



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. Zarco Telecom
(PVT.) Ltd**

File No. 15-26/CPPS-45/Fin/PTA
File No. 15-26/WLL-11/Fin/PTA

Date of Issuance of Show Cause Notice: 3rd May, 2006
Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 4th October, 2006

The Panel of Hearing Present:

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

The Issue:

“Non payment of PTA dues on account initial and annual spectrum charges and late payment charges”

DECISION OF THE OFFICERS OF THE AUTHORITY

BRIEF FACTS:

M/s. Zarco Telecom (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 and Wireless Local Loop services pursuant to the non-exclusive licenses No. DIR(C)/L/PTA/311/2000 dated 30th September, 2000 and WLL-08-2004 dated 26th November, 2004 issued by the Pakistan Telecommunication Authority (the “Authority”) to establish, maintain and operate Telecommunication system in FTR and LTR (N/S) Regions respectively on the terms & conditions contained in the licenses.

2. The licensee defaulted in payment of PTA dues on account of late payment charges of Rs.26,370/- in respect of ALF for Card Payphone service license for the year ended 2005 and annual spectrum fee and initial spectrum fee amounting to Rs.1,184,167+6,300,000=Rs.7,484,167/- for the year ended 2005. In this regard PTA made various requests to the licensee but in vain. Hence, a Show Cause Notice (the "Notice") dated 3rd May, 2006 under section 23 of the Act was issued to it requiring it to comply with the same by remedying the contravention 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.

3. The licensee submitted its reply to the Notice dated 3rd May, 2006 vide its letter dated 31st May, 2006. In the reply the licensee stated that it intends to provide telecom services to the public of latest Wi-Max technology for licensed 3.5 GHz WLL project. The licensee also informed that it has already deposited Rs. 1.5 million as part payment of spectrum charges and balance amount will also be paid in due course of time. As the reply to the Notice was not satisfactory, therefore, Hearing Notice dated 22nd September, 2006 was served on the licensee requiring it to attend today's hearing.

4. The licensee replied the hearing notice vide its letter dated 22nd September, 2006 whereby authorized Mr. Nazir Ahmed Nasim Baloch (Project Manager) to attend today's hearing. Mr. Nazir Ahmed Nasim the representative of the company/the licensee informed that the licensee has already made 50% payment and the rest 50% will also be made to the Authority but for that purpose the licensee requested some more time because still the licensee has not started its operations and at present they are facing difficulty in arranging finances. He further stated that the licensee was informed that Wi-Max is a suitable technology and for that purpose it is doing work. In this regard the licensee also informed PTA that it is unable to meet the requirements in the given time, therefore, PTA has given one year relaxation for starting operations. The representative of the licensee further alleged that payments of 1.9 GHz has been extaggar by the Authority, whereas no such decision was taken by the Authority for 3.5 GHz, therefore, for maintaining level playing field and non-discrimination, the Authority should also extaggar the payments of 3.5 GHz. The panel informed that the payment of 1.9 GHz has been extaggar by the Government keeping in view the value and use of the requisite band and practical hardships of the operators whereas such decision was not taken in respect of 3.5 GHz. The representative of the licensee further requested that at least one-year time should be given for payment of spectrum charges. The panel did not agree with the licensee and its proposal was not accepted. Regarding payment of late charges he requested for waiver of the late payment charges

which was also not agreed to, as under the law late payment charges cannot be waived. At last the Panel enquired the representative of the licensee as when the licensee is going to make the payments, he requested some more time for the payments.

5. ORDER

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

- (a). M/s. Zarco Telecom (Pvt) Ltd is directed to deposit the balance initial and annual spectrum charges Rs.5,984,167/- alongwith late payment charges Rs.203,273/- accrued thereon within 45 days of today's hearing (i.e., by 20th November, 2006) and late payment charges Rs. 26,370/- regarding ALF of Card Payphone license within seven days of this order.
- (b). In case of failure of the licensee to deposit PTA dues as provided in Para 6.1 (a) above, license No. WLL-08-2004 dated 26th November, 2004 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.

Director (Licensing)

Director (Litigation & Adjudication)

Director General (Finance)

6. This determination is passed on 4th October, 2006 and comprises 03 pages.