



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

Decision on the Application of Telecard Limited for Renewal of Long Distance and International License

No. PTA/Lic-WrL/LDI/494/2006

Venue of Hearing: PTA HQs, Islamabad
Hearing Date: 15th 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 22-03-2022 filed by **Telecard Limited** for renewal of its Long Distance and International License No.LDI-07(06)-2004 dated 27-07-2004 in pursuance to order dated 27-11-2024 passed in Civil Suit No. 760/2024 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-07(06)-2004 dated 27-07-2004 (the “**license**”) for a period of twenty (20) years to Telecard 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 13-09-2021 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 13-09-2021 followed by an email dated 03-01-2022, the licensee vide its letter dated 22-03-2022 showed its intention to renew its existing LDI license for the subsequent term.

5. 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...”*. Instead of responding to the demand of the Authority to clear all pending issues which included payment of outstanding dues, the licensee deliberately kept quiet about its obligations towards payment of dues and adopted manipulative tactics vide its letter dated 10-11-2023 by taking an astonishing new stance that its own inaction regarding response to the demand of the Authority should somehow be deemed to have resulted in renewal of license. In response to the licensee's letter dated 10-11-2023, the Authority vide its letter dated 17-11-2023, while referring to its previous correspondence on the subject, again demanded from licensee to clear/resolve its pending issues in order to process its request for renewal of LDI license.

6. 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 about 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 intimated separately in this regard.

7. 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.

8. Realizing that renewal of license is being halted/delayed due to non-payment of outstanding dues, the licensee vide its letter dated 17-01-2024, while admitting the liability, proposed a way forward to make payment in monthly installments in the escrow account till the final determination by the relevant court of law. In this regard, the licensee deposited three installments of Rs. 15,000,000/- each on 17-01-2024, 16-02-2024 and 13-03-2024.

9. 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 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.

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 a Civil Suit No.760/2024 before the Hon'ble Sindh High Court, Karachi, wherein initially an interim relief in favor of the licensee was granted vide order dated 25-07-2024 to the effect that "*...In the circumstances, the Defendants and each of them are directed that until a decision is made by it on the renewal application maintained by the Plaintiff they shall not directly or indirectly interfere in the Plaintiff's operations pursuant to that license and which will continue to submit in the interim*". 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.”

11. After the receipt of the aforesaid consolidated order dated 27-11-2024, the Authority fixed the licensee’s application of renewal for hearing on 15-04-2025. 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.”*

12. Mr. Aamir Hussain (CEO), Mr. Waseem A. Butt (GM), Mr. Waseem Ahmed (Director), M. Zakir Hussain (Senior Manager), Mr. Fawad Bhatti, (DGM- GR&RA) and Mr. Ahad Nadeem, Advocate High Court appeared on behalf of the licensee and attended the hearing. Considering the nature of case, representative of MoIT&T i.e., Dr. Mobeen Shah, Director General (Legal) and Mr. Hassan Aziz, Director Telecom 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 for renewal of its license as per new license template. However, on the issue of outstanding dues, the licensee stated that principal amount of Rs.1,913,229,256/- (net off amount already deposited in escrow account) is outstanding as per its own calculation of APC for USF. The licensee also showed its willingness to pay the said principal amount in one hundred and forty-one (141) monthly installments. Furthermore, additional documents/information related to clause (b) of the 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 22-03-2022 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.

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, 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 Nos. 1727/2010 and 2602/2016 by the Hon'ble Sindh High Court, Karachi on this subject, an amount of Rs.4,075,287,206/- 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. 4,075,287,206/- another amount of APC for USF in the sum of Rs.1,370,091,556/- (*excluding LPAF Rs. 3,567,116,395/- as of 18-07-2025*) decided through enforcement order dated 30-06-2012 is *sub-judice* in MA No.54/2012 before the Hon'ble Sindh High Court, Karachi. Though the matter is *sub-judice*, however, the Authority feels it appropriate to consider the outstanding amount pending adjudication in

the aforesaid case while deciding the renewal application. Since as per the Authority's determinations, 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, 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.

18. In view of the foregoing, the License No.LDI-07(06)-2004 dated 27-07-2004 issued to Telecard Limited, is hereby renewed with effect from 27-07-2024 for a further period of twenty (20) years subject to fulfilment of the following requirements:

- i. Clearance of outstanding dues of Rs. 4,075,287,206/- 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. Amount of Rs. 4,937,207,951/- (Principal: Rs. 1,370,091,556/- + LPAF: Rs. 3,567,116,395/- as of 18-07-2025) in terms of enforcement order dated 30-06-2012 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-07(06)-2004 dated 27-07-2004, 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 22-03-2022 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 comprises (07) pages only.