



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 against M/s. Pak Tele Tacts (PVT.)
Ltd**

File No. 15-26/CPPS-191/Fin/PTA

Date of Issuance of Show Cause Notice: 22nd September, 2006

Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 21st December, 2006

The Panel of Hearing Present:

| | |
|---------------------------------------|--------|
| Director General (Finance): | Head |
| Director (Litigation & Adjudication): | Member |
| Deputy Director (Wireline Licensing): | Member |

The Issue:

“Non payment of PTA dues and failure in submitting annual audited accounts”

DECISION OF THE OFFICERS OF THE AUTHORITY

BRIEF FACTS:

M/s. Pak Tele Tacts (Pvt.) limited (the “licensee”) is a private limited Company incorporated under the Companies Ordinance, 1984 and is engaged in the business of Card Payphone Services in Pakistan vide non-exclusive licenses No. DIR (C)/L/PTA/532/2003 dated 11th July, 2003 issued by the Pakistan Telecommunication Authority (the “Authority”) to establish, maintain and operate Card Payphone Services in Punjab Province on the terms & conditions contained in the license.

2. The licensee defaulted in payment of PTA dues on account of annual license fee amounting to Rs. 150,000/- for the years ended 30th June, 2004 and 2005 nor submitted annual audited accounts for the said years. In this regard PTA made various requests to the licensee but in vain. Hence, a Show Cause Notice (the “Notice”) dated 22nd

September, 2006 under section 23 of the Act was issued to it requiring it to comply with the same by remedying the contravention by depositing the annual license fee till the years ended 30th June, 2005 and submitting annual audit accounts within seven days and also 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 issued against it under section 23 of the Act. But the licensee neither submitted its reply to the Notice nor deposited PTA dues as well as failed to submit annual audited accounts for the aforesaid period, hence committed sheer violation of the provisions of the license and the Act. Therefore, before passing an enforcement order a Hearing Notice dated 29th November, 2006 was issued and served on the licensee whereby informed the licensee to attend the hearing dated 6th December, 2006. The show cause and hearing notices were served on the addresses of the company and all of its Directors as are available in the record. In response to aforesaid hearing notice, PTA received a letter dated 5th December, 2006 from the company whereby it requested for adjournment of hearing. Keeping in view the request of the licensee hearing in the matter has been rescheduled and arranged on 21st December, 2006 and communicated to the licensee vide PTA letter dated 13th December, 2006.

3. Mr. Haji Ahmed (Director), the representative of the company/the licensee/ attended today's hearing. The licensee apologized for all the omissions on the part of the company and confirmed that in future no such delays shall take place. He stated that due to damage to the office of the company owing to construction work at the adjacent road they have suffered loss, hence they changed their office; CEO of the company also resigned, that is why no PTA letters were received to them and hence no timely response was given to the Authority. The representative of the company also stated that new CEO of the company namely Mr. Atif Fayyaz has been appointed and the company is ready to make payment in installments. He further informed that annual audited reports are pending with the Auditors and hoping will be completed by 28th December, 2006 and thereafter will be submitted to the Authority alongwith new address off the company. The company was asked whether they have got approval from the Authority for change of its CEO or not? The representative informed that they are not aware of any such obligation. As the CEO of the company has resigned, therefore, they appointed new CEO of the company to run the affairs of the company. However, the representative again apologized and informed that the company will seek approval of the Authority, if required accordingly. The company was directed to deposit Rs.40,000/- within two days as an evidence to show its commitment to pay PTA dues. The company made the payment of Rs.40,000/- vide DD N0.799425 dated 23rd December, 2006. The company further informed vide its letter dated 9th January, 2007 that audit of its books of accounts is under process with M/s. Azam & Company Chartered Accountants and requested for extension in time for submission of annual audited accounts. This request was agreed to vide PTA letter dated 15th January, 2007. The company has provided its annual audited accounts for the years 2004 and 2005 vide its letter dated 20th January, 2007.

4. The licensee has provided its new address vide its letter dated 19th January, 2007 and also provided to the Authority the resignation dated 28th November, 2004 of outgoing

CEO and form 29 of the company which confirms that new Director and CEO of the company is Mr. Atif Fayyaz.

5. ORDER

5.1. Keeping in view the above mentioned facts and circumstances mentioned during the hearing and perusal of the documents, the Panel hereby dispose of the Notice by passing the following enforcement order:

(a). The licensee, i.e., M/s. Pak Tele Tacts (Pvt) Ltd is hereby directed to pay the outstanding dues Rs.158,000/-(ALF upto 30th June, 2005) as per the schedule approved by the Authority vide directive No. DIR (C)/PTA/656/2006 dated 28th September, 2006 in five bimonthly installments starting from 16th February, 2007. Each installment shall be of Rs.31,600/ and effective from 16th February, 2007.

(b). As the licensee has already changed its Director/CEO in 2004 without approval of the Authority which is in contravention of rule 11 of Pakistan Telecommunication Rules, 2000 and regulation 14 of Pakistan Telecommunication Authority (Functions & Powers) Regulations, 2004. However, the Panel took a lenient view this time due to complying and submissive behaviour of the company and strictly warns the licensee not to repeat this violation in future else strict action will be taken against the licensee under section 23 of the Act.

(b). However, in case of failure of the licensee to deposit PTA dues as provided in Para 5.1 (a) above, license No. DIR (C)/L/PTA/532/2003 dated 11th July, 2003 of the company shall STAND SUSPENDED and recovery proceedings under section 30 of the Act shall be initiated by the Authority against the company for recovery of dues as land revenue.

Deputy Director (Licensing)

Director (Litigation & Adjudication)

Director General (Finance)

6. This determination is passed on 25th January, 2007 and comprises 03 pages