



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 Premium Telecom (Pvt) Limited

No.PTA/Finance/NVCNS/PremiumTelecom/668/20Q6

Date of Issuance of Show-Cause Notice:	4 th May, 2010
Date of Hearing:	16 th June, 2010
Venue of Hearing:	PTA HQs, Islamabad

The Authority Present;

S. Nasrul Karim 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. **Premium Telecom (Pvt.) Limited** (the "licensee") was awarded non exclusive license No. DIR (C)/L/PTA/489/2002 dated 23rd July, 2003 (the "license") by Pakistan Telecommunication Authority (the "Authority"), to establish, maintain and operate Non Voice Communication Network Services in Pakistan subject to the terms and conditions contained in the license.

1.2. As a licensee of the Authority, Premium Telecom (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. Whereas in this case the licensee has violated condition 3.11 (c), 3.12, 3.13, 4.51 and 5.51 (m) 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 by failure in submitting annual audited accounts and paying annual license fee within the time period given in the license.

1.3. License has failed to submit annual audited accounts alongwith annual license fee for the year ended on 30th June, 2008 to 2009 including late payment charges till

date. It also failed to pay late payment charges of Rs. 25,993/- on account of annual license fee for the year ended on 30th June, 2007, despite repeated demands of the Authority, but in vain. Hence, the Authority issued Show Cause Notice (the "Notice") dated 4th May, 2010 under section 23 of the Act whereby required the licensee to remedy the contravention by submitting annual audited accounts alongwith payment of annual license fee including late payment charges for the years ended on 30th June, 2008 and 2009 and late payment charges of Rs.25,993/- for the year ended on 30th June, 2007 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 aforesaid notice vide its letter dated 11th May, 2010 and submitted annual audited accounts for the year 2008-2009 alongwith annual license fee for the year 2009 and late payment charges for the year 2007 and 2009. However, it committed to make the payment of annual license fee including late payment charges for the year ended on 30th June, 2008 before June, 2010. The aforesaid reply is reproduced in verbatim:

"Subject: Show Cause Notice Under Section 23 of Pakistan Telecommunication (Re-Organization) Act 1996 (the "Act")

Reference: your office letter no. PTA/Finance/Finance NVCNS/Premium Telecom/668/2006/297 dated 4th May 2010.

Respected Sir,

In the backdrop of your above referred letter following documents and annual fees along with late payment charges are being submitted:-

- a. Audited report of year 2008-2009.*
- b. Bank draft bearing machine # DDLDA 080076/81 dated 1 Im May 2010 amounting to Rs; 48,5207- on account of Late payment charges year 2007(Rs; 25,9937-), annual license fee for the fiscal year 2008-2009 (Rs; 20,4777/-) and Late payment charges year 2009(Rs; 2,0507/-).*
- c. The annual licence fee plus late payment charges for fiscal year ending submitted before Jun 2010.*
- d. The delay in payments schedule is due to following reason:-*
 - i. We would like to bring into your kind consideration that in October 2008 our Satellite Earth Station (Hub) got damaged due to Electric serge and became un-operational. Due to this situation we lost our cliental and as a result the revenues fell down exponentially. The company was dragging itself in loss.*
 - ii. The equipment was insured therefore a claim was lodged for compensation to M/S Adam Jee Insurance. But unfortunately the claim was not accepted on the grounds of insurance coverage. Therefore we approach the arbitrator to get the compensation recover the loss and start the business again. The case is in process in court of law. (Copies attached for information).*

iii. Meanwhile another hub was installed now we are in the process of achieving the breakeven barrier and hoping to get good response from market and Insha'Allah within a short span of time we will be in a position to cover up this damage. We have sent you the details of our income and expenses for your kind consideration.

It is pertinent to mention here that M/s Premium Telecom (Pvt.) Ltd is running the business since 2003 and have never defaulted or violated any rules and regulations of the Pakistan Telecommunication Authority. But due to above mentioned reasons we have not been able to regular in paying annual fees.

The omission is highly regretted and it is ensured that would not be repeated in future please.

Thanking you in anticipation. "

1.4. Therefore, before passing an enforcement order a Hearing Notice dated 9th June, 2010 was issued and served on the licensee whereby informed the licensee to attend the hearing on 16th June, 2010, Major ® Kh. Sohail Anwar and Mr. Khawaja Farrukh Arshad, representatives of the licensee, attended the hearing. They reiterated the same facts as mentioned in their aforesaid reply and requested to grant some more time to clear the outstanding dues.

1.5. Finance Division calculated the payable dues of the licensee for the year ended on 30th June, 2008 of Rs.293,446/- on the basis of comparative financial information contained in its annual audited accounts for the year ended on 30th June, 2009.

2. Order of the Authority

2.1. Keeping in view the above mentioned facts coupled with the available record, and as the licensee has already partially remedied the aforesaid contravention, therefore, the Authority hereby dispose of the aforesaid show cause notice in the following terms:

- (a) The licensee, Premium Telecom (Pvt) Limited is hereby directed to submit annual audited accounts alongwith annual license fee Rs.293,446/- (including additional fee @2% per month or part thereof incurred due to late payment) for the year ended on 30th June, 2008 on or before 31st August, 2010.
- (b) In case of failure of the licensee to deposit the Authority's dues and annual audited accounts as provided in Para 2.1 (a) above, its license No. DIR (C)/L/PTA/600/2003 dated 31st October, 2003 shall stand SUSPENDED w.e.f 1st September, 2010 without further notice for one month or till submitting the aforesaid annual audited accounts alongwith annual license fee including late payment charges, whichever is earlier, while in case of submission of annual audited accounts and payment as per 2.1 (a) above, the license shall be restored.
- (c) However, in case of failure to submit the annual audited accounts for the year ended on 30th June, 2008 and to make the payment of annual license

fee for the aforesaid year on or before 30th September, 2010 its license No. DIR (Q/L/PTA/600/2003 dated 31st October, 2003 shall stand TERMINATED w.e.f 1st October. 2010 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.

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

(Dr. Khawar Siddique Khokhar)
Member (Technical)

Signed on 8th July, 2010 and comprises 04 pages.