

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

No. 10-54/2010-CS-III (Vol. II)

Dated: 28.10.2021

To

All the ILD Licensees (Other than UL)

Subject: Amendment to the ILD License (Other than UL) for Adjusted Gross Revenue (AGR)- regarding.

In pursuance to Condition 12.1 of the ILD license, the Licensor hereby amends the ILD license agreement as under:

Existing Clause	AND	Amended Clause	AND
<p>DEFINITIONS</p> <p>INTERPRETATIONS</p> <p>36. "ADJUSTED GROSS REVENUE" for the purpose of levying LICENCE Fee as a percentage of revenue shall mean the Gross Revenue as reduced by :</p> <p>Call charges (access charges) actually paid to other telecom service providers for carriage of calls; Goods and Service Tax (GST) for provision of service and 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>"GROSS REVENUE"</p> <p>The Gross Revenue shall include all revenues accruing to the LICENSEE on account of goods supplied, services provided, leasing of infrastructure, use of its resources by others, application Fee, installation charges, call charges, late Fees, sale proceeds of instruments (or any terminal equipment including accessories), hand sets, band width,</p>		<p>DEFINITIONS</p> <p>INTERPRETATIONS</p> <p>36. Gross Revenue:</p> <p>The Gross Revenue shall include all revenues accruing to the Licensee on account of goods supplied, services provided, leasing of infrastructure, use of its resources by others, application Fee, installation charges, call charges, late Fees, sale proceeds of instruments (or any terminal equipment including accessories), handsets, bandwidth, income from Value Added Services, supplementary services, access or interconnection charges, any lease or rent charges for hiring of infrastructure etc. and any other miscellaneous items including interest, dividend etc. without any set off of related items of expense, etc.</p> <p>Applicable Gross Revenue (ApGR):</p> <p>ApGR shall be equal to Gross Revenue (GR)</p>	

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income from Value Added Services, supplementary services, access or interconnection charges, any lease or rent charges for hiring of infrastructure etc. and any other miscellaneous items including interest, dividend etc. without any set off of related items of expense, etc.

of the licensee as reduced by the items listed below:

- (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
 - 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
- *Subject to conditions given in Annexure G.

Adjusted Gross Revenue (AGR):

For the purpose of arriving at the “Adjusted Gross Revenue (AGR)”, following shall be excluded from the Applicable Gross Revenue (ApGR):

- a. Call charges (access charges) paid to other telecom service providers for carriage of calls, and;
- b. Goods and Service Tax (GST) paid to the Government, if the 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 amendment, 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 ILD License Agreement and all others Terms & Conditions shall remain unchanged.

Pradeep
28/10/21

(Pradeep Kumar)
Director (CS-III)

For and on behalf of the President of India
Ph. No. 23036348

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) for kind information please.
5. Director (IT) may kindly arrange to upload this letter on the website of DoT.

ANNEXURE-G to the International Long Distance Service License 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</p>

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		<p>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>

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International Long Distance Service License

ANNEXURE-A

Format of Statement of Revenue and License Fee

..... (Name and address of OPERATOR)

International Long Distance Service License No.

Statement of revenue and License Fee

for the Quarterof the financial year

(AMOUNT IN RUPEES)

S.N.	PARTICULARS	ACTUALS FOR THE PREVIOUS QUARTER	CUMULATIVE UPTO THE PREVIOUS QUARTER.
1.	Revenue from traffic		
A	Revenue		
i.	Outgoing traffic revenue		
ii.	Incoming traffic revenue		
iii.	Pass through revenue for usage of other networks (give OPERATOR-wise details)		
iv.	Goods and Service Tax (GST)		
v.	Service charges		
vi.	Charges on account of any other value added services, Supplementary Services etc.		
vii.	Any other income/ miscellaneous receipt.		
viii.	Revenue from calling cards		
a.	Revenue from sale of calling cards		
b.	Any other income/Miscellaneous receipt from calling cards		
c.	Goods and Service Tax (GST)		
2.	Income from investments (made on the strength of this License)		
i.	Interest income		
ii.	Dividend income		
iii.	Any other miscellaneous receipt from investments.		
3.	Non-refundable deposits from subscribers		

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4.	Revenue from franchisees		
5.	Revenue from sharing/ leasing of infrastructure		
6.	Revenue from sale/ lease of bandwidth, links, R&G cases, turnkey projects etc.		
7.	Revenue from other OPERATORS on account of pass thru call charges.		
8.	Revenue from other OPERATORS on account of provisioning of interconnection		
9.	Revenue from Operations/Activities other than Telecom Operations/ Activities as well as revenue from activities under a license from Ministry of Information and Broadcasting		
10.	Miscellaneous revenue		
AA	GROSS REVENUE OF THE COMPANY: (Add 1-10)		
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- VIII		
i.	Income from Dividend		
ii.	Income from Interest		
iii.	Capital Gains on account of profit		

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	of Sale of fixed assets and securities		
iv.	Gains from Foreign Exchange rates fluctuations		
v.	Income from property rent		
vi.	Insurance claims		
vii.	Bad Debts recovered		
viii.	Excess Provisions written back		
BB	Total (1+2+3+4)		
CC	APPLICABLE GROSS REVENUE (ApGR) (AA-BB)		
DD	DEDUCT:		
1	Charges passed on to other SERVICE PROVIDER(s) (OPERATOR-wise) (Copy of agreement to be provided in the first quarter.		
1(a)	Revenue of pass through nature passed on to other telecom service providers for usage of Calling cards at the originating point (operator-wise details)		
1(b)	Revenue of pass through nature passed on to other telecom service providers for usage of Calling Cards at the terminating Point (operator-wise detail)		
2.	Goods and Service Tax (GST) paid to the Government.		
DD	TOTAL DEDUCTIBLE REVENUE (1+2)		
EE	ADJUSTED GROSS REVENUE (CC-DD)		
	REVENUE SHARE @ ----- OF ADJUSTED GROSS REVENUE		

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