



PAKISTAN TELECOMMUNICATION AUTHORITY
HEADQUARTERS, F-5/1, ISLAMABAD

Enforcement Order under Section 23 Of The Pakistan Telecommunication (Re-Organization) Act, 1996 Against Worldcall Telecom Limited For Non-Provision Of License-Wise Auditors Certified Breakups Of Revenue & Inter-Operator Costs And Non-Payment Of Annual License Fee And Contributions For The Year Ended 31st December, 2020

No. PTA/Finance/LDI/Worldcall Telecom/134/2006/6/3

Show Cause Notice: 9th May, 2023
Venue of Hearing: PTA HQs, Islamabad
Date of Hearings: 21st August, 2023 & 7th March, 2024

Hearings Panel

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

Issue:

"Non-Submission of license-wise Auditors Certified breakups of revenue and inter-operator costs and Non-Payment of Annual Regulatory Dues and Contributions for the year ended 31st December, 2020

DECISION OF THE AUTHORITY

1. **Brief Facts of the Case:**

1.1 WorldCall Telecom Limited (the "licensee") is engaged in the business of operating telecommunication system as Long Distance and International (LDI) operator pursuant to non-exclusive license No. LDI-02(01)-2004 dated 14th July 2004 and Fixed Local Loop (FLL) operator pursuant to non-exclusive Fixed Local Loop License No. LL 10-2004 dated 16th July 2004 and Fixed 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 a Telecommunication System, subject to the terms and conditions contained in the licenses

1.2 By virtue of license conditions No. 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"), it is 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 conditions 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 Article 3 and 4 of the licenses and the Authority shall have the right to audit such statements at any time.

1.3 The licensee vide letters dated 24th March, 2021 followed by reminder dated 22nd April, 2021 was requested to submit AAAs and make payment of ARDs for the year ended 31st December, 2020 (“Year 2020”). In response, licensee vide letter No. WTL-05/4-1/1383 dated 28th April, 2021 intimated that AAAs for the year 2020 are not finalized due to COVID and lockdown situation and Security Exchange Commission of Pakistan (SECP) has also granted extension till May, 2021. In response, the licensee through letter dated 29th April, 2021 was requested to deposit the ARDs based on the available information. More so, the licensee was also requested to provide an undertaking for payment of differential amount along with of Late Payment Additional Fee (LPAF) @ 2% per month or part thereof from due date till date of final payment. Moreover, it was intimated and clarified that the request for 30 days extension shall only be considered after payment of dues and submission of undertaking as mentioned above.

1.4 In response, the licensee vide letter No. WTL-05/4-1/1385 dated 20th May, 2021 again intimated that AAAs not finalized yet, therefore, provisional ARDs amounting to Rs. 2,784,705/- (i.e. ALF amounting to Rs. 556,94/-, R&D amounting to Rs. 556,941 and USF amounting to Rs. 1,670,823/-) was deposited in respective accounts without providing the underlying calculations. As a result thereof, the licensee through letter dated 1st July, 2021 was required to submit underlying calculations duly certified by its auditors and AAAs for the year 2020 on the basis of which the above-mentioned payments deposited by the licensee. However, the licensee did not response to same.

1.5 In continuation of letter dated 1st July, 2021 and in order to finalize the demand of ARDs, the licensee through letter dated 29th April, 2022 was again required to submit the requisite documents. However, the licensee once again failed to furnish the same.

1.6 Subsequently, the licensee vide letter No. WTL-05/4-1/1404 dated 2nd September 2022 provided calculation(s) of payable ARDs and requested for payment of ARDs in instalments without providing the basis of such calculation(s). In response, the licensee through letter dated 21st September, 2022 was informed that in absence of underlying complete basis and auditors’ certificate with regard to calculation of ARDs, the demand of payable amount cannot be finalized. Thus the request of the licensee for making payment of ARDs in installments was not acceded by the Authority. Further, the licensee was again directed to submit the Auditors Certificate along with payment of ARDs and related Late Payment Additional Fee (LPAF) latest by 26th September, 2022; however the same was not complied with.

1.7 Later on, the licensee vide letter No. WTL-05/4-1/1405 dated 13th October, 2022 submitted AAAs and provided a copy of Auditors Certificate. While examining AAAs, it was observed that the auditor's certificate did not contain the required information to substantiate and corroborate with licensee's calculation. In order to finalize demand note, the licensee was again required to provide complete information in the manner as mentioned in earlier letters. Accordingly, the licensee through a final reminder dated 21st February, 2023 was again required to provide complete information in Auditors Certificate latest by 2nd March, 2023. In response, the licensee vide letter dated 2nd March, 2023 requested for further extension in time for 30 days and subsequently through letter No. WTL-05/1-1/1414 dated 7th April, 2023 provided Auditors' certificate having revised and reclassified the information therein as compared to earlier version of auditor's certificate. The same was reviewed and it was observed that the called up information was still not available therein.

1.8 As a consequence thereof, a Show Cause Notice (SCN) dated 9th May, 2023 was issued under section 23 of the Act wherein the licensee was required to remedy the contravention by submitting Auditors Certified breakups of revenue and inter-operator costs and make payment of outstanding dues for the year 2020 within seven (07) days of issuance of show cause notice and also to explain in writing within thirty (30) days, as to why any enforcement order should not be passed under section 23 of the Act.

1.9 The licensee vide letter and email dated 15th May, 2023 replied to the SCN stating that auditors certificate for the year 2020 has already been provided vide its letter No. WTL-05/1-1/1414 dated 7th April, 2023. Subsequently, the licensee vide letter dated 8th June, 2023 submitted its response stating therein that it has already provided auditors certificate vide its letters dated 13th October, 2022 and 7th April, 2023 along with payment of ARDs. Further, it was also mentioned that neither the basis of calculation of ARDs in SCN has been shared nor the basis for rejecting the auditor's certificate has been provided. In response, the working of ARDs mentioned in the SCN was shared with the licensee through letter dated 23rd June, 2023.

1.10 The matter was fixed for hearing before the Authority on 21st August, 2023. Mr. Abdul Bari Rashid (Advocate), Mr. Shahzad Saleem (CFO) and Mr. Muhammad Ashfaq (Head of Financial Planning) attended the hearing on 21st August, 2023 on the behalf of licensee. During the hearing, the licensee re-iterated the same stance as mentioned in the above referred letter that basis of calculation has not been shared with the licensee. During hearing, multiple discrepancies noted in the auditor's certificates including non-provision of complete information was highlighted. Accordingly, after hearing the matter in detail, the licensee was directed to furnish complete information as required through letter dated 21st February, 2023.

1.11 It would not be out of context to mention here that in order to facilitate the licensee, itemized list of requisite information with compliance status was shared with the licensee through letter dated 28th August, 2023 with direction to complete the pending information

latest by 7th September, 2023. The licensee vide letter dated WTL-05/4-1/1433 dated 7th September, 2023 submitted its response. Reply furnished by the licensee was again incomplete, therefore, a meeting was held with the licensee on 21st September, 2023 to discuss the licensee's response extended full cooperation for provision of the complete information. Pursuant to the discussion, an updated list of pending items was shared with the licensee through letter dated 20th October, 2023 with direction to provide remaining information latest by 26th October, 2023.

1.12 In response, the licensee, instead of providing the requisite information, through its email dated 26th October, 2023 requested for extension in time by 02 weeks. The request of the licensee was acceded and communicated vide letter dated 31st October, 2023. However, it was requested that readily available information with the licensee e.g. copy of general ledgers etc. be shared within 02 days. The licensee submitted its response vide email dated 14th November, 2023. The response of licensee has been reviewed, it has been observed that same stance has been reiterated, therefore, the compliance status as attached in "**Annex-A**" (*as part of this order*) was updated based on the information furnished by the licensee from time to time which was duly shared with the licensee. As a result of various correspondences, meeting and to conclude the matters, the licensee was afforded another opportunity of hearing. The matter was fixed for hearing on 7th March, 2024. Mr. Abdul Bari (Counsel), Mr. Saeb Zaidi (Director Regulatory), Mr. Gul Ahmed (Adviser), Mr. Muhammad Ashfaq (Head of Financial Planning) and Mr. Sami Alam (Manager Regulatory) attended the hearing on the said date on the behalf of licensee. During hearing, the licensee re-iterated its stance as already shared through email dated 14th November, 2023 and related correspondence as mentioned hereinabove.

2. Findings of the Authority

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

2.2.1 It has been observed that despite providing multiple opportunities and extending all facilitation with regard to provision of the information by the licensees, the licensee neither provided complete information in the manner as required nor justified the basis of categorization of revenue amounting to Rs.262 million under Wireless Local Loop (WLL) license. In the latest auditors' certificate dated 7th April, 2023, the said revenue has been reported with caption "Fixed Local Loop (FLL)" yet it is categorized under WLL license. Further, the categorization in the manner as reflected in the auditors certificate has also been found inconsistent with licensee's own representation on record that it has discontinued the WLL operations long time back. Moreover, it has also been observed that licensee keep changing the categorization of said revenue under WLL or FLL in various years. Thus, it is considered that said amount should be categorized under Fixed Local Loop license to which such services relate to and corresponding sales tax amounting to Rs.35 million being allowable deductions as per license conditions shall be allowed under the same license in calculation of ARDs.

2.2.2 Licensee has reported revenue amounting to Rs. 250 million related to Indefeasible Right of Use (IRU) of metro fiber for 20 years in AAAs. Same revenue has been reported as sale of dark fiber in auditor's certificate under WLL license and claimed as non-licensed revenue. The IRU arrangement and sale of asset are transactions of different nature, hence, cannot be used interchangeably. Further, the claim of licensee that the said revenue is non-licensed is not maintainable on the grounds that one can't establish, maintain or operate any such system or provide any services without having license. Further, the licensee has categorized such revenue under WLL license, whereas the same falls under the ambit of FLL license. Therefore, the said revenue shall be included in revenue under FLL licenses for calculation of ARDs.

2.2.3 The revenue amounting to Rs. 887 Million on account of CATV and advertisement as per auditor's certified breakup being non-licensed revenue in nature shall be excluded for calculation of ARDs, hence, no ARDs are payable on said amount

2.2.4 Inter-operator costs as mentioned in the auditor's certificate and PTA/FAB mandated payments made during the year 2020 are allowable deductions from licensee's gross revenue from licensed services for the year. Therefore, it is an admitted fact that interconnect cost and bandwidth charges paid to local operators (PTA licensees) amounting to Rs.1.2 billion and Rs.52 million respectively, as certified by the auditors are eligible inter-operator costs against revenue in line with applicable license terms and conditions. Therefore, the said costs are deducted from revenue while calculating ARDs.

2.2.5 As regard, the licensee's claim for deduction on account of Web Monitoring Services (WMS), it is reiterated that installation of WMS was individual responsibility of operators. The fact that PTA has allowed to deploy centralized WMS and share its cost among LDI operator does not render it PTA/FAB mandated payment. Accordingly, deduction claimed on account of WMS cost is not maintainable.

2.2.6 As regard written back liabilities amounting to Rs. 326 Million recorded in prior years, the same amount has been recorded as income for the year 2020 in note 43 of the financial statements. The auditor's certificate submitted by the licensee only contains a statement that "**Unclaimed liabilities written back don't include any inter-operator cost**". The licensee was requested to provide party-wise breakup of such amount to review whether it includes any inter-operator cost which was previously allowed as deduction in previous years while calculating ARDs. However, despite multiple reminders, licensee has failed to provide the same. Therefore, write back of said liabilities amounting to Rs. 326 million being no longer payable against which deduction may have previously been claimed would be added back for calculation of ARDs for the year it has been written back.

2.2.7 As regard to the licensee's claim of deductions amounting to Rs. 228 Million qua provision for doubtful debt, it has been explained that the head of accounts for

Dated: 19th August, 2024

which such expense would have been incurred don't correspond to head of accounts allowed as deductions as provided in the license. Therefore, licensee's claim being against the terms and conditions of the licensee is disallowed.

2.2.8 As regard to the licensee's claim for deduction of discount amounting to Rs. 05 Million, stated by the licensee, as reported in note 40 to the financial statements includes commission on sales in nature and substance. As per regulation 23 of the Regulations read with license terms and conditions, commission on sales is not an allowable deduction while calculating ARDs. The licensee was required to provide breakup of discount and commission cost, however, the licensee failed to provide the same. Further, it has also been observed in other supporting documents submitted by licensee for other years e.g. General Ledgers, that the amount reported as discount in AAAs and Auditors Certificate include significant amount of commission as well. Therefore, the licensee's claim being inconsistency with the applicable laws and license terms and conditions is disallowed.

2.2.9 In light of available record and findings as mentioned herein above, calculation of ARDs under FLL and LDI licenses is attached as "**Annex-B**" (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, therefore, the licensee is hereby directed to make payment of outstanding ARDs amounting to Rs. 48,164,353/- (Rupees Forty-Eight Million, One Hundred Sixty-Four Thousand, Three Hundred and Fifty-Three only) (LPAF calculated till 13th July, 2024) within three (03) days from the date of receipt of this order.

3.2 In case of con-compliance of direction as 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. Hafeez Ur Rehman (R)

Chairman

Muhammad Naveed

Member (Finance)

Dr. Khawar Siddique Khokhar

Member (Compliance & Enforcement)

Signed on 19th August, 2024 and comprised of (6) pages only.

Annexure - A

For the Year ended December 31, 2020

S.No	PTA Requirement vide letter dated 21 st February, 2023	WTL Response vide letter dated 7 th April, 2023	PTA Comments on WTL Response vide letter dated 28 th August, 2023	Compliance Status	WTL Response vide letter dated 7 th September, 2023	PTA Comments vide letter dated 20 th October, 2023	WTL Response vide email dated 14 th November, 2023
1.	<p>a) License-wise auditors' certificate certifying all revenue streams, including, but not limited to, voice and data having incoming and outgoing breakup;</p>	<p>Auditors Certified breakup of incoming revenue has been provided</p>	<p>As regard revenue amounting to Rs. 262 million against the caption 'Fixed Local Loop' and Rs. 250 million against the caption 'Dark Fiber Sale', both these revenue amounts have been categorized under WLL license in auditors' certificate. Considering that said services are apparently domain of FLL Licenses, WTL is required to clarify its stance about such categorization in auditor's certificate instead of categorizing it under the relevant license i.e. FLL License.</p>	<p>Partially Complied. Remaining compliance required.</p>	<p>Data services Revenue Rs. 262 million recorded under the WLL License and nature and classification of this revenue has been shown in Auditors' certificate. WTL having active WLL License in year 2020. The Data Services revenue recorded in WLL License as per License. Dark Fiber is Non-License revenue and nature of this revenue has been specifically mentioned in Auditors' certificate as non-</p>	<p>Pursuant to Authority's query during hearing, it was expected that WorldCall shall provide justification as to non-payment of ARDs relating its WLL services. The same has not been provided. The matter involves FLL specific services categorized under WLL licenses in auditors' certificate. The justification furnished by WTL in this regard is explained hereunder.</p>	<p>WTL reiterates its position that WLL license is a misnomer. An LL licensee can deploy both wireless network (if owning spectrum). Telecom Policy 2003 defines the license categories as follows: 4. Number and Type of Fixed Line telecommunication Service Licenses 1. It is proposed that there will be two</p>

				<p>License revenue. The regulatory regime for fixed sector specifies only LDI and FLL categories of licenses. FLL licensee may use wireline technology (OFC/Copper) or wireless technology (WLL) to provide fixed "Access Service". There is no difference between the WLL and FLL License terms. The absence of frequency does not invalidate the WLL license and it remains intact. It is up to the licensee having both licenses to categories the activity in either of the valid licenses.</p>	<ul style="list-style-type: none"> WTL has renamed 'Fixed Local Loop' services amounting to Rs 262 M as Data services in its recent reply taking a different stance against the auditors' certificate. WTL, as per its understanding, considers FLL and WLL licenses as same. As per WTL, by virtue of having WLL and FLL licenses during the year 2020, it has the option to categories revenue reported against the caption 'Fixed Local Loop – Rs 262 M' and 'Dark Fiber Sale – Rs 250 M' in either of the two licenses. WTL stance is in contrast with applicable regulatory regime on the premise that WLL and FLL are not two separate licenses rather WLL spectrum is added on top of FLL license so the underlying license is only FLL. As regard revenue from 	<p>types of licenses for fixed line operators: Local Loop ("LL") fixed line telecommunication within PTCL region Long-distance and international ("LDI") fixed line telecommunication 4.1.10 LL licensees who opt for wireless solution may provide limited mobility within a cell but not beyond local call charging radius. No inter-cell handovers and roaming to other networks will be allowed. The IM issued in 2004 in pursuance of the above policy has only two license templates i.e. LL and</p>
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LDL	Dark Fiber Sale				
.....	considered a non-licensed				
SRO 697(1)/2007	service. WTL stance is				
issued by PTA	limited to the fact that the				
defines LL license	auditor has				
including wireless	mentioned/categorized it				
based network.	in the certificate. No				
.....	justification from the				
The LL license	applicable regulatory				
template issues in	regime has been provided				
2022 fee section	as to why such revenue is				
states as under:	non-licensed and not				
ARTICLE 4 – FEES	subject to application of				
AND OTHER	ARDs.				
CHARGES	Pursuant to WTL written				
4.1 PAYMENT OF	response, the matter was				
FEES	discussed in meeting in				
4.1.1 The licensee	detail between PTA and				
shall pay the	WorldCall Team.				
following initial fees	PTA explained the				
to the Authority prior	underlying observation				
to the Effective Date:	again in context of				
(a) Initial License	applicable framework.				
Fees US\$10,000/- (or	It was also explained that				
equivalent Pak	such categorization of				
Rupees as per clause	revenue by WTL would				
4.2.3 of this license)	cause loss to PTA, twice				
	arising from two dimensions				
	i.e. 1) WorldCall has not				

					<p>paid ARDs applicable on said services resulting into loss of revenue for national exchequer and 2) WTL customers of 'Fixed Local Loop' and 'Dark Fiber Sale' claim (being PTA licensees) deduction on account of inter-operator cost as per their relevant applicable license conditions resulting into further loss of revenue to national exchequer. Foregoing in view, WTL was again requested to provide any persuasive justification in support of its claim during the meeting. However, response is awaited.</p>	<p>for each Licenses Region identified in Appendix-I hereto, and (b) Initial Spectrum fees, the amount specified in Appendix 2 annexed hereto. The same provisions are given in both FLL and WLL named license issued by the Authority which are LL licenses as per law. There is no mention of WLL license. Withdrawal of spectrum does not invalidate the LL license. Form the above it is abundantly clear that in LL license spectrum is an add on and does not create a</p>
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	b) Statement certifying that no cost including interconnect/int er-operator cost has been netted off from revenue.	Auditors Certificate includes a statement that no cost has been netted off from the revenue.	Statement suffice the Requirement	Complied	N/A	N/A	separate category of license. Any categorization of Revenue under the misnomer title of "WLL License" is essentially LL revenue. Dark Fiber sale is a fixed asset sale and doesn't come under the definition of revenue for PTA charges. N/A
2.	License-wise auditors certified following breakups:						
a) Party-wise breakup of interconnect, settlement and	Auditors Certified party wise breakup for	WTL has provided Auditors Certificate for said costs, therefore, deduction on	Complied	N/A	N/A	N/A	

	<p>other charges relating to local operators and foreign carriers separately</p> <p>b) Party-wise breakup of bandwidth and other PTCL charges relating to local operators and foreign carriers</p>	<p>related costs has been provided</p>	<p>account of whole amount as claimed by WTL has accordingly been allowed in calculation of Annual Regulatory Dues (ARDs).</p>			<p>N/A</p>	
<p>3.</p>	<p>Auditors certified nature and detail of:</p> <p>a) "Regulatory Compliance Cost" mentioned in Auditor's certificate</p>	<p>Regulatory compliance cost paid for monitoring under LDI license</p>	<p>WTL verbally informed that regulatory compliance cost pertains to WMS related costs that it has incurred.</p> <p>As discussed during the hearing WTL is required to clarify its stance in context of applicable regulatory framework for claiming such costs</p>	<p>Partially complied</p> <p>Remaining compliance required</p>	<p>Regulatory compliance cost is related to PTA mandated payment for WMS. This is covered under the License Clause 4.1.2 of LDI License, which is deducted from revenue for calculation of annual fee. Indeed the WMS payment is PTA mandated payment and same is to be deducted.</p>	<p>It was explained to WTL that WMS was individual responsibility of operators. In order to facilitate the operators, PTA had allowed to deploy centralized WMS and share its cost among all the LDI operators. In this arrangement, PTA had nothing to do WMS in context of 'PTA/FAB mandated payments. Considering it an inter-operator payment and claiming its deduction from</p>	<p>WMS if provided pursuant to License obligation and as per PTA Regulation MRJT 2010; WMS is for exclusive use of the Authority to monitor certain aspects. It is controlled by the Authority. The share of cost is determined by the Authority in accordance with the</p>

					<p>revenue is not justified. However, WTL was again requested to provide any persuasive justification for which response is still awaited.</p> <p>traffic share which is proportional to the revenue from WMS monitored service. WMS does not play any adding or enhancing business of the Licensee. WTL genuinely considers WMS cost as PTA mandated payment in terms of providing equipment for use by the Authority.</p>
					<p>Initial PTA requirement was that "specific declaration whether inter-operator cost was included in the liabilities written back during the year". This was clarified in the Auditors' certificate that there is no inter-operator cost written back.</p>
					<p>WTL has not provided complete response to this requirement. Therefore, WTL was again requested during the meeting to respond. However, response is still awaited.</p>
					<p>Unclaimed liabilities written back are related to operating nature accruals and suppliers other than inter-operator, so earlier not charged under cost deductible for PTA charges under any licensed services.</p> <p>Auditors certificate clarifies that there is no inter-operator cost. In response to new queries raised in this letter, this</p>
					<p>Not complied</p>
					<p>Nature and detail of underlying arrangement on account of "Unclaimed Liabilities written back during the year" has not been provided.</p> <p>WTL is required to provide complete details as to nature that should cover evolution of end to end transaction trail including.</p> <p>(i) Party wise breakup of total received</p>
					<p>Unclaimed liabilities written back don't include any inter-operator cost</p>
					<p>b) "Unclaimed liabilities written back during the year" amounting to Rs. 326,022 thousand reported under other income in note 43 of the AAAs for the year ended December 31.</p>

4.	<p>Auditor's certificate shall include nature and detail of revenue under Local Loop licenses. The auditor's certificate shall also specify detail</p>	<p>No response received.</p>	<p>(ii) Revenue recorded out of total received amount: (iii) Party-wise outstanding balance as of 31st December 2020); (iv) Party-wise breakup of amount written back during the said year: (v) Justification for categorizing the said amount under other income whereas underlying arrangement for which said amount has apparently been received for rendering licensed services</p>	<p>Not Complied</p>	<p>WTL is required to provide justification for bifurcating the revenue under FLL and WLL based on the nature of services provided under each license. The response should corroborate with the revenue bifurcation arrangement as required under Sr. No. I (a) above.</p>	<p>is to clarify that this amount pertains to liabilities/ payable, not to receivables from customers so revenue and amount received is not relevant. Hence, rational of liabilities written back transaction is explicitly clear and charged to other Income.</p>	<p>Already covered in serial No. (1) above</p>	<p>Already covered in serial No. (1) above</p>	<p>WLL Revenue Rs. 262 million and FLL revenue Rs. 1 million are the data services revenue as nature mentioned in the Auditors certificate. Response to point No.1 may please be read herein.</p>	<p>Already covered in serial No. (1) above</p>	<p>Already covered in serial No. (1) above</p>
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	<p>of services provided under Fixed Local Loop (FLL) Licenses and WLL license and report the revenue and corresponding inter-operator cost under each license separately;</p>	<p>No resp onse received</p>	<p>Revenue reported against the caption "Fixed Local Loop" and "Dark Fiber sale" has been categorized under WLL in 2018 and 2020. Subsequent to termination of WLL license in 2021, same revenue has been categorized under FLL License in 2021</p> <p>WTL is required to clarify its stance about inconsistent categorization of revenue earned from same services in different years.</p>	<p>Not Complied</p>	<p>WLL License the local loop services of Data have being recorded under FLL. Both License are same so it is WTL's discretion to charges in either license.</p> <p>Response in Point No. 1 may please be read herein.</p>	<p>Already covered in serial No. (1) above.</p>	<p>Already covered in serial No. (1) above.</p>
<p>5.</p> <p>Revenue for the year 2021 has been bifurcated between LDI and FLL license. Whereas, revenue for the year 2018 and 2020 has been bifurcated between LDI and WLL licenses. WTL was provide nature of services and justification of revenue</p>							

	<p>reporting under WLL and FLL with reference to applicable regulatory framework for all three years 2018, 2020 and 2021</p>						
<p>6.</p>	<p>Copy of Revenue Sharing Agreement with PTCL for WLL network services as mentioned in note 41.2 of the AAAs for the year ended December 3, 2020:</p>	<p>Agreement not provided</p>	<p>WTL is required to share copy of all relevant revenue sharing agreements. Further, complete detail and evolution as to end to end transaction flow under said agreements is also required.</p>	<p>Not complied</p>	<p>It is meager amount Rs. 405k as mentioned in AAAs note no. 41.2. WTL does not contest it further.</p>	<p>In response to queries raised for the year ended 31st December, 2020, WTL stated that it is a meager amount. The requirement was to provide copy of agreement and not about the amount of transaction. Further, end to end transaction flow was required to understand the nature of this revenue. Therefore, WTL was again requested during the meeting to respond and provide the requested detail. However, response is still awaited.</p>	<p>Issue not contested</p>

7.		Justification and reference to license terms and conditions with respect to deductions claimed on account of following aspects mentioned in Auditors Certificate				
a) Provision against receivable balance;	No response received	WTL is required to clarify its stance in context of applicable regulatory framework for claiming such costs	Not complied	This is the part of revenue which is bad and not received so it is presented as deductible from revenue in Auditors certificate. Rational of PTA fees calculation is on revenue which eventually gives economic benefit to the company resulting in payments under discussion to PTA.	The allowed deductions have already been clearly mentioned in the regulatory framework. WTL, in support of its claim, was required to provide reference from regulatory framework which allows such deductions. In response, WTL has explained the accounting treatment of a transaction rather justifying its stance in light of the regulatory framework. Therefore, WTL was again requested during the meeting to provide any persuasive reasoning in support of its claim. However, response is still awaited.	As earlier explained it is not revenue and under regulatory framework the PTA fee is applicable on revenue
b) Discount;	No response received.	WTL's reporting in context of "discount" and 'commission' has been inconsistent over the	Not complied	Discount is the cost directly incurred for revenue generation. presentation of this cost	The amount against the caption "discount" in auditors' certificate is	Discount and commission is used in AAA as general term.

		<p>years. For instance, 'discount and commission' amounting to Rs. 28,580 thousand was reported under the head revenue in AAAs for the year 2018, while the amount of Rs. 24,774 thousand (along with comparative amount of Rs. 28,580 thousand) has been reported as "commission on sales" under the head direct cost for the year 2019. Moreover, the comparative figure against commission on sales amounting to Rs. 24,774 thousand has again been categorized as 'discount' and reported under revenue for the year 2020. WTL is required to provide clarity on nature of amount reported as 'discount' amounting to Rs. 5,467 thousand for the year 2020 and a confirmation whether any commission cost has been clubbed in the said amount</p>		<p>in accounts may vary either in direct deduction from revenue or in direct cost. Discount value separately depicted in Auditors certificate</p>	<p>reported against the caption "discount and commission" in AAAs for the year ended 31st December, 2018. It was explained to WTL during the meeting that 'Discount' and 'Commission' are different in nature and the terms cannot be used interchangeably. PTA Regulations was also referred in this context. Therefore, WTL was again requested during the meeting to bifurcate the amount between the two. However, response is still awaited.</p>	<p>however, the discount as mentioned in Auditors certificate is the cost incurred for revenue generation as earlier explained.</p>
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c) Revenue Share Cost:	No response received.	WTL is required to explain underlying nature of said services and related cost. Further, also explain whether this claim of cost deduction has any connection with revenue sharing arrangement with PTCL that is referred in Sr. No. 6 above of this table. Moreover, WTL is required to clarify its stance in context of applicable regulatory framework for claiming commission cost as a deduction for calculation of ARDs.	Not complied	Since our Auditor has not provided this in its certificate, WTL does not contest it further.	The amount was claimed as deduction vide Auditors Certificate shared vide letter dated 13 th October, 2022. WTL was required to clarify as to whether there is any linkage of revenue share cost mentioned in Auditors Certificate and the revenue share agreement (discussed in 5 above). WTL did not respond to the requirement. Therefore, WTL was again requested during the meeting to respond and provide the requested detail. However, response is still awaited.	There is no linkage with the point No. 5. However, WTL does not contest it.
d) Regulatory Compliance Cost	No response received	Already covered in Sr. No. 3(a) above in this table	Not complied	Regulatory compliance cost is related to PTA mandated payment for WMS. This is covered under the License Clause 4.1.2 of LDI License, which is deducted from revenue for calculation of annual fee.	Already covered in Serial No. (3) above.	Already covered in serial No. (3) above.

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Dated: 19th August, 2024

Annexure - B

Pakistan Telecommunication Authority
Calculation of Annual Regulatory Dues of
WorldCall Telecom (Private) Limited
For the year ended 31 December, 2020

Particulars	Amount in Rupees		
	FLL	LDI	Total
Gross Revenue as per financial statements	548,000,000	2,633,000,000	3,181,000,000
Less: Sales Tax	(35,000,000)	-	(35,000,000)
Less: CAIV and advertisement being non-licensed service revenue	(887,000,000)	-	(887,000,000)
Add back:	513,000,000	1,746,000,000	2,259,000,000
Unclaimed liabilities written back	-	326,022,000	326,022,000
Total Revenue	513,000,000	2,072,022,000	2,585,022,000
Less Allowable Deductions:	(1,000,000)	(1,239,000,000)	(1,240,000,000)
Interconnect, Settlement and other charges (Local Operators Only)	(39,000,000)	(13,000,000)	(52,000,000)
Bandwidth and other P.T.C.L. charges (Local Operators Only)	(287,954)	(287,954)	(575,908)
ALF paid during the year 2020	(287,954)	(287,954)	(575,908)
R&D paid during the year 2020	(863,861)	(863,861)	(1,727,722)
LSF paid during the year 2020	(226,000)	(226,000)	(452,000)
Numbering charges paid during the year 2020	(40,000,000)	(1,253,665,769)	(1,293,665,769)
Adjusted Gross Revenue for calculation of ARDs	473,000,000	818,356,231	1,291,356,231

Date & Days	Annual License Fee			Research and Development Fund (R&D)			Universal Service Fund		
	FLL	LDI	Total	FLL	LDI	Total	FLL	LDI	Total
24-May-21	37,840	65,468	103,308	40,993	70,924	111,918	122,980	212,733	335,713
09-Feb-23	986,993	1,475,207	2,462,200	990,147	1,479,920	2,470,066	3,107,610	4,644,780	7,752,390
520	819,867	996,958	1,816,825	813,560	989,289	1,802,849	2,303,510	2,801,133	5,104,643
	1,844,700	2,537,633	4,382,333	1,844,700	2,540,133	4,384,833	5,534,100	7,658,686	13,192,786
	4,209,700	5,413,473	9,623,173	4,209,700	5,415,973	9,625,673	12,629,100	16,286,406	28,915,506
	48,164,353	-	48,164,353	-	-	-	-	-	-

Total Outstanding ARDs for 2020