

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS & IT
DEPARTMENT OF TELECOMMUNICATIONS
SANCHAR BHAWAN, 20, ASHOKA ROAD,
NEW DELHI-110 001, INDIA.

LICENCE AGREEMENT

FOR

PROVISION OF

UNIFIED ACCESS SERVICES

IN _____ SERVICE AREA

NO. _____ DATED _____

TOTAL PAGES _____

LICENCE AGREEMENT

FOR

UNIFIED ACCESS SERVICES (UAS)

This AGREEMENT is made on the _____ day of _____ (month) _____ (year) by and between the President of India acting through _____ (name), Director (), Department Of Telecommunications (DOT), Sanchar Bhavan, 20, Ashoka Road, New Delhi – 110 001 (Hereinafter called the LICENSOR) of the FIRST PARTY.

AND

M/s _____, a company registered under the Companies Act 1956, having its registered office at _____ acting through Shri. _____, the authorised signatory (hereinafter called the LICENSEE which expression shall, unless repugnant to the context, include its successor in business, administrators, liquidators and assigns or legal representatives) of the SECOND PARTY.

WHEREAS by virtue of the provisions of Section 4 of the Indian Telegraph Act, 1885, the LICENSOR enjoys privilege to grant Licence and the LICENSEE has requested to grant Licence for **providing Unified Access Services in -----Service Area**. Whereupon and in pursuance to the said request, the LICENSOR has agreed to grant this Licence to **provide Unified Access Services in -----service area** as per terms and conditions described in SCHEDULE appended hereto.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In consideration of the payment of Licence fee, and due performance of all the terms and conditions mentioned in this Licence agreement on the part of the LICENSEE, the LICENSOR does, hereby grant under Section.4 of the Indian Telegraph Act, 1885 on a non-exclusive basis, this Licence to **set up and operate the Unified Access Services in the licensed service area** described in SCHEDULE appended hereto.
2. The LICENCE hereby granted will remain valid for **20 (Twenty)** years from the Effective date unless revoked earlier for any reason whatsoever.
3. The LICENSEE hereby agrees and unequivocally undertakes to fully comply with all terms and conditions stipulated in this Licence Agreement and without any deviation or reservations of any kind.

4. Effective Date of this LICENCE shall be

5. Additional Licences in LICENSEE's service area may also be issued from time to time in future without any restriction of number of operators with same entry conditions or different entry conditions.

6. The Licence shall be governed by the provision of Indian Telegraph Act, 1885, Indian Wireless Telegraphy Act, 1933 and Telecom Regulatory Authority of India Act, 1997 as modified or replaced from time to time.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed through their respective authorised representatives on the _____(day) _____(month), _____(year).

Signed for and on behalf of
President of India

By

Mr. _____
(Name and Designation),
Director, DOT, New Delhi

Signed on ___/___/_____, on
Behalf of
M/s. _____

By

Mr. _____
(Name and Designation),
authorised signatory and holder
of General Power of Attorney
dated _____,
executed in accordance with the
Resolution No. _____
dated _____,
_____ passed by the
Board of Directors.

In the presence of:
Witnesses:

1. Signature

Name	Address	Place.
Occupation.		

2. Signature

Name	Address	Place.
Occupation.		

TABLE OF CONTENTS

Page No.

Schedule-	TERMS AND CONDITIONS	6
Part I	General Conditions	6
	Condition 1: Ownership of the LICENSEE Company	6
	Condition 2: Scope of the Licence	7
	Condition 3: Duration of Licence	10
	Condition 4: Extension of Licence	10
	Condition 5: Modifications in the Terms and Conditions of Licence	10
	Condition 6: Restrictions on 'Transfer of Licence'	10
	Condition 7: Provision of Service	11
	Condition 8: Delivery of Service	11
	Condition 9: Requirement to furnish information	12
	Condition 10: Suspension, revocation or Termination of Licence	12
	Condition 11: Actions pursuant to Termination of Licence	14
	Condition 12: Force-Majeure	14
	Condition 13: SET Off Clause	15
	Condition 14: Way Leave	15
	Condition 15: Publication of the Telephone Service Directory	15
	Condition 16: General	16
Part II	Commercial Conditions	17
	Condition 17: Tariffs	17
Part III	Financial Conditions	18
	Condition 18: Fees payable	18
	Condition 19: Definition of 'Adjusted Gross Revenue	18
	Condition 20: Schedule of payment of ANNUAL LICENCE FEE and other dues	19
	Condition 21: Bank Guarantees	21
	Condition 22: Preparation of Accounts.	22
Part IV	Technical Conditions	24
	Condition 23: Technical Condition	24
	Condition 24: The Applicable system	25
	Condition 25: Engineering Details	25

	Condition 26:Network Interconnection	25
	Condition 27:Interface	27
	Condition 28:Quality of Performance	27
	Condition 29:Emergency and Public Utility Services.	28
Part V	Operating Conditions	29
	Condition 30:Customer Service	29
	Condition 31:The Subscriber Terminals	30
	Condition 32:Obligations imposed on the LICENSEE	31
	Condition 33:Sharing of infrastructure between UASPs and Any Other Telecom Service Provider in their Area of operation	31
	Condition 34:Roll-out Obligations	31
	Condition 35:Liquidated damages	32
	Condition 36:Inspection and Testing of Installations.	33
Part VI	Security Conditions	34
	Condition 37:Right to inspect	34
	Condition 38:Location of Switches	34
	Condition 39:Confidentiality of information	34
	Condition 40:Prohibition of certain Activities by the LICENSEE	35
	Condition 41:Security Conditions	36
	Condition 42:Application of Indian Telegraph Act	42
Part VII	Frequency Authorisation	44
	Condition 43:Frequency Authorisation	44
Annexure-I	: Definition of Terms and expressions	47
Annexure-II	: Performa for Affidavit regarding details of calculation of 'Revenue' and 'Licence Fee'.	56
Appendix - I	: Format of Auditors' Report.	57
to Annexure-II		
Appendix - II	: Format of Statement of Revenue and Licence fee	58
to Annexure-II		
Annexure-III	: Norms for preparation of Annual Financial Statement	63
Annexure-IV	: Performa for Financial Bank Guarantee	65
Annexure-V	: Performa for Performance Bank Guarantee	68
Annexure-VI	: Telecom Service Areas	71
Annexure- VII	: Tripartite Agreement	73

**SCHEDULE
TERMS AND CONDITIONS**

Part-I GENERAL CONDITIONS

1. Ownership of the LICENSEE Company.

1.1 The LICENSEE shall ensure that the total foreign equity in the paid up capital of the LICENSEE Company does not, at any time during the entire Licence period, exceed 74% of the total equity subject to the following FDI norms :

- (i) Both direct and indirect foreign investment in the licensee company shall be counted for the purpose of FDI ceiling. Foreign Investment shall include investment by Foreign Institutional Investors (FIIs), Non-resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and convertible preference shares held by foreign entity. Indirect foreign investment shall mean foreign investment in the company/ companies holding shares of the licensee company and their holding company/companies or legal entity (such as mutual funds, trusts) on proportionate basis. Shares of the licensee company held by Indian public sector banks and Indian public sector financial institutions will be treated as 'Indian holding'. In any case, the 'Indian' shareholding will not be less than 26 percent.
- (ii) FDI up to 49 percent will continue to be on the automatic route. FDI in the licensee company/Indian promoters/investment companies including their holding companies shall require approval of the Foreign Investment Promotion Board (FIPB) if it has a bearing on the overall ceiling of 74 percent. While approving the investment proposals, FIPB shall take note that investment is not coming from countries of concern and/or unfriendly entities.
- (iii) FDI shall be subject to laws of India and not the laws of the foreign country/countries.

1.2 The LICENSEE shall declare the Indian & Foreign equity holdings (both direct and in-direct) in the LICENSEE company and submit a compliance report regarding compliance of FDI norms and security conditions on 1st day of January and 1st day of July on six monthly basis to the LICENSOR. This is to be certified by the LICENSEE Company's Company Secretary or Statutory Auditor.

1.3 The merger of Indian companies may be permitted as long as competition is not compromised as defined in condition 1.4 (ii).

1.4 The LICENSEE shall also ensure that:

(i) Any changes in share holding shall be subject to all applicable statutory permissions.

(ii) No single company/ legal person, either directly or through its associates, shall have substantial equity holding in more than one LICENSEE Company in the same service area for the Access Services namely; Basic, Cellular and Unified Access Service. 'Substantial equity' herein will mean 'an equity of 10% or more'. A promoter company/ Legal person cannot have stakes in more than one LICENSEE Company for the same service area.

Note: Clause 1.4(ii) shall not be applicable to Basic and Cellular Licensees existing as on 11.11.2003, and in case one of them migrates to UASL it shall not be necessary to surrender the other License. Further, Basic and Cellular Licensees existing as on 11.11.2003, shall not be eligible for a new UASL in the same service area either directly or through its associates. Further, any legal entity having substantial equity in existing Basic / Cellular licensees shall not be eligible for new UASL.

(iii). Management control of the LICENSEE Company shall remain in Indian Hands.

1.5 Change in the name of the LICENSEE Company shall be permitted in accordance with the provisions under the Indian Companies Act, 1956.

1.6 The LICENSEE shall have a minimum paid up equity capital of Rupees _____ crores (Rupees _____ crores only).

1.7 The promoters of LICENSEE shall have a combined net-worth of Rs _____ crores (Rupees _____ crores only) and the net-worth of only those promoters shall be counted who have directly in their name at least 10% equity stake in the total equity of the company. In case of acquiring any other UASL licence, the licensee shall maintain additional net-worth as prescribed for new UASL for that service area also.

2. Scope of the Licence

2.1 This LICENCE is granted to provide SERVICE as defined in Para 2.2 of this LICENCE AGREEMENT, on a non-exclusive basis in the designated SERVICE AREA and others can also be granted LICENCE for the said SERVICE in the same Service Area.

Provided further that the LICENSOR, of its own or through a DESIGNATED OPERATOR, shall always have a right to operate the SERVICE anywhere in India including the service area for which this licence is granted.

Details of various service areas are enclosed as Annexure-VI.

2.2 (a)(i) The SERVICES cover collection, carriage, transmission and delivery of voice and/or non-voice MESSAGES over LICENSEE's network in the designated SERVICE AREA and includes provision of all types of access services. Access Service Provider can also provide Internet Telephony, Internet Services and Broadband Services. If required, access service provider can use the network of NLD/ILD service licensee. In addition to this, except those services listed in para 2.2 (b)(i) licensee cannot provide any service / services which require a separate licence. The access service includes but not limited to wireline and / or wireless service including full mobility, limited mobility as defined in clause 2.2 (c) (i) and fixed wireless access. However, the licensee shall be free to enter an agreement with other service provider(s) in India or abroad for providing roaming facility to its subscriber under full mobility service unless advised / directed by Licensor otherwise. The LICENSEE may offer "Home Zone Tariff Scheme (s)" as a subset of full mobile service in well defined geographical Areas through a tariff of its choice within the scope of orders of TRAI on the subject. Numbering and interconnection for this service shall be same as that of Full mobile subscribers.

2.2 (a) (ii) Leased circuit is defined as virtual private network (VPN) using circuit or packet switched (IP Protocol) technology apart from point to point non-switched physical connections/transmission bandwidth. Public network is not to be connected with leased circuits/CUGs.

2.2 (a) (iii) The access service providers can provide Broadband services including triple play i.e voice, video and data.

2.2 (b)(i) Further, the LICENSEE can also provide Voice Mail, Audiotex services, Video Conferencing, Videotex, E-Mail, Closed User Group (CUG) as Value Added Services over its network to the subscribers falling within its SERVICE AREA on non-discriminatory basis. The Licensee cannot provide any service except as mentioned above, otherwise shall require a separate licence. However, an intimation before providing any other VALUE ADDED SERVICE, which is mentioned above or listed in item 75 of Annexure-I, has to be sent to the LICENSOR and TRAI.

2.2 (b)(ii) No separate Entry Fee shall be charged for Voice Mail / Audiotex services, Video Conferencing, Videotex, E-Mail, CUG service provided by the LICENSEE under this Licence. However, all the revenue earned by the LICENSEE through these service shall be counted towards the revenue for the purpose of paying LICENCE Fee under the LICENCE AGREEMENT.

2.2 (c)(i) In respect of subscriber availing limited mobility facility, the mobility shall be restricted to the local area i.e. Short Distance Charging Area (SDCA) in which the subscriber is registered. While deploying such systems, the LICENSEE has to follow the SDCA based linked numbering plan in accordance with the National Numbering Plan of the respective SDCA within which the service is provided and it should not be possible to authenticate and work with the subscriber terminal equipment in SDCAs other than the one in which it is registered. Terminal of such subscriber in wireless access system can be registered in only one SDCA. Multiple registration or Temporary subscriber/ Subscription facilities in more than one SDCA using the same Subscriber terminal in wireless access systems is not permitted and the same Subscriber Terminal can not be used to avail Limited Mobile facility in more than one SDCA. The system shall also be so engineered to ensure that hand over of subscriber does not take place from one SDCA to another SDCA under any circumstances, including handover of the calls through call forwarding beyond SDCA. The Licensee must ensure that the mobility in case of such limited mobile service/ facility remains restricted to SDCA.

2.2(c)(ii) The Licensee after migration to Unified Access Services Licence Regime will also offer limited mobility service for such customers who so desire.

2.2 (d)(i) The LICENSEE is permitted to provide, SERVICE by utilizing any type of network equipment, including circuit and/or packet switches, that meet the relevant International Telecommunication Union (ITU)/Telecommunication Engineering Center (TEC) / International standardization bodies such as 3GPP/3GPP-2/ETSI/IETF/ANSI/EIA/TIA/IS .

2.2 (d) (ii) For provision of mobile services in areas falling near International Border of India, the condition specified in clause 41.9 shall be applicable.

2.2 (e) It is obligatory upon the LICENSEE to provide the above stated services of good standard by establishing a state-of-the-art digital network.

2.3 LICENSEE shall be free to carry intra-Service Area long distance traffic without seeking an additional licence. However, subject to technical feasibility, the subscriber of the intra-Service Area long distance calls, shall be given the choice to use the network of another Service Provider in the same service area, wherever possible. The LICENSEE can also enter into mutual agreements with National Long Distance Operators for carrying intra Circle Long Distance traffic

2.4 LICENSEE can appoint any franchisee not limited to Cable Service Provider for provision of last mile linkages including suitable rural exchanges to provide service. However, all responsibilities for ensuring compliance of terms & conditions of the LICENCE shall vest with the LICENSEE. The terms of

franchise agreement between LICENSEE and his franchisee shall be settled mutually by negotiation between the two parties involved.

2.5(i) The mode of ownership of subscribers' terminal equipment will be at the option of the subscriber.

(ii) Any dispute, with regard to provision of SERVICE shall be a matter only between the aggrieved party and the LICENSEE, who shall duly notify this to all before providing the SERVICE, and in no case the LICENSOR shall bear any liability or responsibility. Hence, licensee shall keep the Licensor indemnified from all claims, cost, charges or damages in the matter.

2.6 LICENSEE shall make its own arrangements for all infrastructure involved in providing the service and shall be solely responsible for installation, networking 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 his operations.

3. Duration of Licence

3.1 This LICENCE shall be valid for a period of 20 years from the effective date unless revoked earlier for reasons as specified elsewhere in the document.

4. 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. Modifications in the Terms and Conditions of Licence

5.1 The LICENSOR reserves the right to modify at any time the terms and conditions of the LICENCE, 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.

6. Restrictions on 'Transfer of Licence'

6.1 The LICENSEE shall not, without the prior written consent as described below, of the LICENSOR, either directly or indirectly, assign or transfer this LICENCE in any manner whatsoever to a third party or enter into any agreement for sub-Licence and/or partnership relating to any subject matter of the LICENCE to any third party either in whole or in part i.e. no sub-leasing/partnership/third

party interest shall be created. Provided that the LICENSEE can always employ or appoint agents and employees for provision of the service.

6.2 Intra service area mergers and acquisitions as well as transfer of licences may be allowed subject to there being not less than three operators providing Access Services in a Service Area to ensure healthy competition as per the guidelines issued on the subject from time to time.

6.3 Further, 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 and if otherwise, no compromise in competition occurs in the provisions of Telecom Services :-

(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 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 show 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 its associate(s) / sister concern(s) / promotor(s) and thereafter the transferee company undertakes to pay all future dues inclusive of anything remained unpaid of the past period by the outgoing company.

7. Provision of Service.

7.1 The LICENSEE shall be responsible for, and is authorized to own, install, test and commission all the Applicable system for providing the Unified Access Services under this Licence agreement.

8. Delivery of Service

8.1 The LICENSEE shall commission the Applicable Systems within one year from the effective date of the Licence. The date of Test Certificate issued by the Authorized Testing Party of the Licensor as specified from time to time shall be reckoned as the date of commissioning the service for the purpose of calculating liquidated damages in terms of Condition 35 of the Licence Agreement.

However, the LICENSEE may start providing service to customers at any time without the need of specific approval of the Licensor.

9. Requirement to furnish information:

9.1 The LICENSEE shall furnish to the Licensor/TRAI, on demand in the manner and as per the time frames such documents, accounts, estimates, returns, reports or other information in accordance with the rules/ orders as may be prescribed from time to time. The LICENSEE shall also submit information to TRAI as per any order or direction or regulation issued from time to time under the provisions of TRAI Act, 1997 or an amended or modified statute.

9.2 The LICENSEE shall in no case permit service to any Telecom Service Provider (including those Other Service Providers who do not require Licence under Section 4 of Indian Telegraph Act, 1885) whose Licence is either terminated or suspended or not in operation at any point of time. Where connectivity already exists, the LICENSEE shall be obliged to disconnect or sever connectivity immediately without loss of time upon receipt of any reference from the LICENSOR in this regard. Disconnection shall be made effective within one hour of receipt of such reference.

10. Suspension, revocation or Termination of Licence.

10.1 The LICENSOR reserves the right to suspend the operation of this LICENCE in whole or in part, at any time, 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 TELEGRAPH. Licence Fee payable to the LICENSOR will not be required to be paid for the period for which the operation of this LICENCE remains suspended in whole. If situation so warrant, it shall not be necessary for Licensor to issue a notice for seeking comments of the LICENSEE for this purpose and the decision of the Licensor shall be final and binding.

Provided that the LICENSOR shall not be responsible for any damage or loss caused or arisen out of aforesaid action. Provided further that the suspension of the LICENCE will not be a cause or ground for extension of the period of the LICENCE and suspension period will be taken as period spent.

10.2(i) The LICENSOR may, without prejudice to any other remedy available for the breach of any conditions of LICENCE, by a written notice of 60 Calendar days from the date of issue of such notice to the LICENCEE at its registered office, terminate this LICENCE under any of the following circumstances :

If the LICENSEE:

- a) fails to perform any obligation(s) under the LICENCE including timely payments of fee and other charges due to the LICENSOR;
- b) fails to rectify, within the time prescribed, any defect/deficiency/correction in service/equipment as may be pointed out by the LICENSOR.
- c) goes into liquidation or ordered to be wound up.
- d) is recommended by TRAI for termination of LICENCE for non-compliance of the terms and conditions of the LICENCE.
- e) fails to comply with FDI norms.

10.2(ii) The Licensor may also impose a financial penalty not exceeding Rs. 50 crores for violation of terms and conditions of licence agreement This penalty is exclusive of Liquidated Damages as prescribed under clause 35 of this Licence Agreement.

10.3 LICENSEE may surrender the LICENCE, by giving notice of at least 60 Calendar days in advance. In that case it shall also notify all its customer of consequential withdrawal of SERVICE by sending a 30 Calendar days notice to each of them. The LICENSEE shall pay all fees payable by it till the date on which the surrender of the LICENCE becomes effective. The effective date of surrender of Licence will be 60 Calendar days counted from the date of receipt of such notice by the licensor.

10.4 It shall be the responsibility of the LICENSEE to maintain the Quality of Service even during the period when notice for surrender of LICENCE is pending and if the Quality of Service is not maintained during the said notice period, it shall be treated as material breach liable for termination at risk and consequent of the LICENSEE.

10.5 The LICENSOR reserves the right to revoke the LICENCE at any time in the interest of public by giving a notice of 60 Calendar days from the date of issue of such notice.

10.6 The LICENSOR reserves the right to take over the entire services, equipments and networks of the LICENSEE or revoke/terminate/suspend the LICENCE in the interest of public or national security or in the event of national emergency/war or low intensity conflict or similar type of situations. Further the LICENSOR reserves the right to keep any area out of the operation zone of the SERVICE if implications of security so require.

10.7 Breach of non-fulfillment of Licence conditions may come to the notice of the LICENSOR through complaints or as a result of the regular monitoring.

Wherever considered appropriate LICENSOR may conduct an inquiry either suo-moto or on complaint to determine whether there has been any breach in compliance of the terms and conditions of the LICENCE by the LICENSEE and upon such inquiry the LICENSEE shall extend all reasonable facilities and shall endeavor to remove the hindrance of every type.

10.8 It shall be the responsibility of the LICENSEE to maintain the Quality of Service, even during the period when the notice for surrender/ termination of LICENCE is pending and if the Quality of Service is not maintained, during the said notice period, it shall be liable to pay damages. The quantum of damages and to whom payable shall be determined by the TRAI. The LICENSEE shall also be liable to pay the Licence Fee till the end of the notice period and more specifically till the date on which the surrender/termination becomes effective.

11. Actions pursuant to Termination of Licence:

11.1 If under the Licence Agreement, material event occurs which entitle the LICENSOR to terminate the Licence Agreement, the LICENSOR shall proceed in accordance with the terms and conditions provided in the Tripartite Agreement read with the Licence agreement wherever such agreement is executed and signed. In cases where no such agreement is signed the action will be taken as per the clause given below.

11.2 On termination or surrender or expiry of the LICENCE, the Bank Guarantee shall be released to the LICENSEE only after ensuring clearance of all dues, which the LICENSEE is liable to pay to the licensor. In case of failure of the LICENSEE to pay the amounts due to the LICENSOR, the outstanding amounts shall be realized through encashment of the Bank Guarantee without prejudice to any other action(s) for recovery of the amounts due to the LICENSOR without any further communication to the Licensee.

12. Force- Majeure

12.1 If at any time, during the continuance of this LICENCE, the performance in whole or in part, by either party, of any obligation under this is prevented or delayed, by reason of war, or hostility, acts of the public enemy, civic commotion, sabotage, Act of State or direction from Statutory Authority, explosion, epidemic, quarantine restriction, strikes and lockouts (as are not limited to the establishments and facilities of the LICENSEE), fire, floods, natural calamities or any act of GOD (hereinafter referred to as EVENT), provided notice of happenings of any such EVENT is given by the affected party to the other, within 21 Calendar days from the date of occurrence thereof, neither party shall, by reason of such event, be entitled to terminate the LICENCE, nor shall either party have any such claims for damages against the other, in respect of such non-performance or delay in performance. Provided SERVICE under the LICENCE shall be resumed as soon as practicable, after such EVENT comes to an end or

ceases to exist. The decision of the LICENSOR as to whether the service may be so resumed (and the time frame within which the service may be resumed) or not, shall be final and conclusive.

12.2 However, the Force Majeure events noted above will not in any way cause extension in the period of the LICENCE.

12.3 While it will normally not be a ground for non-payment of Licence Fee, the liability for payment of Licence fee for such inoperative period(s) due to force majeure clause may, however, be reduced/waived by the LICENSOR, at its discretion based on circumstances of the EVENT.

13. SET OFF CLAUSE:

13.1 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 LICENCE under this Licence Agreement or any other agreement or contract between the LICENSOR and the LICENSEE.

13.2 The aforesaid sum of money payable to the LICENSEE company shall include any security which can be converted into money.

13.3 After exercising the right of set off a notice shall always be given immediately by the licensor to the LICENSEE.

14. Way Leave:

14.1 The LICENSEE Company shall make its own arrangements for Right of Way (ROW). However, the Central Government may issue necessary notification conferring the requisite powers upon the LICENSEE for the purposes of placing telegraph lines under Part III of the Indian Telegraph Act'1885. Provided that non-availability of the ROW or delay in getting permission / clearance from any agency shall not be construed or taken as a reason for non-fulfillment of the Roll-out obligations and shall not be taken a valid excuse for not carrying any obligations imposed by the terms of this Licence.

15. Publication of the Telephone Service Directory:

15.1 Determination of TRAI with regard to publication of telephone service directory containing information of subscribers of Telecom Service shall be applicable and binding.

16. **General:**

16.1 The LICENSEE shall be bound by the terms and conditions of this Licence Agreement as well as by such orders/directions/regulations of TRAI as per provisions of the TRAI Act, 1997 as amended from time to time and instructions as are issued by the Licensor/TRAI.

16.2 All disputes relating to this Licence will be subject to jurisdiction of Telecom Disputes Settlement and Appellate Tribunal (TDSAT) as per provisions of TRAI Act, 1997 including any amendment or modification thereof.

16.3 The Statutory provisions and the rules made under Indian Telegraph Act 1885 or Indian Wireless Telegraphy Act, 1933 shall govern this Licence agreement. Any order passed under these statutes shall be binding on the LICENSEE.

PART-II COMMERCIAL CONDITIONS

17. Tariffs:

17.1 The LICENSEE will charge the tariffs for the SERVICE as per the Tariff orders / regulations / directions issued by TRAI from time to time. The LICENSEE shall also fulfill requirements regarding publication of tariffs, notifications and provision of information as directed by TRAI through its orders / regulations / directions issued from time to time as per the provisions of TRAI Act, 1997 as amended from time to time.

PART-III FINANCIAL CONDITIONS

18. FEES PAYABLE

18.1 Entry Fee:

One Time non-refundable Entry Fee of Rs. _____ Crore has been paid by the LICENSEE prior to signing of this Licence agreement.

18.2 Licence Fees:

In addition to the Entry fee described above, the Licensee shall also pay Licence fee annually @ _____% of **Adjusted Gross Revenue (AGR)**, excluding spectrum charges..

Annual Licence fee w.e.f. 1.4.2004 shall be @ _____ % of AGR. The Licensor reserves the right to modify the above mentioned Licence Fee any time during the currency of this Agreement.

18.3 Radio Spectrum Charges:

18.3.1 The LICENSEE shall pay spectrum charges in addition to the Licence Fees on revenue share basis as notified separately from time to time by the WPC Wing. However, while calculating 'AGR' for limited purpose of levying spectrum charges based on revenue share, revenue from wireline subscribers shall not be taken into account.

18.3.2 Further royalty for the use of spectrum for point to point links and other access links shall be separately payable as per the details and prescription of Wireless Planning & Coordination Wing. The fee/ royalty for the use of spectrum /possession of wireless telegraphy equipment depends upon various factors such as frequency, hop and link length, area of operation and other related aspects etc. Authorization of frequencies for setting up Microwave links by Licensed Operators and issue of Licenses shall be separately dealt with WPC Wing as per existing rules.

19. Definition of 'Adjusted Gross Revenue':

19.1 Gross Revenue:

The Gross Revenue shall be inclusive of installation charges, late fees, sale proceeds of handsets (or any other terminal equipment etc.), revenue on account of interest, dividend, value added services, supplementary services, access or interconnection charges, roaming charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc.

19.2 For the purpose of arriving at the "Adjusted Gross Revenue (AGR)" the following shall be excluded from the Gross Revenue to arrive at the AGR:

- I. PSTN related call charges (Access Charges) actually paid to other eligible/entitled telecommunication service providers within India;
- II. Roaming revenues actually passed on to other eligible/entitled telecommunication service providers and;
- III. Service Tax on provision of service and Sales Tax actually paid to the Government if gross revenue had included as component of Sales Tax and Service Tax

20. Schedule of payment of ANNUAL LICENCE FEE and other dues:

20.1 For the purposes of the Licence Fee, the 1st year shall end on 31st March following the date of commencement of the Licence Agreement and the Licence fee for the First year shall be determined on a pro-rata basis for the actual duration of the "year". From second year onwards, the year shall be of Twelve English calendar months from 1st of April to the 31st March for payment of Licence Fee.

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

20.2 Licence Fee shall be payable in four quarterly installments during each financial year (FY). Quarterly installment of licence fee for the first three quarters of a financial year 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 revenue (on accrual basis) for the quarter, duly certified with an affidavit by a representative of the LICENSEE, authorized by the Board Resolution coupled with General Power of Attorney. However, for the last quarter of the financial year, the LICENSEE shall pay the Licence Fee by 25th March on the basis of expected revenue for the quarter, subject to a minimum payment equal to the actual revenue share paid of the previous quarter.

20.3 The LICENSEE shall adjust and pay the difference between the payment made and actual amount duly payable (on accrual basis) for the last quarter of financial year within 15 days of the end of the quarter.

20.4 The quarterly payment shall be made together with a STATEMENT in the prescribed form as **annexure-II**, showing the computation of revenue and Licence fee payable. The aforesaid quarterly 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 as **annexure-II**.

- 20.5 Any delay in payment of Licence Fee payable, or any other dues payable under the LICENCE 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 1st 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. A month shall be reckoned as an English calendar month.
- 20.6 Final adjustment of the Licence fee for the year shall be made based on the gross revenue figures duly certified by the AUDITORS of the LICENSEE in accordance with the provision of Companies' Act, 1956.
- 20.7 A reconciliation between the figures appearing in the quarterly statements submitted in terms of the clause 20.4 of the agreement with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts audit report and duly audited quarterly statements, within 7 (seven) Calendar days of the date of signing of the audit report. The annual financial account and the statement as prescribed above shall be prepared following the norms as prescribed in **Annexure**.
- 20.8 In case, the total amount paid 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 short payment. However, if such short payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed. This amount of 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 per terms of **Condition 20.5**.
- 20.9 The Fee/royalty payable towards WPC Charges shall be payable at such time(s) and in such manner as the WPC Wing of the DoT may prescribe from time to time.
- 20.10 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.
- 20.11 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 20.4, 20.7, 22.5 and 22.6** hereinbefore and hereinafter written.

20.12 The LICENSEE shall separately pay the access charges for carriage of calls originating in its network but carried and terminated in the Other Service Providers' networks. The LICENSEE shall also separately pay charges for network resources obtained by the LICENSEE from other licensed service providers. This will be governed by the determination of TRAI if any.

21. BANK GUARANTEES:

21.1 Performance Bank Guarantee:

Performance Bank Guarantee (PBG) in prescribed format shall be submitted for amount equal to Rs. 20 / 10 / 2 crores (for category 'A' / 'B' / 'C' service areas) before signing the Licence Agreement.

Further on completion of one year from the effective date of licence and after meeting the coverage criteria stipulated for first year, the PBG shall be reduced to Rs. 10/5/1 crores for category 'A'/'B'/'C' service areas on self-certification provided by the Licensee.

Further on fulfilling the roll out obligations as stipulated in Clause 34, the balance PBG shall be released on receipt of test certificate/ test certificates issued by TEC in respect of coverage.

21.2 Financial Bank Guarantee:

The LICENSEE shall submit a Financial Bank Guarantee (FBG), valid for one year, from any Scheduled Bank or Public Financial Institution duly authorized to issue such Bank Guarantee, in the prescribed Performa annexed. Initially, the financial bank guarantee shall be for an amount of Rs. 50 / 25 / 5 Crore (for category 'A' / 'B' / 'C' service areas respectively) which shall be submitted before signing the Licence agreement. Subsequently, the amount of FBG shall be equivalent to the estimated sum payable equivalent to license fee for two quarters and other dues not otherwise securitised and any additional amount as deemed fit by the Licensor. The amount of FBG shall be subject to periodic review by the Licensor and shall be renewed from time to time till final clearance of all dues..

21.3 The Fees, charges and royalties for the use of spectrum and also for possession of Wireless Telegraphy equipment shall be separately securitised by furnishing FBG of an amount equivalent to the estimated sum payable annually in the proforma annexed, to WPC, valid for a period of one year, renewable from time to time till final clearance of all such dues.

21.4 Initially, the Bank Guarantees shall be valid for a period of one year and shall be renewed from time to time. The LICENSEE, on its own, shall extend the validity period of the Bank Guarantees for similar terms at least one month prior