

Government of India  
Ministry of Communications  
Department of Telecommunications  
Sanchar Bhawan, 20, Ashoka Road, New Delhi - 110001  
(Carrier Services Wing)

No. 311-Misc/2017-CS-I

Dated: 27.10.2021

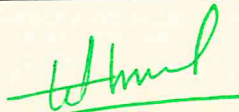
To

**All PMRTS Licensees**

**Subject: Amendment in PMRTS License Agreement for Adjusted Gross Revenue (AGR)  
-regarding.**

As per the **Condition 4.1** of schedule-II: Terms and Conditions, of License Agreement for Public Mobile Radio Trunking Service(PMRTS), the LICENSOR reserves the right to modify at any time the terms and conditions of the LICENSE, if in the opinion of the LICENSOR it is necessary or expedient to do so in public interest or in the interest of the security of the State or for the proper conduct of the Telegraphs. The decision of the LICENSOR shall be final and binding in this regard. In pursuance of this condition, the Licensor hereby amends/appends the following in the PMRTS License Agreement:

S. No.	Existing Clause	Amended Clause
7.	<p style="text-align: center;">SCHEDULE-II, PART-III, FINANCIAL CONDITIONS:</p> <p><b>18.3 Gross Revenue:</b></p> <p>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.</p> <p><b>18.2 Adjusted Gross Revenue (AGR):</b></p> <p>AGR for the purpose of levying license fee as a percentage of revenue shall include the Gross Revenue excluding:</p>	<p style="text-align: center;">SCHEDULE-II, PART-III, FINANCIAL CONDITIONS:</p> <p><b>18.3 Gross Revenue:</b></p> <p>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.</p> <p><b>18.3A Applicable Gross Revenue (ApGR):</b></p> <p>ApGR shall be equal to Gross Revenue (GR) of the licensee as reduced by the items listed below:</p>

  
 (राहुल यादव)  
 (RAHUL YADAV)  
 सहायक महासंचालक  
 Asstt. Director General  
 संचार विभाग, भारत सरकार  
 Dept. of Telecom, Govt. of India  
 नई दिल्ली, New Delhi

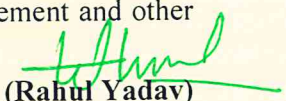
<p>(i) Charges of pass through nature paid to other telecom service provider(s) to whose network, the licensee's network is interconnected,</p> <p>(ii) Goods and Service Tax (GST) actually paid to the Government, if Gross Revenue had included the component of Goods and Service Tax (GST).</p>	<p>(i) Revenue from operations other than telecom activities/ operations.</p> <p>(ii) Revenue from activities under a license/ permission issued by Ministry of Information and Broadcasting.</p> <p>(iii) Receipts from the USO Fund.</p> <p>(iv) List of other income* to be excluded from GR to arrive at ApGR</p> <ol style="list-style-type: none"> <li>Income from Dividend</li> <li>Income from Interest</li> <li>Capital Gains on account of profit of Sale of fixed assets and securities</li> <li>Gains from Foreign Exchange rates fluctuations</li> <li>Income from property rent</li> <li>Insurance claims</li> <li>Bad Debts recovered</li> <li>Excess Provisions written back</li> </ol> <p>*Subject to conditions given in Annexure II-A.</p> <p><b>18.2 Adjusted Gross Revenue (AGR):</b></p> <p>For the purpose of arriving at the "Adjusted Gross Revenue (AGR)", following shall be excluded from the Applicable Gross Revenue (ApGR):</p> <ol style="list-style-type: none"> <li>Charges of pass through nature paid to other telecom service provider(s) to whose network, the licensee's network is interconnected, and;</li> <li>Goods and Service Tax (GST) paid to the Government, if the Applicable Gross Revenue (ApGR) had included as component of GST.</li> </ol>
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2. This amendment comes into effect from 01.10.2021 and will be applicable to the dues which arise from the operations of the Licensee after the said date.

3. The new Format of Statement of Revenue and License Fee incorporating the effect of above amendments, is enclosed. It is clarified that the existing format shall also be replaced with this new format (attached with this amendment) with effect from 01.10.2021.

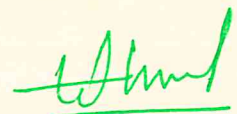
4. This amendment shall be part and parcel of the PMRTS license agreement and other Terms & Conditions shall remain unchanged.

(राहुल यादव)  
(RAHUL YADAV)  
असिस्टेंट डायरेक्टर  
आसि. डायरेक्टर जनरल  
दूरसंचार विभाग, भारत सरकार  
Dept. of Telecom, Govt. of India  
New Delhi, India

  
(Rahul Yadav)  
Assistant Director General (CS-I)  
For and on behalf of President of India  
Tel No.: 23036489

Copy to:

- (1) Secretary, TRAI.
- (2) DGT, DoT (HQ)/ CGCA.
- (3) Advisor (Economics)/ Wireless Advisor /Sr DDG (TEC).
- (4) DDG(AS)/ DDG(DS)/ DDG (Satellite)/DDG (LFP) /DDG(LFA)/ DDG(SPPI) /DDG (SA)/ DDG (WPF)/ DDG(A/C).
- (5) All Director of CS Wing.
- (6) Director (IT) may kindly arrange to upload this letter on the website of DoT.



**Annexure- II-A to PMRTS Agreement**

**List of other income to be excluded from GR to arrive at ApGR**

Sl. No.	Item/ Head of 'Other Income'	Description and conditions applicable
a.	Income from Dividend	<p>Income from dividend is return on investment made by the company. Such investment is made out of surplus funds available with the company. Companies Act, 2013 and Accounting Standard-9 classified dividend income as 'other income' i.e., distinct from the core operations of the entity.</p> <p>Therefore, income from dividend shall not be part of ApGR for the purpose of computation of LF.</p>
b.	Income from Interest	<p>Income from interest is return on investment made by the company in bank deposits, corporate deposits, debentures etc. Such investment is made out of surplus funds available with the company. Also sometimes, Licensee receives interest from Tax Authorities on advance tax or refundable tax. Companies Act, 2013 and Accounting Standard-9 classified interest income as 'other income' i.e., distinct from the core operations of the entity.</p> <p>At the same time, Licensee accepts refundable deposits from customers, telecom vendors and other Licensees. These deposits essentially are part of telecom operations. The interest income earned on such amounts should be recorded and certified by statutory auditors.</p> <p>Therefore, income from interest shall not be part of ApGR for the purpose of computation of LF. However, interest earned on refundable deposits from customers, telecom vendors and other Licensees shall be considered in ApGR for the purpose of computation of LF. Also, any refundable deposit received by the Licensee on the strength of telecom service viz. linkage with tariff, advance rental etc. shall also have similar treatment for inclusion in ApGR.</p>
c.	Capital gains on account of profit on sale of fixed assets and securities	<p>Capital gain earned by the Licensee on the account of profit on sale of assets and securities, are of from investing activities instead of from telecom operations. Therefore, the revenue on account of sale of immovable property, securities, warrants or debt instruments, other items of fixed assets shall not be part of ApGR for the purpose of computation of LF.</p>
d.	Gains from Foreign Exchange rates fluctuations	<p>Foreign Exchange differences arise when actual rates at the time of settlement differs from those at which they were initially recorded in the books. The provisions contained in the Accounting Standard-11 require a notional entry for exchange differences in respect of liabilities at the closing date of the AFSs. The foreign exchange gains reflected in the profit and loss statement of Licensee could arise from reduction of payment liability or increase in the value of foreign exchange accounts receivables. In other words, foreign exchange</p>

		<p>fluctuation is a contingency which has impact on every business which may have something to do with foreign exchange and is not specific and unique to telecom business.</p> <p>Therefore, revenue/profit arising out of upward valuation or devaluation on account of fluctuation of foreign exchange shall not be part of ApGR for the purpose of computation of LF.</p>
e.	Income from property rent	<p>Licensee may rent or lease part of their properties and earn revenue in the form of rent. Some Licensees as part of staff welfare measure provides staff quarters to their employees and receive rent from such staff. Revenue from rent cannot be distinctly treated as only from telecom business. Therefore, revenue/income from property rent shall not be part of ApGR for the purpose of computation of LF. In case property is let out for 'establishing, maintaining and working of telecommunication', then revenue/income from such rent shall be considered in ApGR for the purpose of computation of LF.</p>
f.	Insurance claims	<p>A receipt from Insurance company against loss of property/fixed assets is basically a reimbursement in nature for the loss occurred by the Licensee. Receipt of insurance claim from insurance company shall not be part of ApGR for the purpose of computation of LF.</p>
g.	Bad Debts recovered	<p>Bad debt is an amount owed by a debtor that is unlikely to be received/realized and recognized as an expense in the books of accounts. Bad Debts recovered represents reversal of debits (i.e. bad debts) appearing in the profit and loss account of previous year(s). This basically represents an adjustment to the amount of an expense (i.e. bad debts) as estimated in an earlier year(s) in which it had already recorded as part of revenue from operations.</p> <p>Therefore, income on account of bad debts recovered shall not be part of ApGR for the purpose of computation of LF.</p>
h.	Excess Provisions written back	<p>Excess Provisions written back represent the reversal of excess provision made for any liability or expenses in any previous year. On settlement, this excess provision is written back into books of accounts as other income. This basically represents an adjustment 60 instead of actual revenue earned.</p> <p>Therefore, income on account of excess provisions written back shall not be part of ApGR for the purpose of computation of LF.</p>



**PMRTS LICENSE**

**ANNEXURE-II-B**

**Format of Statement of Revenue and License Fee**

(Name and address of operator)

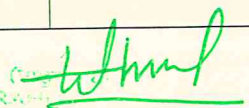
Public Mobile Radio Trunking Service License No.....in \_\_\_\_\_ Service Area

**Statement of Revenue and License Fee for the Quarter**

.....of the financial year.....

**(AMOUNT IN RUPEES)**

S.N.	PARTICULARS	ACTUALS FOR THE PREVIOUS QUARTER	ACTUAL FOR THE CURRENT QUARTER	CUMULATIVE UPTO THE CURRENT QUARTER
1.	Revenue from Services:			
i.	Rentals			
ii.	Activation Charges			
iii.	Airtime Revenue			
iv.	PSTN charges			
v.	Goods and Service Tax (GST)			
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 Goods and Service Tax (GST)}			
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.			

  
Asst. Dir. (Revenue)  
Dept. of Telecom. & IT  
Govt. of Karnataka



1.	PSTN related Call charges paid on to other Access telecom service provider.			
2.	Goods and Service Tax (GST) paid to the Government.			
<b>DD</b>	<b>TOTAL DEDUCTIBLE REVENUE (1+2)</b>			
<b>EE</b>	<b>ADJUSTED GROSS REVENUE (CC-DD)</b>			
	<b>REVENUE SHARE @ ----- OF ADJUSTED GROSS REVENUE</b>			

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(राहुल यादव)  
 (RAHUL YADAV)  
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