



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

**Decision on the Application of REDtone Telecommunications Pakistan (Pvt.) Limited
for Renewal of Long Distance and International License**

No. PTA/Lic-WrL/LDI/567/2006

Venue of Hearing: PTA HQs, Islamabad
Hearing Date: 9th April, 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 11-02-2022 filed by **REDtone Telecommunications Pakistan (Pvt.) Limited** for renewal of its Long Distance and International License No. LDI-06 (02)-2004 dated 16-08-2004 in pursuance to order dated 27-11-2024 passed in Civil Suit No. 799/2024 by the Hon’ble Sindh High Court, Karachi.
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-06 (02)-2004 dated 16-08-2004 (the “**license**”) for a period of twenty (20) years to REDtone Telecommunications Pakistani (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 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. Considering upcoming expiry of initial term of number of LDI licenses in mid of year 2024, the Authority deemed it appropriate to issue a letter enlisting the requirements to be fulfilled by all the concerned LDI licensees across the board for renewal of their respective LDI licenses. In this regard, the Authority vide its letter dated 14-09-2021 informed the licensee about the requirements for renewal of its LDI 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.

4. 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 03-01-2022 for information and necessary action. In response to the Authority's letter dated 14-09-2021 followed by an email dated 03-01-2022, the licensee vide its letter dated 11-02-2022 showed its intention to renew its existing LDI license in the following manner:

- “ ...
- a. We confirm that we are in compliance with our license obligations, and have completed our roll out obligations.*
 - b. All PTA dues are clear as of 31st December, 2021.*
 - c. The matter of APC for USF payable as per PTA's claim is sub-judice before the Honorable High Court of Sindh in the Suit for recovery and permanent injunction filed by the Company. It will be settled in the light of the decision of the Honorable Court once the final liability, if any, is determined following evidence proceedings. However, it is pertinent to reiterate, according to our calculations, our claim in the Suit before the High Court is that we have over paid the dues and are entitled to a recovery of the same.*
 - d. We confirm that we will comply with any new license terms and conditions initiated by the Authority as per section 22 of the Pakistan Telecommunication (Re-organization) Act, 1996.*
 - e. We further confirm compliance with Pakistan Telecommunication (Re-organization) Act, 1996 and legal instruments frame thereunder.*

f. We confirm to comply with Policy Directive of the Federal Government as and when issued in accordance with the Pakistan Telecommunication (Re-organization) Act, 1996.”

5. After the receipt of the aforesaid renewal application 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...”*. However, there was no further correspondence by the licensee in this regard except the industry’s correspondence with respect to the resolution of issue of APC for USF.

6. 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.

7. 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 14-09-2021. Considering that the outstanding amount of APC for USF is payable in the designated account and is being administered by the Ministry of Information Technology & Telecom (**“MoIT&T”**), the Authority sought a way forward 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 against all the concerned LDI licensees.

8. 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 a Civil Suit No. 799/2024 before the Hon’ble Sindh High Court, Karachi, wherein initially an interim relief in favor of the licensee was granted vide order dated 07-08-2024 to the effect that *“..until the Defendant No. 2 decides the Plaintiff’s renewal application, it is restrained from obstructing the Plaintiff’s telecom operations”*. Finally, the Hon’ble Court through its consolidated order dated 27-11-2024 passed in civil suits filed by the LDI licensees referred the matter back to the Authority in the following manner:

“These suits essentially predicated on grievances related to non-renewal of LDI licenses. The respective learned counsel jointly submit that these suits may be disposed of upon the terms that the request for renewal shall be determined by the authority and pending such determination no coercive action/interference will be taken against the plaintiff/s.

These suits, along with pending applications, are disposed of as aforesought.”

9. After the receipt of the aforesaid consolidated order dated 27-11-2024, the Authority fixed the licensee's application of renewal for hearing on 09-04-2025. 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 application:

“.....

- 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.”*

10. Mr. Nadeem Younas Chairman, Mr. Ahsan Abbas, CTO, Mr. Ahad Nadeem Advocate High Court appeared on behalf of the licensee and attended the hearing. Considering the nature of case, representatives of MoIT&T i.e., Mr. Faisal Ratyal, Director General (Telecom), Mr. Zia-ud-Din CFA&O, Dr. Mobeen Shah, Director General (Legal), Mr. Hassan Aziz Director (Telecom) and Dr. Sajjad A. Mansha, Legal Executive, from MoIT&T also attended the hearing.

11. During the hearing, the licensee made a presentation on the above agenda items stated at para 9 above before the Authority and consented to renewal of its license as per new license template. However, on the issue of outstanding dues (pertaining to APC for USF), the licensee stated that as of March 2025, no outstanding dues are payable by the licensee to the Authority. Furthermore, additional documents/information related to clause (b) of agenda item reproduced at para 9 above are required from the licensee.

12. 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 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 14-09-2021 for the purposes of renewal of LDI licenses.

13. It is a matter of record that the request for renewal of license was made by the licensee vide its letter dated 11-02-2022 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 sessions on renewal at different occasions.

14. 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 14-09-2021 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, the licensee has neither paid the said amount into the designated account nor deposited the same in the escrow account. The record reveals that after the disposal of Civil Suit No. 2601/2016 by the Hon'ble Sindh High Court, Karachi on this subject, an amount of Rs. 14,318,672,404/- is outstanding on account of APC for USF against the licensee in terms of enforcement order dated 18-07-2025 passed by the Authority.

15. 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, Authority is of the considered view that the existing license can only be renewed subject to clearance of the outstanding dues determined by the Authority in the aforesaid enforcement order.

16. In view of the foregoing, the License No. LDI-06 (02)-2004 dated 16-08-2004 issued to REDtone Telecommunications Pakistan (Pvt.) Limited, is hereby renewed with effect from 16-08-2024 for a further period of twenty (20) years subject to fulfilment of the following requirements:

- i. Clearance of outstanding dues of Rs. 14,318,672,404/- on account of APC for USF as decided through enforcement order dated 18-07-2025 by depositing in the designated account of MoIT&T under intimation to the Authority. Alternately, in case of dispute, to deposit the same in its escrow

account as provided in the regulation 10(4) of the Access Promotion Regulations, 2005;

- ii. 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.
- iii. 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.

17. 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-06 (02)-2004 dated 16-08-2004, operational pursuant to the Court order, shall accordingly stand discontinued w.e.f. 20-08-2025.

18. 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.

19. The renewal application dated 11-02-2022 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 (06) pages only.