

Government of India
Ministry of Communications
Department of Telecommunications
Sanchar Bhavan, 20, Ashoka Road, New Delhi - 110001
(Data Services Cell)

File No. 820-01/2006-LR(Vol.-II) Pt-2

Dated: 27.10.2021

To

All Internet Service Providers Licensees
 Granted Under Guidelines dated 24.08.2007

Subject: Amendment in Internet Service Provider (ISP) License Agreement granted as per 24.08.2007 guidelines for Adjusted Gross Revenue (AGR)–regarding.

In pursuance of Condition No. 5.1 of the Internet Service Provider Licenses granted under the guidelines dated 24.08.2007, LICENSOR hereby amends/ appends the following conditions in the said ISP License Agreements:

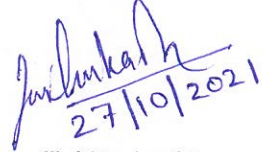
Existing Condition	Amended/ Appended Condition
<p>PART III FINANCIAL CONDITIONS</p> <p>18. Definition of ‘Adjusted Gross Revenue’ :</p> <p>18.1 Gross Revenue: The Gross Revenue shall be inclusive of revenue from Internet access service, revenue from internet contents, revenue from Internet Telephony service, revenue from activation charges, revenue from sale, lease or renting of bandwidth, links, R&G cases, Turnkey projects etc., revenue from IPTV service, late fees, sale proceeds of terminal equipments, revenue on account of interest, dividend, value added services, supplementary services, 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.</p>	<p>PART III FINANCIAL CONDITIONS</p> <p>18. Definition of Gross Revenue, Applicable Gross Revenue (ApGR) and Adjusted Gross Revenue (AGR):</p> <p>18.1 Gross Revenue: The Gross Revenue shall be inclusive of all types of revenue from Internet services, revenue from Internet access service, revenue from internet contents, revenue from Internet Telephony service, revenue from activation charges, revenue from sale, lease or renting of bandwidth, links, R&G cases, Turnkey projects, revenue from IPTV service, late fees, sale proceeds of terminal equipment, revenue on account of interest, dividend, value added services, supplementary services, 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.</p>

<p>18.2 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:</p> <p>(ii) 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.</p> <p>(iii) Roaming revenue actually passed on to other eligible/entitled telecom service provider.</p>	<p>18.1A Applicable Gross Revenue (ApGR):</p> <p>ApGR shall be equal to Gross Revenue (GR) of the licensee as reduced by the items listed below:</p> <ul style="list-style-type: none"> (i) Revenue from operations other than telecom activities/ operations. (ii) Revenue from activities under a license/ permission issued by Ministry of Information and Broadcasting. (iii) Receipts from the USO Fund. (iv) List of other income* to be excluded from GR to arrive at ApGR <ul style="list-style-type: none"> a. Income from Dividend b. Income from Interest c. Capital Gains on account of profit of Sale of fixed assets and securities d. Gains from Foreign Exchange rates fluctuations e. Income from property rent f. Insurance claims g. Bad Debts recovered h. Excess Provisions written back <p>*Subject to conditions given in <u>Annexure IX</u>.</p> <p>18.2 Adjusted Gross Revenue (AGR):</p> <p>For the purpose of arriving at the “Adjusted Gross Revenue (AGR)”, following shall be excluded from the Applicable Gross Revenue (ApGR):</p> <ul style="list-style-type: none"> a. Charges of pass through nature paid to other telecom service provider(s) to whose network, the licensee’s network is interconnected; b. Roaming revenue passed on to other eligible/entitled telecom service provider, and; c. Goods and Service Tax (GST) paid to the Government if Applicable Gross Revenue (ApGR) had included as component of GST.
--	--

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 of the ISP License agreement shall also be replaced with this new format (attached with this amendment as APPENDIX-II TO ANNEXURE-II) with effect from 01.10.2021.

4. This amendment shall be part and parcel of Internet Service Provider (ISP) Licenses granted as per 24.08.2007 guidelines. All other terms and conditions shall remain unchanged.


27/10/2021

(Jai Prakash)
ADG (DS)

Tel No.:011- 23036482

Copy To:

- (1) Secretary, TRAI
- (2) DGT, DOT(HQ)/CGCA
- (3) Advisor(Economics)/ Wireless Advisor /Sr DDG (TEC)
- (4) DDG(AS)/DDG(CS)/DDG(Satellite)/DDG(LFP)/DDG(LFA)/DDG(SPPI)/DDG(SA)/
DDG (WPF)/ DDG(A/C) for kind information please.

Annexure-IX to License Agreement for Provision of Internet Services

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 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>
----	--------------------------------	---

APPENDIX-II TO ANNEXURE-II

Format of Statement of Revenue and License Fee

_____ (Name and address of operator)

ISP 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	ACTUALS FOR THE CURRENT QUARTER	CUMULATIVE UPTO THE CURRENT QUARTER.
1.	Revenue from services			
A	Revenue from Pure Internet Service (Internet Access and Content Service):			
A1.	Post paid options:			
i.	Rentals			
ii.	Activation Charges			
iii.	Goods and Service Tax (GST)			
iv.	Service charges			
v.	Charges on account of any other value added services. Supplementary Services etc.			
vi.	Any other income/ miscellaneous receipt from post paid options.			
A2.	Pre-paid options:			
i.	Sale of pre-paid option including full value of all components charged therein.			
ii.	Any other income/ miscellaneous receipt from pre-paid options.			
B	Revenue from Internet Telephony Service:			
B1.	Post paid options:			
i.	Rentals			

ii.	Activation Charges			
iii.	Goods and Service Tax (GST)			
iv.	Service charges			
v.	Charges on account of any other value added services. Supplementary Services etc.			
vi.	Any other income/ miscellaneous receipt from post paid options.			
B2.	Pre-paid options:			
i.	Sale of pre-paid option including full value of all components charged therein.			
ii.	Any other income/ miscellaneous receipt from pre-paid options.			
C	Revenue from any other value added service			
2.	Income from trading activity (all including of Goods and Service Tax (GST))			
i	Sale of Terminal Equipments			
ii	Sale of accessories 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.	Revenue from franchisees /resellers including all commissions and discounts etc.			

	excluding the revenues already included in IA&IB			
6.	Revenue from sharing/ leasing of infrastructure			
7.	Revenue from sale/ lease renting of bandwidth, links, R&G cases, turnkey projects etc.			
8.	Revenue from Roaming			
i.	Roaming facility revenue from own subscribers.			
ii.	Roaming revenue from own subscriber visiting other networks.			
iii.	Roaming Commission earned.			
iv.	Roaming revenue on account of visiting subscribers from other networks.			
v.	Goods and Service Tax (GST) if not included above.			
vi.	Any other income/miscellaneous receipt from roaming			
9.	Revenue from IPTV Services			
10.	Revenue from other Operators on account of provisioning of interconnection			
11.	Revenue from Operations/Activities other than Telecom Operations/Activities as well as revenue from activities under a license from Ministry of Information and Broadcasting			

12.	Miscellaneous Revenue			
AA	GROSS REVENUE OF THE Licensee COMPANY :(Add 1-12)			
BB	LESS			
1.	Revenue from operations other than telecom activities/operations			
2	Revenue from activities under a license from Ministry of Information and Broadcasting			
3.	Receipt from USO Fund			
4.	Items of 'Other Income' as listed in Annexure- IX			
i.	Income from Dividend			
ii.	Income from Interest			
iii.	Capital Gains on account of profit of Sale of fixed assets and securities			
iv.	Gains from Foreign Exchange rates fluctuations			
v.	Income from property rent			
vi.	Insurance claims			
vi.	Bad Debts recovered			
viii.	Excess Provisions written back			
BB	Total (1+2+3+4)			
CC	APPLICABLE GROSS REVENUE (ApGR) (AA-BB)			
DD	DEDUCT:			
1.	Revenue of pass through nature passed on to other service providers.(operator-wise details)			
2.	Roaming revenue passed on to other eligible/entitled telecom service provider.			
3.	Goods and Service Tax (GST) paid to the Government			

DD	TOTAL DEDUCTIBLE REVENUE (1+2+3)			
EE	ADJUSTED GROSS REVENUE (CC-DD)			
	REVENUE SHARE @ ----- ----- OF ADJUSTED GROSS REVENUE			