



Government of Pakistan
PAKISTAN TELECOMMUNICATION AUTHORITY
HEADQUARTERS, F-5/1, ISLAMABAD

**Decision on the Application of Circle Net Communications Pakistan (Pvt.) Limited
for Renewal of Long Distance and International License**

No. PTA/Lic-WrL/LDI/650/2006

Venue of Hearing: PTA HQs, Islamabad
Hearing Date: 5th May, 2025

Hearing Pannel:

Maj. Gen. Hafeez Ur Rehman (R): Chairman
Dr. Khawar Siddique Khokhar: Member (Compliance & Enforcement)
Muhammad Naveed: Member (Finance)

THE ISSUE

“RENEWAL OF LDI LICENSE”

1. This order will decide the application dated 06-09-2021 filed by **Circle Net Communications Pakistan (Pvt.) Limited** for renewal of its Long Distance and International License No. LDI-11(19)-2004 dated 19-08-2004.
2. The relevant facts of the case are that in year 2003 the Federal Government issued a Policy Directive for fixed line telephony services called as “**De-Regulation Policy-2003**” under section 8 of the Pakistan Telecommunication (Re-organization) Act, 1996 (the “**Act**”) wherein, *among others*, Long Distance and International (“**LDI**”) license was introduced. As per De-Regulation Policy, 2003, LDI license was to be issued for an initial term of twenty (20) years. In the light of De-Regulation Policy-2003, the Pakistan Telecommunication Authority (the “**Authority**”), in exercise of its power conferred under section 5 read with section 21 of the Act, granted LDI License No. LDI-11(19)-2004 dated 19-08-2004 (the “**license**”) for a period of twenty (20) years to Circle Net Communications Pakistan (Pvt.) Limited (the “**licensee**”) for establishment, maintenance and operation of telecommunication system in Pakistan and to provide licensed services on the terms and conditions contained in the license. Among other terms and conditions, condition Nos. 1.2.2 and 1.2.3 of the license provide a mechanism for renewal of the license.
3. In light of the De-Regulation Policy, 2003, the Authority granted number of LDI licenses to different companies including the licensee in year 2004 for a period of twenty (20) years. The license provides that if the licensee wishes to get the license renewed, it will submit a written request at least thirty (30) months prior to the expiry of initial term of its

license as envisaged in condition No. 1.2.2 of the license. The licensee vide its letter dated 06-09-2021 submitted the application for renewal of its existing LDI license in the following manner:

“As the expiry date of the license term is approaching near, therefore, this letter may kindly be treated as the request for renewal of the license in accordance with the clause 1.2.2 of the subject license for another term of twenty (20) years... ”.

4. While responding to the licensee’s aforesaid request, the Authority vide its letter dated 13-09-2021 informed the licensee about the requirements for renewal of its license in the following manner:

“It is informed that renewal of LDI license shall be subject to following:

- a. Acceptance of Terms and Conditions of new LDI License Template, which shall be shared before 31st December, 2021.*
- b. Clearance of all outstanding dues. In case of any dispute the amount shall be paid/ deposited in escrow accounts.*
- c. Licensee's compliance with the Terms and Conditions of the subject License, the Pakistan Telecommunication (Re-organization) Act, 1996, Rules or Regulations made thereunder, during the initial term of the subject License.*
- d. Policy directive, if any, of the Federal Government at the relevant time.”*

Needless to mention here that all the above-mentioned requirements were intimated to all LDI licensees across the board whose licenses were about to expire in year 2024 and 2025/2026.

5. In continuation of the aforesaid letter, the Authority, *after consultation with the industry*, shared a template of LDI license with the licensee through email dated 04-01-2022 for information and necessary action. In response to the Authority’s letter dated 13-09-2021 followed by an email dated 04-01-2022, the licensee vide its letter dated 17-01-2022 showed its intention to renew its existing LDI license in the following manner:

“....

- a. We hereby convey our acceptance of Terms & Conditions of new LDI License template which has been stipulated at the PTA website on 03-January-2022. However, we expect that the roll out obligations are required to be met by the new licensees only as the same has already been performed by the existing licensees.*
- b. We have settled all the dues payable to PTA as on 31-December-2021. However, the matter of APC for USF payable as per PTA claim is subjudice and is under consideration of the honorable court.*

It will be settled in the light of decision of the honorable court once the final liability is determined.

- c. We are confident that we have complied with the terms & condition of the LDI license awarded, the Pakistan Telecommunication Re-Organization Act 1996, rules & regulations made thereunder during the license period.*
- d. If any Policy directive of the Federal government is issued, it shall be complied upon at the relevant time.”*

6. After the receipt of the aforesaid renewal application followed by letter dated 17-01-2022 by the licensee, the Authority vide its letter dated 12-04-2022 required the licensee “to clear/resolve all pending issues with PTA in order to process the request for renewal of LDI license...”. Apart from a joint industry letter relating to the resolution of issue of APC for USF, the licensee vide its letter dated 25-04-2022 made a reference to the FAO No. 4274/2019 filed before the Hon’ble Lahore High Court, Lahore wherein the matter relating to APC for USF calculation formula/mechanism was *sub-judice* and further ensure that they would appear before the Authority whenever the hearing is fixed.

7. It is worthy to note that apart from the licensee’s renewal request, number of other LDI licensees also submitted their applications with the Authority for renewal of their respective license. During the pendency of applications for renewal of all such LDI licenses, some concerns were raised by few licensees regarding the license template, more specifically regarding the roll out obligation. Accordingly, the Authority through email dated 27-11-2023 intimated the initiation of consultation on network roll out obligation and invited the comments from the industry including the licensee. After the industry’s consultation, a final revised “**LDI License Template for Pakistan**” was placed on the Authority’s websites for information and all the licensees were also intimated separately in this regard.

8. It may not be out of place to mention here that eleven (11) LDI licenses were issued in year 2004 to different companies and their renewals were due in year 2024. Some of the LDI licensees defaulted in payment of their regulatory dues with major chunk of amount on account of APC for USF. Therefore, the renewal process in the case of defaulting LDI licensees was halted on account of outstanding dues mainly relating to APC for USF. Most of these outstanding dues were sub-judice in different courts of law wherein restraining orders were in field.

9. Despite requirement by the Authority to pay the outstanding dues, the licensee was not coming forward either to pay the outstanding dues or to deposit the same in escrow account as required in the letter dated 13-09-2021. Considering that the outstanding amount of APC for USF is payable in the designated account and being administered by the Ministry of Information Technology & Telecom (“**MoIT&T**”), the Authority sought way forwarded from MoIT&T in the form of issuance of policy directive on renewal of LDI licenses with specific reference to treatment/settlement of outstanding dues. Accordingly, the Authority vide its letter dated 22-04-2024 consulted MoIT&T by apprising it that currently principal

amount of Rs.31.4 billion along with a Late Payment Additional Fee (“LPAF”) amounting to Rs.71 billion is outstanding.

10. That for resolving the renewal of defaulting LDI licensees, multiple correspondences were made and various meetings and consultative sessions were held with the MoIT&T and the industry including the licensee. However, no conclusive way forward could be reached out. In the meanwhile, the licensee filed WP No. 2472/2024 before the Hon’ble Islamabad High Court regarding its application for renewal of LDI license pending before the Authority, wherein an interim relief in favor of the licensee was granted vide order dated 19-08-2024 to the effect that “...no adverse measure shall be taken against the petitioner provided all other outstanding dues of the petitioner are cleared to the satisfaction of the PTA”.

11. It may not be out of context to mention here that six (6) LDI licensees relating to their renewal applications filed civil suits before the Hon’ble Sindh High Court at Karachi in 2024. The Hon’ble Sindh High Court through a consolidated order dated 27-11-2024 referred the cases to the Authority for decision on their pending renewal applications. Accordingly, the Authority, *in addition to other requests for renewal*, also fixed the licensee’s application of renewal for hearing on 05-05-2025. It is worthy to mention here that the Authority vide its letter dated 17-03-2025 shared the following agenda of hearing with the licensee in advance in relation to its renewal request:

“.....

- a. *Compliance of Network Roll-out obligation of the subject license.*
- b. *Licensee’s plan to meet Network Roll-out Obligations as per new LDI License Template and continuity of the same with appropriate functionality and adequate capacity for renewed term.*
- c. *Status of outstanding dues (Fees and Contribution)*
- d. *Licensee’s initiatives that were taken with regard to public interest and benefits to users of Telecommunication Services during the course of subject License and plan for future.*
- e. *Any Change(s) in Control and / or Substantial Ownership Interests, that has not been brought in the notice of the Authority.”*

12. Mr. Sohail Khan (HOD) and Mr. Kaleem Ilyas Advocate Supreme Court of Pakistan appeared on behalf of the licensee and attended the hearing. Considering the nature of case, representative i.e., Mr. Hassan Aziz Director (Telecom) from MoIT&T also attended the hearing.

13. During the hearing, the licensee made a presentation on the above agenda items as stated at para 11 above before the Authority and consented to renewal of its license as per license template. However, on the issue of outstanding dues, the licensee was of the view that the matter relating to APC for USF remanded by Hon’ble Lahore High Court in FAO No. 4274/2019 is yet to be decided by the Authority. Further stated that the other amount

relating to APC for USF determined through Authority's order dated 29-11-2019 is pending before the Hon'ble Lahore High Court in FAO No.77397/2019 wherein interim relief has been granted. Furthermore, additional documents/information related to clause (a) and (b) of agenda item reproduced at para 11 above are required from the licensee.

14. After careful perusal of the record and submissions made by the licensee, the Authority proceeds to decide the licensee's application for renewal of its LDI license. The Authority is empowered under section 5(2)(a) read with section 22(3) of the Act to renew a license upon expiry of its term. While exercising power to renew a license upon its expiry, section 22(3) of the Act casts an obligation upon the Authority that terms and conditions of such renewal shall be "*consistent with the policy directive, if any, of the Federal Government at the relevant time*". It is matter of record that no policy directive of the Federal Government has been issued for the purposes of renewal of LDI licenses. Hence, the Authority has to proceed as per its regulatory mandate for deciding the licensee's renewal application. In this regard, the Authority has already issued a letter dated 13-09-2021 for the purposes of renewal of LDI licenses.

15. It is a matter of record that the request for renewal of license was made by the licensee vide its letter dated 06-09-2021 within the timelines stipulated in the license condition No. 1.2.2. As per condition No. 1.2.3 of the license, the Authority is required to renew license within 03 months of receipt of application or give notice providing reasons if the license is not to be renewed. It is pertinent to mention here that the Authority has not given any notice whatsoever to the effect of not renewing the license. On the contrary, the record indicates that the Authority had been continuously working on for a viable solution relating to renewal of the concerned LDIs' licenses and the licensee remained associated and was aware of the Authority's steps taken for the purpose of renewal. As a matter of fact, the licensee attended various meetings with the Authority and MoIT&T and was involved in the consultation session(s) on renewal at different occasions.

16. It is relevant to mention here that in the absence of the policy directive for renewal of LDI license, the Authority has to proceed on the basis of letter dated 13-09-2021 issued to the licensee and clause "b" of the said letter vividly provides that "*Clearance of all outstanding dues. In case of any dispute the amount shall be paid/deposited in escrow accounts*" is one of the pre-requisite conditions for renewal of existing LDI license. While taking decision on renewal of license, the Authority has taken into consideration the conduct of the licensee with respect to compliance of the terms and conditions of existing license as well as applicable regulatory regime/laws on the part of the licensee. Despite clear determination of amount of APC for USF demanded repeatedly through various demand notices/letters/show cause notices, the licensee has neither paid the said amount into the designated account nor deposited the same in the escrow account. The record reveals that an amount of Rs.5,900,626,962/- is outstanding on account of APC for USF against the licensee in terms of enforcement order dated 18-07-2025 passed by the Authority. Apart from the aforesaid amount of Rs.5,900,626,962/- another amount of APC for USF in the sum of Rs.4,958,779,948/- (*excluding LPAF as of 18-07-2025*) decided through

enforcement order dated 29-11-2019 is *sub-judice* before the Hon'ble Lahore High Court, Lahore. Though interim relief has been granted by the Hon'ble Court in the form of not taking coercive action against the licensee, yet the interim relief appears to remain effective till the tenure of the license thus the Authority feels it appropriate to consider the amount pending adjudication in the aforesaid cases as well as other outstanding amount due from the licensee till to-date while deciding the renewal application. Since as per the Authority's determinations/calculations, substantial amount is due from the licensee, therefore, the Authority is well justified to ensure the payment of all outstanding amount on the part of the licensee at the time of renewal and the said amount will be adjusted in light of the final decision thereon.

17. Though the licensee has given its consent for renewal of license and accepted terms and conditions as contained in the license template, therefore, only point of contention in the instant matter pertains to clearance of outstanding dues on account of APC for USF which is payable to MoIT&T/ USF. Since dues on account of APC for USF are outstanding against the licensee, therefore, the Authority is of the considered view that the license may be renewed subject to clearance of the outstanding dues as determined by the Authority in the aforesaid enforcement order(s).

18. In view of the foregoing, the License No. LDI-11(19)-2004 dated 19-08-2004 issued to Circle Net Communications Pakistan (Pvt.) Limited, is hereby renewed with effect from 19-08-2024 for a further period of twenty (20) years subject to fulfilment of the following requirements:

- i. Clearance of outstanding dues of Rs.5,900,626,962/- on account of APC for USF as decided through enforcement order dated 18-07-2025 by depositing in the designated account under intimation to the Authority. Alternately, in case of dispute, to deposit the same in escrow account as provided in regulation 10(4) of the Access Promotion Regulations, 2005;
- ii. Amount of Rs.6,911,872,920/- (*Principal*: Rs.1,945,257,317/- + LPAF: Rs. 4,966,615,603/- as on 18-07-2025) in terms of enforcement order dated 29-11-2019 be deposited in its escrow account as provided in the regulation 10(4) of the Access Promotion Regulations, 2005;
- iii. To ensure compliance of condition 3.2.6 of the LDI License Template in true letter and spirit, prior to signing of the license, either of the following:
 - a. Submission of detailed technical and financial plan alongwith all codal formalities, in case of establishment and deployment of its own respective Telecommunication System; or

b. Submission of binding agreement in case of lease of respective Telecommunication System.

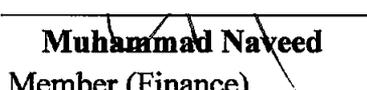
iv. Payment of Renewal License Fee of US\$ 500,000 (along with LPAF calculated from the effective date of renewal of license till date of payment) or equivalent amount in Pak Rupees to the Authority. The rate of exchange for determining the equivalent amount in Pak Rupees shall be the TT selling rate of National Bank of Pakistan prevailing at the business day proceeding the date of payment.

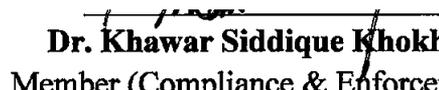
19. It may be noted that in case of non-compliance of any of the requirements, *as enlisted herein above*, within thirty (30) days of this order, the license shall not remain valid thereafter, and the licensed services under the License No. LDI-11(19)-2004 dated 19-08-2004, operational pursuant to the Court order, shall accordingly stand discontinued w.e.f. 20-08-2025.

20. In addition to above, in case of non-renewal of the license, the licensee shall be liable to pay all regulatory dues and contributions alongwith LPAF as provided in the license read with applicable regulations till 20-08-2025.

21. The renewal application dated 09-06-2021 is disposed of in the above terms.


Maj. Gen. Hafeez Ur Rehman (R)
Chairman


Muhammad Naveed
Member (Finance)


Dr. Khawar Siddique Khokhar
Member (Compliance & Enforcement)

Signed on 21st July, 2025 and comprised of (7) pages only.