



PAKISTAN TELECOMMUNICATION AUTHORITY
HEADQUARTERS, F-5/1 ISLAMABAD
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**Enforcement order under sub-section 3 of section 23 of the Pakistan
Telecommunication (Re-organization) Act, 1996 against AZ Security (Pvt) Limited**

File No. PTA/Finance/VTs/1091/2010

Date of Issuance of Show Cause Notice: 22nd July, 2010

Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 7th October, 2010

The Authority present:

S. Nasrul Karim A. Ghaznavi: Member (Finance)
Dr. Khawar Siddique Khokhar: Member (Technical)

The Issue:

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

DECISION OF THE AUTHORITY

BRIEF FACTS:

AZ Security (Pvt.) limited (the “licensee”) is awarded non-exclusive CVAS-Data license No.DIR (L)/CVAS-151/PTA/2006 dated 8th August, 2006 by the Pakistan Telecommunication Authority (the “Authority”) to establish, maintain and operate Data Class Value Added Services for providing Vehicle Tracking Services in Pakistan on the terms and conditions contained in the license.

2. As a licensee of the Authority, AZ security (Pvt.) limited was required to comply with the provisions of the prevailing regulatory laws comprising of the Pakistan Telecommunication Authority (Re-organization) Act 1996 (the “Act”), the Pakistan Telecommunication Rules, 2000 (the “Rules”), the Pakistan Telecommunication Authority (Function & Powers) Regulations, 2006, Class Licensing and Registration Regulations, 2007 and the terms & conditions of the license. Whereas in this case the licensee has violated condition 3 of its license, sub-regulation (6) and (7) of regulation 23 of the Pakistan Telecommunication Authority (Function & Powers)

Regulations, 2006, and sub-regulation (1) of regulation 11 of the Class Licensing and Registration Regulations, 2007 by failure in submitting annual audited accounts and paying annual license fee for the years mentioned in Para 3, below, within the time period given in the license.

3. The licensee has defaulted in payment of the Authority's dues for the year ended on 30th June, 2008 amounting to Rs.45,216/- as well as not provided its annual audited accounts alongwith annual license fee for the year ended 30th June, 2009. In this regard the Authority made various requests to the licensee but in vain. Hence, the Authority issued Show Cause Notice (the "Notice") dated 22nd July, 2010 under section 23 of the Act whereby required the licensee to remedy the contravention by making the aforesaid payments and submission of annual audited accounts alongwith annual license fee for the year ended on 30th June,2009 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 passed under section 23 of the Act against the licensee. The licensee replied the Notice vide letter dated 18th August, 2010 and informed that its Chief Executive Officer is out of country for performing Umrah. He will return after 15th September, 2010 and the said issue will be resolved, but the licensee has not complied with its commitment, hence, committed sheer violation of the provisions of the license and the Act.

4. Therefore, before passing an enforcement order a Hearing Notice dated 30th September, 2010 was issued and served on the licensee whereby informed the licensee to attend the hearing dated 7th October, 2010. Mr. Faisal Afzal, CEO, representative of the licensee, attended the hearing on the said date. It highlighted the difficulties being faced by it in its operations and financial crunch which made it unable to pay the annual license fee within the given period. It accepted the liability and intended to make the payments in installments. However, it requested to waive off the penalty imposed on it due to late payment. The Authority clarified that it had no power to waive off the late payment charges incurred upon it under the Act.

5. ORDER

5.1. Keeping in view the above mentioned facts coupled with the available record and positive attitude of the licensee, the Authority hereby dispose of the aforesaid show cause notice in the following terms:

- (a) The licensee, AZ Security (Pvt) Limited is hereby directed to submit annual audited for the year ended on 30th June, 2009 within fifteen days of the issuance of the determination and make the payments of annual license fee for the years 2008 and 2009 alongwith additional fee (@ 2% per month or part thereof incurred due to late payment) in three equal monthly installments w.e.f 1st November, 2010, 1st December, 2010 and 3rd January, 2011, respectively.

- (b) In case of failure of the licensee to deposit the Authority's dues and annual audited accounts as provided in Para 5.1 (a) above, its license No. DIR (L)/CVAS-151/PTA/2006 dated 8th August, 2006 shall stand SUSPENDED w.e.f 4th January, 2011 without further notice for one month or till submitting the aforesaid annual audited accounts alongwith annual license fee including late payment charges, whichever is earlier, while in case of submission of annual audited accounts and payment as per 5.1 (a) above, the license shall be restored.
- (c) However, in case of failure to submit the annual audited accounts for the year ended on 30th June, 2009 and to make the payment of annual license fee for the year 2008 and 2009 as provided in para 5.1 (a) & (b) on or before 4th February, 2011 its license No. DIR (L)/CVAS-151/PTA/2006 dated 8th August, 2006 shall stand TERMINATED w.e.f 5th February, 2011 without further notice and recovery proceedings under section 30 of the Act shall be initiated by the Authority against the company for recovery of all payable dues as arrear of land revenue.

(Sayed Nasrul Karim A. Ghaznavi)
Member (Finance)

(Dr. Khawar Siddique Khokhar)
Member (Technical)

6. This determination signed on 03-11-2010 and comprises 03 pages.