



**PAKISTAN TELECOMMUNICATION AUTHORITY**  
**HEADQUARTERS, F-5/1 ISLAMABAD**  
<http://www.pta.gov.pk>

**Enforcement Order under Section 23 of the Pakistan Telecommunication (Re-organization) Act, 1996 against Shahid Ali & Co. (Pvt) Limited**

**No.PTA/Finance/MISC/Write off/CPPS/1035/2008**

Date of Issuance of Show-Cause Notice: 4<sup>th</sup> June, 2010  
Date of Hearing: 9<sup>th</sup> August, 2010  
Venue of Hearing: PTA HQs, Islamabad

**The Authority Present:**

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

**The Issue:**

“Failure to submit Annual Audit Accounts and payment of Annual License Fee”

**Decision of the Authority**

**1. Brief Facts**

1.1. **Shahid Ali & Co. (Pvt.) Limited** (the “licensee”) was awarded non-exclusive license No. DIR (C)/L/PTA/560/2003 dated 3<sup>rd</sup> September, 2003 (the “license”) by Pakistan Telecommunication Authority (the “Authority”), to establish, maintain and operate Card Payphone Services in the Province of Balochistan subject to the terms and conditions contained in the license.

1.2. As a licensee of the Authority, Shahid Ali & Co. (Pvt.) limited was required to comply with the provisions of the prevailing regulatory laws comprising of the Pakistan Telecommunication Authority (Re-organization) Act 1996 (the “Act”), the Pakistan Telecommunication Rules, 2000 (the “Rules”), the Pakistan Telecommunication Authority (Function & Powers) Regulations, 2006, Class Licensing and Registration Regulations, 2007 and the terms & conditions of the license.

1.3. Since, the licensee has failed to submit annual audited accounts alongwith annual license fee for the years ended on 30<sup>th</sup> June, 2007, 2008 and 2009 within the period specified in the license. In this regard the Authority made various requests to the licensee but in vain, hence, the licensee has violated conditions 3.1, 3.2, and 4.51 of its license, sub-regulation (6) and (7) of regulation 23 of the Pakistan Telecommunication Authority (Function & Powers) Regulations, 2006, and sub-regulation (1) of regulation 11 of the Class Licensing and Registration Regulations, 2007, therefore, the Authority issued Show Cause Notice (the “Notice”) dated 4<sup>th</sup> June, 2010 under section 23 of the Act whereby required the licensee to remedy the

contravention by submitting annual audited accounts alongwith annual license fee for the years ended on 30<sup>th</sup> June, 2007 to 2009 within seven days and also to submit written reply to the Notice within thirty (30) days of the issuance of the Notice and explain as to why the license should not be suspended, terminated or any other enforcement order should not be passed under section 23 of the Act against the licensee.

1.4. The licensee submitted its reply to the Notice vide its letter dated 18<sup>th</sup> June, 2010 in the following terms:

**Subject: REPLY TO SHOW CAUSE NOTICE UNDER SECTION 23 OF THE PAKISTAN TELECOMUNICATION (RE-ORGANIZATION) ACT1996("the Act").**

*Respected Sir,*

*Kindly with reference to; your letter No.PTA/Finance/MISC/Write off/CPPS/1035/2008/439 dated 04 June 2010 received on 15<sup>th</sup> June 2010 on the subject cited above.*

*In the above regard first of all we have to say that we are well literate about that we are required to comply with the provision of prevailing regulatory laws comprising of the Act, the Pakistan Telecommunication Rules, 2000 ("the Rules"), Pakistan Telecommunication Authority (Functions & Powers) Regulations, 2006 (as amended)(the "Regulations) and the terms and conditions of the license.*

*And secondly we have to assure you that we have submitted the Annual audited financial statements with the summary of accounts to the Authority within the stipulated time and whereas about the annual License fee for the years 2007, 2008, 2009 we have pertinent to mentioned here that in the years 2003-2004, 2004-2005, and 2005-2006 we were paid a excess amount of Rs.260,396/- to the Authority on account of annual License fee. So therefore a refund of **Rs. 260,396/- (Rupees Two Lack Sixty Thousand Three Hundred and Ninety Six Only)** is already lying in the account of your honorable department. However, to resolving the issue we are also attaching herewith the copies of Annual audited financial statements for the years 2007, 2008, 2009 and the proof of Excess payments on account of License fee, and other relevant documents for your perusal information and record.*

- 3. And as well as about the License fee for the years 2007, 2008, 2009 we again pertinent to mentioned here that during the years 2007, 2008, 2009 the company were to picked up loss from the business activities so therefore, the Annual License fee for the years 2007, 2008, 2009 will be prepared Nil in the name of our firm. (The Accounts statement of the firm is attached herewith for your perusal).*
- 5. And in the light of above submissions it is humbly requested you that the Show Cause Notice may kindly be dropped in the interest of justice, equity and fair play. And also requested that the excess amount-of Rs. 260,396/- may kindly be refunded to the company at your earliest convenient. I shall be very thankful to you for this kindness. And thanking you in anticipation.*

1.5. Therefore, before passing an enforcement order a Hearing Notice was issued and served on the licensee whereby informed the licensee to attend the hearing on 9<sup>th</sup> August, 2010. In response it submitted vide letter dated 6<sup>th</sup> August, 2010 that it has already made excess payments to PTA and requested for refund of excess amounts paid by it in the following terms:

**Sub: REFUND OF ACCESS PAYMENT AS PAID ALF BY THE COMPANY  
YEAR 2003-2004, 2004-2005, 2005-2006**

*Reference to our letter No SAC/PTA-34 dated 13-02-2007 Regarding refund of access payment which is paid by the Company as annual License fee. Which was wrong calculated by the P.T.A Head Office Islamabad.*

*That according to your letter No PTA/Finace/CPPS/Shahid Ali & Co/463/2006 dated January 25, 2007. that the ALF calculated about Rs. 1690/-. Which the company paid Rs. 30000/- through Demand Draft. That the balance amount Rs.28310/- is excess paid.*

	2005-2006	
<i>Total revenue</i>		<b>21480900</b>
<i>Less PTCL Charges</i>		<b>19791081</b>
<i>Net Revenue</i>		<b>1689819</b>
<i>0.1 % ALF Payable</i>		<b>1690</b>
<i>Paid by Company</i>		<b>30000</b>
<i>Difference ALF</i>		<b>28310</b>

*According to Notification Letter No 15-26/CPPS-209/Finance/PTA dated July 30,2004 for ALF charges. Bills and CED etc are deducted from annual gross revenue. After that the ALF will charge at net revenue of the company.*

	Year 2003-2004	
<i>Total Revenue</i>		<b>2925000</b>
<i>Less PTCL Charges</i>		<b>2736291</b>
<i>Net Revenue</i>		<b>188709</b>
<i>1.5 % ALF or 10% License Fee Payable</i>	<b>2830/- or</b>	<b>30000</b>
<i>Paid ALF by Company</i>		<b>112500</b>
<i>Difference ALF</i>		<b>82500</b>

*In the year 2003-2004 your kind Authorities calculated the ALF almost at gross revenue of the Company. Letter No 15-26/CPPS/209/Finance/PTA dated May 16, 2005. You were calculated net revenue Rs. 2925865/- while the statement of profit and loss of the Company shows that the PTCL charges are Rs. 2736291/- and net revenue of the Company was Rs. 188709/- and ALF calculated by the company @ 10% of License fee Rs. 30000/- but PTA wrote letter to Deposit Rs. 825007/- as ALF extra. The Company total deposited 112500/- and Rs. 82500/- was excess paid by the Company which was approved by the Authority i.e. Assistant Director Finance & Director Finance.*

<b>YEAR 2004-2005</b>		
<i>Total Revenue</i>		<b>14416190</b>
<i>Less PTCL Charges</i>		<b>12884791</b>
<i>Net Revenue</i>		<b>1531399</b>
<i>1.5% ALF or 10% License Fee Payable</i>	<b>22970</b> <b>or</b>	<b>30000</b>
<i>Paid ALF by Company</i>		<b>179536</b>
<i>Difference ALF</i>		<b>149586</b>

*In the year 2004-2005 once again the net revenue of the company was wrong calculated by the Authorities only C.E.D of the Company was deducted from gross*

revenue but the PTCL bills having amount 12884291/- was not deducted by the Authorities. The net revenue was Rs. 1531399/-. The ALF was calculated by the company @ 10% of the license fee Rs. 30000/- and once again PTA wrote the letter no 15-26/CPPS/209/Finance/PTA that the balance amount Rs.179586/- will be paid immediately to avoid the 10% late Fee company deposited the same and amount Rs. 1495867- was excess paid by the company so in the light of above mentioned technical fault occurred from the PTA side. It is humbly requested that the following amount of 3 years excess paid by the company may be refunded to the company

<b>Year</b>	<b>Amount paid by the Company</b>	<b>Actual ALF</b>	<b>Difference</b>
2003-2004	112500	30000	82500
2004-2005	179586	30000	149586
2005-2006	30000	1C3C	28310
	<b>Total</b>		<b>260396</b>

It is there for requested that the excess amount Rs. 260396 may kindly be refunded to the company.”

1.6. Mr. Shehzad Ahmad Malik, Consultant, appeared before the Authority on the said date on behalf of the licensee and reiterated the aforesaid facts and took the plea that it has already submitted annual audited accounts for the years 2007 to 2009 and has already made excess payments of Rs.260,396/- to PTA on account of annual license fee. It also requested refund it the aforesaid excess amount and withdrew the show cause notice. Keeping in view the foregoing, the Authority directed the Finance Division to reconcile the payable dues in the light of annual audited accounts submitted by the licensee. Finance Division after thorough scrutiny reconciled the outstanding dues on the basis of annual audited accounts for the years ended 30<sup>th</sup> June, 2007 to 2009 and reached to the conclusion that the licensee has already paid an excess amount of Rs.26,281/- and intimated to the licensee vide letter dated 9<sup>th</sup> July, 2010 that the aforesaid excess amount of Rs.26,281/- will be adjust against future regulatory dues on account of annual license fee.

## 2. Order of the Authority

2.1. Keeping in view the above mentioned facts, and since the licensee has remedied the contravention by submitting annual audited accounts for the years ended on 30<sup>th</sup> June, 2007 to 2009, the Authority hereby decided to dispose of the aforesaid show cause notice as withdrawn.

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

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(Dr. Khawar Siddique Khokhar)  
Member (Technical)

Signed on 16-03-2011 and comprises 04 pages