

DIRECT TO HOME DISTRIBUTION SERVICE

Direct-To-Home (DTH) is a satellite-based television distribution service in which large number of channels are digitally compressed, encrypted, beamed from satellite and directly received at homes through small dish antennas installed at convenient locations in the buildings followed by set top boxes.

DTH architecture includes Programming Source, Broadcast Center, Satellite, Satellite Dish and Receiver/Set top Box. DTH technology can also be used to deliver future interactive video and data services that analog technology can't provide.

DTH platform uses upper portion of Ku band to send hundreds of TV channels for downlinking. Using a mini parabolic receiving dish and a set top box, a subscriber can be connected directly to the satellite platform provider.

MAIN FEATURES / ADVANTAGES OF DTH SERVICE:

Increased number
of channels with
dynamic
programming
packages

High
Resolution/Better
quality
Audio & Video

Vast
Coverage
Area

Value
added/interactive
services like Video on
demand, Parental
Control, Electronic
Program Guide (EPG),
Genre EPG, Push VoD,
Series Linking, giving
details of current and
next programs etc.

Conditional
Access System

Disaster
Management
Applications

Keeping in view the benefits of DTH technology, PEMRA's primary objectives for the introduction of DTH service in Pakistan are:

- To provide quality & wide range of television & value-added services, on a non-discriminatory basis, to every citizen
- To introduce healthy competition in the Digital Distribution Service Sector
- To achieve the Digitalization objective of ITU
- To attract private sector investment and FDI in electronic media
- The growth of manufacturing sector & Transfer of Technology
- To encourage rollout of Digital Distribution Services in the country
- To ensure availability of superior quality audio and video programmes to the people in Pakistan
- To promote Pakistani culture and programming content
- To curb the illegal penetration of Indian DTH

Additional economic and social objectives include:

- Generation of economic activity
- Direct and indirect employment opportunities to skilled and unskilled manpower
- Attract private sector investment and FDI in electronic media Growth of Research, Development and Manufacturing Sector
- Capacity leasing of Pakistani satellites (Pakstat-1R)
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LICENSING FRAMEWORK FOR DTH

Number of Licences:

To exclude monopolies and undue concentration, maintain a healthy and competitive environment in DTH sector the Authority decided to award three (3) licences to companies incorporated in Pakistan through open and transparent bidding process in pursuance to Section 19 of PEMRA Act 2007.

Duration of Licence:

Since DTH is a highly capital-intensive sector, therefore, to facilitate the successful companies to launch DTH services and enable to recoup their investment, the Authority has approved to grant licences for a period of 15 years.

GLOBAL PRESENCE & PENETRATION OF DTH

Direct-to-Home (DTH) service has been one of the strongest growth drivers of the satellite industry and is expected to continue to be a reliable revenue generator for the future and this is especially pertinent in the Asia Pacific (APAC) region.

DTH service has already been operational in most parts of the world including US, UK, Canada, South Korea, Japan and Malaysia. In India seven (07) DTH operators are providing services to over 72 million subscribers as per TRAI Performance Indicator Report 2019.

PENETRATION IN WEST AND OTHER EUROPEAN COUNTRIES

United States

In America a strong competition exists between the two major DTH providers, Directv and Dish Network. Directv was the first entertainment service in the US to deliver all digital-quality, multi-channel TV programming as an alternative to cable. Similarly, Dish Network in America launched in December 1995, was the first to offer two-way, high-speed internet access via satellite through Start Band and the first satellite TV system to offer over 500 channels of digital video, audio and data throughout the US.

United Kingdom

DTH Service provider Sky UK founded in 1994, is the UK's largest Pay-TV broadcaster with 12.5 million customers as on 2018.

Russia

The first DTH operator NTV Plus, started its operations in 1998. The other DTH Service providers include Tricolor TV, and Orlan Express and MTS.

Kazakhstan

The only DTH operator for a long period of time Kateico Plus is a joint venture of a Western company with the state owned Teleradio broadcasting company. Later on, Kateico merged with Kaztelradio, and Kaztelradio is now the only DTH operator in the market with DVB-T2 and QAM operation in addition to DVB-S2 segment.

Myanmar

SkyNet is providing its DTH services in Myanmar. It currently transmits over 120 channels with the majority of which are international Pay-TV Channels.

PRESENCE OF DTH IN ASIAN REGION

India

India is one of the largest DTH market in the world by number of subscribers. Currently there are seven (7) DTH service providers in India to 72 million viewers.

Sri Lanka

In Sri Lanka Dialog Axiata and a joint venture between Indian operator Dish TV and Sri-Lankan Satnet is providing DTH Services.

Bangladesh

In 2019, Beximco Communications launched its direct-to-home (DTH) service called Akash in Bangladesh, which

became commercially available on 19 May 2019 in 20 districts of Bangladesh. The service offers a bouquet of 115 Bangladeshi and international TV channels, 20 in HD.

Afghanistan

Afghanistan Broadcasting System is set to launch its DTH platform on Eutelsat in year 2019. ABS will use Eutelsat 53A's Ku-band resources over Central Asia to provide nationwide coverage for the launch of its new DTH platform, Oqab HD+.

THE CURRENT TV MARKET IN PAKISTAN

Pakistan possesses a strong cultural diversity among its viewers. On one hand, there are well-developed cities with millions of people and access to modern entertainment and news. On the other hand, a significant part of the population lives in mountainous areas with very limited access to electronic media.

In year 2018, a survey by Gallup Pakistan estimated that TV viewership in Pakistan ranged between 1.82 and 2.33 hours a day; being highest in large cities (2.33 hours) and lowest in rural areas (1.82 hours). Local entertainment channels account for 55% of the audience share, whereas, News channels account for 19% of the audience share. Analogue cable dominates the market in Pakistan, and the country is still in process of going towards digitalization.

DTH LICENSING IN PAKISTAN

In South Asia region, Pakistan was the first country to introduce DTH Licensing Regime for private sector. This initiative was taken by the then Authority headed by the Chairman, Mian Muhammad Javed. Bidding in this regard was held in May 2003.

Two companies declared successful bidders for establishing DTH platform were M/s Cross Current (Pvt.) Ltd. and M/s ARY Communications (Pvt.) Ltd. for a bid amounting to Rs. 250 Million each. Unfortunately, both the companies failed to deposit the applicable licence fee of Rs. 250 Million within the prescribed time despite several extensions.

This matter also remained pending in various courts of law and was subsequently disposed of in favour of PEMRA. During the period neighboring countries started their DTH operations and some of the Indian operators illegally penetrated into Pakistani market.

The Authority in its 98th Meeting held on 17th September, 2014 decided to hire the services of international consultant for assisting PEMRA in DTH licensing. Accordingly, advertisement/Request for Proposal (RFP) for hiring services of international consultant for DTH licensing was floated in newspapers on 30th October, 2014 and the same was also uploaded on PEMRA & PPRA websites.

In response Five (05) international firms/companies submitted proposals. As a result of evaluation of technical & financial proposals, M/s Digital Strategy Consulting Services Pte Ltd Switzerland was declared the best evaluated company with lowest cost. The consultant submitted its final report to the Authority comprising following:

- i. Recommendations on DTH Licensing
- ii. Information Memorandum (IM) including eligibility criteria, bidding methodology, shortlisting process etc.

- iii. Proposed timeline for DTH licensing process
- iv. Terms & Conditions of DTH License
- v. Application Form for DTH License
- vi. Advertisement Inviting applications from prospective applicants for DTH licenses
- vii. Recommendations on Base Prices, Fee Structure for License, and Duration for License etc.

The current process for licensing of DTH service in Pakistan was re-initiated by PEMRA in September 2015. The Authority approved the recommendations of the consultant and subsequently PEMRA (Eligibility Criteria & Bidding Procedure for DTH Licensing) Regulations 2016 were notified in the Gazette of Pakistan on 12 August 2016.

An advertisement inviting applications for grant of licenses was published in widely circulated newspapers on 10th of September, 2015. The information memorandum (IM) including eligibility

criteria, bidding process, application form along with documents required, terms & conditions of license etc. were made available on PEMRA website (www.pemra.gov.pk) the same day for information and guidance of the prospective applicants.

A Pre-bid conference on DTH licensing process for attracting potential investors and for information of all stakeholders was also held on 9th October, 2015.

As per deadline for submission of applications i.e. 6th November, 2015, ten applications were received out of which eight (8) were shortlisted as per criteria approved by the Authority on 27th November, 2015. Initially the Bidding was to be held on 7th December, 2015. However, the process was postponed by the Authority.

The Authority in its 114th Meeting held on 1st June, 2016 approved the re-initiation of DTH licensing. Accordingly, advertisement inviting applications for

DTH licenses was published in newspapers on 19th June, 2016. As many as seven (07) new applications were received which were in addition to the applications received earlier.



Following twelve (12) companies were shortlisted and were declared as qualified for participation in the bidding process by the Authority:

- | | |
|---|---|
| 1. M/s Orient Electronics (Pvt.) Ltd., Lahore. | 7. M/s Parus Media & Broadcast (Pvt.) Ltd., Islamabad. |
| 2. M/s Mag Entertainment (Pvt.) Ltd., Lahore. | 8. M/s Naya Tel (Pvt.) Ltd., Islamabad. |
| 3. M/s Skyflix (Pvt.) Ltd., Islamabad. | 9. M/s Mastro Media Distribution (Pvt.) Ltd., Islamabad. |
| 4. M/s Startimes Communications Pakistan (Pvt.) Ltd., Islamabad. | 10. M/s Shahzad Sky (Pvt.) Ltd., Islamabad. |
| 5. M/s Sander Builders (Pvt.) Ltd., Islamabad. | 11. M/s HB DTH (Pvt.) Ltd., Islamabad. |
| 6. M/s Smart Sky (Pvt.) Ltd., Islamabad. | 12. M/s IQ Communication (Pvt.) Ltd., Karachi. |

The Authority challenged the decision of the Honorable Lahore High Court, Lahore before the Honorable Supreme Court of Pakistan by filing CPLA No. 545/2017 & C.A. No. 701/2017. The Honorable Supreme Court of Pakistan vide order dated 8th May, 2018 allowed PEMRA's appeal and set aside judgment of the Lahore High Court, Lahore.

After experiencing rigid opposition and vigorous consultation with different stake holders especially the cable operators for almost 13 years, PEMRA succeeded in conducting bidding for first three licenses of Direct to Home (DTH) Distribution Service.



The DTH bidding was held on November 23-24, 2016 at Islamabad in pursuance to the orders dated 23-11-2016 of the Honorable Supreme Court of Pakistan in CMA No. 7791/16 in CP No. 3622/2016 which was subject to final determination by the learned Bench of the Lahore High Court, Lahore.



Later, the full bench of the Honorable Lahore High Court Lahore vide its order dated 28-12-2016 in WP No. 25317/2016, while allowing the petition, struck down Rule 13(3) & (4) of PEMRA Rules 2009, Regulation 2.11 and 3.23 of DTH Regulations 2016 which restricts broadcasters from participating in DTH licensing.





The eligibility criteria determined by the Authority for submission of applications for DTH Distribution Service Licence is as under:

- It must be a company or a body corporate, incorporated in Pakistan registered with Securities and Exchange Commission of Pakistan (SECP), and not an individual;
- An applicant company shall not control, directly or indirectly, more than one DTH Licence;

- Applicants must have a minimum paid-up capital of Rs. 100 Million.
- The applicant company shall demonstrate that it has sufficient financial and technical resources to launch, establish and operate the DTH Distribution Service.
- Applicants shall have less than 50% of the shares owned or controlled by foreign nationals/companies, if any, with or without management or control vested in foreign nationals or companies. The Chief Executive Officer of the applicant company shall be resident Pakistani.

- The object clause in the Memorandum & Article of Association of the applicant company shall allow entry into the business of electronic media / DTH.
- The applicant company or any of its directors/shareholders must not be defaulter of PEMRA, any financial institution, tax authorities or any organization of the Government of Pakistan or any provincial/regional government.
- Applicants shall not be funded or sponsored by a foreign government or organization, in accordance with Section 25 (d) of PEMRA Ordinance.
- The applicant, directly or indirectly, already holding any licence(s) issued by the Authority, shall not be eligible for grant of licence unless all outstanding dues in respect of such licence(s) have been paid.
- Any director or shareholder of one Applicant Company shall not be a director or shareholder in any other applicant company for DTH Distribution Service Licence.
- The applicants must not already be a licensee who owns, controls or operates directly or indirectly any broadcast media licence or landing rights permission, in compliance with Rule 13 of the PEMRA Rules 2009.
- The applicant company must comply with the relevant provisions of the PEMRA Ordinance 2002 (Amendment Act 2007), PEMRA Rules 2009, these regulations and terms & conditions of licence as amended from time to time except the exemptions granted by the Authority including, inter alia, the one in clause 2.5 of these regulations.
- The Applicant shall demonstrate that it will contribute to the economic and social objectives such as promoting Pakistani culture and Ideology, local programming content, generating economic activity and direct and indirect employment, attracting private sector investment and foreign direct investment (FDI) in electronic media, and growth of relevant manufacturing sector.
- The applicant shall submit an undertaking to the effect that all information submitted along with the application is true and nothing has been concealed or misrepresented therein. Any concealment of facts or misrepresentation revealed subsequently may result in consequent disqualification of the applicant and / or cancellation of licence, as the case may be.
- The applicant company shall undertake to abide by the bidding procedure.

- The applicant shall demonstrate prospects of technical progress & new technology.
- The applicant shall demonstrate market advancement such as improved service feature or market concepts.
- The applicant shall demonstrate universal service objectives.

The bidding for DTH license started with base price of Rs. 200 million. Out of 12 shortlisted companies, 11 participated in the bidding process. After a bidding session of 15 hours consecutively, and following three companies were qualified as successful bidders with offered highest bid of amounting to Rs.4,898 Million each:

- 1 M/s. Meg Entertainment (Pvt.) Ltd.
- 2 M/s. Shalazad Sky (Pvt.) Ltd.
- 3 M/s. Star Times Communications Pakistan (Pvt.) Ltd.

As per Section 21 & 24(2) of PEMRA Act, 2007, Rule 7 & 9 and clause 9.3 of PEMRA (Eligibility Criteria & Bidding Procedure for Direct to Home (DTH) Licensing Regulations-2016 following are the pre-requisites to be fulfilled after completion of the bidding process and before the grant of license:



**SECURITY
CLEARANCE**



**PUBLIC
HEARING**



**PROVINCIAL
CONCURRENCE**

PEMRA'S DRIVE AGAINST ILLEGAL INDIAN DTH

PEMRA in coordination with law enforcement agencies of the country i.e. Custom Intelligence, Federal Board of Revenue (FBR), Federal Investigation Agency (FIA), Pakistan Telecommunication Authority (PTA), State Bank of Pakistan (SBP) and Police Department devised a comprehensive strategy to eradicate menace of Illegal Indian DTH.

The objective was to protect Pakistani society from infiltration of alien culture being marketed and distributed to Pakistani households and economy being damaged by this illegal business. Additionally, the objective was also to provide green field to the licensed DTH operators in the country.

Detail of Enforcement Activities against Illegal Indian DTH

(From 1st January 2014 to 18 June 2015)

Sr. No.	Description	PEMRA Regional Offices										Total
		Karachi	Lahore	Quetta	Peshawar	Islamabad	Multan	Gujranwala	Gilgit	Sukkur	Pakistan	
1	Illegal DTH & C-Line equipment seized	6258	809	124	118	333	308	1788	76	3043	301	13,896
2	No. of Shops / Where Houses Visited	38	26	28	41	83	29	18	25	79	14	488
3	No. of violations against whom FBR registered	-	5	-	-	-	1	8	-	1	-	15
4	Surprise inspection of Cable TV networks	387	345	130	631	426	927	596	15	1555	418	6,888
5	Total No. of illegal head-ends seized	1	21	-	2	3	8	19	-	13	5	152
6	Total No. of Cable TV Operators found involved in Violations	32	115	15	35	31	94	140	7	47	59	384
7	Illegal equipment seized from Cable TV Operators	8	64	25	50	90	83	120	-	383	304	1,394
8	Number of illegal Indian DTH receivers impounded	200	740	-	170	-	300	-	-	-	-	1,410

Figures in Numbers

A media campaign on private electronic media, FM radios and cable TV networks were also launched. All the PEMRA licenses magnanimously supported this cause and contributed by dedicating their precious air time, free of cost for the noble cause and promoting Pakistan DTH.

PEMRA launched a country-wide drive to curb penetration of illegal DTH in the country on October 15, 2016 and revived the drive again in 2019 with more zeal and commitment. Various warehouses dumping illegal DTH equipment were raided across the country and huge consignments were confiscated. These consignments were subsequently destroyed/ bulldozed.

In order to make Pakistani DTH a success, role of Electronic Goods Dealers was remarkable. The voluntarily abandoned sale of illegal DTH equipment and helped PEMRA in identifying point of sales across the country. Electronic Goods Dealers surrendered illegal DTH equipment which was subsequently destroyed in the main electronic markets i.e. Rainbow Center-Karachi, Hall Road-Lahore, Imperial Market-Rawalpindi.

SCOPE OF DTH LICENCE IN PAKISTAN

Each DTH License holder of PEMRA shall comply to the following basic set of rules:

- They shall establish and operate a DTH Distribution Service by up-linking a single beam from within Pakistan.
- Provide DTH services that cover the whole of Pakistan and shall provide access to every citizen without discrimination.
- Launch the DTH service within one year of grant of the licence.

- Have in-house monitoring to ensure that content aired on these channels and Video on Demand is in accordance with the Code of Conduct.

- Uplink eligible channels, FM radio channels and channels of national broadcasters to a designated satellite for direct distribution to subscribers in Pakistan.

- They shall always offer at least one Basic Service Package that includes the must-carry channels, for which it does not charge a subscription fee at a rate higher than the maximum fee prescribed by the Authority. The price of other packages and services is to be determined by the licensee.

- They shall always offer at least one package that includes the channels of national broadcasters, non-commercial educational channels licensed by the Authority and such other free to air television channels as determined by the Authority from time to time, for which it shall not charge a subscription fee at a rate higher than the maximum fee prescribed by the Authority. However, the number of must carry channels in the basic bouquet, as determined by the Authority, required to be carried shall not exceed 15.

- The DTH Licensee will be allowed to relay upto five (5) thematic channels. The content to be aired over the thematic channels shall be copyrighted pre-recorded local or international content including movies, dramas, educational programmes, entertainment programmes, recorded sports content, kids programmes, weather update etc. The content shall be in accordance with the Electronic Media (Programmes and Advertisements) Code of Conduct, 2015, given in the Rules. The thematic channels shall not be regular satellite TV channels. There shall be no live coverage of any event and there shall be no content related to news & current affairs, talk show, religion, speeches or sermons etc. The thematic channels shall not be regular satellite television channels.
- Use satellite that covers the whole of Pakistan and that generally does not require a satellite antenna with a diameter larger than 90 centimeters to receive the service.
- Ensure compliance with the local laws of Pakistan.

GRANT OF FIRST DTH LICENCE IN PAKISTAN

PEMRA has achieved its long awaited goal of granting DTH license to one of the successful bidder company after completion of all the procedural and legal requirements. The Authority granted first DTH License to one of the successful bidders i.e. M/s Shahzad Sky (Pvt.) Ltd. on 11th February 2019.



Whereas, the process of issuance of two more licenses to other two successful bidder companies i.e. M/s Startimes Communications Pakistan (Pvt.) Ltd., Islamabad and M/s Mag Entertainment (Pvt.) Ltd., is pending as their security clearance reports from the Ministry of Interior are awaited.



M/s Shalazad Sky (Pvt.) Ltd. (the licensee) will start its operations within one year of the issuance of the licence i.e. by or before 10th February, 2020. Launching of the first ever DTH Service in Pakistan will create thousands of direct and indirect job opportunities in the country.

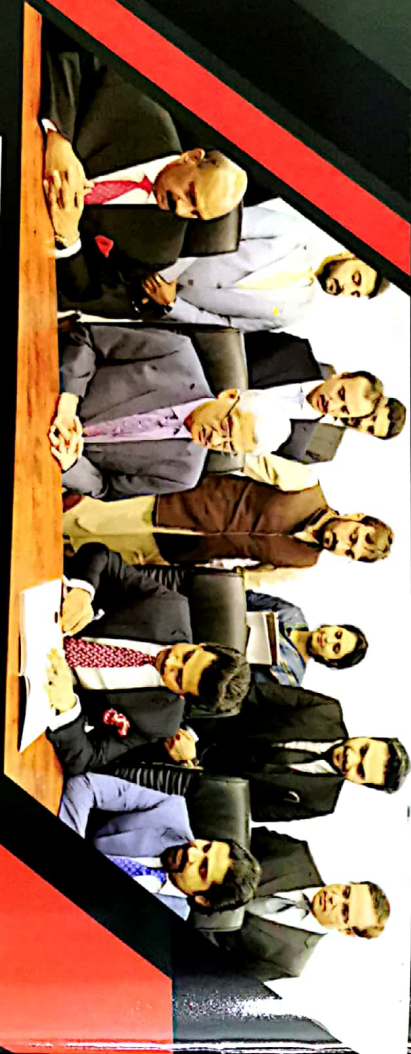
DTH service will be available all over Pakistan especially in far flung areas where no other medium of distribution such as cable TV network exists. The company will be obliged to support national commitment to ITU.



By launching DTH service in Pakistan, PEMRA will contribute in national exchequer, significantly through direct revenue and indirect tax collection. As a regulator PEMRA's focus is on facilitating the emerging regime, so that digital industry in Pakistan could flourish and Pakistanis could get benefits from the state-of-the-art digital platform.



The DTH Operator would receive / downlink only the eligible channels (TV channels which are licensed / authorized by PEMRA for distribution in Pakistan) from various satellites be it free to-air (FTA) and encrypted channels at the head-end / DTH station. DTH service will be available all over Pakistan especially in far flung areas where no other medium of distribution such as cable TV network exists. The company will be obliged to support national commitment to ITU.



Down linked channels will be combined through a multiplexer to form a bouquet / channel mix and uplinked to a designated satellite, with adequate transmitting power, for distribution to the subscribers in the form of a single bouquet.

The subscribers will be able to receive the bouquet of television channels through small dish antennas and digital decoders on payment of subscription charges prescribed by the DTH operator.

WAY FORWARD

Globally, DTH service providers are armed with many innovative features and services which aren't imaginable with the cable operator before. Video on demand, Scheduled recording programs, High definition channels & interactive services are some of the features which distinct them from cable operators. One of the reasons of success of DTH is its reach and availability to deliver best services at the remotest location of the country where the cable operators has not reached yet.

Introduction of DTH technology in Pakistan is going to result in fetching billions of rupees national exchequer in addition to millions of dollars of investment that will follow along with creation of thousands of direct & indirect jobs.

Pakistani Satellite (Paksat-1R) would be utilized for the services by DTH Licensee which would result in huge amount of revenue to the national satellite operator / Government as well as would act as a contributor towards development of indigenous space technology in Pakistan.

Moreover, launching this service would also help in transfer of technology to Pakistan e.g. manufacturing of Set Top Boxes (STB) etc. locally.

The availability of legal DTH platform in Pakistan will also help curb the proliferation of illegal Indian DTH which is causing loss of billions of rupees to the national exchequer annually.

Considering all the enormous avenues that this technology opens up PEMRA aims to provide the best of technology to the Pakistani viewers by launching three Direct to Home licenses in Pakistan.