



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 in the matter of M/s. Zarco
Telecom (PVT.) Ltd**

File No. 15-26/CPPS-45/Fin/PTA

Date of Issuance of Show Cause Notice: 18th April, 2007
Date of Hearing: 22nd May, 2007 and 5th
June, 2007
Venue of Hearing: PTA HQs, Islamabad

The Authority present:

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

The Issue:

“change of 100% shareholding/management without prior approval
of the Authority”

DECISION OF THE OFFICERS OF THE AUTHORITY

BRIEF FACTS:

M/s. Zarco Telecom (Pvt.) limited (the “licensee”) is a private limited Company incorporated under the Companies Ordinance, 1984 and is engaged in the business of Card Payphone services pursuant to the non-exclusive license No. DIR(C)/L/PTA/311/2000 dated 30th September, 2000 (“the license”) issued by the Pakistan Telecommunication Authority (the “Authority”) to establish, maintain and operate Card Payphone Services in Pakistan on the terms & conditions contained in the license.

2. The licensee applied to the Authority vide its letter dated 3rd April, 2007 for approval of change of 100% shareholding/management. However, while processing the case it was found that the licensee has already transferred its

100% shareholding to the new management in the month of March, 2007 without prior approval of the Authority, in violation of rule 11 of Pakistan Telecommunication Rules, 2000, regulation 14 of Pakistan Telecommunication Authority (Functions & Powers) Regulations, 2004 and condition 3.20 of the license. Hence, a Show Cause Notice (the "Notice") dated 18th April, 2007 under section 23 of the Act was issued to it.

3. The licensee submitted its reply to the Notice vide its letter dated 23rd April, 2007. In the reply the licensee took the stance that it has requested the Authority for change of management and not for transfer of license, as the name of the company remains the same. The transfer of shareholding of both the directors of the licensee has been verified and approved by Security & Exchange Commission of Pakistan and original copy thereof has been dispatched to the Authority for information. In addition, the licensee has apologized for this act on the ground that it was not aware that prior approval of the Authority was required for change of shareholding/management by SECP, and requested for permission for change of management. However, prior putting the case before the Authority for final hearing, the licensee was called for hearing on 22nd May, 2007 before the hearing panel comprising DG (L&R), DG (Finance) and Director (Wireline).

4. Mr. Nazir Ahmed Nasim Baloch, (Project Manager)/the representative of the company/the licensee attended the hearing on 22nd May, 2007 and reiterated the same facts as mentioned in Para 3 above. He apologized for the alleged contravention and requested for grant of permission for transfer of 100% shareholding/management of the licensee to new management. DY. Director (Finance) pointed out that the licensee has not provided annual audited accounts for the year ended 30th June, 2006 as well as the consequent annual license fee. The Authority directed the licensee to submit annual audited accounts and the respective payment within a couple of days. In compliance with the said directions, the licensee has provided the required annual audited accounts as well as deposited annual license fee for the year 2006 amounting to Rs.10,926/- including late payment charges on 23rd May, 2007. However, during the hearing the licensee concealed the fact that it has already filed a civil suit in the court of Senior Civil Judge, Lahore wherein requested the court *inter alia* to direct the Authority for issuance of No Objection Certificate for change of aforesaid directorship/management.

5. Therefore, prior disposing of the Notice, the licensee was given final opportunity of personal hearing on 5th June, 2007 before the Authority and was duly informed vide letter dated 28th May, 2007. Mr. Nazir Ahmed Nasim Baloch, (Project Manager)/the representative of the licensee attended the hearing on 5th June, 2007 and reiterated the same facts as mentioned in previous paras. During

the hearing he informed that he was not aware of this fact, in actual this suit was filed by new management, which has been withdrawn subsequently on 23rd May, 2007. He further requested for grant of permission of the change of shareholding/management.

6. ORDER

6.1. Keeping in view the above mentioned facts and circumstances, we dispose of the Notice by passing the following enforcement order:

- (a). As the licensee has confessed the contravention committed by it of transferring 100% shareholding/management to new directors namely Mr. Bashir Ahmed s/o Khushi Muhammad and Mr. Hafiz Imran Bashir s/o Bashir Ahmed, without obtaining prior approval of the Authority and has also apologized for the same act of omission and paid the outstanding dues of the Authority, i.e., Rs.10,926/-, therefore, a lenient view is taken in the matter and a fine of Rs. 25,000/- is imposed on the licensee to be paid within seven (07) days of this order. However, the licensee is hereby advised to be careful and strictly WARNED not to repeat such violations in future else strict action will be initiated against it.
- (b). Change of 100% shareholding/management of the licensee as requested vide its letter dated 3rd April, 2007 and vide reply to the Notice is hereby approved subject to payment of fine Rs.25,000/- as mentioned in Para 6.1(a) above.

(S. Nasrul Karim Ghaznavi)
Member (Finance)

(Dr. Muhammad Yaseen)
Member (Technical)

Signed on 7th June, 2007 and comprises 03 pages.