



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 Call 2 Phone Private Limited.**

No.PTA/Finance/LL/Call2Phone/598/2006

Date of Issuance of Show Cause Notice: 9th April, 2010
Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 20th May, 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

1. BRIEF FACTS:

1.1 **Call 2 Phone (Pvt) Limited** (the "licensee") was awarded non-exclusive Local Loop License No.LL-18-2004 dated 19th July, 2004 by Pakistan Telecommunication Authority (the "Authority") to provide the licensed services in the licensed regions of LTR, RTR and GTR to establish, maintain and operate Telecommunication System, subject to the terms and conditions contained in the license.

1.2. Licensee has failed to provide annual audited accounts along with annual regulatory fees and contributions (ALF, R&D and USF) for the years ended on 30th June, 2005 to 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 9th April, 2010 under section 23 of the Act whereby required the licensee to remedy the contravention by submitting annual audited accounts alongwith payment of annual regulatory fees and contributions for the years ended on 30th June, 2005 to 2009 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 submitted its reply to the aforesaid notice vide its letter dated 14th April, 2010 which is reproduced in *verbatim* as under:

Reply to Show Cause Notice under Section 23 of the Pakistan Telecommunication (Re-Organization) Act 1996 (The "Act")

It is respectfully submitted that we started the commercial operation in the month of November 2009. The copies of PTA Commencement Certificate Ref: PTA/Wireline/Licensing/Call2Phone/515 dated 24-Nov-2009 and Advice Notes # 11859 & 11926 from PTCL regarding provision of E-ls are attached as proof.

We would like to inform you that our E-ls were commercially allowed by PTCL in same month. As such, we are in the mode of installation and our exchanges have recently started commercial operation in Gujranwala, Gujrat and Gujar Khan. Our first financial year will end on 30th June 2010.

Financial accounts are being maintained by our chartered accountants M/s Mohammad Mohy-ud-din & Co. That will be provided on the completion of the year in this June 2010.

We request you please guide us or send us the formula as how to calculate the regulatory fees and contributions (ALF, R&D and USF). We are willing to pay the funds according to the formula you will provide us.

You are therefore, earnestly requested to please withdraw the show cause notice enabling us to comply with the provisions of regulatory laws comprising of the Act, the Pakistan Telecommunications rule 2000, The Pakistan Telecommunication Authority (Functions & Powers) regulation, 2006 and the terms and condition of the license.

A detail reply will also be submitted after depositing the money in PTA account.

Your sympathetic action in this regard shall highly be appreciated Thank you.

14. Therefore, before passing an enforcement order a Hearing Notice dated 6th May, 2010 was issued and served on the licensee whereby informed the licensee to attend the hearing on 20th May, 2010. Dr. Kamran, CEO, of the licensee attended the hearing and reiterated the same position as was communicated vide its aforesaid reply to the notice (referred in Para 1.3, above). In addition, the licensee has also provided copies of draft annual audited accounts till 30 June, 2009 and assured to pay whatever becomes due on the basis of the said accounts. The Authority instructed the Finance Division to calculate the payable fees and contributions on the basis of the said draft annual audited accounts and communicate to the licensee for payments and also required the licensee to submit signed copies of the said audited accounts in the meanwhile. Finance Division calculated the payable dues on the basis of aforesaid draft annual audited account which arrived at Rs.44,034/- and communicated to the licensee vide letter dated 24th September, 2010.

2. ORDER

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

- (i) The licensee is directed to submit its Annual Audited Accounts for the years ended on 30th June, 2005 to 2009 duly signed by its management and the auditors and make the payment of Rs.44,7577- on account of annual regulatory dues (ALF Rs.6016/- +R&D Rs.12031/-+ USF Rs.18047/- including late payment charges Rs.8,663/- calculated upto October, 2010 for the year ended on 30th June, 2009 within a period of thirty days and warned not to repeat such violation in future else strict legal action under the provision of the Act shall be initiated.

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

Dr. Khawar Siddique/Khokhar)
Member (Technical)

This determination signed on 5/10/2010 and comprises 03 pages.