



PAKISTAN TELECOMMUNICATION AUTHORITY
HEADQUARTERS, F-5/1 ISLAMABAD
Ph: 051-9225328 Fax: 051-9225338

Enforcement order under sub-section 3 of section 23 of the Pakistan Telecommunication
(Re-organization) Act, 1996 in the matter of Logitech (Pvt) Limited

File No. PTA/Finance/NVCNS/Logitech/583/2006

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| Date of Issuance of Show Cause Notice: | 21 st April, 2010 |
| Date of Hearing: | 3 rd June, 2010 |
| Venue of Hearing: | PTA HQs, Islamabad |

The Authority present:

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

The Issue:

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

EX-PARTE DECISION OF THE AUTHORITY

BRIEF FACTS:

Logitech (Pvt.) limited (the "licensee") was awarded non-exclusive license No.DIR (C)/L/PTA/3 81/2001 dated 22nd July, 2002 by the Pakistan Telecommunication Authority (the "Authority") to establish, maintain and operate Non Voice Communication Network Services in Pakistan on the terms and conditions contained in the license.

2. As a licensee of the Authority, Logitech (Pvt.) Limited was required to comply with the provisions of the prevailing regulatory laws comprising 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. Whereas in this case the licensee has violated the condition 3.11 (b), 3.12, 4.51, 5.51 (m) and 8.31 (d) of the license, sub-regulation (6) and (7) of regulation 23 of the Pakistan Telecommunication Authority (Functions & Powers) Regulations, 2006, and sub-regulation (1) of regulation 11 of Class licensing and Registration Regulations, 2007 by not submitting annual

audited accounts within three months and by not paying annual license fee to the Authority within 120 days from the close of financial year.

3. Pursuant to the abovementioned provisions it neither submitted annual audited accounts alongwith annual license fee for the years ended on 30th June, 2008 and 2009 nor made the payment of Authority's dues on account of annual license fee including late payment charges of Rs. 344,560/- for the years ended on 30th June, 2007 within the due date. In this regard the Authority made various requests to the licensee but in vain. Hence, the Authority issued Show Cause Notice dated 21st April, 2010 (the "Notice") under section 23 of the Act whereby required the licensee to remedy the contravention by making the aforesaid payments and submission of annual audited accounts and annual license fee for the aforementioned years 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.

4. But the licensee neither submitted its reply to the Notice within the statutory period of thirty days nor deposited the Authority's dues as well as failed to submit annual audited accounts alongwith annual license fee for the year ended on 30th June, 2009. However, it only submitted its annual audited accounts for the year ended on 30th June, 2008 vide its letter dated 3rd May, 2010 on the basis of which Finance Division of PTA sent Demand Note dated 12th May, 2010 of Rs.594,893/- for making the payment immediately, but the payments are not received, hence, committed sheer violation of the provisions of the license and the Act.

5. Therefore, before passing an enforcement order a Hearing Notice dated 25th May, 2010 was issued and served on the licensee whereby informed the licensee to attend the hearing dated 3rd June, 2010. The licensee vide its letter dated 1st June, 2010 informed that its Branch Manager Mr. Abid Hussain will appear before the Authority. Mr. Abid Hussain attended the hearing and informed the financial and operational difficulties being faced by the company due to which it failed to make the payments in time. It also submitted Pay order of Rs. 100,000/- dated 1st June, 2010 as partial payment and requested for permission to make the balance amount of Rs.494,893/- in equal monthly installments of Rs.50,000/-. The representative of the licensee also requested to waive of the penalty.

6. However, the Authority was not satisfied with the explanation tendered by the representative and the written stance taken by the licensee in its reply to the show cause notice.

7. ORDER

7.1. Keeping in view the above mentioned facts coupled with the available record, the Authority hereby dispose of the aforesaid show cause notice in the following terms:

- (a). Logitech (Pvt) Limited is hereby directed to remedy the aforesaid contravention by making the remaining payment of annual license fee Rs.500,501/- (including late payment charges (@ 2% per month or part thereof) for the years ended on 30th June, 2007 and 2008 in THREE equal monthly installments as per the following schedule:

First Installment Rs. 165,986 /- to be paid on or before 30th June.. 2010 Second Installment Rs. 167,257/- to be paid on or before 31st July, 2010 Third Installment Rs. 167,258/- to be paid on or before 31st August. 2010

- (b). the licensee is also directed to submit annual audited accounts for the year ended on 30th June, 2009 by 25th June, 2010 and pay annual license fee including late payment charges (@2% per month or part thereof) by 30th September, 2010.
- (c). In case of failure to abide by this Order, its license No. DIR (C)/L/PTA/3 81/2001 dated 22nd July, 2002 **shall stand suspended** w.e.f. 1st October. 2010. without further notice, which will be restored on receiving the AAAs and the payable dues.

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

(Dr. Khawar Siddique Khokhar)
Member (Technical)

8. This determination signed on 28th June, 2010 and comprises 03 pages.