



ENFORCEMENT ORDER UNDER SECTION 23 OF THE PAKISTAN TELECOMMUNICATION (RE-ORGANIZATION) ACT, 1996 AGAINST WORLDCALL TELECOM LIMITED FOR NON-SUBMISSION OF AUDITORS' CERTIFIED INFORMATION, REPORTING PACKAGE AND NON-PAYMENT OF ANNUAL REGULATORY DUES FOR THE YEAR ENDED 31ST DECEMBER, 2023

No. PTA/Finance/ LDI/WorldCall Telecom LDI/134/2006/622

Show Cause Notice: 17th March, 2025
Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 20th October, 2025

Panel of Hearing:

Maj. Gen. Hafeez Ur Rehman (R) Chairman
Muhammad Naveed: Member (Finance)
Dr. Khawar Siddique Khokhar: Member (Compliance & Enforcement)

Issue:

“NON-SUBMISSION OF AUDITORS' CERTIFIED INFORMATION, REPORTING PACKAGE AND NON-PAYMENT OF ANNUAL REGULATORY DUES FOR THE YEAR ENDED 31ST DECEMBER 2023”

DECISION OF THE AUTHORITY

1. BRIEF FACTS OF THE CASE:

1.1 WorldCall Telecom Limited (the “**licensee**”) is engaged in the business as Long Distance and International (“**LDI**”) operator pursuant to non-exclusive license No. LDI-02(01)-2004 dated 14th July 2004 and as Local Loop (“**LL**”) operator pursuant to non-exclusive Local Loop License No. LL 10-2004 dated 16th July 2004 and Local Loop License No. LL 09-2004 dated 16th July 2004 (the “**license**”) granted by Pakistan Telecommunication Authority (the “**Authority**”) to establish, maintain and operate Telecommunication Systems and provide Telecommunication Services, subject to the terms and conditions contained in the license.

1.2 The License clause 4.1.2 (a), 4.1.3, 4.2.1, 4.2.2 and 4.2.3 read with clause 3.3, 3.4 and 3.6 and sub-regulation (6) and (7) of regulation 23 of the Pakistan Telecommunication Authority (Functions and Powers) Regulations, 2006 (the “**Regulations**”) make it obligatory upon the licensee to deposit Annual Regulatory Dues (“**ARDs**”) comprised of Annual License Fee (“**ALF**”), Research and Development Fund Contribution (“**R&D**”) and Universal Service Fund Contribution (“**USF**”) within 120 days of the end of financial year to which such fees and contributions relate. Moreover, license condition 4.2.4 and 6.4.3 of the license, also require the licensee to submit Annual Audited Accounts (“**AAAs**”) within 120 days of the close of financial year in support of its calculation of ARDs payable pursuant to clause 3 and 4 of the license and the Authority shall have the right to audit such statements at any time.

1.3 In accordance with clause 3.3. and 3.4 of the license, the licensee is also under an

obligation to deposit R&D and USF contributions in the respective funds in the amount calculated on the basis of 0.5% and 1.5%, respectively, of the licensee's annual gross revenue from the licensed services for its most recently completed financial year. Additionally, the licensee shall pay ALF to the Authority calculated on the basis of 0.5% of the licensee's annual gross revenue from the licensed services for its most recently completed financial year under clause 4.1.2 (a) the license.

1.4 Clause 4.2.3 of the license and sub-regulation 7 of regulation 23 of the Regulations states that late payment of fees shall incur Late Payment Additional Fee ("LPAF") calculated at the rate of 2% per month on the outstanding amount for each month or part thereof from the due date until paid.

1.5 The licensee through letters dated 19th March, 2024 followed by reminders dated 23rd April, 2024 and 27th May, 2024 was required to submit AAAs, Auditors' Certificate, Reporting Package and deposit ARDs for the year ended 31st December, 2023. In response, the licensee vide letter dated 25th June, 2024 submitted AAAs and Auditors Certificate containing incomplete set of information against the requirement. Pursuant to that, provisional demand notes dated 4th July, 2024 were raised requiring the licensee to deposit ARDs amounting Rs. 10,965,220 (ALF: Rs. 2,193,044, R&D: Rs. 2,193,044 and USF: Rs. 6,579,132) including LPAF calculated till 19th July, 2024. In addition, in order to finalize the demand of ARDs and to complete the remaining compliance as to annual filing, the licensee was required to furnish reporting package and to provide auditors' certified information to substantiate its claim of certain deductions from revenue i.e. the amount of discount amounting to Rs. 596,000 (reference note 38 of its AAAs) and 'unclaimed liabilities written back' amounting to Rs. 820,000 (reference note 41 of its AAAs). However, despite lapse of considerable time, the licensee neither submitted requisite auditors' certified information and reporting package nor deposited ARDs for the year ended 31st December, 2023.

1.6 As a consequence thereof, the licensee was issued a Show Cause Notice ("SCN") dated 17th March, 2025 pursuant to sub-section (1) of section 23 of the Pakistan Telecommunication (Re-Organization) Act, 1996 ("Act") requiring it to remedy the contraventions by submitting auditors' certified requisite information, Reporting Package and deposit ARDs amounting to Rs. 12,665,521 (ALF: Rs. 2,533,104, R&D: Rs. 2,533,104 and USF: Rs. 7,599,313) including LPAF calculated till 21st March, 2025 within seven (07) days of issuance of SCN and also explain in writing within thirty (30) days of the issuance of SCN as to why the license should not be suspended, terminated or any other enforcement order should not be passed against the licensee under section 23 of the Act for the aforesaid contraventions.

1.7 Although without making any payment of ARDs, the licensee vide letter No. WTL-05/4-1/1459 dated 15th April, 2025 responded to SCN and shared its counter calculation of ARD's. The licensee in its response also raised some concerns about certain components of ARDs calculation of demanded amount by the Authority. The licensee has highlighted that deduction from revenue on account of 'provision of doubtful debts' and 'regulatory compliance cost' amounting to Rs. 39.5 million and Rs. 19.6 million, respectively, have not been considered in calculation of ARDs. Further, as regard requirement to provide auditor's certified break up and nature of 'unclaimed liabilities written back' amounting to Rs 820,000, the licensee in its response merely stated that it pertains to a single party (M/S Bahum Associates) and doesn't include inter-operator payments without providing auditors' certificate. As regard, discount amounting to Rs. 1 million, the licensee stated that the discount was given to the customers and already mentioned in the auditors' certificate.

1.8 In order to analyze the licensee's response, PTA vide letter No. PTA/Finance/WorldCall/112/2006/3417 dated 15th May, 2025 advised the licensee to deposit the ARDs and provide specific references from applicable regulatory framework under which it considers the expense on account of 'provision of doubtful debts' and 'regulatory compliance cost' are deductible expenses from revenue in calculation of ARDs. Further, the licensee was also required to provide copy of its general ledgers in support of amount of discount amounting to Rs. 596,000 claimed as deduction from revenue and party & nature wise breakup of Rs. 820,000 reported as 'unclaimed liabilities written back' to ascertain whether said written back liabilities have any nexus with inter-operator costs already claimed in previous years.

1.9 The licensee vide its letter No. WTL-05/4-1/1464 dated 23rd July, 2025 while responding to the PTA letter stated that 'provision of doubtful debts' amounting to Rs. 39.5 million represents uncollectible revenue and qualifies for deduction from revenue for calculation of ARDs. Further, the licensee claimed 'regulatory compliance cost' of Rs. 19.6 million as PTA mandated payment for WMS under license clause 4.1.2. Further, with regard to 'unclaimed liabilities written back' amounting to Rs. 820,000, it has informed that it relates to operation maintenance cost. Moreover, the licensee also stated that it will not contest discount being meager amount.

1.10 In order to proceed further, the matter was fixed for hearing before the Authority on 20th October, 2025. Mr. Shafique (Director), Mr. M. Ashfaq (Head of Finance), Mr. Adnan Waheed (Manager Technical) and Mr. Syed Kashif (Legal Counsel) appeared on behalf of the licensee on the said. During the hearing, the representatives expressed willingness to deposit the ARDs as per its own calculations and re-iterated its stance related to 'provision for doubtful debts' and 'regulatory compliance cost', as already communicated vide its letter dated 23rd July, 2025. Pursuant to the hearing, the licensee vide PTA/Finance/Finance/LDI/WorldCall Telecom LDI/134/2006/ dated 24th October, 2025, was required to comply with the following latest by 29th October, 2025:

- i. To deposit the undisputed ARDs immediately which has already been agreed by the licensee.
- ii. To provide requisitioned information, duly certified by the company auditors' having complete details as to party-wise and nature-wise breakup, already required from the licensee through the Authority's various letters with regard to "Unclaimed liabilities written back during the year" amounting to Rs. 820,000.
- iii. Licensee's written submission, with regard to remaining matters including 'provision of doubtful debts' and 'regulatory compliance cost', containing specific reference(s) from applicable regulatory framework and licensee's point of view to corroborate its stance for claiming said costs as deduction from revenue in calculation of ARDs.

1.12 Subsequently, the licensee vide its letter WTL-05/4-1/1472 dated 31st October, 2025 reiterated its earlier stance with regard to 'provision of doubtful debts' and 'regulatory compliance cost' without providing any references from regulatory framework that would allow such expenses as deductible from revenue in calculation of ARDs. Further, the licensee has provided auditor's certificate against the requirement of nature & party wise breakup of 'unclaimed liabilities written back'.

2. Findings of the Authority

2.1 Matter heard. Record perused. After careful examination of the available record, following are the findings:

2.1.1 Despite those representatives of the licensee consented during the hearing before the Authority to deposit undisputed amount of ARDs, it failed to make any payment as of date.

2.1.2 As regard the licensee's claim amounting to Rs 39.5 million qua 'provision for doubtful debt', it is considered that the head of accounts for which such expense has been incurred by the licensee don't correspond to head of accounts provided in the license or other Regulatory framework for claiming deduction or reducing from revenue in calculation of ARDs based on following reasons:

- i. The term "Gross Revenue" has been defined in regulation 23 of the Regulations as follows:

Explanation-I: "Gross Revenue" means the turnover or gross income exclusive of sales tax or any other tax levied by the Government from time to time which is charged and collected by licensees at the time of sale and deposited with the tax authorities and trade discount shown on invoices or bills, derived from sale of goods or form rendering or supplying services or benefits or from execution of contracts for licensed services or business."

As per the above definition, only two head of accounts are entitled for reduction from Gross Revenue i.e. sales tax or any other levy and trade discount.

- ii. The licensee's stance about expense on account of 'provision of doubtful debts' is merely based on its understanding that said expense being uncollectible from customers, the said estimated amount of provision should be allowed as deduction from revenue in calculation of ARDs. Further, the licensee couldn't afford any specific references from the regulatory framework despite being required multiple times. Moreover, the licensee's claim is not justifiable even in the accounting framework and generally accepted accounting principles as well in which bad debts or it's corresponding provisions are reflected as an expense instead of deduction from revenue.

Foregoing in view, 'provision for doubtful debts' cannot be off set against revenue for calculation of ARDs in either of the frameworks, therefore, licensee's claim being against the terms and conditions of the license, applicable regulatory and accounting frameworks is disallowed.

2.1.3 As regard 'regulatory compliance cost' amounting to Rs. 19.6 million incurred by the licensee on account of 'Web Monitoring Services (WMS)', it is considered that installation of WMS was individual responsibility of the licensee as per license condition. The fact that PTA has allowed to deploy centralized WMS and share its cost among LDI operators doesn't tender it to be categorized as PTA/FAB mandated payment. Foregoing in view, deduction claimed on account of regulatory compliance cost is not maintainable.

2.1.4 With reference to 'unclaimed liabilities written back' amounting to Rs. 820,000, the auditors' certificate subsequently provided by the licensee reflects that it has no nexus with inter-

operator payment previously claimed as deduction. Therefore, licensee's claim is admitted and it will not have any effect on the revenue for calculation of ARDs.

2.1.5 As the licensee has not considered the discount of Rs. 596,000 declaring it a meagre amount nor it has furnished the requested information, hence, it will not be allowed as deduction for calculation of ARDs.

2.2 In light of the available record and findings as mentioned herein above, calculation of ARDs under LL and LDI licenses is attached as Annex-A (as part of this order).

3. ORDER:

Keeping in view the above-mentioned facts coupled with the available record, the Authority hereby decides as under:

3.1 Since the licensee has failed to provide any cogent reason and justification to substantiate its claim about 'provision for doubtful debts' and 'regulatory compliance cost', therefore, no deduction for said head of accounts shall be allowed from its revenue in calculation of ARDs. The licensee is hereby directed to make payment of outstanding ARDs amounting to Rs 14,580,966 (Rupees Fourteen Million Five Hundred Eighty Thousand Nine Hundred Sixty-Six only) including LPAF calculated till 22nd December, 2025 immediately, without further delay.

3.2 In case of non-compliance of directions mentioned at para 3.1 above, further legal action will be initiated against the licensee as per applicable law without any further notice.

Maj. Gen. Wafeez Ur Rehman (R)
Chairman

Muhammad Naveed
Member (Finance)

Dr. Khawar Siddique Khokhar
Member (Compliance & Enforcement)

Signed on 19th day of December, 2025 and comprised of (05) pages only.

Pakistan Telecommunication Authority
 Calculation of Provisional Annual License Fee for
 WorldCall Telecom Limited
 For the year ended 31 December 2023

	<u>LDI</u>	<u>FLL</u>	<u>Total</u>
	<u>Amount in Rupees</u>		
International Termination Traffic	2,733,000,000	-	2,733,000,000
Data	45,000,000	143,000,000	188,000,000
Others	42,000,000	-	42,000,000
Total Revenue	2,820,000,000	143,000,000	2,963,000,000
CATV and advertisement being non-licensed service revenue	(42,000,000)	-	(42,000,000)
Discount	-	-	-
Indirect Taxes	-	(18,000,000)	(18,000,000)
Net Revenue	2,778,000,000	125,000,000	2,903,000,000
Less:			
Interconnect costs	(2,400,000,000)	-	(2,400,000,000)
Bandwidth and other PTCL charges	(42,000,000)	(17,000,000)	(59,000,000)
ALF Paid during the year	(3,562,750)	(578,981)	(4,141,731)
R&D Paid during the year	(5,799,450)	(578,981)	(6,378,431)
USF Paid during the year	(15,159,160)	(1,736,944)	(16,896,104)
Numbering Charges paid during the year	(183,000)	-	(183,000)
Total Deductions	(2,466,704,360)	(19,894,906)	(2,486,599,266)
Adjusted Gross Revenue	311,295,640	105,105,094	416,400,734
Annual License Fee @ 0.5% - Principal	1,556,478	525,525	2,082,004
- Due date	30-Apr-24		
- Payment Date	22-Dec-25		
- No. of days principal remain outstanding	601		
- LPAF @ 2% on principal outstanding	623,629	210,561	834,189
Balance ALF payable	2,180,107	736,086	2,916,193

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Pakistan Telecommunication Authority
Calculation of Provisional Contributions for
WorldCall Telecom Limited
For the year ended 31 December 2023

	<u>LDI</u>	<u>FLL</u>	<u>Total</u>
	<u>Amount in Rupees</u>		
International Termination Traffic	2,733,000,000	-	2,733,000,000
Data	45,000,000	143,000,000	188,000,000
Others	42,000,000	-	42,000,000
Total Revenue	2,820,000,000	143,000,000	2,963,000,000
CATV and advertisement being non-licensed service revenue	(42,000,000)	-	(42,000,000)
Discount	-	-	-
Indirect Taxes	-	(18,000,000)	(18,000,000)
Net Revenue	2,778,000,000	125,000,000	2,903,000,000
Less:			
Interconnect costs	(2,400,000,000)	-	(2,400,000,000)
Bandwith and other PTCL charges	(42,000,000)	(17,000,000)	(59,000,000)
ALF Paid during the year	(3,562,750)	(578,981)	(4,141,731)
R&D Paid during the year	(5,799,450)	(578,981)	(6,378,431)
USF Paid during the year	(15,159,160)	(1,736,944)	(16,896,104)
Numbering Charges paid during the year	(183,000)	-	(183,000)
Total Deductions	(2,466,704,360)	(19,894,906)	(2,486,599,266)
Adjusted Gross Revenue	311,295,640	105,105,094	416,400,734
R&D Contribution @ 0.5% - Principal	1,556,478	525,525	2,082,004
- Due date	30-Apr-24		
- Payment Date	22-Dec-25		
- No. of days principal remain outstanding	601		
- LPAF @ 2% on principal outstanding	623,629	210,561	834,189
Balance R&D payable	2,180,107	736,086	2,916,193
USF Contribution @ 1.5% - Principal	4,669,435	1,576,576	6,246,011
- Due date	30-Apr-24		
- Payment Date	22-Dec-25		
- No. of days principal remain outstanding	601		
- LPAF @ 2% on principal outstanding	1,870,887	631,682	2,502,568
Balance USF payable	6,540,321	2,208,258	8,748,579