



PAKISTAN TELECOMMUNICATION AUTHORITY
HEADQUARTERS, F-5/1, ISLAMABAD
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Enforcement order under sub-section 3 of section 23 of the
Pakistan Telecommunication (Re-organization) Act, 1996

File No. PTA/Finance/LDI/4B Gentel/378/2006

Date of Show Cause Notice:	8 th March, 2010
Date of Hearing; Venue of	13 th May, 2010
Hearing:	PTA HQs, Islamabad

The Authority Present:

S.Nasrul Karim A. Ghaznavi:	Member (Finance)
Dr. Khawar Siddique Khokhar:	Member (Technical)

The Issue:

"Non submission of annual audited accounts and non-payment of annual regulatory fees and contributions for the year ended 30th June, 2009"

Decision of the Authority

1. BRIEF FACTS:

1.1 Through this enforcement order of ours, we intend to dispose of the Show Cause Notice dated 8th March, 2010 ("**the Show Cause Notice**") issued to 4-B Gentel (Pvt) Limited ("**the Licensee**") under section 23 of the Pakistan Telecommunication (Re-organization) Act, 1996 ("**the Act**") on the issue of non-submission of annual audited accounts and non-payment of Annual Regulatory Fee ("**the Annual Regulatory Fees**") which comprise of Annual License Fee ("**ALF**"), Research & Development Fund ("**R&D**") contribution and Universal Service Fund ("**USF**") contribution for the year ended on 30th June 2009, as well as late payment charges calculated @ 2% per month and accruing till date of actual payment.

1.2 The Licensee failed to submit annual audited accounts and to make the payment of Annual Regulatory Dues (**ALF/R&D and USF**) for the year ended on 30th June 2009, including late payment charges thereon calculated @ 2% per month within

120 days. Hence, the Show Cause Notice under section 23 of the Act was issued to the Licensee on 8th March, 2010.

1.3 The Licensee replied to the Show Cause Notice vide its letter reference 4-BG/FA/PTA-DLA/0510-03 of 6th May, 2010 ("**the Licensee's Reply**") which is reproduced with prayer as under:

- i. *This refers to your letter No PTA/Finance/LDI/4B Gentle/378/2006/915 dated March 8, 2010 and in continuation of our letter No. PTA/FA/0210/03 dated 26th February, 2010, PTA letter No. PTA/Finance/LDI/4B Gentle/378/2006 dated 1st March, 2010, our letter No. PTA/FA/0310/02 dated 5th March, 2010 we humbly submit that:*
- ii. *The Company submitted annual audited financial statements on 26th February, 2010 vide our letter No. PTA/FA/0210/03 addressed to Director Finance (copy enclosed). The same is evident from PTA letter No. PTA/Finance/LDI/4B Gentle/378/2006 dated 1st March, 2010 (copy enclosed) wherein PTA not only acknowledged the receipt of our audited financial statements but also demanded annual regulatory dues calculated on the basis of audited financial results.*
- iii. *The company is fully resolved to pay its regulatory dues and responded instantly to apprise the authority on the fact that 4B Gent el had already over paid (Rs. 1,591,808) its regulatory dues on the basis of its audited financial statements (prepared under the Internationally accepted accounting/reporting principles i.e. IFRS, IAS etc and audited by World's renowned Auditing firm KPMG) vide our letter No. PTA/FA/0310/02 dated 5th March, 2010 along with all the requisite calculations (copy enclosed). Incidentally, 4B Gentel has not received till now, any response from the Authority on the aforementioned letter.*
- iv. *The company has been continuously paying its annual regulatory dues under protest and till now, has paid Rs. 16.92m to the authority vide our Cheque No. 51494081 (amounting to Rs. 3,828,288 as ALF the whole amount due), Cheque # 1622767 (amounting to Rs. 7,656,575 RDCF the whole amount due), Cheque # 622766 (amounting to Rs.2,438,333 USFC) and Cheque #1622773 (amountingRs3,000,000 USFC).*
- v. *As evident from the above mentioned facts, the show cause notice seemed to be issued under some misunderstandings as 4B Gentel was in compliance to all the provisions/clauses of law with respect to submission of annual audited financial statements and payment of the dues, before issuance of such notice. Hence, we would humbly request to please withdraw the show cause notice.*

- vii. *We reiterate once again that according to calculations based on annual audited accounts we have already paid in excess of the annual regulatory dues for the year ended 30th June, 2009. The show cause notice in reply does not indicate the amount due and the amount demanded by PTA against our company. In case of any difference of calculation in the amount of annual regulatory dues, we are ready for rendition and reconciliation of any such amount.*

2. The Hearing:

2.1. Since the Licensee has partially remedied the aforementioned contravention by submitting annual audited accounts. However, prior to disposing of the aforesaid show cause notice, the licensee was given opportunity of personal hearing on 13th May, 2010. Mr. Abid Ali and Hafiz Abdul Waheed attended the hearing before the Authority on behalf of the licensee on the said date. The representatives of the licensee reiterated the same facts as mentioned in its reply to the show cause notice (referred in Para 1.3 above).

3. Order:

3.1 Keeping in view the above mentioned facts and the relevant record, the Licensee is directed to make payment of outstanding dues amounting to PKRs 8,677,137/- within one month from the date of this order.

3.2 Failure to comply with the aforesaid order the license awarded to the Licensee shall stands suspended.

(S. Nasrul Karim A. Ghaznavi)
Member (Finance)

(Dr. Khawar Siddique Khokhar)
Member (Technical)

Signed on this 8th day of June, 2010 and comprises three pages.