



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

M/s. Mega Tech (Pvt.) Ltd

File No. DIR (C)/L/PTA/86/98

Date of Show Cause Notice 13th September 2006
Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 28th November 2006

The Panel of Hearing

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

The Issue

“Closure of licensed services without seeking prior approval of the Authority”

ORDER OF THE OFFICERS OF THE AUTHORITY

1. FACTS OF THE CASE

1.1 This order will dispose of the proceeding under section 23 of the Pakistan Telecommunication (Re-organization) Act, 1996 (the “Act”) initiated against M/s Mega Tech (Pvt.) Ltd. (the “licensee”) on the violation of license condition No. 2.10 of the license and sub-regulation 8 of the regulations 10 of Non-voice Communication Network Service Regulations, 2004 (the “Regulations”).

1.2 The facts leading to this case, briefly stated, are that the licensee is a private limited company incorporated under the Companies Ordinance, 1984 and is engaged in the business of electronic mail services pursuant to the non-exclusive license No. PTA/M(T)-018 dated 19th July, 1998 issued by the Pakistan Telecommunication Authority (the “Authority”) to establish, maintain and operate electronic services in Pakistan on the terms & conditions contained in the license.

1.3 As per license condition No. 2.10 read with sub regulation (8) of regulation 10 of the regulations required the licensee not to discontinue, terminate, windup or suspend the licensed service without seeking prior approval of the Authority, but it closed down its licensed services without approval of the Authority. A show cause notice (the “Notice”) dated 13th September 2006, therefore, was served on the licensee for the aforementioned

violations. Subsequently, a reply of the Notice was received on 6th October 2006 in which the licensee made following submissions: -

- i. Due to mushroom growth has lead to cut throat competition in telecom industry some unethical elements survived on VOIP traffic, such kind of business thus lead to accumulation of PTCL dues that have suspended our services and it has neither terminated nor disconnected nor wound up the services instead it has been forced in a situation where it has put the services in hibernation; and
- ii. It is negotiating with PTCL for allowing the licensee to pay its dues on easy installment. In meanwhile the licensee has announced in daily newspaper and have actually refunded all those who purchased prepaid cards.

1.3 In order to provide an opportunity of personal hearing the case was fixed for 28th November 2006. On said date Mr. Brig(R) Abdur Rab, Ex M.D. of the company and Mr. Nadeem Sheikh, M.D of the company attended the hearing and argued the case. The submissions earlier made in the reply were repeated. Some other points raised at the time of hearing are summarized as under:

- a. that we want to continue our licensed services and comply with the terms and condition of the license. New equipment has been purchased to run the licensed services and very soon will start services;
- b. a request for conversion of license has also been made on 19th July 2006 for conversion of ISP license into class value added services license which is pending since long. The approval of conversion of license would enable us to survive in telecom market; and
- c. the licensee has cleared all outstanding dues amounting to Rs. 43,663/- for the year ended 30th June, 2005.

1.4 Mr. Muhammad Khurram Siddiqui, Assistant Director (Law), the case officer, presented the case before the hearing panel. He argued that closure of services without seeking prior approval of the Authority is a violation of license condition and the regulation. The licensee as per license condition No. 2.10 is not allowed to discontinue its licensed services without approval of the Authority. On issue of conversion of license, the hearing panel was apprised that as per report of Zonal Director, Rawalpindi vide its letter No.10-2/2006(ISP)/ZDR/PTA dated 9th August 2006 the licensee has not been in operation since July 2006. Hence, due to non-operational status of the license and legal proceedings under section 23 of the Act, the request of the licensee was hold, so that after completion of legal proceeding under section 23 of the Act request could be processed accordingly.

2. ORDER

2.1 After careful consideration of the contentions of the licensee, perusal of record we, the hearing panel, observed that as per report of enforcement department the licensee is not operational since July 2006 till to date. It has paid all its PTA dues and there is no

outstanding against the licensee, which shows its *bonafide* intention to continue the licensed services. Based upon the aforementioned arguments and track record of the licensee, it is decided to provide an opportunity to the licensee to restart its licensed services. Therefore, the licensee is directed to settle its issues with PTCL amicably and restart its licensed services within sixty days.

2.2 Moreover, on the issue of licensee's request dated 19th July 2006 regarding conversion of its license, it is also observed that since the licensee is not in operation hence, the request of the licensee for conversion of license cannot be entertained at this stage. The licensee is hereby directed to file a fresh request for conversion of its license after restarting the licensed services as mentioned in para 2.1 above.

Director (Wireline Licensing)

Director (Litigation & Adjudication)

Director General (Finance)

This order is passed on 30th day of November 2006 and comprises 03 pages only.