



**PAKISTAN TELECOMMUNICATION AUTHORITY**  
**HEADQUARTERS, F-5/1 ISLAMABAD**

**Enforcement Order under sub-section 3 of Section 23 of the Pakistan**  
**Telecommunication (Re-organization) Act, 1996 in the matter of**  
**M/s ERTIBATAT (PVT.) LIMITED**

File No.PTA/Wireless Licensing/WLL 31/1  
Ertibatat-13/WLL&M/PTA

Date of Issuance of Show Cause Notice: 15<sup>th</sup> February, 2008  
Date of Hearing: 27<sup>th</sup> March, 2008  
Venue of Hearing: PTA H/Qs, Islamabad

**The Authority Present:**

S. Nasrul Karim Ghaznavi: Member (Finance)  
Dr. Muhammad Yaseen: Member (Technical)

**The Issue:**

“Change of management/directorship without prior approval of the Authority”

**Decision of the Authority**

**1. BRIEF FACTS:**

1.1 M/s Ertibatat (Pvt.) Limited (the “licencee”) was awarded a non-exclusive Wireless Local Loop licence No.WLL-01-2004 dated 26<sup>th</sup> November, 2004 for NTR-II telecom region by the Pakistan Telecommunication Authority (the “Authority”) to establish, maintain and operate Telecommunication System and provide licenced services, subject to the terms and conditions contained in the licence. As a licensee of the Authority, M/s Ertibatat (Pvt.) Ltd. 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”), Pakistan

Telecommunication Authority (Functions & Powers) Regulations, 2006, (the "Regulations") and the terms and conditions of the licence.

1.2 The provision of rule 11 of the Rules, regulation 21 of the Regulations and clause 12.4 of the conditions of the licence make it obligatory on the licensee not to transfer, assign, sub-licence, directly or indirectly or held on trust any person without prior approval of the Authority. Furthermore, regulation 21 of the Regulations clearly states: *"Neither the licence nor the rights conferred upon the licensee thereunder shall be transferred, assigned or disposed of in any manner or transfer directly or indirectly the control of the licensee to any person either by way of sale of share or otherwise that may result in substantial change in ownership or control of the licensee except with the prior approval of the Authority"*.

1.3 The licensee i.e. M/s Ertibatat (Pvt.) Ltd. allegedly changed its 100% management/directorship without prior approval of the Authority in contravention of the statutory requirements. The issue came into the knowledge of the Authority when the licensee vide letter dated 27<sup>th</sup> November, 2007 requested the Authority for extension in rollout/swapping of frequency from 479 MHz to 3.5 GHz in NTR-II. The Authority vide letter No.Ertibatat-13/WLL&M/PTA dated 10<sup>th</sup> December, 2007 required the licensee to provide latest Form 29, Form-27 and Form 7 duly certified by the SECP for further evaluation/processing of the case. The licensee vide letter dated 10<sup>th</sup> January, 2008 submitted the required documents to the Authority with providing reasons and justifications for the said change. Upon perusal of the documents, it was revealed that the licensee had already changed its 100% management/directorship without seeking prior approval from the Authority. Mr. Umer Javed (Director and CEO), Emil Youssefzadeh and Shafiq Youssefzadeh were changed and replaced by Mr. Shahid Mahmud (Director and CEO) and Mr. Badar Munir (Director).

1.4 Hence, a Show Cause Notice (the "Notice") under section 23 of the Act was issued to the licensee on 15<sup>th</sup> February, 2008, which was duly responded by the licensee vide its letter dated 10<sup>th</sup> March, 2008. In its reply to the Notice, the licensee took the stance that:

- (i) the alleged action was carried out in sheer ignorance of the Authority's rules and regulations;
- (ii) the control of the licensee has not been passed on to any person. The ownership of the licence continues to vest in the company, which has a separate legal entity and further the company has not sold directly or indirectly any of its interest, share or participation rights in the licence;
- (iii) as mentioned above the change of directorship took place in sheer ignorance and the same was conveyed to the Authority verbally at the time of our sister concern's (Super Dialogue) hearing for the same. It is further informed that the directorship of both our companies to the

- current directorship took place in the near time periods and in the same scenarios;
- (iv) the Authority's decision of dismissal of show cause in that case was highly praised for it being decided on broader objectives of the Authority's policies. So the day we received the guidance from the authority about the said action, we submitted all the requisite documents of change of directorship to the Authority vide our letter No.Ertibat-PTA/001/dated 10<sup>th</sup> January, 2008 for kind approval of the Authority and for our application for swapping of frequency for network roll out;
  - (v) the licensee requested the Authority to consider its justifications/explanations to remedy the contravention of laws, and that this reply will resolve the matter amicably as it has always been striving hard to fulfill its licence obligation including the spectrum fee and the recurring annual charges; and
  - (vi) finally requested the Authority to allow it to follow on its frequency proposal.

1.5 However, prior issuing any enforcement order under the provisions of the Act, the licensee was required to appear before the Authority for personal hearing on 27<sup>th</sup> March, 2008 vide Hearing Notice dated 19<sup>th</sup> March, 2008. Mr. Faraz Nafees (Manager Business Strategy), Abdul Sattar (Project Manager) and Mr. Mahboob Ali appeared on behalf of the licensee before the Authority on the said date.

1.6 The case was presented before the Authority in presence of the officers from Wireless and Finance Wings. It was argued that the licensee has violated statutory provisions as mentioned in para 1.2 above. In reply, the representatives of the licensee apologized and submitted that they were not aware of the fact that approval of the Authority was required for such change in management/directorship of the licensee and repeated their stance mentioned at para 1.4 above. In addition, the licensee assured the Authority that no such violation will be repeated by it and all related provisions and licence conditions would be adhered to in future, and requested the Authority to take sympathetic and lenient view of the instant mistake. During the hearing, about financial obligations and dues status was enquired into by the Authority and it was informed that the licensee has to pay **Rs.9,280/-** (nine thousand two hundred and eighty only) on account of Annual Radio Frequency Spectrum Fee to the Authority.

## **2. ORDER**

2.1 The Authority, after careful perusal of record and keeping in view the submissive and positive attitude of the licensee, dispose of the show cause notice dated 15<sup>th</sup> February, 2008 and the licensee, M/s Ertibatat (Pvt.) Limited, is WARNED not to repeat any violation of the Act, Rules, Regulations and terms

and conditions of the licence in future otherwise strict legal action under section 23 of the Act will be taken against it.

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Dr. Muhammad Yaseen  
Member (Technical)

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S. Nasrul Karim Ghaznavi  
Member (Finance)

Signed on 31<sup>st</sup> March, 2008 and comprises 04 pages.