</b>	<b>12,853,693</b>	

20.2 FEE TO MONITORING AUDITORS FOR PROJECTS

Sr. No.	Project / Lot	Allotted to	Contract date	Total cost as per contract	Technical audit fee due			Technical audit fee disbursed			Balance commitment	Milestones achieved
					As of 30 June, 2019	For the year	As of 30 June, 2020	As of 30 June, 2019	For the year	As of 30 June, 2020		
Rupees												
A) BROADBAND FOR SUSTAINABLE DEVELOPMENT PROGRAM												
1	Turbat	Exceleron	03-Mar-20	1,028,890	-	-	-	-	-	-	1,028,890	Contract Signed
2	Awaran-Jasbela	Exceleron	03-Mar-20	1,125,071	-	-	-	-	-	-	1,125,071	Contract Signed
3	Maslung	Ranop Solutions	10-Mar-20	758,200	-	-	-	-	-	-	758,200	Contract Signed
4	Chitral	Ranop Solutions	10-Mar-20	653,150	-	-	-	-	-	-	653,150	Contract Signed
5	DI Khan	Ranop Solutions	10-Mar-20	850,000	-	-	-	-	-	-	850,000	Contract Signed
6	Nasirabad	Mysore Engineering	04-Jun-20	999,240	-	-	-	-	-	-	999,240	Contract Signed
7	Khuzdar	Komikonsult Private	04-Jun-20	1,990,000	-	-	-	-	-	-	1,990,000	Contract Signed
8	Chagai	Komikonsult Private	04-Jun-20	1,217,647	-	-	-	-	-	-	1,217,647	Contract Signed
9	Kalat	Exceleron	04-Jun-20	923,095	-	-	-	-	-	-	923,095	Contract Signed
<b>Sub-total (A)</b>				<b>9,545,293</b>	-	-	-	-	-	-	<b>9,545,293</b>	

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**21 FINANCIAL ASSETS AND LIABILITIES**

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

Description	As of 30 June, 2021				Non interest / mark up bearing
	Total	Interest/mark up bearing		Sub total	
		Maturity up to one year	Maturity after one year		
Rupees					
<b>Financial assets</b>					
<b>At amortized cost</b>					
Long term advances	1,265,420	-	-	-	1,265,420
Interest accrued	46,566,478	-	-	-	46,566,478
Other receivables	1,722,238,808	-	-	-	1,722,238,808
Bank balances	3,311,414,707	-	-	-	3,311,414,707
	<u>5,081,485,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,081,485,413</u>
<b>Financial liabilities</b>					
<b>Carried at amortised cost</b>					
Trade and other payables	2,778,170,512	-	-	-	2,778,170,512
	<u>2,778,170,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,778,170,512</u>
<b>On balance sheet gap</b>	<u>2,303,314,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,303,314,901</u>
<b>Off balance sheet item</b>					
Financial commitment	26,763,868,323	-	-	-	26,763,868,323
<b>Total gap</b>	<u>(24,460,553,422)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,460,553,422)</u>

Effective interest rate has been mentioned in the respective note. The risk does not have any impact on company financial position as projects are funded by Government of Pakistan.

Description	As of 30 June, 2020				Non interest / mark up bearing
	Total	Interest/mark up bearing		Sub total	
		Maturity up to one year	Maturity after one year		
Rupees					
<b>Financial assets</b>					
<b>At amortized cost</b>					
Long term advances	2,267,085	-	-	-	2,267,085
Interest accrued	133,093,896	-	-	-	133,093,896
Other receivables	1,722,438,824	-	-	-	1,722,438,824
Bank balances	2,877,921,554	-	-	-	2,877,921,554
	<u>4,735,721,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,735,721,359</u>
<b>Financial liabilities</b>					
<b>Carried at amortised cost:</b>					
Trade and other payables	863,164,429	-	-	-	863,164,429
	<u>863,164,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>863,164,429</u>
<b>On balance sheet gap</b>	<u>3,872,556,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,872,556,930</u>
<b>Off balance sheet item</b>					
Financial commitment	10,277,296,359	-	-	-	10,277,296,359
<b>Total gap</b>	<u>(6,404,739,429)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,404,739,429)</u>

Effective interest rate has been mentioned in the respective note. The risk does not have any impact on company financial position as projects are funded by Government of Pakistan.



## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk and
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### 22.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company's credit risk is primarily attributable to advances, deposits, interest accrued, other receivables and balance at bank.

The Company limits its exposure to credit risk by maintaining bank account only with counterparties that have a credit rating of at least A1 and A. Considering the high credit rating, the credit risk in respect of bank balance is considered to be low. The Company's other financial assets are not significant to its operations. The carrying values of financial assets represents the maximum credit exposure at the reporting date are as follows:

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
Long term advances	1,265,420	2,267,085
Interest accrued	46,566,478	133,093,896
Other receivables	1,722,238,808	1,722,438,824
Bank balance	<u>3,311,414,707</u>	<u>2,877,921,554</u>
	<u>5,081,485,413</u>	<u>4,735,721,359</u>

The credit quality of financial assets, for which the counter party is a bank, can be assessed by reference to external credit ratings as shown below:

			2021 Rupees	2020 Rupees
<b>Bank name:</b>	<b>Rating</b>	<b>Rating Agency</b>		
National Bank of Pakistan	AAA/A-1+	JCR-VIS/PACRA		
Bank balance			3,311,414,707	2,877,921,554
Interest accrued			46,566,478	133,093,896
			<u>3,357,981,185</u>	<u>3,011,015,450</u>

The management believes that no expected credit loss allowance is required in respect of these financial assets unless explicitly stated in the respective notes.

## 22.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed condition, without incurring any unacceptable loss or damage to the Company's reputation.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	Carrying amount	Contractual cash flows	Maturity up to 1 year	Maturity over 1 year and up to 5 years
		-----Rupees-----		
<b>2021</b>				
Project subsidy payable	2,762,587,102	2,762,587,102	2,762,587,102	-
Technical auditor fee payable	4,556,178	4,556,178	4,556,178	-
Payable to suppliers	8,294,103	8,294,103	8,294,103	-
Accrued liabilities	2,523,129	2,523,129	2,523,129	-
Earnest money	210,000	210,000	210,000	-
	<u>2,778,170,512</u>	<u>2,778,170,512</u>	<u>2,778,170,512</u>	<u>-</u>
<b>2020</b>				
Project subsidy	741,985,662	741,985,662	741,985,662	-
Technical auditor fee payable	102,741	102,741	102,741	-
Payable to suppliers	7,192,302	7,192,302	7,192,302	-
Accrued liabilities	2,370,924	2,370,924	2,370,924	-
Earnest money	101,010,000	101,010,000	101,010,000	-
	<u>852,661,629</u>	<u>852,661,629</u>	<u>852,661,629</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

## 22.3 Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, due to changes in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Company is not significantly exposed to market risk.

**22.3.1 Currency risk**

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is not exposed to currency risks as it has no transaction in foreign currency.

**22.3.2 Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

The Company has no significant long-term interest bearing financial asset and liability whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets include Rs. 11,367,478 (2020: Rs. 2,877,897,060) which earn interest. Applicable interest rates for financial assets have been indicated in note 12.2.

As the interest rates on the Company's financial assets are fixed, there is no exposure to any fluctuation in future cash flows.

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not hold any financial asset at fair value through profit and loss. Therefore a change in interest rate at reporting date would not affect income and expenditure account of the Company.

**22.3.3 Other price risk**

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

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

**22.4 Off-setting of financial assets and liabilities**

The Company does not off-set any of its financial assets and financial liabilities.

**22.5 Determination of fair values**

Fair values of financial and non-financial assets and liabilities are determined for measurement and/or disclosure on the basis of accounting policies disclosed in the financial statements. As at the reporting date, carrying value of the Company's financial assets and liabilities are reasonable approximation of their fair value. Accordingly, no fair value information has been disclosed in these financial statements.

## 22.6 Capital risk management

The Board of Directors monitors the Company's performance against target set on an annual basis. All of the financing required by the Company, for its activities, is provided through Grant from MoIT&T. The outstanding balance of the Grant is normally adequate for a year's operation. MoIT&T remains committed to met the requirements of the company.

## 23 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company is governed by the Ministry of Information Technology, Government of Pakistan (GoP). Therefore, all departments and agencies controlled by the GoP ("State-controlled entities") are related parties of the Company. Other related parties include directors, members, key management personnel, USF Employees' Gratuity Fund and entities under common directorship. Remuneration to the chief executive, directors and executives is disclosed in note 24 to these financial statements. Balances with related parties are disclosed in note 9, 11, 16 and 19 to the financial statements and significant transactions with related parties

	Note	2021	2020
<b>State-controlled entities</b>			
- MoIT&T- grant received during the year		<u>6,300,000,000</u>	<u>4,890,000,000</u>
<b>Associate due to common directorship</b>			
Subsidy grant disbursement	19		
- Pakistan Telecommunication Company Limited		1,825,266,159	599,894,680
- Pak Telecom Mobile Limited (Ufone)		1,240,241,108	1,322,100,387
- Telenor Pakistan Private Limited-Telenor		<u>1,213,274,753</u>	<u>3,063,415,965</u>
		<u>4,278,782,020</u>	<u>4,985,411,032</u>
<b>USF Employees' Gratuity Fund</b>			
Contributions paid by the Company	16.2	<u>24,218,549</u>	<u>12,512,106</u>



## 24 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	2021			2020		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
Meeting fee	-	2,550,000	-	-	2,740,000	-
Managerial remuneration	9,060,484	-	84,499,230	1,599,315	-	83,751,751
Allowances	7,119,580	-	70,863,646	1,129,426	-	69,880,835
Bonus	-	-	14,833,899	4,407,000	-	24,064,141
	16,180,064	2,550,000	170,196,775	7,135,741	2,740,000	177,696,727
Number of persons	1	9	33	1	9	33

(Rupees)

24.1 This includes monetization allowance, amounting to Rs.13,180,468 (2020: Rs. 11,619,688) provided in lieu of the Company maintained car to the entitled employees. Further, the Chief Executive Officer is also entitled to gratuity on leaving the Company.

24.2 The Directors of the Company were not paid any remuneration during the year except for the meeting fee.

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**25 FUNDS MANAGEMENT**

The Board of Directors of the company monitors the performance along with the fund required for the sustainable operations and the company is not subject to externally imposed fund requirements.

**26 IMPACT OF COVID-19**

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. In March, 2020, the Government of the Pakistan announced a temporary lock down as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth continued its operations in order to maintain business performance despite slowed down economic activity. The management has assessed the accounting implications of these developments on these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

	2021	2020
<b>27 NUMBER OF EMPLOYEES</b>		
Employees at the period end (Number)	93	88
Average employees during the period (Number)	91	88

**28 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. Following significant reclassification is made during the year:

Description	Reclassified from	Reclassified to	Amount
Project subsidy payment	Other receivables	Trade and other payables	626,221,936

**29 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors of the Company on 14 SEP 2021.

**30 GENERAL**

Figures in these financial statements have been rounded off to the nearest rupee unless otherwise stated.

  
CHIEF EXECUTIVE

  
DIRECTOR

# Acknowledgement

We extend our sincerest gratitude to our stakeholders for their remarkable contributions as we continue on our journey of empowering the communities of Pakistan. We truly appreciate the Government of Pakistan, Ministry of IT and Telecommunication and our partners for their unwavering support and efforts in bridging the digital divide and making Digital Pakistan vision a reality.

Special thanks to the team of USF for compiling the information for the Annual Report and projecting the successes of USF through this publication.



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