

No. 20-271/2010-AS-I-Aircel-3G-CMTS
Government of India
Ministry of Communications & IT
Department of Telecommunications
(Access Services Division)
1203, Sanchar Bhavan, Ashok Road, New Delhi-110001.

22nd September, 2010

To

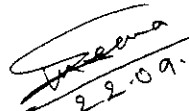
M/s Aircel Limited,
5th Floor, Spencer Plaza,
769, Anna Salai,
Chennai – 600 002

Subject: Amendment of Cellular Mobile Telephone Service (CMTS) Licence Agreement(s) to use 3G spectrum for provision of telecom access services.

In pursuance of Condition 14(ii) of the CMTS licence agreement(s), Clause 4.6 of the Notice Inviting Applications (NIA) for "Auction of 3G and BWA Spectrum" vide No. P-11014/13/2008-PP dated 25.02.2010, WPC Wing's Letter of Intent (LoI) no. L-14047/02/2010-NTG dated 11.06.2010 and on the request of the licensee vide letter no. Aircel/WPC/3G/AL/2010 dated 10.08.2010, the LICENSOR hereby insert following Condition 24.16 in the CMTS licence agreement(s) for the **Tamilnadu (excluding Chennai service area)** service area(s), with immediate effect:

"24.16 Use of 3G Spectrum: The licensee is also authorised to use the 3G spectrum block (as earmarked in the above said Letter of Intent) for provisioning of Telecom Access Services as per the scope of the CMTS license agreement, from the date of award of right to commercially use the 3G spectrum i.e. the date of issue of this amendment letter, till the validity of the CMTS licence agreement or for a period of 20 years from the date of issue of this amendment letter, whichever is earlier, subject to compliance of following conditions:

*(i) **Validity period for 3G Spectrum:** The licensee is authorised to use this spectrum for a period of 20 years from the date of award of right to commercially use the allocated 3G spectrum block i.e. the date of issue of this amendment letter, for operation of Telecom Access Services as per the scope of the CMTS license agreement, subject to the condition of validity of the CMTS licence agreement. In case the CMTS licence is cancelled/ terminated/ revoked/ surrendered for any reason, the spectrum usage rights shall stand withdrawn forthwith. If the validity period of the CMTS licence agreement expires before the expiry of the right to use the 3G Spectrum for 20 years, awarded by means of the said Auction, then the validity of the CMTS licence for operation of Unified Access Services by using the said 3G Spectrum only, shall be extended to make it coterminous with the validity of the right to use the 3G Spectrum, without any charges and in such manner as the Licensor deems fit. The extension shall be done on the application of the licensee made 3 months in advance of expiry of the validity period of the CMTS licence. This does not include authorisation or extension of period of validity of the CMTS license for providing*


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Unified Access Services using wireline and/or spectrum allocated under the provisions of the CMTS licence agreement.

*(ii) **Roll-out obligations for 3G Spectrum:** The Licensee shall ensure compliance of following network roll-out obligations for 3G Spectrum for respective category of the licensed service area(s):*

*(a) **Applicable for Metro service area licence(s):** The licensee to whom the 3G spectrum is assigned shall be required to provide required street level coverage using the 3G Spectrum in at least 90% of the service area within five years of the Effective Date.*

*(b) **Applicable for Category A, B and C service area licence(s):** The licensee to whom the spectrum is assigned shall ensure that at least 50% of the District Headquarters ("DHQ") in the service area will be covered using the 3G Spectrum, out of which at least 15% of the DHQs should be rural Short Distance Charging Areas ("SDCA"), within five years of the Effective Date. SDCA is defined as per the definition used by the Census of India. Rural SDCA is defined as an area where 50% of the population lives in the rural areas. Further:*

- i) the operator shall be permitted to cover any other town in a District in lieu of the DHQ;*
- ii) coverage of a DHQ/ town would mean that at least 90% of the area bounded by the municipal/ local body limits should get the required street level coverage;*
- iii) the DHQ shall be taken as on the Effective Date;*
- iv) the choice of DHQs/ towns to be covered and further expansion beyond 50% of DHQs/ towns shall lie with the operator.*

The Effective Date shall be the date when the right to use awarded spectrum commercially commences i.e. the date of issue of this amendment letter. If the licensee does not achieve its roll out obligations, it shall be allowed a further period of one year to do so by making a payment of 2.5% of the Successful Bid Amount (i.e. spectrum acquisition price) per quarter or part thereof as liquidated damages. If the licensee does not complete its roll out obligations even within the extended period of one year, the 3G spectrum assignment shall be withdrawn.

*(iii) **Licence Fee for 3G Spectrum:** Over and above the 'Licence Fees' payable by the licensee as per present provisions of the CMTS licence agreement, the licensee shall also pay the annual licence Fee as share of Adjusted Gross Revenue (AGR) from the services using 3G spectrum as per rates mentioned in the CMTS licence agreement. All conditions contained in Part-III Financial Conditions of UAS Licence Agreement will continue to be applicable to the Licensees as amended by government from time to time.*

*(iv) **Spectrum Usage Charges:***

- i) Notwithstanding anything contained in this licence agreement, the spectrum charges in accordance with the following tables shall be payable by the licensee on the AGR as defined in this licence agreement:-*

Schedule A: Charges for CMTS operators-

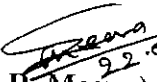
Spectrum slab	Annual spectrum charges (as a percentage of AGR)
Up to 4.4 MHz	3
Up to 6.2 MHz	4
Up to 8.2 MHz	5
Up to 10.2 MHz	6
Up to 12.2 MHz	7
Up to 15.2 MHz	8

(v) **Merger of 3G spectrum blocks:** Unless otherwise notified by the Licensor in due course, if two or more licensees holding 3G Spectrum blocks in a service area merge, then they shall be allowed to retain only one 3G Spectrum block and shall surrender the remaining 3G Spectrum blocks in that service area.

(vi) **Breach, revocation and surrender for 3G Spectrum:** The 3G spectrum assignment may be revoked, withdrawn, varied or surrendered in accordance with the applicable licence conditions or any other applicable laws, rules, regulations or other statutory provisions. The 3G spectrum assignment may also be revoked if the Licensor determines the user of the spectrum to be in serious breach of any of the conditions of the award of the spectrum (including adherence to the Auction Rules) and the consequent obligations. In case of less serious breaches, the Licensor may impose penalties at its discretion. Seriousness of the breach shall be determined by the Licensor at its sole discretion. The licensee may surrender the 3G spectrum, by giving notice of at least 60 calendar days in advance. In that case, it shall also notify all its customers of consequential withdrawal of service by giving 30 calendar days notice to each of them. The licensee shall pay all fees payable by it until the date on which the surrender of the 3G spectrum becomes effective. The effective date of surrender of the spectrum shall be the later of the dates of expiry of the two notices mentioned in this clause. If at any stage, the spectrum allocation is revoked, withdrawn, varied or surrendered, no refund will be made.

(vii) **Applicability of the NIA for 3G Spectrum:** This amendment of the CMTS licence agreement is subject to all the terms & conditions of the Notice Inviting Applications (NIA) for "Auction of 3G and BWA Spectrum" vide No. P-11014/13/2008-PP dated 25.02.2010. The licensee shall comply with all the terms & conditions of the above said Notice Inviting Applications (NIA) unless and otherwise amended by the licensor by way of amendment of the CMTS licence agreement from time to time."

2. All other terms and conditions of the CMTS licence agreement including amendments and instructions issued from time to time shall remain unchanged.
3. Please acknowledge receipt.


9.2.09.10

(S. R. Meena)
ADG (AS-I)

For and on behalf of the President of India
Ph.No.2303 6574

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Copy To:

1. Administrator USOF/ Wireless Advisor/ Sr.DDG(TEC)
2. JS(T)/ DDG(Security-Term)/ DDG(CS)/ DDG(DS)/ DDG(LF-I)/ DDG(LF-II)/ DDG(WPF)/ Dir(AS-II)/ Dir(AS-III)/ Dir(AS-IV)
3. Secretary, TRAI
4. ✓ Director (IT) may kindly arrange to upload this letter on the website of DoT.