



PAKISTAN TELECOMMUNICATION AUTHORITY
HEADQUARTERS, F-5/1 ISLAMABAD
Ph: 051-9225328 Fax: 051-9225338

M/s. Jan Communication (Pvt.) Ltd

File No. 15-26/CPPS-192/Fin/PTA

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| Date of Show Cause Notice | 22 nd September 2006 |
| Venue of Hearing : | PTA HQs, Islamabad |
| Date of Hearing : | 28 th November 2006 |

The Panel of Hearing

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| Director General (Finance) | Head of the hearing panel |
| Director (Litigation & Adjudication) | Member |
| Director (Wireline Licensing) | Member |

The Issue

“Non payment of PTA dues amounting to Rs. 120,000/- for the year ended 30 June 2004 and non-provision of annual audited accounts for the year ended 30 June2005”

ORDER OF THE OFFICERS OF THE AUTHORITY

1. BRIEF FACTS OF THE CASE

1.1 Brief facts of the case are that M/s. Jan Communication (Pvt.) Limited (the “licensee”) is a private limited company incorporated under the Companies Ordinance, 1984 and is engaged in the business of card pay phone services pursuant to the non-exclusive license No. DIR(C)/L/PTA/539/2003 dated 4th July, 2003 (the “license”) issued by the Pakistan Telecommunication Authority (the “Authority”) to establish, maintain and operate card payphone services in Punjab province on the terms & conditions contained in the license.

1.2 The licensee has defaulted in payment of annual license fee of Rs. 120,000/ for the year ended 2004. In this regard various requests were made to the licensee but the licensee failed to comply with the same. Subsequently, a show cause notice (the “Notice”) dated 22nd September, 2006 under section 23 of the Pakistan Telecommunication (Re-organization) Act, 1996 (the “Act”) was issued to it requiring

the licensee to comply with the same 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.

1.3 The licensee replied the Notice vide its letter dated 20th October 2006 wherein it was stated that the due to change of the address of the company letter No. 15-26/CPPS-192/Fin/PTA dated 15th March 2006 of PTA was not received. Further, it asserted that due to financial crisis of the company, Pakistan Telecommunication Company Limited many times closed its payphone lines. Lastly, it requested that the licensee be allowed to pay its dues in six installments.

1.4 Following, to the reply of the Notice a hearing was convened on 28th November 2006. Mr. Muhammad Naeem, Chief Executive Officer (CEO), of the company attended the hearing on the said date. Mr. Muhammad Khurram Siddiqui, Assistant Director (Law) presented the case before the hearing panel. He argued that since February 2005 to March 2006 several letters were issued to the licensee requiring it to pay its outstanding dues as well as annual audited accounts but it failed to comply with the same. He further stated that the non-provision of annual audited accounts for the year ended June 2005 and annual licensee fee of Rs. 120,000/- for the years ended June 2004 is a violation of clause 8.1. Appendix B of Pakistan Telecommunication Rules, 2000, sub regulation (5) of Regulations 7 of Card Pay Phones Regulations, 2004 and condition 3.1 of the license condition. Hence, due to aforementioned violation a strict legal action under section 23 of the Act may be initiated.

1.5 CEO of the company argued that due to financial crises of the company it neither made the payment of PTA but also failed to pay PTCL dues on the basis of which many times its lines were closed down by PTCL. The licensee further asserted that due to change of address of the company letters were not received by it. CEO showed its intention to run the card pay phone business and requested for installment so that all PTA outstanding dues could be cleared. The licensee also submitted that it would provide annual audited account by 5th December 2006.

2. ORDER

2.1 We, the hearing panel, after hearing arguments of the licensee, perusal of record and decision of the Authority issued vide letter No. DIR(C)/PTA/656/2006 dated 28th September 2006, reached at the conclusion that the Authority in para 1(b)(1) of its aforementioned decision rescheduled outstanding arrears as on 30th June 2005 for all payphones licensees and has given three months grace period upto 15th December 2006. Pay phone licensees are required to pay their outstanding dues in six equal installments on bimonthly basis starting from 16th December 2006. The decision of the Authority is applicable on all those payphone licensees whose dues are payable upto 30th June 2005. Therefore, instant case falls within the ambit of the Authority's decision and no order under sub-section (3) of section 23 of the Act can be passed as the Authority has already rescheduled payment of outstanding dues for all pay phone licensees. Hence, for the reason mentioned above, we dispose off the Notice and direct the licensee as under:

- (a). to submit its annual audited accounts for the years ended June 2005 within two weeks from the date of this order; and
- (b). to pay its outstanding dues after every two months in six equal installments starting from 16th December 2006.

Director (Wireline Licensing)

Director (Litigation & Adjudication)

Director General (Finance)

This determination is passed on 7th day of December 2006 and comprises 03 pages only.