



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 Logitrac (Pvt) Limited**

No.PTA/Wireline Licensing/Logitrac (Pvt) Ltd/430/2006

Date of Issuance of Show Cause Notice: 5th April, 2010
Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 20th May, 2010

The Authority present:

S. Nasrul Karim A. 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 1. BRIEF FACTS:

1.1. **Logitrac (Pvt.) Limited** (the "licensee") was awarded non-exclusive license No. DIR (C)/L/PTA/643/2004 dated 31st August, 2004 (the "license") by Pakistan Telecommunication Authority (the "Authority"), to establish, maintain and operate Vehicle Tracking Services in Pakistan, subject to the terms and conditions contained in the license.

1.2. The licensee has defaulted in payment of the Authority's dues for the years ended 30th June, 2006-2007 amounting to Rs. 198,351/- including late payment charges upto March, 2010 as well as not provided its annual audited accounts alongwith annual license fee for the years ended on 30th June, 2008 and 2009. In this regard the Authority made various requests to the licensee, but in vain. In addition, it has also been taken notice of by the Authority through report dated 26th February, 2010 submitted by Zonal office Karachi, that the licensee has closed/terminated its operations without approval of the Authority and without fulfilling the requirements mentioned in clause 2,09 of the license. Hence, the Authority issued Show Cause Notice (the "Notice") dated 5th April, 2010 under section 23 of the Act whereby required the licensee to remedy the aforementioned contravention (i) by restoring its licensed operations immediately and (ii) by making the aforesaid payments and submission of annual audited accounts alongwith annual license fee including late payment charges for the years ended on 30th June, 2008 and 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.

1.3. The licensee submitted its annual audited accounts for the year ended on 30th June, 2008 on 10th April, 2010 and paid partial payment of Rs.76,043/- vide pay order dated 15th April, 2010 and submitted its reply to the show cause notice vide its letter dated 10th April, 2010 in the following terms:

Subject: PAYMENT OF ANNUAL LICENSING FEES -2007

Dear Sir,

Please refer to your letter No/PTA/Wireless Licensing/Logitrac (Pvt) Ltd/430/2006/993 dated April 5, 2010, we would like to inform you that as per the annual audited accounts provided for the year ended June 30, 2007 an amount of Rs. 118,123/- has been calculated wrongly on account of Annual License Fee, if you see note which clearly shows that the revenue from Monitoring Services generated is Rs. 9,745,733/- so, according to this the calculation would be as follows and requested to update your records.

PARTICULAR	2006-07 / Rs.
Ovenine Balance (2006}	11.715/-
Annual gross revenue from monitoring ftervic.p.s	9.745,733-
Annual license fee navable to PTA(a), 0.66%	64.238/-
Add: Late oavment chorees (a). 2%(om) (Nov 07- Mar	37.310/-
Total amount payable to PTA	113.354/-7-

You are well aware the current economy situation and liquidity crunch in market. Heavy amount of our outstanding is stuck up with customers. This situation put us in difficult position and annual license fee are delayed considerably against our sincere desire to pay immediately.

In Light of the above facts we are pleased to enclosed herewith a pay order of Rs. 76,043/-annual license fee for year 2007 and opening balance of 2006 along with this letter and request to late payment penalty may please be waived off.

We hope you will extend your co-operation as always.

1.4. Therefore, before passing an enforcement order a Hearing Notice dated 7th May, 2010 was issued and served on the licensee whereby informed the licensee to attend the hearing dated 20th May, 2010. In the meantime time, the licensee was issued demand note of Rs. 126,180/- for the year ended on 30th June, 2008. However, in response to aforesaid hearing notice it informed that its Director is sick. He cannot travel to Islamabad for hearing. The licensee is willing to make the payment, hence, requested to exempt from hearing. In addition, it made the payment of Rs. 126,180/- in the form of four installments of Rs.31,545 each vide its letter dated 18th May, 2010 (i.e., one pay order dated 18th May, 2010 and three post dated cheques dated 18th June, 2010, 18th July, 2010 and 18th August, 2010, respectively) which is reproduced as under:

Sub : **Payment of Annual License Fee to PTA for VTS License Services.**

Dear Sir,

This is in reference to your Hearing Notice dated May 7, 2010 and a revised provisional demand note of Rs. 126,180/- received by us on May 15, 2010 (Copy enclosed for your ready reference).

Our Director is sick that's why he cannot travel to Islamabad for hearing. So; we would like to pay the Annual License Fee for the year ended June 30, 2007 & 2008 in four equal installments of Rs.31,545/-each.

Please find enclosed a pay order for the first installment and three post dated cheques for the remaining three installments as follows :-

<i>Installments</i>	<i>Pay order /Cheque #</i>	<i>Dated</i>	<i>Amount</i>
<i>First</i>	<i>3550749</i>	<i>May 18,2010</i>	<i>31.545/-</i>
<i>Second</i>	<i>6231886</i>	<i>June 18,2010</i>	<i>31.545/</i>
<i>Third</i>	<i>6231887</i>	<i>July 18,2010</i>	<i>31.545/</i>
<i>fourth</i>	<i>6231888</i>	<i>August 18,2010</i>	<i>31,5451</i>
		<i>Total</i>	<i>126,180</i>

At the same time we requested you to exempt us from the Hearing as we are willing to pay the annual license Fee till the year end June 2008.

1.5. Therefore, the Authority accepted the request of the licensee regarding exemption from hearing and proceeded in the matter, on the basis of available record. During the hearing the Finance Division brought the facts relating to AAAs and payments before the Authority as mentioned in Para 1.3 and 1.4, above. However, the licensee has not responded the allegation of closure/termination of licensed services without approval of the Authority and fulfillment of requirements mentioned in clause 2.09 of the license. The record reveals that:

(i). Logitrac (Pvt) Limited was required to comply with the provisions of the prevailing regulatory laws comprising of the Act, the Pakistan Telecommunication Rules, 2000, Pakistan Telecommunication Authority (Functions & Powers) Regulations, 2006, Class Licensing and Registration Regulations, 2007 and the terms and conditions of the license.

(ii). vide clause 2.09 of the conditions of the license the licensee was obliged not to discontinue/terminate/wind-up of its service without prior approval of the Authority and settlement of all claims/obligations/accounts with other value added telecommunication service providers, data communication network operators, the Company/PTCL, its customers and the Authority, but the licensee contrary to the aforesaid provision terminated/closed its operations without seeking prior approval of the Authority and fulfillment of the requirements mentioned in the aforesaid clause. Moreso, it also did not provide any response to this allegations which establish its irresponsible behavior to the writ of the Authority.

(iii). vide clauses 2.01, 2.02 and 7.1 of the license read with sub- regulation (1) of regulation 11 of the Class Licensing and Registration Regulations, 2007 and sub-

regulations (6) and (7) of regulation 23 of the Pakistan Telecommunication Authority (Functions & Powers) Regulations, 2006 , it was obliged to submit annual audited financial statements and summary of accounts within three months and to pay annual license fee within 120 days of the close of financial year, but the licensee failed to comply with the aforesaid provisions. However, on issuance of show cause notice its submitted annual audited accounts for the year ended on 30th Jun, 2008 and also made the payments in four installments of each 31,545- (i.e., one pay order and rest post dated cheques), but Rs.801/- on account of late payment charges calculated due to payment in the form of post dated cheques remains unpaid. In addition, still it has to submit annual audited accounts alongwith annual license fee for the year ended on 30th June, 2009 for which it again has not submitted any response.

- (iv). Foregoing clearly establish that the licensee is not complying with the provisions of the license, the rules/regulations and directions of the Authority and has closed its operations without approval of the Authority and by fulfilling the requirements.
- 2.

ORDER

2.1 . Keeping in view the above mentioned facts coupled with the available record, and as the licensee has partially remedied the contravention, hence, the Authority took lenient view by this time and decided to dispose of the show cause notice in the following terms:

- (a) Logitrac (Pvt) Limited is hereby directed to restore its commercial operations immediately on receipt of this order and submit compliance report to the Authority within thirty days of the issuance of this order.
- (b) The licensee is further directed to submit annual audited accounts alongwith annual license fee including late payment charges (@2% per month or part thereof) for the year ended on 30th June, 2009 alongwith late payment charges of Rs.801/- on the amounts paid through post dated cheques within thirty (30) days of the issuance of this order.
- (c). In case of failure of the licensee to deposit the Authority's dues and annual audited accounts as provided in Para 2. 1 (b), above, and bouncing of any cheque dated 1 8th June, 2010, 18th July, 2010 and 18th August, 2010, whatever the case may be, license No. (C)/L/PTA/643/2004 dated 31st August, 2004 of the company shall stand TERMINATED without further notice and recovery proceedings under section 30 of the Act shall be initiated by the Authority against the company for recovery of all payable dues as arrear of land revenue. While in case of payment, the license shall be restored.

S.Nasrul Karim A. Ghazanvi
Member (Finance)

Dr. Mohammed Yaseen
Member (Technical)

This determination signed on 15-07-2010 and comprises 04 pages.

