

**GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS & IT
DEPARTMENT OF TELECOMMUNICATIONS
20, ASHOKA ROAD, SANCHAR BHAWAN, NEW DELHI-110001.
(VAS CELL)**

No.311-80/2001-VAS (Vol.II)

Dated 14 .07.2006

To

All PMRTS Licensees.

Subject :- Amendment in the licence agreements for PMRTS consequent to migration to new licencing regime under NTP-99.

The Licence Agreement of PMRTS stands amended as per amendments notified. The same are available on the DoT website i.e. www.dot.gov.in and copy of the same can also be collected from this office.

2. The earlier amendments to the PMRTS licence agreement issued vide this office letter No.311-80/2002-VAS dated 30th October 2002 to all PMRTS licensees stand *superseded* by the above said amendments.

3. Your authorized Signatory Authority is requested to sign the relevant document for different service areas (affixing rubber stamp and common seal of the company) on each page of the document in token of the acceptance of the amended terms and conditions of the licence and signed copy may be returned to the VAS Cell of DoT invariably within a period of one month from the date of issue of this letter.

(Rajvir Sharma)
Director(VAS-I)
Tel.23036253

Copy to :-

1. Wireless Advisor, WPC, DoT, Sanchar Bhavan, New Delhi -1
2. Sr.DDG(TEC), K.L.Bhavan , New Delhi -1
3. Sr.DDG(LF), DoT, Sanchar Bhavan, New Delhi -1
4. Secretary, TRAI, New Delhi.
5. DDG(LR), Sanchar Bhavan , New Delhi-1 with request to arrange to publish the amendment on DoT website www.dot.gov.in

DEPARTMENT OF TELECOMMUNICATIONS
LICENSING CELL (VALUE ADDED SERVICE GROUP)
20, ASHOK ROAD, SANCHAR BHAVAN, NEW DELHI-110001

No. 311-80/2000-VAS

Dated

To

**(Name of existing PMRTS Licensee)
who wishes to migrate to Digital PMRTS System.**

Subject : Amendment in Licence Agreement No. _____
dated _____ PMRTS consequent to migration to new licensing regime under
NTP-1999.

Sir,

This is in pursuance to the guidelines announced for PMRTS vide No. 311-80/2000-VAS Dated. November 1, 2001 for migration to the new licensing regime under NTP-99. The relevant conditions in the above mentioned Licence Agreement, shall stand substituted and modified to the extent as given below with effect from 1.11.2001 notwithstanding anything contained in the Licence Agreement. All the other terms and conditions of the Licence Agreement will remain the same.

1. FINANCIAL CONDITIONS :-

FEES PAYABLE :

License Fees:- The annual Licence Fee shall be @ 5% of the Adjusted Gross Revenue (AGR). The AGR is defined in **Annexure-I**.

1.2 WIRELESS SPECTRUM CHARGES:- The Wireless Spectrum Charges (licence fees and royalty for wireless spectrum) for the use of spectrum and for possession of wireless telegraphy equipment etc shall be paid to WPC Wing separately, as fixed by WPC Wing, and shall be subject to changes made by WPC Wing from time to time.

1.3 Schedule of payment of Licence fees :- For the purpose of payment of the Licence Fee at Para 1.1 above, the year shall be of Twelve English Calendar months from 1st of April to 31st of March .

EXPLANATION: The license fee for the last quarter of first year and of the last quarter of the last year of the licence, will be computed with reference to the actual number of days after excluding the earlier quarters, each being of three months.

1.4 Licence fee shall be payable in four quarterly installments during each Financial Year (FY). Quarterly installments of Licence Fee for the first three quarters of an FY shall be paid within 15 days of the completion of the relevant quarter. This fee shall be paid by the Licensee on the basis of actual revenues (on accrual basis) for the quarter duly certified with an affidavit by a representative of the LICENSEE, authorized by a Board Resolution coupled with General Power of Attorney. However, for the last quarter of FY, the licensee shall pay the License fee by 25th March on the basis of

expected revenues for the quarter, subject to a minimum payment equal to the actual revenue share paid of the previous quarter.

1.5 The quarterly payment shall be made together with a STATEMENT in the prescribed form given in **Annexure-II & Annexure-II-A**, showing the computation of Adjusted Gross Revenue and Licence Fee payable for the previous quarter. The aforesaid STATEMENTS of each year shall be required to be audited by the Auditors (hereinafter called LICENSEE'S Auditors) of the LICENSEE appointed under Section 224 of the Companies' Act, 1956. The report of the Auditor should be in prescribed form given in **Annexure-III**.

1.6 The Licensee shall adjust and pay the difference between the payments made and actual amount duly payable (on actual basis) for the last quarter of FY within 15 days of the end of the quarter.

1.7 Any delay in payment of Licence fee, or any other dues payable under the LICENSE beyond the stipulated period will attract interest at a rate which will be 2% above the Prime Lending Rate (PLR) of State Bank of India existing as on the beginning of the Financial Year (namely first April) in respect of the licence fees pertaining to the said Financial Year. The interest shall be compounded monthly and a part of the month shall be reckoned as a full month for the purposes of calculation of interest.

1.8 Final adjustment of the licence fee for the year shall be made on or before 30th June of the following year based on the Gross Revenue Figures duly certified by the AUDITORS of the Licensee in accordance with the provision of Companies' Act, 1956.

1.9 A reconciliation between the figures appearing in the quarterly statements with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts and audit report, within 7 (seven) days of the date of signing of the audit report. The annual financial account and the statement as prescribed in **Condition No.1.5** shall be prepared following the norms as prescribed in **Annexure-IV**.

1.10 In case, the total amount paid on the self assessment of the LICENSEE as quarterly Licence Fee for the 4 (four) quarters of the financial year, falls short by more than 10% of the payable licence fee, it shall attract a penalty of 50% of the entire amount of the short payment. This amount of short payment along with the penalty shall be payable within 15 days of the date of signing the Audit Report on the Annual Accounts, failing which interest shall be further charged as per terms of **Condition 1.7**. However, if such short payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed.

1.11 The licence Fee/royalty described at **1.2** above shall be payable at such time(s) and in such manner as the WPC Cell of the Ministry of Communications may prescribe from time to time.

1.12 All sums becoming due and payable as mentioned in this Licence Agreement shall be paid by the LICENSEE through a demand draft or Pay Order payable at New Delhi, drawn on any Scheduled Bank, in favour of the Pay & Accounts Officer (HQ), DOT or any other Authority if so designated by LICENSOR.

1.13 The LICENSOR, to ensure proper and correct verification of revenue share paid, can, if deemed necessary, modify, alter, substitute and amend whatever stated in **Conditions No 1.5,1.9, 3.5 and 3.6** hereinbefore and hereinafter written.

1.14 The LICENSEE, shall separately pay the access charges for carriage of calls originating in his network but carried and terminated in the BSNL/MTNL/Other Access Service Providers' network. The LICENSEE shall also separately pay charges for network resources obtained by the licensee from BSNL/MTNL/other licensed Access service provider. This will be governed by mutual agreement and / or the determination of TRAI.

2.0 BANK GUARANTEE (BG) :

2.1 FINANCIAL BANK GUARANTEE:- The licensee shall submit a Financial Bank Guarantee (FBG), valid for one year, from any scheduled bank in India, or Indian Public Financial Institutions (IPFI) in the prescribed format at **Annexure V**. The amount of FBG shall be Rupees one lakh or an amount equivalent to the licence fee of the last two quarters of the previous year and other dues not otherwise securitised, which ever is higher, The FBG will be valid initially for one year and is to be maintained for the entire period of the Licence Agreement till final clearance of all such dues. The amount of FBG shall be subject to periodic review by the Licensor.

2.2 The fees charges and royalties for the use of spectrum and also for possession of Wireless Telegraphy equipment shall be separately securitised by furnishing BG as required by WPC. The bank guarantee shall be valid initially for a period of one year and is to be maintained for the entire period of the Licence Agreement till final clearance of all such dues.

2.3 The LICENSEE, on its own, shall extend the validity period of the Bank Guarantee (s) for similar terms at least one month prior to date(s) of its expiry without any demand or notice from the LICENSOR on year to year basis. Any failure to do so, shall amount to violation of the terms of the LICENCE and entitle the LICENSOR to encash the Bank Guarantee(s) and to convert into a cash security without any reference to the LICENSEE at his risk and cost. No interest or compensation whatsoever shall be payable by the LICENSOR on such encashment.

2.4 Without prejudice to its rights of any other remedy, Licensor may encash BG in case of any breach in the terms & conditions of the LICENCE by the LICENSEE

3.0 PREPARATION OF ACCOUNTS :

3.1 The LICENSEE will draw, keep and furnish independent accounts for the SERVICE and shall fully comply orders, directions or regulations as may be issued from time to time by the LICENSOR or TRAI as the case may be.

3.2 The LICENSEE shall be obliged to:

(a) Compile and maintain accounting records, sufficient to show and explain its transactions in respect of each completed quarter of the Licence period or of such lesser periods as the LICENSOR may specify, fairly presenting the costs (including capital costs), revenue and financial position of the LICENSEE's business under the LICENCE including a reasonable assessment of the assets employed in and the liabilities attributable to the LICENSEE's business, as well as, for the quantification of Revenue or any other purpose.

(b) Procure in respect of each of those accounting statements prepared in respect of a completed financial year, a report by the LICENSEE's Auditor in the format prescribed by the licensor, stating inter-alia whether in his opinion that statement is adequate for the purpose of this condition and thereafter deliver to the LICENSOR a copy of each of the accounting statements not later than two months after the end of the period to which they relate.

(c) Send to the LICENSOR a certified statement sworn on an affidavit, by authorized representative of the company, containing full account of Revenue earned from the SERVICE for each quarter separately along with the payment for the following quarter.

3.3 (a) The LICENSOR or the Telecom Regulatory Authority of India (TRAI), as the case may be, shall have a right to call for and the licensee shall be obliged to supply and provide for examination any books of accounts that the LICENSEE may maintain in respect of the business carried on to provide the service(s) under this Licence at any time without recording any reasons thereof.

(b) The LICENSEE shall invariably preserve all billing and all other accounting records (electronic as well as hard copy) for a period of three years from the date of publishing of duly audited & approved Accounts of the company and any dereliction thereof shall be treated as a material breach independent of any other breach, sufficient to give a cause for cancellation of the LICENCE.

3.4 The records of the LICENSEE will be subject to such scrutiny as may be prescribed by the LICENSOR so as to facilitate independent verification of the amount due to the LICENSOR as its share of the revenue.

3.5 The LICENSOR may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order Audit of the accounts of the LICENSEE by appointing auditor at the cost of the LICENSEE and such auditor(s) shall have the same powers which the statutory auditors of the company enjoy under Section 227 of the Companies Act, 1956. The remuneration of the Auditors, as fixed by the LICENSOR, shall be borne by the LICENSEE.

3.6 The LICENSOR may also get conducted a 'Special Audit' of the LICENSEE company's accounts/records by "Special Auditors", the payment for which at a rate as fixed by the LICENSOR, shall be borne by the LICENSEE company. This will be in the nature of auditing the audit described in **Para 3.5** above. The Special Auditors shall also be provided the same facility and have the same powers as of the companies auditors as envisaged in the Companies Act, 1956.

3.7 The LICENSEE shall be liable to prepare and furnish the company's annual financial accounts according to the accounting principles prescribed and the directions given by the LICENSOR or the TRAI, as the case may be, from time to time.

3.8 Performance Bank Guarantee (PBG) :- There is no requirement to furnish PBG.

4.0 LICENCE PERIOD : The licence agreement is extended, so as to make the total licence period of 20 years, counted from the effective date as given in the Licence Agreement.

Extension of Licence

4.1 The LICENSOR may extend, if deemed expedient, the period of LICENCE by 10 years at one time, upon request of the LICENSEE, if made during 19th year of the Licence period on terms mutually agreed. The decision of the LICENSOR shall be final in regard to the grant of extension.

5. MIGRATION FROM ANALOGUE TO DIGITAL PMRTS SYSTEM :

The Licensee shall be allocated up to 1 MHz additional frequency Spectrum for Digital Technology depending on the availability and justification of the same and the licensee shall have to transfer his network to Digital Technology positively within two years from the date of signing this Amendment. Failure to migrate the network to Digital Technology shall result in cancellation of License Agreement. Migration of service to digital technology shall mean providing of an effective commercial service to all the customers using digital technology under due intimation to the Licensor .

Allotment of Spectrum beyond one MHz may be considered depending on availability and justification for allotment, only after complete service area has been covered with the service and customer base of 10,000 has been reached.

6. SERVICE AREA : (Note : Only the relevant portion to be written in the respective License Agreement)

6.1 The service Area of the Licence shall be as per the licence agreement. The geographical boundary of the area shall be as under in respect of licence granted for the particular service area .

(a) Metro Service Area: Metro Service Area for PMRTS licence shall be as under:

Sl. No.	Metro Service Area	Area Covered
1.	Mumbai Metro service Area	Local Areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges.
2.	Delhi Metro service Area	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida, and Gurgaon Telephone Exchanges.
3.	Kolkata Metro service Area	Local Areas served by Calcutta Telephone Exchanges.

(b) For Circle Service Area (Other than Metros) :

Circle service area for PMRTS licence shall be as under:-

Sl. No.	Name of Telecom Circle Service Area	Areas covered
01.	West Bengal	Entire area falling within the Union Territory of Andaman & Nicobar Islands and area falling within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.
02.	Andhra Pradesh	Entire area falling within the State of Andhra Pradesh and the area of Yenum of the Union Territory of Pondicherry .
03.	Assam	Entire area falling within the State of Assam.
04.	Bihar	Entire area falling within the re-organised State of Bihar and newly created State of Jharkhand pursuant to the Bihar Reorganisation Act, 2000 (No.30 of 2000) dated 25 th August, 2000.
05.	Gujarat	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Haveli).
06.	Haryana	Entire area falling within the State of Haryana except the local areas served by Faridabad and Gurgaon Telephone exchanges.
07.	Himachal Pradesh	Entire area falling within the State of Himachal Pradesh
08.	Jammu & Kashmir	Entire area falling within the State of Jammu & Kashmir including the autonomous council of

		Ladakh.
09.	Karnataka	Entire area falling within the State of Karnataka
10.	Kerala	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.
11.	Madhya Pradesh	Entire area falling within the re-organised State of Madhya Pradesh as well as the newly created State of Chattisgarh pursuant to the Madhya Pradesh Reorganisation Act, 2000 (No:28 of 2000) dated 25 th August, 2000.
12.	Maharashtra	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.
13.	North East	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.
14.	Orissa	Entire area falling within the State of Orissa.
15.	Punjab	Entire area falling within the State of Punjab and Union territory of Chandigarh.
16.	Rajasthan	Entire area falling within the State of Rajasthan.
17.	Tamilnadu	Entire area falling within the State of Tamilnadu and Union Territory of Pondichery other than the Yenum, an area of Union Territory of Pondichery.
18.	Uttar Pradesh-West	Entire area of the State of Uttaranchal and area covered by Western Uttar Pradesh with the following as its boundary districts towards Eastern Uttar Pradesh : Pilibhit, Bareilly, Badaun, Etah, Mainpuri , Etawah excluding the local telephone area of exchanges of Ghaziabad and Noida.
19.	Uttar Pradesh - East	Entire area covered by Eastern Uttar Pradesh other than the area specified in Sl.No.18 above.

It shall be a condition that allocation of frequency spectrum in circle service area under 6.1(b) above for PMRTS licence shall be solely dependent on the availability of frequency spectrum in particular service area. Direct in Dialing PSTN connectivity is prohibited.

6.2 Allotment of frequency spectrum for the circle service area will be considered subject to the availability of spectrum in the entire service area of circle and some channels may not be available at all locations/cities in whole circle service area.

6.3 PMRTS licensee consequent on the migration from city service area to circle service area may require microwave frequencies for intracity and intercity connectivity. The assignment of such frequencies will be subject to the availability and successful coordination with existing users.

6.4 In case of any doubt about the area, clarification may be sought from the Licensing Authority and clarifications provided will have binding effect on the License.

7.0 INTERCONNECTION :

(a) PSTN connectivity permitted will be limited to one PSTN line for 5 (Five) RF Channels (of 25 KHz each) for analogue system, only with one Licenced Access Service Operator.

(b) PSTN connectivity permitted will be limited to one E-1 link(30 circuits) for digital system up to 10,000 customers and thereafter, one additional E-1 link(30 circuits) for each additional 10,000 customers or part thereof, only with one Licensed Access Service Operator.

(c) Direct in Dialing PSTN connectivity is prohibited.

(d) Inter-site Connectivity:- Inter-site connectivity shall be permitted to PMRTS Service Providers between their own sites within the licensed area.

8. The inter-connection test with network of other service provider may be carried out by mutual arrangement. The inter-connection test schedule shall be mutually agreed. Adequate time not less than 30 days will be given by the Licensee for these tests.

9. The charges for access or inter-connection with other networks shall be based on mutual agreements between the Service Providers subject to compliance to any determination, regulation, orders or direction issued from time to time by TRAI under TRAI Act, 1997.

10. The PMRTS Licensee shall for the purpose of providing the Service install own equipment so as to be compatible with other Service/Access Provider's Equipment to which the PMRTS Licensees Applicable Systems are intended for inter-connection.

11. The PMRTS Licensee shall operate and maintain the licensed Network conforming to Quality of Service standards to be mutually agreed between the service providers in respect of Network-Network interface subject to such other directions as the Licensor or TRAI may give from time to time. Failure on part of any Licensee to adhere to the quality of Service stipulations by TRAI and Standards of TEC prescribed for network to network interface shall be taken adverse note against the Licensee.

12. In the interest of security, suitable monitoring equipment as may be prescribed by the Licensor for each type of System used will be provided by the Licensee at his own cost for monitoring, as and when required .

13. TRANSFER OF LICENCE:

The Licensee may transfer or assign the License Agreement with prior written approval of the Licensor to be granted on fulfillment of the following conditions:-

- (i) When transfer or assignment is requested in accordance with the terms and conditions on fulfillment of procedures of Tripartite Agreement if already executed amongst the Licensor, Licensee and Lenders; or
- (ii) Whenever amalgamation or restructuring i.e. merger or demerger is sanctioned and approved by the High Court or Tribunal as per the law in force; in accordance with the provisions; more particularly of Sections 391 to 394 of Companies Act, 1956; and
- (iii) The transferee/assignee is fully eligible in accordance with eligibility criteria contained in tender conditions or in any other document for grant of fresh license in that area and shows its willingness in writing to comply with the terms and conditions of the license agreement including past and future roll out obligations; and
- (iv) All the past dues are fully paid till the date of transfer/assignment by the transferor company and thereafter the transferee company undertakes to pay all future dues inclusive of anything remained unpaid of the past period by the outgoing company.

14. The PMRTS Provider will be bound to provide the services to any person within the service area, without any discrimination.

15. Licensee shall make its own arrangements for all infrastructure involved in providing the service and shall be solely responsible for installation and operation of necessary equipment and systems, treatment of subscriber complaints, issue of bills to its subscribers, collection of revenue, attending to claims and damages arising out of their operations.

16. The Licensee shall not normally employ bulk encryption equipment in its network. However, if any encryption equipment is used and connected to the Licensee's network, then it should have prior evaluation and written approval of the Government.

17. The Licensee shall provide necessary facilities, depending upon the specific situation at the relevant time, to the Government to counteract espionage, subversive act, sabotage or any other unlawful activity. The Licensee shall make available on demand to the Authority authorised by the Licensor full access to the Switching/Transmission Centres etc. for technical scrutiny and for inspection, which can include the visual inspection or an operational inspection.

18. All foreign personnel likely to be deployed by the LICENSEE for installation, operation and maintenance of the LICENSEE's network shall be security cleared by the Government of India prior to their deployment. The security clearance will be obtained from the Ministry of Home Affairs, Government of India.

19. The LICENSEE shall ensure protection of privacy of communication and ensure that unauthorized interception of messages does not take place.

20. The PMRTS Licensee shall comply with any order or direction or determination or regulation issued by TRAI under the TRAI Act, 1997 as amended from time to time.

21. LICENSOR shall have the right to revoke/terminate/suspend the LICENCE either in part or whole of the Service area in the interest of national security or in case of emergency or war or low intensity conflict or any other eventuality in public interest as declared by the Government of India. Provided any specific orders or direction from the Government issued under such conditions shall be applicable to the LICENSEE and shall be strictly complied with.

22. LICENSOR reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security, public interest and for proper conduct of telegraphs.

23. LICENSEE will ensure that the Telecommunication installation carried out by it should not become a safety hazard and is not in contravention of any statute, rule or regulation and public policy.

24. The LICENSEE shall take measures to prevent an objectionable, obscene, unauthorized or any other content or harmful and unlawful messages or communications infringing upon copyright, intellectual property etc., in any form, from being carried on his network, inconsistent with the legal frame-work of the country. Once specific instances of such infringement are reported to the LICENSEE by the authority, the Licensee shall ensure without fail that the carriage of such material on his network is prevented immediately. The LICENSEE is obliged to provide, without any delay, the tracing facility to trace origin or content of nuisance, obnoxious or malicious calls, messages or communications transported through his equipment and network. Any damages arising out of default on the part of LICENSEE in this regard shall be sole liability of the LICENSEE.

25. In case any confidential information is divulged to the LICENSEE for proper implementation of the Agreement, it shall be binding on the Licensee and its employees and servants to maintain its secrecy and confidentiality.

26. All matters relating to the application or licence, if granted, will be subject to jurisdiction of Telecom Dispute Settlement & Appellate Tribunal (TDSAT).

27. SET OFF CLAUSE:

27.1 In the event any sum of money or claim becomes recoverable from or payable by LICENSEE to the LICENSOR either against this Licence Agreement or otherwise in any manner, such money or claim can be (without restricting any right of set off for counter claim given or employed by law) deducted or adjusted against any amount or sum of money then due or which at any time thereafter may become due to the LICENSEE under this Licence Agreement or any other agreement or contract between the LICENSOR and the LICENSEE.

27.2 The aforesaid sum of money payable to the LICENSEE Company shall include any security, which can be converted into money.

27.3 After exercising the right of set-off a notice shall always be given immediately by the licensor to the licensee.

28. Other terms and conditions of the Licence Agreement shall remain unchanged.

Assistant Director (VAS-II)
For and on behalf of President of India

Name :

Designation :

Authorized signatory for M/s.

Witnesses :

1.....

2.....

Note : Each page of this document may be signed by the authorized signatory of the Licensee company (affixing rubber stamp and common seal of the company) in token of the acceptance of the amended terms and conditions of the Licence. One signed copy may be retained and the second signed copy may be returned.

Definition of Revenue

1. Adjusted Gross Revenue for the purpose of levying Licence Fee as a percentage of revenue shall include the Gross Revenue excluding:-

- (i) charges of pass through nature payable to other Telecom service provider(s) to whose network, the Licensee's network is interconnected,
- (ii) Service tax and sales tax actually paid to the Government, if gross revenue had included the component of service tax/sales tax

2. The Gross revenue shall include all revenues accruing to the Licensee on account of goods supplied, services provided, leasing/hiring of infrastructure, use of its resources by others, application fees, installation charges, call charges, late fees, sale proceeds of instruments (or any terminal equipment including accessories), fees on account of Annual Maintenance Contract, income from value added services, supplementary services, access or interconnection charges, etc. and any other miscellaneous item including interest, dividend etc. without any set-off of related item of expense etc.

AFFIDAVIT

I, aged about years son of Shri, resident of, do solemnly affirm and state as under:

2. That I amof (Name of the Company), licensee of Service in Service Area and I am duly authorised by the resolutions dated passed by Board of Directors of the Company to furnish affidavit on behalf of(Name of the Company).

3. That in compliance of condition No. Of Schedule.....Part and Annexure.....of the License Agreement No. signed between the Company and the Department Of Telecommunications, for payment of license fee, a payment of Rs. (Rupees is being made for the period to The details of calculation of 'revenue' and license fee is as per Annexure (attached).

4. That the contents in Para 2 & 3 and Annexure are true and correct to the best of my knowledge, based on the records of the company.

Deponent.

VERIFICATION

Verified at on that the contents of paragraphs 1 to 3 of the affidavit and Annexure..... are true and correct to my knowledge, no part of it is false and nothing has been concealed there from.

Deponent.

Format of Statement of Revenue and License Fee

_____ (Name and address of operator)

Public Mobile Radio Trunk Service in _____ Service Area

Statement of Revenue and License Fee for the Quarter
of the financial year.....

(AMOUNT IN RUPEES)

S.N	PARTICULARS	ACTUALS FOR THE PREVIOUS QUARTER	ESTIMATED FOR THE CURRENT QUARTER	CUMULATIVE UPTO THE PREVIOUS QUARTER
1.	Revenue from Services:			
i.	Rentals			
ii	Activation Charges			
iii.	Airtime Revenue			
iv.	PSTN charges			
v.	Service Tax			
vi	Service charges			
vii.	Income from lease/rental/AMC of items in 2(i) and 2(ii).			
viii.	Any other income/miscellaneous receipt from service			
2.	Income from Trading activity: (all inclusive of sales tax)			
i.	Sale of handsets			
ii.	Sale of accessories, including sim cards, spares, consumables, etc.			
iii.	Any other income/miscellaneous receipt from trading activity.			
3.	Income from investments.			
i.	Interest income			
ii.	Dividend income			
iii.	Any other miscellaneous receipt from investments.			
4.	Non-refundable deposits from subscribers.			

5.	Any other receipt / Miscellaneous revenue.			
A	GROSS REVENUE OF THE LICENSEE COMPANY: (Add 1-5)			
B	DEDUCT:			
1.	PSTN related Call charges passed on other Basic telecom service provider			
2.	Service Tax paid to the Government.			
3.	Sales Tax paid to the Government.			
C	TOTAL DEDUCTION (1B- 3B)			
D	Adjusted Gross Revenue (A-C)			
	REVENUE SHARE @.....OF ADJUSTED GROSS REVENUE:			

Format Of Auditor's Report On Statement Of Revenue And License Fee

To

The Board of Directors

.....

.....

We have examined the attached Statement of Revenue and License Fee of
.....(the name of the operators) for the quarter(s) ending
_____. We have also examined the reconciliation of the cumulative figures
for the quarter(s) ending _____ appearing in the Statement of Revenue and
License Fee of the company with the figures appearing in the profit and loss account of
the company for the year ended _____ which was audited by us. We understand
that the aforesaid statement(s) (and the reconciliation) is /are to be furnished to the
Central Government for assessment of the license fee payable by the company to the
Government, in terms of the license agreement No..... signed between the
company and the Department of Telecommunications. We report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our view, the company has an adequate internal control system in relation to revenues which is commensurate with its size and the nature of its business. The system, in our opinion, provides reasonable assurance that there is no unrecorded revenue and that all revenue is recorded in the proper amount and in the proper period.
3. No amounts payable in respect of sales tax, service tax or PSTN/toll/roaming charges were outstanding at the last day of the quarter(s) for a period of more than two months from the date they became payable, except for the following:...
.....
4. In our opinion and to the best of our knowledge and belief and according to the explanations given to us, the Statement has been prepared in accordance with the norms/guidelines contained in the said license agreement in this behalf and gives a true and fair view of the revenue and license fee payable for the period computed on the basis of the aforesaid guidelines except for the following:

(Seal and Signature)

Place & Date

*Strike off wherever not applicable.

ANNEXURE –IV

NORMS FOR PREPARATION OF ANNUAL FINANCIAL STATEMENTS

- Accounts shall be maintained separately for each telecom service operated by the licensee company.
- Any category of accrued revenue, the amount of which exceeds 5% of the total accrued revenue, shall be shown separately and not combined with any other item/category.
- Accrued Revenue shall indicate:
 - (a) All amounts billable for the period.
 - (b) Any billings for previous years that had been omitted from the previous years' P&L Accounts.
 - (c) Any non-refundable deposits collected from the customers/franchisees to the extent these are credited to P&L Account for the year.
- Subsidiary registers/ledgers shall be maintained for each item given above so as to enable easy verification.
- Service revenue (amount billable) shall be shown gross and details of discount/rebate indicated separately.
- Security or any other Deposits taken from the subscriber shall be shown separately, for each category, and the amount that has fallen due for refund but not yet paid also disclosed under two categories, namely:
 - Up to 45 days
 - More than 45 days.
- Service Tax billed, collected and remitted to the Government shall be shown separately.
- Sales Tax billed, collected and remitted to the Government shall be shown separately.
- Details of Income from sales of goods shall be furnished indicating the income and number of items sold under each category. Method of inventory valuation used shall also be disclosed along with computation of cost of goods sold.
- Sales shall be shown gross and details of discount/rebate allowed and of sales returns shall be shown separately.
- Income from interest and dividend shall be shown separately, without any related expenses being set-off against them on the income side of the P&L Account.
- Increase/decrease of stock shall be shown separately.
- Details of reversal of previous years' debits, if any, shall be shown component-wise, under the miscellaneous head (eg. Bad debts recovered etc.)
- Item-wise details of income that has been set off against corresponding expenditure, shall be shown.

Proforma for Financial Bank Guarantee

To

The President of India
Acting through the Telegraph Authority

In consideration of the President of India acting through the Telegraph Authority (hereinafter called 'the Authority') having agreed to grant a Licence to M/s _____ of _____ (hereinafter called 'the LICENSEE') to establish, maintain and operate Public Mobile Radio Trunked Service (PMRTS) (hereinafter called 'the SERVICE') in accordance with the Licence No. _____ dated _____ (hereinafter called 'the LICENCE') on the terms and conditions contained in the said Licence, which inter-alia provides for production of a Bank Guarantee to the extent of Rs. _____ (in words _____ only) under the said Licence by way of security for payment of the said Licence fee as well as such other fees/dues or charges required to be paid by the LICENSEE under the Licence, we _____ (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the Bank') at the request of the LICENSEE hereby irrevocably and unconditionally guarantee to the Authority that the LICENSEE shall pay all the dues, including but not limited to, the Licence fee and other charges to the Authority.

2. We, the Bank, hereby undertake to pay the Authority an amount not exceeding Rs.(Rupees.....only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any failure of the LICENSEE to extend the validity of the guarantee or give a fresh guarantee in lieu of existing one in terms of the Licence Agreement, or to pay all the above mentioned fees, dues and charges or any part thereof within the periods stipulated in the Licence.

3. We, the Bank, hereby further undertake as primary obligor and not merely as surety to pay such sum not exceeding Rs. _____(Rupees _____ Only) to the Authority immediately on demand and without demur stating that the amount claimed is due by way of failure of the LICENSEE to pay any fees or charges or any part thereof in terms of the said Licence, and/or by way of breach in any of the terms and conditions of the license by the licensee, without prejudice to the Licensor's (the Authority) rights to any other remedy.

4. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the decision of the Authority as to whether LICENSEE has failed to pay the said Licence fees or any other fees or charge or any part thereof payable under the said Licence and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on us.

5. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the

(a) Guarantee herein contained shall remain in full force and effect for a period of -----from the date hereof and that it shall continue to be enforceable till all the dues of the Authority and by virtue of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and

conditions of the said Licence have been fully and properly carried out by the said LICENSEE and accordingly discharged this guarantee.

- (b) The Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Licence or to extend time of performance of any obligations by the said LICENSEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said LICENSEE and to forbear or to enforce any of the terms and conditions relating to the said Licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said LICENSEE or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said LICENSEE or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.
- (c) Any claim which we have against the LICENSEE shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.
- (d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the LICENSEE.

6. We, the BANK, undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

7. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs..... and our Guarantee shall remain in force until....year from the date hereof. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities thereunder.

Dated _____ day _____ for _____
(Name of the Bank)

Witness:

1.....
.....
.....
.....

2.....
.....
.....
.....

DEPARTMENT OF TELECOMMUNICATIONS
LICENSING CELL (VALUE ADDED SERVICE GROUP)
20, ASHOK ROAD, SANCHAR BHAVAN, NEW DELHI-110001

No. 311-80/2000-VAS

Dated

To

**(Name of existing PMRTS Licensee)
who wishes to continue with analogue PMRTS System.**

Subject: Amendment in Licence Agreement No. _____ dated _____ for PMRTS consequent to migration to new licensing regime under NTP-1999.

Sir,

This is in pursuance to the guidelines announced for PMRTS vide No. 311-80/2000-VAS Dated. November 1,2001 for migration to the new licensing regime under NTP-99. The relevant conditions in the above mentioned Licence Agreement, shall stand substituted and modified to the extent as given below with effect from 1.11.2001 notwithstanding anything contained in the Licence Agreement. All the other terms and conditions of the Licence Agreement will remain the same.

2. FINANCIAL CONDITIONS :-

FEES PAYABLE :

1.1 **License Fees:-** The annual Licence Fee shall be @ 5% of the Adjusted Gross Revenue (AGR). The AGR is defined in **Annexure-I**.

1.2 **WIRELESS SPECTRUM CHARGES:-** The Wireless Spectrum Charges (licence fees and royalty for wireless spectrum) for the use of spectrum and for possession of wireless telegraphy equipment etc shall be paid to WPC Wing separately, as fixed by WPC Wing, and shall be subject to changes made by WPC Wing from time to time.

1.3 **Schedule of payment of Licence fees :-** For the purpose of payment of the Licence Fee at Para 1.1 above, the year shall be of Twelve English Calendar months from 1st of April to 31st of March .

EXPLANATION: The license fee for the last quarter of first year and of the last quarter of the last year of the licence, will be computed with reference to the actual number of days after excluding the earlier quarters, each being of three months.

1.4 Licence fee shall be payable in four quarterly installments during each Financial Year (FY). Quarterly installments of Licence Fee for the first three quarters of an FY shall be paid within 15 days of the completion of the relevant quarter. This fee shall be paid by the Licensee on the basis of actual revenues (on accrual basis) for the quarter duly certified with an affidavit by a representative of the LICENSEE, authorized by a

Board Resolution coupled with General Power of Attorney. However, for the last quarter of FY, the licensee shall pay the License fee by 25th March on the basis of expected revenues for the quarter, subject to a minimum payment equal to the actual revenue share paid of the previous quarter.

1.5 The quarterly payment shall be made together with a STATEMENT in the prescribed form given in **Annexure-II & Annexure-II-A**, showing the computation of Adjusted Gross Revenue and Licence Fee payable for the previous quarter. The aforesaid STATEMENTS of each year shall be required to be audited by the Auditors (hereinafter called LICENSEE'S Auditors) of the LICENSEE appointed under Section 224 of the Companies' Act, 1956. The report of the Auditor should be in prescribed form given in **Annexure-III**.

1.6 The Licensee shall adjust and pay the difference between the payments made and actual amount duly payable (on actual basis) for the last quarter of FY within 15 days of the end of the quarter.

1.7 Any delay in payment of Licence fee, or any other dues payable under the LICENSE beyond the stipulated period will attract interest at a rate which will be 2% above the Prime Lending Rate (PLR) of State Bank of India existing as on the beginning of the Financial Year (namely first April) in respect of the licence fees pertaining to the said Financial Year. The interest shall be compounded monthly and a part of the month shall be reckoned as a full month for the purposes of calculation of interest.

1.8 Final adjustment of the licence fee for the year shall be made on or before 30th June of the following year based on the Gross Revenue Figures duly certified by the AUDITORS of the Licensee in accordance with the provision of Companies' Act, 1956.

1.9 A reconciliation between the figures appearing in the quarterly statements with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts and audit report, within 7 (seven) days of the date of signing of the audit report. The annual financial account and the statement as prescribed in **Condition No.1.5** shall be prepared following the norms as prescribed in **Annexure-IV**.

1.10 In case, the total amount paid on the self assessment of the LICENSEE as quarterly Licence Fee for the 4 (four) quarters of the financial year, falls short by more than 10% of the payable licence fee, it shall attract a penalty of 50% of the entire amount of the short payment. This amount of short payment along with the penalty shall be payable within 15 days of the date of signing the Audit Report on the Annual Accounts, failing which interest shall be further charged as per terms of **Condition 1.7**. However, if such short payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed.

1.11 The licence Fee/royalty described at **1.2** above shall be payable at such time(s) and in such manner as the WPC Cell of the Ministry of Communications may prescribe from time to time.

1.12 All sums becoming due and payable as mentioned in this Licence Agreement shall be paid by the LICENSEE through a demand draft or Pay Order payable at New Delhi, drawn on any Scheduled Bank, in favour of the Pay & Accounts Officer (HQ), DOT or any other Authority if so designated by LICENSOR.

1.13 The LICENSOR, to ensure proper and correct verification of revenue share paid, can, if deemed necessary, modify, alter, substitute and amend whatever stated in **Conditions No 1.5,1.9, 3.5 and 3.6** hereinbefore and hereinafter written.

1.14 The LICENSEE, shall separately pay the access charges for carriage of calls originating in his network but carried and terminated in the BSNL/MTNL/Other Access Service Providers' network. The LICENSEE shall also separately pay charges for network resources obtained by the licensee from BSNL/MTNL/other licensed Access service provider. This will be governed by mutual agreement and / or the determination of TRAI.

2.0 BANK GUARANTEE (BG) :

2.1 FINANCIAL BANK GUARANTEE:- The licensee shall submit a Financial Bank Guarantee (FBG), valid for one year, from any scheduled bank in India, or Indian Public Financial Institutions (IPFI) in the prescribed format at **Annexure V**. The amount of FBG shall be Rupees one lakh or an amount equivalent to the licence fee of the last two quarters of the previous year and other dues not otherwise securitised, which ever is higher, The FBG will be valid initially for one year and is to be maintained for the entire period of the Licence Agreement till final clearance of all such dues. The amount of FBG shall be subject to periodic review by the Licensor.

2.2 The fees charges and royalties for the use of spectrum and also for possession of Wireless Telegraphy equipment shall be separately securitised by furnishing BG as required by WPC. The bank guarantee shall be valid initially for a period of one year and is to be maintained for the entire period of the Licence Agreement till final clearance of all such dues.

2.3 The LICENSEE, on its own, shall extend the validity period of the Bank Guarantee (s) for similar terms at least one month prior to date(s) of its expiry without any demand or notice from the LICENSOR on year to year basis. Any failure to do so, shall amount to violation of the terms of the LICENCE and entitle the LICENSOR to encash the Bank Guarantee(s) and to convert into a cash security without any reference to the LICENSEE at his risk and cost. No interest or compensation whatsoever shall be payable by the LICENSOR on such encashment.

2.4 Without prejudice to its rights of any other remedy, Licensor may encash BG in case of any breach in the terms & conditions of the LICENCE by the LICENSEE

3.0 PREPARATION OF ACCOUNTS :

3.1 The LICENSEE will draw, keep and furnish independent accounts for the SERVICE and shall fully comply orders, directions or regulations as may be issued from time to time by the LICENSOR or TRAI as the case may be.

3.2 The LICENSEE shall be obliged to:

(a) Compile and maintain accounting records, sufficient to show and explain its transactions in respect of each completed quarter of the Licence period or of such lesser periods as the LICENSOR may specify, fairly presenting the costs (including capital costs), revenue and financial position of the LICENSEE's business under the LICENCE including a reasonable assessment of the assets employed in and the liabilities attributable to the LICENSEE's business, as well as, for the quantification of Revenue or any other purpose.

(b) Procure in respect of each of those accounting statements prepared in respect of a completed financial year, a report by the LICENSEE's Auditor in the format prescribed by the licensor, stating inter-alia whether in his opinion that statement is adequate for the purpose of this condition and thereafter deliver to the LICENSOR a copy of each of the accounting statements not later than two months after the end of the period to which they relate.

(c) Send to the LICENSOR a certified statement sworn on an affidavit, by authorized representative of the company, containing full account of Revenue earned from the SERVICE for each quarter separately along with the payment for the following quarter.

3.3 (a) The LICENSOR or the Telecom Regulatory Authority of India (TRAI), as the case may be, shall have a right to call for and the licensee shall be obliged to supply and provide for examination any books of accounts that the LICENSEE may maintain in respect of the business carried on to provide the service(s) under this Licence at any time without recording any reasons thereof.

(b) The LICENSEE shall invariably preserve all billing and all other accounting records (electronic as well as hard copy) for a period of three years from the date of publishing of duly audited & approved Accounts of the company and any dereliction thereof shall be treated as a material breach independent of any other breach, sufficient to give a cause for cancellation of the LICENCE.

3.4 The records of the LICENSEE will be subject to such scrutiny as may be prescribed by the LICENSOR so as to facilitate independent verification of the amount due to the LICENSOR as its share of the revenue.

3.5 The LICENSOR may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order Audit of the accounts of the LICENSEE by appointing auditor at the cost of the LICENSEE and such auditor(s) shall have the same powers which the statutory auditors of the company enjoy under Section 227 of

the Companies Act, 1956. The remuneration of the Auditors, as fixed by the LICENSOR, shall be borne by the LICENSEE.

3.6 The LICENSOR may also get conducted a 'Special Audit' of the LICENSEE company's accounts/records by "Special Auditors", the payment for which at a rate as fixed by the LICENSOR, shall be borne by the LICENSEE company. This will be in the nature of auditing the audit described in **Para 3.5** above. The Special Auditors shall also be provided the same facility and have the same powers as of the companies auditors as envisaged in the Companies Act, 1956.

3.7 The LICENSEE shall be liable to prepare and furnish the company's annual financial accounts according to the accounting principles prescribed and the directions given by the LICENSOR or the TRAI, as the case may be, from time to time.

3.8 Performance Bank Guarantee (PBG) :- There is no requirement to furnish PBG.

4.0 LICENCE PERIOD :

The licence of existing Licensee (who have not given their willingness to migrate to the new licensing regime), shall be extended, if requested, so as to make the total licence period upto 20 years for continuing with Analog systems, during which period the Licensee may, at his discretion, change over to digital technology. However, no spectrum will be kept reserved for him.

5.0 SERVICE AREA : (Note : Only the relevant portion to be written in the respective License Agreement)

5.1 The service Area of the Licence shall be as per the licence agreement. The geographical boundary of the area shall be as under in respect of licence granted for the particular service area .

(a) Metro Service Area: Metro Service Area for PMRTS licence shall be as under:

Sl. No.	Metro Service Area	Area Covered
1.	Mumbai Metro service Area	Local Areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges.
2.	Delhi Metro service Area	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida, and Gurgaon Telephone Exchanges.
3.	Kolkata Metro service	Local Areas served by Calcutta Telephone Exchanges.

(b) For Circle Service Area (Other than Metros) :

Circle service area for PMRTS licence shall be as under:-

Sl. No.	Name of Telecom Circle Service Area	Areas covered
01.	West Bengal	Entire area falling within the Union Territory of Andaman & Nicobar Islands and area falling within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.
02.	Andhra Pradesh	Entire area falling within the State of Andhra Pradesh and the area of Yenum of the Union Territory of Pondicherry .
03.	Assam	Entire area falling within the State of Assam.
04.	Bihar	Entire area falling within the re-organised State of Bihar and newly created State of Jharkhand pursuant to the Bihar Reorganisation Act, 2000 (No.30 of 2000) dated 25 th August, 2000.
05.	Gujarat	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Haveli).
06.	Haryana	Entire area falling within the State of Haryana except the local areas served by Faridabad and Gurgaon Telephone exchanges.
07.	Himachal Pradesh	Entire area falling within the State of Himachal Pradesh
08.	Jammu & Kashmir	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.
09.	Karnataka	Entire area falling within the State of Karnataka
10.	Kerala	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.
11.	Madhya Pradesh	Entire area falling within the re-organised State of Madhya Pradesh as well as the newly created State of Chattisgarh pursuant to the Madhya Pradesh Reorganisation Act, 2000 (No:28 of 2000) dated 25 th August, 2000.
12.	Maharashtra	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.
13.	North East	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.
14.	Orissa	Entire area falling within the State of Orissa.
15.	Punjab	Entire area falling within the State of Punjab and Union territory of Chandigarh.

16.	Rajasthan	Entire area falling within the State of Rajasthan.
17.	Tamilnadu	Entire area falling within the State of Tamilnadu and Union Territory of Pondichery other than the Yenum, an area of Union Territory of Pondichery.
18.	Uttar Pradesh-West	Entire area of the State of Uttaranchal and area covered by Western Uttar Pradesh with the following as its boundary districts towards Eastern Uttar Pradesh : Pilibhit, Bareilly, Badaun, Etah, Mainpuri , Etawah excluding the local telephone area of exchanges of Ghaziabad and Noida.
19.	Uttar Pradesh - East	Entire area covered by Eastern Uttar Pradesh with the following as its boundary districts towards Western Uttar Pradesh : Shahjahanpur, Farrukhabad, Kanpur and Jalaun.

It shall be a condition that allocation of frequency spectrum in circle service area under 5.1(b) above for PMRTS licence shall be solely dependent on the availability of frequency spectrum in particular service area. Direct in Dialing PSTN connectivity is prohibited.

5.2 Allotment of frequency spectrum for the circle service area will be considered subject to the availability of spectrum in the entire service area of circle and some channels may not be available at all locations/cities in whole circle service area.

5.3 PMRTS licensee consequent on the migration from city service area to circle service area may require microwave frequencies for intracity and intercity connectivity. The assignment of such frequencies will be subject to the availability and successful coordination with existing users.

5.4 In case of any doubt about the area, clarification may be sought from the Licensing Authority and clarifications provided will have binding effect on the License.

6.0 INTERCONNECTION :

(a) PSTN connectivity permitted will be limited to one PSTN line for 5 (Five) RF Channels (of 25 KHz each) for analogue system, only with one Licenced Access Service Operator.

(b) Direct in Dialing PSTN connectivity is prohibited.

(c) Inter-site Connectivity:- Inter-site connectivity shall be permitted to PMRTS Service Providers between their own sites within the licensed area.

7. The inter-connection test with network of other service provider may be carried out by mutual arrangement. The inter-connection test schedule shall be mutually

agreed. Adequate time not less than 30 days will be given by the Licensee for these tests.

8. The charges for access or inter-connection with other networks shall be based on mutual agreements between the Service Providers subject to compliance to any determination, regulation, orders or direction issued from time to time by TRAI under TRAI Act, 1997.

9. The PMRTS Licensee shall for the purpose of providing the Service install own equipment so as to be compatible with other Service/Access Provider's Equipment to which the PMRTS Licensees Applicable Systems are intended for inter-connection.

10. The PMRTS Licensee shall operate and maintain the licensed Network conforming to Quality of Service standards to be mutually agreed between the service providers in respect of Network-Network interface subject to such other directions as the Licensor or TRAI may give from time to time. Failure on part of any Licensee to adhere to the quality of Service stipulations by TRAI and Standards of TEC prescribed for network to network interface shall be taken adverse note against the Licensee.

11. In the interest of security, suitable monitoring equipment as may be prescribed by the Licensor for each type of System used will be provided by the Licensee at his own cost for monitoring, as and when required .

12. TRANSFER OF LICENCE:

The Licensee may transfer or assign the License Agreement with prior written approval of the Licensor to be granted on fulfillment of the following conditions:-

(i) When transfer or assignment is requested in accordance with the terms and conditions on fulfillment of procedures of Tripartite Agreement if already executed amongst the Licensor, Licensee and Lenders; or

(ii) Whenever amalgamation or restructuring i.e. merger or demerger is sanctioned and approved by the High Court or Tribunal as per the law in force; in accordance with the provisions; more particularly of Sections 391 to 394 of Companies Act, 1956; and

(iii) The transferee/assignee is fully eligible in accordance with eligibility criteria contained in tender conditions or in any other document for grant of fresh license in that area and shows its willingness in writing to comply with the terms and conditions of the license agreement including past and future roll out obligations; and

(iv) All the past dues are fully paid till the date of transfer/assignment by the transferor company and thereafter the transferee company undertakes to pay all future dues inclusive of anything remained unpaid of the past period by the outgoing company.

13. The PMRTS Provider will be bound to provide the services to any person within the service area, without any discrimination.

14. Licensee shall make its own arrangements for all infrastructure involved in providing the service and shall be solely responsible for installation and operation of

necessary equipment and systems, treatment of subscriber complaints, issue of bills to its subscribers, collection of revenue, attending to claims and damages arising out of their operations.

15. The Licensee shall not normally employ bulk encryption equipment in its network. However, if any encryption equipment is used and connected to the Licensee's network, then it should have prior evaluation and written approval of the Government.

16. The Licensee shall provide necessary facilities, depending upon the specific situation at the relevant time, to the Government to counteract espionage, subversive act, sabotage or any other unlawful activity. The Licensee shall make available on demand to the Authority authorised by the Licensor full access to the Switching/Transmission Centres etc. for technical scrutiny and for inspection, which can include the visual inspection or an operational inspection.

17. All foreign personnel likely to be deployed by the LICENSEE for installation, operation and maintenance of the LICENSEE's network shall be security cleared by the Government of India prior to their deployment. The security clearance will be obtained from the Ministry of Home Affairs, Government of India.

18. The LICENSEE shall ensure protection of privacy of communication and ensure that unauthorized interception of messages does not take place.

19. The PMRTS Licensee shall comply with any order or direction or determination or regulation issued by TRAI under the TRAI Act, 1997 as amended from time to time.

20. LICENSOR shall have the right to revoke/terminate/suspend the LICENCE either in part or whole of the Service area in the interest of national security or in case of emergency or war or low intensity conflict or any other eventuality in public interest as declared by the Government of India. Provided any specific orders or direction from the Government issued under such conditions shall be applicable to the LICENSEE and shall be strictly complied with.

21. LICENSOR reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security, public interest and for proper conduct of telegraphs.

22. LICENSEE will ensure that the Telecommunication installation carried out by it should not become a safety hazard and is not in contravention of any statute, rule or regulation and public policy.

23. The LICENSEE shall take measures to prevent an objectionable, obscene, unauthorized or any other content or harmful and unlawful messages or communications infringing upon copyright, intellectual property etc., in any form, from being carried on his network, inconsistent with the legal frame-work of the country. Once specific instances of such infringement are reported to the LICENSEE by the authority, the Licensee shall ensure without fail that the carriage of such material on his network is prevented immediately. The LICENSEE is obliged to provide, without any delay, the tracing facility to trace origin or content of nuisance, obnoxious or malicious

calls, messages or communications transported through his equipment and network. Any damages arising out of default on the part of LICENSEE in this regard shall be sole liability of the LICENSEE.

24. In case any confidential information is divulged to the LICENSEE for proper implementation of the Agreement, it shall be binding on the Licensee and its employees and servants to maintain its secrecy and confidentiality.

25. All matters relating to the application or licence, if granted, will be subject to jurisdiction of Telecom Dispute Settlement & Appellate Tribunal (TDSAT).

26. SET OFF CLAUSE:

26.1 In the event any sum of money or claim becomes recoverable from or payable by LICENSEE to the LICENSOR either against this Licence Agreement or otherwise in any manner, such money or claim can be (without restricting any right of set off for counter claim given or employed by law) deducted or adjusted against any amount or sum of money then due or which at any time thereafter may become due to the LICENSEE under this Licence Agreement or any other agreement or contract between the LICENSOR and the LICENSEE.

26.2 The aforesaid sum of money payable to the LICENSEE Company shall include any security, which can be converted into money.

26.3 After exercising the right of set-off a notice shall always be given immediately by the licensor to the licensee.

27. Other terms and conditions of the Licence Agreement shall remain unchanged.

Assistant Director (VAS-II)
For and on behalf of President of India

Name :
Designation :

Authorized signatory for M/s.

Witnesses :

1.....

2.....

Note : Each page of this document may be signed by the authorized signatory of the Licensee company (affixing rubber stamp and common seal of the company) in token of the acceptance of the amended terms and conditions of the Licence. One signed copy may be retained and the second signed copy may be returned.

Definition of Revenue

1. Adjusted Gross Revenue for the purpose of levying Licence Fee as a percentage of revenue shall include the Gross Revenue excluding:-

- (i) charges of pass through nature payable to other Telecom service provider(s) to whose network, the Licensee's network is interconnected,
- (ii) Service tax and sales tax actually paid to the Government, if gross revenue had included the component of service tax/sales tax

2. The Gross revenue shall include all revenues accruing to the Licensee on account of goods supplied, services provided, leasing/hiring of infrastructure, use of its resources by others, application fees, installation charges, call charges, late fees, sale proceeds of instruments (or any terminal equipment including accessories), fees on account of Annual Maintenance Contract, income from value added services, supplementary services, access or interconnection charges, etc. and any other miscellaneous item including interest, dividend etc. without any set-off of related item of expense etc.

AFFIDAVIT

I, aged about years son of Shri, resident of, do solemnly affirm and state as under:

2. That I amof (Name of the Company), licensee of Service inService Area and I am duly authorised by the resolutions dated passed by Board of Directors of the Company to furnish affidavit on behalf of(Name of the Company).

3. That in compliance of condition No.. Of Schedule.....Part and Annexure.....of the License Agreement No. signed between the Company and the Department Of Telecommunications, for payment of license fee, a payment of Rs. (Rupees is being made for the period to The details of calculation of 'revenue' and license fee is as per Annexure (attached).

4. That the contents in Para 2 & 3 and Annexure are true and correct to the best of my knowledge, based on the records of the company.

Deponent.

VERIFICATION

Verified at on that the contents of paragraphs 1 to 3 of the affidavit and Annexure..... are true and correct to my knowledge, no part of it is false and nothing has been concealed there from.

Deponent.

ANNEXURE-II-A

Format of Statement of Revenue and License Fee

_____ (Name and address of operator)

Public Mobile Radio Trunk Service in _____ Service Area

Statement of Revenue and License Fee for the Quarter
of the financial year.....

(AMOUNT IN RUPEES)

S.N	PARTICULARS	ACTUALS FOR THE PREVIOUS QUARTER	ESTIMATED FOR THE CURRENT QUARTER	CUMULATIVE UPTO THE PREVIOUS QUARTER
1.	Revenue from Services:			
i.	Rentals			
ii	Activation Charges			
iii.	Airtime Revenue			
iv.	PSTN charges			
v.	Service Tax			
vi	Service charges			
vii.	Income from lease/rental/AMC of items in 2(i) and 2(ii).			
viii.	Any other income/miscellaneous receipt from service			
2.	Income from Trading activity: (all inclusive of sales tax)			
i.	Sale of handsets			
ii.	Sale of accessories, including sim cards, spares, consumables, etc.			
iii.	Any other income/miscellaneous receipt from trading activity.			
3.	Income from investments.			
i.	Interest income			
ii.	Dividend income			
iii.	Any other miscellaneous			

	receipt from investments.			
4.	Non-refundable deposits from subscribers.			
5.	Any other receipt / Miscellaneous revenue.			
A	GROSS REVENUE OF THE LICENSEE COMPANY: (Add 1-5)			

B	DEDUCT:			
1.	PSTN related Call charges passed on other Basic telecom service provider			
2.	Service Tax paid to the Government.			
3.	Sales Tax paid to the Government.			
C	TOTAL DEDUCTION (1B-3B)			
D	Adjusted Gross Revenue (A-C)			
	REVENUE SHARE @.....OF ADJUSTED GROSS REVENUE:			

Format Of Auditor's Report On Statement Of Revenue And License Fee

To

The Board of Directors

.....

.....

We have examined the attached Statement of Revenue and License Fee of
.....(the name of the operators) for the quarter(s) ending
_____. We have also examined the reconciliation of the cumulative figures
for the quarter(s) ending _____ appearing in the Statement of Revenue and
License Fee of the company with the figures appearing in the profit and loss account of
the company for the year ended _____ which was audited by us. We understand
that the aforesaid statement(s) (and the reconciliation) is /are to be furnished to the
Central Government for assessment of the license fee payable by the company to the
Government, in terms of the license agreement No..... signed between the
company and the Department of Telecommunications. We report that:

- (iii) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (iv) In our view, the company has an adequate internal control system in relation to revenues which is commensurate with its size and the nature of its business. The system, in our opinion, provides reasonable assurance that there is no unrecorded revenue and that all revenue is recorded in the proper amount and in the proper period.

- (v) No amounts payable in respect of sales tax, service tax or PSTN/toll/roaming charges were outstanding at the last day of the quarter(s) for a period of more than two months from the date they became payable, except for the following:....
.....

- (vi) In our opinion and to the best of our knowledge and belief and according to the explanations given to us, the Statement has been prepared in accordance with the norms/guidelines contained in the said license agreement in this behalf and gives a true and fair view of the revenue and license fee payable for the period computed on the basis of the aforesaid guidelines except for the following:

(Seal and Signature)

Place & Date

*Strike off wherever not applicable.

ANNEXURE –IV

NORMS FOR PREPARATION OF ANNUAL FINANCIAL STATEMENTS

- Accounts shall be maintained separately for each telecom service operated by the licensee company.
- Any category of accrued revenue, the amount of which exceeds 5% of the total accrued revenue, shall be shown separately and not combined with any other item/category.
- Accrued Revenue shall indicate:
 - (a) All amounts billable for the period.
 - (b) Any billings for previous years that had been omitted from the previous years' P&L Accounts.
 - (c) Any non-refundable deposits collected from the customers/franchisees to the extent these are credited to P&L Account for the year.
- Subsidiary registers/ledgers shall be maintained for each item given above so as to enable easy verification.

- Service revenue (amount billable) shall be shown gross and details of discount/rebate indicated separately.

- Security or any other Deposits taken from the subscriber shall be shown separately, for each category, and the amount that has fallen due for refund but not yet paid also disclosed under two categories, namely:
 - Up to 45 days
 - More than 45 days.
- Service Tax billed, collected and remitted to the Government shall be shown separately.
- Sales Tax billed, collected and remitted to the Government shall be shown separately.
- Details of Income from sales of goods shall be furnished indicating the income and number of items sold under each category. Method of inventory valuation used shall also be disclosed along with computation of cost of goods sold.
- Sales shall be shown gross and details of discount/rebate allowed and of sales returns shall be shown separately.
- Income from interest and dividend shall be shown separately, without any related expenses being set-off against them on the income side of the P&L Account.
- Increase/decrease of stock shall be shown separately.
- Details of reversal of previous years' debits, if any, shall be shown component-wise, under the miscellaneous head (eg. Bad debts recovered etc.)

- Item-wise details of income that has been set off against corresponding expenditure, shall be shown.

Annexure-V

Proforma for Financial Bank Guarantee

To

The President of India
Acting through the Telegraph Authority

In consideration of the President of India acting through the Telegraph Authority (hereinafter called 'the Authority') having agreed to grant a Licence to M/s _____ of

_____ (hereinafter called 'the LICENSEE') to establish, maintain and operate Public Mobile Radio Trunked Service (PMRTS) (hereinafter called 'the SERVICE') in accordance with the Licence No. _____ dated _____ (hereinafter called 'the LICENCE') on the terms and conditions contained in the said Licence, which inter-alia provides for production of a Bank Guarantee to the extent of Rs. _____ (in words _____ only) under the said Licence by way of security for payment of the said Licence fee as well as such other fees/dues or charges required to be paid by the LICENSEE under the Licence, we _____ (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the Bank') at the request of the LICENSEE hereby irrevocably and unconditionally guarantee to the Authority that the LICENSEE shall pay all the dues, including but not limited to, the Licence fee and other charges to the Authority.

2. We, the Bank, hereby undertake to pay the Authority an amount not exceeding Rs.(Rupees.....only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any failure of the LICENSEE to extend the validity of the guarantee or give a fresh guarantee in lieu of existing one in terms of the Licence Agreement, or to pay all the above mentioned fees, dues and charges or any part thereof within the periods stipulated in the Licence.

3. We, the Bank, hereby further undertake as primary obligor and not merely as surety to pay such sum not exceeding Rs. _____(Rupees _____ Only) to the Authority immediately on demand and without demur stating that the amount claimed is due by way of failure of the LICENSEE to pay any fees or charges or any part thereof in terms of the said Licence, and/or by way of breach in any of the terms and conditions of the license by the licensee, without prejudice to the Licensor's (the Authority) rights to any other remedy.

4. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the decision of the Authority as to whether LICENSEE has failed to pay the said Licence fees or any other fees or charge or any part thereof payable under the said Licence and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on us.

5. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the

- (a) Guarantee herein contained shall remain in full force and effect for a period of -----from the date hereof and that it shall continue to be enforceable till all the dues of the Authority and by virtue of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said Licence have been fully and properly carried out by the said LICENSEE and accordingly discharged this guarantee.
- (b) The Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Licence or to extend time of performance of any obligations by the said LICENSEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said LICENSEE and to forbear or to enforce any of the terms and conditions relating to the said Licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said LICENSEE or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said LICENSEE or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.
- (c) Any claim which we have against the LICENSEE shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.
- (d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the LICENSEE.

6. We, the BANK, undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

7. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs..... and our Guarantee shall remain in force until....year from the date hereof. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities thereunder.

Dated _____ day _____ for _____
(Name of the Bank)

Witness:

1.....
.....
.....
.....

2.....

.....
.....
.....

