



PAKISTAN TELECOMMUNICATION AUTHORITY
HEADQUARTERS, F-5/1 ISLAMABAD
Ph: 051-9225328 Fax: 051-9225334

Enforcement order under sub-section 3 of section 23 of the Pakistan Telecommunication (Re-organization) Act, 1996 against M/s. Rahat Communication (PVT.) Ltd

File No. 15-26/CPPS-3/Fin/PTA

Date of Issuance of Show Cause Notice: 17th July, 2006

Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 4th October, 2006

The Panel of Hearing Present:

Director General (Finance):	Head
Director (Litigation & Adjudication):	Member
Director (Wireline Licensing):	Member

The Issue:

“Non payment of PTA dues and failure in submitting annual audited accounts”

DECISION OF THE OFFICERS OF THE AUTHORITY

BRIEF FACTS:

M/s. Rahat Communication (Pvt.) limited (the “licensee”) is a private limited Company incorporated under the Companies Ordinance, 1984 and is engaged in the business of Card Payphone services pursuant to the non-exclusive license No. DIR(C)/L/PTA/311/2000 dated 30th September, 2000 (the “license”) issued by the Pakistan Telecommunication Authority (the “Authority”) to establish, maintain and operate Card Payphone services in Pakistan on the terms & conditions contained in the license.

2. The licensee defaulted in payment of PTA dues for the years ended 2002 to 2005 amounting to Rs. 875,000 and also has been failed to provide its annual audited accounts for the said years. In this regard PTA made various requests to the licensee but the licensee failed to comply with the same. As the licensee has neither submitted its annual audited accounts nor deposited its Annual License Fee for the years 2002 to 2005

amounting to Rs. 875,000/-, a Show Cause Notice (the "Notice") dated 17th July, 2006 under section 23 of the Act was served on it requiring it to comply with the same within seven days and also 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 issued against it under section 23 of the Act.

3. The aforesaid Notice was received back undelivered. As the Notice was sent at the addresses available in PTA's record, therefore, Hearing Notice dated 22nd September, 2006 was also issued at the same addresses of the company and also to all Directors of the company for requiring them to attend today's hearing and thus notices were not only served on the company but also on its Directors. In response to the hearing notice the Chief Executive Officer of the company, namely, Mr. Nazir Ahmad contacted PTA telephonically and requested for provision of the copy of the Notice, which was accordingly faxed to him. The company submitted its reply to the Notice vide letter dated 1st October, 2006.

4. In the reply to the Notice the company informed that the company's operations were closed in February, 2003 by PTCL owing to default in payments and certain financial crises. Thereafter, they entered into an MOU with PTCL whereby PTCL was agreed to restore lines on receipt of first installment of Rs. 310,000/- In compliance with the conditions of the MOU the licensee deposited four installment amounting to Rs. 1,240,000/ to PTCL and has continuously been pursuing PTCL for restoration of Card Payphone operations but PTCL till date has not restored the said operations. the reply of the company further alleged that PTCL has also sent a bogus bill of Rs.528000/ against telephone No.55178051, which was misused by some unknown person and sent after company's closure. The licensee informed that he has protested the matter with PTCL but in vain. The licensee further stated that he is out of operation since February, 2003 owing to the conduct of PTCL and no income has been derived during this period and the company is suffering a lot even the technical equipments of the company have been removed unauthorizedly by PTCL from its exchanges. The company requested the Authority to waive the annual license fee for the period during which it remained non-operational and also requested that action against PTCL may be initiated for violation of the terms of MOU signed between the licensee and PTCL.

5. Mr. Muhammad Nazir, CEO of the company/the licensee admitted that he failed to submit annual audited accounts owing to the fact that he was not aware of this obligation and apologise for this. Regarding payment of annual licensee fee, he reiterated that all operations of company's payphone except 15 numbers in Rawalpindi have been closed by PTCL pursuant to the wrong and excessive billings in 2003. Thereafter, PTCL agreed to restore operations in the light of MOU signed between PTCL and the licensee but PTCL even on receipt of four installments of Rs. 1,240,000/- has not restored its operations. The Panel asked whether he has lodged any complaint to PTA in this regard he replied in negative. On the query as to when the company is going to submit its annual audited accounts, he informed that he would submit such accounts within 30 days of the issuance of the orders. Regarding payment of PTA dues

he requested that annual license fee of the company may please be waived as for being out of business since 2003. The licensee was asked to provide schedule of payment of outstanding dues by 9th October, 2006. The licensee submitted the following schedule of payment vide letter dated 9th October, 2006:

Monthly installments starting from 30th December, 2006 (i) at rate of 10,000/per month,(ii) from December, 2007 at rate of Rs. 20,000/-, and (iii) from December, 2008 at rate of Rs.30,000/-

6. ORDER

6.1. Keeping in view the above mentioned facts and circumstances mentioned during the hearing, the Panel hereby dispose of the Notice by passing the following enforcement order:

- (a). The schedule of payment provided by the licensee vide its letter dated 9th October, 2006 is not reasonable, hence, not acceptable. However, the licensee is hereby directed to pay the outstanding dues Rs. 875, 000/- (ALF upto 30th June, 2005) as per the schedule approved by the Authority vide directive No. DIR (C)/PTA/656/2006 dated 28th September, 2006 in six bimonthly installments starting from 16th December, 2006.
- (c) In case of failure of the licensee to deposit PTA dues as provided in Para 6.1 (a) above, license No. DIR(C)/L/PTA/311/2000 dated 30th September, 2000 of the company shall stand terminated and recovery proceedings under section 30 of the Act shall be initiated by the Authority against the company for recovery of dues as land revenue.

Director (Licensing)

Director (Litigation & Adjudication)

Director General (Finance)

5. This determination is passed on 4th October, 2006 and comprises 03 pages.