IN THE SUPREME COURT OF INDIA
[CIVIL ORIGINAL JURISDICTION]

SPECIAL REFERENCE NO. 1 OF 2012

IN THE MATTER OF:

SPECIAL REFERENCE UNDER ARTICLE 143(I)

OF THE CONSTITUTION OF INDIA

VOLUME-I

PAPER BOOK

[FOR INDEX KINDLY SEE INSIDE]

ADVOCATE FOR THE PETITIONERS: D.S. MAHRA

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Annexure-I

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS
TELECOM COMMISSION

LICENCE AGREEMENT

FOR

CELLULAR MOBILE TELEPHONE SERVICE

No. : 842 - 18/93-TM

Total Pages : 41

Licence Agreement under the Indian Telegraph Act

This Agreement made the 29th day of **November, 1994** between the President of India acting through the Director (TM-I), Department of Telecommunications (called the Licenser) of the ONE PART and M/s. Bharti Cellular Ltd., registered under The Companies Act 1956 and having its registered office at 15th Floor, Devika Tower, 6 Nehru Place, New Delhi-110 019. (hereinafter called the Licensee which expression shall unless excluded by repugnant to this context be deemed to include its successor in business) of the OTHER PART.

Whereas in exercise of the powers of the Central Government under Sub Section 2 of Section 4 of the Indian Telegraph Act 1885, the Central Government delegated its powers to Telegraph Authority (hereinafter referred to as Authority) by GSR 806 Gazette of India, Part II , Section 3(i) dated 24th August 1985.

And whereas pursuant to the request of the Licensee the Authority has agreed to grant licence to the Licensee on the terms and conditions appearing hereinafter to establish , maintain and operate Cellular Mobile Telephone Service upto the subscriber's terminal connection (hereinafter called the Service) in the areas given in Schedule "A" annexed hereto and the Licensee has agreed to accept the same on the terms and conditions appearing hereinafter.

Now this Agreement witnesseth as follows:

1. In consideration of mutual covenants as well as the licence fee payable in advance in terms of schedule 'C' and observations and/or due performance of all the terms and conditions to be observed/performed on the part of the licensee, the Licenser does hereby grant licence to the Licensee to establish , maintain and operate Cellular Mobile Telephone Service upto the subscriber's terminal connection in the areas given in Schedule "A" annexed hereto on the terms and conditions mentioned in Schedule "C" annexed hereto.

2. The licence is granted initially for a period of 10 years extendible for one year or more at a time at the discretion of the authority, on such terms and conditions as the Authority may, at his sole discretion, agree provided that the Licensee is not in default or has committed/any breach of any terms and conditions of the Licence. The licence fee payable is given in Schedule "C " condition 19 of this licence.

3. The licence is governed by the provisions of the Indian Telegraph Act, 1885 and Indian Wireless Telegraphy Act, 1933 as modified from time to time.

4. Unless otherwise mentioned in the subject or context appearing hereinafter the main body of the agreement and all the Schedules annexed hereto including the tender documents will form part and

parcel of this agreement provided however in case of conflict terms of this agreement and those of schedules hereto will prevail over the tender documents.

5. In this Agreement words and expressions will have the same meaning as are respectively assigned to them in the Schedule "C" Part-I.

6. The licensee should clearly indicate the specifications of the service to the subscribers at the time of signing the contract with them.

7. The Ceiling Tariff to be charged from the subscribers of the service is given in Schedule "B" annexed hereto.Licensee can charge less tariff without any approval of the Authority.

8. The bank guarantees to be given by the licensee prior to the signing of the Licence Agreement is given in Schedule "D" annexed hereto.

9. The Licensee will not assign or transfer its rights in any manner whatsoever under the licence 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.

10. In case of interruption of service lasting for more than 72 hours, an appropriate rebate shall be given to the users of the service by the Licensee. The Authority reserves the right to, in case of a default, impose any penalty as it may deem fit.

11. The Authority may at any time revoke the licence on the breach of any of the terms and conditions therein contained or in default of payment of any consideration payable thereunder by giving a 60 days notice.

12.1 The Licensee is not allowed to use any encryption in the network.

12.2 The Licensee is required to provide list of subscribers to the Authority every quarter regularly and, as and when required by the Authority.

12.3 The Authority or its representative will have an access to the MSC as well as the technical facility provided by the Licensee for monitoring, inspection etc. without giving any prior notice.

13. It is further agreed and declared by the parties that notwithstanding anything contained hereinbefore ,that

(i) The licence is issued on **non-exclusive** basis. The Authority reserves the right to operate the service within the same geographical area.

(ii) The Authority reserves the right to modify at any time the terms and conditions of the licence covered under Schedules "A", "B","C",and "D", annexed hereto, if in the opinion of the Authority it is necessary or expedient to do so in the interests of the general public or for the proper conduct of telegraphs or on security consideration.

(iii) The Authority reserves the right to revoke the licence at any time in the interest of public by giving a 60 days notice.

(iv) Notwithstanding anything contained anywhere else in the licence the Authority's decision shall be final

(v) The authority reserves the right to take over the entire services and networks of the licensee or revoke/ terminate /suspend the licence in the interest of national security or in the event of a national emergency/war or low intensity conflict type of situations.

In Witness whereof the parties hereto have caused this Agreement to be executed through their respective authorized representatives the day and year first before written

Signed and Delivered for and on behalf of President of India by Sh. Kuldip Singh, 29/11/94

कुलदीप सिंह/KULDIP SINGH
निदेशक/Director
दूर संचार विभाग, नई दिल्ली
Deptt. of Telecom., New Delhi

(Designation)

in the presence of:

29/11/94
(M.P. Singh) A.D.G. (TM-TD), D.O.T.

Signed and Delivered on behalf of M/s _____

by SUNIL K MITTAL 29.11.94

in the presence of:

Satyan Nayar 29.11.94
(SATYAN NAYAR)

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Schedule "A"

Schedule of Area of Service

DELHI - Local area served by Delhi, Ghaziabad, Faridabad, Noida and Gurgaon Telephones.

Schedule "B"

Ceiling Tariff

1.	Monthly Rental for the Service	- Rs. 156/- per month.
2.	Security Deposit	- Rs. 3000/-
3.	Installation Charges	- Rs. 1200/-
4.	Call Charges :-	

4.1. for calls originated by the Mobile Subscriber :- Air time charge @ 10 seconds per unit call plus call charges as applicable for the fixed network for Local, STD, and ISD calls. For mobile to mobile calls within the same Cellular Service area, only air time charges will be levied.

4.2. for calls terminating on the Mobile subscriber - Air time charge @ 10 seconds per unit call will be levied. No charge will be levied to the mobile subscriber if the mobile subscriber terminates an incoming call within 5 seconds.

5. Notes on tariff :

5.1. Call duration will be on air time basis for mobile subscribers.

5.2. The air time unit call shall be charged at unit rate applicable to the highest slab of the DOT's fixed net work (Rs. 1.40 per unit at present). The unit rate shall be applied as above for all calls and there are no telescopic rates.

5.3. Call charges for the air time during peak hours shall be fixed at rates not exceeding double the rates prescribed in para 4 above. Peak hours shall be restricted upto a maximum of 4 hours per day.

5.4. Call charges for the air time during Sundays and 3 National holidays (15th August, 26 January & 2nd October) shall be half the rates prescribed in para 4 above.

5.5. For calls from mobile subscriber to the fixed net work, the Licensee shall charge the mobile subscriber at the rates prescribed by the Authority according to time and day of the call. Unit rate for such calls shall be the highest slab rate of the DOT's fixed net work (Rs. 1.40 at present). The unit rate shall be applied as above for all calls and there are no telescopic rates.

5.6. There are no free calls to be given in the air time.

5.7. For calls originating from the fixed net work to mobile, the mobile subscriber will be charged for the air time and DOT will not have to pay any access fee to the Cellular Operator. The air time charges will be collected by the Cellular Operator.

5.8 For mobile to mobile both caller and called party will be charged.

6. All tariff increase shall be subject to prior approval of the Authority . However, the lower rate of tariff for the service may be charged by the Licensee from the Mobile Subscribers without prior approval of Authority.

Schedule "C"

PART I :

DEFINITIONS, INTERPRETATIONS AND TRANSITIONAL PROVISIONS RELATING TO THE CONDITIONS

1. In these conditions unless the context otherwise requires:

(a) "Cellular Telecommunication System" means a telecommunication system in which:

(i) "Service Area" defines the geographical limits within which the Licensee may operate and offer the Services.

(ii) the area in which services are provided is divided into a number of Cells;

(iii) stations for Wireless Telegraphy comprised in the system are automatically controlled by a central processor;

(iv) the radio frequencies used to connect the Stations for Wireless Telegraphy comprised in the system to telecommunication systems which are designed or adapted to be capable of being use while in motion are assigned automatically;

(v) conveyance of message which is in progress as the telecommunication system designed or adapted to be capable of being used while in motion transmitting or receiving the Messages which are being conveyed moves from Cell to Cell is Handed-Off automatically; and

(vi) the strength of the emissions of the Stations for Wireless Telegraphy is automatically controlled so as to secure as far as is technically possible that each Station for Wireless Telegraphy can effectively provide services only in the Cell in which it is located;

(b) "Cell" means a geographical area served by Station for Wireless Telegraphy which is dedicated to transmitting or receiving Messages which have been or are to be conveyed by telecommunication systems designed or adapted to be capable of being used while in motion situated for the time being in that area;

(c) "Connectable System" means a telecommunication system which is authorised to be run under a Licence which authorizes connection of that system to the applicable System;

(d) "Connection Service" means a telecommunication service consisting in the conveyance of any Message which has been, or is to be conveyed by means of the Applicable Systems;

(e) "Emergency" means an emergency of any kind, including any circumstance whatever resulting from major accidents, natural disasters and incidents involving toxic or radio-active materials;

(f) "Emergency Organization" means in respect of any locality the relevant public, police, fire, ambulance and coastal guard services for that locality;

(g) "Fixed Wireless Telegraphy Station" means any Station for Wireless Telegraphy or Wireless Telegraphy Apparatus which is not used while in motion and which is not used to provide Mobile Radio Telecommunication Services;

(h) A "Handover" means the action of switching a call in progress from one radio channel to another radio channel. Handover is used to allow established calls to continue by switching them to another radio resource, e.g. when mobile stations move from one base station area to another.

(i) "Licence" means a licence granted or having effect as if granted under section 4 of the Indian Telegraph Act 1885;

(j) "Licensee" shall refer to a registered Indian Company or an Establishment, that is awarded licence for providing the Cellular Mobile Telephone Service .

(k) "Message" means anything falling within paragraph 3 of section 3 of the Indian Telegraph Act 1885;

(l) "Cellular Mobile Telephone Service "means telecommunication service provided by means of a telecommunication system for the conveyance of Messages through the agency of wireless telegraphy where every Message that is conveyed thereby has been, or is to be,conveyed by means of a telecommunication system which is designed or adapted to be capable of being used while in motion;

(m) "Operator" means any person who is authorised by a Licence to run a Relevant Connectable System;

(n) "Public Switched Network" means a switched fixed specified public telecommunication System providing a two-way switched telecommunication service;

(o) "Quality of Service" is evaluated on the basis of observed measures on the grade of service, calls lost due to wrong processing, the bit error rate or the response time. The Quality of Service also includes acceptable grade of number of faults per unit population of the subscribers served, the Mean Time To Repair (MTTR), faults carried over beyond the MTTR and the disposal thereof.

(p) "Relevant Connectable System" means a Connectable System which is authorised to be run under a Licence which authorizes the provision by means of that System of Connection Services for reward to the public, or any class of the public, not being a system:

(i) authorised to be run under a Licence granted to all persons or persons of any class; and

(ii) for the connection of which, and for the provision of matters necessary for such connection, the Licensee offers standard terms and conditions which satisfy the requirements of Condition 9;

(q) "The Service Area" referred to for the operation of this Service is given at Schedule 'A'

(r) "Specified Public Telecommunication System" means the public telecommunication systems run by Department of Telecommunications or Mahanagar Telephone Nigam Limited or any other public telecommunication system which is specified by the Authority for the purpose of this Licence .

(s) "Station for Wireless Telegraphy" and "Wireless Telegraphy Apparatus" have the same meaning as in the Wireless Telegraph Act 1933.

(t) "Switched Fixed Telecommunication System" is a telecommunication system by means of which Messages are switched incidentally to their conveyance by means of that system and where, if any such conveyance is by means of wireless telegraphy, such conveyance is by means of Fixed Wireless Telegraphy Stations;

(u) "Authority" shall refer to the Director General, Telecommunications, Government of India, and includes any officer empowered by him to perform all or any of the functions of the Authority.

(v) "Telephone" means an item of telecommunication apparatus

capable when connected to the Applicable System, of transmitting and receiving uninterrupted simultaneous two way speech conveyed, or as the case may be to be conveyed, by means of that System;

(w) "Value Added Service" means any Service the provision of which necessarily involves both the running of a telecommunication system and the provision by means of that system of a Service (other than a directory information service), which is additional to the conveyance (not including switching) of Messages by means of that system and switching incidental of such conveyance.

(x) The term "DOT" means Department of Telecommunications.

(y) A "Public Land Mobile Network" means a network, established and operated by Department of Telecom. or its licensed operator(s), for the specific purpose of providing land mobile communication services to the public. It provides communication possibilities for mobile users. For communication between mobile and fixed users interworking with a fixed network is necessary.

(z) A "MSC (Mobile Switch Control) Area" means the part of the network covered by an MSC. An MSC area may consist of one or several location areas.

(aa) A "Base Station Area" means the part of the network covered by a base station. Every mobile station in a base station area can be reached by the radio equipment of the base station.

(ab) A "Mobile Station" means a station in the mobile service intended to be used while in motion or during halts at unspecified points.

(ac) A "Base Station" means a fixed radio transmitter/receiver station which provides a link between the mobile telephone station and MSC.

(ad) "Effective date" is the date by which the licensing agreement comes into effect. The "effective date" is reckoned with effect from the date, the licensing agree ment is signed and appropriate component of licence fee paid.

Schedule "C"

PART II : THE APPLICABLE SYSTEMS

The APPLICABLE SYSTEMS are Cellular Mobile Telecommunication Systems conforming to GSM (Group Special Mobile or Global System for Mobile Communications) standards issued by European Telecom Standards Institute and as specified by the Tender Specifications No. 44-24/91-MMC within the Service Area as given in schedule 'A' of this licence.

Schedule "C"

PART III TERMS AND CONDITIONS

Condition 1

REQUIREMENT TO PROVIDE THE SERVICE

1.1 The Licensee shall install and run Applicable Systems within ~~12 months of the effective~~ date. Effective date is 29th November, 1994

1.2 The Licensee shall operate and provide the Services. He will be solely responsible for the installation, networking, operation, treatment of the complaints, issue of bills to his subscribers, collection of his component of the revenue, claims, damages arising out of this operation.

1.3 For the purpose of providing the SERVICES, he may install equipment confirming to the GSM standards and to meet the Technical Specifications of Tender Document No. 44-24/91-MMC and clarifications thereof. In the interest of security, suitable monitoring equipment for each type of system used will be provided for monitoring as and when required by the authority.

1.3.1 The mode of ownership of terminal/mobile telephone will be at the option of the subscriber. This will be subjected to interface or type approval by an agency authorised by **Authority**.

1.4 In the process of operating the Services, the Licensee shall be responsible for -

i) The installation of the sites (the installation of the equipment at the subscriber's premises will however remain at the option of the subscriber);

ii) the proper upkeep and maintenance of the equipment;

iii) maintaining the criteria of performance;

iv) maintaining the MTRR within the specified scope.

1.5 The LICENSEE will have to make his own arrangements for all infrastructure involved in providing the SERVICE.

1.6 The Licensee is responsible for the measurement of the messages, in units, in segments of kilobytes or as the case may be and shall keep a record of the same for purposes of billing in so far as his equipment and the Services are concerned. The Licensee shall maintain all commercial records with regard to the communications exchanged on the network till the Authority clears for destruction. Such records should be archived for atleast one year for scrutiny by the Authority for security reasons

1.7 The LICENSEE shall warrant that SERVICES to be provided shall be of the grade agreed , consistent with the established and generally accepted standards and shall perform in full

conformity with the SPECIFICATIONS , drawings and particularly with the performance criteria listed for the QUALITY OF SERVICE. The LICENSEE shall be responsible for repair of defects and making good any degradation in the QUALITY OF SERVICE during the pendency of the licence.

1.8 **PUBLICATION OF CELLULAR MOBILE TELEPHONE SERVICE DIRECTORY**

1.8.1. The licensee may publish a C.M.T.S. (Cellular Mobile Telephone Service) user's directory containing all commercial information , names , address and number of the subscribers. If a subscribers does not wish to be listed in the directory, the Licensee is free to delete his name from the directory after taking concurrence of the subscriber in writing.

1.8.2. All the subscribers of the service shall be entitled to one free entry in this directory and any additional information/specific printing in a particular type at the request of the subscriber may be charged for, extra, at a rate to be specified by Authority.

1.8.3. Any other charges relating to the directory to be charged from subscribers/public shall be fixed in consultation with the Authority.

1.8.4. The Authority reserves the right to include directory information of the cellular subscriber in the directory published by the Authority for PSTN/Telex/Data Services etc. and the licensee shall be bound to supply the above information as and when asked for.

1.8.5. The Authority or its representative(s) will have an access to the Data base relating to the C.M.T.S. subscribers of the Licensee. The Licensee shall also update the data relating to his subscribers available with the Authority on a monthly basis. The Licensee shall make available, at any time, by the Authority or its representative details of the subscribers using the service.

Condition 2

INSTRUCTIONS FOR THE INSTALLATION OF TELECOMMUNICATION APPARATUS

2.1 The Licensee shall within three months of the date on which this Licence enters into force, and from time to time as the Authority may require, furnish details of the installation and other related aspects to the Authority. He shall also submit report of progress every three months till the Service is provided.

2.2 The first site or any new version offered by the Licensee, may be validated, if the DOT is so convinced of the necessity, to confirm that all the operative parameters effective in the network, are within the specified limits. If a validation does become necessary, the validation schedule shall be mutually agreed to.

2.3 Licencee will ensure that the Telecommunication installation carried out by him should not become a safety hazard and is not in contravention of Pollution Laws. He will ensure this by taking all possible steps for safety during the installation and during the currency of the licence.

Condition 3

DELIVERY OF THE SERVICES :

3.1 The licensee shall be responsible for installation, testing and commissioning of all the equipment to provide the services. All performance tests required for successful commissioning of the services shall be carried out by the Authority before the services are commissioned for public use. The Licensee shall supply all necessary literature, drawings, installation materials regarding the equipment installed for commissioning of the services. The Licensee shall supply all the tools, test instruments and other accessories to the testing party of the Authority for conducting the tests. The Authority reserves the right to measure the quality of service during the currency of the licence. Notwithstanding the above, the quality of service shall be measured and confirmed to be acceptable before bringing into commission the services. The measurements will be carried out by Authority at least every quarter, to ensure that the performance criteria are still met.

3.2 The Cellular System should be designed in such a way so as to provide good coverage inside the building also within the service area.

Condition 4

INTERCONNECTION WITH NETWORK OPERATED BY DOT AND MTNL

4.1. The resources required for operation of the Services, for extending them over the network of the DOT and MTNL and any other service provider licensed by the Authority will be mutually agreed between the parties and shall be listed. The resources may refer to include but not limited to - physical junctions, PCM derived channels, private wires, leased lines, data circuits, other communication elements. The Licensee shall apply for and obtain from the DoT the determined resources. The operation and charge of the traffic passed through these resources shall be treated on the basis of the prevailing rules and the guidelines of the DOT on the subject.

4.2 Necessary interface specification and requirements with full details with DOT/MTNL equipment for inter connecting the Cellular Mobile Telephone Equipment should be furnished within one month from the effective date by the Licensee to the 'Authority'. The Authority will have the right to decide the extent of the equipment required based on genuine needs of the Licensee.

4.3 The Acceptance Testing for every interface with the DOT and MTNL network shall be carried out by the Acceptance Testing party of the DOT/MTNL. The Acceptance Testing schedule shall be mutually agreed to.

4.4 All long distance connectivity outside the service area will be through PSTN Network of D.O.T.

Condition 5

COMPLAINT - BOOKING AND TREATMENT

5.1 The Licensee shall be responsive to the complaints lodged by his subscribers. He shall rectify the anomalies within the MTTR specified in the scope of the QUALITY OF SERVICE.

5.2 The Licensee shall equip with adequate mechanisms to entertain complaints from his subscribers, test the part of the equipment and external plant wherever relevant, and take such corrective measures to bring the faulty elements back into satisfactory operation. He shall maintain the history sheets for each installa-

tion, statistics and analysis on the overall maintenance status. The MTTR agreed to amongst the criteria in the Quality of Service shall be respected. Whenever the target number of faults per unit population of the subscribers is exceeded, or whenever the Time To Repair exceeds TWICE the MTTR agreed to , he shall, within TWENTY FOUR HOURS bring the same to the notice of the Authority.The Licensee shall also widely publish the information relating to the recovery procedures, relating to the performance of all the equipment in his control.

5.3. The licensee shall keep a record of the first information of all faults reported by his subscribers and the rectification of the faults thereof. The record of faults be sufficient to give particulars relevant to evaluate the service quality based on the criterion mentioned in Para 5.2.

Condition 6

METERING

6.1 The Licensee shall take all reasonable steps to ensure the accuracy and reliability of any meter used in connection with the Applicable Systems and shall keep such records as may be determined by the Authority to be necessary in relation to any meter which appears to him to be a source of difficulty.

6.2 Where a meter which is to perform any particular function in connection with any of the Applicable Systems has been approved by Authority, then the Licensee shall not, unless the Authority agrees otherwise, use any meter in connection with that System to perform that function unless it is:

(a) so approved; and
(b) being used in compliance with any conditions specified in that approval

or it is of a type comprised in the Applicable Systems before that approval is given.

6.3 The metering being essence of the amount to be charged from the subscriber should be suitably secured so that it is not accessible to all staff members of licensee but only to a specified few and authorised representative of "Authority".

6.4 The record of metering shall be maintained on fortnightly basis by the Licensee. The billing schedule may be longer, if required, than that of metering.

Condition 7

ISSUE OF BILLS TO SUBSCRIBERS

7.1 It shall be the responsibility of the Licensee, to cause issue of the bills to his subscribers . The Licensee can issue bills only to the extent of those messages and for the duration, where applicable, carried on the Cellular System at rates prescribed by the Authority.

7.2 The billing shall be subject to audit by the Authority. Billing and /or collection may be done by DoT, if so requested, on mutually agreed terms and conditions.

7.3 The operator should provide detailed itemized billing information to those subscribers who may like to have it.

7.4 The billing cycle may not be less than one month or more than three months for any connection provided under this licence.

Condition 8

RIGHT TO INSPECT

8.1 Site Inspection :

The Authority, or his authorised representative shall have the right to inspect the sites where from and to the Services are extended. The Authority shall, in particular but not limited to, have the right to have access to lines, junctions, trunks, terminating interfaces, processing hardware/software, memories of live, magnetic, optical and any other varieties, wired options, distribution frames, and to enter into dialogue with Input / Output devices or terminals. The licensee will provide the necessary infra-structure for continuous monitoring of the same if required by the Authority or his authorised representative for national security reasons. No prior permission/ intimation shall be required to exercise the right of Authority to carry out the inspection.

Condition 9

ALTERATIONS TO THE APPLICABLE SYSTEMS

9.1 The Licensee shall from time to time inform the Authority and provide him with such additional informa-

tion as he may reasonably require about any proposals for changes to the Applicable Systems or to any apparatus comprised therein or to any stored commands or protocol, which the Licensee might reasonably anticipate from the facts known to it would or might when made have the effect of requiring any person:

(i) running any Connectable System which is or is to be connected to the Applicable Systems;

(ii) producing or supplying telecommunication apparatus or telecommunication systems for connection to the Applicable Systems without becoming comprised in them materially to modify, or, as the case may be, to replace or cease to produce or supply, any item of telecommunication apparatus connected or to be connected to the Applicable Systems.

9.2 The Licensee shall prepare and publish in consultation with the Authority not later than six months after the date on which this licence enters into force a statement of its procedures for consulting, and giving advance notice to, those persons likely to be affected by such changes and shall adhere to those procedures.

9.3 In this Condition:

"to modify" in relation to any other apparatus or System means to make any alteration to that Apparatus or System which may be necessary to ensure that any Message which has been or is to be conveyed by means of any of the Applicable Systems connected or to be connected to that Other Apparatus or System is capable of being properly conveyed by that other apparatus or system or by that Applicable System as the case may be; and

"Other Apparatus or System" means any telecommunication apparatus or telecommunication system together with any protocol, message format or stored command in such apparatus or system connected or to be connected to but not comprised in any of the Applicable Systems.

Condition 10

PUBLIC EMERGENCY CALL SERVICES

10.1 Any member of the public using telecommunication apparatus which is lawfully connected to any of the Applicable Systems at any place in the Service Area and which is capable of transmitting and receiving unrestricted two way voice telephony services is provided with a Public emergency Call Service, that is to say a telecommunication service by means of which any such member of the public may at any time and without incurring any charge, communicate by means of any such appa-

ratus, as swiftly as practicable with an appropriate Emergency Organisation control centre for the purpose of notifying them of the nature and location of an emergency.

10.2 For the purposes of this Condition telecommunication apparatus shall only be regarded as capable of transmitting and receiving unrestricted two way voice telephony services if it is capable of both:

(i) transmitting for conveyance by means of an Applicable System specific signals designated by the Licensee for the purpose of establishing communication with voice telephony apparatus controlled by the Emergency Organisations; and

(ii) transmitting and receiving uninterrupted simultaneous two way speech conveyed, or as the case may be to be conveyed, by means of that Applicable System.

Condition 11

FORCE - MAJEURE :

11.1 If at any time, during the continuance of this licence, the performance in whole or in part, by either party, of any obligation under it, shall be prevented or delayed, by reason of war, or hostility, acts of the public enemy, civil commotion, sabotage, fire, flood, explosion, epidemic, quarantine restriction, strikes, lock-out, or act of GOD (hereinafter referred to as EVENT), provided notice of happenings of any such EVENT is given by either party to the other, within 21 days from the date of occurrence thereof, neither party shall, by reason of such EVENT, be entitled to terminate this licence, nor shall either party have any such claims for damages against the other, in respect of such non-performance or delay in performance. Services under this licence shall be resumed as soon as practicable, after such EVENT may come to an end or ceases to exist. The decision of the Authority as to whether the Services may be so resumed or not, shall be final and conclusive.

11.2 If the service remains discontinued due to such force majeure event/events for more than two months , the parties will meet together and discuss the future course of action. The decision of the Authority in this regard will be final.

11.3 The Authority shall not be obliged to grant any rebate in Licence fee on account of EVENTS referred to para 11.1 above, where the Authority decides to continue the Service. Appropriate rebate in Licence fee may be allowed by the Authority where it ultimately decides to discontinue the Service. In the latter case , rebate in

Licence fee shall be allowed to the Licensee for passing it on to the bonafide users of that Service.

Condition 12

PERMITTED SERVICES

12.1 **GSM MOU** The Licensee or his collaborator should be a member/signatory of the GSM MOU and the membership should remain valid over the period of the licence. The Licensee will follow the decisions of the GSM MOU and implement such services as decided by the Authority.

12.2 The Licensee shall provide all such services which are available in GSM MOU 90 days prior to the date of commissioning and decided by the Authority

12.3 The Licensee shall provide unrestricted access for his subscribers to all services including value added services available on PSTN.

12.4 The Licensee shall not engage in the business of the provision of Value Added Services based on the cellular mobile service without specific permission of the Authority.

12.5 For the avoidance of doubt, it is hereby declared that nothing contained in Condition 12.4 above shall preclude the Licensee from engaging in advertising and promotional activities relating to any of the Applicable Systems or from assembling any telecommunication apparatus comprised or to be comprised in any of the Applicable System.

Condition 13

REQUIREMENT TO FURNISH INFORMATION TO THE Authority

13.1 a) Subject to Condition 13.2, the Licensee shall furnish to the Authority, in such manner and at such times as the Authority may reasonably request, such documents, accounts, estimates, returns or other information and procure and furnish to him such reports as he may reasonably require for the purpose of exercising the functions assigned or transferred to him.

b) In the interest of security, billing records will be preserved for a period of one year and made available to th authority or it's representative as and when required.

13.2 The Licensee may not be required to procure or furnish a report which would not normally be available to it unless the Authority considers the particular report essential to enable him to exercise his functions.

13.3 Engineering details:

(a) The Licencee shall furnish complete technical de tails with all calculations for engineering, planning and dimensioning of the system/ network etc.

(b) The detailed calculations about link engineering, field strength, signal penetration inside the buildings including basements etc should be provided.

(c) The details of the coverage for each transmitters shall be provide.

(d) All the transmitters sites with coverage, MSC & base station sites should be clearly indicated in map.

The above details be provided within two months of the signing of the Licence Agreement.

Condition 14

LIQUIDATED DAMAGES

14.1 The date of delivery of the Service stipulated in the award of this license shall be deemed as the essence of the licence and the Service must be brought into commission not later than the date(s) specified therein. Extension will not ordinarily be given. Should, however, the Service be brought into commission after the expiry of the licensed date of commissioning , without prior concurrence of the licensing authority and be accepted by it, such commissioning will not deprive the Authority of its right to recover liquidated damages under this Condition. When however, the commissioning of the Service is effected within 15 days of the licensed commissioning period, Authority may accept the Services and in such cases the provision of the Condition 14.2 will not apply.

14.2 In case the Licensee fail to bring the Service or any part thereof into commission within the period prescribed for the commissioning, Authority shall be entitled to recover **Rs. 5 lakh (Rupees: Five Lakh)** for each week of the delay or part thereof, subject to maximum **Rs. 50 lakh (Rupees: FIFTY Lakh).** For delays of more than 26 weeks the licence will be Terminated as per Condition 15.

14.3 The liquidated damage charges shall be calculated from the last date of the bringing into commissioning without grace period of 15 days as per paragraph 14.1 above. Commissioning shall mean complete installation of main equipment and offer of Service to general public, so as to meet atleast 10% of the registered demand all over the service area and subject to the relevant performance/quality tests to be carried out by the Authority.

Condition 15

TERMINATION OF THE LICENCE :

15.1 Termination for Default :

The Authority, may, without prejudice to any other remedy for breach of conditions of licence, by written notice issued to LICENSEE 60 days in advance terminate this licence in whole or in parts in the following circumstances:-

(a) if the Licensee fails to provide any or all of the Services within the time period(s) specified in the licence or in any extension thereof granted by the Telecom Authority,

or

(b) if the Licensee fails to perform any other obligation(s) under the licence including timely payments due to Authority;

and

(c) if the Licensee, in either case of the above circumstances, does not rectify the failure within a period of 30 days (or such longer period as the Authority may authorise in writing) after the receipt of the default notice from the Authority.

15.2 In the event the Authority terminates the licence in whole or in part, the Authority may procure upon such terms and in such manner as deemed appropriate, goods and Services similar to those not installed, not delivered or not brought into commission, and the Licensee shall be liable to the Authority for any costs for such corrective efforts. The Authority could also not to pursue such efforts and terminate the licence as per clause 15.1(a). As to whether the Licencee may continue by conditions of the licence, in part or in whole will be determined by the Authority. The decision of the Authority shall be final in all respect.

15.3 In case the licence is not extended by either party, the mode of disposal of infra-structure may be established by the Licensee as per competitive commercial considerations; with DOT has first option to acquire for continuing the service.

15.4 After the issue of written notice of terminating the licence if service quality is not maintained as per specifications, (in the remaining period) it will be treated as breach of licence conditions and will be dealt with as such. The operator will be debarred from participating in Authority tender for 5 years.

15.5 Termination for Insolvency :

The Authority, may at any time terminate the licence by giving written notice to the Licensee without compensation to him, if the Licensee becomes bankrupt or otherwise insolvent, provided such termination will not prejudice or affect any right of action which has accrued or will accrue thereafter to the Authority. The bank guarantee provided by the licensee will also be encashed.

15.6 Termination for Convenience :

If the Licensee surrenders the licence, he shall give a notice of 365 days to the Authority as well as the user of the service . Licensee shall however, continue to observe the criteria of QUALITY OF SERVICE during the notice period failing which the Licensee would forfeit all claims on the Bank Guarantee without prejudice to any other remedy which the Authority may take for breach of condition of licence.

15.7 Termination for transfer of Licence :

The Licensee shall(clandestinely or otherwise) not transfer the licensing rights granted to him, to any other party. Any violation will be construed as a breach of licensing rights and the licence will be terminated in accordance with 15.1(a) above.

Condition 16

ARBITRATION OF DISPUTES

16.1 With Department of Telecommunication :

(a) In the event of any question, dispute or difference arising under this licence, or in connection thereof, except as to the matter, the decision of which is specifically provided under this licence, the same shall

be referred to the sole arbitration of the Director General, Telecommunications, or in case his designation has changed, or his office is abolished, then, in such case, to the sole arbitration of the officer for the time being entrusted, whether in addition to the functions of the Director General, Telecommunications or by whatever designation such officer may be called (hereinafter referred to as the said officer), and if the Director General, Telecommunications or the said officer is unable or unwilling to act as such, to the sole arbitration, then some other person appointed by the Director General, Telecommunications or the said officer.

(b) There will be no objection to any such appointment that the Arbitrator is a Government Servant, or he has to deal with the matter to which the licence relates, or that in the course of his duties as a Government Servant, he has expressed views on all, or any of the matter in disputes or in differences. The award of the arbitrator shall be final and binding on the parties. It is a term of this licence, that in the event of such Arbitrator, to whom the matter is originally referred to, being transferred or vacating his office, or being unable to act for any reason whatsoever, such Director General, Telecommunications or the said officer shall appoint another person to act as Arbitrator, in accordance with the terms of the licence and the person so appointed shall be entitled to proceed with reference to the stage at which it was left out by his predecessor.

(c) The Arbitrator may, from time to time, with the consent of the parties, enlarge the time for making and publishing the award. Subject to Arbitration act 1940, the rules made thereunder and any modification thereof, for the time being in force, shall be deemed to apply to the arbitration proceedings as above.

(d) Upon any and every reference as aforesaid, the assessment of costs and incidental expenses in the proceedings for the award shall be at the discretion of the Arbitrator.

Condition 17

17.1**PREPARATION OF ACCOUNTS:**

The Licensee shall;

(a) maintain and prepare accounting records sufficient to show and explain its transactions in respect of each complete financial year of the Licensee during which this Licence is in force, or of such lesser periods as the Authority may specify fairly presenting the costs

(including capital costs), revenue and financial position of the Licensee's business and including a reasonable assessment of the assets employed in and liabilities attributable to the Licensee's business .

(b) procure in respect of each of those accounting statements prepared in respect of a complete financial year of the Licensee a report by the Licensee's Auditor stating whether in his opinion that statement is accurate and adequate for the purposes of this Condition; and

(c) deliver to the Authority a copy of each of the accounting statements not later than six months after the end of the period to which they relate.

In this Condition:

"the Auditor" means the Licensee's auditor for the time being appointed in accordance with the requirements of the Companies Acts 1956.

Condition 18

FINANCIAL CONDITIONS

18.1 The applicable tariffs are given in schedule 'B'.

18.2 The Cellular Mobile Telephone Service will be provided by the **LICENSEE** under the following conditions:

i) The period of licence shall be initially for 10 years extendible for one year or more at the discretion of the authority.

ii) The Licensee shall execute a Performance Bank Guarantee for an amount of **RS. 2 CRORES, valid for a period of three years**, before the licence can become effective. This will be submitted by the Licensee before the licence agreement is signed. The Bank Guarantee will be renewed by the Licensee 4 months prior to its expiry.

The performance bank guarantee amount is subject to annual review by the Authority.

iii) DOT reserves the right to grant more than one licence per geographical area without prejudice to other clauses of this agreement.

iv) **Terminal ownership:** The mode of ownership of terminal equipment will be at the option of the subscriber. This will be subject to interface approval by an agency authorised by **Authority**.

v) **The communication resources and other support facilities : LICENSEE** will have to make his own arrangement for all infrastructure involved in providing the service. However, the charges for such facilities provided by Deptt. of Telecom on the request of the LICENSEE will be charged for separately.

Condition 19

PAYMENT OF LICENCE FEES

19.1 The Licence fee payable by Licensee for each service area shall be regulated as follows:-

Service Area	Licence Fee For 1st Year	2nd Year	3rd Year
	(Rupees in crores)		
Bombay	3	6	12
Delhi	2	4	8
Calcutta	1.5	3	6
Madras	1	2	4

4th Year and onwards

@ Rs. 5 lakhs(Five lakhs) per 100 (one hundred) subscribers or part thereof;subject to the minimum shown below :-

Service Area	Minimum Licence Fee for Fourth to Sixth Year (for each year)	Seventh Year onwards (for each year)
	(Rs. in crores)	
Bombay	18	24
Delhi	12	16
Calcutta	9	12
Madras	6	8

(a) For purpose of charging the lump-sum Licence fee for the first three years, the year shall be reckoned as twelve months beginning with the date of commissioning of services or completion of 12 months from date of signing of the Licence Agreement whichever is earlier.

(b) The fourth year for purpose of charging the Licence fee shall be the period from the completion of the third year as defined above to the 31st day of March succeeding. The annual Licence Fee for the fourth year will therefore, be computed prorata with reference to the actual number of days. Thereafter, the year for purpose of levy of Licence fee shall be the financial year i.e. 1st April to 31st March and part of the year as balance period, if any.

(c) For the purpose of calculation of Licence fee from the fourth year onwards as indicated in para 19.1 above, the number of subscribers at the end of each month shall be added for all the months of the year and divided by the number of completed months.

(d)(i) Subject to what is stated in Para 19.1 (d)-ii, within one month of commissioning / provision of Services, the Licensee shall establish a separate bank account with a Scheduled Bank in India, to which all revenues accruing from this Licence shall be credited. The Authority shall have a lien of 30% on the amount of funds credited to this account, limited to one quarter's levy and any other payments due during the ensuing quarter, as intimated by the Authority, which shall be adjusted towards the Cellular Licence fee and all other dues payable to the Authority. Adjustment of payments due shall be carried out between the Authority and the Licensee on a quarterly basis in advance.

DOT may specify the estimated quarterly amount(s) in the beginning of the year and any balance adjustment may be made in the last week of the quarter. If the amount of balance adjustment at the end of the quarter exceeds Rs. 2 lakhs suitably revised amount may be specified for the ensuing quarter(s).

(d)(ii) Since this account will not have adequate funds initially, a financial bank guarantee is required till this account becomes sufficiently healthy and continues to be so. For the period upto the first two years after commissioning /provision of the service, the Authority may specify "nil" amount to the Bank where escrow account as per 19.1(d)(i) above is established, since financial bank guarantee would be available for the initial period. Before signing the licence agreement 10% of the first year's cellular levy will be required in the form of a bank draft and 90% of the first year's licence fee will be required in the form of a financial bank guarantee (as per Annex.-II) valid for one year. Subsequent continuance of this financial guarantee will be decided by the Authority based on the account which becomes available in the account for purposes of operation of the escrow account mentioned above keeping in view the amount due to DOT.

(e) Schedule of payments of Cellular levy/licence fee will be as follows:-

(i) 10% before the signing of the agreement in the form of a bank draft drawn on Scheduled Bank in India, in favour of Pay & Account Officer (Hqrs,), DOT, New Delhi.

(ii) 15% to be paid 15 days prior to the date of commission/ operation of service for which due notice will be given by the licensee well in advance.

(iii) Licence fee/ cellular levy is to be paid in quarterly installments in advance, at least 15 days prior to the quarter to which it relates for next 11 quarters.

(iv) Necessary adjustments will be made after payments has been received for 12 quarters (for first three years) in accordance with clause 19.1(c).

(v) Thereafter quarterly payments shall be paid ten days in advance for quarters starting w.e.f. 1st April, 1st July, 1st October and 1st January. Thereafter pro rata licence fee for balance period will be collected in advance.

f) The rate of Rs. five lakhs per hundred subscribers or part thereof is based on the unit call rate of Rs. 1.10. Fourth year onwards ,as defined in the clause 19.1(d), the rate of Rs. five lakhs will be revised based on the prevalent unit call rate. The revision will be limited to 75% of the overall increase in the unit rate during the period preceding such revision.

19.2 On completion of three years from the date of commissioning/ provision of services, the Authority reserves the right to fix the share of the gross revenue from rental, air time charges for all other services provided from the cellular network of the Licensee, as additional licence fee.

19.3 The annual Licence fee as prescribed above does not include Licence fees payable to WPC wing of Ministry of Communications (WPC) for use of Radio Frequencies which shall be paid separately by the Licensee on the rates prescribed by the WPC and as per procedure specified by it(condition 20).

19.4 Access charges will be levied by Authority or its nominee in bulk for local, STD and ISD calls for the total number of metered calls at the point of interconnect to the fixed network at unit rates applicable to the highest slab of the fixed network. Bills will be raised by the Authority by the 10th of every month in respect of calls made during the previous month. These Bills shall be payable within 15 days of issue.

19.5 The ceiling tariffs for the cellular mobile services have been indicated separately at Schedule 'B'.

19.6 Communication resources and other support facilities provided by the Authority will be charged for separately at rates & intervals prescribed by Authority from time to time.

19.7 If the Licensee, has in addition, leased or rented other telecommunication resources from the DOT/MTNL ,purely for the purposes of networking his geographically dispersed equipment, these resources will be subject to tariff as fixed by DOT from time to time.

19.8 In case of over due payments, an interest @20% p. a. compounded monthly for each month or part thereof shall be charged on the amounts for which payment has been delayed. The Authority may review the penal rate of interest from time to time. The interest shall be charged at the rate applicable on the date such payment becomes due. However, where the penal rate of interest is revised upwards before the actual payment, the interest at the revised rates shall be payable. The interest may be recovered through the bank guarantee, if required.

Condition:20

W.P.C. Wing's Licence

20.1 A separate licence shall be required from the WPC Wing of Ministry of Communications, which will permit utilization of appropriate radio frequency spectrum for the establishment & operation of the C.M.T.S. under usual terms and conditions of that licence.Grant of licence will be governed by normal rules, procedures & guidelines and will be subject to completion of necessary formalities.

20.1.1. For this purpose, an application shall be made to the "Wireless Adviser to the Govt. of India, WPC Wing, Ministry of Communications, Sardar Patel Bhavan, Sansad Marg, New Delhi -110001" in a prescribed application form available from WPC Wing.

20.2 Siting clearance in respect of each fixed station & its antenna shall be obtained from the WPC Wing for which an applicant shall apply to the Secretary, SACFA (Standing Advisory Committee on Frequency Allocations) in the prescribed application form, to the following address :-

The Secretary (SACFA)
WPC Wing, Ministry of Communications
Sardar Patel Bhavan,
Sansad Marg
New Delhi- 110001.

(Note: " SACFA" is the apex body in the Ministry of Communications for considering matters regarding frequency allocations and other related issues)

Siting clearance refers to the agreement of major wireless users for the location of proposed fixed antenna from the point of view of compatibility with other radio systems and aviation hazard. It involves inter-departmental coordination.

20.3. A cumulative maximum of upto 4.5 MHz in the bands 890-902.5 & 935-947.5 MHz would be permitted based on appropriate justification. Exact 200 KHz RF channel frequencies will be assigned contiguously as far as practicable on case by case basis, after due coordination, wherever considered necessary.

20.4. Licence fee and Royalty shall have to be paid for grant of licence which will be subject to revision from time to time.

(Note:- A sample calculation of the rates of royalty and licence fee for the time being in force is as follows:-

Royalty :- Rs 4,800 x 8 x 22 = Rs 8,44,800/- per annum where 22 is the number of RF channels of 200 khz each and 8 is the number of voice equivalent channels per RF carrier.

Licence Fee : Rs 100/- per Base Station per annum in each cell is liable to be reviewed).

20.5. The licensee shall not cause harmful interference to other authorized users of radio spectrum. WPC Wing will have the sole discretion to take practicable and necessary steps for elimination of harmful interference, if any, to other licensed users.

20.6. The Wireless Planning and Coordination Wing (WPC) shall have the right to inspect from time to time the installations from technical angles, to check conformity with WPC Wing's licence.

Condition 21

DISPUTES WITH OTHER PARTIES

21. In the event of any dispute of the Licensee with any party other than DOT due to any reasons whatsoever, the dispute will be sorted out among themselves and Depart of Telecom. will have no liability in any manner. However, dispute arising with other parties due to non observance of rules and regulations by the Licensee as provided in this licence, the 'Authority' will have full powers to take any action against Licensee as is provided in the relevant clause of this licence.

Condition 22

APPLICATION OF INDIAN TELEGRAPH ACT

22. The Licensee shall furnish all means and support the application of the Indian Telegraph Act 1885 and Indian Wireless Telegraphy act 1933 as modified from time to time,whenever occasion so demands. The Service is to be provided as per the provisions of Indian Telegraph Rules as modified from time to time,

22.1. The Licensee shall ensure that objectionable or obscene messages or communications ,which are inconsistent with the established laws of the country ,are not carried on his network, . In particular he is obliged to provide the tracing facilities to trace the nuisance or malicious calls, messages or communications transported through his equipment and network.

22.2. As per the provision of Section 5 of Indian Telegraph Act the Licensee will provide necessary facilities to the designated authorities of central/state Governments as conveyed by the Authority from time to time for interception of the messages passing through his network.

Annexure

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COMPLIANCE STATEMENT

This company hereby agrees to fully comply with all Technical,Commercial and General conditions of Tender document No.44-24/91-MMC including amendments/clarifications issued by the Department of Telecom without any deviations and reservations..

This company also hereby agrees to fully comply with all paragraphs of Chapter II: General conditions,Chapter /II:Operating conditions ,Chapter IV:financial conditions and Chapter V:Tariffs of document number 44-24/91-MMC(FINANCIAL) without any deviations and reservations.

Signature of the authorized signatory of the bidder/operating company

29.11.94.

(SUNIL B. MITTAL)

for and on behalf of

(Name of the company)

Schedule "D"
Annexure-I

PERFORMANCE BANK GUARANTEE

To

The President of India,
acting through The Telegraph Authority.

In consideration of the President of India acting through the Telegraph Authority (hereinafter referred to as"the Authority") having agreed to grant a licence to M/s. . . . . of . . . . . .(hereinafter called"the Licensee")to establish, maintain and operate Cellular Mobile Telephone Service (hereinafter called "the Service") as per letter of intent No..... .. . dated . . . for the grant of licence for the provision service in..... (city) (hereinafter called "the said licence") on the terms and conditions contained in the said licence, which inter-alia provides for production of a bank guarantee to the extent of Rs 2,00,00,000/- (Rupees Two Crores only) for the service by way of security for the due observance and performance of the terms and conditions of the said licence We . . . . . (indicate the name and address and other particulars of the bank) (hereinafter referred to as "the Bank") at the request of the licensee hereby irrevocably and unconditionally guarantee to the Authority that the licensee shall render all necessary and efficient services which may be required to be rendered by the Licensee in connection with and/or for the performance of the said licensee and further guarantees that the service which shall be provided by the licensee under the said licence, shall be actually performed in accordance with terms and conditions of the Licensee to the satisfaction of the Authority.

2. We the bank hereby undertake to pay to the authority an amount not exceeding Rs 2,00,00,000/- (Rupees Two crores only) against any loss or damage caused to or suffered or would be caused to or suffered by the authority by reason of any breach by the said licensee of any of the terms and conditions contained in the said licence.

3. We the bank hereby, in pursuance of the terms of the said licence, absolutely, irrevocably and unconditionally guarantee as primary obliger and not merely as surety the payment of any amount of Rs. 2,00,00,000/- (Rupees Two crores only) to the Authority to secure due and faithful performance by the licensee of all his/their obligations under the said licence.

4. We the bank hereby also undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the Authority stating that the amount claimed is due by way of loss or damage caused or would be caused to or suffered by the authority by reason of breach by the said Licensee of any of the terms and conditions contained in the said licence or by reason of the licensee's failure to perform any of its obligations under the said licence.

5. We the bank do hereby agree that the decision of the Authority as to whether the Licensee has failed to or neglected to perform or discharge his duties and obligations as aforesaid and/or whether the service is free from deficiencies and defects and is in accordance with or not of the terms and conditions of the said licence and as to the amount payable to the Authority by the bank hereinunder shall be final and binding on the bank.

6. WE THE BANK DO HEREBY DECLARE AND AGREE that the

(a) Guarantee herein contained shall remain in full force and effect **for a period of three years** from the date hereof and that it shall continue to be enforceable till all, the dues of the authority and by virtue of the said licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said licence have been fully and properly carried out by the said Licensee and accordingly discharged this guarantee.

(b) The Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said licence or to extend time of performance of any obligations by the said Licensee from time to time or to postpone for any time or from time to time any of the powers exercisable by the authority against the said Licensee and to forebear or to enforce any of the terms and conditions relating to the said licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said licensee or forbearance act or omission on the part of the authority or any indulgence by the Authority to the said licensee or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision have effect of so relieving us.

(c) Any claim which we have against the Licensee shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the Licensee.

7. We the BANK undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

Dated .. . . . . day . . . . . for . . . . . .
(name of the bank)

Witness :

1.. . . . . .

2... . . . . .

ANNEXURE II

Financial Bank Guarantee

To
The President of India
acting through The Telegraph Authority

In consideration of the President of India acting through the Telegraph Authority (hereinafter called 'the Authority') having agreed to grant a licence to M/s _____of_____ (hereinafter called 'the Licencee') to establish ,maintain and operate Cellular Mobile Telephone Service (hereinafter called 'the Service') as per licence no._____dated_____(hereinafter called 'the said Licence') on the terms and conditions contained in the said Licence, which interalia provides for production of a Bank Guarantee to the extent of annual licence fee of Rs._____(_____in words) and other charges to be paid under the said licence by way of security For payment of the said licence fee as well as such other fees or charges required to be paid by the Licencee under the Licence We_____ (indicate the name and address and other particulars of the Bank)(hereinafter referred to as 'the Bank') at the request of the Licencee hereby irrevocably and unconditionally guarantee to the Authority that the licencee shall pay all the dues, including but not limited to, the licencee fee, access charges etc. to the Authority .

2. We, the Bank, hereby undertake to pay to the Authority an amount not exceeding Rs._____(Rupees_____only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any failure of the licencee to pay all the above mentioned fees, dues and charges or any part thereof within the period stipulated in the licence.

3.We, the Bank, hereby further undertake to pay as primary obliger and not merely as surety to pay such sum not exceeding Rs._____ (Rupees _____Only) to the Authority immediately on demand and without demur stating that the amount claimed is due by way of failure of the licencee to pay any fees or charges or any part thereof in terms of the said licence.

4. WE ,THE BANK, DO HEREBY DECLARE AND AGREE that the decision of the Authority as to whether Licencee has failed to pay the said Licence fees or any other fees or charge or any part thereof payable under the said Licence and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on us."

5. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the

(a) Guarantee herein contained shall remain in full force and effect for a period of One Year from the date hereof and that it shall continue to be enforceable till all the dues of the Authority and by virtue of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said licence have been fully and

properly carried out by the said Licencee and accordingly discharged this guarantee.

(b) The Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said License or to extend time of performance of any obligations by the said Licensee from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said Licensee and to forbear or to enforce any of the terms and conditions relating to the said Licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said Licensee or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said Licensee or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

(c) Any claim which we have against the Licensee shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the Licensee.

4. We the BANK undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

Dated_____day_____ for _____
(name of the Bank)

Witness:

1.....

2.....

(18)

This is regarding signing of cellular licence agreement for 4 metro cities. The letters of intent were issued to 8 selected companies. All the companies have submitted bank guarantee and 10% of the Ist year Licence fee by the due date i.e. 21.11.94 to VLF cell ~~etc~~. While the drafts towards 10% licence fee have been deposited by VLF with PAO HQs, the Bank guarantees have been made over to TM CEll. The same are being checked for correct format. The banks have also been written to verify the issue of these bank guarantees. It is proposed as follows:

1. Since the last date for signing the licence agreement as given in the LOI is 30th November, we may perhaps not wait for the verifications from banks since it is in the nature of a formality and in any case 10% of Ist year's licence fee has been paid by means of bank draft.

2. The licence agreement for cellular has already been approved. However, some issues were raised by the prospective service providers in a meeting with Chairman (TC). Since some of the issues have financial implications, there are being finalized in consultation with VLF. However the modifications if any in the licence agreement will require the approval of Chairman (TC). It may be decided whether the licence agreement as already approved can be signed by the due date i.e 30.11.94 and amendments arising due to the issues as above can be issued later on the modified LA is to be signed in which case we may have to extend the last date of signing. If it is decided that all issues will be sorted out before signing the agreement, it is proposed to extend the date of signing the same by 10 days i.e. till 9.12.94. A.

3. We may also nominate an officer to sign the licence agreement on bahalf of DG Telecom.

Submitted for kind consideration please.

28/11/94

(KULDIP SINGH)
Director (TM-I)

DDG (TM) 'A' may be approved
Shri Kuldip Singh Dir TM-I may be authorised to sign on behalf of the Govt.

28/11/94

Adv (O)

Chairman (TC)

Advisor (O)

29.XI.94.

Prasaran 29/11/94

— 55 — VLF cell

Part

17

With reference to the LOI for cellular Service for A Metro cities vide LOI No 892-1/92 TM Vol III, please find enclosed herewith the Bank guarantees in respect of telecom Service providers as per detail below.

	Place	DD for Rs	Financial Guarantee	Performance Guarantee
		In lakhs of rupees		
(1) M/s Sterling Cellular Ltd	Delhi	20	180	200
(2) M/s BPL Systems	Bombay	30	270	200
(3) M/s Bhoorti Cellular Ltd	Delhi	20	180	200
(4) M/s Mobile Telekom Services Ltd	Madras	10	90	200
(5) M/s Usher Martin Telekom Ltd	Calcutta	15	135	200
(6) M/s Skycell	Madras	10	90	200
(7) M/s Hutchison	By	30	270	200
(8) M/s Indian Telecom Pvt Ltd	Cal	15	135	200
		150	1350	1600

All the drafts referred above deposited in Finance Dept of Telecom for Crediting in RBI.

All the banks which have given guarantee in respect of above referred Concern have been addressed to Confirm the Bank guarantees, as authentic, and to reply to DIR (TM-1) Copy enclosed.

We may send 8 Financial bank guarantee and 8 Performance bank guarantee and all letters received from above Concern to DIRector (TM-1) for proper Custody and to their record.

Submitted please

J Sudy
(T. SUNDAR)
AO(I&M)

Pl. obtain proper acknowledgement from TM Branch.

Man Gul
24/11

for n.a.p.
AD(TM-II)

ADG(VLF)
DIR(TM-1)

Received
AO(I&M)
DIR(TM-1)

ADG(TM-TD)

Annexure-II

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS
TELECOM COMMISSION

LICENSE AGREEMENT

FOR

CELLULAR MOBILE TELEPHONE SERVICE

IN

MAHARASHTRA CIRCLE

No:842-57/95-VAS

(TOTAL PAGES)

(VAS-I)

Licence Agreement

This Agreement made on the 12th day of December, 1995 on behalf of and between the President of India acting through "Shri Kuldip Singh, The Director (VAS-I) Department of Telecommunications, Sanchar Bhawan, 20-Ashoka Road, New Delhi-110001 (called the Licensor) of the ONE PART and M/s Birla Communications Ltd., a company ,registered under The Companies Act 1956 and having its registered office at Industry House, 159 Churchgate Reclamation, Bombay - 400 020represented as holder of General Power of Attorney by shri Raghuvir Bhandari in accordance with the board resolutions No. Nil dated 18.3.95 and 4.10.95 (hereinafter called the Licensee which expression shall unless repugnant to the context, include its successor in business or permitted assigns) of the OTHER PART.

Whereas in exercise of the powers under Sub Section(2) of Section 4 of the Indian Telegraph Act 1885, the Central Government delegated its powers to Telegraph Authority (hereinafter referred to as "Authority")by GSR 806 Gazette of India, Part II , Section 3(i) dated 24th August 1985.

And whereas pursuant to the request of the Licensee the Licenser acting through the Authority has agreed to grant licence to the Licensee on the terms and conditions appearing hereinafter to establish , maintain and operate Cellular Mobile Telephone Service upto subscriber's terminal connection (hereinafter called the service)in the area Maharashtra Circle (excluding the local areas served by Kalyan Telephone Distt.) and the Licensee has agreed to accept the same on the terms and conditions appearing hereinafter.

Now this Agreement witnesseth as follows:

1. In consideration of observance of mutual covenants as well as the licence fee payable in advance in terms of schedule 'B' and due performance of all the terms and conditions on the part of the licensee, the Licensor does hereby grant on non-exclusive basis licence to establish , maintain and operate Cellular Mobile Telephone Service upto the subscriber's terminal connection in the area " **Maharashtra Circle (excluding the local areas served by Kalyan Telephone Distt.)** (hereinafter called the Area) on the terms and conditions mentioned in Schedule "B" annexed hereto.

2. The licence is granted initially for a period of 10 years. The licence fee payable is given in Condition 19,Schedule 'B' annexed to this licence. The licence is extendable by five years or more at the discretion of the authority, unless terminated earlier under Condition 15 , Schedule 'B', on suitably revised terms and conditions, as the Licensor may, at his sole discretion, agree, provided that the Licensee is not in default or has not committed/any breach of any terms and conditions of the Licence.

3. The licence shall be governed by the provisions of the Indian Telegraph Act 1885 and Indian Wireless Telegraphy Act 1933 as modified from time to time.

4. Unless otherwise mentioned in the subject or context appearing hereinafter all the schedules annexed hereto including the tender documents (No. 11-28/94-MMT(TM) and the replies to queries issued in terms of clause 3 of section II of part I of the tender document) shall form part and parcel of this agreement provided, however incase of conflict or variance, the terms set out in the main body of the agreement shall prevail.

5. In this Agreement, words and expressions will have the same meaning as is respectively assigned to them in the Schedule "B" part I.

6. The Licensor may at any time revoke the licence by giving a notice of 30 days on the breach of any of the terms and conditions herein contained or in default of any payment due and payable hereunder.

7. The licensee shall clearly indicate the specifications of the service to the subscribers at the time of entering into contract with such subscriber.

8. The maximum Tariff charged from the subscriber of the service will be limited to as given in Schedule "A" annexed hereto, but any lesser amount of tariff can be charged without any reference to the Authority.

9. The bank guarantee of requisite amount shall be furnished from time to time by the licensee as provided in Schedule 'B', annexed hereto.

10. The Licensee shall not, assign or transfer the licensing rights in any manner whatsoever under the licence 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 servants.

11. Prior approval of the Authority shall be obtained by the Licensee before he enters into any agreement with another licensee on Telecom. operations either in the same territoral circle or in any other territoral circle.

12. In case of interruption of service lasting for more than 72 hours, an appropriate rebate shall be given to the subscriber of the service by the Licensee.

13. The Licenser reserves the right to, incase of a default, impose any penalty as it may deem fit.

14. Notwithstanding anything contained hereinbefore, it is further agreed and declared by the parties ,that

(i) The licence is issued on non-exclusive basis for ten years and the licence will be issued to two franchisees for the Area. However, DOT reserves the right to operate the Service in the Area directly or through a designated public authority. Provided further that a pilot project may always be approved and licenced for any period, by the Authority, for providing new technology or management techniques or both.

(ii) The Licensor reserves the right to modify at any time the terms and conditions of the licence covered under Schedules "A", "B" and "C", annexed hereto, if in the opinion of the Authority it is necessary or expedient to do so in the interests of the general public or for the proper conduct of telegraphs or for security considerations and reasons.

(iii) The Licensor reserves the right to revoke the licence at any time in the interest of public by giving a notice of 60 days from the receipt of such notice.

(iv) Notwithstanding anything contained anywhere else in the licence the Authority's decision shall be final and conclusive.

(v) The authority reserves the right to take over the entire services and networks of the licensee or revoke/ terminate /suspend the licence in the interest of national security or in the event of a national emergency/war or low intensity conflict or similar type of situations. Further , the Authority reserves the right to keep any area out of the operation Zone of the service if implications of security so requires.

15. The licencee may use encryption for subscribers authentication and also for Voice and Data as envisaged in GSM recommendations ,subject to the condition that suitable monitoring facilities shall be provided as and when required by the authority.

16 The licence is granted on the express condition that the equity of foreign promoter(s) whose networth or experience or both have been taken into consideration for determining the eligibility of the licensee shall not fall below 10% of the total aggregate for a period of 3 years from the effective date. Further the equity of the Indian promoter(s) of the licensee shall not fall below 10% of the total aggregate or the equity held at the time of bidding whichever is lower for a period of 3 years from the effective date. The present equity of such Foreign & Indian Promoter(s) is laid below:

	Promoter/Partner	Country	Equity in the LICENSEE Company
1.	Grasim Industries Ltd.	India	15.300
2.	Hindalco Industries Ltd.	India	15.300
3.	Indo-Gulf Fertilisers & Chemicals Corpn. Ltd.	India	11.475
4.	Indian Rayon & Industries Ltd.	India	08.925
	Total		51.000
5.	AT&T Cellular Pvt. Ltd.	Mauritius	49.000
	Total		100.000

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed through their respective authorized representatives the day and year first above written.

Signed and Delivered for and on behalf of President of India

by Sh. Kuldip Singh

Director (VAS-I)
(Designation)

(VAS-I)

12.12.95

Signed on behalf of M/s Birla Communications Ltd., Bombay-25, by Shri Raghuvir Bhandari ,holder of General Power of Attorney executed in accordance with the Resolutions No. Nil dated 18.9.95 and 4.10.95 passed by Board of Directors,

in the presence of:

Witnesses:-

1. Rajan S. Mathews. Rajan S. Mathews

2. V. Mayil Vaganan
AD(VAS-I)

- 5 - V. Mayil 12/12/95

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Schedule "A"

Ceiling Tariff

1.	Monthly Rental for the Service	- Rs. 156/- per month.
2.	Security Deposit	- Rs. 3000/-
3.	Installation Charges	- Rs. 1200/-

4. Call Charges :-

4.1. for calls originated by the Mobile Subscriber :- Air time charge @ 10 seconds per unit call plus call charges as applicable for the fixed network for Local, STD, and ISD calls. For mobile to mobile calls within the same Cellular Service area, only air time charges will be levied.

4.2. for calls terminating on the Mobile subscriber - Air time charge @ 10 seconds per unit call will be levied. No charge will be levied to the mobile subscriber if the mobile subscriber terminates an incoming call within 5 seconds.

5. Notes on tariff :

5.1. Call duration will be on air time basis for mobile subscribers.

5.2. The air time unit call shall be charged at unit rate applicable to the highest slab of the DOT's fixed net work (Rs. 1.40 per unit at present). The unit rate shall be applied as above for all calls and there are no telescopic rates.

5.3. Call charges for the air time during peak hours shall be fixed at rates not exceeding double the rates prescribed in para 4 above. Peak hours shall be restricted upto a maximum of 4 hours per day ending at 12' clock in the night.

5.4. Call charges for the air time during Sundays and 3 National holidays (15th August, 26 January & 2nd October) shall be half the rates prescribed in para 4 above.

5.5. For calls from mobile subscriber to the fixed network, the Licensee shall charge the mobile subscriber at the rates prescribed by the Authority according to time and day of the call. Unit rate for such calls shall be the highest slab rate of the DOT's fixed net work (Rs. 1.40 at present). The unit rate shall be applied as above for all calls and there are no telescopic rates.

5.6. There are no free calls to be given in the air time.

5.7. For calls originating from the fixed network to mobile, the mobile subscriber will be charged for the air time and DOT will not have to pay any access fee to the Cellular Operator. The air time charges will be collected by the Cellular Operator.

5.8 For mobile to mobile both the caller and called party will be charged.

6. This proposed tariff for rental does not include any charges for the Mobile Terminal Equipment. Subscriber will be free to obtain the mobile terminal at his option from any source subject to interface approval by DOT or an agency authorised by DOT in this behalf.

7. All tariff increase shall be subject to prior approval of the Authority . However, the lower rate of tariff for the service may be charged by the Licensee from the Mobile Subscribers without any prior approval of Authority , but such charges may be intimated in advance to the Authority at least ten days prior to their implementation.

8. Any amount of tax or duty if imposed on service can be recovered in addition to the prescribed ceilings.

9. The prevalent tariff is subject to review if undertaken after one year from the effective date by Government of India or the Telecom Regulatory Authority of India (TRAI) as and when becomes functional.

Schedule "B"

PART I :

DEFINITIONS, INTERPRETATIONS AND
TRANSITIONAL PROVISIONS RELATING TO THE CONDITIONS

1. In these conditions unless the context otherwise requires:

(a-1) "the Auditor" means the Licensee's auditor for the time being appointed in accordance with the requirements of the Companies Acts 1956.

(a-2) "Authority" shall refer to the Director General, Telecommunications, Government of India, and includes any officer empowered by him to perform all or any of the functions of the Authority.

(b) "Base Station" means a fixed radio transmitter/receiver station which provides a link between the mobile telephone station and MSC.

(c) "Base Station Area" means the part of the network covered by a base station and every mobile station in a base station area can be reached by the radio equipment of the base station.

(d) "Cell" means a geographical area served by Station for Wireless Telegraphy which is dedicated to transmitting or receiving Messages which have been or are to be conveyed by telecommunication systems designed or adapted to be capable of being used while in motion situated for the time being in that area.

(e) "Cellular Mobile Telephone Service "means telecommunication service provided by means of a telecommunication system for the conveyance of Messages through the agency of wireless telegraphy where every Message that is conveyed thereby has been, or is to be,conveyed by means of a telecommunication system which is designed or adapted to be capable of being used while in motion;

(f) "Cellular Telecommunication System" means a telecommunication system in which:

(g) "Service Area" connotes the geographical limits within which the Licensee may operate and offer the Services.

(ii) the area in which services are provided is divided into a number of Cells;

(iii) stations for Wireless Telegraphy comprised in the system are automatically controlled by a central processor;

(iv) the radio frequencies used to connect the Stations for Wireless Telegraphy comprised in the system to telecommunication systems which are designed or adapted to be capable of being use while in motion are assigned automatically;

(v) conveyance of message which is in progress as the telecommunication system designed or adapted to be capable of being used while in motion transmitting or receiving the Messages which are being conveyed moves from Cell to Cell is Handed-Off automatically; and

(vi) the strength of the emissions of the Stations for Wireless Telegraphy is automatically controlled so as to secure as far as is technically possible that each Station for Wireless Telegraphy can effectively provide services only in the Cell in which it is located;

(h) "Connectable System" means a telecommunication system which is authorised to be run under a Licence which authorizes connection of that system to the applicable System;

(i) "Connection Service" means a telecommunication service consisting in the conveyance of any Message which has been, or is to be conveyed by means of the Applicable Systems;

(j) "Effective date" is the date by which the licensing agreement comes into effect and the "effective date" is reckoned with effect from the date, the license agree ment is signed after payment of appropriate component of licence fee.

(k) "Fixed Wireless Telegraphy Station" means any Station for Wireless Telegraphy or Wireless Telegraphy Apparatus which is not used while in motion and which is not used to provide Mobile Radio Telecommunication Services;

(l) "Handover" means the action of switching a call in progress from one radio channel to another radio channel and is used to allow established calls to continue by switching them to another radio source, e.g. when mobile stations move from one base station area to another.

(m) "Licence" means a licence granted or deemed to have been granted under section 4 of the Indian Telegraph Act 1885 and Indian Wireless Telegraphy Act 1933.

(n) "Licensee" shall refer to a registered Indian Company or a corporation to whom licence is awarded for providing the Cellular Mobile Telephone Service .

(o) "Licensor " shall refer to the Director General ,Telecommuni-

cations , Government of India (DOT) or somebody else , so authorised to grant licence under Section 4 of Indian Telegraph Act -1885 and Indian Wireless Telegraphy Act 1933, unless otherwise specified.

(p) "Message" means anything falling within Sub-section (3) of Section 3 of the Indian Telegraph Act 1885;

(q) "Mobile Station" means a station in the mobile service intended to be used while in motion or during halts at unspecified points.

(r) "Mobile Switch Control also known as MSC, Area" means the part of the network covered by such MSC and an MSC area may consist of one or several location areas.

(s) "Operator" means any person who is authorised by a Licensor to run a Relevant Connectable System;

(t) "Public Land Mobile Network" means a network, established and operated by Department of Telecom. or its licensed operator(s), for the specific purpose of providing land mobile communication services to the public and it provides communication possibilities for mobile users though for communication between mobile and fixed users interworking with a fixed network is necessary.

(u) "Public Switched Network" means a switched ; fixed specified public telecommunication System providing a two-way switched telecommunication service;

(v) "Quality of Service" is evaluated on the basis of observable measures on the grade of service, calls lost due to wrong processing, the bit error rate or the response time, and also includes acceptable grade of number of faults per unit population of the subscribers served, the Mean Time To Repair (MTTR), faults carried over beyond the MTTR and the satisfactory disposal thereof.

(w) "Relevant Connectable System" means a Connectable System which is authorised to run under a Licence which authorizes the provision by means of that System of Connection Services for reward to the public, or any class of the public, not being a system ;

(i) authorised to be run under a Licence granted to all persons or persons of any class; and

(ii) for the connection of which, and for the provision of matters necessary for such connection, the Licensee offers standard terms and conditions which satisfy the requirements of Condition 9; Part II of this Schedule.

(x) " Service Area" defines the geographical limits within which

the Licensee may operate and offer the services.

(y) "Specified Public Telecommunication System" means the public telecommunication systems run by Department of Telecommunications or Mahanagar Telephone Nigam Limited or any other public telecommunication system which is specified by the Authority for the purpose of this Licence .

(z) "Station for Wireless Telegraphy" and "Wireless Telegraphy Apparatus" have the same meaning as laid in the Wireless Telegraph Act 1933.

(aa) "Switched Fixed Telecommunication System" is a telecommunication system by means of which Messages are switched incidentally to their conveyance by means of that system and where, if any such conveyance is by means of wireless telegraphy, such conveyance is by means of Fixed Wireless Telegraphy Stations;

(ab) "Telephone" means an item of telecommunication apparatus capable when connected to the Applicable System, of transmitting and receiving uninterrupted simultaneous two way speech conveyed, or to be conveyed,as the case may be ,by means of that System.

(ac) The term "DOT" means Department of Telecommunications.

(ad) "Validity of the Licence " is the period for which the licence may be effective.

(ae) "Value Added Service" means any Service the provision of which necessarily involves both the running of a telecommunication system and the provision by means of that system of a Service (other than a directory information service), which is in addition to the conveyance (not including switching) of Messages by means of that system and switching incidental to such conveyance.

(af) "W .P. C. " means Wireless Planning and Co-ordination.

PART II : THE APPLICABLE SYSTEMS

The APPLICABLE SYSTEMS are Cellular Mobile Telecommunication Systems conforming to GSM (Group Special Mobile or Global System for Mobile Communications) standards issued by European Telecom Standards Institute and as specified by the Tender No. 11-28/94-MMT(TM) within the Service Area as given in this licence.

PART III TERMS AND CONDITIONS

Condition 1

REQUIREMENT TO PROVIDE THE SERVICE

1.1 The Licensee shall install and run Applicable Systems within 12 months of the effective date.

1.2 The Licensee shall operate and provide the Services. He will be solely responsible for the installation, networking, operation, treatment of the complaints, issue of bills to his subscribers, collection of his component of the revenue, claims, damages arising out of this operation.

1.3 For the purpose of providing the SERVICES, he shall install equipment conforming to the GSM standards and to meet the Technical Specifications of Tender Document No. 11-28/94-MMT(TM) and clarifications issued thereof. In the interest of security, suitable monitoring equipment for every type of system used will be provided for monitoring as and when required by the authority.

1.3.1 The mode of ownership of terminal/mobile telephone will be at the option of the subscriber. This will be subjected to interface or type approval by Authority or an agenct authorised by Authority.

1.4 In the process of operating the Services, the Licensee shall be responsible for -

i) The installation of the sites excluding the installation of the equipment at the subscriber's premises which will be left at the option of the subscriber.

ii) the proper upkeep and maintenance of the equipment;

iii) maintaining the criteria of performance;

iv) maintaining the MTRR within the specified scope.

1.5 The LICENSEE will have to make his own arrangements for all infrastructure required for providing the SERVICE.

1.6 The Licensee is responsible for the measurement of the messages, in units, in segments of kilobytes or as the case may be and shall keep a record of the same for the purposes of billing in so far as his equipment and the Services are concerned. The Licensee shall maintain all commercial records with regard to the communications exchanged on the network till the Authority clears the same for destruction. Such records shall be archived for atleast one year for scrutiny by the Authority for security reasons

1.7 The LICENSEE shall warrant that SERVICES to be provided shall be of the agreed grade , consistent with the established

and generally accepted standards and shall perform in full conformity with the SPECIFICATIONS , drawings and more particularly with the performance criteria listed for the QUALITY OF SERVICE. The LICENSEE shall be responsible for repair of defects and making good any degradation in the QUALITY OF SERVICE during the currency of the licence.

Condition 2

INSTRUCTIONS FOR THE INSTALLATION OF TELECOMMUNICATION APPARATUS

2.1 The Licensee shall within three months of the date on which this Licence comes into force, and from time to time as the Authority may require, furnish details of the installation and other related aspects to the Authority. He shall also submit report of progress every month within 7 days of the end of such month.

2.2 The first site and any new version offered by the Licensee, may be validated, if the DOT is so convinced of the necessity, to confirm that all the operative parameters effective in the network, are within the specified limits. If a validation does become necessary, the validation schedule shall be mutually agreed to.

2.3 Licensee shall ensure that the Telecommunication installation carried out by him shall not become a safety hazard and is not in contravention of Pollution Laws. He will ensure this by taking all possible steps for safety during the installation and during the currency of the licence.

Condition 3

DELIVERY OF THE SERVICES :

3.1 (i) The Licensee shall be responsible for installation, testing and commissioning of all the equipment to provide the Services. However all performance tests considered neccessary for successful commissioning of the services shall be carried out by Authority before the services are commissioned for public use. The licensee shall supply all necessary literature, drawings, installation materials regarding the equipment installed for commissioning of the services. The licensee shall supply all the tools, test instruments and other accessories to the testing party of the Authority for conducting the tests. The Authority has absolute right to measure the Quality of Service during the currency of the licence as and when required .Notwithstanding anything laid above, the Quality of Service shall be measured and and if acceptable to Authority clearance shall be granted before bringing into commission the Services .

(ii) List of performance tests, to ascertain quality of service, will be furnished at the time of commissioning of service.

3.2. (i) The licensee shall provide the services within twelve months of the effective date.

(ii) The time required for performance tests by Telecom Authority is included in the 12 months commissioning period. The licensee shall offer the services for such testing at least 30 days in advance so that time do not overrun . Delay caused due to rectification of deficiencies, if any, in the commissioning of service will be to the account of the licensee. At least 10% of the District Headquarters will be covered in the Ist year and 50% of the District Headquarters will be covered within 3 years of effective date.

Condition 4

INTERCONNECTION WITH NETWORK OPERATED BY DOT AND MTNL

4.1. The resources required for operation of the Services, for extending them over the network of the DOT and MTNL and any other service provider licensed by the Authority will be mutually agreed between the parties and shall be listed. The resources may refer to include but not limited to - physical junctions, PCM derived channels, private wires, leased lines, data circuits, other communication elements. The Licensee shall apply for and obtain from the DoT the determined resources. The operation and charge of the traffic passed through these resources shall be treated on the basis of the prevailent rules and the guidelines of the DOT on the subject.

4.2 Necessary interface specification and requirements with full details with DOT/MTNL equipment for inter connecting the Cellular Mobile Telephone Equipment shall be furnished by the Licensee to the 'Authority' within 90 days from the effective date . The Authority will have the right to decide based on genuine needs of the Licensee, the extent of the equipment required .

4.3 The Acceptance Testing for every interface with the DOT and MTNL network shall be carried out by the Acceptance Testing party of the DOT/MTNL. The Acceptance Testing schedule shall be mutually agreed to.

4.4 All long distance connectivity outside the service area will be through PSTN Network of D.O.T. The licencee is ,however, free to set up long distance links within the service area. Further , he may, locate the MSC/MSCs anywhere in the service area and interconnect them directly .

Condition 5

COMPLAINT - BOOKING AND TREATMENT

5.1 The Licensee shall be responsive to the complaints lodged by his subscribers. He shall rectify the defects or anomalies within the MTTR specified in the scope of the QUALITY OF SERVICE.

5.2 The Licensee shall equip with adequate mechanisms to entertain complaints from his subscribers, test the part of the equipment and external plant wherever relevant, and take such corrective measures to bring the faulty elements back into satisfactory operation. He shall maintain the history sheets for each installation, statistics and analysis on the overall maintenance status. The MTTR agreed to amongst the criteria in the Quality of Service shall be respected. Whenever the target number of faults per unit population of the subscribers is exceeded, or whenever the Time To Repair exceeds TWICE the MTTR agreed to , he shall, within TWENTY FOUR HOURS bring the same to the notice of the Authority.The Licensee shall also widely publish the information relating to the recovery procedures, relating to the performance of all the equipment in his control.

5.3. The licensee shall keep a record of the first information of all faults reported by his subscribers and the rectification of the faults thereof. The record of faults be sufficient to give particulars relevant to evaluate the service quality based on the criterion mentioned in Para 5.2.

Condition 6

METERING

6.1 The Licensee shall take all reasonable steps to ensure the accuracy and reliability of any meter used in connection with the Applicable Systems and shall keep such records as may be determined by the Authority to be necessary in relation to any meter which appears to him to be a source of difficulty.

6.2 Where a meter which is to perform any particular function in connection with any of the Applicable Systems has been approved by Authority, then the Licensee shall not, unless the Authority agrees otherwise, use any other meter in connection with that System to perform that function unless it is:

(a) so approved; and
(b) being used in compliance with any conditions specified in that approval

OR

it is of a type comprised in the Applicable Systems before that approval is given.

6.3 The metering being essence of the amount to be charged from the subscriber shall be suitably secured so that it is not accessible to all staff members of licensee but only to a specified few and authorised representative of "Authority".

6.4 The record of metering shall be maintained on fortnightly basis by the Licensee while the billing schedule may be longer, if required, than that of metering.

Condition 7

ISSUE OF BILLS TO SUBSCRIBERS

7.1 It shall be responsibility of the Licensee, to issue or cause to issue of the bills to his subscribers . The Licensee can issue bills only to the extent of those messages and for the duration, where applicable, carried on the Cellular System at rates prescribed by the Authority.

7.2 The billing shall be subject to audit by the Authority. Billing and /or collection may be done by DoT, if so requested, on mutually agreed terms and conditions.

7.3 The operator shall provide detailed itemized billing information to those subscribers who may like to have it by making a written request in this regard.

7.4The billing cycle may not be less than one month or more than three months for any connection provided under this licence.

Condition 8

RIGHT TO INSPECT

8.1 Site Inspection :

The Authority, or its authorised representative shall have the right to inspect the sites where from and to the Services are extended. The Authority shall, in particular but not limited to, have the right to access to lines, junctions, trunks, terminating interfaces, processing hardware/software, memories of live, magnetic, optical and any other varieties, wired options, distribution frames, and to enter into dialogue with Input / Output devices or terminals. The licensee will provide the necessary infra-structure for continuous monitoring of the same if required by the Authority or his authorised representative for national security reasons. No prior permission/ intimation shall be required to exercise the right of Authority to carry out the inspection.

Condition 9

ALTERATIONS TO THE APPLICABLE SYSTEMS

9.1 The Licensee shall from time to time inform the Authority and provide with such additional information as may reasonably ber required about any proposal for change to the Applicable Systems or to any apparatus comprised therein or to any stored commands or protocol, which the Licensee may reasonably anticipate from the facts known to him.

(i) running any Connectable System which is likely to be connected to the Applicable Systems;

(ii) producing or supplying telecommunication appa ratus or telecommunication systems for connection to the Applicable Systems without becoming comprised in them materially to modify, or, as the case may be, to replace or cease to produce or supply, any item of telecommunication apparatus connected or to be con nected to the Applicable Systems.

9.2 The Licensee shall prepare and publish in consultation with the Authority but not later than six months after the date on which this licence comes into force a statement of its procedures for consulting, and giving advance notice to, the persons likely to be affected by such changes and shall continue to adhere to those procedures.

9.3(a) "To modify" in relation to any other apparatus or System means in this Condition to make any alteration to that Apparatus or System which may be necessary to ensure that any Message which has been or is to be conveyed by means of any of the Applicable Systems connected or to be connected to that Other Apparatus or System is capable of being properly conveyed by that other apparatus or system or by that Applicable System as the case may be.

(b) "Other Apparatus or System" means any telecommunication apparatus or telecommunication system together with any protocol, message format or stored command in such apparatus or system connected or to be connected to but not comprised in any of the Applicable Systems.

Condition 10

PUBLIC EMERGENCY CALL SERVICES

10.1 Any member of the public using telecommunication apparatus which is lawfully connected to any of the Applicable Systems at any place in the Service Area and which is capable of transmitting and receiving unrestricted two way voice telephony services shall be provided with a Public emergency Call Service, that is to say a

telecommunication service by means of which any such member of the public may at any time and without incurring any charge, communicate by means of any such apparatus, as swiftly as practicable with an appropriate Emergency Organisation Control Centre for the purpose of notifying them of the nature and location of an emergency.

10.2 For the purposes of this Condition telecommunication apparatus shall only be regarded as capable of transmitting and receiving unrestricted two way voice telephony services if it is capable of both:

(i) transmitting for conveyance by means of an Applicable System specific signals designated by the Licensee for the purpose of establishing communication with voice telephony apparatus controlled by the Emergency Organisations; and

(ii) transmitting and receiving uninterrupted simultaneous two way speech conveyed, or as the case may be to be conveyed, by means of that Applicable System.

Condition 11

FORCE - MAJEURE :

11.1 If at any time, during the continuance of this licence, the performance of any obligation either in whole or in part by any party shall be prevented or delayed, by reason of war, or hostility, acts of enemy, civil commotion, sabotage, fire, flood, act of State or statutory authority, explosion, epidemic, quarantine restriction, strikes, lock-out, or act of GOD (hereinafter referred to as EVENT), provided notice of happenings of any such EVENT is given by either party to the other, within 21 days from the date of occurrence thereof, neither party shall, by reason of such EVENT, be entitled to terminate this licence, nor shall either party have any claim for damages against the other, in respect of such non-performance or delay in performance. Provided Services under this licence shall be resumed as soon as practicable, after such EVENT may come to an end or ceases to exist. The decision of the Authority as to whether the Services may be so resumed or not, shall be final and conclusive.

11.2 If the service remains discontinued due to such force majeure event for more than two months than the parties shall meet together and discuss the future course of action.

11.3 The Authority shall not be obliged to grant any rebate in Licence fee on account of EVENT referred to in para 11.1 above, where the Authority decides to continue the Service. Appropriate rebate in Licence fee may be allowed by the Authority where it ultimately decides to discontinue the Service. In the latter case , rebate in Licence fee shall be allowed to the Licensee for passing it on to the bonafide users of that Service.

Condition 12

PERMITTED SERVICES

12.1 The Licensee or his collaborator shall be a member/signatory of the GSM MOU and the membership shall remain valid over the period of the licence. The Licensee will follow the decisions of the GSM MOU and implement such services as decided by the Authority.

12.2 The Licensee shall provide all essential or mandatory features of the service as per GSM MOU well in advance but not later than 90 days from the date of commissioning. However, the supplementary or optional features may be provided at any time at the option of the licencee after indicating to the Authority .

12.3 The Licensee shall provide unrestricted access for his subscribers to all services including value added services available on PSTN.

12.4 The Licensee shall not engage in the business of the provision of Value Added Services based on the cellular mobile service without specific written permission of the Authority.

12.5 For the avoidance of doubt, it is hereby declared that nothing contained in Condition 12.4 above shall preclude the Licensee from engaging in advertising and promotional activities relating to any of the Applicable Systems or from assembling any telecommunication apparatus comprised or to be comprised in any of the Applicable System.

Condition 13

REQUIREMENT TO FURNISH INFORMATION TO THE AUTHORITY

13.1 a) Subject to Condition 13.2, the Licensee shall furnish to the Authority, in such manner and at such times as the Authority may reasonably request, such documents, accounts, estimates, returns or other information and procure and furnish to it such reports as it may reasonably require for the purpose of exercising the functions assigned to it.

b) In the interest of security, billing records will be preserved for a period of one year and made available to th authority or it's agent as and when so required.

13.2 The Licensee may not be required to procure or furnish a report which shall not normally be available to him unless the Authority considers the particular report essential to enable it

to exercise its functions.

13.3 Engineering details:

(a) The Licencee shall furnish complete technical details with all calculations for engineering, planning and dimensioning of the system/ network etc.

(b) The detailed calculations about link engineering, field strength, signal penetration inside the buildings including basements etc shall be provided.

(c) The details of coverage for each transmitters shall be provide.

(d) All the transmitter sites with coverage, MSC & base station sites shall be clearly indicated in the map.

The above details be provided within two months of the signing of the Licence Agreement.

Condition 14

LIQUIDATED DAMAGES

14.1 The date of delivery of the Service stipulated in this license shall be deemed as the essence of the contract and the Service must be brought into commission not later than such date specified therein. Extension will not be granted but if the Service is brought into commission after the expiry of the date of commissioning , without prior written concurrence of the licensing authority and be accepted by Authority, such commissioning will not deprive the Authority of its right to recover liquidated damages under this Condition. Provided the commissioning of the Service if effected within 15 days of the expiry of commissioning date than the Authority may accept the Services and in such cases the provision of the Condition 14.2 will not be attracted.

14.2 In case the Licensee fails to bring the Service or any part thereof into commission within the period prescribed for the commissioning, Authority shall be entitled to recover Rs. 5 lakh (Rupees: Five Lakh) for each week of the delay or part thereof, subject to maximum Rs. 100 lakhs (Rupees: One HUNDRED Lakhs). For delay of more than 20 weeks the licence shall be Terminated as per Condition 15.

14.3 (i) In case of impermissable delay the liquidated damages shall be calculated from the expiry date of bringing into commissioning without any grace period of 15 days as per paragraph 14.1 above. Commissioning shall mean complete installation of main equipment and offer of Service to general public, so as to meet atleast 10% of the registered demand all over the service area in accordance with 3.2(ii) ,and subject to the relevant performance/quality tests to be carried out by the Authority.

(ii) Licensee is expected to commence registering the demand for Cellular Mobile Service on award of license. For the purpose of this Clause , the demand registered within one year of the grant of license or up to date of commissioning whichever is earlier, will be taken as registered demand.

14.4 Any sum of money due and refundable to the licencee including security deposit arising out of this or any other licence may be appropriated and set off against any claim of the DOT or Telecom Authority.

Condition 15

TERMINATION OF THE LICENCE :

15.1 Termination for Default :

The Authority, may, without prejudice to any other remedy for breach of condition of licence by a written notice issued to LICENSEE 30 days in advance , terminate this licence either whole or in part under the following circumstances:-

(a) if the Licensee fails to provide any or all of the Services within the time specified in or in any extension granted thereof by the Authority,

or

(b) if the Licensee fails to perform any other obligation(s) under the licence including timely payments due to Authority;

When the Licensee, in either case of the above circumstances, does not rectify the failure within a period of 30 days or such longer period as the Authority may authorise in writing after the receipt of the default notice from the Authority.

15.2 In the event of termination of the licence either in whole or in part, the Authority shall procure upon such terms and conditions and in such manner as deemed fit, the goods and services and will make up for those not installed, not delivered or not brought into commission so as to enable providing of contracted service and the LICENSEE shall be liable to the AUTHORITY for any extra costs for such corrective efforts.

15.3 Whenever the licence is terminated or not extended, the Authority shall in order to ensure the continuity of service take such steps as necessary including the following :

i) direct the Department of Telecommunications to take over

or

ii) issue licence to another Indian Company for running the service.

The licensee shall facilitate taking over by DOT or the new licensee all The asssets as are essential for the continuity of the service. The licensee shall receive from DOT or the new licensee as the case may be reasonable compensation ,for the assets made over based on the current replacement value of the assets, their future earning capacity, and such like other relevant factors.

15.4 In case of termination of licence if the service quality is not maintained as per specifications during the notice period, it shall be treated as breach of license conditions.

15.5 Termination for Insolvency :

The Authority, may at any time terminate the licence by giving written notice to the Licensee without any compensation , if the Licensee becomes bankrupt or otherwise insolvent, provided such termination will not prejudice or affect any right of action which has accrued or will accrue thereafter to the Authority. The bank guarantee provided by the licensee will also be encashed and forfeited.

15.6 Termination for Convenience :

If the Licensee surrenders the licence, he shall give a notice of one year to the Authority as well as to the users of the service . Licensee shall however, continue to observe the criteria of QUALITY OF SERVICE during the notice period and if fails to do so than it will be treated as breach of condition of licence.

15.7 Termination for transfer of Licence :

The Licensee shall not transfer the licensing rights granted to him, to any other party. Any violation will be construed as a breach of licensing rights and the licence will be terminated in accordance with 15.1 above.

15.7 Termination for Security Reasons:

The Telecom Authority reserves the right to take over the entire services and networks of the licensee or revoke/ terminate /suspend the licence in the interest of national security or in the event of a national emergency/war or low intensity conflict type of situations.

Condition 16

ARBITRATION OF DISPUTES

(a) In the event of any question, dispute or difference arising under this licence, or in connection thereof, except as to the matter, the decision of which is specifically provided under this licence, the same shall be referred to the sole arbitration of the Director General, Telecommunications, or in case his designation has changed, or his office is abolished, then, in such case, to the sole arbitration of the officer for the time being entrusted, whether in addition to the functions of the Director General, Telecommunications or by whatever designation such officer may be called (hereinafter referred to as the said officer), and if the Director General, Telecommunications or the said officer is unable or unwilling to act as such, to the sole arbitration, then some other person appointed by the Director General, Telecommunications or the said officer.

(b) There will be no objection to any such appointment that the Arbitrator is a Government Servant, or he has to deal with the matter to which the licence relates, or that in the course of his duties as a Government Servant, he has expressed views on all, or any of the matter in disputes or in differences. The award of the arbitrator shall be final and binding on the parties. It is a term of this licence, that in the event of such Arbitrator, to whom the matter is originally referred to, being transferred or vacating his office, or being unable to act for any reason whatsoever, such Director General, Telecommunications or the said officer shall appoint another person to act as Arbitrator, in accordance with the terms of the licence and the person so appointed shall be entitled to proceed with reference to the stage at which it was left out by his predecessor.

(c) The Arbitrator may, from time to time, with the consent of the parties, enlarge the time for making and publishing the award. The Arbitration act 1940, the rules made thereunder and any modification thereof, for the time being in force, shall be deemed to apply to the arbitration proceedings as above.

(d) Upon any and every reference as aforesaid, the assessment of costs and incidental expenses in the proceedings for the award shall be at the discretion of the Arbitrator.

Condition 17

17.1PREPARATION OF ACCOUNTS:

The Licensee shall;

(a) maintain and prepare accounting records sufficient to show and explain its transactions in respect of each

complete financial year during which this Licence is in force, or of such lesser periods as the Authority may specify fairly presenting the costs including capital costs, revenue and financial position of the Licensee's business and including a reasonable assessment of the assets employed in and liabilities attributable to the Licensee's business .

(b) procure in respect of each of those accounting statements prepared in respect of a complete financial year a report by the Licensee's Auditor stating whether in his opinion the statement is accurate and adequate for the purposes of this Condition.

(c) deliver to the Authority a copy of each of the accounting statements not later than six months at the end of the period to which they relate.

Condition 18

FINANCIAL CONDITIONS

18.1 The applicable tariffs are given in schedule 'A'.

18.2 The Cellular Mobile Telephone Service will be provided by the LICENSEE under the following conditions:

i) The period of licence shall be initially for 10 years unless terminated under clause 15 above. If requested by the licensee, extension may be granted by the Authority at suitable terms for a period of five years . The decision of the Authority shall be final in the matter. The Authority shall extend or refuse extension of the licence latest by the 8th year from effective date. If no request for extension is received by then, the licence shall automatically be terminated as per due date on efflux of time.

ii) The Licensee shall deposit and maintain during the period of the licence a Performance Bank Guarantee of Rs. *----------Crore as a performance security. Performance bank guarantee shall be in the format as prescribed by the DOT and shall be submitted prior to the signing of licence agreement. The guarantee shall be valid for a period of three years and shall be renewed by the Licensee 4 months prior to expiry date for such period as may be determined by the Authority.

*(Amount of performance bank guarantee shall be Rs. 20 crores per catagory A Circle, Rs. 10 Crores per catagory B Circle and Rs. 2 crores per catagory C Circle).

iii) The Licensee shall submit a Financial Bank Guarantee from any scheduled bank, valid for two years from the date of signing of the licence agreement. The amount of the Financial Bank Guarantee is as follows:

First Year	:	(a)	Rs. 50 crores for 'A' category circle.
		(b)	Rs. 25 crores for 'B' catagory circle.
		(c)	Rs. 15 crores or first year's licnese fee which ever is lower for category 'c' circle.
Second Year	:		An amount equal to the annual licence fee payable for second year.

The licensee shall renew the bank guarantee if the escrow account is not healthy by the relevant time or when otherwise desired by the Authority.

iii) **Terminal ownership:** The mode of ownership of terminal equipment will be at the option of the subscriber. This will be subject to interface approval by Authority or an authorised agent by Authority.

iv) **The communication resources and other support facilities :** LICENSEE will have to make his own arrangement for all infrastructure involved in providing the service. However, the charges for such facilities provided by Deptt. of Telecom on the request of the LICENSEE will be charged for separately.

v) If the LICENSEE, has in addition, taken on lease or rent other telecommunication resources from TELECOM AUTHORITY purely for the purposes of networking his geographically dispersed equipment, these resources will be subject to additional tariff as fixed by DOT from time to time.

vi) Commercial international borrowing by the licencee shall not be more than double the foreign equity of the licencee.

Condition 19

PAYMENT OF LICENCE FEES

19.1 The Licence fee payable by the Licensee is as follows:-

Year	Licence Fee in Rs Crores
1	150.70
2	150.70
3	150.70
4	150.70
5	150.70
6	180.84
7	180.84
8	180.84
9	180.84
10	180.84
Total	1657.70

19.2 The (Cellular) licence fee for first year shall be paid in lumpsum prior to signing the licence agreement. For subsequent years licence fee for each year shall be payable in quarterly instalements in advance by way of post-dated cheques (a/c payees) drawn on any scheculed bank in Delhi or elsewhere, to be specified by the Authority, relating to the quarters of the year or part thereof in case of partial quarter if any.

19.3 For the purpose of charging the licence fee for the first year, the year shall be reckoned as 12 months beginning with the effective date.

19.4 The annual licence fee referred to above does not include Royalty fees payable to WPC Wing of Ministry of Communications (WPC) for use of Radio Frequencies which shall be paid separately by the licencee on the rates prescribed by the WPC and as per procedure specified by it.

19.5 Communication resources and other support facilities provided by the Department of Telecom or its nominee will be charged separately at prescribed rates and intervals.

19.6 (a) Within one month of signing of Licence Agreement, the licencee shall establish a separate bank account with a Scheduled Bank in India, to which all revenues accruing from the operations under this licence shall be credited. The Telecom. Authority shall have a lien on the 30% amount credited to this account subject to a maximum of amount equal to one quarter's levy plus any other amount payable due during the ensuing quarter, as assessed by the Authority. The licencee shall permit and facilitate so that such amount shall be adjusted towards the (cellular)licence fee and all other dues payable to the Authority. Adjustments of payments due shall be carried out between the Authority and the licencee on a quarterly basis in advance.

(b) The Authority may specify the estimated quarterly amounts in the beginning of the year and any balance amount may be adjusted in the last week of the quarter. If the balance amount of adjustment at the end of any quarter exceeds Rs. 2 lakhs, suitably revised amount shall be specified for the ensuing quarter. When it is clear that the specified amount for remaining quarters of the year needs to be revised, this shall be promptly done.

19.7 Till this account will not have adequate funds and becomes healthy or operative, a financial bank guarantee shall be furnished . The Authority shall decide to act as per Para 19.6 above. For the period upto the first two years after effective date , the Authority may specify 'nil' amount to the bank where escrow account is established and financial bank guarantee covering the dues to the Authority shall be available for this initial period.

19.8 In case of over-due payments, interest shall be charged on the amount due at the prime lending rate as specified by State Bank of India from time to time plus 5% (compounded monthly) .

19.9 If due payment is not received with in time plus with a grace period of 10 days, the sum shall be recovered by encashing the bank guarantee without any notice for termination of contract. DOT shall retain the option to discontinue the use of it's facilities by the vendor immediately thereafter and the Authority may also resort to action under Condition 15. This is without prejudice to any other remedy the Authority may decide to resort to.

19.10 The performance Bank Guarantee shall be submitted separately.

19.11 Access charges will be levied by Authority or its nominee in bulk for local, STD and ISD calls for the total number of metered calls at the point of interconnect to the fixed network at unit rates applicable to the highest slab of the fixed network. Bills will be raised by the Authority by the 10th of every month in respect of calls made during the previous month. These Bills shall be payable within 15 days of issue.

19.11 Annual GSM - MOU charges, if any, shall be paid separately by the Licensee.

19.12 The licensee will pay junction charges at the applicable rates for all the DOT junctions.

Condition:20

W.P.C. Wing's Licence

20.1 A separate licence shall be required from the WPC Wing of Ministry of Communications, which will permit utilization of appropriate radio frequency spectrum for the establishment & operation of the C.M.T.S. under usual terms and conditions of that licence.Grant of licence will be governed by normal rules, procedures & guidelines and will be subject to completion of necessary formalities.

20.1.1. For this purpose, an application shall be made to the "Wireless Adviser to the Govt. of India, WPC Wing, Ministry of Communications, Sardar Patel Bhavan, Sansad Marg, New Delhi -110001" in a prescribed application form available from WPC Wing.

20.2 Siting clearance in respect of each fixed station & its antenna shall be obtained from the WPC Wing for which an applicant shall apply to the Secretary, SACFA (Standing Advisory Committee on Frequency Allocations) in the prescribed application form, on the following address :-

The Secretary (SACFA)
WPC Wing, Ministry of Communications
Sardar Patel Bhavan,
Sansad Marg
New Delhi- 110001.

Note: (i) " SACFA" is the apex body in the Ministry of Communications for considering matters regarding frequency allocations and other related issues

(ii) Siting clearance refers to the agreement of major wireless users for the location of proposed fixed antenna from the point of view of compatibility with other radio systems and aviation hazard. It involves inter-departmental coordination.

20.3. A cumulative maximum of upto 4.4 MHz in the bands 890-902.5 & 935-947.5 MHz shall be permitted based on appropriate justification. Exact 200 KHz RF channel frequencies will be assigned contiguously as far as practicable on case by case basis, after due coordination, wherever considered necessary.

20.4. Licence fee and Royalty shall have to be paid for grant of licence which shall be subject to revision from time to time.

20.5. The licensee shall not cause harmful interference to other authorized users of radio spectrum. WPC Wing shall have the sole discretion to take practicable and necessary steps for elimination of harmful interference, if any, to other licensed users.

20.6. The Wireless Planning and Coordination Wing (WPC) shall have the right to inspect from time to time the installations from technical angles, to check conformity with WPC Wing's licence.

Condition 21

DISPUTES WITH OTHER PARTIES

21. In the event of any dispute of the Licensee with any party other than DOT due to any reasons whatsoever, the dispute will be sorted out among themselves and Department of Telecom. will have no liability in any manner. However, when dispute arises with other parties due to non-observance of rules and regulations by the Licensee as provided in this licence, the 'Authority' will have full powers to take any action against Licensee as provided in the relevant clauses of this licence.

Condition 22

APPLICATION OF INDIAN TELEGRAPH ACT

22. The Licensee shall furnish all means and facilitate in every manner the application of the Indian Telegraph Act 1885 and Indian Wireless Telegraphy act 1933 as modified from time to time. The Service shall be provided in accordance with the provisions of Indian Telegraph Rules as modified from time to time,

22.1. The Licensee shall ensure that objectionable or obscene messages or communications ,which are inconsistent with the established laws of the country ,are not carried on his network, . In particular he is obliged to provide the tracing facilities to trace the nuisance or malicious calls, messages or communications transported through his equipment and network.

22.2. As per the provision of Section 5 of Indian Telegraph Act, the Licensee will provide necessary facilities to the designated authorities of central/state Government as conveyed by the Authority from time to time for interception of the messages passing through its network.

Section 5(2) of the Indian Telegraph Act 1885 reads as under:

"On the occurrence of any public emergency or in the interest of public safety, the Central Govt. or a State Govt. or any officer specially authorised in their behalf by the Central Govt. or a State Govt. may, if satisfied that it is necessary or expedient to do so in the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign states or public order or for preventing incitement to the commission of an offense for reasons to be recorded by the order, direct that any message or class of messages to or from any person or class of persons or relating to any particular subject , brought for transmission by or transmitted or received by any telegraph ,shall not be transmitted or shall be intercepted or detained or shall be disclosed to the Govt. making the order or an officer thereof mentioned on the order:

Provided that press messages intended to be published in India of correspondents accredited to the Central Government or a State Govt. shall not be intercepted or detained , unless their transmission has been prohibited under this subsection."

Condition 23

23.0 SECURITY CONSIDERATION :

23.1 The LICENSEE shall not normally employ bulk encryption equipment in its network.However if any encryption equipment is used and connected to the LICENSEE"s network than it shall have prior evaluation and written approval of the AUTHORITY.

23.2 The LICENSEE shall provide to the AUTHORITY details of location of switching centres, transmission centres, including routing details etc. Any installation of the concerned equipment and execution of the concerned project shall be taken up only after the approval by the AUTHORITY and locations of these centres shall not be changed without prior approval of the AUTHORITY. This requirement shall be applicable only to such areas as are sensitive from security point of view as may be notified from time to time by the Authority. Provided that the Licensee shall ensure that the Cell Sites or Radio Transmitters, as the case may be, wherever located and established shall be at a distance of 10 K.M.s from International Border of India and such Cell Sites or Radio Transmitters will work in such a fashion that any signal or signals, emanating therefrom, fade out when nearing or about to cross International Border and also become unusable within a reasonable distance across such border.

23.3 The LICENSEE shall provide necessary facilities to the Government to counteract espionage, subversive act, sabotage or any other unlawful activity .

23.4 The Licencee shall make available on demand to government or its authorised representative full access to the switching centres, transmission centres, routes etc. for technical scrutiny and for inspection .

23.5 All foreign personnel likely to be deployed by the LICENSEE

for installation, operation and maintenance of the LICENSEE's network shall obtain security clearance from the Government prior to their deployment.

23.6 The LICENSEE shall ensure protection of privacy of communication and ensure that unauthorised interception of messages does not take place.

23.7 AUTHORITY shall have the right to take over the SERVICE, equipment and networks of the LICENSEE either in part or in whole of the SERVICE area as per directions if any ,issued in public interest by the governmnet in case of emergency or war or low intensity conflict or similar eventuality. Provided any specific order or direction from the Government issued under such conditions shall be applicable to the LICENSEE and shall be strictly complied with.

23.8 AUTHORITY reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security.

Condition 24

24.0 Operating Conditions

24.1 Prior approval of the Authority shall be obtained in writing by the licensee before he enters into any agreement with another licensee on Telecom Operation.

24.2 The incoming junctions for the interconnection between Mobile Switching Centre and the Fixed network may be obtained by the licensee, by applying in writing and on payment of normal prescribed charges to local office of DOT/ MTNL .

24.3 Suitable arrangements shall be provided by the licensee to enable the Authority to monitor the billing software and billing data of the Cellular network.

24.4 The Licensee shall not assign or transfer its rights in any manner whatsoever under the licence to a third party or enter into any agreement for sub-licence and/or partnership relating to any subject matter of the licence either in whole or in part i.e. no sub-leasing /partnership/third party interest shall be created.

24.5 In case of interruption of service lasting for more than 72 hours, an appropriate rebate shall be given to the users of the service by the Licensee. The Authority, in case of a default, may impose any penalty as deems fit.

24.6 The Authority may modify at any time the terms and conditions of the licence if deemed necessary or expedient in the interests of national security or the general public or for the proper

conduct of telegraphs.

24.7 The Authority reserves the right to revoke the licence at any time for good and proper reasons by giving a written notice of 60 days from the date of receipt of such notice.

24.8 The Authority will have an absolute right to take over the entire services and networks of the licensee with or without revoking/ terminating /suspending the licence in the interest of national security or in the event of a national emergency/war.

24.9 The licensee shall indicate whether it will use encryption/ specialised modulation while operating the network. This information will be required immediately after signing of the licence agreement.In case encryption/specialised modulation is proposed to be used in the network, the licensee shall make available the encryption/ specialised modulation software/ algorithm to the Authority immediately on the commissioning of the service . Authority reserves the right to permit or not to permit the use of encryption in the network.

24.10 PUBLICATION OF CELLULAR SERVICE DIRECTORY

24.10.1 The licensee shall publish a Cellular Service Directory containing all commercial information , name , address and number of the subscribers. If a subscribers does not wish to be listed in the directory, the Licensee will be free to delete his name from the directory after taking consent of the subscriber in writing.

24.10.2 All the subscribers of the service shall be entitled to one free entry in this directory and any additional information/ specific printing in a particular type at the request of the subscriber may be charged, extra, at a rate to be specified by Department of Telecom.

24.10.3 Any other charges relating to the directory to be charged from subscribers/public shall be fixed in consultation with the Department of Telecom.

24.10.4 The Department of Telecom is entitled to include, free of cost directory information of the Cellular subscribers in the directory published by the DOT for PSTN/Telex/Data Services etc. and the licensee shall be bound to supply the above information as and when asked for.

24.10.5 The Authority or any authorised person shall have an access to the Data base relating to the Cellular subscribers of the Licensee. The Licensee shall also update the data relating to his subscribers available with the Authority on a monthly basis. The Licensee shall make available,details of the subscribers using the service at any prescribed instant, to the Authority or its representative .

24.11 The Licensee will be responsible for the measurement of the messages, in units, in segments of kilobytes or as the case may be and shall keep a record of the same for purposes of billing in so far as his equipment and the Services are concerned. The Licensee shall preserve all commercial records with regard to the communications exchanged on the network till the Authority clears for destruction. Such records should be archived for atleast one year for scrutiny by the Authority for security reasons.

24.12 The Authority, or an authorised agent shall have the right to inspect the sites wherefrom the Services are extended. The Authority shall, in particular but not limited to, have access to lines, junctions, trunks, terminating interfaces, processing hardware/software, memories of live, magnetic, optical and any other varieties, wired options, distribution frames, and to enter into dialogue with Input / Output devices or terminals. The licensee will provide the necessary infra-structure for continuous monitoring of the same if required by the Authority or its authorised agent. No prior permission/ intimation shall be required to exercise this right of Authority to carry out the inspection.

24.13 Value added services may be permitted on the Cellular network of the licencee to his subscribers. However a separate licence will be required from the Authority for such services.

24.14 The setting up of long distance links will be permitted within the circle. The operator is free to locate his MSC/MSCs anywhere in the circle.

24.15 MSCs of licencee may be interconnected directly if so desired within the circle.

Schedule C

COMPLIANCE STATEMENT

This company hereby agrees to fully comply with all Technical,Commercial ,General, Operating and Financial conditions of Tender document No.11-28/94-MMT(TM) including amendments/clarifications and replies to queries issued by the Authority without any deviations and reservations..

Signature of the authorized signatory of the bidder/operating company

for and on behalf of Birla Communications Ltd.

(Name of the company)

12.12.95

(VAS-I)

Annexure-III

सत्यमेव जयते

LICENCE AGREEMENT

FOR

PROVISION OF TELEPHONE SERVICE

IN ANDHRA PRADESH SERVICE AREA_____

NO.17-1/95-BSII/ANDHRA PRADESH DATED 4.11.1997

TOTAL PAGES 77 (SEVENTY SEVEN)

भारत सरकार
संचार मंत्रालय
दूर संचार आयोग
दूर संचार विभाग
20, अशोक मार्ग, संचार भवन
नई दिल्ली-110001

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
TELECOM COMMISSION
DEPARTMENT OF TELECOMMUNICATIONS
20, ASHOKA ROAD, SANCHAR BHAWAN
NEW DELHI-110001

सत्यमेव जयते

LICENCE AGREEMENT

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NEW DELHI-110001

LICENCE AGREEMENT

This Agreement made on the 4—th day of NOVEMBER, 1997 between the **President of India acting through Deputy Director General (Basic Services), Ministry of Communications, Department of Telecommunications, Sanchar Bhavan, 20-Ashoka Road, New Delhi-110 001 (hereinafter called the LICENSOR)** of the ONE PART and **M/s** TATA TELESERVICES LIMITED **a company registered under the Companies Act 1956 and having its registered office at** JEEVAN BHARTI, 10TH FLOOR, TOWER-I 124, CONNAUGHT CIRCUS, NEW DELHI-110001 **(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 OTHER PART.

Whereas pursuant to the request of the LICENSEE, the LICENSOR has agreed to grant licence to the LICENSEE on the terms and conditions appearing hereinafter to establish, maintain and operate Telephone Service upto subscriber's terminal connection (hereinafter called the SERVICE) in the area "ANDHRA PRADESH **Circle"** and the LICENSEE has agreed to accept the same.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In consideration of observance of mutual covenants as well as the licence fee payable in advance in terms of schedule 'B' Part-II and due performance of all the terms and conditions on the part of the LICENSEE, the LICENSOR does, hereby, grant on non-exclusive basis, licence to establish, maintain and operate Telephone Service (SERVICE as per details in Schedule B, Part I) upto the subscriber's terminal connection in the area **"**ANDHRA PRADESH **Circle"** on the terms and conditions mentioned in Schedule "B" Part-II annexed hereto.

2. The licence is granted initially for a period of 15 years unless terminated for default or for insolvency or for convenience or for transfer of the licence under the provisions of condition 14 of Part II, Schedule B. For the purpose of charging the licence fee for the first year, the year shall be reckoned as 12 months beginning with the effective date. Hence payments of licence fee shall be due on the anniversary dates of the effective date. (Initial validity of the licence will be 15 years to cover the entire payment period of 15 years as per Annexure-III, Schedule 'B' Part-II). The payable licence fee is as given in Condition 18 of Schedule 'B' Part-

II and Annexure III thereto. If requested by LICENSEE, extension of the Licence, unless terminated earlier under condition 14 of the Schedule B, may be granted by the LICENSOR at suitable terms and conditions for a period of 10 years at one time. The decision of the LICENSOR shall be final who may extend or refuse the extension of the Licence latest by the 13th year from the effective date and in the absence of such request for extension, the Licence shall automatically be terminated as per due date."

3. The licence shall be governed by the provisions of the Indian Telegraph Act 1885 and Indian Wireless Telegraphy Act 1933 as modified from time to time.

4. Unless otherwise mentioned or appearing from context, all the schedules annexed hereto including the tender document with clarifications thereto and the Interconnect Agreement, entered into between the two operators i.e. Government of India and the LICENSEE, with subsequent amendments made thereto will form part and parcel of this agreement. Provided, however, in case of conflict or variance on an issue relating to this agreement, the terms set out in the main body of this agreement read with all the Schedules annexed hereto shall prevail.

5. In this Agreement, words and expressions will have the same meaning as is respectively assigned to them in the Schedule "B" Part I.

6. The LICENSOR may at any time revoke the Licence by giving a written notice of 180 days after affording a reasonable opportunity of hearing on the breach of any of the terms and conditions herein contained or in default of payment of any consideration payable hereunder.

7.1 The LICENSEE shall clearly indicate the specifications of the SERVICE to the subscribers, at the time of entering into contract with such subscriber.

7.2 The LICENSEE shall plan and provide, operate and maintain the licensed SERVICE to meet the network standards, interface standards, connectivity to DOT's network and all other technical specification requirements standards as stipulated in the tender documents of the said DOT tender No 314-7/94-PHC. The Licensee shall be solely responsible for installation, networking and operation of necessary equipment and systems, treatment of subscribers' complaints, issue of bills to its subscribers, collection of the revenue, attending to claims and damages arising out of this operation. The LICENSEE shall make its own arrangements for all infrastructures involved in providing the SERVICE. Further the Licensee shall clearly display and

publicise major specifications of subscriber terminal equipment at his premises which are necessary for interworking/interfacing to telephone network.

8. Tariff for the SERVICE provided by the LICENSEE shall not be more than DOT's tariff fixed from time to time. However the Licensee may charge less tariff without prior approval from the LICENSOR but he will have to inform the LICENSOR prior to implementing such charges. In case of interruption of service lasting for more than seven days continuously for a particular Direct Exchange Line, an appropriate proportional rebate on rental shall be given to the concerned subscriber of the SERVICE by the LICENSEE.

9. The bank guarantee of requisite amount shall be furnished from time to time by the LICENSEE as provided in Schedule 'B', Part-II annexed hereto.

10. The LICENSEE shall not, without the prior written consent of the LICENSOR, either directly or indirectly, assign or transfer its rights in any manner whatsoever to any other 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. Any violation of this term shall be construed as a breach of Licence Agreement and the licence shall be liable for termination. Provided, however, that installation of systems, equipment and network can be given on contract, but, providing the SERVICE cannot be given to another party on contract.

Provided that the aforesaid written consent permitting transfer or assignment will be granted in accordance with the terms & conditions and procedures described in Tripartite Agreement if duly executed amongst LICENSOR, LICENSEE and LENDERS.

11. Prior approval of the LICENSOR shall be obtained by the LICENSEE before he enters into any agreement with another Licensee on Telecom. operations in any other territorial Circle.

12. The LICENSOR reserves the right to, in case of a default of any of the terms and conditions stipulated in the Licence Agreement or the Interconnect Agreement, impose any penalty as it may deem fit under the provisions of these agreements.

13. Notwithstanding anything contained hereinbefore, it is further agreed and declared by the parties:-

(i) The licence is issued on non-exclusive basis. DOT/MTNL shall, however,

continue to provide SERVICE in the said Service Area and, DOT is free to authorise any other designated company or authority on its behalf in the said Service Area on BLT or a similar arrangement basis, provided further that a pilot project may also be approved and licensed for a limited period by LICENSOR for proving new technology or management techniques or both. DOT will not position another operator on B.O.T. basis. However, it will be free to acquire assets and facilities through B.L.T. LICENSOR may issue additional licences in the Circle/Service Area after first ten years of this licence in operation, if it is considered necessary or desirable.

(ii) The LICENSOR reserves the right to modify at any time the terms and conditions of the licence covered under schedules "A", "B" and "C", annexed hereto, if in the opinion of the LICENSOR it is necessary or expedient to do so in the interests of the general public as declared by the Government of India or for the proper conduct of Telegraphs or on security considerations.

Provided that the above referred modification, when bears substantial connection with interests of general public, shall be made after taking into consideration the objections, if any, of the concerned LICENSEE.

(iii) Notwithstanding anything contained anywhere else in the Licence Agreement, the LICENSOR's decision shall be final on all matters relating to this Agreement and application of terms and conditions herein.

(iv) The LICENSOR reserves the right to take over the entire services, equipment and networks of the LICENSEE, in part or in whole of the Service Area, or revoke/terminate/suspend the licence in the interest of national security or in the event of a national emergency/war or low intensity conflict or any other eventuality in public interest as declared by the Government of India. The specific orders or directions from the Government issued under such conditions shall be applicable to the LICENSEE.

14. The LICENSEE shall not normally employ bulk encryption equipment in its network. Any encryption equipment connected to LICENSEE's network has to have prior evaluation and approval by the LICENSOR or officer specifically designated for the purpose.

15. The Licence is granted to the LICENSEE on the condition that any change in the Indian or Foreign promoters/partners or their equity participation shall not be made without the prior approval of the LICENSOR.

Provided the foreign promoter, whose networth or experience or both have been taken into consideration for determining the eligibility of LICENSEE for award of this Licence, shall not be permitted to have less than 10% of the shareholding for the LICENSEE Company at least for 5 years from the date of issue of this Licence. Similarly, the shareholding of the Indian promoters shall not go below 10% or the holding at the time of bidding, whichever is less, for the first 5 years.

Provided further that the LICENSEE shall be responsible to ensure that the total foreign equity in the LICENSEE Company must not exceed 49% of the total equity.

The present Indian & Foreign partners/promoters and their equity participation in the LICENSEE Company are recorded as follows:-

Promoter/Partner	Country	Equity in the LICENSEE Company
A. INDIAN EQUITY (NOT BELOW 51%)		
M/S TATA INDUSTRIES LIMITED	INDIA	3%
M/S TATA IRON & STEEL CO. LIMITED	INDIA	4%
M/S TATA ENGINEERING & LOCOMOTIVE CO. LTD.	INDIA	1.5%
M/S TATA CHEMICALS LIMITED	INDIA	1.5%
B FOREIGN EQUITY (NOT ABOVE 49%)		
M/S BELL CANADA INTERNATIONAL INC	CANADA	10%
M/S BELL CANADA INTL (MAURITIUS) INC	MAURITIUS	29%
M/S AIG (MAURITIUS) LLC	MAURITIUS	10%

16. Notwithstanding anything contained in this Agreement, any order or direction passed by TRAI (Telecom Regulatory Authority of India) as constituted under Telecom Regulatory Authority of India Ordinance, 1996 or any other statute substituting it, shall be binding on the LICENSEE and the provisions of such Ordinance or statute made on the subject shall supersede anything contrary, if found in the terms and conditions of the Licence Agreement.

In Witness whereof the parties hereto have caused this Agreement to be executed through their respective authorised representatives the day and year first above written.

Signed and Delivered for and on behalf of President of India

(Jagmohan Misra)

By Shri ...JAG.. MOHAN MISRA
DEPUTY DIRECTOR GENERAL (BASIC SERVICE)
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS
SANCHAR BHAVAN NEW DELHI- 110001

Signed on behalf of M/s TATA TELESERVICES LIMITED by SHRI M.Z.A. BAIG, holder of General Power of Attorney dated 29.10.97 executed in accordance with the Resolution No. NIL dated 25.997 passed by the Board of Directors,

in the presence of:

Witnesses:

1. (K K TRIKHA)

2. (अरविन्द चावला)
(ARVIND CHAWLA)
निदेशक (बेसिक सेवा-II)
Director (B.S.-II)
दूर संचार विभाग, नई दिल्ली
Dept. of Telecom, New Delhi

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SCHEDULE "A"

TARIFFS FOR THE SERVICE

1.0 (i) The tariffs for the SERVICE provided by LICENSEE shall not be more than the DOT's tariffs fixed from time to time. However, the LICENSEE may charge less tariffs without prior approval of LICENSOR but LICENSEE shall have to inform the LICENSOR prior to implementing such charges.

(ii) If a Direct Exchange Line is out of order for more than seven days continuously, the concerned subscriber shall get a proportional rebate in rental.

2.0 All tariff increases will be subject to the prior approval of the LICENSOR. However, any change in tariff within and upto the ceiling level will not require approval of the LICENSOR.

3.0 Other charges for making available any other/special facilities will be leviable in addition with the prior approval of the LICENSOR. These 'other/special facilities' must relate to Telephone Services. Hence the rates for facilities not fixed by DOT may be filed with LICENSOR for its approval

4.0 The tariff for rental shall not include any charges for the subscriber terminal equipment/customer premises equipment. Subscriber will be free to obtain subscriber premises terminal equipment at his option from any source subject to interface approval by TELECOM. AUTHORITY or an agency authorised in this behalf.

5.0 The LICENSEE shall frame a set of commercial code to govern registration, provisioning, operation, maintenance and billing for the service and get the same approved by the LICENSOR within 4 weeks of issue of Licence. LICENSOR shall accord approval after satisfying itself that such code is consistent with the Indian Telegraph Act 1885 and does not violate the upper limit of tariff specified by the DOT and otherwise is in the general interests of the public.

6.0 Phonogram service shall be accessible to a LICENSEE's subscriber. Phonogram charges will be billed through the phone bills issued by the LICENSEE to the subscriber. These charges shall be credited to DOT.

7.0 The Licensee will pay to DOT for the trunk calls booked at trunk booking centres of DOT.

SCHEDULE "B"

PART I

Part I : DEFINITIONS, INTERPRETATIONS AND TRANSITIONAL PROVISIONS RELATING TO THE CONDITIONS

Unless the context otherwise requires; the following expressions shall have the meaning assigned to them in these conditions:-

1 **APPLICABLE SYSTEMS :** Means all the necessary equipment, systems and components of the network engineered to meet relevant ITU standards/DOT standards, ITU-T recommendations and TEC specifications as detailed and specified in this Licence Agreement, Interconnect Agreement and the tender documents for Tender enquiry No. 314-7/94-PHC for provision of Telephone SERVICE.

2 **PROVISION OF SERVICE** shall mean provision of the following :-

2.1 FOR SUBSCRIBER OF THE LICENSEE

2.1.1 Switched voice telephony through LICENSEE's fixed network for making dialled local calls, dialled and operator assisted, national and international calls.

2.1.2. Basic, supplementary and nonsupplementary services and switching facilities as per TEC document: generic requirements No. G/ASF-01/01. MAR 94. The ISDN bearer and tele-services shall conform to Clause 13.2.1. and 13.2.2. respectively of Volume 2 Section C, Chapter 13 of G/LLT-01/03 SEP 95. The ISDN supplementary services shall be in accordance with G/ISN-01/01 Aug.93

2.1.3. Support services :

i) Fault reporting and repair SERVICE (non-metered)

ii) Directory Enquiry Service (non-metered)

iii) Manual Trunk Services including Booking/ Enquiry/ Assistance (non-metered). These include all types of operator assisted services required for putting through trunk call and attending to customer queries and complaints. Further

the provision of Trunk booking/Enquiry Assistance services include provision of Manual Trunk Exchanges as well.

iv) STD/ISD code enquiry service (non-metered)

2.1.4. Telephone billing :

(i) Issue of bills atleast once in two months to LICENSEE's subscribers a] for local, national and international calls (dialled and operator assisted) made by the subscriber and b] for service rentals installation etc.

(ii) Provision of itemised billing for all STD/ISD calls made by a subscriber.

2.1.5. Access to Emergency and Public utility services:

Provision of access to police, fire, ambulance etc. emergency services and other public utility services through 3-digit access codes where applicable as standardized by TELECOM AUTHORITY. Ref. document TEC No.NS/PUS-01/01 July 94

Phonogram service shall also be accessible to a LICENSEE's subscriber. Phonogram charges will be billed through the phone bills issued by the LICENSEE to the subscriber. These charges shall be credited to DoT.

2.1.6. Meeting subscribers' specific demands like

(i) shift of a telephone line.

(ii) transfer/closure/safe custody of a telephone

(iii) special facilities such as dynamic STD,* morning alarm, call-transfer, abbreviated dialling etc. available from modern digital exchanges (Ref. document TEC No.G/ASF-01/01 MAR.94.).

And charging the subscribers for these services.

* Note:- Dynamic STD is a software controlled facility offered to subscribers by which the subscriber himself will be able to enable or disable STD facility on his line through coded numerical commands.

2.2 Coin Operated, Card operated and attended public telephones for the general public.

There is no minimum obligation in respect of PCOs in urban areas.

2.3 (i) Provision of a permanent telephone connection to new customers on a first come first served basis subject to DOT's guidelines in this matter (subscriber shall have the choice of using his own wiring and any interface -approved telephone instrument).

(ii) Provision of temporary and casual telephones.

2.4 Implementation of and adherence to Government's concessional schemes such as

(i) concessional charges to specified categories of subscribers

(ii) Attended STD PCOs for the educated unemployed, handicapped persons etc.

(iii) Concessional Group EPABX scheme with direct indialling

(iv) Village Public Telephones.

(v) Any other concessional scheme of the Government relevant to the SERVICE.

Note: These concessions have already been taken into consideration in fixing the access charges hence there will not be any further subsidy to the private operator i.e. LICENSEE.

2.5 Provision of technical facilities for tracing obnoxious calls, facility of manual hold on emergency services etc.

Facility of manual hold permits holding of the complete path of the call even if the calling party goes on hook.

2.6 Provision of interception facilities to designated authorities of State Government./ Government. of India as per Section 5(2) of the Indian Telegraph Act, 1885.

2.7 Provision of point to point leased lines within LICENSEEs network.

2.8 Provision of leased circuits, DEL's, junctions to exchanges etc. for VAS providers, Paging and Cellular phone service providers, who have been licensed for such services in the Service Area.

3.0 SCOPE OF SERVICE :

- SERVICE covers transmission of voice or non-voice messages inclusive of ISDN facilities over LICENSEE's PSTN in real time only. (Store and forward)/ (Store and retrieve) type of message transmission is not permissible.

- SERVICE does not cover broadcasting of any messages voice or non-voice over wire or wireless media.

- SERVICE does not cover packet switched data, Telex or Telegraph service.

- SERVICE does not cover mobile voice and non voice services, Value Added Service (VAS) such as Voice-Mail, Audio-Text, E-Mail etc as defined by LICENSOR from time to time.

4.0 COMMISSIONING OF SERVICE

Commissioning of service shall mean complete installation of all necessary equipment and offer of service so as to meet the targets committed by the LICENSEE for the first twelve months after the EFFECTIVE DATE for commissioning DELs, Village Public Telephones in the financial bid.

The first public telephone installed in a village which till then did not have any telephone is treated as a Village Public Telephone (VPT).

The period of twelve months from the EFFECTIVE DATE shall be the commissioning period.

The time required for performance tests by LICENSOR is included in the commissioning period.

Performance test will be undertaken by the LICENSOR only when considered necessary. Performance parameters to be decided and time taken for each will vary from case to case. Necessary action will be taken in consultation with the LICENSEE. All efforts will be made to ensure that no delay takes place on account of LICENSOR.

5.0 FREQUENTLY USED WORDS

5.1 **LICENSEE :** A registered Indian Company that will be awarded licence for providing the SERVICE.

5.2 **TELECOM AUTHORITY** : The Director General, Telecommunications, Government of India and includes any officer empowered by him to perform all or any of the functions of the Telegraph Authority under the Indian Telegraph Act, 1885 or such other authority as may be established by law.

5.3 **SERVICE AREA** : The specified territorial circle bounded by the geographical limits (as per Annexure-8 of Tender Documents) within which the LICENSEE is licenced to operate and offer the SERVICE.

5.4 **QUALITY OF SERVICE** : As detailed in Clause 1.7.1 of PART II, Schedule 'B' Condition 1 of this Licence Agreement.

"Quality of service" is evaluated on the basis of observable measures on the grade of service, calls lost due to wrong processing, the bit error rate or the response time and also includes acceptable grade of number of faults per unit population of the subscribers served, the mean time to repair (MTTR), faults carried over beyond the MTTR and the satisfactory disposal thereof.

5.5 **ENGINEERING** : The technical application of the dimensioning rules and results thereof in order to provide the specified QUALITY OF SERVICE.

5.6 **TEHNICAL SPECIFICATIONS** : As laid in Condition 1 under TERMS & CONDITIONS of PART II in this Licence Agreement.

5.7 **EFFECTIVE DATE** : The date on which this Licence Agreement is signed by the parties and if the parties have signed on different dates, the latter of the two dates.

5.8 **VALIDITY OF THE LICENCE** : The period for which this licence is effective and operative.

5.9 **TARIFF** : Charges payable by a subscriber for SERVICE provided.

5.10 **CIRCLE** : An administrative unit of DOT, as indicated in Annexure 8 of tender documents.

5.11 **SECONDARY SWITCHING AREA (SSA)** : A territory, whose boundaries, generally but not necessarily, are co-terminous with those of a Revenue District and in which normally one Secondary Trunk Automatic Exchange is located.

5.12 **LONG DISTANCE CHARGING AREA (LDCA) :** One of the several areas into which the country is divided by the TELECOM AUTHORITY and declared as such for the purpose of charging for trunk calls which generally is co-terminous with Secondary Switching Area.

5.13 **LONG DISTANCE CHARGING CENTRE (LDCC) :** A particular Trunk Exchange in a long distance charging area declared as such by the TELECOM AUTHORITY for the purpose of charging long distance calls. Head quarters of SSAs are generally LDCCs.

5.14 **SHORT DISTANCE CHARGING AREA (SDCA) :** One of the several areas into which a long distance charging area is divided by the TELECOM AUTHORITY and declared as such for the purpose of charging for trunk calls. SDCAs, with few exceptions, coincide with revenue tehsil/taluk.

5.15 **SHORT DISTANCE CHARGING CENTER (SDCC) :** A particular exchange in short distance charging area declared as such by the TELECOM AUTHORITY for the purpose of charging trunk calls. Head quarters of SDCAs are generally SDCCs.

5.16 **LOCAL AREA :** The area within 5 kms radial distance from a telephone exchange or such area where the TELECOM AUTHORITY has declared/ declares any area served by an exchange system to be local area for the purpose of telephone connection.

In case of multi exchange area, the local area is generally coterminus with the municipality/corporation. However, there are many exceptions to take into account local conditions and the historical development.

5.17 **DIRECT EXCHANGE LINE (DEL) :** A telephone connection between the subscriber's terminal equipment and the terminal exchange.

5.18 **INSTALLED CAPACITY :** The total number of lines for which switching equipment is available in the exchange for connection of subscribers is termed as "Installed Capacity" of that exchange.

6. **INTERCONNECT AGREEMENT:** An Agreement which provides the detailed terms and conditions governing the interconnection of the telecom networks of two operators, i.e. Government of India /DOT and LICENSEE.

7 **"Connectable System"** means a telecommunication system which is authorised to be run under a Licence which authorizes connection of that system to the applicable System;

8 **"Connection Service"** means a telecommunication service consisting in the conveyance of any Message which has been, or is to be conveyed by means of the Applicable Systems;

9 **"DOT"** means Department of Telecommunications, India, Government of India(including MTNL) and/or its successors.

10 **"Value Added Service"** : Value Added Services are enhanced services which add value to the basic tele services and bearer services for which seperate licences are issued. At present, Government is issuing licences for following value added services:

i) Cellular Mobile Telephone Service (Public Land Mobile Network)

ii) Radio Paging Service

iii) Public Mobile Trunking Service

iv) Electronic Mail

v) Voice Mail Service

vi) Closed Users Group Domestic 64 kbps data network via INSAT Satellite System

vii) Videotex Service

viii) Video conferencing

11 **"Emergency"** means an emergency of any kind, including any circumstances whatever resulting from major accidents, natural disasters and incidents involving toxic or radio-active materials.

12 **"Emergency Organization"** means in respect of any locality, the relevant public, police, fire, ambulance and coast guard services for that locality.

13 **"Licence"** means a licence granted or having effect as if granted under section 4 of the Indian Telegraph Act 1885 and Indian Wireless Telegraphy Act 1933.

14 **"The Auditor"** means the Licensee's auditor for the time being appointed in accordance with the requirements of the Companies Act, 1956.

15 **"LICENSOR"** shall refer to the President of India acting through any authorised person, who granted Licence under Section 4 of Indian Telegraph Act 1885 and Indian Wireless Telegraphy Act 1933, unless otherwise specified.

16 **"Message"** means anything falling within sub Clause/paragraph (3) of section 3 of the Indian Telegraph Act 1885.

17 **"MTNL"** means Mahanagar Telephone Nigam Limited.

18 **"Operator"** means any person who is authorised by a LICENSOR to run a Relevant Connectable System.

19 **"OYT"** means Own Your Telephone.

20 **"Public Switched Network"** means a fixed specified switched public telecommunication system providing a two-way switched telecommunication service.

21 **"Public Land Mobile Network"** means a network, established and operated by Department of Telecom or its licensed operator(s), for the specific purpose of providing land mobile communication services to the public and it provides communication possibilities for mobile users though for communication between mobile and fixed users interworking with a fixed network is necessary.

22 **"Specified Public Telecommunication System"** means the public telecommunication systems run by Department of Telecommunications or Mahanagar Telephone Nigam Limited or any other public telecommunication system duly specified by the LICENSOR for the purpose of this Licence.

23 **"Station for Wireless Telegraphy" and "Wireless Telegraphy Apparatus"** have the same meaning as in the Wireless Telegraphy Act 1933.

24 **"Switched Fixed Telecommunication System"** is a telecommunication system by means of which Messages are switched incidentally to their conveyance by means of that system and where, if any such conveyance is by means of

wireless telegraphy, such conveyance is by means of Fixed Wireless Telegraphy Stations.

25 **"Telephone"** means an item of telecommunication apparatus capable when connected to the Applicable System, of transmitting and receiving uninterrupted simultaneous two way speech conveyed, or as the case may be to be conveyed, by means of that System.

26 **"W. P. C."** means Wireless Planning & Co-ordination.

SCHEDULE "B"

PART II

TERMS AND CONDITIONS

Condition 1 : REQUIREMENT TO PROVIDE THE SERVICE

1.1 The LICENSEE shall install, run Applicable Systems and offer the service so as to meet the targets committed by LICENSEE for the first twelve months, within the commissioning period of 12 months from the effective date. Effective date is 30th SEPTEMBER 1997.

1.2 The LICENSEE shall operate and provide the SERVICEs. LICENSEE shall be solely responsible for the installation, networking and operation of necessary equipment and systems, treatment of the subscribers' complaints, issue of bills to its subscribers, collection of its component of the revenue, attending to claims and damages arising out of this operation. The LICENSEE shall make its own arrangements for all infrastructures involved in providing the SERVICE.

1.3 For the purpose of providing the SERVICES, the LICENSEE shall install suitable equipment to meet the prevalent Technical Specifications of Telecom. Engineering Centre. In the interest of security, suitable monitoring equipment for each type of system used will be provided by the LICENSEE for monitoring as and when required by LICENSOR.

1.3.1. The mode of ownership of subscribers' terminal equipment will be at the option of the subscriber. However, this will be subject to interface or type approval by TELECOM AUTHORITY or an agency authorised by LICENSOR.

1.4 In the process of operating the SERVICEs, the LICENSEE shall be responsible for:-

i) The installation at the sites (the installation of the equipment at subscribers premises will, however, remain at the option of the subscriber);

ii) the proper upkeep and maintenance of the equipment;

iii) maintaining the criteria of performance and quality of service standards.

iv) maintaining the MTTR (Mean time to Repair) within the specified scope of the quality of Service.

1.5 If the LICENSEE, has in addition, leased or rented other telecommunication resources from the DOT, purely for the purposes of networking its geographically dispersed equipment, these resources will be subject to tariff as fixed by DOT from time to time.

Further, if the LICENSEE wants to avail of facilities from DOT such as:

i) training of personnel in the various training centres;

ii) quality assurance for equipment purchased;

iii) acceptance testing of installation;

iv) engineering and technical facilities in TEC etc;

then it may separately apply to DOT in this matter. DOT will, subject to feasibility, extend such facilities to the LICENSEE at charge for such services as prescribed from time to time.

1.6 "WARRANTY AS TO QUALITY":- The LICENSEE shall warrant that SERVICES to be provided by him shall be of the grade agreed, consistent with the established and generally accepted standards and shall perform in full conformity with the specifications, drawings and particularly with the performance criteria listed for the QUALITY OF SERVICE. The LICENSEE shall be responsible for repair of defects and making good any degradation in the QUALITY OF SERVICE during the currency of the licence.

1.7 The LICENSEE shall plan and provide, operate and maintain the Licensed SERVICE to meet the quality of service standards, network standards, interface standards and the requirements for connectivity of LICENSEE's network to DOT's network as per the following details:-

1.7.1 QUALITY OF SERVICE STANDARDS :

SERVICE provided by the LICENSEE shall meet or exceed the quality of service standards specified below. This will apply only to the network/system operated by the LICENSEE.

		Level to be achieved within two years of effective date	Averaged over a period of
i)	Provision of a telephone after registration of demand ie. registration of application for telephone connection.	95% of demand within 7 days	one quarter
(ii)	Fault incidence (out of service) including the faults in customer's premises, internal wiring and subscriber's terminal equipment, if provided by LICENSEE.	<3 faults/ 100 phones/month	one month
iii)	a) Fault repair	> 90% by next working day	one month
	b) Mean time to repair (ie. the period from the time of referring of the fault by the subscriber or by another person on his behalf to the time of confirmation from the sub-scriber of satisfactory repair)	< 8 hrs.	one month

Note : Subscriber Section availability shall conform to Clause G.2 of Annexure G of chapter 5 of ITU GAS Document of network planning. Above para applies to faults caused by the LICENSEE's equipment and not to those caused by the customer's own provided equipment.

(iv) Dial tone delay	0.95 probability of not exceeding 600 mS with a mean value of =< 400 mS for a load of 0.7 E incoming traffic per trunk.	one quarter

(Ref. No. 6.3.3. Vol.II G/LLT-01/03 SEP 95 of TEC)

(v) i. Grade of service :	a] Junction between local exchanges - 0.002 b] Out going junctions from TAX to local exchange -0.002 c] Incoming junctions from local exchange to TAX -0.005 d] Incoming or out going junctions between TAX's-0.005 e] switching network should be non-blocking or should have extremely low blocking.	one quarter
ii. Call Completion Rate (Live Traffic) :	Within LICENSEE's network should be better than 65%	

Note : A call for which an answer is received by the system is a completed call.

(vi) Transmission performance :	As per ITU-T recommendation and the national transmission plan.	one year
vii) Metering and billing credibility :	Not more than 0.1% of bills issued should be disputed over a billing cycle	one billing cycle
viii) Operator assisted Trunk Calls :	Urgent Calls < 1 hr. delay Ordinary Calls < 2 hrs. delay	one month

ix) Other operator assisted services		one month
- Response time	95% of calls < 10 sec.	
(x) Customer care (Promptness in attending to customers's requests)	95% of request	one month
- Shifts	< 72 hrs	
- Closures	< 24 hrs	
- Additional facility	< 24 hrs	

(xi) Customer survey : Customer Survey refers to 'Opinion poll' generally conducted by an independent organisation.

xii) Switching system reliability and service quality parameters:	The system reliability and service quality figures in switching node in the network shall conform to Clause 6.2 and 6.3 respectively of volume 2, Section C, Chapter 6 of TEC spec G/LLT-01/03 SEP 95.

1.7.2 NETWORK STANDARDS :

1.7.2.1 All systems and components of the network shall be engineered to meet relevant ITU standards/DOT standards. All systems and equipments interfacing with DOT's network shall be interface approved by TEC of DOT prior to interconnection.

1.7.2.2 TECHNOLOGY

i) All telephone exchanges shall be of the digital switching type compatible with 8-bit A law encoded 2.048 MBPS primary line rate. Exchanges of capacity more than 10,000 lines shall have the necessary hardware and software for supporting No.7 signalling and shall be inherently capable of providing ISDN service for at least 2% of exchange capacity.

ii) All transmission systems shall be of the digital type and shall, in case they are asynchronous, follow or be inherently compatible with 2/8/34/140 MBPS hierarchy as per ITU-T G.703 recommendations. SDH systems as per ITU-T G.708 recommendations also will be allowed.

iii) If band width compression techniques which reduce the bit rate of a voice channel less than 64 KBPS are used in a transmission system, LICENSEE shall provide conversion equipment for 64 KPBS/Analogue voice channel as the case may be at the interface points with DOT's switching and transmission systems.

iv) For telephone exchanges of less than 10000 lines, C-DoT technology shall be considered as the first choice. The capacity of the switching processor involved will be determining factor in this regard.

v) For subscriber loop (local loop), optical fibre and wire-less are the preferred technologies. Copper cable technology shall not be permitted, except over the radial distance of last 500 metres of the loop. In exceptional circumstances in rural telephone systems where the penetration of DoT network is marginal, the LICENSEE may be permitted to lay copper cables.

Note : (1) If the electricity utility Company is unable to provide electricity on sites determined by the LICENSEE, then in such exceptional cases, LICENSOR may permit solutions other than wireless and optical fibre for subscriber loop.

(2) DoT may permit the LICENSEE to spread the area of operation of the exchanges beyond the conventionally defined local areas so as to cover areas of telephone demand in adjacent SDCAs bordering the LICENSEE's exchange area provided that the technology adopted by the LICENSEE technically permits such spreading of area and further subject to retention of the identity of the subscribers conforming to national fundamental plans. This permission shall, therefore, be subject to adherance to National Fundamental Plans including the charging plan.

vi) Where wireless technology is used for local loop, analog technology may be permitted only within rural telephone systems, if necessary, by LICENSOR provided all switching and long distance transmission systems are digital. Rural telephone system is one in which the capacity is not more than 512 Direct

Exchange Lines. All new systems installed and commissioned after the capacity increases beyond 512 shall meet the requirements applicable to an urban system.

vii) Only those new technologies, for which complete ITU standards exist or which have been utilised elsewhere to provide service satisfactorily over a continuous period of one year to a subscriber base of not less than 100,000 subscribers may be utilized in the network to provide the service. New technologies that do not meet this criterion have to be specifically validated by the LICENSOR. For transmission systems based on new technologies, only ITU Standards are relevant and the subscriber base is not relevant. The criterion of 1 year of continued service should have been met on the date on which the LICENSEE offers his system/sub-system for inter-face approval.

viii) Support systems to be deployed covering network and traffic management, billing, fault repair and customer services shall be totally computerised employing on-line transaction processing and integrated Data Base Management.

ix) Import of any equipment will be governed by prevailing Government of India policy on the subject.

x) Use of technologies which support multi media services will be welcome. However, necessary licences for providing services other than the SERVICE will have to be taken from the competent authorities with prior reference to LICENSOR. Separate Licence from LICENSOR will also be required, wherever relevant.

1.7.2.3 TECHNICAL / ENGINEERING PLANS :

In order to ensure a cost-effective seamless national network, the LICENSEE's network shall follow DoT's following engineering plans:-

a) Transmission plan -

(i) CCS7 performance parameters shall conform to the National CCS-7 Plan R/NSP-01/01 SEP 94.

(ii) All transmission parameters apportioned for the LICENSEE's network

portion of the call shall comply with the National Transmission Plan. Parameters not specified in Transmission Plan shall comply with ITU recommendations.

b) Charging plan - Definitions as prescribed from time to time of local area, SDCA & LDCA shall be followed by the Licensee for adhering to DoT's charging plan.

c) Numbering plan - Numbering scheme to be adopted by the LICENSEE shall be an integral part of the national numbering scheme. This will mean that in an SDCA, the LICENSEE network will be a part of the linked numbering scheme of the SDCA and the national SDCA Code will be applicable to LICENSEEs network also.

d) Routing plan : Details in Interconnect Agreement may be referred by LICENSEE for compliance.

e) Network synchronization plan: Details in Interconnect Agreement may be referred for compliance by LICENSEE.

f) Network signaling plan : Details of signalling plan to be complied are available in TEC documents referred to in para's 4.6.1.2 and 4.6.2.2 and 4.7.1 of DOT's Tender Documents. Also TEC document on National CCS Plan No.R/NSP-01/01 . SEP.94 may be seen for compliance by LICENSEE alongwith the stipulations in Interconnect Agreement in this regard.

1.7.2.4 SUBSCRIBER END TERMINAL

i) All terminal equipment shall conform to all relevant specifications so that the end to end quality of performance is not compromised.

ii) The details of terminal equipment and corresponding specification against which they are to be interface approved shall be as indicated at Annexure 9 to tender documents.

1.7.2.5 FREQUENCY SPECTRUM ALLOCATION

a) Based on the availability of equipment for Wireless in Local Loop (WILL), in the world market, the Wireless Planning and Coordination Wing (WPC Wing) shall consider allocation of suitable slots of frequency spectrum for

WILL technologies in the following frequency bands, subject to satisfactory coordination with existing usages :-

i) 864 to 868 MHz
ii) 824 to 849 MHz
iii) 869 to 889 MHz
iv) 1.8 to 1.9 GHz

b) Following frequency bands could be considered for fixed point to point radio relay links subject to satisfactory frequency co-ordination :

i) 3.6 to 3.8 GHz for 140 Mbps point to point links.

ii) 3.3 to 3.7 GHz for 2 Mbps, 8 Mbps, 34 Mbps point to point and 2 Mbps point to multi-point links.

iii) 13.25 to 14.25 GHz for fixed point to point links.

iv) 14.8 to 15.35 GHz for fixed point to point links.

v) 17.7 to 19.7 GHz for fixed point to point links.

c) The frequency bands including the following may be considered for Rural Radio Telephone System's purpose subject to co-ordination :

a] 367-399.9 MHz
b] 3.4-3.8 GHz
c] 10.5-10.68 GHz.

d) A separate licence shall be required from the WPC Wing of the Ministry of Communications for establishment and operation of radio links on terms and conditions of that licence. Grant of such a licence will be governed by the normal rules, procedures and guidelines and will be subject to completion of all necessary requirements and clearances.

e) Actual allocation of frequencies by WPC Wing to the LICENSEE will be subject to availability, technical feasibility, justification, policies, electro-magnetic compatibility, satisfactory coordination with other allocated and/or existing users and all relevant spectrum management principles, procedures and practices.

Decision on allocation of frequencies in respect of WLL system in 800 MHz band may ordinarily be available in a time frame of three months from the date of receipt of application, complete in all respects, from the LICENSEE.

f) Licence fee and royalty shall have to be paid by LICENSEE to WPC for grant of licence which will be subject to revision from time to time.

The LICENSEE shall not cause harmful interference to other authorised users to radio spectrum.

The WPC Wing shall have the right to inspect the installations at any time.

1.7.2.6 ISDN NETWORK:

The ISDN Network shall support the following subscriber access over optical fibre in local loop. Any of the type of access such as wireless in local loop which may be used under pilot projects may provide proprietory interfaces.

A) ANALOGUE SUBSCRIBERS:

a) Access:

(i) Access shall conform to ITU-T blue book recommendations Q.512 interface type Z.

(ii) The Subscriber loop parameters shall comply to subscriber end equipment to 2 wire cable plant interface standard TEC Spec S/INT-2W/01 May 94.

(iii) The subscriber line after the optical fibre equipment shall comply to Clause 3.2.1. of Volume I, Section B of Chapter 3 of TEC spec G/LLT-01/03 SEP 95.

b) Signalling:

Signalling between the exchange and the analog subscribers shall conform to Clause 2.3 of Volume I Section B Chapter 2 of TEC Spec G/LLT-01/03 SEP 95.

B) DIGITAL SUBSCRIBERS:

a) Access:

(i) For digital subscribers, access shall conform to ITU-T blue book recommendations Q512 interface type V.

(ii) Two categories of digital subscribers are to be supported namely Basic Rate Access (BRA) and Primary Rate Access (PRA). This shall be supported to conform to ISDN user network interface specification TEC No. G/ISN-01/01 Aug. 93.

(iii) The line code shall be based on echo cancellation with 2 B 1 Q codes as per appendix 2 of ITU-T G.961 blue book recommendation.

b) Signalling :

Signalling for ISDN subscribers shall conform to ISDN user network interface specification TEC No.G/ISN-01/01 Aug.93.

1.7.2.7 NETWORK INTERFACE :

a) Signalling :

(i) The signalling between DoT exchange and LICENSEE's exchange shall comply with Vol.1 Section B Chapter 2 of TEC Spec. No. G/LLT-01/03 SEP. 95. However, B7 signal shall not be used for interworking. DoT/LICENSEE reserves the right to reject a call if B7 signal is received by its exchange.

(ii) In all cases where DoT exchange supports CCS7, the sig nalling with the LICENSEE's exchange shall be CCS7 (in compliance with national CCS7 TEC specifications for local/tandem working No.G/CCS-01/01 JUN.93. and G/CCS-02/01 JUN.93 for transit/ TAX working) in the first choice route and R2 modified signalling in the second choice route by mutual agreement. For CCS 7 calls, if the charge indicator parameter in ACM/ANM/CPG/CON is received as "NO CHARGE" , DOT/LICENSEE reserves the right to reject the call. In case of any interworking problems, the same shall be solved by mutual co-operation between LICENSEE and DOT.

(iii) For CCS7 working, the coding of Originating Point Code (OPC) and

Destination Point Code (DPC) and Signalling Link Selection (SLS) shall be based on national CCS plan No.R/NSP-01/01. Sept. 94.

b) Traffic:

The traffic on the junction between the DOT Exchange and the LICENSEE Exchange shall be taken as per Clause 1.2.3.2 of Volume I Section A Chapter 1 of G/LLT-01/03 SEP. 95.

c) Synchronisation

The LICENSEE's Exchange shall be synchronised to the DOT's Exchange. The synchronisation arrangement and equipment of the LICENSEE's Exchange shall comply with Clause 4 of TEC Specification No. G/PNI-03/01. SEP. 95. Information regarding priority of different input clocks shall be given by DOT to the LICENSEE.

d) Testing of Junctions:

The LICENSEE's Exchange shall provide the facility of junction testing as per Clause 10.3 of Volume II, Section C Chapter 10 of G/LLT-01/03 SEP. 95.

1.7.2.8 Any modifications in the specifications indicated above shall be equally applicable to the LICENSEE.

1.7.3. CONNECTIVITY TO DoT NETWORK :

1.7.3.1 The LICENSEE may develop its own independent network, with its own transmission links within each Circle in its service area. However, National/Inter-Circle links would be provided exclusively by DOT, through its long distance network.

1.7.3.2 The LICENSEE's network can have interconnectivity with DoT's network at the equivalent level at a local/ tandem exchange and at the LDCC TAX.

1.7.3.3 The LICENSEE shall be responsible for providing the required transmission links from/to his network to/from DoT's network interface points at local/tandem and TAX levels, during the currency of Licence.

1.7.3.4 Interconnectivity between LICENSEE's network as specified in the licence and the

network of any other LICENSEE of SERVICE shall be only through DoT's network. The LICENSEE shall not, directly or otherwise, extend any type of service to DoT subscribers through the DELs provided by DoT.

1.7.3.5 Interconnectivity between LICENSEE's network as specified in the licence and the overseas communication network operated by VSNL shall only be through the TAXs of DOT.

1.7.3.6 All planning activities of the LICENSEE for providing Intra Circle connectivity will be coordinated with the planning activities of DoT. Any circuits leased by the LICENSEE from DoT shall not be resold as leased circuits to a third party.

1.7.3.7 Demands of either party, i.e., DOT and the LICENSEE, on the other for the following shall be firmed up at least 12 months* before the date on which the required connectivity or circuits is/are required :

(i) number of ports (2048 kbps digital trunks) and type of signalling in the telephone exchanges, location-wise.

(ii) addition to traffic capacity of exchanges in Erlangs and call handling capacity in BHCA

(iii) number of exchanges and signalling capacity to be connected over CCS 7 signalling.

(iv) number of 2048 kbps circuits or higher order circuits over transmission facilities.

(v) analogue connectivity and ports required in exceptional cases.

* Provided that this time frame shall be six months for demand made for the first occasion in the first year of Licence Period.

1.7.3.8 Conveyance of information between DOT and the LICENSEE shall not constitute or imply the granting of any rights under any copy right, patent, trade mark or any other intellectual property right either at the time of conveyance or subsequently.

1.7.3.9 If any change in DoT's/LICENSEE's network/system is introduced to comply with international and national standards or for any other reason mutually agreed to,

costs associated with such changes that either party has to make in its network/ system to maintain the SERVICE and to maintain inter-connectivity with other's network, shall be borne by the respective parties.

1.7.3.10 Normally, the altering party shall notify in writing atleast 12 months in advance setting out details of the nature, effect, technical details and potential impact on the other party's system of such alteration. A notice period shorter than 12 months can be considered in exceptional circumstances by mutual agreement.

Either party requiring enhancement of features in switching and transmission systems to meet new or unforseen situations and demands, shall notify the other party at least 12 months in advance.

1.7.3.11 Irrespective of who owns a transmission system of the link interconnecting one party's exchange to the exchange of the other party, each party will provide accomodation for and operate the terminals of the other party located in its premises. Each party will permit mounting of antennae owned by the other party on its transmission towers subject to feasibility for this purpose. Rental for such lease of space and mounting shall be arrived at on a mutually agreed basis.

1.7.3.12 LICENSEE shall obtain necessary clearances from Standing Advisory Committee on Frequency Allocation (SACFA) and Wireless Planning & Coordination (WPC) for establishing radio systems.

1.7.3.13 LICENSEE shall provide necessary subsystems and equipment for the operation of a National Network Management System which shall be under the control of the DoT. Necessary control signals and command signals shall be interchanged between the LICENSEE's network and the National DoT network at appropriate interface points.

National network management system is meant to support the Government as well as the private netwrok. Such a system is necessary since inter-Circle traffic is not open to private LICENSEEs. In any case, the LICENSEE is not stopped from having its own management system for its own network.

1.7.3.14 Where required as per provisions of law and where technically feasible, calling line identification signals shall be transmitted between DoT's network and LICENSEE's network through the interfaces subject to prior approval of LICENSOR.

1.7.3.15 INTER-CONNECT AGREEMENT :

LICENSEE shall also comply with the terms and conditions of the Interconnect Agreement along with this licence Agreement. The Interconnect Agreement spells out interalia procedures for:- 1) Technical Issues pertaining to Interconnection, 2) Interconnect Capacity - Planning and Information system/aspects, 3) Testing and commissioning of interconnect circuits, 4) Interconnect Performance standards, 5) Interconnection charges, 6)Interconnect Billing systems and payments, 7) Liability, Indemnity and Intellectual Property Rights, 8) Disputes and arbitrations.

1.7.3.16 WAY LEAVE:

As per Section 19-B of the Indian Telegraph Act, 1885, the Central Government will separately confer upon the LICENSEE such of those powers as are required among the powers which the Telegraph Authority possesses under Part-IV, Section 10 to Section 19-A by a notification in the Gazette. This will enable LICENSEE to seek way-leave from local authorities.

1.7.4 INTERFACE STANDARDS:

1.7.4.1. SUBSCRIBER - NETWORK INTERFACE:

i) 2-Wire voice grade - As per TEC Spec S/INT-2W/01 May 1994

ii) 2 B+D ISDN basic access - As per TEC Spec G/ISN - 01/01 AUG. 93.

iii) 2 MBPS Primary rate.

1.7.4.2 NETWORK - NETWORK INTERFACE:

i) Interface to local exchange } 2 wire voice grade
} 2 MBPS Primary rate

ii) Interface to TAX } 2 wire voice grade
} 2 MBPS Primary rate

1.7.4.3 SIGNALLING STANDARDS :

i)* Subscriber — Network } Decadic
} DTMF

ii) Network — Network } - Modified R-2
} - 2 MBPS signalling bit
} allocation
} - No.7 system.

* Subscriber-Network signalling also includes ISDN Q931

1.7.4.4 Following specifications will be referred to for the interfaces/standards mentioned in 1.7.4.2 and 1.7.4.3 above:

i) TEC spec G/PNI-03/01 SEP 95

ii) TEC Spec G/LLT-01/03 SEP 95

iii) TEC Spec G/CCS-01/01 JUN 93

iv) TEC Spec G/CCS-02/01 JUN 93

1.7.5 INTERFACE TESTING :

1.7.5.1. The Interface Testing for every interface with the DoT network shall be carried out by the Testing party/team of technical personnel of the LICENSOR on payment of prescribed charges. These charges vary from equipment to equipment and are separately publicised by the Telecom Engineering Centre from time to time. The Interface Testing schedule shall be mutually agreed to.

1.7.5.2. LICENSEE shall supply all tools, test instruments and other accessories to the testing party of LICENSOR for conducting tests.

1.7.5.3. Interface testing will be conducted under the supervision of an organization which will report to the Government and not the DoT as an operator.

1.7.6 **TRAFFIC ROUTING AND INTERCONNECTION WITH DoT NETWORK :**

Traffic routing and numbering in LICENSEE's network will be such that they are as per the National numbering and routing plans. In conformity with routing and numbering plan, the interconnection plan will be as per the following clauses:-

1.7.6.1. A tandem switch/group dialling centre of DOT at SDCC will be known as DOT SDCC Tandem. Corresponding switch of the LICENSEE will be called LICENSEE's SDCC Tandem, which can be local-cum-tandem.

1.7.6.2. TAX at the LDCC will be known as DOT's LDCC TAX.

1.7.6.3. The LICENSEE may install TAX in the LDCC in which it wants to operate. This could be an Integrated Local cum Tandem exchange. This will be known as LICENSEE's LDCC TAX.

1.7.6.4 INTERCONNECTIVITY FOR INTRA SDCA :

(i) If LICENSEE has only one exchange in an SDCA, connectivity from that exchange to DoT's network in the SDCA shall be through a direct link between that exchange and the DoT's local exchange/ SDCC tandem. If LICENSEE has two or more terminal exchanges in an SDCA, connectivity between LICENSEE's exchanges in the SDCA and DoT's network in the SDCA shall be through a link between LICENSEE's SDCC tandem and DoT's local exchange/ SDCC tandem.

(ii) In a multi-exchange area such as Metro and Major telephone districts, wherever the originating and terminating traffic to and from an exchange of DOT justifies more than two PCMs, the LICENSEE shall provide direct junctions for the said exchange.

1.7.6.5 INTERCONNECTIVITY FOR STD/ISD CALLS :

Interconnectivity for STD/ISD calls shall be ordinarily only between DoT's LDCC TAX and LICENSEE's LDCC TAX. In case LICENSEE does not have his own TAX in the LDCC, STD/ISD calls from LICENSEE's SDCC Tandem/local exchange in an SDCA in the LDCA shall be routed to DoT's LDCC TAX. This requires the LICENSEE to connect to the nearest DoT TAX even for Intra Circle calls that may be between two LDCCs. However, the LICENSEE is free to have his network for carrying the traffic entirely over his own network within the Circle/Service Area.

1.7.6.6 Calls from DoT subscriber or DoT network to LICENSEE's network will be routed in the DoT network upto the farthest point i.e. upto DoT's SDCC Tandem/ local exchange in the terminating SDCA and then will be delivered to the LICENSEE's SDCC Tandem/Terminal exchange. National numbering plan, which is revised periodically from time to time, shall have to be adhered to/complied with.

1.7.6.7 If the LICENSEE serves multiple SDCs through one large exchange, DoT shall deliver the traffic directly into LICENSEE's large exchange from its TAX except for local and intra SDCA calls. For calls delivered from DOT's TAX to LICENSEE's Main exchange, the latter shall be treated as terminal exchange and no access charges shall be payable by the DOT to the LICENSEE.

The above situation of one main exchange serving multiple SDCs does not exist in DOT at present. However, if a similar situation arises at a later date, the same facility shall be extended to the LICENSEE as well, provided it is not technically feasible to accept the calls directly by the remote DOT exchange in the SDC.

The Numbering and Charging plans shall always be adhered to by both DOT as well as LICENSEE.

1.7.7 **NUMBERING PLAN :**

The same area codes for SDCAs will be used for both DoT and LICENSEE

network. However, distinguishing exchange codes will be used for the DoT and the LICENSEE's exchanges i.e. linked numbering scheme will be followed within the SDCA as per the latest National Fundamental Plan. If in an area, a subscriber can be reached by dialling a unique telephone number irrespective of the location of the calling telephone in the area, a linked numbering scheme is said to be operative in the area. The LICENSEE subscriber numbers will be distinguishable at first, second orthe third digit depending upon the size of the local network in each case.

1.7.8 **RULES FOR ACCESS CHARGE MEASUREMENT :**

1.7.8.1 DoT and the LICENSEE will collect and retain the billed amount for calls originating from their respective networks which terminate within the same SDCA or the contiguous telephone exchange of the adjacent SDCA (Group Dialed Calls). No access charges is payable for local call traffic. Access charges are payable by LICENSEE for STD and ISD calls.

1.7.8.2 The traffic delivered on any DOT LDCC TAX from LICENSEE's LDCC TAX/ SDCC tandem/local exchange will be measured on the incoming junctions of the DOT's LDCC TAX at the destination wise pulse rates applicable to the calls generated locally at the same station, where the DOT's LDCC TAX is located.

1.7.8.3 Provision of links to interconnect LICENSEE's network with DoT's network as per permitted interconnectivity will be the responsibility of the LICENSEE.

The LICENSEE is free to employ the lowest cost solution in providing interconnection links by point to point microwave within a Service Area.

The connection charges shall be as per provisions of Interconnect Agreement.

1.7.8.4 DOT may, subject to availability, lease lines to interconnect LICENSEE's exchange to DOT's exchange in the SDCA/LDCA on payment of charges prescribed by DOT.

1.7.8.5 The cost of terminating equipment including measurement devices in the DoT LDCC TAX shall be payable by LICENSEE. Provision of links to interconnect LICENSEE's network with DOT's network is the responsibility of LICENSEE.

The LICENSEE will be required to provide necessary circuits linking his network

with the network of DoT. However, LICENSEE is free to avail of the circuits belonging to DoT subject to availability on lease basis, on payment of charges prescribed by DoT.

1.7.8.6 For STD calls originating in the LICENSEE's network and accepted by DOT, the DoT will bill the LICENSEE on monthly basis as STD-access charge at a rate of Rs.0.50 per unit measured call at the point of interconnection. Share per unit call retained by the LICENSEE also accounts for incoming traffic into LICENSEEs network. As such no additional amount will be payable to the LICENSEE for incoming traffic into its network.

Rate of metering pulse during the concessional charging period will log the number of call units proportionately reduced from the full time rate. As such, the charges applicable for concessional period are, therefore, not being specified.

1.7.8.7. DoT will pay access charges for STD/ISD calls originating in DOT's network and delivered to LICENSEE's network, at the rate of Rs.0.50 per unit measured call at the point of interconnect to the LICENSEE, only in such cases where DOT delivers the call in an exchange other than the LICENSEE's tandem/terminal exchange. However, for STD/ISD calls delivered from DOT's TAX to LICENSEE's main exchange serving multiple SDCCs, the latter shall be treated as the terminal exchange and no access charges shall be payable by DOT to LICENSEE. It is acknowledged that DOT shall not pay any charges for all types of calls including terminating ISD calls in the following cases:-

i) when the point of entry is in LICENSEE's TAX cum Tandem but the call is terminating in the same SDCA provided there is no SDCC Tandem of LICENSEE available.

ii) when the call is delivered to a local/tandem/TAX of the LICENSEE and is carried to a different SDCA due to non-availability of terminating facility in the exchange of LICENSEE in the terminating SDCA.

1.7.8.8. For international calls originating in the LICENSEE's network and accepted by DOT, the DOT will bill the LICENSEE on monthly basis as ISD access charge at a rate of Rs. 0.70 per unit measured call at the point of interconnection. The responsibility of paying to the international carrier (presently Videsh Sanchar Nigam Limited) will lie with DoT.

The international connectivity will be only through DoT TAXs.

1.7.8.9 The rates specified in 1.7.8.6 and 1.7.8.8 above are based on the present tariff for unit call. These rates are liable to change as and when DoT's tariff for unit call changes. Rate specified in 1.7.8.8 is also based on the present accounting formula between VSNL and DoT and is therefore liable to change when the accounting formula changes.

1.7.8.10 For purposes of calculating the access charge, the point at which the calls are delivered to DoT's network is treated as originating point. The calls will be measured from point of entry to the destination at the applicable rate of DOT. Therefore, call units measured for calculating the access charge will in general be different from the total call units measured for calculating the amount to be billed to the subscribers of the LICENSEE.

Only successful calls are measured. Successful call is one for which an answer signal has been received by the system.

1.7.8.11 The LICENSEE may provide to its subscribers point to point leased circuits entirely over its network, for which it shall not charge the subscribers more than DoT's tariff.

1.7.8.12 For any Inter Circle Long Distance leased circuit, Long Distance carriage will be provided by only DoT. For long distance leased circuits between two circles, it is must to use long distance carriage of DOT only, even if the operator company in both circles is same.

1.7.8.13 If in certain circumstances, building up of a leased line partly over DoT's network and partly over LICENSEE's network becomes unavoidable, the sharing of leasing revenue will be as per terms spelt out in the interconnect agreement.

1.7.8.14 Charges for special services:

(A) The LICENSEE shall pay the charges to the DOT for the following special services at the prevalent tariff notified from time to time:

(a) Trunk Calls including national/international calls booked at the DOT trunk booking centres by the LICENSEE's trunk operator(s).

Duration of the trunk call will be counted from the time when the LICENSEE's operator is informed by the DOT trunk operator that:-

(i) in the case of a particular person call, the specified person is on the line

(ii) in the case of a call other than a particular person call, the called number or called extension when the call is booked to an extension, is connected.

(b) Phonogram charges.

LICENSEE will be billed by DOT on monthly basis for trunk call charges and phonogram charges at the prevalent notified DOT tariffs.

LICENSEE may in turn bill the said charges to the concerned subscribers through the bills issued to them. For this purpose, the LICENSEE may be provided required information by DOT either in the bill for the access charges or at regular intervals as mutually agreed by DOT and the LICENSEE.

(B) Directory Enquiry Services:

(a) Each party shall operate its own directory data-base and advise customers to make enquiry on its own system.

(b) Both parties with mutual agreement can make technical arrangements for accessing data-base of each other to answer queries of the subscribers.

(C) Emergency services viz., 100, 101, 102 relating to police, fire and ambulance etc. shall be provided by both the operators independently for their subscribers. The subscribers of both the operators (DOT as well as LICENSEE) shall have access to emergency services provided by both the operators. Similar practice shall be followed for Emergency Medical Services.

(D) 185 (phonogram services) will be provided by DOT and the access to this service shall be available to subscribers of both the operators/parties. The other services like railway enquiry, airline enquiry etc. can be provided by either or both of the parties/operators and the accessiblity of such services provided by one party/operator shall be made available to the subscribers of the other party/ operator.

1.7.9 OTHER BUSINESS AND VALUE ADDED SERVICES.

1.7.9.1 The LICENSEE shall not engage or be engaged in the business of production

of telecom equipment associated with the provision of the service. Nothing in this Clause prevents the LICENSEE from participating in such businesses through other registered companies with their own identities. The LICENSEE may however engage in R&D relevant to running the SERVICE.

1.7.9.2 The LICENSEE may provide Value Added Services, other than mobile telecommunication and paging services, after obtaining a separate licence from the LICENSOR.

LICENSEE's ISDN subscribers may be able to connect to I-net through links provided by the LICENSEE to I-net for which LICENSEE/ LICENSEE's subscribers shall pay as per the prescribed I-net tariff.

1.7.9.3 The LICENSEE shall not make it a condition of providing SERVICE or telephone connection to the subscriber that the subscriber requesting for SERVICE or telephone connection should acquire from the LICENSEE or from any other person any telecommunication SERVICE other than the SERVICE or telephone connection requested.

1.8 DIRECTORY PRINTING AND DIRECTORY ENQUIRY

1.8.1 DIRECTORY PRINTING

DOT will bring out SSA-wise common telephone directories containing the subscriber data-base of the LICENSEE as well. For this purpose the LICENSEE shall provide to DoT up-to-date directory data-base of its subscribers and shall provide to DoT all necessary facilities for bringing out timely, accurate and up-to-date directories. DoT shall supply to the LICENSEE adequate number of free copies of directories for distribution among its subscribers. The LICENSEE shall collect charges from its subscribers for bold and additional directory entries as per DoT's prescribed rates. All the revenue generated on account of the publication of the directory including the charges collected by the LICENSEE from its subscribers and advertisement revenue shall accrue to DoT and the LICENSEE will have no claim in this regard.

Where DoT brings out a directory without yellow pages, LICENSEE shall pay suitable charges per entry pertaining to LICENSEE's subscribers. This figure will vary from place to place and time to time.

The LICNESEE will get collection charges equal to 5% (Five per cent) of the money collected for bold and additional entries pertaining to LICENSEE's subscribers. Presently prescribed frequency of publishing of directories is one year. Only smaller SSAs have directory without yellow pages.

The LICENSEE may publish its own directory also.

1.8.2 **DIRECTORY ENQUIRY SERVICES :**

The SERVICE covers providing and operating directory enquiry SERVICE by the LICENSEE for its subscribers. Recognising that it would be in the interest of subscribers of DoT and the LICENSEE to ensure that the directory enquiry SERVICE operated by either party will be in a position to convey to callers of its directory enquiry SERVICE, telephone numbers of subscribers of the other, appropriate technical arrangement for running an integrated data base or for coupling the directory enquiry data bases of DoT and the LICENSEE shall be established. Common costs associated with such integration or coupling shall be shared between DoT and the LICENSEE in an appropriate manner mutually agreed.

1.9 **MESSAGE MEASUREMENT :**

The LICENSEE shall equip itself with the means to measure the originating traffic in respect of each subscriber. It shall be able to generate the billing information, in enough detail, to convince the subscribers satisfactorily. The billing disputes or differences, between the LICENSEE and its subscribers, unless settled amongst themselves within six months can be subjected to arbitration by the TELECOM AUTHORITY or its nominee.

1.10 **SECURITY CONSIDERATION :**

1.10.1 The LICENSEE shall not normally employ bulk encryption equipment in its network. However, if any encryption equipment is used and connected to the LICENSEE's network then it should have prior evaluation and written approval of the LICENSOR.

1.10.2 The LICENSEE shall provide to the LICENSOR location details of switching centers, transmission centres, including routing details etc. Implementation of any installation of the concerned equipment and execution of the concerned project shall be taken up only after the approval by the LICENSOR and locations of

these centers shall not be changed without prior approval of the LICENSOR. This requirement shall be applicable only to such areas as are sensitive from security point of view, as may be notified from time to time by the LICENSOR.

1.10.3 In case of transmission lines, the LICENSEE shall take prior approval of the route from LICENSOR before commencement of execution of the associated project.

1.10.4 The LICENSEE shall provide necessary facilities to the Government to counteract espionage, subversive act, sabotage or any other unlawful activity. The said facilities to be provided by the LICENSEE will depend upon the specific situation at the relevant time.

1.10.5 The LICENSEE shall make available on demand to the agencies authorised by the Government of India, full access to the switching centres, transmission centres, routes etc. for technical scrutiny and for inspection which can be visual inspection or an operational inspection.

1.10.6 All foreign personnel likely to be deployed by the LICENSEE for installation, operation and maintenance of the LICENSEE's network shall be security cleared by the Government of India prior to their deployment. The security clearance will be obtained from the Ministry of Home Affairs, Govt. of India, who will follow standard drill in the matter.

1.10.7 The LICENSEE shall ensure protection of privacy of communication and ensure that unauthorised interception of messages does not take place.

1.10.8 LICENSOR shall have the right to take over the SERVICE, equipment and networks of the LICENSEE either in part or in whole of the Service Area as per directions if any, issued in the public interest by the Government in case of emergency or war or low intensity conflict or any other eventuality. Provided any specific orders or direction from the Government issued under such conditions shall be applicable to the LICENSEE and shall be strictly complied with.

1.10.9 LICENSOR reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security.

1.11 APPLICATION OF INDIAN TELEGRAPH ACT :

1.11.1 The LICENSEE shall furnish all necessary means and facilities as required for the

application of provisions of Section 5 (2) of the Indian Telegraph Act, 1885, whenever occasion so demands.

Section 5 (2) of Indian Telegraph Act reads as under: "on the occurence of any public emergency or in the interest of public safety, the Central Government or a State Government or any officer specially authorised in their behalf by the Central Government or a State Government may, if satisfied that it is necessary or expedient to do so in the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign states or public order or for preventing incitement to the commission of an offense for reasons to be recorded by order, direct that any message or class of messages to or from any person or class of persons or relating to any particular subject, brought for transmission by or transmitted or received by any telegraph, shall not be transmitted or shall be intercepted or detained or shall be disclosed to the Government making the order or an officer thereof mentioned in the order :

Provided that press messages intended to be published in India, of correspondents accredited to the Central Government or a State Government shall not be intercepted or detained, unless their transmission has been prohibited under this sub-section."

1.11.2 APPLICATION OF INDIAN TELEGRAPH RULES

The LICENSEE shall frame a set of commercial code that govern registration, provisioning, operation, maintenance and billing for the SERVICE and get the same approved by the LICENSOR within 4 weeks of issue of the licence. LICENSOR shall accord approval after satisfying itself that such code is consistent with the Indian Telegraph Act, 1885 and does not violate the upper limit of tariff specified by the LICENSOR and otherwise is in the general interests of the public.

1.11.3 Nothing provided and contained anywhere in this Licence Agreement shall be deemed to affect adversely anything provided or laid under the provisions of Indian Telegraphs Act, 1885 or any other law in force.

CONDITION 2 : INSTRUCTIONS FOR THE INSTALLATION OF TELECOMMUNICATION APPARATUS AND ITS MAINTENANCE

2.1 The LICENSEE shall within three months of date on which this licence comes into force and from time to time as the LICENSOR may require, furnish details of

the installation and other related aspects to the LICENSOR. He shall also submit report of progress every three months till the SERVICE is provided.

2.2 **QUALITY ASSURANCE :**

If the QUALITY OF SERVICE as indicated by measurement is found to be below the standard, the LICENSOR may choose to examine the Quality Assurance measures adopted by the LICENSEE.

The LICENSEE shall submit to the LICENSOR a quarterly report on the quality of SERVICE offered to its subscribers indicating the levels of performance achieved against targets specified by LICENSOR. The LICENSOR will, however, have the right to measure the various parameters independently. The LICENSEE shall provide necessary assistance and support to the LICENSOR for such measurement.

2.3 LICENSEE will ensure that the Telecommunication installation carried out by him should not become a safety hazard and is not in contravention of Pollution Laws. He will ensure this by taking all possible steps for safety during the installation and during the currency of the licence.

CONDITION 3 : DELIVERY OF THE SERVICES

3.1.1 The LICENSEE shall be responsible for installation, testing and commissioning of all the equipment to provide the services. However, all performance tests required for successful commissioning of the services shall be carried out by the LICENSOR before the services are commissioned for public use. The LICENSEE shall supply all necessary literature, drawings, installation materials regarding the equipment installed for commissioning of the services. The LICENSEE shall supply all the tools, test instruments and other accessories to the testing party of the LICENSOR for conducting the tests. The PERFORMANCE PARAMETERS shall be measured and confirmed to be acceptable before bringing into commission the SERVICE. The LICENSOR has the absolute right to measure the quality of service during the currrency of the licence as and when the need arises. Notwithstanding the above, the quality of service shall be measured and confirmed to be acceptable before bringing into commission the services.

3.1.2 The list of performance tests to ascertain quality of service, will be furnished by the LICENSEE six months prior to the date of commissioning for approval of LICENSOR.

3.2.1 The LICENSEE shall commission and provide the services within twelve months of the Effective date as defined in clause 1.1 Condition 1, Part II, Schedule B and subclause 5.7 of Part I, Schedule B above.

3.2.2 The time required for conducting the performance tests by "LICENSOR" is included in the twelve months commissioning period. The LICENSEE should offer the services for such testing at least 45 days in advance so that time over runs do not occur. Delay caused due to rectification of deficiencies, if any, in the commissioning/provision of SERVICES, will be to the account of the LICENSEE.

3.3 During the period of licence :

i) LICENSEE shall complete installation of all the necessary equipment and offer SERVICE so as to meet the committed targets for DELs, Village Public Telephones (VPTs) by the end of 24 months and 36 months after the EFFECTIVE DATE, as given in Annexure III. The obligation for VPTs under this clause will be to provide the first public telephone in a village which does not have a telephone at all. Any telephones provided to individual subscribers in rural areas or any additional telephone provided in a village will not be counted towards this obligation under the licence. If all the villages in the Service-Area have been provided with atleast one public telephone by the DoT or the private operator, in such cases this obligation will cease to be applicable.

ii) If the stage of telephone on demand is not reached in the 36 months period as mentioned above, the LICENSEE shall maintain a growth rate of minimum 15% per annum beyond 36 months on the DELs provided, till the stage of telephone on demand is reached. Once the telephone on demand stage is achieved, the growth rate shall be such that the telephone continues to be available on demand. The stage of providing telephone on demand is deemed to have been reached, if the waiting period for 95% of the applicants, is consistently and continuously less than 7 days over the previous three months. LICENSEE is expected to commence registering the demand for telephones after the EFFECTIVE DATE. Each local area shall be separately considered for assessing "telephone on demand" performance.

iii) The LICENSEE shall meet the committed percentage of DELs as Village Public Telephones (as per Annexure-III) in the Service area every quarter of the year. It shall maintain or exceed this rate till all villages have been covered with Village Public Telephones (VPTs).

Since both the DoT and the LICENSEE will be providing village telephones in the same Service Areas, a mutually agreed procedure shall be evolved to avoid infructuous effort on the part of either as well as to avoid some villages getting left out by both.

iv) The LICENSEE shall provide the SERVICE in the Service Area to any individual or legal person without any discrimination. It shall not refuse to provide the SERVICE to any individual or legal person unless directed by the LICENSOR in writing to so refuse. In case the provision of connection is not feasible for technical or other reasons beyond the control of LICENSEE then the LICENSEE will be expected to make arrangement for providing connections in such cases within a reasonable time. The application of private service to any individual is restricted to Areas covered by a LICENSEE's Exchange only. LICENSEE may formulate its commercial code to tackle problems relating to defaulting on bills and misuse of service or facilities.

LICENSEE shall have no right to seek indemnification from DOT, if any individual/legal entity takes legal proceedings in the event of LICENSEE's refusal to serve a particular customer on the basis of LICENSOR's orders since the LICENSEE will be carrying out the orders of statutory Authority.

The LICENSEE shall indemnify the LICENSOR against all actions brought against the LICENSOR for breach of privacy or unauthorised interruption of message transmitted by the establishment of LICENSEE.

v) The LICENSEE shall submit to the LICENSOR annually its firmed up annual roll out plan giving details among others on new exchanges to be commissioned, exchanges to be expanded, new transmission routes to be opened and additions to capacity of existing transmission systems. The roll out plan shall also indicate planned additions of DEL's, Village Public Telephones and PCO's SDCA-wise. It shall be the essence of the licence agreement that the LICENSEE meets the targets specified in the annual firmed up roll-out plan for the period of licence, 36 months after the EFFECTIVE DATE. The roll out plan for the first 36 months shall be in conformity with committed targets to be met within this period and shall be submitted at the time of signing of licence agreement.

vi) The LICENSEE shall meet/comply with the requirements of Quality of service, Billing and Technical Standards as detailed in this Agreement read with Interconnect Agreement.

CONDITION 4 : COMPLAINT - BOOKING AND TREATMENT

4.1 The LICENSEE shall be responsive to the complaints lodged by his subscribers. He shall rectify the anomalies within the MTTR specified in the scope of the Quality of Service.

4.2 The LICENSEE shall equip itself with adequate system to deal with the complaints from its subscribers, test the part of the equipment and external plant wherever relevant, and take necessary corrective measures to bring the faulty elements back into satisfactory operation. It shall maintain the history sheets for each installation, statistics and analysis on the overall maintenance status. The conditions specified in the QUALITY OF SERVICE shall be adhered to. Whenever the achieved value of a parameter at any station for two consecutive periods of measurement is so low as to need improvement by more than 100% to achieve the target figure, the LICENSEE shall within seven days bring the same to the notice of the LICENSOR through an exception report.

The LICENSEE shall also widely publish the information relating to the recovery procedures, relating to the performance of all the equipment in his control.

4.3 The Licencee shall keep a record of first information of all faults reported by his subscribers chronologically and the rectification of faults thereof. The record of faults shall give relevant particulars to evaluate the service quality based on the criterion mentioned in para 4.2 above.

CONDITION 5 : WPC WING'S LICENCE

5.1 A separate specific licence shall be required from the WPC Wing of Ministry of Communications, which will permit utilization of appropriate frequencies/band for the establishment and operation of concerned wireless element of the telecom. service under usual terms and conditions of the licence. Grant of licence will be governed by normal rules, procedures and guidelines and will be subject to completion of necessary formalities.

5.2 For this purpose, an application shall be made to the "Wireless Advisor to the Government of India, WPC Wing, Ministry of Communications, Sardar Patel Bhavan, Sansad Marg, New Delhi-110001" in a prescribed application form available from WPC Wing.

5.3 Siting clearance in respect of fixed stations and its antenna mast shall be obtained

from the WPC Wing for which the applicant shall apply to the Secretary, SACFA (Standing Advisory Committee on Frequency Allocations) in the prescribed application form, to the following address:-

The Secretary (SACFA), WPC Wing,
Ministry of Communications,
Sardar Patel Bhavan, Sansad Marg,
New Delhi-110001.

Note : SACFA is the apex body in the Ministry of Communications for considering matters regarding coordination for frequency allocations and other related issues/matters. (Siting clearance refers to the agreement of major wireless users for location of proposed fixed antenna from the point of view of compatability with other radio systems and aviation hazard. It involves inter departmental coordination and is an involved process). Siting clearance procedure may take two to six months depending on the nature of the installations and the height of the antenna masts.

5.4 Licence fee/royalty as prescribed by WPC from time to time, shall have to be paid by LICENSEE towards grant of licence for usage of frequency spectrum. Quantum of Licence fee/Royalty shall depend upon number of RF Channels, the frequency band, maximum link distance and other related aspects.

5.5 The LICENSEE shall not cause harmful interference to other authorised users of radio spectrum. WPC Wing will have the sole discretion to take practicable and necessary steps for elimination of harmful interference, if any, to other licenced users.

5.6 The Wireless Planning and Coordination Wing shall have the right to inspect from time to time the installations from technical angles to check conformity with WPC Wing's licence.

CONDITION 6 : ISSUE OF BILLS TO SUBSCRIBERS

6.1 It shall be the responsibility of the LICENSEE, to cause regular issue of the bills to its subscribers.

6.2 BILLING

The LICENSEE shall not charge, for SERVICE provided to its subscribers, more than

DoT's tariff fixed from time to time. The LICENSEE may, however, charge lower rate of tariff without prior approval from LICENSOR, provided such changes are intimated to LICENSOR prior to their implementation.

6.3 The billing system shall be subject to scrutiny by the LICENSOR.

6.4 Suitable arrangements shall be provided by the LICENSEE to enable the LICENSOR to monitor the billing software and billing data, of its network.

6.5 The billing period may be decided by the LICENSEE, but it should be at least once in two months.

CONDITION 7 : RIGHT TO INSPECT

7.0 The LICENSOR, or its authorised representative shall have the right to inspect the sites to which and where from the SERVICES are extended. The LICENSOR shall, in particular but not limited to, have the right to have access to lines, junctions, trunks, terminating interfaces, processing hardware/ software, memories of live, magnetic and optical varieties, wired options, distribution frames, and to enter into dialogue with Input/output devices or terminals. The LICENSEE will provide the necessary infra-structure for continuous monitoring of the same, if required by the LICENSOR or its authorised representative(s) for national security reasons. The LICENSOR will ordinarily carry out inspection after reasonable notice except in circumstances where giving such a notice will defeat the very purpose of the inspection.

CONDITION 8 : ALTERATIONS TO THE APPLICABLE SYSTEMS

8.1 The LICENSEE shall from time to time inform the LICENSOR and provide such additional information as may reasonably be required about any proposals for changes to the Applicable Systems or to any apparatus comprised therein or to any stored commands or protocol, which the LICENSEE might reasonably anticipate from the facts known to it, would or might, when made, have the effect of requiring any person:

(i) running any Connectable System which is or is to be connected to the Applicable Systems;

(ii) producing or supplying telecommunication apparatus or telecommunication systems for connection to the Applicable Systems without becoming comprised

in them materially to modify, or, as the case may be, to replace or cease to produce or supply, any item of telecommunication appapratus connected or to be connected to the Applicable Systems.

8.2 The LICENSEE shall prepare and publish in consultation with the LICENSOR not later than six months after the date on which this licence enters into force, a statement of its procedures for consulting, and giving advance notice to, those persons likely to be affected by such changes and shall adhere to those procedures.

8.3 In this condition:

"to modify" in relation to any other apparatus or System means to make any alteration to that Apparatus or System which may be necessary to ensure that any Message which has been or is to be conveyed by means of any of the Applicable Systems connected or to be connected to that Other Apparatus or System is capable of being properly conveyed by that other apparatus or system or by that Applicable System as the case may be; and

"Other Apparatus or System" means any telecommunication apparatus or telecommunication system together with any protocol, message format or stored command in such apparatus or system connected or to be connected to but not comprised in any of the Applicable Systems.

CONDITION 9 : FORCE - MAJEURE

9.1 If at any time, during the continuance of this licence, the performance in whole or in part, by either party, of any obligation under it is prevented or delayed, by reason of war, or hostility, acts of the public enemy, civil commotion, sabotage, fire, flood, Act of State or direction from Statutory Authority, explosion, epidemic, quarantine restriction, strikes and lock-outs (as are not limited to the establishments and facilities of the LICENSEE), or act of GOD (hereinafter referred to as EVENT), provided notice of happenings of any such EVENT is given by either party to the other, within 21 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. However, the Force Majeure events except those described herein-after, will not in any way cause extension of the period of Licence and will also not be a ground for non-payment of Licence fee.

9.2 Provided further that if the SERVICE under the LICENCE is prevented in whole, entirely due to occurance of the event of (i) war; (ii) Act of God; and (iii) directions from Statutory Authority for stoppage of the work or service, the payment of licence fee shall be exempted to the extent payable for the period covered entirely by such event of force majeure and there will be a fair and reasonable extension upto the corresponding period in the licence period. The decision of LICENSOR regarding the period so covered by the event of Force Majeure shall be final and binding on the parties.

CONDITION 10 : PROHIBITION ON CERTAIN ACTIVITIES BY THE LICENSEE

10.1 The LICENSEE shall not engage in the business of the provision of other SERVICEs without specific permission of the LICENSOR.

10.2 For the avoidance of doubt, it is, hereby, declared that nothing contained in Condition 10.1 above shall preclude the LICENSEE from engaging in advertising and promotional activities relating to any of the Applicable Systems or from assembling any telecommunication apparatus comprised or to be comprised in any of the Applicable Systems.

10.3 The LICENSEE shall ensure that objectionable or obscene messages or communications are not carried in his network, consistent with the established laws of the country. In particular LICENSEE is obliged to provide, without delay, all the tracing facilities of the nuisance or malicious calls, messages or communications transported through his equipment and network, to authorised officers of Government of India, including Police, Customs, Excise, Intelligence Department officers etc., when such information is required for investigations of crimes or in the interest of national security.

10.4 The LICENSEE shall furnish all means and facilities as required for the application of the provisions of Section 5(2) of the Indian Telegraph Act 1885, whenever occasion so demands.

10.5 In case any confidential information is divulged to the LICENSEE for proper implementation of the Agreement, it shall be binding on the LICENSEE, its agents and servants to maintain its secrecy and confidentiality.

CONDITION 11 : REQUIREMENT TO FURNISH INFORMATION TO THE LICENSOR/TELECOM AUTHORITY

11.1 Subject to Condition 11.2, the LICENSEE shall furnish to the TELECOM AUTHORITY, in such manner and at such times as the AUTHORITY may reasonably request, such documents, accounts, estimates, returns or other information and procure and furnish to AUTHORITY such reports as it may reasonably require for the purpose of exercising the functions assigned or transferred to it.

11.2 The LICENSEE may not be required to procure or furnish a report which would not normally be available to it unless the TELECOM AUTHORITY considers the particular report essential to enable it to exercise its functions.

11.3 Engineering details:

(a) The LICENSEE shall furnish complete technical detaills with all calculations for engineering, planning and diamentioning of the system/network, concerned relevant literature, drawings, installation materials regarding the equipment for commissioning of SERVICE.

(b) The detailed calculations about link engineering and in case of usage of Wireless In Local Loop systems, the field strength, signal penetration inside the buildings including basements etc should be provided by the LICENSEE.

(c) List of performance tests to be furnished by the LICENSEE six months prior to the date of commissioning, for approval of LICENSOR.

(d) LICENSEE shall supply all tools, test instruments and other accessories to the testing party of LICENSOR for conducting tests.

(e) Network plan for the Service Area giving route engineering, network-architecture, Interconnecting transmission media and investment costs.

The above details are to be provided within two months of the signing of the Licence Agreement.

CONDITION 12 : LIQUIDATED DAMAGES

12.1 The date of commissioning of the SERVICE, as stipulated in this Licence Agreement,

shall be deemed to be the essence of the licence and the SERVICE must be brought into commission not later than that date. Extension will not ordinarily be given. Should, however, the SERVICE be brought into commission after the expiry of the stipulated date of commissioning, without prior concurrence of the LICENSOR and be accepted by it, such commisioning will not deprive the LICENSOR of its right to recover liquidated damages under this Clause. When however, the commissioning of the SERVICE is effected within 15 days from the stipulated date of commissioning, LICENSOR may accept the SERVICE and in such cases the provision of the Clause 12.2 will not apply.

12.2 If the LICENSEE fails to bring the SERVICE or any part thereof into commission within the period prescribed for the commissioning, LICENSOR shall be entitled to recover for each Service Area liquidated damages as follows :

Category of Service Area	Liquidated Damages per seven days of delay or part thereof	Maximum Liquidated Damages
A	Rs.25 Lakh.	Rs.6.5 Crore.
B	Rs.15 Lakh.	Rs.4.0 Crore.
C	Rs. 5 Lakh.	Rs.1.5 Crore.

For delays of more than 180 days the licence will be terminated as per Condition 14 of this Schedule B Part II "Terms and Conditions"

12.3 The liquidated damage charges shall be calculated from the last date of commissioning without grace period of 15 days as per Clause 12.1 above. For computation of period, the day of Effective Date shall be excluded.

12.4 If the LICENSEE fails to deliver the SERVICE or any part thereof within the period prescribed for the delivery, LICENSOR shall be entitled to recover for each Service Area, liquidated damages as follows subject to the maximum amount shown in Clause 12.2 above:

i] For DELs : Liquidated damages = Rs. 11 x No. of days of delay x No. of DELs not delivered.

ii] For VPTs :

Liquidated damages = Rs. 66 X No. of days of delay X No. of VPTs not delivered.

For delays, in delivery of SERVICE, of more than 180 days, the licence will be terminated as per Condition 14 of this Shcedule B, Part II "TERMS AND CONDITIONS"

iii] For failure to meet the commitment for use of indigenously manufactured equipment at the end of 3 years :

Liquidated damages =

a) For 100% failure:

6% of the NPV calculated by discounting the levy of the bidder at a rate of 16% per annum, with reference to the payment schedule as indicated in Annexure III of this Schedule.

b) For less than 100% failure

Percentage of NPV mentioned above reduced pro-rata.

The liquidated damages stipulated in Clause 12.2 relate to delays pertaining to commissioning of SERVICE whereas the liquidated damages stipulated in Clause 12.4 above relate to delays pertaining to Delivery of SERVICE which shall continue right upto the termination of LICENCE (see clause 3.3). During commissioning of SERVICE, Clause 12.4 is not applicable.

CONDITION 13 : ISSUE AND EXTENSION OF LICENCE :

13.1 This licence is issued by the LICENSOR for the ANDHRA PRADESH Service Area on a non exclusive basis under Section 4 of Indian Telegraph Act 1885. LICENSEE shall not transfer this licence to a third party directly or indirectly. Any changes in the composition of the LICENSEE shall be with the prior approval of LICENSOR. The LICENSOR while approving such changes (in the equity structure) shall ensure that no one Company/legal person has controlling interest in more than one Indian Companies which have been licensed to provide the SERVICE. Any changes in the equity structure of the LICENSEE shall be duly intimated to the LICENSOR.

Such changes shall be permissible among other things subject to the following conditions :-

(a) the shareholding of a foreign promoter whose networth or experience or both have been taken into consideration for determining the eligibility of the LICENSEE, must continue to have a shareholding of not less than 10% for at least five years from the date of issue of licence

(b) the share holding of an Indian promoter must continue to be not less than 10% or the holding at the time of bidding, whichever is lower, for the first five years from the date of issue of licence and

(c) also that monopoly conditions do not develop.

DOT / MTNL / any other Company or entity on behalf of DoT shall continue to operate telephone service in the Service Area.

13.2 This licence is valid initially for a period of 15 years unless terminated earlier. If requested by the LICENSEE, extension may be granted by the LICENSOR at suitable terms for a period of ten years at a time. The decision of the LICENSOR shall be final in the matter. The LICENSOR shall extend or refuse extension of the licence on a request received by it, latest by the 13th year from effective date. If no request for extension is received by then, the licence shall automatically be terminated as per due date.

Licence is renewable on each termination date provided that request for renewal of a renewed licence has been made not more than two years before the expiry of the period of validity of such licence.

The licence will ordinarily be renewed on such terms & conditions as may be determined by the LICENSOR.

13.3 For the first ten years after the grant of licence, there will be only one LICENSEE to provide the SERVICE in the Service Area other than DoT/MTNL, provided that DoT will be free to acquire assets and facilities either directly or through any other designated company or authority on its behalf in the Service Area, provided further that a Pilot project may be approved and licensed for a limited period, by the LICENSOR for proving new technology or management techniques or both.

LICENSOR will be free to acquire assets and facilities through B.L.T. LICENSOR may issue additional licenses after first ten years, if it is considered necessary or desirable.

The LICENSOR will determine the terms and conditions of the new LICENSEE after taking into account the interest of the subscribers and needs of growth of Telecom facilites with due regard to the commercial interests of the existing operators.

CONDITION 14 : TERMINATION OF THE LICENCE:

14.1 TERMINATION FOR DEFAULT:

The LICENSOR, may, without prejudice to any other remedy for breach of conditions of licence, by written notice of 180 days, issued to LICENSEE at its registered office 180 days in advance, terminate this licence in whole or parts under any of the following circumstances:

(a) if the LICENSEE fails to commission or deliver any or all of the SERVICEs within the time period(s) specified in this licence or in any extension thereof granted by the LICENSOR,

or

(b) if the LICENSEE fails to perform any other obligation(s) under the licence including remittance of timely payments due to the LICENSOR.

and

(c) if the LICENSEE does not rectify the failure within a notice period of 180 days or during such further period as the LICENSOR may authorise in writing in this regard.

14.2 TERMINATION FOR INSOLVENCY:

The LICENSOR, may at any time terminate the licence by giving written notice of 90 days to the LICENSEE without compensation to him, if the LICENSEE becomes bankrupt or otherwise insolvent, provided such termination shall not prejudice or affect any right of action which has accrued or will accrue thereafter

to the LICENSOR. The right of termination will arise on the LICENSEE being adjudicated or applying for being adjudicated as bankrupt.

14.3 **TERMINATION FOR CONVENIENCE:**

If the LICENSEE is to surrender the licence, it shall give an advance notice of 180 days. If during the period, the criteria of QUALITY OF SERVICE are not met, it shall forfeit all claims on the bank guarantee(s) which shall be encashed and the amount shall be adjusted towards damages.

14.4 **TERMINATION FOR TRANSFER OF THE LICENCE :**

The LICENSEE shall not, in any manner whatsoever transfer the licensing rights granted to it, to any other party. Any violation shall be construed as a breach of licence and the licence shall be terminated in accordance with 14.1 above.

Installation of systems, equipment and network can be given on contract. However,providing the SERVICE can not be given to another party on contract.

14.5 ACTIONS PURSUANT TO TERMINATION OF LICENCE AS PER CLAUSES 14.1, 14.2, 14.3 AND 14.4 ABOVE:

14.5.1 In the event of termination of the licence, the LICENSOR shall procure upon such terms and conditions and in such manner as deemed appropriate /fit, the goods and SERVICES and will make up for those not installed, not delivered or not brought into commission so as to enable provision of SERVICE and the LICENSEE shall be liable to the LICENSOR for any excess/extra costs for such corrective efforts. The criteria for determining the terms and conditions for procuring will depend upon the circumstances, as per market forces, prevailing at the time of procurement. The decision of the LICENSOR shall be final in all respects.

14.5.2. Whenever the licence is terminated or not extended, the LICENSOR shall in order to ensure the continuity of the SERVICE take such steps as are necessary including the following:

i] permit the Department of Telecommunications to take over; or

ii] issue licence to another Indian Company for running the SERVICE. The LICENSEE shall facilitate taking over by DOT or the new LICENSEE all those

assets as are essential for the continuity of the SERVICE. The LICENSEE shall receive from DOT or the new LICENSEE, as the case may be, reasonable compensation for the assets made over based on their future earning potential, market price of the share, current replacement value of the assets etc.

14.5.3. After the issue of written notice of terminating the licence if the SERVICE quality is not maintained as per specifications, (in the notice period), it will be treated as breach of licence conditions and will be dealt with as such.

CONDITION 15 : DISPUTES WITH OTHER PARTIES

15.1 In the event of any dispute of the LICENSEE with any party other than DOT due to any reason whatsoever, the dispute will be sorted out among themselves and DOT will have no liability in any manner. However dispute arising with other parties due to non observance of rules and regulations by the LICENSEE as provided in this licence, the LICENSOR will have full powers to take any action against LICENSEE as is provided in the relevant clauses of this licence. The LICENSEE shall indemnify DOT/LICENSOR in respect of any action against DOT/LICENSOR for acts of commission or omission on the part of the LICENSEE, its agents and servants.

CONDITION 16 : ARBITRATION OF DISPUTES

16.1 In the event of any question, dispute or difference arising under the licence, or in connection thereof, except as to the matter, the decision of which is specifically provided elsewhere under this licence agreement, the same shall be referred to an Arbitral Tribunal, hereinafter called the "TRIBUNAL" comprising three Arbitrators, one each to be appointed by the LICENSOR (acting through Telecom. Authority) and LICENSEE and such two Arbitrators shall then appoint the third Arbitrator within 30 days of their appointment but before proceeding with the reference.

16.2 The LICENSOR and the LICENSEE shall invariably make the appointment of their respective Arbitrator within 30 days of the date of receipt of the notice of appointment of Arbitrator by another party.

16.3 This Licence Agreement and any dispute thereof shall be governed by the substantive provisions of Indian Law.

16.4 The venue of Arbitration shall be New Delhi or as may be fixed by the TRIBUNAL any where in India.

16.5 The arbitration proceedings shall be conducted in accordance with the provisions of the Indian Arbitration and Conciliation Act, 1996 and rules framed thereunder or any modifications or re-enactment thereof made from time to time.

: FINANCIAL CONDITIONS — CONDITION 17

17.1 TARIFF:

Tariff for the SERVICE provided by the LICENSEE shall not be more than DoT's Tariff. Tariff is subject to regulation by Telecom Regulatory Authority of India, as and when such an authority is set up by the Government of India. LICENSEE can, however, charge lower than DoT tariff rates, without prior approval of LICENSOR, provided LICENSOR is intimated prior to implementing such changes.

The tariffs applicable to a local exchange system will depend upon total capacities of the system which is the sum of the capacity of DoT exchanges and LICENSEE exchange in the local system.

Higher tariff cannot be charged for providing a service with better or additional quality. However, separate tariff can be charged for any additional service provided such tariff is determined by the LICENSOR or the Telecom Regulatory Authority of India. Any such service has to be within the scope of the licence granted under this tender.

The services to be provided by the LICENSEE have been given in this Licence Agreement. Subject to these, LICENSEE will be free to devise packages for marketing his services to the different segments of the subscribers. Tariff is subject to review by the TRAI.

It is likely that some of the proposed services to be offered by the LICENSEEs are not currently being provided by DoT e.g. Centrex. For such services, if the DoT tariff does not exist, the LICENSEE shall be free to fix its own tariff after filing it with the LICENSOR at least 45 days before the introduction of such additional service. However, LICENSOR will reserve the right to fix tariff for any such service.

17.2 The SERVICE shall be provided by the LICENSEE under the following conditions:

17.2.1 The initial period of licence is 15 years unless terminated under clause 14 in this Schedule, extendable by 10 years at one time as per Condition 13, Schedule B, Part II. The terms of such extension will be determined by the LICENSOR.

17.2.2 The effective date for licence will be as per Clause 5.7 of Schedule B, Part I.

17.2.3 Terminal Ownership: The mode of ownership of terminal/telephone shall be at the option of the subscriber.

17.2.4 The communication resources and other support facilities : LICENSEE will have to make its own arrangement for all infrastructure involved in providing the SERVICE and reaching DoT's specified exchanges. However, the charges for any communication resources provided by DoT on the request of the LICENSEE will be at the rates fixed by the DoT from time to time.

17.3 **INTERNATIONAL BORROWING :**

External/International Commercial Borrowing by the LICENSEE company shall not be more than twice the foreign equity in the LICENSEE company. This limitation applies to both short term and long term financing.

Provided always that the conditions imposed above shall stand modified in accordance with the guidelines issued on the subject from time to time by the Ministry of Finance, Government of India.

Restrictions imposed by Reserve Bank of India /Securities and Exchange Board of India/ Finance Ministry or any other Statutory Authority from time to time on local borrowing shall also have to be complied by the LICENSEE.

17.4 The LICENSEE shall be bound by the terms and conditions of the licence granted as well as by such regulations and instructions as are issued by the LICENSOR and / or its successors from time to time.

17.5 Preparation of accounts:

The LICENSEE shall;

(a) maintain and prepare accounting records, sufficient to show and explain its transactions in respect of each complete financial year of the LICENSEE during

which this Licence is in force, or of such lesser periods as the LICENSOR may specify fairly presenting the costs (including capital costs), revenue and financial position of the LICENSEE's business and including a reasonable assessment of the assets employed in and liabilities attributable to the LICENSEE's business.

(b) procure in respect of each of those accounting statements prepared in respect of a complete financial year of the LICENSEE, a report by the LICENSEE's Auditor stating whether in his opinion that statement is adequate for the purposes of this Condition; and

(c) deliver to the LICENSOR a copy of each of the accounting statements not later than six months after the end of the period to which they relate.

In this condition:

the "Auditor" means the LICENSEE's auditor for the time being appointed in accordance with the requirements of the Companies Act, 1956.

17.6 PERFORMANCE BANK GUARANTEE :

The LICENSEE shall have to submit and maintain during the period of the licence, a BANK GUARANTEE of amount as shown below, for the Service Area licensed, as a performance security in the prescribed format as per Annexure-II. This performance Bank Guarantee, which shall initially be valid for three years and extendable in terms of one year thereafter, shall be in the form as prescribed by the LICENSOR. This shall be submitted before signing of Licence Agreement.

Installed capacity range in LICENSEEs network	B.G. Amount in Rs. per Service Area
< 50,000 lines	25 Crores
50,000 and above	50 Crores

LICENSOR reserves the right to enhance the amount of Performance Bank Guarantee at a later stage, if required.

The Performance Bank Guarantee amount shall be a minimum of Rs.25 Crores for the first year of licence and is subject to annual review as per the installed capacity of telephone lines of the licensed area.

LICENSOR, without prejudice to its rights to any other remedies, is free to encash the performance Bank Guarantee, in part or in full, in case of any breach of terms and conditions of the licence by the LICENSEE.

Breach of licence or non-fulfilment of licence conditions may come to the notice of the LICENSOR through complaints or as part of regular monitoring. Wherever considered necessary, LICENSOR will conduct an inquiry to determine whether there has been any breach of the terms and conditions of the licence. The LICENSEE will be given an opportunity before any action adverse to his interest is taken. The LICENSOR shall decide in each case the penalty to be levied for any breach of the terms and conditions of the Licence. If the penalty is not discharged or complied with, the LICENSOR has the right to encash, in part or in full, the Performance Bank Guarantee.

CONDITION 18 : PAYMENT OF LICENCE FEES, OTHER PAYMENTS AND BANK GUARANTEES

18.1 The Licence fee payable by LICENSEE for service area licensed shall be regulated as follows:-

Rates of Annual Levy payable are as per payment schedule given in Annexure III. The Annual Licence fee to be paid by the LICENSEE to the LICENSOR shall be worked out as follows:-

Annual Licence Fee = Annual Levy as per above schedule + An amount equal to 2% (Two percent) of the Gross Profit of the LICENSEE in the business of providing the SERVICE.

Note : (i) In addition to the annual payment towards the accepted levy as per above, the LICENSEE shall annually pay to the LICENSOR an amount 'A' which is equal to 2% of the gross profit of the LICENSEE in the business of providing the SERVICE (out of this 2%, 0.5% is towards the administration charges and 1.5% towards the R&D cess). The annual licence fee shall be the sum of the above two annual payments.

(ii) Gross profit here, represents the excess of income over expenditure

after providing for depreciation, and charges pertaining to previous years but before providing for interest on loans, taxes and appropriations to reserves.

The LICENSEE shall pay the yearly licence fee in advance through a demand draft drawn on any Scheduled Bank in New Delhi in favour of The Pay & Accounts Officer (HQ), DOT. To take into account the variable portion of the licence fee i.e. corresponding to component 'A' as above, the said component 'A' of licence fee payable in a year shall be atleast 20% more than the amount due and paid in the previous year towards this component. For the first year, the amount payable towards this component 'A' of licence fee shall be Rs.'100 D' where 'D' is the committed number of DELs for the first year.

However, suitable adjustments on this account, pertaining to component 'A' as above, shall be made every year when audited accounts become available.

18.2 ACCESS CHARGES:

The LICENSEE, in addition to paying the Licence fee, will pay the full access charges to the Department of Telecommunications at rates applicable as indicated at Clause 1.7.8, Condition I "Requirements To Provide the SERVICE" under the TERMS AND CONDITIONS in Part II of SCHEDULE 'B'.

18.3 For the purpose of charging the licence fee for the first year, the year shall be reckoned as 12 months beginning with the effective date. Payments shall be due on the anniversary dates of the effective date.

18.4 The annual licence fee referred to above does not include Royalty fees payable to WPC Wing of Ministry of Communications (WPC) for use of Radio Frequencies which shall be paid separately by the LICENSEE on the rates prescribed by the WPC and as per procedure specified by it.

18.5 Communication resources and other support facilities provided by the LICENSOR or its nominee will be charged separately at prescribed rates and intervals.

18.6 Within one month of signing of Licence Agreement, the LICENSEE shall establish a separate bank account with a Scheduled Bank in India, to which all revenues

accruing from the operations under this licence shall be credited. The LICENSOR shall have a lien of 30% on the amount of funds credited to this account towards amounts payable to the LICENSOR/ DOT. Adjustments of payments due shall be carried out between the LICENSOR and the LICENSEE on a quarterly basis in advance. The LICENSOR may specify the estimated quarterly amounts in the beginning of the year and any balance adjustment may be made in the last week of the quarter. If the amount of balance adjustment at the end of any quarter exceeds Rs. 2 lakhs, suitably revised amount may be specified for the ensuing quarter. If it is clear that the specified amount for remaining quarters of the year needs to be revised, this shall be done. Collection accounts in different towns and cities may be opened for transfer to main account at the Circle headquarters with appropriate instructions for implementing escrow account provision.

Since this account will not have adequate funds initially, a financial Bank Guarantee is required till this account becomes sufficiently healthy and continues to be so and till the LICENSOR decides to act as per para above. For the period upto the first two years after commissioning of the service, the LICENSOR may specify 'nil' amount to the bank where escrow account is established, as financial Bank Guarantee covering the dues to the LICENSOR would be available for this initial period.

18.7 For covering the payment due to the LICENSOR/DOT, before the signing of the licence agreement, the LICENSEE shall submit a Financial Bank Guarantee from any Scheduled Bank, to be renewed from time to time and initially valid for a period of two years from the effective date. The amount of Financial Bank Guarantee shall be as per the following details:

(a) For first year:

Category of Service Area	Amount of Financial Bank Guarantee for the Service Area
A	Rs. 50 Crores
B	Rs. 25 Crores
C	Rs. 15 Crores

(b) For the second year onwards, the Financial Bank Guarantee shall be subject to annual review and shall be required to be provided for an amount equivalent to the sum of the respective annual amounts payable towards the licence fee,

assessed access charges, interconnect charges, charges for resources leased etc. and keeping in view the amounts which become available in the escrow account. The LICENSEE shall, therefore, be required to provide the requisite amendment/additional Financial Bank Guarantee for the differential amount accordingly before the commencement of each succeeding year.

18.8 In case of over-due payments, interest shall be charged on the due amount at the prime lending rate specified by State Bank of India from time to time plus 5% per annum (compounded monthly) applicable with effect from the date on which the payment becomes due.

18.9 Billing Payments and Settlement of disputes with DOT.

The relevant clauses in this respect in the interconnect agreement may be referred.

18.10 If due payment is not received in time for a maximum period of 30 days, an adjustment will be made through the Bank Guarantee and notice for termination of licence will be served as per the provisions of Condition 14 of this Schedule B, Part II "TERMS AND CONDITIONS". DOT will retain the option to discontinue the use of its facilities by the LICENSEE immediately thereafter. LICENSOR may also resort to action under Condition 14 of this Schedule B, Part II "TERMS AND CONDITIONS". This is without prejudice to any other remedy the LICENSOR may decide to resort to.

The performance Bank Guarantee shall be submitted separately as per Clause 17.6 of Condition 17, Schedule 'B' Part II "TERMS & CONDITIONS".

CONDITION 19 : SET OFF

Any sum of money due and payable to the LICENSEE (including Earnest Money refundable to him) under this licence may be appropriated by the Government or any other person or persons including contracting through the Government of India and the same may be set off against any claim of the Government or such other persons for payment of a sum of money arising out of this licence or under any other licence made by the LICENSEE with the Government or such other person or persons including TELECOM AUTHORITY contracting through Government of India.

ANNEXURE I.

PROFORMA FOR FINANCIAL BANK GUARANTEE

To

The President of India

In consideration of the President of India (hereinafter called 'the Authority') having agreed to grant a licence to M/s _____of_____ (hereinafter called 'the LICENSEE') to establish ,maintain and operate Telephone Service (hereinafter called 'the SERVICE') in _____ circle(Name of Circle) in accordance with the letter of Intent/licence no_____dated_____(hereinafter called 'the Licence) on the terms and conditions contained in the said Licence , which interalia provides for production of a Bank Guarantee to the extent of Rs._____(_____in words) under the said Licence by way of security for payment of the said licence fee as well as such other fees or charges required to be paid by the LICENSEE under the Licence. We_____ (indicate the name and address and other particulars of the Bank)(hereinafter referred to as 'the Bank') at the request of the LICENSEE hereby irrevocably and unconditionally guarantee to the Authority that the LICENSEE shall pay all the dues, including but not limited to, the licence fee, access charges etc.to the Authority.

2. We, the Bank, hereby undertake to pay to the Authority an amount not exceeding Rs._____(Rupees_____only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any failure of the LICENSEE to pay all the above mentioned fees, dues and charges or any part thereof within the periods stipulated in the Licence.

3. We, the Bank, hereby further undertake to pay as primary obliger and not merely as surety to pay such sum not exceeding Rs._____ (Rupees _____Only) to the Authority immediately on demand and without demur stating that the amount claimed is due by way of failure of the LICENSEE to pay any fees or charges or any part thereof in terms of the said Licence.

4. WE ,THE BANK, DO HEREBY DECLARE AND AGREE that the decision of the Authority as to whether LICENSEE has failed to pay the said Licence fees or

any other fees or charge or any part thereof payable under the said Licence and as to the amount paybale to the Authority by the Bank hereunder shall be final and binding on us."

5. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the

(a) Guarantee herein contained shall remain in full force and effect for a period of Two Years from the date hereof and that it shall continue to be enfoceable till all the dues of the Authority and by virtue of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said Licence have been fully and properly carried out by the said LICENSEE and accordingly discharged this guarantee.

(b) The Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Licence or to extend time of performance of any obligations by the said LICENSEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said LICENSEE and to forbear or to enforce any of the terms and conditions relating to the said Licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said LICENSEE or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said LICENSEE or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

(c) Any claim which we have against the LICENSEE shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the LICENSEE.

6. We, the BANK, undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

Dated _____ day _____ for _____
(name of the Bank)

Witness:

1 .....
.....
.....

2 .....
.....
.....

ANNEXURE II.

PROFORMA FOR PERFORMANCE BANK GUARANTEE

To

The President of India

In consideration of the President of India (hereinafter referred to as 'the Authority') having agreed to grant a licence to M/s_____ of_____ (hereinafter called the 'LICENSEE' to establish, maintain and operate telephone service (hereinafter called 'the SERVICE') as per licence No._____ dated_____ (hereinafter called 'the said Licence') on the terms and conditions contained in the said Licence, which interalia provides for production of a Bank Guarantee to the extent of Rs._____ (_____ in words____) for the service by way of security for the due observance and performance of the terms and conditions of the said licence We_____ (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the Bank') at the request of the LICENSEE hereby irrevocably and unconditionally guarantee to the Authority that the Licensee shall render all necessary and efficient services which may be required to be rendered by the LICENSEE in connection with and/or for the performance of the said LICENSEE and further guarantees that the service which shall be provided by the LICENSEE under the said licence , shall be actually performed in accordance with terms & conditions of the LICENSEE to the satisfaction of the Authority.

2. We, the bank hereby undertake to pay to the Authority an amount not exceeding Rs.....(Rupees.....only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any breach by the said LICENSEE of any of the terms and conditions contained in the said licence.

3. We, the bank hereby, in pursuance of the terms of the said licence, absolutely, irrevocably and unconditionally guarantee as primary obliger and not merely as surety the payment of an amount of Rs.....(Rupees.....only), to the Authority to secure due and faithful performance by the LICENSEE of all his/their obligations under the said Licence.

4. We, the bank hereby also undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the Authority stating that the amount claimed is due by way of loss or damage caused or would be caused to or suffered by the Authority by reason of breach by the said LICENSEE of any of

the terms or conditions contained in the said Licence or by reason of the LICENSEE's failure to perform any of it's obligations under the said Licence."

5. We, the bank ,do hereby agree that the decision of the Authority as to whether the LICENSEE has failed to or neglected to perform or discharge his duties and obligations as aforesaid and/or whether the service is free from deficiencies and defects and is in accordance with or not of the terms & conditions of the said Licence and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on the Bank.

6. WE, THE BANK, DO HEREBY DECLARE AND AGREE that:

(a) the Guarantee herein contained shall remain in full force and effect for a period of Three Years from the date hereof and that it shall continue to be enforceable till all the dues of the Authority and by virtue of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said licence have been fully and properly carried out by the said LICENSEE and accordingly discharged this guarantee.

(b) the Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Licence or to extend time of performance of any obligations by the said LICENSEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said LICENSEE and to forbear or to enforce any of the terms and conditions relating to the said Licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said LICENSEE or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said LICENSEE or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

(c) any claim which we have against the LICENSEE shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the LICENSEE.

3. We the BANK undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

Dated _____ day _____ for _____
(name of the Bank)

Witness:

1 ..... 2 .....

....

....

ANNEXURE-III

DETAILS OF LICENSED SERVICE AREA, TOTAL LEVY, LICENCE FEE, BANK GUARANTEES, PAYMENT SCHEDULE AND TARGETS IN RESPECT OF DELS, VPTs AND INDIGENISATION

A. (i) Name of the Territorial Telecom Circle/Service Area licensed : ANDHRA PRADESH

(ii) Total levy amount to be paid over 15 years licence period (Rs. in crores) : Rs. 4200 crores (Rupees Four thousand two hundred crores only)

(iii) Licence Fee for the first year (to be paid in advance through Demand Draft) : Rs.120.50 crores (Rs. One hundred twenty crores & fifty lakhs)

(iv) Payment Schedule and Bank Guarantee Amount details:

Year No.	Levy Amount (Rs. in crores)	Performance Bank Guarantee amount (Rs. in crores)	Financial Bank Guarantee amount (Rs. in crores)
1.	120.00	Fifty Crores	Fifty Crores
2.	120.00	As per Para 17.6 (Condition 17) Schedule B Part II	As per Para 18.7 (Condition 18) Schedule B Part II
3.	120.00	-do-	-do-
4.	120.00	-do-	-do-
5.	120.00	-do-	-do-
6.	240.00	-do-	-do-
7.	240.00	-do-	-do-
8.	240.00	-do-	-do-
9.	240.00	-do-	-do-
10.	240.00	-do-	-do-
11.	480.00	-do-	-do-
12.	480.00	-do-	-do-
13.	480.00	-do-	-do-
14.	960.00	-do-	-do-
15.	Nil	-do-	-do-
Total	4200 Crores	(Rupees Four thousand two hundred crores)	

B.

Target	No. of DELs to be commissioned	No. of Village Public Telephones to be commissioned *
i) within 12 months from effective date	50,000 (Fifty thousand only)	All the uncovered villages shall be provided with village public telephones in the first year itself. Subsequently, if any requirement for VPT provision arises at a later date, the same shall be met immediately within a quarter itself.
ii) within 24 months from effective date	1,50,000 (One lakh and fifty thousand only)	
iii) within 36 months from effective date	3,00,000 (Three lakh only)	

* i) This is subject to compliance of percentage figure mentioned at 'D' below for all other purposes like monitoring the performance at the end of every quarter in respect of VPT coverage till all the villages get covered by Village Public Telephones.

C. Proportion/percentage of Indigenisation in first three years. (Ratio of the value of indigenous equipment to the total value of the equipment) : 85.92% (Eighty five point nine two per cent)

D. Village Public Telephones to be commissioned in each quarter (As a percentage of total DELs) :- 20 % (Twenty per cent)

E. Special Conditions:-

1) Licence fee for the first year for the Service area calculated as per Condition 18, Schedule 'B', Part II of Licence Agreement and as indicated at point A above, is payable to LICENSOR through Demand Draft drawn on any Scheduled Bank in New Delhi in favour of the Pay & Accounts Officer (HQRS), Department of Telecom, New Delhi.

2) Annual Licence fee to be paid in advance every year

through demand draft by the LICENSEE to the LICENSOR shall be worked out as follows:-

Annual Licence fee	=	Annual Levy as per above Schedule + an amount equal to 2% (Two per cent) of the Gross Profit of the LICENSEE in the business of providing the SERVICE.

This 2% (Two per cent) amount component should be at least 20% (Twenty per cent) more than the respective amount due and paid in previous year towards this component. For the first year, the amount payable towards this component of Licence fee shall be Rs. 100 D where D is the committed number of DELs for the first year. However, final adjustments on this account shall be made every year when audited accounts become available.

3) LICENSEE shall be bound by the terms and conditions of this Licence Agreement read along with Interconnect Agreement as well as by any regulations and instructions as are issued from time to time by LICENSOR and/or its successor.

4) Annual Licence Fee referred to above does not include Royalty and fee payable to WPC Wing of Ministry of Communications for use of radio frequencies, which shall be payable separately by ty the Licensee.

5) All communication resources and other support facilities provided by the LICENSOR or its nominee will be charged separately at prescribed rates and intervals. Charges/ costs towards interface testing, interconnecting equipment, leased equipment/lines, terminating equipments, Quality Assurance, Acceptance Testing, training, Engineering and Technical facilities of TEC/DOT etc. or any other such costs/charges shall also be borne separtely by the LICENSEE.

6) In addition to annual licence fee, licensee shall pay full access charges to the DOT at the rates prescribed in this Licence Agreement read along with the Interconnect Agreement subject to changes as and when approved by the LICENSOR from time to time.

7) It shall be the essence of Licence Agreement to meet the targets and schedules specified in the Licence Agreement and Interconnect Agreement as per the terms and conditions stipulated therein.

8) Any other condition depending upon the approval in the specific case.

SCHEDULE 'C'

COMPLIANCE STATEMENT

This company, hereby, agrees to fully comply with all General, Technical, Commercial and Financial terms and conditions of Tender document No: 314-7/94-PHC including amendments/ clarifications issued by the Department of Telecom without any deviations and reservations.

The company, hereby, agrees and undertakes to fully comply with all terms and conditions stipulated in this Licence Agreement and the Interconnect Agreement, without any deviation and reservation.

Signature of the authorised signatory of the LICENSEE company

for and on behalf of M/s Tata Teleservices Ltd.

(M.Z.A. BAIG)
Authorised Signatory, holder of General Power of Attorney dated 29.10.1997 executed in accordance with the Resolution No. Nil dated 25.9.1997 passed by the Board of Directors of M/s Tata Teleservices Ltd. in the meeting held on September 25, 1997.

NEW TELECOM POLICY 1999

1.1 Importance of Telecommunications

The Government of India (Government) recognizes that provision of world class telecommunications infrastructure and information is the key to rapid economic and social development of the country. It is critical not only for the development of the Information Technology industry, but also has widespread ramifications on the entire economy of the country. It is also anticipated that going forward, a major part of the GDP of the country would be contributed by this sector. Accordingly, it is of vital importance to the country that there be a comprehensive and forward looking telecommunications policy which creates an enabling framework for development of this industry.

1.2 National Telecom Policy - objectives and achievements

In 1994, the Government announced the National Telecom Policy which defined certain important objectives, including availability of telephone on demand, provision of world class services at reasonable prices, ensuring India's emergence as major manufacturing / export base of telecom equipment and universal availability of basic telecom services to all villages. It also announced a series of specific targets to be achieved by 1997. As against the NTP 1994 target of provision of 1 PCO per 500 urban population and coverage of all 6 lac villages, DoT has achieved an urban PCO penetration of 1 PCO per 522 and has been able to provide telephone coverage to only 3.1 lac villages. As regards provision of total telephone lines in the country, DoT has provided 8.73 million telephone lines against the eighth plan target of 7.5 million lines.

NTP 1994 also recognized that the required resources for achieving these targets would not be available only out of Government sources and concluded that private investment and involvement of the private sector was required to bridge the resource gap. The Government invited private sector participation in a phased manner from the early nineties, initially for value added services such as Paging Services and Cellular Mobile Telephone Services (CMTS) and thereafter for Fixed Telephone Services (FTS). After a competitive bidding process, licenses were awarded to 8 CMTS operators in the four metros, 14 CMTS operators in 18 state circles, 6 BTS operators in 6 state circles and to paging operators in 27 cities and 18 state circles. VSAT services were liberalised for providing data services to closed user groups. Licences were issued to 14 operators in the private sector out of which only nine licencees are operational. The Government has recently announced the policy for Internet Service Provision (ISP) by private operators and has commenced licensing of the same. The Government has also announced opening up of Global Mobile Personal Communications by Satellite (GMPCS) and has issued one provisional license. Issue of licenses to other prospective GMPCS operators is under consideration.

The Government recognises that the result of the privatisation has so far not been entirely satisfactory. While there has been a rapid rollout of cellular mobile networks in the metros and states with currently over 1 million subscribers, most of the projects today are facing problems. The main reason, according to the cellular and basic operators, has been the fact that the actual revenues realised by these projects have been far short of the projections and the operators are unable to arrange financing for their projects and therefore complete their projects. Basic telecom services by private operators have only just commenced in a limited way in two of the six circles where licenses were awarded. As a result, some of the targets as envisaged in the objectives of the NTP 1994 have remained unfulfilled. The private sector entry has been slower than what was envisaged in the NTP 1994.

The government views the above developments with concern as it would adversely affect the further development of the sector and recognises the need to take a fresh look at the policy framework for this sector.

Click here to read **National Telecom Policy 1994**

1.3 Need for a new telecom policy

In addition to some of the objectives of NTP 1994 not being fulfilled, there have also been far reaching developments in the recent past in the telecom, IT, consumer electronics and media industries world-wide. Convergence of both markets and technologies is a reality that is forcing realignment of the industry. At one level, telephone and broadcasting industries are entering each other's markets, while at another level, technology is blurring the difference between different conduit systems such as wireline and wireless. As in the case of most countries, separate licences have been issued in our country for basic, cellular, ISP, satellite and cable TV operators each with separate industry structure, terms of entry and varying requirement to create infrastructure. However this convergence now allows operators to use their facilities to deliver some services reserved for other operators, necessitating a relook into the existing policy framework. The new telecom policy framework is also required to facilitate India's vision of becoming an IT superpower and develop a world class telecom infrastructure in the country.

2.0 Objectives and targets of the New Telecom Policy 1999

The objectives of the NTP 1999 are as under:

- Access to telecommunications is of utmost importance for achievement of the country's social and economic goals. Availability of affordable and effective communications for the citizens is at the core of the vision and goal of the telecom policy.
    - Strive to provide a balance between the provision of universal service to all uncovered areas, including the rural areas, and the provision of high-level services capable of meeting the needs of the country's economy;
    - Encourage development of telecommunication facilities in remote, hilly and tribal areas of the country;
- Create a modern and efficient telecommunications infrastructure taking into account the convergence of IT, media, telecom and consumer electronics and thereby propel India into becoming an IT superpower;
- Convert PCO's, wherever justified, into Public Teleinfo centres having multimedia capability like ISDN services, remote database access, government and community information systems etc.
- Transform in a time bound manner, the telecommunications sector to a greater competitive environment in both urban and rural areas providing equal opportunities and level playing field for all players;
- Strengthen research and development efforts in the country and provide an impetus to build world-class manufacturing capabilities
- Achieve efficiency and transparency in spectrum management
- Protect the defence & security interests of the country
- Enable Indian Telecom Companies to become truly global players.

In line with the above objectives, the specific targets that the NTP 1999 seeks to achieve would be:

- Make available telephone on demand by the year 2002 and sustain it thereafter so as to achieve a teledensity of 7 by the year 2005 and 15 by the year 2010
- Encourage development of telecom in rural areas making it more affordable by suitable tariff structure and making rural communication mandatory for all fixed service providers
    - Increase rural teledensity from the current level of 0.4 to 4 by the year 2010 and provide reliable transmission media in all rural areas
- Achieve telecom coverage of all villages in the country and provide reliable media to all exchanges by the year 2002
- Provide Internet access to all district head quarters by the year 2000
- Provide high speed data and multimedia capability using technologies including ISDN to all towns with a population greater than 2 lac by the year 2002

3.0 New Policy Framework

The New Policy Framework must focus on creating an environment, which enables continued attraction of investment in the sector and allows creation of communication infrastructure by leveraging on technological development. Towards this end, the New Policy Framework would look at the telecom service sector as follows ◆

- Cellular Mobile Service Providers, Fixed Service Providers and Cable Service Providers, collectively referred to as ◆Access Providers◆
- Radio Paging Service Providers
- Public Mobile Radio Trunking Service Providers
- National Long Distance Operators
- International Long Distance Operators
- Other Service Providers
- Global Mobile Personal Communication by Satellite (GMPCS) Service Providers
- V-SAT based Service Providers

3.1 Access Providers

3.1.1 Cellular Mobile Service Providers

The Cellular Mobile Service Providers (CMSP) shall be permitted to provide mobile telephony services including permission to carry its own long distance traffic within their service area without seeking an additional licence. Direct interconnectivity between licenced CMSP◆s and any other type of service provider (including another CMSP) in their area of operation including sharing of infrastructure with any other type of service provider shall be permitted. Interconnectivity between service providers in different service areas shall be reviewed in consultation with TRAI and the same would be announced by August 15, 1999 as a part of the structure for opening up national long distance. The CMSP shall be allowed to directly interconnect with the VSNL after opening of national long distance from January 1, 2000. The CMSP shall be free to provide, in its service area of operation, all types of mobile services including voice and non-voice messages, data services and PCOs utilizing any type of network equipment, including circuit and/or packet switches, that meet the relevant International Telecommunication Union (ITU) / Telecommunication Engineering Center (TEC) standards.

CMSP would be granted separate licence, for each service area. Licences would be awarded for an initial period of twenty years and would be extendible by additional periods of ten years thereafter. For this purpose, service areas would be categorized into

the four metro circles and Telecom circles as per the existing policy. CMSP would be eligible to obtain licences for any number of service areas.

Availability of adequate frequency spectrum is essential not only for providing optimal bandwidth to every operator but also for entry of additional operators. Based on the immediately available frequency spectrum band, apart from the two private operators already licenced, DOT / MTNL would be licenced to be the third operator in each service area in case they want to enter, in a time bound manner. In order to ensure level playing field between different service providers in similar situations, licence fee would be payable by DoT also. However, as DoT is the national service provider having immense rural and social obligations, the Government will reimburse full licence fee to the DoT.

It is proposed to review the spectrum utilisation from time to time keeping in view the emerging scenario of spectrum availability, optimal use of spectrum, requirements of market, competition and other interest of public. The entry of more operators in a service area shall be based on the recommendation of the TRAI who will review this as required and no later than every two years.

CMSP operators would be required to pay a one time entry fee. The basis for determining the entry fee and the basis for selection of additional operators would be recommended by the TRAI. Apart from the one time entry fee, CMSP operators would also be required to pay licence fee based on a revenue share. It is proposed that the appropriate level of entry fee and percentage of revenue share arrangement for different service areas would be recommended by TRAI in a time-bound manner, keeping in view the objectives of the New Telecom Policy.

3.1.2 Fixed Service Providers

The Fixed Service Providers (FSP) shall be freely permitted to establish "last mile" linkages to provide fixed services and carry long distance traffic within their service area without seeking an additional licence. Direct interconnectivity between FSP"s and any other type of service provider (including another FSP) in their area of operation and sharing of infrastructure with any other type of service provider shall be permitted. Interconnectivity between service providers in different service areas shall be reviewed in consultation with TRAI and the same would be announced by August 15, 1999 as a part of the structure for opening up of national long distance. The FSP shall be allowed to directly interconnect with the VSNL after the opening up of national long distance from January 1, 2000. The FSP may also utilize last mile linkages or transmission links within its service area made available by other service providers. The FSP shall be free to provide, in his service area of operation, all types of fixed services including voice and non-voice messages and data services, utilizing any type of network equipment, including circuit and/or packet switches, that meet the relevant International Telecommunication Union (ITU) / Telecommunication Engineering Center (TEC) standards.

The FSP shall be granted separate licence, on a non-exclusive basis, for each service area of operation. Licences would be awarded for an initial period of twenty years which shall be extended by additional periods of ten years thereafter. The FSPs shall be eligible to obtain licences for any number of service areas.

While market forces will ultimately determine the number of fixed service providers, during transition, number of entrants have to be carefully decided to eliminate non-serious players and allow new entrants to establish themselves. Therefore, the option of entry of multiple operators for a period of five years for the service areas where no

licences have been issued is adopted. The number of players and their mode of selection will be recommended by TRAI in a time-bound manner.

The FSP licencees would be required to pay a one time entry fee. All FSP licencees shall pay licence fee in the form of a revenue share. It is proposed that the appropriate level of entry fee and percentage of revenue share and basis for selection of new operators for different service areas of operation would be recommended by TRAI in a time-bound manner, keeping in view the objectives of the New Telecom Policy.

As in the case for cellular, for WLL also, availability of appropriate frequency spectrum as required is essential not only for providing optimal bandwidth to every operator but also for entry of additional operators. It is proposed to review the spectrum utilisation from time to time keeping in view the emerging scenario of spectrum availability, optimal use of spectrum, requirements of market, competition and other interest of public.

The WLL frequency shall be awarded to the FSPs requiring the same, based on the payment of an additional one time fee over and above the FSP entry fee. The basis for determining the entry fee and the basis for assigning WLL frequency shall be recommended by the TRAI. All FSP operators utilising WLL shall pay a licence fee in the form of a revenue share for spectrum utilization. This percentage of revenue share shall be over and above the percentage payable for the FSP licence. It is proposed that the appropriate level of entry fee and percentage of revenue share for WLL for different service areas of operation will be recommended by TRAI in a time-bound manner, keeping in view the objectives of the New Telecom Policy.

3.1.3 Cable Service Providers

Under the provisions of the Cable Regulation Act, 1995, Cable Service Providers (CSP) shall continue to be freely permitted to provide "last mile" linkages and switched services within their service areas of operation and operate media services, which are essentially one-way, entertainment related services. Direct interconnectivity between CSP"s and any other type of service provider in their area of operation and sharing of infrastructure with any other type of service provider shall be permitted. Interconnectivity between service providers in different service areas shall be reviewed in consultation with TRAI and the same would be announced by August 15, 1999 as a part of the structure for opening up national long distance. In view of convergence, it is highly likely that two-way communication (including voice, data and information services) through cable network would emerge in a significant way in future. Offering of these services through the cable network would tantamount to providing fixed services. Accordingly, in case the above two-way communication services are to be provided by CSPs utilising their network, they would also be required to obtain an FSP licence and be bound by the licence conditions of the FSPs, with a view to ensure level playing field.

3.2 Internet Telephony

Internet telephony shall not be permitted at this stage. However, Government will continue to monitor the technological innovations and their impact on national development and review this issue at an appropriate time.

3.3 Radio Paging Service Providers

The Radio Paging Service Providers (RPSP) shall be permitted to provide paging services within their service area of operation. Direct interconnectivity between licenced RPSPs and any other type of service provider in their area of operation including sharing of infrastructure shall be permitted. Interconnectivity between service providers in different service areas shall be reviewed in consultation with TRAI and the same would be

announced by August 15, 1999 as a part of the structure for opening up of national long distance.

The RPSP shall be granted separate licence, on a non-exclusive basis, for each service area of operation. Licences would be awarded for an initial period of twenty years and will be extended by additional periods of ten years thereafter. For this purpose, the service areas would be categorized as per the existing structure. The RPSP shall be eligible to obtain licences for any number of service areas.

Availability of adequate radio frequency spectrum is essential not only for providing optimal bandwidth to every operator but also for entry of additional operators. It is proposed to review the spectrum utilisation from time to time keeping in view the emerging scenario of spectrum availability, optimal use of spectrum, requirements of market, competition and other interest of public. The entry of more operators in a service area shall be based on the recommendation of the TRAI who would review this as required and no later than every two years..

The radio paging licencees shall pay a one time entry fee. The basis for determining the entry fee and the basis for selection of additional operators will be recommended by the TRAI. All radio paging licencees shall pay licence fee as a revenue share. It is proposed that the appropriate level of entry fee and percentage of revenue share for different service areas of operation will be recommended by TRAI in a time-bound manner, keeping in view the objectives of the New Telecom Policy. Further, TRAI may also examine and recommend the revenue sharing arrangements between RPSP and other access providers, subject to technical feasibility.

3.4 Public Mobile Radio Trunking Service Providers

The Public Mobile Radio Trunking Service Providers (PMRTSP) shall be permitted to provide mobile radio trunking services within their service area of operation. Direct interconnectivity between licenced PMRTSP's and any other type of service provider in their area of operation shall be permitted after examining the legal implications in view of the CMSP licences

The PMRTSP shall be granted separate licence, on a non-exclusive basis, for each service area of operation. Licences would be awarded for an initial period of twenty years and will be extended by additional periods of ten years thereafter. For this purpose, the service areas would be categorized as per the existing structure. The PMRTSP shall be eligible to obtain licences for any number of service areas.

PMRTSP licencees would be required to pay a one time entry fee. The basis for determining the entry fee and the basis for selection of additional operators will be recommended by the TRAI. Apart from the one time entry fee, PMRTSP licencees would also be required to pay licence fee based on a revenue share. It is proposed that the appropriate level of entry fee and percentage of revenue share arrangement for different service areas would be recommended by TRAI in a time-bound manner, keeping in view the objectives of the New Telecom Policy.

3.5 National Long Distance Operator

National long distance service beyond service area to the private operators will be opened for competition with effect from January 1, 2000. To promote setting up long distance bandwidth capacity in the country, provide a choice to consumers and promote competition, all NLDOs should be able to access subscribers. With a view to achieve the above, all access providers shall be mandatorily required to provide interconnection to the NLDOs resulting in choice for subscribers to make long distance calls through any

operator. For this purpose, the terms and conditions and other modalities would be worked out in consultation with TRAI and the same will be announced by August 15, 1999. The terms and conditions would also specify the number of operators, licence conditions on revenue sharing basis and other related issues.

Usage of the existing backbone network of public and private power transmission companies / Railways / GAIL, ONGC etc. shall be allowed immediately for national long distance data communication and from January 1, 2000 for national long distance voice communications.

Resale would be permitted for domestic telephony, announcement for the modalities thereof to be announced alongwith the opening up of national long distance by August 15, 1999. Resale on international long distance will not be permitted till the year 2004.

3.6 International Long Distance Services

The subject of opening up of international telephony service to competition will be reviewed by the year 2004.

3.7 Other Service Providers

For applications like tele-banking, tele-medicine, tele-education, tele-trading, e-commerce, other service providers will be allowed to operate by using infrastructure provided by various access providers. No licence fee will be charged but registration for specific services being offered will be required. These service providers will not infringe on the jurisdiction of other access providers and they will not provide switched telephony.

3.8 Global Mobile Personal Communication Services

The Government has opened up the GMPCS market in India and has issued a provisional licence. The terms of the final licence would need to be finalised in consultation with TRAI by June 30, 1999. All the calls originating or terminating in India shall pass through VSNL gateway or in case of bypass, it should be possible to monitor these calls in the Indian gateways. VSNL is also to be compensated in case gateway is bypassed.

The GMPCS operators shall be free to provide voice and non-voice messages, data service and information services utilising any type of network equipment, including circuit and/or packet switches that meet the relevant International Telecommunication Union (ITU) / Telecommunication Engineering Center (TEC) standards. However, the licences be awarded after the proposals are scrutinised from the security angle by the Government.

The appropriate entry fee/revenue sharing structure would be recommended by TRAI, keeping in view the objectives of the New Telecom Policy.

3.9 SATCOM Policy

The SATCOM Policy shall provide for users to avail of transponder capacity from both domestic / foreign satellites. However, the same has to be in consultation with the Department of Space.

Under the existing ISP policy, international long distance communication for data has been opened up. The gateways for this purpose shall be allowed to use SATCOM.

It has also been decided that Ku frequency band shall be allowed to be used for communication purposes.

3.9.1 VSAT Service Providers

The VSAT Service Providers shall be granted separate licence, on a non-exclusive basis for an initial period of twenty years and will be extended by additional periods of ten years thereafter. Interconnectivity between service providers in different service areas shall be reviewed in consultation with TRAI and the same would be announced as a part of the structure for opening up national long distance by August 15, 1999.

The VSAT service providers shall be granted separate licence, on a non-exclusive basis. Licences would be awarded for an initial period of twenty years and will be extended by additional periods of ten years thereafter.

VSAT licencees would be required to pay a one time entry fee. The basis for determining the entry fee and the basis for selection of additional operators will be recommended by the TRAI. Apart from the one time entry fee, VSAT licencees would also be required to pay licence fee based on a revenue share. It is proposed that the appropriate level of entry fee and percentage of revenue share arrangement would be recommended by TRAI in a time-bound manner, keeping in view the objectives of the New Telecom Policy.

3.10 Electronic Commerce

On line Electronic Commerce will be encouraged so that information can be passed seamlessly. The requirement to develop adequate bandwidth of the order of 10 Gb on national routes and even terrabits on certain congested important national routes will be immediately addressed to so that growth of IT as well as electronic commerce will not be hampered.

3.11 Resolution of problems of existing operators

The New Policy Framework which seeks to significantly redefine the competitive nature of industry, would be applicable to new licensees.

There are, however, multiple licences that have been issued by the Government for cellular mobile services, basic services, radio paging services, internet services etc. It is the Government's intention to satisfactorily resolve the problems being faced by existing operators in a manner which is consistent with their contractual obligations and is legally tenable.

4.0 Restructuring of DoT

World-wide, the incumbent, usually the Government owned operator plays a major role in the development of the telecom sector. In India, DoT is responsible for the impressive growth in number of lines from 58.1 lakh on April 1, 1992 to 191 lakh in December 1998, showing a CAGR of 20%. DoT is expected to continue to play an important, and indeed, dominant role in the development of the sector.

Currently, the licensing, policy making and the service provision functions are under a single authority. The Government has decided to separate the policy and licensing functions of DoT from the service provision functions as a precursor to corporatisation. The corporatisation of DoT shall be done keeping in mind the interests of all stakeholders by the year 2001.

All the future relationship (competition, resource raising etc.) of MTNL / VSNL with the corporatised DoT would be based on best commercial principles.

The synergy of MTNL, VSNL and the coporatised DoT would be utilised to open up new vistas for operations in other countries.

5.0 Spectrum Management

With the proliferation of new technologies and the growing demand for telecommunication services, the demand on spectrum has increased manifold. It is, therefore, essential that spectrum be utilized efficiently, economically, rationally and optimally. There is a need for a transparent process of allocation of frequency spectrum for use by a service and making it available to various users under specific conditions.

The National Frequency Allocation Plan (NFAP) was last established in 1981, and has been modified from time to time since. With the proliferation of new technologies it is essential to revise the NFAP in its entirety so that it could become the basis for development, manufacturing and spectrum utilization activities in the country amongst all users. The NFAP is presently under review and the revised NFAP-2000 would be made public by the end of 1999, detailing information regarding allocation of frequency bands for various services, without including security information. NFAP shall be reviewed no later than every two years and shall be in line with radio regulations of International Telecommunication Union.

Relocation of existing Spectrum and Compensation:

- Considering the growing need of spectrum for communication services, there is a need to make adequate spectrum available
- Appropriate frequency bands have historically been assigned to defence & others and efforts would be made towards relocating them so as to have optimal utilisation of spectrum. Compensation for relocation may be provided out of spectrum fee and revenue share levied by Government.
    - There is a need to review the spectrum allocations in a planned manner so that required frequency bands are available to the service providers.

There is a need to have a transparent process of allocation of frequency spectrum which is effective and efficient. This would be examined further in the light of ITU guidelines. For the present, the following course of action shall be adopted.

- Spectrum usage fee shall be charged.

- Setting up an empowered Inter-Ministerial Group to be called as Wireless Planning Coordination Committee (WPCC) as part of the Ministry of Communications for periodical review of spectrum availability and broad allocation policy.
- Massive computerisation in the WPC Wing will be started during the next three months time so as to achieve the objective of making all operations completely computerised by the end of year 2000.

6.0 Universal Service obligation

The Government is committed to provide access to all people for basic telecom services at affordable and reasonable prices. The Government seeks to achieve the following universal service objectives:

- Provide voice and low speed data service to the balance 2.9 lac uncovered villages in the country by the year 2002
- Achieve Internet access to all district head quarters by the year 2000
- Achieve telephone on demand in urban and rural areas by 2002

The resources for meeting the USO would be raised through a "universal access levy" which would be a percentage of the revenue earned by all the operators under various licences. The percentage of revenue share towards universal access levy would be decided by the Government in consultation with TRAI. The implementation of the USO obligation for rural / remote areas would be undertaken by all fixed service providers who shall be reimbursed from the funds from the universal access levy. Other service providers shall also be encouraged to participate in USO provision subject to technical feasibility and shall be reimbursed from the funds from the universal access levy.

7.0 Role of Regulator

The Telecom Regulatory Authority of India (TRAI) was formed in January 1997 with a view to provide an effective regulatory framework and adequate safeguards to ensure fair competition and protection of consumer interests. The Government is committed to a strong and independent regulator with comprehensive powers and clear authority to effectively perform its functions.

Towards this objective the following approach will be adopted:

- Section 13 of the TRAI Act gives adequate powers to TRAI to issue directions to service providers. Further, under Section 14 of the Act, the TRAI has full adjudicatory powers to resolve disputes between service providers. To ensure a level playing fields, it will be clarified that the TRAI has the powers to issue directions under Section 13 to Government (in its role as service provider) and further to adjudicate under Section 14 of the Act, all disputes arising between Government (in its role as service provider) and any other service provider.
- TRAI will be assigned the arbitration function for resolution of disputes between Government (in its role as licensor) and any licensee.
- The Government will invariably seek TRAI"s recommendations on the number and timing of new licences before taking decision on issue of new licenses in future.
- The functions of licensor and policy maker would continue to be discharged by Government in its sovereign capacity. In respect of functions where TRAI has been assigned a recommendatory role, it would not be statutorily mandatory for Government to seek TRAI"s recommendations.

8.0 Other Issues

8.1 Standardisation

To enable the establishment of an integrated telecommunication network, common standards with regard to equipment and services would be specified by the Telecom Engineering Centre (TEC). TEC would also continue to grant interconnect and interface approvals for various service providers.

8.2 Telecom equipment manufacture

With a view to promoting indigenous telecom equipment manufacture for both domestic use and export, the Government would provide the necessary support and

encouragement to the sector, including suitable incentives to the service providers utilising indigenous equipment.

8.3 Human resource development and training

Human resources are considered more vital than physical resources. Emphasis would be placed on the development of human resources for all fields related to telecommunications and the dispersal of this expertise to the related fields. Such expertise shall also be made available to other countries.

8.4 Telecom research and development

Recognising that telecommunications is a prime pre-requisite for the development of other technologies, telecommunications research and development (R&D) activities would be encouraged. Government would take steps to ensure that the industry invests adequately in R&D for service provision as well as manufacturing. Indigenous R&D would be actively encouraged with a view to accelerate local industrial growth and hasten transfer of technology. Premier technical institutions would be encouraged to undertake R&D activities on a contribution basis by the telecom service providers and manufacturers so as to develop multi-dimensional R&D activities in telecommunications and information technology.

8.5 Disaster management

International co-operation in the use of terrestrial and satellite telecommunications technologies in the prediction, monitoring and early warning of disasters, especially in the early dissemination of information would be encouraged. Financial commitment to disaster management telephony and the development of appropriate regulatory framework for unhindered use of trans-boundary telecommunications would be put in place.

8.6 Remote area telephony

Rural Telephony, areas of North East, Jammu & Kashmir and other hilly areas, tribal blocks, etc. may be identified as a special thrust areas for accelerated development of telecommunications. The Ministry of Defence shall be assigned a more active role in the development of telecommunications in such remote areas as are identified for accelerated development of telecommunications.

8.7 Export of Telecom equipment and services

Export of telecom equipment and services would be actively incentivised. Synergies among the various telecom players (manufacturers and service providers) would be exploited and used to provide integrated solutions for exports.

8.8 Right of way

Government recognises that expeditious approvals for right-of-way clearances to all service providers are critical for timely implementation of telecom networks. The Central / State Government / Local bodies / Ministry of Surface Transport etc. shall take necessary steps to facilitate the same.

9.0 Changes in legislation

The Indian telecommunications system continues to be governed by the provisions of the Indian Telegraph Act, 1885 (ITA 1885) and the Indian Wireless Act, 1933. Substantial changes have taken place in the telecommunications sector since 1992. ITA 1885 needs to be replaced with a more forward looking Act.

Addendum to NTP-1999

Government of India

Ministry of Communications and Information Technology

Department of Telecommunications

Sanchar Bhawan, 20 Ashoka Road, New Delhi-110 001.

No.808-26/2003-VAS Dated the 11th Nov., 2003.

OFFICE MEMORANDUM

SUB: Addendum to the New Telecom Policy ◆ 1999 (NTP-99)

Given the central aim of NTP-99 to ensure rapid expansion of teledensity; given the unprecedented expansion of telecom services that competition has brought about; given the steep reductions in tariffs that competition has ensured; given the fact that advances in technologies erase distinctions imposed by earlier licensing systems; given the fact that even more rapid advances in technologies are imminent; given the steep reduction in costs of providing telecom services; given the rapid convergence of tariffs for wireless services; given the fact that the provision of such services at the cheapest possible rates and by the most reliable mode is the sine qua non for India to consolidate its position as a leading hub of Communications systems, Information Technology, IT enabled services, and of establishing itself as a leader in new disciplines such as bioinformatics and biotechnology; given the recommendations of TRAI in this regard; Government, in the public interest in general and consumer interest in particular and for the proper conduct of telegraphs and telecommunications services, has decided that there shall also be the following categories of licences for telecommunication services:

i. Unified Licence for Telecommunication Services permitting Licensee to provide all telecommunication/ telegraph services covering various geographical areas using any technology;

ii. Licence for Unified Access (Basic and Cellular) Services permitting Licensee to provide Basic and /or Cellular Services using any technology in a defined service area.

(A. S. Verma)

Director (VAS-II)

Annexure - V

LICENCE AGREEMENT

FOR

PROVISION OF

CELLULAR MOBILE TELEPHONE SERVICE

IN DELHI METRO SERVICE AREA

NO. 842-338/2001-VAS/2 DATED 11.12.2002.

TOTAL PAGES 49

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS
TELECOM COMMISSION

20, ASHOKA ROAD, SANCHAR BHAWAN
NEW DELHI-110 001. INDIA.

11/12/2002

(जी० पी० श्रीवास्तव)
(G. P. SRIVASTAVA)
निदेशक/Director
दूर संचार विभाग, नई दिल्ली
Deptt. of Telecom, New Delhi

11/12/2002

एस० सी० आहूजा
कम्पनी सचिव
महानगर टेलीफोन निगम लिमिटेड
[illegible]

LICENSE AGREEMENT

FOR

CELLULAR MOBILE TELEPHONE SERVICE (CMTS)

This AGREEMENT is made on the 11th day of December (month) 2002 (year) by and between the President of India acting through Shri G. P. Srivastava (name), Director (VAS-II), Department Of Telecommunications (DOT), Sanchar Bhavan, 20, Ashoka Road, New Delhi – 110 001 (Hereinafter called the LICENSOR) of the FIRST PARTY.

AND

M/s. **Mahanagar Telephone Nigam Ltd.,** a company registered under the Companies Act 1956, having its registered office at Jeevan Bharti, Tower-1, 12th Floor, 124, Connaught Circus, New Delhi-110001 acting through Shri S. C. Ahuja, Company Secretary, MTNL, 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 License and the LICENSEE has requested to grant license for **providing Cellular Mobile Telephone Service**. Whereupon and in pursuance to the said request, the LICENSOR has agreed to grant this License **to provide Cellular Mobile Telephone Service** in the licensed service area more specifically described in SCHEDULE-I appended hereto.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In consideration of the payment of license fee, and due performance of all the terms and conditions mentioned in this license 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 license to **set up and operate the Cellular Mobile Telephone Service in the licensed service area** described in SCHEDULE-I appended hereto.

2. The LICENSE 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 License Agreement and without any deviation or reservations of any kind.

4. Effective Date of this LICENSE shall be 10.10.1997.

5. Additional Licenses in Licensee's service area may also be issued from time to time in future without any restriction of number of operators.

6. The License 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.

7. This Licence agreement shall be read together with two letters No. 842-304/99-VAS dated 15th September, 1999 and of dated 11th January, 2001 whereby, permission to Mahanagar Telephone Nigam Ltd. was granted to operate Cellular Mobile Telephone Service, however, in case of conflict and inconsistency, the terms set out in the body of this agreement with schedules annexed hereto, shall prevail.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed through their respective authorised representatives on the 11th (day) December (month), 2002 (year).

Signed for and on behalf of President of India.

By (G.P. Srivastava)

Director (VAS-II), Department of Telecommunications.

11/12/2002

Signed on behalf of M/s. **Mahanagar Telephone Nigam Ltd.** by Mr. S. C. Ahuja, Company Secretary, MTNL (Name and Designation), authorised by CMD, MTNL.

11/12/2002

In the presence of:

Witnesses:

1.
Signature
Name: Shri R. S. Goel, Consultant 11/12/02
Occupation:. Service
Address: 1009, Sanchar Bhavan ,20, Ashoka Road, New Delhi.
Place. New Delhi.

2.
Signature
Name: Shri V. R. Ranganathan,
Occupation.: Chief Accounts Officer, Company Secretariat,
Address, MTNL, Corporate Office.
Place. New Delhi.

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SCHEDULE-I

SCHEDULE OF SERVICE AREA.

The Service Area for which this licence is awarded is given below:

DELHI METRO SERVICE AREA

Note:

(i) The Service Area for which this license is awarded shall be co-extensive and be the same for the named Service Area as that of existing licences of cellular service. Reorganization of Telecom Circles or change of Local Area, if any, during the interregnum after the grant of the said licences to existing Operators will not have any effect on the Service Area of cellular service Licence.

(ii) The above service area refer to Telecom Service Area Unit (Telecom Circle Service Area or Metro City Service Area) and not the State geographical areas.

(iii) The definition of local areas with regard to the above service area as applicable to existing licensees of cellular service is as per definition applicable as in the year 1994 & 1995, when these licences were granted to them. This is in accordance with respective Gazette Notification for such local areas wherever issued and as per the statutory definition under Rule 2 (w) Indian Telephones Rules, 1951, as it stood during the year 1994/1995 where no specific Gazette Notification has been issued.

SCHEDULE-II : 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 LICENSEE Company does not, at any time during the entire Licence period, exceed 49% of the total equity. The details of the Indian & Foreign promoters with their respective equity holdings in the LICENSEE Company as disclosed on the date of signing of the LICENSE AGREEMENT, are as follows:

Sl. No.	Name of Promoter.	Indian/ Foreign	Percent of Equity held
1.	Government of India & Nominees	Indian	56.25%
2.	Mutual Funds, Banks, FIs & Other Indian Share Holders	Indian	21.264
3.	NRIs/OCB/GDR	Foreign	10.326
4.	FIIs	Foreign	12.160

1.2 There shall be no change in the Indian and Foreign promoter(s) or their equity participation unless permitted by the LICENSOR in writing.

1.3 The licensee company may, with prior written consent of the Licensor replace a promoter(s) by another promoter(s) of equal or higher standing as stipulated below:

(a) an existing foreign promoter may be substituted by another foreign promoter of similar standing;

(b) the existing Indian Promoter(s) may also be allowed to acquire the foreign promoter's shareholding; and

(c) transfer of equity inter-se between existing Indian promoters may be permitted, provided the majority Indian promoter continues to hold at least the present shareholding for a period of five years from the effective date of licence agreement. The merger of Indian companies may be permitted as long as competition is not compromised; TRAI will be consulted by the licensor in this matter.

1.4 The licensee shall also ensure that:

(i) Any changes in share holding shall be subject to all necessary statutory requirements.

(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 same service. 'Substantial equity' herein will mean 'an equity of 10% or more'. A promoter company cannot have stakes in more than one licensee company for the same service area.

(iii) Management control of the licensee company shall remain in Indian Hands.

2. Scope of the Licence

2.1 The licensee shall be permitted to provide, in its area of operation, all types of mobile services including voice and non-voice messages, data services and PCOs utilizing any type of network equipment (however, the technology must be digital), including circuit and/or packet switches, that meet the relevant International Telecommunication Union (ITU)/ Telecommunication Engineering Center (TEC) standards. Provided that a pilot project may also be approved and licensed for any period by the Licensor for inducting a new Technology.

Provided further that the LICENSOR, of its own or through a designated Authority, has a right to operate the service anywhere in India.

2.2 The LICENSEE shall clearly define the scope of **Service** to the subscriber(s) at the time of entering into contract with such subscriber(s). Any dispute with regard to the service provided to the subscriber shall be a matter between the subscriber and the licensee only.

2.3 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 SERVICE. The decision of the LICENSOR shall be final in this regard.

6. Restrictions on 'Transfer of Licence'.

6.1 The licensee shall not, without the prior written consent (can be granted only as described below) of the Licenser, either directly or indirectly, assign or transfer its rights in any matter whatsoever to any other 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. Any

violation of this terms shall be construed as a breach of Licence Agreement and the licence shall be liable for termination. Provided, however, that installation of systems, equipment and network can be given on contract, but providing the SERVICE can not be given to another party on contract. Provided that the licensee can always employ or appoint agents or servants.

6.2 Provided that the aforesaid written consent permitting transfer or assignment will be granted;

(i) in accordance with the terms and conditions and procedures described in Tripartite Agreement if duly executed amongst LICENSOR, LICENSEE AND LENDERS.

(ii) whenever a merger of two licensee (Indian) companies is approved by a High Court but no compromise in competition occurs in the provision of telecom service.

7. Provision of Service.

7.1 The LICENSEE shall be responsible for, and is authorised to own, install, test and commission all the equipment to commission the Applicable system for providing the Cellular Mobile Telephone Service under this Licence agreement.

7.2 The LICENSEE shall be permitted to carry its own long distance traffic within his service area without seeking an additional Licence.

8. Delivery of Service

8.1 The LICENSEE shall commission the Applicable Systems within one year from the date i.e., 20th March, 2002 on which MTNL is provided the text of the Licence Agreement containing terms and conditions. The date of Test Certificate issued by Telecom Engineering Centre of DOT will be reckoned as the date of commissioning the service for the purpose of calculating liquidated damage charges in terms of Condition 37 Part V. 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, 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 LICENSOR reserves right to seek complete information from the LICENSEE of terms and conditions, and obligations under all contracts entered into with other CMSPs and other Licensed Telecom Service Providers on sharing of infrastructure / backbone for the provision of SERVICE, or any change thereof, and to obtain the authenticated copies of all such contracts.

9.3 The LICENSEE shall in no case permit digital transmission 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 severe 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 SERVICE. 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.

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 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 issued to the LICENSEE 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 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.

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 hinderance 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 LICENSE 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. <u>Actions pursuant to Termination of Licence:</u>

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 clauses 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 realised through encashment of the Bank Guarantee without prejudice to any other action(s) for recovery of the amounts due to the LICENSOR.

12. DISPUTES SETTLEMENT:

12.1 As per provisions of Telecom Regulatory Authority of India Act, 1997 as amended from time to time, dispute, if any, between:

i) the LICENSEE and a Group of Consumers, and
ii) the Licensee and LICENSOR,

shall be settled in Telecom Disputes Settlement and Appellate Tribunal, if such dispute arises out of or connected with the provisions of the license agreement.

13. Force- Majeure

13.1 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.

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

13.3 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.

14. SET OFF CLAUSE:

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

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

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

15. WAY LEAVE:

15.1 The bidder 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.

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 matters relating to this Licence will be subject to jurisdiction of Telecom Disputes Settlement and Appellate Tribunal (TDSAT) in terms 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 TRAI Tariff orders / regulations / directions issued in this regard 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.

18. Publication of the Telephone Service Directory.

18.1 Determination of TRAI with regard to publication of telephone service directory containing information of subscribers of Cellular Mobile Telephone Service shall be applicable and binding.

Part-III FINANCIAL CONDITIONS

19. FEES PAYABLE

19.1 Entry Fee:

There shall be 'no entry fee'.

19.2 License Fees:

The Licensee shall pay Licence fee annually @ 12% of **Adjusted Gross Revenue (AGR),** excluding spectrum charges. The Licence Fee as Revenue share includes contribution towards (i) USO, (ii) R&D, Administration and Regulation. The above license fee is applicable exclusive of the period during which existing or future Basic Service Operators may be prohibited to provide the use of hand-held set with Wireless Access System limited in the Local Area, i.e. Short Distance Charging Area (SDCA), commonly known as "Limited Mobility". For the period during which existing or future Basic Service Operators are prohibited Limited Mobility the license fee will be @ 15% of AGR.

19.3 Radio Spectrum Charges:

In addition, the cellular licensees shall pay spectrum charges on revenue share basis of 2% of AGR towards WPC Charges covering royalty payment for the use of cellular spectrum upto 4.4 MHz + 4.4 MHz and Licence fee for Cellular Mobile handsets & Cellular Mobile Base Stations and also for possession of wireless telegraphy equipment as per the details prescribed by Wireless Planning & Coordination Wing (WPC). Any additional band width, if allotted subject to availability and justification shall attract additional Licence fee as revenue share (typically 1% additional revenue share if Bandwidth allocated is upto 6.2 MHz + 6.2 MHz in place of 4.4 MHz + 4.4 MHz).

Further, royalty for the use of spectrum for point to point links and access links (other than Cellular Service Spectrum) 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 etc. Authorization of frequencies for setting up Microwave links by Cellular Operators and issue of Licences shall be separately dealt with WPC Wing as per existing rules.

The above spectrum charge is subject to review by WPC Wing from time to time.

20. Definition of 'Adjusted Gross Revenue':

20.1 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.

20.2 For the purpose of arriving at the "Adjusted Gross Revenue" the following will be excluded from the Gross Revenue to arrive at the adjusted gross revenue:

(i) PSTN related Call charges (access charges) actually paid to Bharat Sanchar Nigam Ltd. (BSNL)/Mahanagar Telephone Nigam Ltd. (MTNL) or other telecom service providers within India.

(ii) Roaming revenues actually passed on to other telecom service providers, and

(iii) Service Tax on provision of service and Sales Tax actually paid to the Government; if gross revenue had included the component of Service Tax.

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

21.1 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.

21.2 Licence Fee shall be payable in four quarterly installments during each financial year. Each Quarterly installment shall be paid in advance within 15 days of the commencement of that quarter. This Fee for each quarter shall be paid by the LICENSEE on the basis of own assessment of revenue (on accrual basis) for the current quarter subject to a minimum payment equal to the actual revenue share of the previous 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 first quarter of the first year, the licensee shall pay the Licence Fee on the basis of the expected revenue from the SERVICE in the first quarter.

21.3 The quarterly payment shall be made together with a STATEMENT in the prescribed form as **annexed,** showing the computation of revenue and licence fee payable for the previous quarter. The aforesaid 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 **annexed.**

21.4 The LICENSEE shall adjust and pay the difference between the advance payment made and actual amount duly payable (on accrual basis) of the previous quarter, along with the advance payment for the current quarter.

21.5 Any delay in payment of Licence Fee, or any other dues payable under the LICENCE beyond the stipulated period will attract interest at a rate which will be 5% above the Prime Lending Rate (PLR) of State Bank of India prevalent on the day the payment became due. 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.

21.6 Final adjustment of the licence fee for the year shall be made on or before 30th June of the following year based on the gross revenue figures duly certified by the AUDITORS of the LICENSEE in accordance with the provision of Companies' Act, 1956.

21.7 A reconciliation between the figures appearing in the quarterly statements with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts and audit report, 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-III**.

21.8 In case, the total amount paid on the self assessment of the LICENSEE 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 150% of the entire amount of short payment. This amount of short payment along with the 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 21.5**. However, if such short payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed.

21.9 The Fee/royalty payable towards WPC Charges shall be payable at such time(s) and in such manner as the WPC Wing of the Ministry of Communications may prescribe from time to time.

21.10 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.

21.11 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 21.3, 21.7, 23.5 and 23.6** hereinbefore and hereinafter written.

21.12 The LICENSEE, shall separately pay the access charges for carriage of calls originating in his network but carried and terminated in the BSNL/MTNL/Other Service Providers' networks. The LICENSEE shall also separately pay charges for network resources obtained by the licensee from BSNL/MTNL/other licensed service providers. This will be governed by the determination of TRAI.

22. BANK GUARANTEES:

22.1 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 Crores** which shall be submitted before signing the Licence agreement. Subsequently, the amount of FBG shall be equivalent to the estimated sum payable annually towards the Licence fee and other dues not otherwise securitised. The amount of FBG shall be subject to periodic review by the Licensor. The bidder shall also submit Performance Bank Guarantee (PBG) of amount equal to **Rs. 20 Crores** before signing the Licence. The licensee shall be permitted to reduce the value of the PBG by 50% after the coverage criteria prescribed in this Licence is fulfilled.

22.2 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 to date of its expiry without any demand or notice from the LICENSOR on year to year basis. Any failure to do so, shall amount to violation of the terms of the LICENCE and entitle the LICENSOR to encash the Bank Guarantees and to convert into a cash security without any reference to the LICENSEE at his risk and cost. No interest or compensation whatsoever shall be payable by the LICENSOR on such encashment.

22.3 Without prejudice to its rights of any other remedy, LICENSOR may encash Bank Guarantee (FBG as well as PBG) in case of any breach in terms & conditions of the LICENCE by the LICENSEE.

23. Preparation of Accounts.

23.1 The LICENSEE will draw, keep and furnish independent accounts for the SERVICE and shall fully comply orders, directions or regulations as may be issued from time to time by the LICENSOR or TRAI as the case may be.

23.2 The LICENSEE shall be obliged to:

a) Compile and maintain accounting records, sufficient to show and explain its transactions in respect of each completed quarter of the Licence period or of such lesser periods as the LICENSOR may specify, fairly presenting the costs (including capital costs), revenue and financial position of the LICENSEE's business under the LICENCE including a reasonable assessment of the assets employed in and the liabilities attributable to the LICENSEE's business, as well as, for the quantification of Revenue or any other purpose.

(b) Procure in respect of each of those accounting statements prepared in respect of a completed financial year, a report by the LICENSEE's Auditor in the format prescribed by the LICENSOR, stating inter-alia whether in his opinion the statement is adequate for the purpose of this condition and thereafter deliver to the LICENSOR a copy of each of

the accounting statements not later than three months at the end of the accounting period to which they relate.

c) Send to the LICENSOR a certified statement sworn on an affidavit, by authorized representative of the company, containing full account of Revenue earned from the SERVICE for each quarter separately along with the payment for the following quarter.

23.3 (a) The LICENSOR or the TRAI, as the case may be, shall have a right to call for and the LICENSEE shall be obliged to supply and provide for examination any books of accounts that the LICENSEE may maintain in respect of the business carried on to provide the service(s) under this Licence at any time without recording any reasons thereof.

(b) The LICENSEE shall invariably preserve all billing and all other accounting records (electronic as well as hard copy) for a period of THREE years from the date of publishing of duly audited & approved Accounts of the company and any dereliction thereof shall be treated as a material breach independent of any other breach, sufficient to give a cause for cancellation of the LICENCE.

23.4 The records of the LICENSEE will be subject to such scrutiny as may be prescribed by the LICENSOR so as to facilitate independent verification of the amount due to the LICENSOR as its share of the revenue.

23.5 The LICENSOR may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order Audit of the accounts of the LICENSEE by appointing auditor at the cost of the LICENSEE and such auditor(s) shall have the same powers which the statutory auditors of the company enjoy under Section 227 of the Companies Act, 1956. The remuneration of the Auditors, as fixed by the LICENSOR, shall be borne by the LICENSEE.

23.6 The LICENSOR may also get conducted a 'Special Audit' of the LICENSEE company's a.:counts/records by "Special Auditors", the payment for which at a rate as fixed by the LICENSOR, shall be borne by the LICENSEE. This will be in the nature of auditing the audit described in **para 23.5** above. The Special Auditors shall also be provided the same facility and have the same powers as of the companies auditors as envisaged in the Companies Act, 1956.

23.7 The LICENSEE shall be liable to prepare and furnish the company's annual financial accounts according to the accounting principles prescribed and the directions given by the LICENSOR or the TRAI, as the case may be, from time to time.

Part-IV TECHNICAL CONDITIONS

24. TECHNICAL CONDITIONS:

24.1 The Company shall specify the details of the technology (which shall always be digital), quality of service and other performance parameters of the system proposed to be deployed for operation of the service. The technology should be based on standards issued by ITU/TEC or any other International Standards Organization/ bodies and the licensee shall seek the approval of the licensor before deployment of such technologies. Any digital technology having been used for a customer base of one lakh or more for a continuous period of one year anywhere in the world, shall be permissible for use regardless of its changed versions. A certificate from the manufacturers about satisfactory working for a customer base of one lakh or more over the period of one year, shall be treated as established technology.

24.2 Number Plan: The Numbering Plan at the PSTN Interface shall be as per ITU-T recommendations. The Numbering Plan for the Service will be as per existing numbering plan, which is as follows:

Digits Dialed	Description	No. of digits
98	Access Code	2
+		
XYZ	Mobile Switch Code	3
+		
ABCDE	Subscriber numbers	5

24.3 Signalling Schemes:

The Signalling between the MSC of the Service Provider and Interconnected Network shall be CCS No.7 or as otherwise mutually agreed between the Operators of the two networks, subject to orders/regulations issued by the licensor/TRAI from time to time.

24.4 Minimum Facilities:

Calling Line Identification (CLI) shall be provided. The network should also support Malicious Call identification and CAMA.

24.5 Quality of Service:

The system should meet the Quality of Service standards/requirements as specified by TRAI from time to time.

24.6 In the first instance the system shall be capable of providing the following service:

- Tele-Services

Information type	Services
Speech	Telephone, Emergency calls
Data	Atleast 9.6 kbps
Short Message Service (SMS)	Communication of messages
Fascimile	Grp. 3 Facsimile

- Bearer Services

Data transmission in Asynchronous duplex circuit mode with PSTN

Upto atleast 9600 bps

Data transmission in Synchronous duplex circuit mode with PSTN

Upto atleast 9600 bps

Mobile access in the Asynchronous mode to the packet assembler/disassembler of packet switching network

Upto atleast 9600 bps

Mobile access in the synchronous mode to the packet switching network.

Upto atleast 9600 bps

The technology offered shall be capable of upgradation to / migration to provide 2G+ services.

- Supplementary Services

In the first instance the following supplementary services may be provided:-

- Calling Number Identification Presentation
- Calling Number Identification Restriction
- Connected Number Identification Presentation
- Connected Number Identification Restriction
- Malicious Call Identification
- Call Forwarding Unconditional
- Call Forwarding on Mobile Subscriber Busy
- Call Forwarding on No Reply
- Call Forwarding on Mobile Subscriber Not Reachable
- Call Transfer

- Mobile Access Hunting
- Call Waiting
- Call Hold
- Completion of Call to Busy Subscriber
- Three Party Service
- Conference Calling
- Closed User Group
- Advice of Charge
- Freephone Service
- Reverse Charging (Called or Calling MS)
- Barring of All Outgoing Calls
- Barring of Outgoing International Calls
- Barring of Outgoing International Call except those directed to the Home PLMN Country.
- Barring of All Incoming Calls
- Barring of All Incoming Calls when Roaming Outside the Home PLMN Country.

The supplementary services listed under this clause are not mandatory. Since no technology has been specified for operating the service, the supplementary services as supported by bidders' technology may be provided. The bidder may furnish a list of such services.

24.7 The frequencies shall be assigned by WPC from the designated bands prescribed in National Frequency Allocation Plan - 2000. (NFAP-2000). Appropriate frequency spots in frequency-band of 890-915 MHz paired with 935-960 MHz will be assigned. A cumulative maximum of upto 4.4 MHz + 4.4 MHz will be permitted. Based on usage, justification and availability, additional spectrum upto 1.8 MHz + 1.8 MHz making a total of 6.2 MHz +6.2 MHz, may be considered for assignment, on case by case basis, on payment of additional Licence fee. The bandwidth upto maximum as indicated i.e. 4.4 MHz & 6.2 MHz as the case may be, will be allocated based on the Technology requirements. (e.g. CDMA @ 1.25 MHz, GSM @ 200 KHz etc.). The frequencies assigned may not be contiguous and may not be same in all cases, while efforts would be made to make available larger chunks to the extent feasible.

24.8 The ultimate objective is to provide hand – held portable telecom service within building, inside car and outside within the whole service area.

24.9 The system shall conform to fundamental plans of DOT.

24.10 The licensee may provide additional facilities in case of any value addition/upgradation that the technology permits at later date, subject to approval of licensor.

25. THE APPLICABLE SYSTEM:

25.1 Licensee shall provide the 'Applicable System' using any type of network equipment, including circuit and/or packet switches, that meet the relevant International Telecommunication Union (ITU)/ Telecommunication Engineering Centre (TEC) standards.

25.2 Any digital technology either already validated by TEC or having been used for a customer base of one lakh or more for a continuous period of one year anywhere in the world, shall be permissible for use with its latest version. A certificate from the manufacturer/ operator about satisfactory working for a customer base of one lakh or more over the period of one year, shall be treated as established technology.

25.3 In the process of operating the Services, the Licensee shall be responsible for:-

(i) The installation of the sites excluding the installation of the equipment at the subscriber's premises which will be left at the option of the subscriber;
(ii) the proper upkeep and maintenance of the equipment;
(iii) maintaining the criteria of performance;
(iv) maintaining the MTTR within the specified scope.

26. Engineering Details:

(a) The Licensee shall furnish to the Licensor or its authorised representative(s), in such manner and at such times as may be required, complete technical details with all calculations for engineering, planning and dimensioning of the system/network, concerned relevant literature, drawings, installation materials regarding the applicable system.

(b) List of performance tests shall be furnished by the Licensee to the licensor and/ or to TEC one month prior to the date of commissioning of service.

(c) Licensee shall supply all tools, test instruments and other accessories to the testing party of Licensor and /or TEC for conducting tests, if it so desires, prior to commissioning of the service or at any time during the currency of the Licence.

27. Network Interconnection.

27.1 Interconnection between the networks of different service providers shall be as per national standards of CCS No.7 issued from time to time by Telecom Engineering Centre (TEC), and also subject to technical feasibility and technical integrity of the Networks and shall be within the overall framework of interconnection regulations issued by the TRAI from time to time.

27.2 The Cellular Service Licensee may enter into suitable arrangements with other service providers to negotiate Interconnection Agreements whereby the interconnected networks will provide the following:

(a) To meet all reasonable demand for the transmission and reception of messages between the interconnected systems.

(b) To establish and maintain such one or more Points of Interconnect as are reasonably required and are of sufficient capacity and in sufficient numbers to enable transmission and reception of the messages by means of the Applicable Systems,

(c) To connect, and keep connected, to their Applicable Systems,

27.3 The provision of any equipment and its installation for the purpose of Interconnection shall depend on the mutual agreement of the concerned parties.

27.4 The Interconnection Tests for each and every interface with any Service provider may be carried out by mutual arrangement between the Licensee and the other party involved. The Interconnection Tests schedule shall be mutually agreed.

27.5 It shall be mandatory for Cellular Service providers to provide interconnection to all eligible Telecom Service Provider as well as NLD service providers whereby the subscribers could have a free choice to make inter-circle/international long distance calls through NLD service provider. For international long distance call, the cellular service operator shall access international long distance operator through national long distance operator only.

27.6 Point of Inter-connection (POI) between the networks of cellular mobile Telephone service providers and fixed service providers shall be only with Level-I TAXs and Tandem exchanges in the Metros. In Telecom Circles the interconnection shall be with level I TAX/interconnection with level II TAXs may also be allowed, however, transiting of traffic to other LDCAs at POIs on level II TAX is not permitted.

28. Interface

23.1 The LICENSEE shall operate and maintain the licensed Network conforming to Quality of Service standards to be mutually agreed in respect of Network- Network Interface. For the purpose of providing the SERVICE, the LICENSEE shall install his own equipment so as to be compatible with other service providers' equipment to which the licensee's Applicable Systems are intended for interconnection. The Licensee shall be solely responsible for attending to claims and damages arising out of his operations.

28.2 The additional telecommunication resources for the provision of the service and networking the geographically dispersed equipment of the LICENSEE shall be leased/rented on mutually agreed terms from service providers including BSNL, MTNL or authorised Telecom Service Providers. The same will be governed by the orders/notifications of the TRAI issued from time to time on interconnection/access charges.

28.3 The charges for accessing other networks i.e. PSTN, PLMN etc. for inter-network calls shall be based on mutual agreements between the service providers conforming to the Orders/Regulations/Guidelines issued by the TRAI from time to time.

28.4 The network resources including the cost of upgrading/modifying interconnecting networks to meet the service requirements of the licensee will be mutually negotiated keeping in view the orders and regulations issued by the TRAI from time to time.

29. Quality of Performance:

29.1 The LICENSEE shall ensure the Quality of Service (QoS) as prescribed by the LICENSOR or TRAI. The LICENSEE shall adhere to such QoS standards and provide timely information as required therein.

29.2 The LICENSEE shall be responsible for: -

i) Maintaining the performance and quality of service standards.

ii) Maintaining the MTTR (Mean Time To Restore) within the specified limits of the quality of service as given below in respect of normal failures excluding catastrophes:

a) 90% of faults resulting due to subscriber's complaints should be rectified within 24 hours and 99% within 3 Calendar days.

b) The Licensee will keep a record of number of faults and rectification reports in respect of the service, which will be produced before the LICENSOR/TRAI as and when and in whatever form desired.

29.3 The Licensee shall be responsive to the complaints lodged by his subscribers. He shall rectify the anomalies within the MTTR specified and maintain the history sheets for each installation, statistics and analysis on the overall maintenance status.

29.4 The LICENSOR or TRAI shall carry out performance tests on Licensee's network and also evaluate Quality of Service parameters in licensee's network prior to grant of permission for commercial launch of the service after successful completion of interconnection tests and/or at any time during the currency of the Licence to ascertain that the network meets the specified standards on Quality Of Service (QOS). The licensee shall provide ingress and other support including instruments, equipment etc., for such tests.

30. Emergency and Public Utility Services:

30.1 Licensee shall independently provide all emergency and public utility services to its subscribers, including directory information services with names and address of subscribers.

Part-V Operating conditions

31. Customer Service.

31.1 The LICENSEE will be bound to register the demand/request for Mobile Telephone Connection and shall provide the service to any individual or legal person without any discrimination, unless directed by the LICENSOR in writing. The licensee shall be required to maintain a transparent, open to inspection, waiting list. The licensee shall be permitted to launch the commercial service only after commencement of registration in the manner prescribed.

Provided that nothing contained herein will affect or prejudice the rights of the Licensee to carry out check on credit worthiness of its prospective subscribers.

31.2 It shall be the responsibility of the Licensee to issue or cause to be issued bills to its subscribers for use of the service. The Licensee shall maintain such records so as to produce itemised billing information. The billing system of the licensee shall be able to generate the billing information, in adequate details, to ensure satisfaction to the customer about the genuineness of the bill. The directions of TRAI, from time to time, in this regard shall apply.

31.3 The LICENSEE's contractual obligations (to various Telecom Service Providers including Other Service Providers not requiring Licence under Section 4 of Indian Telegraph Act, 1885) will include terms and conditions under which the SERVICE may be obtained, utilised and terminated.

31.4 The LICENSEE shall notify in writing all the arrangements with respect to repair, fault rectification, compensation or refunds. All complaints in this regard will be addressed / handled as per the guidelines, order or regulation or direction issued by the LICENSOR or TRAI from time to time.

31.5 Any dispute, with regard to the 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 in the matter.

32. The User Terminals (Mobile Telephone or Handset).

32.1 The Licensee shall have the right to undertake the sale, hire purchase, lease or renting of the user/mobile terminals. Proper usage of terminal at subscriber's premises shall be responsibility of the subscriber.

32.2 The Licensee shall be responsible to ensure that the user /mobile terminal is operated in accordance with the terms of the Licence and the WPC Licence. The SIM Card in the user terminal is non-transferable.

32.3 The user/ mobile terminals employed in the network shall be of a type/model certified by an internationally accredited agency with respect to ITU/ETSI/TEC standards or any other international standard as may be approved by the Government. They should carry a marking specifying their compliance with such standards. Only such category of subscriber unit as has

been granted such a certificate shall be brought into and operated within India under this Agreement.

32.4 Subscriber will be free to obtain the Mobile Terminal at his option from any source, subject to interface approval by TEC/TRAI or any agency authorised by LICENSOR in this behalf.

33. Obligations imposed on the Licensee.

33.1 The provisions of the Indian Telegraph Act 1885, the Indian Wireless Telegraphy Act 1933, and the Telecom Regulatory Authority of India Act, 1997 as modified from time to time or any other statute on their replacement shall govern this LICENCE.

33.2 The LICENSEE shall furnish all necessary means and facilities as required for the application of provisions of Section 5(2) of the Indian Telegraph Act, 1885, whenever occasion so demands. Nothing provided and contained anywhere in this Licence Agreement shall be deemed to affect adversely anything provided or laid under the provisions of Indian Telegraph Act, 1885 or any other law in force.

34. Sharing of infrastructure between CMSPs and any other Telecom Service Provider in their area of operation:

The sharing of infrastructure by the licensee is permitted as below:

(i) Sharing of "passive" infrastructure viz., building, tower, dark fiber etc. is permitted.

(ii) Provision of point to point bandwidth from their own infrastructure within their Service Area to other licensed telecom service providers for their own use (resale not to be permitted) is also permitted.

35. Direct interconnectivity between licensed CMSPs and any other Telecom Service provider (including another CMSP) in the same Service Area:

Direct interconnectivity between licensed CMSPs and any other Telecom service provider (including another CMSP) in the same Service Area is permitted for the purpose of only terminating traffic of each other; intimation shall have to be given to the LICENSOR within 15 Calendar days of establishing such direct interconnectivity. Such interconnection shall be as per mutual agreement between the service providers. The interconnection shall have to be withdrawn in case of termination of the respective licensed networks of another CMSP or other Telecom service providers within one hour or within such time as directed by the LICENSOR in writing, after receiving intimation from the LICENSOR in this regard.

36. Coverage Criteria:

36.1 The LICENSEE shall endeavour to cover the entire Service Area at an early date and notify on quarterly basis the areas not covered by the licensee's System. In Metros, 90% of the

service area shall be covered within one year of the effective date. In Telecom Circles, atleast 10% of the District Headquarters (DHQs) will be covered in the first year and 50% of the District Headquarters will be covered within three years of effective date of Licence. The licensee shall also be permitted to cover any other town in a District in lieu of the District Headquarters. Coverage of a DHQ/town would mean that at least 90% of the area bounded by the Municipal limits should get the required street as well as in-building coverage. The District Headquarters shall be taken as on the effective date of Licence. The choice of District Headquarters/towns to be covered and further expansion beyond 50% District Headquarters/ towns shall lie with the Licensee depending on their business decision. There is no requirement of mandatory coverage of rural areas.

37. Liquidated damages:

37.1 The time period of delivery of the Service stipulated in this Licence shall be deemed as the essence of the contract and the service must be brought into commission not later than such specified time period. No extension in delivery date will be granted. If the Service is brought into commission after the expiry of the due date of commissioning, without prior written concurrence of the licensor and is accepted, such commissioning will entail recovery of Liquidated Damages (LD) under this Condition. Provided further that if the commissioning of service is effected within 15 calendar days of the expiry of the due commissioning date then the Licensor shall accept the services without levy of LD charges.

37.2 In case the Licensee fails to bring the Service or any part thereof into commission (i.e., fails to deliver the service or to meet the required coverage criteria) within the period prescribed for the commissioning, the Licensor shall be entitled to recover Rs. 5 Lakh (Rupees: Five Lakhs) for each week of the delay or part thereof, subject to maximum Rs. 100 Lakhs (Rupees: One Hundred Lakhs). For delay of more than 20 weeks the Licence shall be terminated under the terms and conditions of the Licence agreement. The week shall means 7 Calendar days from (from midnight) Monday to Sunday; both days inclusive and any extra day shall be counted as full week for the purposes of recovery of liquidated damages.

38. Inspection and Testing of Installations.

38.1 The Licensor will also carry out all performance tests required for checking Quality of Service, if it so desires. The LICENSEE shall supply all necessary literature, drawings etc. regarding the equipment installed and shall also supply all the tools, test instruments and other accessories to the testing party of the LICENSOR for conducting the tests. The list of performance tests will be furnished by the LICENSEE one month prior to the date of commissioning to the Licensor. In case the Licensor chooses to conduct performance test and some deficiency is found therein by the licensor, the delay caused for rectification of the deficiencies, if any, will be entirely on account of the Licensee.

38.2 The Acceptance Testing for each and every interface with the BSNL/ MTNL/ or Other Service provider may be carried out by mutual arrangements between the licensee and the other party involved. The Acceptance Testing schedule shall be mutually agreed.

39. **Roaming:**

39.1 The Licensee may enter into agreement with other licensed Cellular Mobile Telephone Service Providers or providers of any other type of Mobile services, such as, Global Mobile Personal Communication by Satellite (GMPCS) service etc., for providing national and international automatic roaming facility to subscribers in each other's networks through dual-mode user terminals, if required, **on** following technical and commercial conditions:

(i) Roaming will be provided by using signalling transfer capability of the BSNL's/MTNL's /other licensed Telecom Service Provider's exchanges and SCCP functionality of VSNL's International Gateway(s).

(ii) The Licensee shall abide order/regulation or direction issued by Government of India with respect to International Roaming.

Part-VI SECURITY CONDITIONS

40. Right to inspect.

40.1 The LICENSOR or its authorised representative shall have right to inspect the sites used for extending the Service and in particular but not limited to, have the right to have access to leased lines, junctions, terminating interfaces, hardware/software, memories of semiconductor, magnetic and optical varieties, wired or wireless options, distribution frames, and conduct the performance test including to enter into dialogue with the system through Input/output devices or terminals. The LICENSEE will provide the necessary facilities for continuous monitoring of the system, as required by the LICENSOR or its authorised representative(s). The Inspection will ordinarily be carried out after reasonable notice except in circumstances where giving such a notice will defeat the very purpose of the inspection.

40.2 Wherever considered appropriate LICENSOR may conduct any inquiry either suo- moto or on complaint to determine whether there has been any breach in compliance of terms & conditions of the LICENCE by the LICENSEE and upon such inquiry the LICENSEE shall extend all reasonable facilities without any hinderance.

41. Location of Switches:

41.1 The LICENSEE shall provide to the LICENSOR location details of switching centres, transmission centres, including routing details etc., and location of these centres shall not be changed without prior approval of the LICENSOR.

42. Confidentiality of information:

42.1 The licensee shall not employ bulk encryption equipment in its network. Any encryption equipment connected to the LICENSEE's network for specific requirements has to have prior evaluation and approval of the LICENSOR or officer specially designated for the purpose.

42.2 Subject to conditions contained in these terms and conditions, the LICENSEE shall take all necessary steps to safeguard the privacy and confidentiality of any information about a third party and its business to whom it provides the SERVICE and from whom it has acquired such information by virtue of the SERVICE provided and shall use its best endeavors to secure that :

a) No person acting on behalf of the LICENSEE or the LICENSEE divulges or uses any such information except as may be necessary in the course of providing such SERVICE to the Third Party; and

b) No such person seeks such information other than is necessary for the purpose of providing SERVICE to the Third Party.

Provided the above para shall not apply where:

a) The information relates to a specific party and that party has consented in writing to such information being divulged or used, and such information is divulged or used in accordance with the terms of that consent; or

b) The information is already open to the public and otherwise known.

42.3 The LICENSEE shall take necessary steps to ensure that the LICENSEE and any person(s) acting on its behalf observe confidentiality of customer information.

42.4 The LICENSEE shall, prior to commencement of SERVICE, confirm in writing to the LICENSOR that the LICENSEE has taken all necessary steps to ensure that it and its employees shall observe confidentiality of customer information.

43. Prohibition of certain Activities by the Licensee.

43.1 The LICENSEE shall not engage on the strength of this LICENCE in the provision of any other Service other than the SERVICE as defined in this Licence Agreement.

43.2 To remove any doubt, it is, hereby, clarified that nothing contained in condition in Para above shall preclude the LICENSEE from engaging in advertising and promotional activities relating to any of the Applicable Systems.

43.3 The LICENSEE shall take necessary measures to prevent objectionable, obscene, un-authorised or any other content, messages or communications infringing copyright, intellectual property etc., in any form, from being carried on his network, consistent with the established laws of the country. Once specific instances of such infringement are reported to the LICENSEE by the enforcement agencies, the LICENSEE shall ensure that the carriage of such material on his network is prevented immediately.

43.4 The LICENSEE is obliged to provide, without any delay, tracing facility to trace nuisance obnoxious or malicious calls, messages or communications transported through his equipment and network. Any damages arising out of default on the part of LICENSEE in this regard shall be borne by the LICENSEE.

43.5 In case any confidential information is divulged to the LICENSEE for proper implementation of the Agreement, it shall be binding on the LICENSEE and its employees and servants to maintain its secrecy and confidentiality.

44. Security Conditions:

44.1 The LICENSEE shall provide necessary facilities depending upon the specific situation at the relevant time to the Government to counteract espionage, subversive act, sabotage or any other unlawful activity.

44.2 The LICENSEE shall make available on demand to the person authorized by the LICENSOR, full access to the switching centers, transmission centers, routes etc. for technical scrutiny and for inspection, which can be visual inspection or an operational inspection.

44.3 All foreign personnel likely to be deployed by the LICENSEE for installation, operation and maintenance of the LICENSEE's network shall be security cleared by the Government of India prior to their deployment. The security clearance will be obtained from the Ministry of Home Affairs, Government of India, who will follow standard drill in the matter.

44.4 The LICENSEE shall ensure protection of privacy of communication and ensure that unauthorized interception of messages does not take place.

44.5 LICENSOR reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security and public interest.

44.6 LICENSEE will ensure that the Telecommunication installation carried out by it should not become a safety hazard and is not in contravention of any statute, rule or regulation and public policy.

44.7 The precise delineation of geographical borders taken by the licensee for the purpose of defining service area across International borders, if any, shall have prior approval of the Government of India. The terrestrial boundaries of India shall be as depicted in the maps issued by Survey of India.

44.8 The LICENSEE shall create a buffer zone of 10 KM width along the Indian international border, if any, where no service would be permitted. Width of this buffer zone along the borders within the Indian Territory shall be as decided by the Govt. of India from time to time. As and when there is any change in the structure of defined buffer zone created by the Licensee, for whatsoever reason, it should be reported to the Licensor immediately. The Government and its authorised representative may carry out physical verification of the accuracy of buffer zone so created.

44.9 The designated person of the Central/State Government as conveyed to the Licensor from time to time in addition to the Licensor or its nominee shall have the right to monitor the telecommunication traffic in every MSC or any other technically feasible point in the network set up by the licensee. The Licensee should make arrangement for monitoring simultaneous calls by Government security agencies. The hardware at licensee's end and software required for monitoring of calls shall be engineered, provided/installed and maintained by the Licensee at licensee's cost. However, the respective Government instrumentality shall bear the cost of user end hardware and leased line circuits from the MSC to the monitoring centres to be located as per their choice in their premises or in the premises of the licensee. In case the security agencies intend to locate the equipment at licensee's premises for facilitating monitoring, the licensee should extend all support in this regard including Space and Entry of the authorised security personnel. The Interface requirements as well as features and facilities as defined by the Licensor should be implemented by the licensee for both data and speech. The Licensee should

ensure suitable redundancy in the complete chain of Monitoring equipment for trouble free operations of monitoring of at least 210 simultaneous calls."

Along with the monitored call following records should be made available:

(i) Called/calling party mobile/PSTN numbers.
(ii) Time/date and duration of interception.
(iii) Location of target subscribers. For the present, Cell ID should be provided for location of the target subscriber. However, Licensor may issue directions from time to time on the precision of location, based on technological developments and integration of Global Positioning System (GPS) with Cellular Network, which shall be binding on the licensee.
(iv) PSTN/PLMN numbers if any call-forwarding feature has been invoked by target subscriber.
(v) Data records for even failed call attempts.
(vi) CDR (Call Data Record) of Roaming Subscriber.

The licensee shall be required to provide the call data records of all the specified calls handled by the system at specified periodicity, as and when required by the security agencies.

44.10 The Government through appropriate notification may debar usage of mobile terminals in certain areas in the country. The licensee shall deny service in areas specified by designated authority immediately and in any case within six hours on request. The licensee shall also provide the facility to carry out surveillance of Mobile Terminal activity within a specified area.

44.11 The LICENSEE shall not employ bulk encryption equipment in its network. Any encryption equipment connected to the Licensee's network for specific requirements has to have prior evaluation and approval of the LICENSOR or officer specially designated for the purpose. Standard GSM encryption techniques will however, be allowed. The LICENSEE shall be responsible for ensuring privacy of communication on its network and also to ensure that unauthorised interception of message does not take place.

44.12 LICENSOR shall have the right to take over the SERVICE, equipment and networks of the LICENSEE (either in part or in whole of the service area) in case any directions are issued in the public interest by the Government of India in the event of a national emergency / war or low intensity conflict or any other eventuality. Any specific orders or directions from the Government of India issued under such conditions shll be applicable to the LICENSEE and shall be strictly complied with.

44.13 The complete list of subscribers shall be made available by the licensees on their website (having password controlled access), so that authorised Intelligence Agencies are able to obtain the subscriber list at any time, as per their convenience with the help of the password. The list should be updated on regular basis. Hard copy as and when required by security agencies shall also be furnished. The licensee shall ensure adequate verification of each and every customer before enrolling him as a subscriber; instructions issued by the licensor in this regard from time to time shall be scrupulously followed. The SIM Card used in the User terminal shall be

registered against each subscriber for his bonafide use. The licensee shall make it clear to the subscriber that the SIM card used in the user terminal registered against him is non-transferable and that he alone will be responsible for proper and bonafide personal use of the service.

44.14 A format would be prescribed by the LICENSOR to delineate the details of information required before enrolling a customer as a subscriber. A photo identification of subscribers shall be pre-requisite before providing the service.

44.15 The Licensor or its representative(s) will have an access to the Database relating to the subscribers of the Licensee. The Licensee shall also update the list of his subscribers and make available the same to the Licensor at such intervals as may be prescribed. The Licensee shall make available. at any prescribed instant, to the Licensor or its authorised representative details of the subscribers using the service.

44.16 The Licensee shall maintain all commercial records with regard to the communications exchanged on the network. Such records shall be archived for at least one year for scrutiny by the Licensor for security reasons and may be destroyed thereafter unless directed otherwise by the licensor.

45. Application of Indian Telegraph Act.

45.1 The LICENSEE shall adopt all means and facilitate in every manner the application of the Indian Telegraph Act, 1885 and Indian Wireless Telegraphy Act, 1933 as modified or replaced from time to time. The Service shall be provided in accordance with the provisions of Indian Telegraph Rules as modified and amended from time to time.

45.2 As per the provision of Section 5 of Indian Telegraph Act, the licensee will provide necessary facilities to the designated authorities of Central/State Government as conveyed by the Licensor from time to time for interception of the messages passing through its network.

Section 5 (2) of the Indian Telegraph Act 1885 reads as under:

> "On the occurrence of any public emergency or in the interest of public safety, the Central Government or a State Government or any officer specially authorised in their behalf by the Central Government or a State Government may, if satisfied that it is necessary or expedient to do so in the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign states or public order or for preventing incitement to the commission of an offense for class or messages to or from any person or class of persons or relating to any particular subject, brought for transmission by or transmitted or received by any telegraph, shall not be transmitted or shall be intercepted or detained or shall be disclosed to the Government making the order or an officer thereof mentioned on the order:
>
> Provided that press messages intended to be published in India of correspondents accredited to the Central Government or a State Government shall not be intercepted or detained, unless their transmission has been prohibited under this subsection."

PART-VII WPC WING'S LICENSE

46. WPC WING'S LICENCE

46.1 A separate specific authorisation shall be required from the WPC wing of the Department of Telecommunications, Ministry of Communications which will permit utilization of appropriate frequencies / band for the establishment and possession and operation of Wireless element of the Telecom Service under specified terms and conditions including payment for said authorisation. Such grant of authorisation will be governed by normal rules, procedures and guidelines and will be subject to completion of necessary the prescribed formalities.

46.2 For this purpose, a separate application shall be made to the "Wireless Advisor to the Government of India, WPC Wing, Department of Telecommunications, Ministry of Communications, Dak Bhavan, Sansad Marg, New Delhi-110 001" in a prescribed application form available from WPC Wing.

46.3 Site clearance in respect of fixed stations and its antenna mast shall be obtained from the WPC Wing for which the applicant shall separately apply to the Secretary, Standing Advisory Committee on Frequency Allocations (SACFA) WPC Wing in a prescribed application form, to the following address:

The Secretary (SACFA), WPC Wing,
Ministry of Communications,
Dak Bhavan, Sansad Marg,
New Delhi-110 001.

EXPLANATION: SACFA is the apex body in the Ministry of Communications for considering matters regarding coordination for frequency allocations and other related issues / matters. (Siting clearance refers to the agreement of major wireless users for location of proposed fixed antenna from the point of view of compatibility with other radio systems and aviation hazard. It requires inter departmental coordination and is an involved process). Normally the siting clearance procedure may take two to six months depending on the nature of the installations and the height of the antenna /masts.

46.4 For establishing various point to point radio links the frequency bands earmarked for various agencies has been indicated in the National Frequency Allocation Plan (hereinafter called NFAP) –2000. Mere indication of the band does not guarantee availability of the frequency spectrum which has to be coordinated on case to case basis.

46.5 The LICENSEE shall not cause or allow to cause harmful interference to other authorized users of radio spectrum. For elimination of harmful interference, LICENSEE shall abide by all instructions and orders issued by the Government.

ANNEXURE-I

Definition of Terms and expressions

Unless the context otherwise requires, the different terms and expression used shall have the meaning assigned to them in the following paragraphs:

1. **APPLICABLE SYSTEMS:** The "applicable system" means all the necessary equipment/ sub-systems engineered to provide CELLULAR MOBILE TELEPHONE SERVICE in accordance with operational/technical and quality requirements and other terms and conditions of the Licence agreement.

2. **Auditor** means the Licensee's auditor for the time being appointed for the purpose and in accordance with the provisions of the Companies Act, 1956.

3 **Base Station** means a fixed radio transmitter/receiver station which provides a link between the mobile telephone station and Mobile Switching Centre (MSC).

4. **Base Station Controller or BSC** means a network element to control a set of base stations and connected to such Base Stations through certain transmission media.

5. **BSNL** means Bharat Sanchar Nigam Limited and/ or its successors.

6. **Cell** means a geographical area served by Station for Wireless Telegraphy which is dedicated to transmitting or receiving Messages which have been or are to be conveyed by Telecommunication systems designed or adapted to, and capable of being used while in motion situated for the time being in that area.

7. **Cellular Mobile Telephone Service (CMTS)** means telecommunication service provided by means of a telecommunication system for the conveyance of messages through the agency of wireless telegraphy where every Message that is conveyed thereby has been, or is to be, conveyed by means of a telecommunication system which is designed or adapted to be capable of being used while in motion. The Cellular Mobile Telephone Service refers to transmission of voice or non-voice messages over LICENSEE's Network in real time only. SERVICE does not cover broadcasting of any messages voice or non-voice, however, Cell Broadcast is permitted only to the subscribers of the service. The subscriber (all types, pre-paid as well as post-paid) s to be registered and authenticated at the network point of registration and approved numbering plan shall be applicable.

8. **Cellular Mobile Telephone Service Provider (CMSP)** means a licensee authorised to provide Cellular Mobile Telephone Service under a Licence, to provide the service in a specified service area.

9. **Cellular Telecommunication System** means a telecommunication system in which:

(i) the area in which services are provided is divided into a number of Cells;

(ii) stations for Wireless Telegraphy comprised in the system are automatically controlled by a central processor;

(iii) the radio frequencies used to connect the Stations for Wireless Telegraphy comprised in the system to telecommunication systems which are designed or adapted to be capable of being use while in motion are assigned automatically;

(iv) conveyance of message which is in progress as the telecommunication system designed or adapted to be capable of being used while in motion transmitting or receiving the Messages which are being conveyed moves from Cell to Cell is Handed-off automatically; and

(v) the strength of the emissions of the Stations for Wireless Telegraphy is automatically controlled so as to secure as far as is technically possible that each Station for Wireless Telegraphy can effectively provide services only in the Cell in which it is located;

10. **Connectable System** means a telecommunication system which is authorised to be run under a Licence to provide public telecommunications service and is authorised to be connected to the Applicable system.

11. **DIRECT EXCHANGE LINE (DEL):** A telephone connection between the subscriber's terminal equipment and the terminal exchange.

12. **DOT** means Department of Telecommunications, Government of India who is also the **Licensor**. DoT & Licensor, wherever used in the Licence agreement are inter-changeable.

13. **EFFECTIVE DATE:** The effective date is the date which is so specified in this license agreement.

14. **Emergency** means an emergency of any kind, including any circumstances whatever resulting from major accidents, natural disasters and incidents involving toxic or radio-active materials.

15. Emergency Services in respect of any locality means the relevant public, police, fire, ambulance and coast guard services for that locality.

16. **ENGINEERING:** The technical application of the dimensioning rules and results thereof in order to provide network resources to meet specified Grade of Service (GOS).

17. **LENDER:** means the parties referred to in the Schedule of the Tripartite Agreement and includes any Syndicate member or participant lender in any syndicate/participation financing.

18. **LICENCE:** Licence means a Licence granted or having effect as if granted under section 4 of the Indian Telegraph Act 1885 and Indian Wireless Act 1933.

19. **LICENSEE**: A registered Indian Company that has been awarded Licence to provide the service, within the geographical boundaries of the specified Service Area.

20. **Message** means anything falling within sub-section (3) of section 3 of the Indian Telegraph Act 1885.

21. **"Mobile Station"** means a station in the mobile service intended to be used while in motion or during halts at unspecified points. Mobile station or mobile handset or user terminal wherever used in the Licence agreement, are inter-changeable.

22. **"Mobile Switching Centre, also known as MSC"** means the switching equipment installed as a part of the network which performs all switching functions of calls for providing various services under the scope of this Licence. All the commercial information and data bases reside in the MSC.

23. **MTNL** means Mahanagar Telephone Nigam Limited.

24. **"Operator"** means any person who is Licensed to run a Relevant Connectable System;

25. **OR/QR Specifications** means technical and quality requirements contained in the OR/QR Specifications of Telecom Engineering Centre, Department of Telecommunications unless otherwise specified.

26. **Public Switched Telephone Network (PSTN)** means a fixed specified switched public telephone network. A two-way switched telecommunications service to the general public.

27. **Public Land Mobile Network (PLMN)** means land based mobile network e.g. Cellular Mobile Telephone Service being operated within the country under Licence from Telecom Authority on non-exclusive basis.

28. **QUALITY OF SERVICE:** "Quality of Service" is evaluated on the basis of observable measure on the grade of service, Calls lost due to wrong processing, the bit error rate or the response time and also includes acceptable grade of number of faults per unit population of the subscriber served, the mean time to restore (MTTR), faults carried over beyond the MTTR and the satisfactory disposal thereof.

29. **SIM CARD:** Subscriber Identity Module (SIM) Card, which is fitted into a mobile station, after which the mobile station can be activated to make or receive telephone calls.

30. **Subscriber:** Subscriber ns any person or legal entity, which avails of the Cellular Mobile Telecom Service from the Licensee.

31. **TELECOM AUTHORITY:** The Director General, Telecommunications, Government of India and includes any officer empowered by him to perform all or any of the functions of the Telegraph Authority under the Indian Telegraph Act, 1885 or such authority as may be established by law.

32. **Telephone** means an item of telecommunication apparatus capable when connected to the Applicable System, of transmitting and receiving uninterrupted simultaneous two way speech conveyed, or to be conveyed, as the case may be, by means of that System.

33. **TARIFF:** Tariff means rates and related conditions at which telecommunication services within India and outside India may be provided including rates and related conditions at which messages shall be transmitted to any country outside India, deposits, installation fees, rentals, free calls, usage charges and any other related fees or service charge. The term tariff will have the same meaning as may be defined in the Telecommunication Tariff Orders to be issued by the TRAI from time to time.

34. **TRAI** means Telecom Regulatory Authority of India constituted under the TRAI Act, 1997 as amended from time to time.

35. **User Terminal (UT) or Mobile Terminal (MT), also known as Hand Set or Mobile Station:** means the equipment used by the subscribers to avail the Cellular Mobile Telephone service provided by the licensee.

36. **VSNL** means Videsh Sanchar Nigam Ltd.

37. **WPC** means Wireless Planning and Co-ordination Wing of the Ministry of Communications, Department of Telecommunications, Government of India.

ANNEXURE-II

(Performa for Affidavit regarding details of calculation of "Revenue" and "Licence Fee")

AFFIDAVIT

I ....., aged about ..... years son of Shri ....., resident of ....., do solemnly affirm and state as under:

2. That I am ....of ..... (Name of the Company), licensee of ..... Service in .....Service Area and I am duly authorised by the resolutions dated ..... passed by Board of Directors of the Company to furnish affidavit on behalf of .....(Name of the Company).

3. That in compliance of **Condition** No.. ..... Of Schedule.....Part ..... and **Annexure**.....of the License Agreement No. ..... signed between the Company and the Department Of Telecommunications, for payment of license fee, a payment of Rs. ..... (Rupees .... is being made for the period ..... to ..... . The details of calculation of 'revenue' and license fee is as per **Annexure** ..... (attached).

4. That the contents in para 2 & 3 and Statement made in **Annexure** ___ are true and correct to the best of my knowledge, based on the records of the company.

Deponent.

VERIFICATION:

Verified at _____ on _____ that the contents of paragraphs 1 to 3 of this Affidavit and attached 'Statement of Revenue and License Fee' as Annexure are true and correct to the best of my knowledge, no part of it is false and nothing has been concealed therefrom.

Deponent.

APPENDIX –I TO ANNEXURE-II

Format Of Auditor's Report On Statement Of Revenue And License Fee

To

The Board of Directors

.....

.....

We have examined the attached Statement of Revenue and License Fee of .....(the name of the operators) for the quarter(s) ending _____. We have also examined the reconciliation of the cumulative figures for the quarter(s) ending _____ appearing in the Statement of Revenue and License Fee of the company with the figures appearing in the profit and loss account of the company for the year ended_____ which was audited by us. We understand that the aforesaid statement(s) (and the reconciliation) is /are to be furnished to the Central Government for assessment of the license fee payable by the company to the Government, in terms of the license agreement No..... signed between the company and the Department of Telecommunications.

We report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our view, the company has an adequate internal control system in relation to revenues which is commensurate with its size and the nature of its business. The system, in our opinion, provides reasonable assurance that there is no unrecorded revenue and that all revenue is recorded in the proper amount and in the proper period.
3. No amounts payable in respect of sales tax, service tax or PSTN/toll/roaming charges were outstanding at the last day of the quarter(s) for a period of more than two months from the date they became payable, except for the following:.....
4. In our opinion and to the best of our knowledge and belief and according to the explanations given to us, the Statement has been prepared in accordance with the norms/guidelines contained in the said license agreement in this behalf and gives a true and fair view of the revenue and license fee payable for the period computed on the basis of the aforesaid guidelines except for the following:

---

* Strike off wherever not applicable.

(SIGNATURE)

APPENDIX-II TO ANNEXURE-II

Format of Statement of Revenue and License Fee

_____(Name and address of operator)

Cellular Mobile Telephone Service in_____(Service Area)

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

of the financial year.....

(AMOUNT IN RUPEES)

S.N.	PARTICULARS	ACTUALS OF THE PREVIOUS QUARTER	FIGURES FOR THE CURRENT QUARTER	CUMULATIVE FIGURES UP TO THE PREVIOUS QUARTER
1.	Revenue from Services:			
A.	Post paid options:			
i.	Rentals			
ii	Activation Charges			
iii.	Airtime Revenue			
iv.	Pass through charges			
v.	Service Tax			
vi.	Roaming charges			
vii	Service charges			
viii.	Charges on account of any other value added services. Supplementary Services etc.			
ix.	Any other income/ miscellaneous receipt from post paid options.			
B.	Pre-paid options:			
i.	Sale of pre-paid simcards including full value of all components charged therein.			
ii.	Any other income/ miscellaneous receipt from pre-paid options.			
C.	Revenue from Mobile			
i.	Community phone service including full value of all components charged therein.			
ii.	Any other income/ miscellaneous receipt from Mobile Community phone			

	service.			
2.	Income from Trading activity: (all inclusive of sales tax)			
i.	Sale of handsets			
ii.	Sale of accessories, including simcards etc.			
iii.	Any other income/miscellaneous receipt from trading activity.			
3.	Revenue from roaming.			
i.	Roaming facility revenue from own subscribers.			
ii.	Roaming revenue from own subscriber visiting other networks including STD/ISD/pass thru charges for transmission of incoming call during roaming.			
iii.	Roaming Commission earned.			
iv.	Roaming revenue on account of visiting subscribers from other networks.			
v	Service Tax if not included above.			
vi.	Any other income/miscellaneous receipt from roaming.			
4.	Income from investments.			
i.	Interest income			
ii.	Dividend income			
iii.	Any other miscellaneous receipt from investments.			
5.	Non-refundable deposits from subscribers.			
6.	Revenue from franchisees / resellers, excluding			

	revenues already included in 1A&1B			
7.	Revenue from sharing/leasing of infrastructure			
8.	Revenue from other operators from sale of bandwidth			
9.	Revenue from other operators on account of pass thru call charges.			
10	Revenue from other operators on account of provisioning of interconnection.			
11.	Miscellaneous revenue.			
AA	GROSS REVENUE OF THE LICENSEE COMPANY: (Add 1-11)			
B	DEDUCT:			
1.	PSTN related Call charges passed on to basic, cellular and long distance service provider(s) (operator-wise)			
2.	Roaming revenues actually passed on to other CMSPs And GMPCS service providers. (operator-wise)			
3.	Service Tax paid to the Government.			
4.	Sales Tax paid to the Government.			
BB	TOTAL DEDUCTION (1-4B)			
CC	Adjusted Gross Revenue (AA-BB)			
	REVENUE SHARE @.....OF ADJUSTED GROSS REVENUE:			

ANNEXURE –III

NORMS FOR PREPARATION OF ANNUAL FINANCIAL STATEMENTS

- Accounts shall be maintained separately for each telecom service operated by the licensee company.
- Any category of accrued revenue, the amount of which exceeds 5% of the total accrued revenue, shall be shown separately and not combined with any other item/category.
- Accrued Revenue shall indicate:
  (a) All amounts billable for the period.
  (b) Any billings for previous years that had been omitted from the previous years' P&L Accounts.
  (c) Any non-refundable deposits collected from the customers/franchisees to the extent these are credited to P&L Account for the year.
- Subsidiary registers/ledgers shall be maintained for each item given above so as to enable easy verification.
- Service revenue (amount billable) shall be shown gross and details of discount/rebate indicated separately.
- Security or any other Deposits taken from the subscriber shall be shown separately, for each category, and the amount that has fallen due for refund but not yet paid also disclosed under two categories, namely:
  - Up to 45 days
  - More than 45 days.
- Service Tax billed, collected and remitted to the Government shall be shown separately.
- Sales Tax billed, collected and remitted to the Government shall be shown separately.
- Details of Income from sales of goods shall be furnished indicating the income and number of items sold under each category. Method of inventory valuation used shall also be disclosed along with computation of cost of goods sold.
- Sales shall be shown gross and details of discount/rebate allowed and of sales returns shall be shown separately.
- Income from interest and dividend shall be shown separately, without any related expenses being set-off against them on the income side of the P&L Account.
- Increase/decrease of stock shall be shown separately.
- Details of reversal of previous years' debits, if any, shall be shown component-wise, under the miscellaneous head (eg. Bad debts recovered etc.)
- Item-wise details of income that has been set off against corresponding expenditure.
- Roaming Charges shall be shown under the following heads separately;
  (a) Roaming airtime charges collected for each external network from own (home) subscribers.
  (b) Roaming airtime charges actually remitted to each external network.
  (c) Roaming commission retained (Network-wise)
  (d) Roaming commission paid (Network-wise)
  (e) Any other variable charges collected and retained/passed on to other operators, with details.
- Total Airtime Units (Metered Units) for home and visiting subscribers and unbilled numbers (e.g. service connections) to be furnished separately.

ANNEXURE-IV

PROFORMA FOR FINANCIAL BANK GUARANTEE

To

The President of India
acting through Telegraph Authority

In consideration of the President of India (hereinafter called 'the Authority') having agreed to grant a Licence to M/s _____ of _____ (hereinafter called 'the LICENSEE') to establish, maintain and operate Cellular Mobile Telephone Service (CMTS) (hereinafter called 'the SERVICE') in _____ circle (Name of Circle) in accordance with the Letter of Intent/Licence No. _____ dated _____ (hereinafter called 'the Licence') on the terms and conditions contained in the said Licence, which inter-alia provides for production of a Bank Guarantee to the extent of Rs._____ (in words _____) under the said Licence by way of security for payment of the said Licence fee as well as such other fees or charges required to be paid by the LICENSEE under the Licence. We _____ (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the Bank') at the request of the LICENSEE hereby irrevocably and unconditionally guarantee to the Authority that the LICENSEE shall pay all the dues, including but not limited to, the Licence fee etc. to the Authority.

2. We, the Bank, hereby undertake to pay the Authority an amount not exceeding Rs.....(Rupees.....only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any failure of the LICENSEE to extend the validity of the guarantee or give a fresh guarantee in lieu of existing one in terms of the Licence Agreement, pay all the above mentioned fees, dues and charges or any part thereof within the periods stipulated in the Licence.

3 We, the Bank, hereby further undertake to pay as primary obligor and not merely as surety to pay such sum not exceeding Rs._____ (Rupees _____ Only) to the Authority immediately on demand and without demur stating that the amount claimed is due by way of failure of the LICENSEE to pay any fees or charges or any part thereof in terms of the said Licence.

4. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the decision of the Authority as to whether LICENSEE has failed to pay the said Licence fees or any other fees or charge or any part thereof payable under the said Licence and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on us.

5. WE, THE BANK, DO HEREBY DECLARE ND AGREE that the

(a) Guarantee herein contained shall remain in full force and effect for a period of One Year from the date hereof and that it shall continue to be enforceable till all the dues of the Authority

and by virtue of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said Licence have been fully and properly carried out by the said LICENSEE and accordingly discharged this guarantee.

(b) The Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Licence or to extend time of performance of any obligations by the said LICENSEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said LICENSEE and to forbear or to enforce any of the terms and conditions relating to the said Licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said LICENSEE or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said LICENSEE or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

(c) Any claim which we have against the LICENSEE shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the LICENSEE.

6. We, the BANK, undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

7. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs..... and our Guarantee shall remain in force until....year from the date hereof. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. .... all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities thereunder.

Dated_____ day _____ for _____
(Name of the Bank)

Witness:
1.....
. .....
.....
. .....

2.....
.....
.....
.....

ANNEXURE -V

PERFORMA FOR PERFORMANCE BANK GUARANTEE

To

The President of India
acting through Telegraph Authority

In consideration of the President of India (hereinafter referred to as 'the Authority') having agreed to grant a Licence to M/s _____ of _____ (hereinafter called 'the LICENSEE') to establish, maintain and operate Cellular Mobile Telephone Service (CMTS Service) (hereinafter called 'the SERVICE') as per Letter of Intent Licence No. _____ dated _____ (hereinafter called 'the said Licence') on the terms and conditions contained in the said Licence, which inter-alia provides for production of a Bank Guarantee to the extent of Rs._____ (in words _____) for the service by way of security for the due observance and performance of the terms and conditions of the said Licence. We _____ (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the Bank') at the request of the LICENSEE hereby irrevocably and unconditionally guarantee to the Authority that the LICENSEE shall render all necessary and efficient services which may be required to be rendered by the LICENSEE in connection with and/or for the performance of the said LICENSEE and further guarantees that the service which shall be provided by the LICENSEE under the said Licence, shall be actually performed in accordance with terms & conditions of the LICENSEE to the satisfaction of the Authority.

2. We, the Bank, hereby undertake to pay the Authority an amount not exceeding Rs.....(Rupees.....only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any breach by the said LICENSEE of any of the terms and conditions contained in the said Licence including failure to extend the validity of this guarantee or to give a fresh guarantee in lieu of the existing one.

3. We, the Bank hereby, in pursuance of the terms of the said Licence, absolutely, irrevocably and unconditionally guarantee as primary obligor and not merely as surety the payment of an amount of Rs._____ (Rupees _____ Only) to the Authority to secure due and faithful performance by the LICENSEE of all his/their obligations under the said Licence.

4. We, the Bank hereby also undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the Authority stating that the amount claimed is due by way of loss or damage caused or would be caused to or suffered by the Authority by reason of breach by the said LICENSEE of any of the terms or conditions contained in the said Licence or by reason of the licensee's failure to perform any of it's obligations under the said Licence."

5. We, the Bank, hereby agree that the decision of the Authority as to whether the LICENSEE has failed to or neglected to perform or discharge his duties and obligations as aforesaid and/or whether the service is free from deficiencies and defects and is in accordance with or not of the terms & conditions of the said Licence and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on the Bank.

6. WE, THE BANK, DO HEREBY DECLARE AND AGREE that:

(a) the Guarantee herein contained shall remain in full force and effect for a period of One Year from the date hereof and that it shall continue to be enforceable till all the dues of the Authority and by virtue of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said Licence have been fully and properly carried out by the said LICENSEE and accordingly discharged this guarantee.

(b) the Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Licence or to extend time of performance of any obligations by the said LICENSEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said LICENSEE and to forbear or to enforce any of the terms and conditions relating to the said Licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said LICENSEE or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said LICENSEE or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

(c) any claim which we have against the LICENSEE shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the LICENSEE.

7. We the BANK undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

8. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs..... and our Guarantee shall remain in force until....year from the date hereof. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. .... all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities thereunder.

Dated_____ day _____ for _____
(Name of the Bank)

Witness:

1.....
.....
.....
.....
2.....
.....
.....
.....

LICENCE AGREEMENT

FOR

PROVISION OF

CELLULAR MOBILE TELEPHONE SERVICE

IN RAJASTHAN TELECOM CIRCLE SERVICE AREA

NO. 842-304/2001-VAS/RJ DATED 21.03.2003.

TOTAL PAGES - 49

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

Srivastava 21/03/03

21/03/03

LICENSE AGREEMENT

FOR

CELLULAR MOBILE TELEPHONE SERVICE (CMTS)

This AGREEMENT is made on the 21st day of March (month) 2003 (year) by and between the President of India acting through G. P. Srivastava (name), Director (VAS-II), Department Of Telecommunications (DOT), Sanchar Bhavan, 20, Ashoka Road, New Delhi – 110 001 (Hereinafter called the LICENSOR) of the FIRST PARTY.

AND

M/s. **Bharat Sanchar Nigam Ltd.,** a company registered under the Companies Act 1956, having its registered office at Statesman House, Barakhamba Road, New Delhi-110001 acting through Shri H. C. Pant, Company Secretary and G. M. (Legal) BSNL Corporate Office, 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 License and the LICENSEE has requested to grant license for providing Cellular Mobile Telephone Service. Whereupon and in pursuance to the said request, the LICENSOR has agreed to grant this License to provide Cellular Mobile Telephone Service in the licensed service area more specifically described in SCHEDULE-I appended hereto.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In consideration of the payment of license fee, and due performance of all the terms and conditions mentioned in this license 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 license to set up and operate the Cellular Mobile Telephone Service in the licensed service area described in SCHEDULE-I appended hereto.

2. The LICENSE 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 License Agreement and without any deviation or reservations of any kind.

4. Effective Date of this LICENSE shall be 29.02.2000.

5. Additional Licenses in Licensee's service area may also be issued from time to time in future without any restriction of number of operators.

6. The License 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.

7. This Licence agreement shall be read together with letters No. 842-304/2000-VAS dated 29th February, 2000 whereby, permission to Bharat Sanchar Nigam Ltd. was granted to operate Cellular Mobile Telephone Service, however, in case of conflict and inconsistency, the terms set out in the body of this agreement with schedules annexed hereto, shall prevail.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed through their respective authorised representatives on the 21st (day) March (month), 2003 (year).

Signed for and on behalf of President of India.

(H. C. PANT)
Company Secretary & GM (Legal)
Bharat Sanchar Nigam Limited
New Delhi

By (G.P. Srivastava) 21/03/03

Director (VAS-II), Department of Telecommunications.

Signed on behalf of M/s. **Bharat Sanchar Nigam Ltd.** by Mr. H. C. Pant, Company Secretary and G. M. Legal BSNL Corporate Office (Name and Designation), authorised signatory of BSNL

In the presence of:

Witnesses:

1.
Signature
Name: Shri Mahipal Singh, 21/3/2003
Occupation. Jt. DDG (Regln-I)
Address: Statesman House, Barakhamba Road,
Place. New Delhi.

2.
Signature 21/03/03
Name R. S. Goel
Occupation. Consultant
Address 1009, Sanchar Bhavan,
Place.New Delhi.

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SCHEDULE-I

SCHEDULE OF SERVICE AREA.

The Service Area for which this licence is awarded is given below:

Rajasthan Telecom Circle

Note:

(i) The Service Area for which this license is awarded shall be co-extensive and be the same for the named Service Area as that of existing licences of cellular service. Reorganization of Telecom Circles or change of Local Area, if any, during the interregnum after the grant of the said licences to existing Operators will not have any effect on the Service Area of cellular service Licence.

(iii) The above service area refer to Telecom Service Area Unit (Telecom Circle Service Area or Metro City Service Area) and not the State geographical areas.

(iii) The definition of local areas with regard to the above service area as applicable to existing licensees of cellular service is as per definition applicable as in the year 1994 & 1995, when these licences were granted to them. This is in accordance with respective Gazette Notification for such local areas wherever issued and as per the statutory definition under Rule 2 (w) Indian Telephones Rules, 1951, as it stood during the year 1994/1995 where no specific Gazette Notification has been issued.

SCHEDULE 1: 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 LICENSEE Company does not, at any time during the entire Licence period, exceed 49% of the total equity. The details of the Indian & Foreign promoters with their respective equity holdings in the LICENSEE Company as disclosed on the date of signing of the LICENSE AGREEMENT, are as follows:

Sl. No.	Name of Promoter.	Indian/ Foreign	Percent of Equity held
1.	Deptt of Telecom		
2.	MTNL		100%
3.	Govt. of India		

1.2 There shall be no change in the Indian and Foreign promoter(s) or their equity participation unless permitted by the LICENSOR in writing.

1.3 The licensee company may, with prior written consent of the Licensor replace a promoter(s) by another promoter(s) of equal or higher standing as stipulated below:

(a) an existing foreign promoter may be substituted by another foreign promoter of similar standing;

(b) the existing Indian Promoter(s) may also be allowed to acquire the foreign promoter's shareholding; and

(c) transfer of equity inter-se between existing Indian promoters may be permitted, provided the majority Indian promoter continues to hold at least the present shareholding for a period of five years from the effective date of licence agreement. The merger of Indian companies may be permitted as long as competition is not compromised; TRAI will be consulted by the licensor in this matter.

1.4 The licensee shall also ensure that:

(i) Any changes in share holding shall be subject to all necessary statutory requirements.

(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 same service. 'Substantial equity' herein will mean 'an equity of 10% or more'. A promoter company cannot have stakes in more than one licensee company for the same service area.

(iii) Management control of the licensee company shall remain in Indian Hands.

2. Scope of the Licence:

2.1 The licensee shall be permitted to provide, in its area of operation, all types of mobile services including voice and non-voice messages, data services and PCOs utilizing any type of network equipment (however, the technology must be digital), including circuit and/or packet switches, that meet the relevant International Telecommunication Union (ITU)/ Telecommunication Engineering Center (TEC) standards. Provided that a pilot project may also be approved and licensed for any period by the Licensor for inducting a new Technology.

Provided further that the LICENSOR, of its own or through a designated Authority, has a right to operate the service anywhere in India.

2.2 The LICENSEE shall clearly define the scope of **Service** to the subscriber(s) at the time of entering into contract with such subscriber(s). Any dispute with regard to the service provided to the subscriber shall be a matter between the subscriber and the licensee only.

2.3 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 SERVICE. The decision of the LICENSOR shall be final in this regard.

6. Restrictions on 'Transfer of Licence':

6.1 The licensee shall not, without the prior written consent (can be granted only as described below) of the Licenser, either directly or indirectly, assign or transfer its rights in any matter whatsoever to any other 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. Any

violation of this terms shall be construed as a breach of Licence Agreement and the licence shall be liable for termination. Provided, however, that installation of systems, equipment and network can be given on contract, but providing the SERVICE can not be given to another party on contract. Provided that the licensee can always employ or appoint agents or servants.

6.2 Provided that the aforesaid written consent permitting transfer or assignment will be granted;

(i) in accordance with the terms and conditions and procedures described in Tripartite Agreement if duly executed amongst LICENSOR, LICENSEE AND LENDERS.

(ii) whenever a merger of two licensee (Indian) companies is approved by a High Court but no compromise in competition occurs in the provision of telecom service.

7. Provision of Service:

7.1 The LICENSEE shall be responsible for, and is authorised to own, install, test and commission all the equipment to commission the Applicable system for providing the Cellular Mobile Telephone Service under this Licence agreement.

7.2 The LICENSEE shall be permitted to carry its own long distance traffic within his service area without seeking an additional Licence.

8. Delivery of Service:

8.1 The LICENSEE shall commission the Applicable Systems within one year from the date i.e. 28th May, 2002 on which BSNL is provided the text of the Licence Agreement containing terms and conditions. The date of Test Certificate issued by Telecom Engineering Centre of DoT will be reckoned as the date of commissioning the service for the purpose of calculating liquidated damage charges in terms of Conditon 37 Part V. 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, 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 LICENSOR reserves right to seek complete information from the LICENSEE of terms and conditions, and obligations under all contracts entered into with other CMSPs and other Licensed Telecom Service Providers on sharing of infrastructure / backbone for the provision of SERVICE, or any change thereof, and to obtain the authenticated copies of all such contracts.

9.3 The LICENSEE shall in no case permit digital transmission 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 severe 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 SERVICE. 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.

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 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 issued to the LICENSEE 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 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.

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 hinderance 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 LICENSE 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 clauses 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 realised through encashment of the Bank Guarantee without prejudice to any other action(s) for recovery of the amounts due to the LICENSOR.

12. **DISPUTES SETTLEMENT:**

12.1 As per provisions of Telecom Regulatory Authority of India Act, 1997 as amended from time to time, dispute, if any, between:

i) the LICENSEE and a Group of Consumers, and
ii) the Licensee and LICENSOR,

shall ~~be~~ settled in Telecom Disputes Settlement and Appellate Tribunal, if such dispute arises out of or connected with the provisions of the license agreement.

13. Force- Majeure:

13.1 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.

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

13.3 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.

14. SET OFF CLAUSE:

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

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

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

15. WAY LEAVE:

15.1 The bidder 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 a valid excuse for not carrying any obligations imposed by the terms of this Licence.

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 matters relating to this Licence will be subject to jurisdiction of Telecom Disputes Settlement and Appellate Tribunal (TDSAT) in terms 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 TRAI Tariff orders / regulations / directions issued in this regard 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.

18. Publication of the Telephone Service Directory:

18.1 Determination of TRAI with regard to publication of telephone service directory containing information of subscribers of Cellular Mobile Telephone Service shall be applicable and binding.

Part-III FINANCIAL CONDITIONS

19. FEES PAYABLE

19.1 Entry Fee:

There shall be 'no entry fee'.

19.2 License Fees:

19.2 License Fees:

The Licensee shall pay Licence fee annually @ 10 % of **Adjusted Gross Revenue (AGR)**, excluding spectrum charges. The Licence Fee as Revenue share includes contribution towards (i) USO, (ii) R&D, Administration and Regulation. The above license fee is applicable exclusive of the period during which existing or future Basic Service Operators may be prohibited to provide the use of hand-held set with Wireless Access System limited in the Local Area, i.e. Short Distance Charging Area (SDCA), commonly known as "Limited Mobility". For the period during which existing or future Basic Service Operators are prohibited Limited Mobility the license fee will be @ 15% of AGR.

19.3 Radio Spectrum Charges:

In addition, the cellular licensees shall pay spectrum charges on revenue share basis of 2% of AGR towards WPC Charges covering royalty payment for the use of cellular spectrum upto 4.4 MHz + 4.4 MHz and Licence fee for Cellular Mobile handsets & Cellular Mobile Base Stations and also for possession of wireless telegraphy equipment as per the details prescribed by Wireless Planning & Coordination Wing (WPC). Any additional band width, if allotted subject to availability and justification shall attract additional Licence fee as revenue share (typically 1% additional revenue share if Bandwidth allocated is upto 6.2 MHz + 6.2 MHz in place of 4.4 MHz + 4.4 MHz).

Further, royalty for the use of spectrum for point to point links and access links (other than Cellular Service Spectrum) 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 etc. Authorization of frequencies for setting up Microwave links by Cellular Operators and issue of Licences shall be separately dealt with WPC Wing as per existing rules.

The above spectrum charge is subject to review by WPC Wing from time to time.

20. Definition of 'Adjusted Gross Revenue':

20.1 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.

20.2 For the purpose of arriving at the "Adjusted Gross Revenue" the following will be excluded from the Gross Revenue to arrive at the adjusted gross revenue:

(i) PSTN related Call charges (access charges) actually paid to Bharat Sanchar Nigam Ltd. (BSNL)/Mahanagar Telephone Nigam Ltd. (MTNL) or other telecom service providers within India.

(ii) Roaming revenues actually passed on to other telecom service providers, and

(iii) Service Tax on provision of service and Sales Tax actually paid to the Government; if gross revenue had included the component of Service Tax.

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

21.1 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.

21.2 Licence Fee shall be paid in four quarterly installments during each Financial Year (FY). Quarterly installments of Licence Fees for the first three Quarters of a FY shall be paid within 15 days of the completion of the relevant Quarter. This Fee shall be paid by the licensee on the basis actual revenues (on accrual basis) for the duly certified with an affidavit by a representative of the licensee, authorized by a Board Resolution coupled with General Power of Attorney. However, for the last quarter of FY, the licensee shall pay the Licence Fee by 25TH March on the basis of the expected revenues for the quarter, subject to a minimum payment equal to the actual revenue share paid of the previous quarter.

21.3 The quarterly payment shall be made together with a STATEMENT in the prescribed form as **annexed,** showing the computation of revenue and licence fee payable for the previous quarter. The aforesaid 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 annexed.

21.4 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 FY within 15 day of the end of the quarter.

21.5 Any delay in payment of Licence Fee, or any other dues payable under the LICENCE beyond the stipulated period will attract interest at a rate which will be 5% above the Prime Lending Rate (PLR) of State Bank of India prevalent on the day the payment became due. 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.

21.6 Final adjustment of the licence fee for the year shall be made on or before 30th June of the following year based on the gross revenue figures duly certified by the AUDITORS of the LICENSEE in accordance with the provision of Companies' Act, 1956.

21.7 A reconciliation between the figures appearing in the quarterly statements with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts and audit report, 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-III**.

21.8 In case, the total amount paid on the self assessment of the LICENSEE 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 150% of the entire amount of short payment. This amount of short payment along with the 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 21.5**. However, if such short payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed.

21.9 The Fee/royalty payable towards WPC Charges shall be payable at such time(s) and in such manner as the WPC Wing of the Ministry of Communications may prescribe from time to time.

21.10 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.

21.11 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 21.3, 21.7, 23.5 and 23.6** hereinbefore and hereinafter written.

21.12 The LICENSEE, shall separately pay the access charges for carriage of calls originating in his network but carried and terminated in the BSNL/MTNL/Other Service Providers' networks. The LICENSEE shall also separately pay charges for network resources obtained by the licensee from BSNL/MTNL/other licensed service providers. This will be governed by the determination of TRAI.

22. Bank Guarantees:

There is no requirement for the submission of Financial Bank Guarantee and Performance Bank Guarantee by the Licensee , so long as it is a hundred percent Government owned company.

23. Preparation of Accounts:

23.1 The LICENSEE will draw, keep and furnish independent accounts for the SERVICE and shall fully comply orders, directions or regulations as may be issued from time to time by the LICENSOR or TRAI as the case may be.

23.2 The LICENSEE shall be obliged to:

a) Compile and maintain accounting records, sufficient to show and explain its transactions in respect of each completed quarter of the Licence period or of such lesser periods as the LICENSOR may specify, fairly presenting the costs (including capital costs), revenue and financial position of the LICENSEE's business under the LICENCE including a reasonable assessment of the assets employed in and the liabilities attributable to the LICENSEE's business, as well as, for the quantification of Revenue or any other purpose.

(b) Procure in respect of each of those accounting statements prepared in respect of a completed financial year, a report by the LICENSEE's Auditor in the format prescribed by the LICENSOR, stating inter-alia whether in his opinion the statement is adequate for the purpose of this condition and thereafter deliver to the LICENSOR a copy of each of the accounting statements not later than three months at the end of the accounting period to which they relate.

c) Send to the LICENSOR a certified statement sworn on an affidavit, by authorized representative of the company, containing full account of Revenue earned from the SERVICE for each quarter separately along with the payment for the following quarter.

23.3 (a) The LICENSOR or the TRAI, as the case may be, shall have a right to call for and the LICENSEE shall be obliged to supply and provide for examination any books of accounts that the LICENSEE may maintain in respect of the business carried on to provide the service(s) under this Licence at any time without recording any reasons thereof.

(b) The LICENSEE shall invariably preserve all billing and all other accounting records (electronic as well as hard copy) for a period of THREE years from the date of publishing of duly audited & approved Accounts of the company and any dereliction thereof shall be treated as a material breach independent of any other breach, sufficient to give a cause for cancellation of the LICENCE.

23.4 The records of the LICENSEE will be subject to such scrutiny as may be prescribed by the LICENSOR so as to facilitate independent verification of the amount due to the LICENSOR as its share of the revenue.

23.5 The LICENSOR may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order Audit of the accounts of the LICENSEE by appointing auditor at the cost of the LICENSEE and such auditor(s) shall have the same powers which the statutory auditors of the company enjoy under Section 227 of the Companies Act, 1956. The remuneration of the Auditors, as fixed by the LICENSOR, shall be borne by the LICENSEE.

23.6 The LICENSOR may also get conducted a 'Special Audit' of the LICENSEE company's accounts/records by "Special Auditors", the payment for which at a rate as fixed by the LICENSOR, shall be borne by the LICENSEE. This will be in the nature of auditing the audit described in **para 23.5** above. The Special Auditors shall also be provided the same facility and have the same powers as of the companies auditors as envisaged in the Companies Act, 1956.

23.7 The LICENSEE shall be liable to prepare and furnish the company's annual financial accounts according to the accounting principles prescribed and the directions given by the LICENSOR or the TRAI, as the case may be, from time to time.

Part-IV TECHNICAL CONDITIONS

24. TECHNICAL CONDITIONS:

24.1 The Company shall specify the details of the technology (which shall always be digital), quality of service and other performance parameters of the system proposed to be deployed for operation of the service. The technology should be based on standards issued by ITU/TEC or any other International Standards Organization/ bodies and the licensee shall seek the approval of the licensor before deployment of such technologies. Any digital technology having been used for a customer base of one lakh or more for a continuous period of one year anywhere in the world, shall be permissible for use regardless of its changed versions. A certificate from the manufacturers about satisfactory working for a customer base of one lakh or more over the period of one year, shall be treated as established technology.

24.2 Number Plan: The Numbering Plan at the PSTN Interface shall be as per ITU-T recommendations. The Numbering Plan for the Service will be as per existing numbering plan, which is as follows:

Digits Dialed	Description	No. of digits
98	Access Code	2
+		
XYZ	Mobile Switch Code	3
+		
ABCDE	Subscriber numbers	5

24.3 Signalling Schemes:

The Signalling between the MSC of the Service Provider and Interconnected Network shall be CCS No.7 or as otherwise mutually agreed between the Operators of the two networks, subject to orders/regulations issued by the licensor/TRAI from time to time.

24.4 Minimum Facilities:

Calling Line Identification (CLI) shall be provided. The network should also support Malicious Call identification and CAMA.

24.5 Quality of Service:

The system should meet the Quality of Service standards/requirements as specified by TRAI from time to time.

24.6 In the first instance the system shall be capable of providing the following service:

- Tele-Services

Information type	Services
Speech	Telephone, Emergency calls
Data	Atleast 9.6 kbps
Short Message Service (SMS)	Communication of messages
Fascimile	Grp. 3 Facsimile

- Bearer Services

Data transmission in Asynchronous duplex circuit mode with PSTN

Upto atleast 9600 bps

Data transmission in Synchronous duplex circuit mode with PSTN

Upto atleast 9600 bps

Mobile access in the Asynchronous mode to the packet assembler/disassembler of packet switching network

Upto atleast 9600 bps

Mobile access in the synchronous mode to the packet switching network.

Upto atleast 9600 bps

The technology offered shall be capable of upgradation to / migration to provide 2G+ services.

- Supplementary Services

In the first instance the following supplementary services may be provided:-

- Calling Number Identification Presentation
- Calling Number Identification Restriction
- Connected Number Identification Presentation
- Connected Number Identification Restriction
- Malicious Call Identification
- Call Forwarding Unconditional

- Call Forwarding on Mobile Subscriber Busy
- Call Forwarding on No Reply
- Call Forwarding on Mobile Subscriber Not Reachable
- Call Transfer
- Mobile Access Hunting
- Call Waiting
- Call Hold
- Completion of Call to Busy Subscriber
- Three Party Service
- Conference Calling
- Closed User Group
- Advice of Charge
- Freephone Service
- Reverse Charging (Called or Calling MS)
- Barring of All Outgoing Calls
- Barring of Outgoing International Calls
- Barring of Outgoing International Call except those directed to the Home PLMN Country.
- Barring of All Incoming Calls
- Barring of All Incoming Calls when Roaming Outside the Home PLMN Country.

The supplementary services listed under this clause are not mandatory. Since no technology has been specified for operating the service, the supplementary services as supported by bidders' technology may be provided. The bidder may furnish a list of such services.

24.7 The frequencies shall be assigned by WPC from the designated bands prescribed in National Frequency Allocation Plan - 2000. (NFAP-2000). Appropriate frequency spots in frequency-band of 890-915 MHz paired with 935-960 MHz will be assigned. A cumulative maximum of upto 4.4 MHz + 4.4 MHz will be permitted. Based on usage, justification and availability, additional spectrum upto 1.8 MHz + 1.8 MHz making a total of 6.2 MHz +6.2 MHz, may be considered for assignment, on case by case basis, on payment of additional Licence fee. The bandwidth upto maximum as indicated i.e. 4.4 MHz & 6.2 MHz as the case may be, will be allocated based on the Technology requirements. (e.g. CDMA @ 1.25 MHz, GSM @ 200 KHz etc.). The frequencies assigned may not be contiguous and may not be same in all cases, while efforts would be made to make available larger chunks to the extent feasible.

24.8 The ultimate objective is to provide hand – held portable telecom service within building, inside car and outside within the whole service area.

24.9 The system shall conform to fundamental plans of DOT.

24.10 The licensee may provide additional facilities in case of any value addition/upgradation that the technology permits at later date, subject to approval of licensor.

25. **The Applicable System:**

25.1 Licensee shall provide the 'Applicable System' using any type of network equipment, including circuit and/or packet switches, that meet the relevant International Telecommunication Union (ITU)/ Telecommunication Engineering Centre (TEC) standards.

25.2 Any digital technology either already validated by TEC or having been used for a customer base of one lakh or more for a continuous period of one year anywhere in the world, shall be permissible for use with its latest version. A certificate from the manufacturer/ operator about satisfactory working for a customer base of one lakh or more over the period of one year, shall be treated as established technology.

25.3 In the process of operating the Services, the Licensee shall be responsible for:-

(i) The installation of the sites excluding the installation of the equipment at the subscriber's premises which will be left at the option of the subscriber;
(ii) the proper upkeep and maintenance of the equipment;
(iii) maintaining the criteria of performance;
(iv) maintaining the MTTR within the specified scope.

26. **Engineering Details:**

(a) The Licensee shall furnish to the Licensor or its authorised representative(s), in such manner and at such times as may be required, complete technical details with all calculations for engineering, planning and dimensioning of the system/network, concerned relevant literature, drawings, installation materials regarding the applicable system.

(b) List of performance tests shall be furnished by the Licensee to the licensor and/ or to TEC one month prior to the date of commissioning of service.

(c) Licensee shall supply all tools, test instruments and other accessories to the testing party of Licensor and /or TEC for conducting tests, if it so desires, prior to commissioning of the service or at any time during the currency of the Licence.

27. **Network Interconnection:**

27.1 Interconnection between the networks of different service providers shall be as per national standards of CCS No.7 issued from time to time by Telecom Engineering Centre (TEC), and also subject to technical feasibility and technical integrity of the Networks and shall be within the overall framework of interconnection regulations issued by the TRAI from time to time.

27.2 The Cellular Service Licensee may enter into suitable arrangements with other service providers to negotiate Interconnection Agreements whereby the interconnected networks will provide the following:

(a) To meet all reasonable demand for the transmission and reception of messages between the interconnected systems.

(b) To establish and maintain such one or more Points of Interconnect as are reasonably required and are of sufficient capacity and in sufficient numbers to enable transmission and reception of the messages by means of the Applicable Systems,

(c) To connect, and keep connected, to their Applicable Systems,

27.3 The provision of any equipment and its installation for the purpose of Interconnection shall depend on the mutual agreement of the concerned parties.

27.4 The Interconnection Tests for each and every interface with any Service provider may be carried out by mutual arrangement between the Licensee and the other party involved. The Interconnection Tests schedule shall be mutually agreed.

27.5 It shall be mandatory for Cellular Service providers to provide interconnection to all eligible Telecom Service Provider as well as NLD service providers whereby the subscribers could have a free choice to make inter-circle/international long distance calls through NLD service provider. For international long distance call, the cellular service operator shall access international long distance operator through national long distance operator only.

27.6 Point of Inter-connection (POI) between the networks of cellular mobile Telephone service providers and fixed service providers shall be only with Level-I TAXs and Tandem exchanges in the Metros. In Telecom Circles the interconnection shall be with level I TAX/interconnection with level II TAXs may also be allowed, however, transiting of traffic to other LDCAs at POIs on level II TAX is not permitted.

28. <u>Interface:</u>

28.1 The LICENSEE shall operate and maintain the licensed Network conforming to Quality of Service standards to be mutually agreed in respect of Network- Network Interface. For the purpose of providing the SERVICE, the LICENSEE shall install his own equipment so as to be compatible with other service providers' equipment to which the licensee's Applicable Systems are intended for interconnection. The Licensee shall be solely responsible for attending to claims and damages arising out of his operations.

28.2 The additional telecommunication resources for the provision of the service and networking the geographically dispersed equipment of the LICENSEE shall be leased/rented on mutually agreed terms from service providers including BSNL, MTNL or authorised Telecom Service Providers. The same will be governed by the orders/notifications of the TRAI issued from time to time on interconnection/access charges.

28.3 The charges for accessing other networks i.e. PSTN, PLMN etc. for inter-network calls shall be based on mutual agreements between the service providers conforming to the Orders/Regulations/Guidelines issued by the TRAI from time to time.

28.4 The network resources including the cost of upgrading/modifying interconnecting networks to meet the service requirements of the licensee will be mutually negotiated keeping in view the orders and regulations issued by the TRAI from time to time.

29. Quality of Performance:

29.1 The LICENSEE shall ensure the Quality of Service (QoS) as prescribed by the LICENSOR or TRAI. The LICENSEE shall adhere to such QoS standards and provide timely information as required therein.

29.2 The LICENSEE shall be responsible for: -

i) Maintaining the performance and quality of service standards.

ii) Maintaining the MTTR (Mean Time To Restore) within the specified limits of the quality of service as given below in respect of normal failures excluding catastrophes:

a) 90% of faults resulting due to subscriber's complaints should be rectified within 24 hours and 99% within 3 Calendar days.

b) The Licensee will keep a record of number of faults and rectification reports in respect of the service, which will be produced before the LICENSOR/TRAI as and when and in whatever form desired.

29.3 The Licensee shall be responsive to the complaints lodged by his subscribers. He shall rectify the anomalies within the MTTR specified and maintain the history sheets for each installation, statistics and analysis on the overall maintenance status.

29.4 The LICENSOR or TRAI shall carry out performance tests on Licensee's network and also evaluate Quality of Service parameters in licensee's network prior to grant of permission for commercial launch of the service after successful completion of interconnection tests and/or at any time during the currency of the Licence to ascertain that the network meets the specified standards on Quality Of Service (QOS). The licensee shall provide ingress and other support including instruments, equipment etc., for such tests.

30. Emergency and Public Utility Services:

30.1 Licensee shall independently provide all emergency and public utility services to its subscribers, including directory information services with names and address of subscribers.

Part-V Operating conditions

31. Customer Service:

31.1 The LICENSEE will be bound to register the demand/request for Mobile Telephone Connection and shall provide the service to any individual or legal person without any discrimination, unless directed by the LICENSOR in writing. The licensee shall be required to maintain a transparent, open to inspection, waiting list. The licensee shall be permitted to launch the commercial service only after commencement of registration in the manner prescribed.

Provided that nothing contained herein will affect or prejudice the rights of the Licensee to carry out check on credit worthiness of its prospective subscribers.

31.2 It shall be the responsibility of the Licensee to issue or cause to be issued bills to its subscribers for use of the service. The Licensee shall maintain such records so as to produce itemised billing information. The billing system of the licensee shall be able to generate the billing information, in adequate details, to ensure satisfaction to the customer about the genuineness of the bill. The directions of TRAI, from time to time, in this regard shall apply.

31.3 The LICENSEE's contractual obligations (to various Telecom Service Providers including Other Service Providers not requiring Licence under Section 4 of Indian Telegraph Act, 1885) will include terms and conditions under which the SERVICE may be obtained, utilised and terminated.

31.4 The LICENSEE shall notify in writing all the arrangements with respect to repair, fault rectification, compensation or refunds. All complaints in this regard will be addressed handled as per the guidelines, order or regulation or direction issued by the LICENSOR or TRAI from time to time.

31.5 Any dispute, with regard to the 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 in the matter.

32. The User Terminals (Mobile Telephone or Handset):

32.1 The Licensee shall have the right to undertake the sale, hire purchase, lease or renting of the user/mobile terminals. Proper usage of terminal at subscriber's premises shall be responsibility of the subscriber.

32.2 The Licensee shall be responsible to ensure that the user /mobile terminal is operated in accordance with the terms of the Licence and the WPC Licence. The SIM Card in the user terminal is non-transferable.

32.3 The user/ mobile terminals employed in the network shall be of a type/model certified by an internationally accredited agency with respect to ITU/ETSI/TEC standards or any other international standard as may be approved by the Government. They should carry a marking specifying their compliance with such standards. Only such category of subscriber unit as has

been granted such a certificate shall be brought into and operated within India under this Agreement.

32.4 Subscriber will be free to obtain the Mobile Terminal at his option from any source, subject to interface approval by TEC/TRAI or any agency authorised by LICENSOR in this behalf.

33. Obligations imposed on the Licensee:

33.1 The provisions of the Indian Telegraph Act 1885, the Indian Wireless Telegraphy Act 1933, and the Telecom Regulatory Authority of India Act, 1997 as modified from time to time or any other statute on their replacement shall govern this LICENCE.

33.2 The LICENSEE shall furnish all necessary means and facilities as required for the application of provisions of Section 5(2) of the Indian Telegraph Act, 1885, whenever occasion so demands. Nothing provided and contained anywhere in this Licence Agreement shall be deemed to affect adversely anything provided or laid under the provisions of Indian Telegraph Act, 1885 or any other law in force.

34. Sharing of infrastructure between CMSPs and any other Telecom Service Provider in their area of operation:

The sharing of infrastructure by the licensee is permitted as below:

(i) Sharing of "passive" infrastructure viz., building, tower, dark fiber etc. is permitted.

(ii) Provision of point to point bandwidth from their own infrastructure within their Service Area to other licensed telecom service providers for their own use (resale not to be permitted) is also permitted.

35. Direct interconnectivity between licensed CMSPs and any other Telecom Service provider (including another CMSP) in the same Service Area:

Direct interconnectivity between licensed CMSPs and any other Telecom service provider (including another CMSP) in the same Service Area is permitted for the purpose of only terminating traffic of each other; intimation shall have to be given to the LICENSOR within 15 Calendar days of establishing such direct interconnectivity. Such interconnection shall be as per mutual agreement between the service providers. The interconnection shall have to be withdrawn in case of termination of the respective licensed networks of another CMSP or other Telecom service providers within one hour or within such time as directed by the LICENSOR in writing, after receiving intimation from the LICENSOR in this regard.

36. Coverage Criteria:

36.1 The LICENSEE shall endeavour to cover the entire Service Area at an early date and notify on quarterly basis the areas not covered by the licensee's System. In Metros, 90% of the

service area shall be covered within one year of the effective date. In Telecom Circles, atleast 10% of the District Headquarters (DHQs) will be covered in the first year and 50% of the District Headquarters will be covered within three years of effective date of Licence. The licensee shall also be permitted to cover any other town in a District in lieu of the District Headquarters. Coverage of a DHQ/town would mean that at least 90% of the area bounded by the Municipal limits should get the required street as well as in-building coverage. The District Headquarters shall be taken as on the effective date of Licence. The choice of District Headquarters/towns to be covered and further expansion beyond 50% District Headquarters/towns shall lie with the Licensee depending on their business decision. There is no requirement of mandatory coverage of rural areas.

37. Liquidated damages:

37.1 The time period of delivery of the Service stipulated in this Licence shall be deemed as the essence of the contract and the service must be brought into commission not later than such specified time period. No extension in delivery date will be granted. If the Service is brought into commission after the expiry of the due date of commissioning, without prior written concurrence of the licensor and is accepted, such commissioning will entail recovery of Liquidated Damages (LD) under this Condition. Provided further that if the commissioning of service is effected within 15 calendar days of the expiry of the due commissioning date then the Licensor shall accept the services without levy of LD charges.

37.2 In case the Licensee fails to bring the Service or any part thereof into commission (i.e. fails to deliver the service or to meet the required coverage criteria) within the period prescribed for the commissioning, the Licensor shall be entitled to recover Rs. 5 Lakh (Rupees: Five Lakhs) for each week of the delay or part thereof, subject to maximum Rs. 100 Lakhs (Rupees: One Hundred Lakhs). For delay of more than 20 weeks the Licence shall be terminated under the terms and conditions of the Licence agreement. The week shall means 7 Calendar days from (from midnight) Monday to Sunday; both days inclusive and any extra day shall be counted as full week for the purposes of recovery of liquidated damages.

38. Inspection and Testing of Installations:

38.1 The Licensor will also carry out all performance tests required for checking Quality of Service, if it so desires. The LICENSEE shall supply all necessary literature, drawings etc. regarding the equipment installed and shall also supply all the tools, test instruments and other accessories to the testing party of the LICENSOR for conducting the tests. The list of performance tests will be furnished by the LICENSEE one month prior to the date of commissioning to the Licensor. In case the Licensor chooses to conduct performance test and some deficiency is found therein by the licensor, the delay caused for rectification of the deficiencies, if any, will be entirely on account of the Licensee.

38.2 The Acceptance Testing for each and every interface with the BSNL/ MTNL/ or Other Service provider may be carried out by mutual arrangements between the licensee and the other party involved. The Acceptance Testing schedule shall be mutually agreed.

39. **Roaming:**

39.1 The Licensee may enter into agreement with other licensed Cellular Mobile Telephone Service Providers or providers of any other type of Mobile services, such as, Global Mobile Personal Communication by Satellite (GMPCS) service etc., for providing national and international automatic roaming facility to subscribers in each other's networks through dual-mode user terminals, if required, **on** following technical and commercial conditions:

(i) Roaming will be provided by using signalling transfer capability of the BSNL's/MTNL's /other licensed Telecom Service Provider's exchanges and SCCP functionality of VSNL's International Gateway(s).

(ii) The Licensee shall abide order/regulation or direction issued by Government of India with respect to International Roaming.

Part-VI SECURITY CONDITIONS

40. Right to inspect:

40.1 The LICENSOR or its authorised representative shall have right to inspect the sites used for extending the Service and in particular but not limited to, have the right to have access to leased lines, junctions, terminating interfaces, hardware/software, memories of semiconductor, magnetic and optical varieties, wired or wireless options, distribution frames, and conduct the performance test including to enter into dialogue with the system through Input/output devices or terminals. The LICENSEE will provide the necessary facilities for continuous monitoring of the system, as required by the LICENSOR or its authorised representative(s). The Inspection will ordinarily be carried out after reasonable notice except in circumstances where giving such a notice will defeat the very purpose of the inspection.

40.2 Wherever considered appropriate LICENSOR may conduct any inquiry either suo- moto or on complaint to determine whether there has been any breach in compliance of terms & conditions of the LICENCE by the LICENSEE and upon such inquiry the LICENSEE shall extend all reasonable facilities without any hinderance.

41. Location of Switches:

41.1 The LICENSEE shall provide to the LICENSOR location details of switching centres, transmission centres, including routing details etc., and location of these centres shall not be changed without prior approval of the LICENSOR.

42. Confidentiality of information:

42.1 The licensee shall not employ bulk encryption equipment in its network. Any encryption equipment connected to the LICENSEE's network for specific requirements has to have prior evaluation and approval of the LICENSOR or officer specially designated for the purpose.

42.2 Subject to conditions contained in these terms and conditions, the LICENSEE shall take all necessary steps to safeguard the privacy and confidentiality of any information about a third party and its business to whom it provides the SERVICE and from whom it has acquired such information by virtue of the SERVICE provided and shall use its best endeavors to secure that :

a) No person acting on behalf of the LICENSEE or the LICENSEE divulges or uses any such information except as may be necessary in the course of providing such SERVICE to the Third Party; and

b) No such person seeks such information other than is necessary for the purpose of providing SERVICE to the Third Party.

Provided the above para shall not apply where:

a) The information relates to a specific party and that party has consented in writing to such information being divulged or used, and such information is divulged or used in accordance with the terms of that consent; or

b) The information is already open to the public and otherwise known.

42.3 The LICENSEE shall take necessary steps to ensure that the LICENSEE and any person(s) acting on its behalf observe confidentiality of customer information.

42.4 The LICENSEE shall, prior to commencement of SERVICE, confirm in writing to the LICENSOR that the LICENSEE has taken all necessary steps to ensure that it and its employees shall observe confidentiality of customer information.

43. Prohibition of certain Activities by the Licensee.

43.1 The LICENSEE shall not engage on the strength of this LICENCE in the provision of any other Service other than the SERVICE as defined in this Licence Agreement.

43.2 To remove any doubt, it is, hereby, clarified that nothing contained in condition in Para above shall preclude the LICENSEE from engaging in advertising and promotional activities relating to any of the Applicable Systems.

43.3 The LICENSEE shall take necessary measures to prevent objectionable, obscene, un-authorised or any other content, messages or communications infringing copyright, intellectual property etc., in any form, from being carried on his network, consistent with the established laws of the country. Once specific instances of such infringement are reported to the LICENSEE by the enforcement agencies , the LICENSEE shall ensure that the carriage of such material on his network is prevented immediately.

43.4 The LICENSEE is obliged to provide, without any delay, tracing facility to trace nuisance obnoxious or malicious calls, messages or communications transported through his equipment and network. Any damages arising out of default on the part of LICENSEE in this regard shall be borne by the LICENSEE.

43.5 In case any confidential information is divulged to the LICENSEE for proper implementation of the Agreement, it shall be binding on the LICENSEE and its employees and servants to maintain its secrecy and confidentiality.

44. Security Conditions:

44.1 The LICENSEE shall provide necessary facilities depending upon the specific situation at the relevant time to the Government to counteract espionage, subversive act, sabotage or any other unlawful activity.

44.2 The LICENSEE shall make available on demand to the person authorized by the LICENSOR, full access to the switching centers, transmission centers, routes etc. for technical scrutiny and for inspection, which can be visual inspection or an operational inspection.

44.3 All foreign personnel likely to be deployed by the LICENSEE for installation, operation and maintenance of the LICENSEE's network shall be security cleared by the Government of India prior to their deployment. The security clearance will be obtained from the Ministry of Home Affairs, Government of India, who will follow standard drill in the matter.

44.4 The LICENSEE shall ensure protection of privacy of communication and ensure that unauthorized interception of messages does not take place.

44.5 LICENSOR reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security and public interest.

44.6 LICENSEE will ensure that the Telecommunication installation carried out by it should not become a safety hazard and is not in contravention of any statute, rule or regulation and public policy.

44.7 The precise delineation of geographical borders taken by the licensee for the purpose of defining service area across International borders, if any, shall have prior approval of the Government of India. The terrestrial boundaries of India shall be as depicted in the maps issued by Survey of India.

44.8 The LICENSEE shall create a buffer zone of 10 KM width along the Indian international border, if any, where no service would be permitted. Width of this buffer zone along the borders within the Indian Territory shall be as decided by the Govt. of India from time to time. As and when there is any change in the structure of defined buffer zone created by the Licensee, for whatsoever reason, it should be reported to the Licensor immediately. The Government and its authorised representative may carry out physical verification of the accuracy of buffer zone so created.

44.9 The designated person of the Central/State Government as conveyed to the Licensor from time to time in addition to the Licensor or its nominee shall have the right to monitor the telecommunication traffic in every MSC or any other technically feasible point in the network set up by the licensee. The Licensee should make arrangement for monitoring simultaneous calls by Government security agencies. The hardware at licensee's end and software required for monitoring of calls shall be engineered, provided/installed and maintained by the Licensee at licensee's cost. However, the respective Government instrumentality shall bear the cost of user end hardware and leased line circuits from the MSC to the monitoring centres to be located as per their choice in their premises or in the premises of the licensee. In case the security agencies intend to locate the equipment at licensee's premises for facilitating monitoring, the licensee should extend all support in this regard including Space and Entry of the authorised security personnel. The Interface requirements as well as features and facilities as defined by the Licensor should be implemented by the licensee for both data and speech. The Licensee should

ensure suitable redundancy in the complete chain of Monitoring equipment for trouble free operations of monitoring of at least 210 simultaneous calls."

Along with the monitored call following records should be made available:

(i) Called/calling party mobile/PSTN numbers.
(ii) Time/date and duration of interception.
(iii) Location of target subscribers. For the present, Cell ID should be provided for location of the target subscriber. However, Licensor may issue directions from time to time on the precision of location, based on technological developments and integration of Global Positioning System (GPS) with Cellular Network. which shall be binding on the licensee.
(iv) PSTN/PLMN numbers if any call-forwarding feature has been invoked by target subscriber.
(v) Data records for even failed call attempts.
(vi) CDR (Call Data Record) of Roaming Subscriber.

The licensee shall be required to provide the call data records of all the specified calls handled by the system at specified periodicity, as and when required by the security agencies.

44.10 The Government through appropriate notification may debar usage of mobile terminals in certain areas in the country. The licensee shall deny service in areas specified by designated authority immediately and in any case within six hours on request. The licensee shall also provide the facility to carry out surveillance of Mobile Terminal activity within a specified area.

44.11 The LICENSEE shall not employ bulk encryption equipment in its network. Any encryption equipment connected to the Licensee's network for specific requirements has to have prior evaluation and approval of the LICENSOR or officer specially designated for the purpose. Standard GSM encryption techniques will however, be allowed. The LICENSEE shall be responsible for ensuring privacy of communication on its network and also to ensure that unauthorised interception of message does not take place.

44.12 LICENSOR shall have the right to take over the SERVICE, equipment and networks of the LICENSEE (either in part or in whole of the service area) in case any directions are issued in the public interest by the Government of India in the event of a national emergency / war or low intensity conflict or any other eventuality. Any specific orders or directions from the Government of India issued under such conditions shall be applicable to the LICENSEE and shall be strictly complied with.

44.13 The complete list of subscribers shall be made available by the licensees on their website (having password controlled access), so that authorised Intelligence Agencies are able to obtain the subscriber list at any time, as per their convenience with the help of the password. The list should be updated on regular basis. Hard copy as and when required by security agencies shall also be furnished. The licensee shall ensure adequate verification of each and every customer before enrolling him as a subscriber; instructions issued by the licensor in this regard from time to time shall be scrupulously followed. The SIM Card used in the User terminal shall be

registered against each subscriber for his bonafide use. The licensee shall make it clear to the subscriber that the SIM card used in the user terminal registered against him is non-transferable and that he alone will be responsible for proper and bonafide personal use of the service.

44.14 A format would be prescribed by the LICENSOR to delineate the details of information required before enrolling a customer as a subscriber. A photo identification of subscribers shall be pre-requisite before providing the service.

44.15 The Licensor or its representative(s) will have an access to the Database relating to the subscribers of the Licensee. The Licensee shall also update the list of his subscribers and make available the same to the Licensor at such intervals as may be prescribed. The Licensee shall make available, at any prescribed instant, to the Licensor or its authorised representative details of the subscribers using the service.

44.16 The Licensee shall maintain all commercial records with regard to the communications exchanged on the network. Such records shall be archived for at least one year for scrutiny by the Licensor for security reasons and may be destroyed thereafter unless directed otherwise by the licensor.

45. Application of Indian Telegraph Act :

45.1 The LICENSEE shall adopt all means and facilitate in every manner the application of the Indian Telegraph Act, 1885 and Indian Wireless Telegraphy Act, 1933 as modified or replaced from time to time. The Service shall be provided in accordance with the provisions of Indian Telegraph Rules as modified and amended from time to time.

45.2 As per the provision of Section 5 of Indian Telegraph Act, the licensee will provide necessary facilities to the designated authorities of Central/State Government as conveyed by the Licensor from time to time for interception of the messages passing through its network..

Section 5 (2) of the Indian Telegraph Act 1885 reads as under:

> "On the occurrence of any public emergency or in the interest of public safety, the Central Government or a State Government or any officer specially authorised in their behalf by the Central Government or a State Government may, if satisfied that it is necessary or expedient to do so in the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign states or public order or for preventing incitement to the commission of an offense for class or messages to or from ~~any person or class of persons or relating to any particular subject, brought for~~ transmission by or transmitted or received by any telegraph, shall not be transmitted or shall be intercepted or detained or shall be disclosed to the Government making the order or an officer thereof mentioned on the order:
>
> Provided that press messages intended to be published in India of correspondents accredited to the Central Government or a State Government shall not be intercepted or detained, unless their transmission has been prohibited under this subsection."

PART-VII WPC WING'S LICENSE

46. WPC WING'S LICENCE

46.1 A separate specific authorisation shall be required from the WPC wing of the Department of Telecommunications, Ministry of Communications which will permit utilization of appropriate frequencies / band for the establishment and possession and operation of Wireless element of the Telecom Service under specified terms and conditions including payment for said authorisation. Such grant of authorisation will be governed by normal rules, procedures and guidelines and will be subject to completion of necessary the prescribed formalities.

46.2 For this purpose, a separate application shall be made to the "Wireless Advisor to the Government of India, WPC Wing, Department of Telecommunications, Ministry of Communications, Dak Bhavan, Sansad Marg, New Delhi-110 001" in a prescribed application form available from WPC Wing.

46.3 Site clearance in respect of fixed stations and its antenna mast shall be obtained from the WPC Wing for which the applicant shall separately apply to the Secretary, Standing Advisory Committee on Frequency Allocations (SACFA) WPC Wing in a prescribed application form, to the following address:

The Secretary (SACFA), WPC Wing,
Ministry of Communications,
Dak Bhavan, Sansad Marg,
New Delhi-110 001.

EXPLANATION: SACFA is the apex body in the Ministry of Communications for considering matters regarding coordination for frequency allocations and other related issues / matters. (Siting clearance refers to the agreement of major wireless users for location of proposed fixed antenna from the point of view of compatibility with other radio systems and aviation hazard. It requires inter departmental coordination and is an involved process). Normally the siting clearance procedure may take two to six months depending on the nature of the installations and the height of the antenna /masts.

46.4 For establishing various point to point radio links the frequency bands earmarked for various agencies has been indicated in the National Frequency Allocation Plan (hereinafter called NFAP) –2000. Mere indication of the band does not guarantee availability of the frequency spectrum which has to be coordinated on case to case basis.

46.5 The LICENSEE shall not cause or allow to cause harmful interference to other authorized users of radio spectrum. For elimination of harmful interference, LICENSEE shall abide by all instructions and orders issued by the Government.

ANNEXURE-I

Definition of Terms and expressions

Unless the context otherwise requires, the different terms and expression used shall have the meaning assigned to them in the following paragraphs:

1. **APPLICABLE SYSTEMS:** The "applicable system" means all the necessary equipment/ sub-systems engineered to provide CELLULAR MOBILE TELEPHONE SERVICE in accordance with operational/technical and quality requirements and other terms and conditions of the Licence agreement.

2. **Auditor** means the Licensee's auditor for the time being appointed for the purpose and in accordance with the provisions of the Companies Act, 1956.

3. **Base Station** means a fixed radio transmitter/receiver station which provides a link between the mobile telephone station and Mobile Switching Centre (MSC).

4. **Base Station Controller or BSC** means a network element to control a set of base stations and connected to such Base Stations through certain transmission media.

5. **BSNL** means Bharat Sanchar Nigam Limited and/ or its successors.

6. **Cell** means a geographical area served by Station for Wireless Telegraphy which is dedicated to transmitting or receiving Messages which have been or are to be conveyed by Telecommunication systems designed or adapted to, and capable of being used while in motion situated for the time being in that area.

7. **Cellular Mobile Telephone Service (CMTS)** means telecommunication service provided by means of a telecommunication system for the conveyance of messages through the agency of wireless telegraphy where every Message that is conveyed thereby has been, or is to be, conveyed by means of a telecommunication system which is designed or adapted to be capable of being used while in motion. The Cellular Mobile Telephone Service refers to transmission of voice or non-voice messages over LICENSEE's Network in real time only. SERVICE does not cover broadcasting of any messages voice or non-voice, however, Cell Broadcast is permitted only to the subscribers of the service. The subscriber (all types, pre-paid as well as post-paid) has to be registered and authenticated at the network point of registration and approved numbering plan shall be applicable.

8. **Cellular Mobile Telephone Service Provider (CMSP)** means a licensee authorised to provide Cellular Mobile Telephone Service under a Licence, to provide the service in a specified service area.

9. **Cellular Telecommunication System** means a telecommunication system in which:

(i) the area in which services are provided is divided into a number of Cells;

(ii) stations for Wireless Telegraphy comprised in the system are automatically controlled by a central processor;

(iii) the radio frequencies used to connect the Stations for Wireless Telegraphy comprised in the system to telecommunication systems which are designed or adapted to be capable of being use while in motion are assigned automatically;

(iv) conveyance of message which is in progress as the telecommunication system designed or adapted to be capable of being used while in motion transmitting or receiving the Messages which are being conveyed moves from Cell to Cell is Handed-off automatically; and

(v) the strength of the emissions of the Stations for Wireless Telegraphy is automatically controlled so as to secure as far as is technically possible that each Station for Wireless Telegraphy can effectively provide services only in the Cell in which it is located;

10. **Connectable System** means a telecommunication system which is authorised to be run under a Licence to provide public telecommunications service and is authorised to be connected to the Applicable system.

11. **DIRECT EXCHANGE LINE (DEL):** A telephone connection between the subscriber's terminal equipment and the terminal exchange.

12. **DOT** means Department of Telecommunications, Government of India who is also the **Licensor**. DoT & Licensor, wherever used in the Licence agreement are inter-changeable.

13. **EFFECTIVE DATE:** The effective date is the date which is so specified in this license agreement.

14. **Emergency** means an emergency of any kind, including any circumstances whatever resulting from major accidents, natural disasters and incidents involving toxic or radio-active materials.

15. Emergency Services in respect of any locality means the relevant public, police, fire, ambulance and coast guard services for that locality.

16. **ENGINEERING:** The technical application of the dimensioning rules and results thereof in order to provide network resources to meet specified Grade of Service (GOS).

17. **LENDER:** means the parties referred to in the Schedule of the Tripartite Agreement and includes any Syndicate member or participant lender in any syndicate/participation financing.

18. **LICENCE:** Licence means a Licence granted or having effect as if granted under section 4 of the Indian Telegraph Act 1885 and Indian Wireless Act 1933.

19. **LICENSEE** A registered Indian Company that has been awarded Licence to provide the service, within the geographical boundaries of the specified Service Area.

20. **Message** means anything falling within sub-section (3) of section 3 of the Indian Telegraph Act 1885.

21. **"Mobile Station"** means a station in the mobile service intended to be used while in motion or during halts at unspecified points. Mobile station or mobile handset or user terminal wherever used in the Licence agreement, are inter-changeable.

22. "**Mobile Switching Centre, also known as MSC**" means the switching equipment installed as a part of the network which performs all switching functions of calls for providing various services under the scope of this Licence. All the commercial information and data bases reside in the MSC.

23. **BSNL** means Bharat Sanchar Nigam Limited.

24. **"Operator"** means any person who is Licensed to run a Relevant Connectable System;

25. **OR/QR Specifications** means technical and quality requirements contained in the OR/QR Specifications of Telecom Engineering Centre, Department of Telecommunications unless otherwise specified.

26. **Public Switched Telephone Network (PSTN)** means a fixed specified switched public telephone network. A two-way switched telecommunications service to the general public.

27. **Public Land Mobile Network (PLMN)** means land based mobile network e.g. Cellular Mobile Telephone Service being operated within the country under Licence from Telecom Authority on non-exclusive basis.

28. **QUALITY OF SERVICE:** "Quality of Service" is evaluated on the basis of observable measure on the grade of service, Calls lost due to wrong processing, the bit error rate or the response time and also includes acceptable grade of number of faults per unit population of the subscriber served, the mean time to restore (MTTR), faults carried over beyond the MTTR and the satisfactory disposal thereof.

29. **SIM CARD:** Subscriber Identity Module (SIM) Card, which is fitted into a mobile station, after which the mobile station can be activated to make or receive telephone calls.

30. **Subscriber:** Subscriber means any person or legal entity, which avails of the Cellular Mobile Telecom Service from the Licensee.

31. **TELECOM AUTHORITY:** The Director General, Telecommunications, Government of India and includes any officer empowered by him to perform all or any of the functions of the Telegraph Authority under the Indian Telegraph Act. 1885 or such authority as may be established by law.

32. **Telephone** means an item of telecommunication apparatus capable when connected to the Applicable System, of transmitting and receiving uninterrupted simultaneous two way speech conveyed, or to be conveyed, as the case may be, by means of that System.

33. **TARIFF:** Tariff means rates and related conditions at which telecommunication services within India and outside India may be provided including rates and related conditions at which messages shall be transmitted to any country outside India, deposits, installation fees, rentals, free calls, usage charges and any other related fees or service charge. The term tariff will have the same meaning as may be defined in the Telecommunication Tariff Orders to be issued by the TRAI from time to time.

34. **TRAI** means Telecom Regulatory Authority of India constituted under the TRAI Act, 1997 as amended from time to time.

35. **User Terminal (UT) or Mobile Terminal (MT), also known as Hand Set or Mobile Station:** means the equipment used by the subscribers to avail the Cellular Mobile Telephone service provided by the licensee.

36. **VSNL** means Videsh Sanchar Nigam Ltd.

37. **WPC** means Wireless Planning and Co-ordination Wing of the Ministry of Communications, Department of Telecommunications, Government of India.

ANNEXURE-II

(Performa for Affidavit regarding details of calculation of "Revenue" and "Licence Fee")

AFFIDAVIT

I ....., aged about ..... years son of Shri ....., resident of ....., do solemnly affirm and state as under:

2. That I am ....of ..... (Name of the Company), licensee of ..... Service in .....Service Area and I am duly authorised by the resolutions dated ..... passed by Board of Directors of the Company to furnish affidavit on behalf of .....(Name of the Company).

3. That in compliance of **Condition** No.. ..... Of Schedule.....Part ..... and **Annexure**.....of the License Agreement No. ..... signed between the Company and the Department Of Telecommunications, for payment of license fee, a payment of Rs. ..... (Rupees .... is being made for the period ..... to ..... . The details of calculation of 'revenue' and license fee is as per **Annexure** ..... (attached).

4. That the contents in para 2 & 3 and Statement made in **Annexure** ___ are true and correct to the best of my knowledge, based on the records of the company.

Deponent.

VERIFICATION:

Verified at _____ on _____ that the contents of paragraphs 1 to 3 of this Affidavit and attached 'Statement of Revenue and License Fee' as Annexure are true and correct to the best of my knowledge, no part of it is false and nothing has been concealed therefrom.

Deponent.

APPENDIX –I TO ANNEXURE-II

Format Of Auditor's Report On Statement Of Revenue And License Fee

To

The Board of Directors

.....

.....

We have examined the attached Statement of Revenue and License Fee of .....(the name of the operators) for the quarter(s) ending _____. We have also examined the reconciliation of the cumulative figures for the quarter(s) ending _____ appearing in the Statement of Revenue and License Fee of the company with the figures appearing in the profit and loss account of the company for the year ended_____ which was audited by us. We understand that the aforesaid statement(s) (and the reconciliation) is /are to be furnished to the Central Government for assessment of the license fee payable by the company to the Government, in terms of the license agreement No..... signed between the company and the Department of Telecommunications.

We report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our view, the company has an adequate internal control system in relation to revenues which is commensurate with its size and the nature of its business. The system, in our opinion, provides reasonable assurance that there is no unrecorded revenue and that all revenue is recorded in the proper amount and in the proper period.
3. No amounts payable in respect of sales tax, service tax or PSTN/toll/roaming charges were outstanding at the last day of the quarter(s) for a period of more than two months from the date they became payable, except for the following:.....
4. In our opinion and to the best of our knowledge and belief and according to the explanations given to us, the Statement has been prepared in accordance with the norms/guidelines contained in the said license agreement in this behalf and gives a true and fair view of the revenue and license fee payable for the period computed on the basis of the aforesaid guidelines except for the following:

* Strike off wherever not applicable.

(SIGNATURE)

APPENDIX-II TO ANNEXURE-II

Format of Statement of Revenue and License Fee
_____(Name and address of operator)
Cellular Mobile Telephone Service in_____(Service Area)
Statement of Revenue and License Fee for the Quarter .....
of the financial year.....

(AMOUNT IN RUPEES)

S.N.	PARTICULARS	ACTUALS OF THE PREVIOUS QUARTER	FIGURES FOR THE CURRENT QUARTER	CUMULATIVE FIGURES UP TO THE PREVIOUS QUARTER
I.	Revenue from Services:			
A.	Post paid options:			
i.	Rentals			
ii	Activation Charges			
iii.	Airtime Revenue			
iv.	Pass through charges			
v.	Service Tax			
vi.	Roaming charges			
vii	Service charges			
viii.	Charges on account of any other value added services. Supplementary Services etc.			
ix.	Any other income/ miscellaneous receipt from post paid options.			
B.	Pre-paid options:			
i.	Sale of pre-paid simcards including full value of all components charged therein.			
ii.	Any other income/ miscellaneous receipt from pre-paid options.			
C. i.	Revenue from Mobile Community phone service including full value of all components charged therein.			
ii.	Any other income/ miscellaneous receipt from Mobile Community phone			

	service.			
2.	Income from Trading activity: (all inclusive of sales tax)			
i.	Sale of handsets			
ii.	Sale of accessories, including simcards etc.			
iii.	Any other income/miscellaneous receipt from trading activity.			
3.	Revenue from roaming.			
i.	Roaming facility revenue from own subscribers.			
ii.	Roaming revenue from own subscriber visiting other networks including STD/ISD/pass thru charges for transmission of incoming call during roaming.			
iii.	Roaming Commission earned.			
iv.	Roaming revenue on account of visiting subscribers from other networks.			
v.	Service Tax if not included above.			
vi.	Any other income/miscellaneous receipt from roaming.			
4.	Income from investments.			
i.	Interest income			
ii.	Dividend income			
iii.	Any other miscellaneous receipt from investments.			
5.	Non-refundable deposits from subscribers.			
6.	Revenue from franchisees / resellers, excluding			

	revenues already included in 1A&1B			
7.	Revenue from sharing/leasing of infrastructure			
8.	Revenue from other operators from sale of bandwidth			
9.	Revenue from other operators on account of pass thru call charges.			
10	Revenue from other operators on account of provisioning of interconnection.			
11.	Miscellaneous revenue.			
AA	GROSS REVENUE OF THE LICENSEE COMPANY: (Add 1-11)			
B	DEDUCT:			
1.	PSTN related Call charges passed on to basic, cellular and long distance service provider(s) (operator-wise)			
2.	Roaming revenues actually passed on to other CMSPs And GMPCS service providers. (operator-wise)			
3.	Service Tax paid to the Government.			
4.	Sales Tax paid to the Government.			
~~BB~~	~~TOTAL DEDUCTION (1-4B)~~			
CC	Adjusted Gross Revenue (AA-BB)			
	REVENUE SHARE @.....OF ADJUSTED GROSS REVENUE:			

ANNEXURE –III

NORMS FOR PREPARATION OF ANNUAL FINANCIAL STATEMENTS

- Accounts shall be maintained separately for each telecom service operated by the licensee company.
- Any category of accrued revenue, the amount of which exceeds 5% of the total accrued revenue, shall be shown separately and not combined with any other item/category.
- Accrued Revenue shall indicate:
  (a) All amounts billable for the period.
  (b) Any billings for previous years that had been omitted from the previous years' P&L Accounts.
  (c) Any non-refundable deposits collected from the customers/franchisees to the extent these are credited to P&L Account for the year.
- Subsidiary registers/ledgers shall be maintained for each item given above so as to enable easy verification.
- Service revenue (amount billable) shall be shown gross and details of discount/rebate indicated separately.
- Security or any other Deposits taken from the subscriber shall be shown separately, for each category, and the amount that has fallen due for refund but not yet paid also disclosed under two categories, namely:
  - Up to 45 days
  - More than 45 days.
- Service Tax billed, collected and remitted to the Government shall be shown separately.
- Sales Tax billed, collected and remitted to the Government shall be shown separately.
- Details of Income from sales of goods shall be furnished indicating the income and number of items sold under each category. Method of inventory valuation used shall also be disclosed along with computation of cost of goods sold.
- Sales shall be shown gross and details of discount/rebate allowed and of sales returns shall be shown separately.
- Income from interest and dividend shall be shown separately, without any related expenses being set-off against them on the income side of the P&L Account.
- Increase/decrease of stock shall be shown separately.
- Details of reversal of previous years' debits, if any, shall be shown component-wise, under the miscellaneous head (eg. Bad debts recovered etc.)
- Item-wise details of income that has been set off against corresponding expenditure.
- Roaming Charges shall be shown under the following heads separately;
  (a) Roaming airtime charges collected for each external network from own (home) subscribers.
  (b) Roaming airtime charges actually remitted to each external network.
  (c) Roaming commission retained (Network-wise)
  (d) Roaming commission paid (Network-wise)
  (e) Any other variable charges collected and retained/passed on to other operators, with details.
- Total Airtime Units (Metered Units) for home and visiting subscribers and unbilled numbers (e.g. service connections) to be furnished separately.

ANNEXURE-IV

PROFORMA FOR FINANCIAL BANK GUARANTEE

To

The President of India
acting through Telegraph Authority

In consideration of the President of India (hereinafter called 'the Authority') having agreed to grant a Licence to M/s _____ of _____ (hereinafter called 'the LICENSEE') to establish. maintain and operate Cellular Mobile Telephone Service (CMTS) (hereinafter called 'the SERVICE') in _____ circle (Name of Circle) in accordance with the Letter of Intent/Licence No._____ dated _____ (hereinafter called 'the Licence') on the terms and conditions contained in the said Licence. which inter-alia provides for production of a Bank Guarantee to the extent of Rs._____ (in words _____) under the said Licence by way of security for payment of the said Licence fee as well as such other fees or charges required to be paid by the LICENSEE under the Licence. We _____ (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the Bank') at the request of the LICENSEE hereby irrevocably and unconditionally guarantee to the Authority that the LICENSEE shall pay all the dues, including but not limited to, the Licence fee etc. to the Authority.

2. We, the Bank, hereby undertake to pay the Authority an amount not exceeding Rs.....(Rupees.....only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any failure of the LICENSEE to extend the validity of the guarantee or give a fresh guarantee in lieu of existing one in terms of the Licence Agreement, pay all the above mentioned fees, dues and charges or any part thereof within the periods stipulated in the Licence.

3. We, the Bank, hereby further undertake to pay as primary obligor and not merely as surety to pay such sum not exceeding Rs._____ (Rupees _____ Only) to the Authority immediately on demand and without demur stating that the amount claimed is due by way of failure of the LICENSEE to pay any fees or charges or any part thereof in terms of the said Licence.

4. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the decision of the Authority as to whether LICENSEE has failed to pay the said Licence fees or any other fees or charge or any part thereof payable under the said Licence and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on us.

5. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the

(a) Guarantee herein contained shall remain in full force and effect for a period of One Year from the date hereof and that it shall continue to be enforceable till all the dues of the Authority

and by virtue of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said Licence have been fully and properly carried out by the said LICENSEE and accordingly discharged this guarantee.

(b) The Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Licence or to extend time of performance of any obligations by the said LICENSEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said LICENSEE and to forbear or to enforce any of the terms and conditions relating to the said Licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said LICENSEE or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said LICENSEE or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision. have effect of so relieving us.

(c) Any claim which we have against the LICENSEE shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the LICENSEE.

6. We, the BANK, undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

7. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs..... and our Guarantee shall remain in force until....year from the date hereof. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. .... all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities thereunder.

Dated_____ day _____ for _____
(Name of the Bank)

Witness:

1.....

.....

.....

.....

2.....

.....

.....

.....

ANNEXURE -V

PERFORMA FOR PERFORMANCE BANK GUARANTEE

To

The President of India
acting through Telegraph Authority

In consideration of the President of India (hereinafter referred to as 'the Authority') having agreed to grant a Licence to M/s _____ of _____ (hereinafter called 'the LICENSEE') to establish, maintain and operate Cellular Mobile Telephone Service (CMTS Service) (hereinafter called 'the SERVICE') as per Letter of Intent Licence No. _____ dated _____ (hereinafter called 'the said Licence') on the terms and conditions contained in the said Licence, which inter-alia provides for production of a Bank Guarantee to the extent of Rs._____ (in words _____) for the service by way of security for the due observance and performance of the terms and conditions of the said Licence. We _____ (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the Bank') at the request of the LICENSEE hereby irrevocably and unconditionally guarantee to the Authority that the LICENSEE shall render all necessary and efficient services which may be required to be rendered by the LICENSEE in connection with and/or for the performance of the said LICENSEE and further guarantees that the service which shall be provided by the LICENSEE under the said Licence, shall be actually performed in accordance with terms & conditions of the LICENSEE to the satisfaction of the Authority.

2. We, the Bank, hereby undertake to pay the Authority an amount not exceeding Rs.....(Rupees.....only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any breach by the said LICENSEE of any of the terms and conditions contained in the said Licence including failure to extend the validity of this guarantee or to give a fresh guarantee in lieu of the existing one.

3. We, the Bank hereby, in pursuance of the terms of the said Licence, absolutely, irrevocably and unconditionally guarantee as primary obligor and not merely as surety the payment of an amount of Rs._____ (Rupees _____ Only) to the Authority to secure due and faithful performance by the LICENSEE of all his/their obligations under the said Licence.

4. We, the Bank hereby also undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the Authority stating that the amount claimed is due by way of loss or damage caused or would be caused to or suffered by the Authority by reason of breach by the said LICENSEE of any of the terms or conditions contained in the said Licence or by reason of the licensee's failure to perform any of it's obligations under the said Licence."

5. We, the Bank, hereby agree that the decision of the Authority as to whether the LICENSEE has failed to or neglected to perform or discharge his duties and obligations as aforesaid and/or whether the service is free from deficiencies and defects and is in accordance with or not of the terms & conditions of the said Licence and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on the Bank.

6. WE, THE BANK, DO HEREBY DECLARE AND AGREE that:

(a) the Guarantee herein contained shall remain in full force and effect for a period of One Year from the date hereof and that it shall continue to be enforceable till all the dues of the Authority and by virtue of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said Licence have been fully and properly carried out by the said LICENSEE and accordingly discharged this guarantee.

(b) the Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Licence or to extend time of performance of any obligations by the said LICENSEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said LICENSEE and to forbear or to enforce any of the terms and conditions relating to the said Licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said LICENSEE or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said LICENSEE or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

(c) any claim which we have against the LICENSEE shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the LICENSEE.

7. We the BANK undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

8. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs..... and our Guarantee shall remain in force until....year from the date hereof. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. .... all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities thereunder.

Dated_____ day _____ for _____
(Name of the Bank)

Witness:

1.....
.....
.....
.....

2.....
.....
.....
.....

Annexure - VI

LICENCE AGREEMENT

FOR

PROVISION OF

CELLULAR MOBILE TELEPHONE SERVICE

IN DELHI METRO SERVICE AREA

NO. 842-384/2001-VAS/Delhi, DATED 5th October, 2001.

TOTAL PAGES – 49

GOVERNMENT OF INDIA

MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS
TELECOM COMMISSION

20, ASHOKA ROAD, SANCHAR BHAWAN
NEW DELHI-110 001. INDIA.

(राधेश्याम गोयल)
(R. S. GOEL)
सहायक महानिदेशक
Assistant Director General
दूर संचार, नई दिल्ली
of Telecom, New Delhi

5/10/2001

05-10-2001

LICENSE AGREEMENT

FOR

CELLULAR MOBILE TELEPHONE SERVICE (CMTS)

This AGREEMENT is made on the Fifth day of October (month) Two Thousand One (year) by and between the President of India acting through R.S. Goel (name), Assistant Director General (VAS-I), Department Of Telecommunications (DOT), Sanchar Bhavan, 20, Ashoka Road, New Delhi – 110 001 (Hereinafter called the LICENSOR) of the FIRST PARTY.

AND

M/s Birla AT & T Communications Limited, a company registered under the Companies Act 1956, having its registered office at Suman Towers, Plot no. 18, Sector-11, Gandhinagar-382011 acting through Shri. Vikram J. Mehmi, 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 License and the LICENSEE has requested to grant license for **providing Cellular Mobile Telephone Service**. Whereupon and in pursuance to the said request, the LICENSOR has agreed to grant this License **to provide Cellular Mobile Telephone Service** in the licensed service area more specifically described in SCHEDULE-I appended hereto.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In consideration of the payment of license fee, and due performance of all the terms and conditions mentioned in this license 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 license to **set up and operate the Cellular Mobile Telephone Service in the licensed service area** described in SCHEDULE-I appended hereto.

2. The LICENSE 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 License Agreement and without any deviation or reservations of any kind.

4. Unless otherwise mentioned or appearing from the context, the Tender Document and clarification to the Tender Document shall form part and parcel of this agreement. Provided that in case of conflict or inconsistency on any issue relating to this License Agreement, the terms set out in the body of this agreement with schedules annexed thereto shall prevail.

5. Effective Date of this LICENSE shall be 5th October, 2001.

6. Additional Licenses in Licensee's service area may also be issued from time to time in future without any restriction of number of operators.

7. The License 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 5th (day) October (month), 2001 (year).

Signed for and on behalf of President of India.

(राधेश्याम गोयल) 5/10/2001

By (R.S. Goel)

सहायक महानिदेशक
Assistant Director General
दूर संचार विभाग, नई दिल्ली
Deptt. of Telecom

Assistant Director General (VAS-I), Department of Telecommunications.

FOR BIRLA AT&T COMMUNICATIONS LIMITED

AUTHORISED SIGNATORY 05-10-2001

Signed on behalf of M/s. Birla AT & T Communications Limited, by Shri. Vikram J. Mehmi, CFO (Name and Designation), authorised signatory and holder of General Power of Attorney dated 13th April, 2000, executed in accordance with the Resolution No. NIL, dated 30th March, 2000 passed by the Board of Directors.

In the presence of:

Witnesses:

1.
Signature 5/10/2001

Name V.K.Sharma

Occupation. Assistant Director (VAS-I), Department of Telecommunications.

Address Room No. 719-A, Sanchar Bhawan, 20, Ashoka Road, New Delhi-1.

Place. Delhi.

2.
Signature

Name Satish Rajgarhia 5/10/2001

Occupation. Service

Address Sharda Centre, 11/1, Erandwane, Off Karve Road, Pune-411 004.

Place. Delhi.

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SCHEDULE-I

SCHEDULE OF SERVICE AREA.

The Service Area for which this licence is awarded is given below:

DELHI METRO SERVICE AREA

(R. S. GOEL) 5/11/2001
सहायक महानिदेशक
Assistant Director General

FOR BIRLA AT&T COMMUNICATIONS LIMITED
05-10-2001
AUTHORISED SIGNATORY

Note:

(i) **The Service Area for which this license is awarded shall be co-extensive and be the same for the named Service Area as that of existing licences of cellular service. Reorganization of Telecom Circles or change of Local Area, if any, during the interregnum after the grant of the said licences to existing Operators will not have any effect on the Service Area of cellular service Licence.**

(ii) **The above service area refer to Telecom Service Area Unit (Telecom Circle Service Area or Metro City Service Area) and not the State geographical areas.**

(iii) **The definition of local areas with regard to the above service area as applicable to existing licensees of cellular service is as per definition applicable as in the year 1994 & 1995, when these licences were granted to them. This is in accordance with respective Gazette Notification for such local areas wherever issued and as per the statutory definition under Rule 2 (w) Indian Telephones Rules, 1951, as it stood during the year 1994/1995 where no specific Gazette Notification has been issued.**

SCHEDULE-II : 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 LICENSEE Company does not, at any time during the entire Licence period, exceed 49% of the total equity. The details of the Indian & Foreign promoters with their respective equity holdings in the LICENSEE Company as disclosed on the date of signing of the LICENSE AGREEMENT, are as follows:

Sl. No.	Name of Promoter.	Indian/ Foreign	Percent of Equity held
1.	Grashim Industries	Indian	17.5542%
2.	Hindalco	Indian	19.4055%
3.	IndoGulf	Indian	4.1106%
4.	Indian Rayon	Indian	9.9297%
5.	AT & T Cellular Pvt. Ltd.	Foreign	49.00%
	Total:		**100.00%**

1.2 There shall be no change in the Indian and Foreign promoter(s) or their equity participation unless permitted by the LICENSOR in writing.

1.3 The licensee company may, with prior written consent of the Licensor replace a promoter(s) by another promoter(s) of equal or higher standing as stipulated below:

(a) an existing foreign promoter may be substituted by another foreign promoter of similar standing;

(b) the existing Indian Promoter(s) may also be allowed to acquire the foreign promoter's shareholding; and

(c) transfer of equity inter-se between existing Indian promoters may be permitted, provided the majority Indian promoter continues to hold at least the present shareholding for a period of five years from the effective date of licence agreement. The merger of Indian companies may be permitted as long as competition is not compromised; TRAI will be consulted by the licensor in this matter.

1.4 The licensee shall also ensure that:

(i) Any changes in share holding shall be subject to all necessary statutory requirements.

(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 same service. 'Substantial equity' herein will mean 'an equity of 10% or more'. A promoter company cannot have stakes in more than one licensee company for the same service area.

(iii) Management control of the licensee company shall remain in Indian Hands.

2. Scope of the Licence

2.1 The licensee shall be permitted to provide, in its area of operation, all types of mobile services including voice and non-voice messages, data services and PCOs utilizing any type of network equipment (however, the technology must be digital), including circuit and/or packet switches, that meet the relevant International Telecommunication Union (ITU)/ Telecommunication Engineering Center (TEC) standards. Provided that a pilot project may also be approved and licensed for any period by the Licensor for inducting a new Technology.

Provided further that the LICENSOR, of its own or through a designated Authority, has a right to operate the service anywhere in India.

2.2 The LICENSEE shall clearly define the scope of **Service** to the subscriber(s) at the time of entering into contract with such subscriber(s). Any dispute with regard to the service provided to the subscriber shall be a matter between the subscriber and the licensee only.

2.3 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 SERVICE. The decision of the LICENSOR shall be final in this regard.

6. Restrictions on 'Transfer of Licence'.

6.1 The licensee shall not, without the prior written consent (can be granted only as described below) of the Licenser, either directly or indirectly, assign or transfer its rights in any matter whatsoever to any other 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. Any violation of this terms shall be construed as a breach of Licence Agreement and the licence shall be liable for termination. Provided, however, that installation of systems, equipment and network can be given on contract, but providing the SERVICE can not be given to another party on contract. Provided that the licensee can always employ or appoint agents or servants.

6.2 Provided that the aforesaid written consent permitting transfer or assignment will be granted;

(i) in accordance with the terms and conditions and procedures described in Tripartite Agreement if duly executed amongst LICENSOR, LICENSEE AND LENDERS.

(ii) whenever a merger of two licensee (Indian) companies is approved by a High Court but no compromise in competition occurs in the provision of telecom service.

7. Provision of Service.

7.1 The LICENSEE shall be responsible for, and is authorised to own, install, test and commission all the equipment to commission the Applicable system for providing the Cellular Mobile Telephone Service under this Licence agreement.

7.2 The LICENSEE shall be permitted to carry its own long distance traffic within his service area without seeking an additional Licence.

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 Telecom Engineering Centre of DOT will be reckoned as the date of commissioning the service for the purpose of calculating liquidated damage charges in terms of Condition 37 Part V. 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, 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 LICENSOR reserves right to seek complete information from the LICENSEE of terms and conditions, and obligations under all contracts entered into with other CMSPs and other Licensed Telecom Service Providers on sharing of infrastructure / backbone for the provision of SERVICE, or any change thereof, and to obtain the authenticated copies of all such contracts.

9.3 The LICENSEE shall in no case permit digital transmission 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 severe 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 SERVICE. 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.

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 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 issued to the LICENSEE 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 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.

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 hinderance 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 LICENSE 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 clauses 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 realised through encashment of the Bank Guarantee without prejudice to any other action(s) for recovery of the amounts due to the LICENSOR.

12. DISPUTES SETTLEMENT:

12.1 As per provisions of Telecom Regulatory Authority of India Act, 1997 as amended from time to time, dispute, if any, between:

i) the LICENSEE and a Group of Consumers, and
ii) the Licensee and LICENSOR,

shall be settled in Telecom Disputes Settlement and Appellate Tribunal, if such dispute arises out of or connected with the provisions of the license agreement.

13. Force- Majeure

13.1 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.

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

13.3 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.

14. SET OFF CLAUSE:

14.1 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.

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

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

15. WAY LEAVE:

15.1 The bidder 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 a valid excuse for not carrying any obligations imposed by the terms of this Licence.

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 matters relating to this Licence will be subject to jurisdiction of Telecom Disputes Settlement and Appellate Tribunal (TDSAT) in terms 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 TRAI Tariff orders / regulations / directions issued in this regard 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.

18. Publication of the Telephone Service Directory.

18.1 Determination of TRAI with regard to publication of telephone service directory containing information of subscribers of Cellular Mobile Telephone Service shall be applicable and binding.

PART-III FINANCIAL CONDITIONS

19. FEES PAYABLE

19.1 Entry Fee:

One-Time Entry Fee of Rs. 170.70 Crores has been paid by the LICENSEE based on the bidding process prior to signing of this license agreement.

19.2 License Fees:

In addition to the Entry fee described above, the Licensee shall also pay Licence fee annually @ 12% of **Adjusted Gross Revenue (AGR),** excluding spectrum charges. The Licence Fee as Revenue share includes contribution towards (i) USO, (ii) R&D, Administration and Regulation. The above license fee is applicable exclusive of the period during which existing or future Basic Service Operators may be prohibited to provide the use of hand-held set with Wireless Access System limited in the Local Area, i.e. Short Distance Charging Area (SDCA), commonly known as "Limited Mobility". For the period during which existing or future Basic Service Operators are prohibited Limited Mobility the license fee will be @ 15% of AGR.

19.3 Radio Spectrum Charges:

In addition, the cellular licensees shall pay spectrum charges on revenue share basis of 2% of AGR towards WPC Charges covering royalty payment for the use of cellular spectrum upto 4.4 MHz + 4.4 MHz and Licence fee for Cellular Mobile handsets & Cellular Mobile Base Stations and also for possession of wireless telegraphy equipment as per the details prescribed by Wireless Planning & Coordination Wing (WPC). Any additional band width, if allotted subject to availability and justification shall attract additional Licence fee as revenue share (typically 1% additional revenue share if Bandwidth allocated is upto 6.2 MHz + 6.2 MHz in place of 4.4 MHz + 4.4 MHz).

Further, royalty for the use of spectrum for point to point links and access links (other than Cellular Service Spectrum) 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 etc. Authorization of frequencies for setting up Microwave links by Cellular Operators and issue of Licences shall be separately dealt with WPC Wing as per existing rules.

The above spectrum charge is subject to review by WPC Wing from time to time.

20. Definition of 'Adjusted Gross Revenue':

20.1 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.

20.2 For the purpose of arriving at the "Adjusted Gross Revenue" the following will be excluded from the Gross Revenue to arrive at the adjusted gross revenue:

(i) PSTN related Call charges (access charges) actually paid to Bharat Sanchar Nigam Ltd. (BSNL) / Mahanagar Telephone Nigam Ltd. (MTNL) or other telecom service providers within India.

(ii) Roaming revenues actually passed on to other telecom service providers, and

(iii) Service Tax on provision of service and Sales Tax actually paid to the Government; if gross revenue had included the component of Service Tax.

21. <u>Schedule of payment of ANNUAL LICENCE FEE and other dues:</u>

21.1 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.

21.2 Licence Fee shall be payable in four quarterly installments during each financial year. Each Quarterly installment shall be paid in advance within 15 days of the commencement of that quarter. This Fee for each quarter shall be paid by the LICENSEE on the basis of own assessment of revenue (on accrual basis) for the current quarter subject to a minimum payment equal to the actual revenue share of the previous 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 first quarter of the first year, the licensee shall pay the Licence Fee on the basis of the expected revenue from the SERVICE in the first quarter.

21.3 The quarterly payment shall be made together with a STATEMENT in the prescribed form as **annexed,** showing the computation of revenue and licence fee payable for the previous quarter. The aforesaid 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 **annexed**.

21.4 The LICENSEE shall adjust and pay the difference between the advance payment made and actual amount duly payable (on accrual basis) of the previous quarter, along with the advance payment for the current quarter.

21.5 Any delay in payment of Licence Fee, or any other dues payable under the LICENCE beyond the stipulated period will attract interest at a rate which will be 5% above the Prime Lending Rate (PLR) of State Bank of India prevalent on the day the payment became due. 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.

21.6 Final adjustment of the licence fee for the year shall be made on or before 30th June of the following year based on the gross revenue figures duly certified by the AUDITORS of the LICENSEE in accordance with the provision of Companies' Act, 1956.

21.7 A reconciliation between the figures appearing in the quarterly statements with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts and audit report, 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-III**.

21.8 In case, the total amount paid on the self assessment of the LICENSEE 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 150% of the entire amount of short payment. This amount of short payment along with the 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 21.5**. However, if such short payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed.

21.9 The Fee/royalty payable towards WPC Charges shall be payable at such time(s) and in such manner as the WPC Wing of the Ministry of Communications may prescribe from time to time.

21.10 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.

21.11 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 21.3, 21.7, 23.5 and 23.6** hereinbefore and hereinafter written.

21.12 The LICENSEE, shall separately pay the access charges for carriage of calls originating in his network but carried and terminated in the BSNL/MTNL/Other Service Providers' networks. The LICENSEE shall also separately pay charges for network resources obtained by the licensee from BSNL/MTNL/other licensed service providers. This will be governed by the determination of TRAI.

22. BANK GUARANTEES:

22.1 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 annually towards the Licence fee and other dues not otherwise securitised. The amount of FBG shall be subject to periodic review by the Licensor. The bidder shall also submit Performance Bank Guarantee (PBG) of amount equal to Rs. 20, 10 and 2 Crores for category 'A' 'B' & 'C' service areas before signing the Licence. The licensee shall be permitted to reduce the value of the PBG by 50% after the coverage criteria prescribed in this Licence is fulfilled.

22.2 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 to date of its expiry without any demand or notice from the LICENSOR on year to year basis. Any failure to do so, shall amount to violation of the terms of the LICENCE and entitle the LICENSOR to encash the Bank Guarantees and to convert into a cash security without any reference to the LICENSEE at his risk and cost. No interest or compensation whatsoever shall be payable by the LICENSOR on such encashment.

22.3 Without prejudice to its rights of any other remedy, LICENSOR may encash Bank Guarantee (FBG as well as PBG) in case of any breach in terms & conditions of the LICENCE by the LICENSEE.

23. Preparation of Accounts.

23.1 The LICENSEE will draw, keep and furnish independent accounts for the SERVICE and shall fully comply orders, directions or regulations as may be issued from time to time by the LICENSOR or TRAI as the case may be.

23.2 The LICENSEE shall be obliged to:

a) Compile and maintain accounting records, sufficient to show and explain its transactions in respect of each completed quarter of the Licence period or of such lesser periods as the LICENSOR may specify, fairly presenting the costs (including capital costs), revenue and financial position of the LICENSEE's business under the LICENCE including a reasonable assessment of the assets employed in and the liabilities attributable to the LICENSEE's business, as well as, for the quantification of Revenue or any other purpose.

(b) Procure in respect of each of those accounting statements prepared in respect of a completed financial year, a report by the LICENSEE's Auditor in the format prescribed by the LICENSOR, stating inter-alia whether in his opinion the statement is adequate for

the purpose of this condition and thereafter deliver to the LICENSOR a copy of each of the accounting statements not later than three months at the end of the accounting period to which they relate.

c) Send to the LICENSOR a certified statement sworn on an affidavit, by authorized representative of the company, containing full account of Revenue earned from the SERVICE for each quarter separately along with the payment for the following quarter.

23.3 (a) The LICENSOR or the TRAI, as the case may be, shall have a right to call for and the LICENSEE shall be obliged to supply and provide for examination any books of accounts that the LICENSEE may maintain in respect of the business carried on to provide the service(s) under this Licence at any time without recording any reasons thereof.

(b) The LICENSEE shall invariably preserve all billing and all other accounting records (electronic as well as hard copy) for a period of THREE years from the date of publishing of duly audited & approved Accounts of the company and any dereliction thereof shall be treated as a material breach independent of any other breach, sufficient to give a cause for cancellation of the LICENCE.

23.4 The records of the LICENSEE will be subject to such scrutiny as may be prescribed by the LICENSOR so as to facilitate independent verification of the amount due to the LICENSOR as its share of the revenue.

23.5 The LICENSOR may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order Audit of the accounts of the LICENSEE by appointing auditor at the cost of the LICENSEE and such auditor(s) shall have the same powers which the statutory auditors of the company enjoy under Section 227 of the Companies Act, 1956. The remuneration of the Auditors, as fixed by the LICENSOR, shall be borne by the LICENSEE.

23.6 The LICENSOR may also get conducted a 'Special Audit' of the LICENSEE company's accounts/records by "Special Auditors", the payment for which at a rate as fixed by the LICENSOR, shall be borne by the LICENSEE. This will be in the nature of auditing the audit described in **para 23.5** above. The Special Auditors shall also be provided the same facility and have the same powers as of the companies auditors as envisaged in the Companies Act, 1956.

23.7 The LICENSEE shall be liable to prepare and furnish the company's annual financial accounts according to the accounting principles prescribed and the directions given by the LICENSOR or the TRAI, as the case may be, from time to time.

Part-IV TECHNICAL CONDITIONS

24. TECHNICAL CONDITIONS:

24.1 The Bidders shall specify the details of the technology (which shall always be digital), quality of service and other performance parameters of the system proposed to be deployed for operation of the service. The technology should be based on standards issued by ITU/TEC or any other International Standards Organization/ bodies and the licensee shall seek the approval of the licensor before deployment of such technologies. Any digital technology having been used for a customer base of one lakh or more for a continuous period of one year anywhere in the world, shall be permissible for use regardless of its changed versions. A certificate from the manufacturers about satisfactory working for a customer base of one lakh or more over the period of one year, shall be treated as established technology.

24.2 Number Plan: The Numbering Plan at the PSTN Interface shall be as per ITU-T recommendations. The Numbering Plan for the Service will be as per existing numbering plan, which is as follows:

Digits Dialed	Description	No. of digits
98	Access Code	2
+		
XYZ	Mobile Switch Code	3
+		
ABCDE	Subscriber numbers	5

24.3 Signalling Schemes:

The Signalling between the MSC of the Service Provider and Interconnected Network shall be CCS No.7 or as otherwise mutually agreed between the Operators of the two networks, subject to orders/regulations issued by the licensor/TRAI from time to time.

24.4 Minimum Facilities:

Calling Line Identification (CLI) shall be provided. The network should also support Malicious Call identification and CAMA.

24.5 Quality of Service:

The system should meet the Quality of Service standards/requirements as specified by TRAI from time to time.

24.6 In the first instance the system shall be capable of providing the following service:

- Tele-Services

Information type	Services
Speech	Telephone, Emergency calls
Data	Atleast 9.6 kbps
Short Message Service (SMS)	Communication of messages
Fascimile	Grp. 3 Facsimile

- Bearer Services

Data transmission in Asynchronous duplex circuit mode with PSTN

Upto atleast 9600 bps

Data transmission in Synchronous duplex circuit mode with PSTN

Upto atleast 9600 bps

Mobile access in the Asynchronous mode to the packet assembler/disassembler of packet switching network

Upto atleast 9600 bps

Mobile access in the synchronous mode to the packet switching network.

Upto atleast 9600 bps

The technology offered shall be capable of upgradation to / migration to provide 2G+ services.

- Supplementary Services

In the first instance the following supplementary services may be provided:-

- Calling Number Identification Presentation
- Calling Number Identification Restriction
- Connected Number Identification Presentation
- Connected Number Identification Restriction
- Malicious Call Identification
- Call Forwarding Unconditional
- Call Forwarding on Mobile Subscriber Busy
- Call Forwarding on No Reply
- Call Forwarding on Mobile Subscriber Not Reachable
- Call Transfer

- Mobile Access Hunting
- Call Waiting
- Call Hold
- Completion of Call to Busy Subscriber
- Three Party Service
- Conference Calling
- Closed User Group
- Advice of Charge
- Freephone Service
- Reverse Charging (Called or Calling MS)
- Barring of All Outgoing Calls
- Barring of Outgoing International Calls
- Barring of Outgoing International Call except those directed to the Home PLMN Country.
- Barring of All Incoming Calls
- Barring of All Incoming Calls when Roaming Outside the Home PLMN Country.

The supplementary services listed under this clause are not mandatory. Since no technology has been specified for operating the service, the supplementary services as supported by bidders' technology may be provided. The bidder may furnish a list of such services.

24.7 The frequencies shall be assigned by WPC from the designated bands prescribed in National Frequency Allocation Plan - 2000. (NFAP-2000). Appropriate frequency spots in frequency-band of 1710 – 1785 MHz paired with 1805 – 1880 MHz will be assigned. A cumulative maximum of upto 4.4 MHz + 4.4 MHz will be permitted. Based on usage, justification and availability, additional spectrum upto 1.8 MHz + 1.8 MHz making a total of 6.2 MHz +6.2 MHz, may be considered for assignment, on case by case basis, on payment of additional Licence fee. The bandwidth upto maximum as indicated i.e. 4.4 MHz & 6.2 MHz as the case may be, will be allocated based on the Technology requirements. (e.g. CDMA @ 1.25 MHz, GSM @ 200 KHz etc.). The frequencies assigned may not be contiguous and may not be same in all cases, while efforts would be made to make available larger chunks to the extent feasible.

24.8 The ultimate objective is to provide hand – held portable telecom service within building, inside car and outside within the whole service area.

24.9 The system shall conform to fundamental plans of DOT.

24.10 The licensee may provide additional facilities in case of any value addition/upgradation that the technology permits at later date, subject to approval of licensor.

25. THE APPLICABLE SYSTEM:

25.1 Licensee shall provide the 'Applicable System' using any type of network equipment, including circuit and/or packet switches, that meet the relevant International Telecommunication Union (ITU)/ Telecommunication Engineering Centre (TEC) standards.

25.2 Any digital technology either already validated by TEC or having been used for a customer base of one lakh or more for a continuous period of one year anywhere in the world, shall be permissible for use with its latest version. A certificate from the manufacturer/ operator about satisfactory working for a customer base of one lakh or more over the period of one year, shall be treated as established technology.

25.3 In the process of operating the Services, the Licensee shall be responsible for:-

(i) The installation of the sites excluding the installation of the equipment at the subscriber's premises which will be left at the option of the subscriber;
(ii) the proper upkeep and maintenance of the equipment;
(iii) maintaining the criteria of performance;
(iv) maintaining the MTTR within the specified scope.

26. Engineering Details:

(a) The Licensee shall furnish to the Licensor or its authorised representative(s), in such manner and at such times as may be required, complete technical details with all calculations for engineering, planning and dimensioning of the system/network, concerned relevant literature, drawings, installation materials regarding the applicable system.

(b) List of performance tests shall be furnished by the Licensee to the licensor and/ or to TEC one month prior to the date of commissioning of service.

(c) Licensee shall supply all tools, test instruments and other accessories to the testing party of Licensor and /or TEC for conducting tests, if it so desires, prior to commissioning of the service or at any time during the currency of the Licence.

27. Network Interconnection.

27.1 Interconnection between the networks of different service providers shall be as per national standards of CCS No.7 issued from time to time by Telecom Engineering Centre (TEC), and also subject to technical feasibility and technical integrity of the Networks and shall be within the overall framework of interconnection regulations issued by the TRAI from time to time.

27.2 The Cellular Service Licensee may enter into suitable arrangements with other service providers to negotiate Interconnection Agreements whereby the interconnected networks will provide the following:

(a) To meet all reasonable demand for the transmission and reception of messages between the interconnected systems.

(b) To establish and maintain such one or more Points of Interconnect as are reasonably required and are of sufficient capacity and in sufficient numbers to enable transmission and reception of the messages by means of the Applicable Systems,

(c) To connect, and keep connected, to their Applicable Systems,

27.3 The provision of any equipment and its installation for the purpose of Interconnection shall depend on the mutual agreement of the concerned parties.

27.4 The Interconnection Tests for each and every interface with any Service provider may be carried out by mutual arrangement between the Licensee and the other party involved. The Interconnection Tests schedule shall be mutually agreed.

27.5 It shall be mandatory for Cellular Service providers to provide interconnection to all eligible Telecom Service Provider as well as NLD service providers whereby the subscribers could have a free choice to make inter-circle/international long distance calls through NLD service provider. For international long distance call, the cellular service operator shall access international long distance operator through national long distance operator only.

27.6 Point of Inter-connection (POI) between the networks of cellular mobile Telephone service providers and fixed service providers shall be only with Level-I TAXs and Tandem exchanges in the Metros. In Telecom Circles the interconnection shall be with level I TAX/Interconnection with level II TAXs may also be allowed, however, transiting of traffic to other LDCAs at POIs on level II TAX is not permitted.

28. Interface

28.1 The LICENSEE shall operate and maintain the licensed Network conforming to Quality of Service standards to be mutually agreed in respect of Network- Network Interface. For the purpose of providing the SERVICE, the LICENSEE shall install his own equipment so as to be compatible with other service providers' equipment to which the licensee's Applicable Systems are intended for interconnection. The Licensee shall be solely responsible for attending to claims and damages arising out of his operations.

28.2 The additional telecommunication resources for the provision of the service and networking the geographically dispersed equipment of the LICENSEE shall be leased/rented on mutually agreed terms from service providers including BSNL, MTNL or authorised Telecom Service Providers. The same will be governed by the orders/notifications of the TRAI issued from time to time on interconnection/access charges.

28.3 The charges for accessing other networks i.e. PSTN, PLMN etc. for inter-network calls shall be based on mutual agreements between the service providers conforming to the Orders/Regulations/Guidelines issued by the TRAI from time to time.

28.4 The network resources including the cost of upgrading/modifying interconnecting networks to meet the service requirements of the licensee will be mutually negotiated keeping in view the orders and regulations issued by the TRAI from time to time.

29. Quality of Performance:

29.1 The LICENSEE shall ensure the Quality of Service (QoS) as prescribed by the LICENSOR or TRAI. The LICENSEE shall adhere to such QoS standards and provide timely information as required therein.

29.2 The LICENSEE shall be responsible for: -

i) Maintaining the performance and quality of service standards.

ii) Maintaining the MTTR (Mean Time To Restore) within the specified limits of the quality of service as given below in respect of normal failures excluding catastrophes:

a) 90% of faults resulting due to subscriber's complaints should be rectified within 24 hours and 99% within 3 Calendar days.

b) The Licensee will keep a record of number of faults and rectification reports in respect of the service, which will be produced before the LICENSOR/TRAI as and when and in whatever form desired.

29.3 The Licensee shall be responsive to the complaints lodged by his subscribers. He shall rectify the anomalies within the MTTR specified and maintain the history sheets for each installation, statistics and analysis on the overall maintenance status.

29.4 The LICENSOR or TRAI shall carry out performance tests on Licensee's network and also evaluate Quality of Service parameters in licensee's network prior to grant of permission for commercial launch of the service after successful completion of interconnection tests and/or at any time during the currency of the Licence to ascertain that the network meets the specified standards on Quality Of Service (QOS). The licensee shall provide ingress and other support including instruments, equipment etc., for such tests.

30. Emergency and Public Utility Services:

30.1 Licensee shall independently provide all emergency and public utility services to its subscribers, including directory information services with names and address of subscribers.

PART-V OPERATING CONDITIONS

31. Customer Service.

31.1 The LICENSEE will be bound to register the demand/request for Mobile Telephone Connection and shall provide the service to any individual or legal person without any discrimination, unless directed by the LICENSOR in writing. The licensee shall be required to maintain a transparent, open to inspection, waiting list. The licensee shall be permitted to launch the commercial service only after commencement of registration in the manner prescribed.

Provided that nothing contained herein will affect or prejudice the rights of the Licensee to carry out check on credit worthiness of its prospective subscribers.

31.2 It shall be the responsibility of the Licensee to issue or cause to be issued bills to its subscribers for use of the service. The Licensee shall maintain such records so as to produce itemised billing information. The billing system of the licensee shall be able to generate the billing information, in adequate details, to ensure satisfaction to the customer about the genuineness of the bill. The directions of TRAI, from time to time, in this regard shall apply.

31.3 The LICENSEE's contractual obligations (to various Telecom Service Providers including Other Service Providers not requiring Licence under Section 4 of Indian Telegraph Act, 1885) will include terms and conditions under which the SERVICE may be obtained, utilised and terminated.

31.4 The LICENSEE shall notify in writing all the arrangements with respect to repair, fault rectification, compensation or refunds. All complaints in this regard will be addressed / handled as per the guidelines, order or regulation or direction issued by the LICENSOR or TRAI from time to time.

31.5 Any dispute, with regard to the 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 in the matter.

32. The User Terminals (Mobile Telephone or Handset).

32.1 The Licensee shall have the right to undertake the sale, hire purchase, lease or renting of the user/mobile terminals. Proper usage of terminal at subscriber's premises shall be responsibility of the subscriber.

32.2 The Licensee shall be responsible to ensure that the user /mobile terminal is operated in accordance with the terms of the Licence and the WPC Licence. The SIM Card in the user terminal is non-transferable.

32.3 The user/ mobile terminals employed in the network shall be of a type/model certified by an internationally accredited agency with respect to ITU/ETSI/TEC standards or any other international standard as may be approved by the Government. They should carry a marking specifying their compliance with such standards. Only such category of subscriber unit as has

been granted such a certificate shall be brought into and operated within India under this Agreement.

32.4 Subscriber will be free to obtain the Mobile Terminal at his option from any source, subject to interface approval by TEC/TRAI or any agency authorised by LICENSOR in this behalf.

33. Obligations imposed on the Licensee.

33.1 The provisions of the Indian Telegraph Act 1885, the Indian Wireless Telegraphy Act 1933, and the Telecom Regulatory Authority of India Act, 1997 as modified from time to time or any other statute on their replacement shall govern this LICENCE.

33.2 The LICENSEE shall furnish all necessary means and facilities as required for the application of provisions of Section 5(2) of the Indian Telegraph Act, 1885, whenever occasion so demands. Nothing provided and contained anywhere in this Licence Agreement shall be deemed to affect adversely anything provided or laid under the provisions of Indian Telegraph Act, 1885 or any other law in force.

34. Sharing of infrastructure between CMSPs and any other Telecom Service Provider in their area of operation:

The sharing of infrastructure by the licensee is permitted as below:

(i) Sharing of "passive" infrastructure viz., building, tower, dark fiber etc. is permitted.

(ii) Provision of point to point bandwidth from their own infrastructure within their Service Area to other licensed telecom service providers for their own use (resale not to be permitted) is also permitted.

35. Direct interconnectivity between licensed CMSPs and any other Telecom Service provider (including another CMSP) in the same Service Area:

Direct interconnectivity between licensed CMSPs and any other Telecom service provider (including another CMSP) in the same Service Area is permitted for the purpose of only terminating traffic of each other; intimation shall have to be given to the LICENSOR within 15 Calendar days of establishing such direct interconnectivity. Such interconnection shall be as per mutual agreement between the service providers. The interconnection shall have to be withdrawn in case of termination of the respective licensed networks of another CMSP or other Telecom service providers within one hour or within such time as directed by the LICENSOR in writing, after receiving intimation from the LICENSOR in this regard.

36. Coverage Criteria:

36.1 The LICENSEE shall endeavour to cover the entire Service Area at an early date and notify on quarterly basis the areas not covered by the licensee's System. In Metros, 90% of the

service area shall be covered within one year of the effective date. In Telecom Circles, atleast 10% of the District Headquarters (DHQs) will be covered in the first year and 50% of the District Headquarters will be covered within three years of effective date of Licence. The licensee shall also be permitted to cover any other town in a District in lieu of the District Headquarters. Coverage of a DHQ/town would mean that at least 90% of the area bounded by the Municipal limits should get the required street as well as in-building coverage. The District Headquarters shall be taken as on the effective date of Licence. The choice of District Headquarters/towns to be covered and further expansion beyond 50% District Headquarters/towns shall lie with the Licensee depending on their business decision. There is no requirement of mandatory coverage of rural areas.

37. Liquidated damages:

37.1 The time period of delivery of the Service stipulated in this Licence shall be deemed as the essence of the contract and the service must be brought into commission not later than such specified time period. No extension in delivery date will be granted. If the Service is brought into commission after the expiry of the due date of commissioning, without prior written concurrence of the licensor and is accepted, such commissioning will entail recovery of Liquidated Damages (LD) under this Condition. Provided further that if the commissioning of service is effected within 15 calendar days of the expiry of the due commissioning date then the Licensor shall accept the services without levy of LD charges.

37.2 In case the Licensee fails to bring the Service or any part thereof into commission (i.e., fails to deliver the service or to meet the required coverage criteria) within the period prescribed for the commissioning, the Licensor shall be entitled to recover Rs. 5 Lakh (Rupees: Five Lakhs) for each week of the delay or part thereof, subject to maximum Rs. 100 Lakhs (Rupees: One Hundred Lakhs). For delay of more than 20 weeks the Licence shall be terminated under the terms and conditions of the Licence agreement. The week shall means 7 Calendar days from (from midnight) Monday to Sunday; both days inclusive and any extra day shall be counted as full week for the purposes of recovery of liquidated damages.

38. Inspection and Testing of Installations.

38.1 The Licensor will also carry out all performance tests required for checking Quality of Service, if it so desires. The LICENSEE shall supply all necessary literature, drawings etc. regarding the equipment installed and shall also supply all the tools, test instruments and other accessories to the testing party of the LICENSOR for conducting the tests. The list of performance tests will be furnished by the LICENSEE one month prior to the date of commissioning to the Licensor. In case the Licensor chooses to conduct performance test and some deficiency is found therein by the licensor, the delay caused for rectification of the deficiencies, if any, will be entirely on account of the Licensee.

38.2 The Acceptance Testing for each and every interface with the BSNL/ MTNL/ or Other Service provider may be carried out by mutual arrangements between the licensee and the other party involved. The Acceptance Testing schedule shall be mutually agreed.

39. Roaming:

39.1 The Licensee may enter into agreement with other licensed Cellular Mobile Telephone Service Providers or providers of any other type of Mobile services, such as, Global Mobile Personal Communication by Satellite (GMPCS) service etc., for providing national and international automatic roaming facility to subscribers in each other's networks through dual-mode user terminals, if required, on following technical and commercial conditions:

(i) Roaming will be provided by using signalling transfer capability of the BSNL's/MTNL's /other licensed Telecom Service Provider's exchanges and SCCP functionality of VSNL's International Gateway(s).

(ii) The Licensee shall abide order/regulation or direction issued by Government of India with respect to International Roaming.

Part-VI SECURITY CONDITIONS

40. Right to inspect.

40.1 The LICENSOR or its authorised representative shall have right to inspect the sites used for extending the Service and in particular but not limited to, have the right to have access to leased lines, junctions, terminating interfaces, hardware/software, memories of semiconductor, magnetic and optical varieties, wired or wireless options, distribution frames, and conduct the performance test including to enter into dialogue with the system through Input/output devices or terminals. The LICENSEE will provide the necessary facilities for continuous monitoring of the system, as required by the LICENSOR or its authorised representative(s). The Inspection will ordinarily be carried out after reasonable notice except in circumstances where giving such a notice will defeat the very purpose of the inspection.

40.2 Wherever considered appropriate LICENSOR may conduct any inquiry either suo- moto or on complaint to determine whether there has been any breach in compliance of terms & conditions of the LICENCE by the LICENSEE and upon such inquiry the LICENSEE shall extend all reasonable facilities without any hinderance.

41. Location of Switches:

41.1 The LICENSEE shall provide to the LICENSOR location details of switching centres, transmission centres, including routing details etc., and location of these centres shall not be changed without prior approval of the LICENSOR.

42. Confidentiality of information:

42.1 The licensee shall not employ bulk encryption equipment in its network. Any encryption equipment connected to the LICENSEE's network for specific requirements has to have prior evaluation and approval of the LICENSOR or officer specially designated for the purpose.

42.2 Subject to conditions contained in these terms and conditions, the LICENSEE shall take all necessary steps to safeguard the privacy and confidentiality of any information about a third party and its business to whom it provides the SERVICE and from whom it has acquired such information by virtue of the SERVICE provided and shall use its best endeavors to secure that :

a) No person acting on behalf of the LICENSEE or the LICENSEE divulges or uses any such information except as may be necessary in the course of providing such SERVICE to the Third Party; and

b) No such person seeks such information other than is necessary for the purpose of providing SERVICE to the Third Party.

Provided the above para shall not apply where:

a) The information relates to a specific party and that party has consented in writing to such information being divulged or used, and such information is divulged or used in accordance with the terms of that consent; or

b) The information is already open to the public and otherwise known.

42.3 The LICENSEE shall take necessary steps to ensure that the LICENSEE and any person(s) acting on its behalf observe confidentiality of customer information.

42.4 The LICENSEE shall, prior to commencement of SERVICE, confirm in writing to the LICENSOR that the LICENSEE has taken all necessary steps to ensure that it and its employees shall observe confidentiality of customer information.

43. Prohibition of certain Activities by the Licensee.

43.1 The LICENSEE shall not engage on the strength of this LICENCE in the provision of any other Service other than the SERVICE as defined in this Licence Agreement.

43.2 To remove any doubt, it is, hereby, clarified that nothing contained in condition in Para above shall preclude the LICENSEE from engaging in advertising and promotional activities relating to any of the Applicable Systems.

43.3 The LICENSEE shall take necessary measures to prevent objectionable, obscene, un-authorised or any other content, messages or communications infringing copyright, intellectual property etc., in any form, from being carried on his network, consistent with the established laws of the country. Once specific instances of such infringement are reported to the LICENSEE by the enforcement agencies , the LICENSEE shall ensure that the carriage of such material on his network is prevented immediately.

43.4 The LICENSEE is obliged to provide, without any delay, tracing facility to trace nuisance obnoxious or malicious calls, messages or communications transported through his equipment and network. Any damages arising out of default on the part of LICENSEE in this regard shall be borne by the LICENSEE.

43.5 In case any confidential information is divulged to the LICENSEE for proper implementation of the Agreement, it shall be binding on the LICENSEE and its employees and servants to maintain its secrecy and confidentiality.

44. Security Conditions:

44.1 The LICENSEE shall provide necessary facilities depending upon the specific situation at the relevant time to the Government to counteract espionage, subversive act, sabotage or any other unlawful activity.

44.2 The LICENSEE shall make available on demand to the person authorized by the LICENSOR, full access to the switching centers, transmission centers, routes etc. for technical scrutiny and for inspection, which can be visual inspection or an operational inspection.

44.3 All foreign personnel likely to be deployed by the LICENSEE for installation, operation and maintenance of the LICENSEE's network shall be security cleared by the Government of India prior to their deployment. The security clearance will be obtained from the Ministry of Home Affairs, Government of India, who will follow standard drill in the matter.

44.4 The LICENSEE shall ensure protection of privacy of communication and ensure that unauthorized interception of messages does not take place.

44.5 LICENSOR reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security and public interest.

44.6 LICENSEE will ensure that the Telecommunication installation carried out by it should not become a safety hazard and is not in contravention of any statute, rule or regulation and public policy.

44.7 The precise delineation of geographical borders taken by the licensee for the purpose of defining service area across International borders, if any, shall have prior approval of the Government of India. The terrestrial boundaries of India shall be as depicted in the maps issued by Survey of India.

44.8 The LICENSEE shall create a buffer zone of 10 KM width along the Indian international border, if any, where no service would be permitted. Width of this buffer zone along the borders within the Indian Territory shall be as decided by the Govt. of India from time to time. As and when there is any change in the structure of defined buffer zone created by the Licensee, for whatsoever reason, it should be reported to the Licensor immediately. The Government and its authorised representative may carry out physical verification of the accuracy of buffer zone so created.

44.9 The designated person of the Central/State Government as conveyed to the Licensor from time to time in addition to the Licensor or its nominee shall have the right to monitor the telecommunication traffic in every MSC or any other technically feasible point in the network set up by the licensee. The Licensee should make arrangement for monitoring simultaneous calls by Government security agencies. The hardware at licensee's end and software required for monitoring of calls shall be engineered, provided/installed and maintained by the Licensee at licensee's cost. However, the respective Government instrumentality shall bear the cost of user end hardware and leased line circuits from the MSC to the monitoring centres to be located as per their choice in their premises or in the premises of the licensee. In case the security agencies intend to locate the equipment at licensee's premises for facilitating monitoring, the licensee should extend all support in this regard including Space and Entry of the authorised security personnel. The Interface requirements as well as features and facilities as defined by the Licensor should be implemented by the licensee for both data and speech. The Licensee should

ensure suitable redundancy in the complete chain of Monitoring equipment for trouble free operations of monitoring of at least 210 simultaneous calls."

Along with the monitored call following records should be made available:

(i) Called/calling party mobile/PSTN numbers.
(ii) Time/date and duration of interception.
(iii) Location of target subscribers. For the present, Cell ID should be provided for location of the target subscriber. However, Licensor may issue directions from time to time on the precision of location, based on technological developments and integration of Global Positioning System (GPS) with Cellular Network, which shall be binding on the licensee.
(iv) PSTN/PLMN numbers if any call-forwarding feature has been invoked by target subscriber.
(v) Data records for even failed call attempts.
(vi) CDR (Call Data Record) of Roaming Subscriber.

The licensee shall be required to provide the call data records of all the specified calls handled by the system at specified periodicity, as and when required by the security agencies..

44.10 The Government through appropriate notification may debar usage of mobile terminals in certain areas in the country. The licensee shall deny service in areas specified by designated authority immediately and in any case within six hours on request. The licensee shall also provide the facility to carry out surveillance of Mobile Terminal activity within a specified area.

44.11 The LICENSEE shall not employ bulk encryption equipment in its network. Any encryption equipment connected to the Licensee's network for specific requirements has to have prior evaluation and approval of the LICENSOR or officer specially designated for the purpose. Standard GSM encryption techniques will however, be allowed. The LICENSEE shall be responsible for ensuring privacy of communication on its network and also to ensure that unauthorised interception of message does not take place.

44.12 LICENSOR shall have the right to take over the SERVICE, equipment and networks of the LICENSEE (either in part or in whole of the service area) in case any directions are issued in the public interest by the Government of India in the event of a national emergency / war or low intensity conflict or any other eventuality. Any specific orders or directions from the Government of India issued under such conditions shall be applicable to the LICENSEE and shall be strictly complied with.

44.13 The complete list of subscribers shall be made available by the licensees on their website (having password controlled access), so that authorised Intelligence Agencies are able to obtain the subscriber list at any time, as per their convenience with the help of the password. The list should be updated on regular basis. Hard copy as and when required by security agencies shall also be furnished. The licensee shall ensure adequate verification of each and every customer before enrolling him as a subscriber; instructions issued by the licensor in this regard from time to time shall be scrupulously followed. The SIM Card used in the User terminal shall be

registered against each subscriber for his bonafide use. The licensee shall make it clear to the subscriber that the SIM card used in the user terminal registered against him is non-transferable and that he alone will be responsible for proper and bonafide personal use of the service.

44.14 A format would be prescribed by the LICENSOR to delineate the details of information required before enrolling a customer as a subscriber. A photo identification of subscribers shall be pre-requisite before providing the service.

44.15 The Licensor or its representative(s) will have an access to the Database relating to the subscribers of the Licensee. The Licensee shall also update the list of his subscribers and make available the same to the Licensor at such intervals as may be prescribed. The Licensee shall make available, at any prescribed instant, to the Licensor or its authorised representative details of the subscribers using the service.

44.16 The Licensee shall maintain all commercial records with regard to the communications exchanged on the network. Such records shall be archived for at least one year for scrutiny by the Licensor for security reasons and may be destroyed thereafter unless directed otherwise by the licensor.

45. <u>Application of Indian Telegraph Act.</u>

45.1 The LICENSEE shall adopt all means and facilitate in every manner the application of the Indian Telegraph Act, 1885 and Indian Wireless Telegraphy Act, 1933 as modified or replaced from time to time. The Service shall be provided in accordance with the provisions of Indian Telegraph Rules as modified and amended from time to time.

45.2 As per the provision of Section 5 of Indian Telegraph Act, the licensee will provide necessary facilities to the designated authorities of Central/State Government as conveyed by the Licensor from time to time for interception of the messages passing through its network.

Section 5 (2) of the Indian Telegraph Act 1885 reads as under:

> "On the occurrence of any public emergency or in the interest of public safety, the Central Government or a State Government or any officer specially authorised in their behalf by the Central Government or a State Government may, if satisfied that it is necessary or expedient to do so in the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign states or public order or for preventing incitement to the commission of an offense for class or messages to or from any person or class of persons or relating to any particular subject, brought for transmission by or transmitted or received by any telegraph, shall not be transmitted or shall be intercepted or detained or shall be disclosed to the Government making the order or an officer thereof mentioned on the order:
>
> Provided that press messages intended to be published in India of correspondents accredited to the Central Government or a State Government shall not be intercepted or detained, unless their transmission has been prohibited under this subsection."

PART-VII WPC WING'S LICENSE

46. WPC WING'S LICENCE

46.1 A separate specific authorisation shall be required from the WPC wing of the Department of Telecommunications, Ministry of Communications which will permit utilization of appropriate frequencies / band for the establishment and possession and operation of Wireless element of the Telecom Service under specified terms and conditions including payment for said authorisation . Such grant of authorisation will be governed by normal rules, procedures and guidelines and will be subject to completion of necessary the prescribed formalities.

46.2 For this purpose, a separate application shall be made to the "Wireless Advisor to the Government of India, WPC Wing, Department of Telecommunications, Ministry of Communications, Dak Bhavan, Sansad Marg, New Delhi-110 001" in a prescribed application form available from WPC Wing.

46.3 Site clearance in respect of fixed stations and its antenna mast shall be obtained from the WPC Wing for which the applicant shall separately apply to the Secretary, Standing Advisory Committee on Frequency Allocations (SACFA) WPC Wing in a prescribed application form, to the following address:

The Secretary (SACFA), WPC Wing,
Ministry of Communications,
Dak Bhavan, Sansad Marg,
New Delhi-110 001.

EXPLANATION: SACFA is the apex body in the Ministry of Communications for considering matters regarding coordination for frequency allocations and other related issues / matters. (Siting clearance refers to the agreement of major wireless users for location of proposed fixed antenna from the point of view of compatibility with other radio systems and aviation hazard. It requires inter departmental coordination and is an involved process). Normally the siting clearance procedure may take two to six months depending on the nature of the installations and the height of the antenna /masts.

46.4 For establishing various point to point radio links the frequency bands earmarked for various agencies has been indicated in the National Frequency Allocation Plan (hereinafter called NFAP) –2000. Mere indication of the band does not guarantee availability of the frequency spectrum which has to be coordinated on case to case basis.

46.5 The LICENSEE shall not cause or allow to cause harmful interference to other authorized users of radio spectrum. For elimination of harmful interference, LICENSEE shall abide by all instructions and orders issued by the Government.

ANNEXURE-I

Definition of Terms and expressions

Unless the context otherwise requires, the different terms and expression used shall have the meaning assigned to them in the following paragraphs:

1. **APPLICABLE SYSTEMS:** The "applicable system" means all the necessary equipment/ sub-systems engineered to provide CELLULAR MOBILE TELEPHONE SERVICE in accordance with operational/technical and quality requirements and other terms and conditions of the Licence agreement.

2. **Auditor** means the Licensee's auditor for the time being appointed for the purpose and in accordance with the provisions of the Companies Act, 1956.

3. **Base Station** means a fixed radio transmitter/receiver station which provides a link between the mobile telephone station and Mobile Switching Centre (MSC).

4. **Base Station Controller or BSC** means a network element to control a set of base stations and connected to such Base Stations through certain transmission media.

5. **BSNL** means Bharat Sanchar Nigam Limited and/ or its successors.

6. **Cell** means a geographical area served by Station for Wireless Telegraphy which is dedicated to transmitting or receiving Messages which have been or are to be conveyed by Telecommunication systems designed or adapted to, and capable of being used while in motion situated for the time being in that area.

7. **Cellular Mobile Telephone Service (CMTS)** means telecommunication service provided by means of a telecommunication system for the conveyance of messages through the agency of wireless telegraphy where every Message that is conveyed thereby has been, or is to be, conveyed by means of a telecommunication system which is designed or adapted to be capable of being used while in motion. The Cellular Mobile Telephone Service refers to transmission of voice or non-voice messages over LICENSEE's Network in real time only. SERVICE does not cover broadcasting of any messages voice or non-voice, however, Cell Broadcast is permitted only to the subscribers of the service. The subscriber (all types, pre-paid as well as post-paid) has to be registered and authenticated at the network point of registration and approved numbering plan shall be applicable.

8. **Cellular Mobile Telephone Service Provider (CMSP)** means a licensee authorised to provide Cellular Mobile Telephone Service under a Licence, to provide the service in a specified service area.

9. **Cellular Telecommunication System** means a telecommunication system in which:

(i) the area in which services are provided is divided into a number of Cells;

(ii) stations for Wireless Telegraphy comprised in the system are automatically controlled by a central processor;

(iii) the radio frequencies used to connect the Stations for Wireless Telegraphy comprised in the system to telecommunication systems which are designed or adapted to be capable of being use while in motion are assigned automatically;

(iv) conveyance of message which is in progress as the telecommunication system designed or adapted to be capable of being used while in motion transmitting or receiving the Messages which are being conveyed moves from Cell to Cell is Handed-off automatically; and

(v) the strength of the emissions of the Stations for Wireless Telegraphy is automatically controlled so as to secure as far as is technically possible that each Station for Wireless Telegraphy can effectively provide services only in the Cell in which it is located;

10. **Connectable System** means a telecommunication system which is authorised to be run under a Licence to provide public telecommunications service and is authorised to be connected to the Applicable system.

11. **DIRECT EXCHANGE LINE (DEL):** A telephone connection between the subscriber's terminal equipment and the terminal exchange.

12. **DOT** means Department of Telecommunications, Government of India who is also the **Licensor**. DoT & Licensor, wherever used in the Licence agreement are inter-changeable.

13. **EFFECTIVE DATE:** The effective date is the date which is so specified in this license agreement.

14. **Emergency** means an emergency of any kind, including any circumstances whatever resulting from major accidents, natural disasters and incidents involving toxic or radio-active materials.

15. Emergency Services in respect of any locality means the relevant public, police, fire, ambulance and coast guard services for that locality.

16. **ENGINEERING:** The technical application of the dimensioning rules and results thereof in order to provide network resources to meet specified Grade of Service (GOS).

17. **LENDER:** means the parties referred to in the Schedule of the Tripartite Agreement and includes any Syndicate member or participant lender in any syndicate/participation financing.

18. **LICENCE:** Licence means a Licence granted or having effect as if granted under section 4 of the Indian Telegraph Act 1885 and Indian Wireless Act 1933.

19. **LICENSEE**: A registered Indian Company that has been awarded Licence to provide the service, within the geographical boundaries of the specified Service Area.

20. **Message** means anything falling within sub-section (3) of section 3 of the Indian Telegraph Act 1885.

21. **"Mobile Station"** means a station in the mobile service intended to be used while in motion or during halts at unspecified points. Mobile station or mobile handset or user terminal wherever used in the Licence agreement, are inter-changeable.

22. **"Mobile Switching Centre, also known as MSC"** means the switching equipment installed as a part of the network which performs all switching functions of calls for providing various services under the scope of this Licence. All the commercial information and data bases reside in the MSC.

23. **MTNL** means Mahanagar Telephone Nigam Limited.

24. **"Operator"** means any person who is Licensed to run a Relevant Connectable System;

25. **OR/QR Specifications** means technical and quality requirements contained in the OR/QR Specifications of Telecom Engineering Centre, Department of Telecommunications unless otherwise specified.

26. **Public Switched Telephone Network (PSTN)** means a fixed specified switched public telephone network. A two-way switched telecommunications service to the general public.

27. **Public Land Mobile Network (PLMN)** means land based mobile network e.g. Cellular Mobile Telephone Service being operated within the country under Licence from Telecom Authority on non-exclusive basis.

28. **QUALITY OF SERVICE:** "Quality of Service" is evaluated on the basis of observable measure on the grade of service, Calls lost due to wrong processing, the bit error rate or the response time and also includes acceptable grade of number of faults per unit population of the subscriber served, the mean time to restore (MTTR), faults carried over beyond the MTTR and the satisfactory disposal thereof.

29. **SIM CARD:** Subscriber Identity Module (SIM) Card, which is fitted into a mobile station, after which the mobile station can be activated to make or receive telephone calls.

30. **Subscriber:** Subscriber means any person or legal entity, which avails of the Cellular Mobile Telecom Service from the Licensee.

31. **TELECOM AUTHORITY:** The Director General, Telecommunications, Government of India and includes any officer empowered by him to perform all or any of the functions of the Telegraph Authority under the Indian Telegraph Act, 1885 or such authority as may be established by law.

32. **Telephone** means an item of telecommunication apparatus capable when connected to the Applicable System, of transmitting and receiving uninterrupted simultaneous two way speech conveyed, or to be conveyed, as the case may be, by means of that System.

33. **TARIFF:** Tariff means rates and related conditions at which telecommunication services within India and outside India may be provided including rates and related conditions at which messages shall be transmitted to any country outside India, deposits, installation fees, rentals, free calls, usage charges and any other related fees or service charge. The term tariff will have the same meaning as may be defined in the Telecommunication Tariff Orders to be issued by the TRAI from time to time.

34. **TRAI** means Telecom Regulatory Authority of India constituted under the TRAI Act, 1997 as amended from time to time.

35. **User Terminal (UT) or Mobile Terminal (MT), also known as Hand Set or Mobile Station:** means the equipment used by the subscribers to avail the Cellular Mobile Telephone service provided by the licensee.

36. **VSNL** means Videsh Sanchar Nigam Ltd.

37. **WPC** means Wireless Planning and Co-ordination Wing of the Ministry of Communications, Department of Telecommunications, Government of India.

ANNEXURE-II

(Performa for Affidavit regarding details of calculation of "Revenue" and "Licence Fee")

AFFIDAVIT

I ....., aged about ..... years son of Shri ....., resident of ....., do solemnly affirm and state as under:

2. That I am ....of ..... (Name of the Company), licensee of ..... Service in .....Service Area and I am duly authorised by the resolutions dated ..... passed by Board of Directors of the Company to furnish affidavit on behalf of .....(Name of the Company).

3. That in compliance of **Condition** No.. ..... Of Schedule.....Part ..... and **Annexure**.....of the License Agreement No. ..... signed between the Company and the Department Of Telecommunications, for payment of license fee, a payment of Rs. ..... (Rupees .... is being made for the period ..... to ..... . The details of calculation of 'revenue' and license fee is as per **Annexure** ..... (attached).

4. That the contents in para 2 & 3 and Statement made in **Annexure** ___ are true and correct to the best of my knowledge, based on the records of the company.

Deponent.

VERIFICATION:

Verified at _____ on _____ that the contents of paragraphs 1 to 3 of this Affidavit and attached 'Statement of Revenue and License Fee' as Annexure are true and correct to the best of my knowledge, no part of it is false and nothing has been concealed therefrom.

Deponent.

APPENDIX –I TO ANNEXURE-II

Format Of Auditor's Report On Statement Of Revenue And License Fee

To

The Board of Directors

.....

.....

We have examined the attached Statement of Revenue and License Fee of .....(the name of the operators) for the quarter(s) ending _____. We have also examined the reconciliation of the cumulative figures for the quarter(s) ending _____ appearing in the Statement of Revenue and License Fee of the company with the figures appearing in the profit and loss account of the company for the year ended_____ which was audited by us. We understand that the aforesaid statement(s) (and the reconciliation) is /are to be furnished to the Central Government for assessment of the license fee payable by the company to the Government, in terms of the license agreement No..... signed between the company and the Department of Telecommunications.

We report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our view, the company has an adequate internal control system in relation to revenues which is commensurate with its size and the nature of its business. The system, in our opinion, provides reasonable assurance that there is no unrecorded revenue and that all revenue is recorded in the proper amount and in the proper period.
3. No amounts payable in respect of sales tax, service tax or PSTN/toll/roaming charges were outstanding at the last day of the quarter(s) for a period of more than two months from the date they became payable, except for the following:.....
4. In our opinion and to the best of our knowledge and belief and according to the explanations given to us, the Statement has been prepared in accordance with the norms/guidelines contained in the said license agreement in this behalf and gives a true and fair view of the revenue and license fee payable for the period computed on the basis of the aforesaid guidelines except for the following:

* Strike off wherever not applicable.

(SIGNATURE)

APPENDIX-II TO ANNEXURE-II

Format of Statement of Revenue and License Fee
_____(Name and address of operator)
Cellular Mobile Telephone Service in_____(Service Area)
Statement of Revenue and License Fee for the Quarter .....
of the financial year.....

(AMOUNT IN RUPEES)

S.N.	PARTICULARS	ACTUALS OF THE PREVIOUS QUARTER	FIGURES FOR THE CURRENT QUARTER	CUMULATIVE FIGURES UP TO THE PREVIOUS QUARTER
1.	Revenue from Services:			
A.	Post paid options:			
i.	Rentals			
ii	Activation Charges			
iii.	Airtime Revenue			
iv.	Pass through charges			
v.	Service Tax			
vi.	Roaming charges			
vii	Service charges			
viii.	Charges on account of any other value added services. Supplementary Services etc.			
ix.	Any other income/ miscellaneous receipt from post paid options.			
B.	Pre-paid options:			
i.	Sale of pre-paid simcards including full value of all components charged therein.			
ii.	Any other income/ miscellaneous receipt from pre-paid options.			
C. i.	Revenue from Mobile Community phone service including full value of all components charged therein.			
ii.	Any other income/ miscellaneous receipt from Mobile Community phone			

	service.			
2.	Income from Trading activity: (all inclusive of sales tax)			
i.	Sale of handsets			
ii.	Sale of accessories, including simcards etc.			
iii.	Any other income/miscellaneous receipt from trading activity.			
3.	Revenue from roaming.			
i.	Roaming facility revenue from own subscribers.			
ii.	Roaming revenue from own subscriber visiting other networks including STD/ISD/pass thru charges for transmission of incoming call during roaming.			
iii.	Roaming Commission earned.			
iv.	Roaming revenue on account of visiting subscribers from other networks.			
v.	Service Tax if not included above.			
vi.	Any other income/miscellaneous receipt from roaming.			
4.	Income from investments.			
i.	Interest income			
ii.	Dividend income			
iii.	Any other miscellaneous receipt from investments.			
5.	Non-refundable deposits from subscribers.			
6.	Revenue from franchisees / resellers, excluding			

	revenues already included in 1A&1B			
7.	Revenue from sharing/leasing of infrastructure			
8.	Revenue from other operators from sale of bandwidth			
9.	Revenue from other operators on account of pass thru call charges.			
10	Revenue from other operators on account of provisioning of interconnection.			
11.	Miscellaneous revenue.			
AA	GROSS REVENUE OF THE LICENSEE COMPANY: (Add 1-11)			
B	DEDUCT:			
1.	PSTN related Call charges passed on to basic, cellular and long distance service provider(s) (operator-wise)			
2.	Roaming revenues actually passed on to other CMSPs And GMPCS service providers. (operator-wise)			
3.	Service Tax paid to the Government.			
4.	Sales Tax paid to the Government.			
BB	TOTAL DEDUCTION (1-4B)			
CC	Adjusted Gross Revenue (AA-BB)			
	REVENUE SHARE @.....OF ADJUSTED GROSS REVENUE:			

ANNEXURE –III

NORMS FOR PREPARATION OF ANNUAL FINANCIAL STATEMENTS

- Accounts shall be maintained separately for each telecom service operated by the licensee company.
- Any category of accrued revenue, the amount of which exceeds 5% of the total accrued revenue, shall be shown separately and not combined with any other item/category.
- Accrued Revenue shall indicate:
  (a) All amounts billable for the period.
  (b) Any billings for previous years that had been omitted from the previous years' P&L Accounts.
  (c) Any non-refundable deposits collected from the customers/franchisees to the extent these are credited to P&L Account for the year.
- Subsidiary registers/ledgers shall be maintained for each item given above so as to enable easy verification.
- Service revenue (amount billable) shall be shown gross and details of discount/rebate indicated separately.
- Security or any other Deposits taken from the subscriber shall be shown separately, for each category, and the amount that has fallen due for refund but not yet paid also disclosed under two categories, namely:
  - Up to 45 days
  - More than 45 days.
- Service Tax billed, collected and remitted to the Government shall be shown separately.
- Sales Tax billed, collected and remitted to the Government shall be shown separately.
- Details of Income from sales of goods shall be furnished indicating the income and number of items sold under each category. Method of inventory valuation used shall also be disclosed along with computation of cost of goods sold.
- Sales shall be shown gross and details of discount/rebate allowed and of sales returns shall be shown separately.
- Income from interest and dividend shall be shown separately, without any related expenses being set-off against them on the income side of the P&L Account.
- Increase/decrease of stock shall be shown separately.
- Details of reversal of previous years' debits, if any, shall be shown component-wise, under the miscellaneous head (eg. Bad debts recovered etc.)
- Item-wise details of income that has been set off against corresponding expenditure.
- Roaming Charges shall be shown under the following heads separately;
  (a) Roaming airtime charges collected for each external network from own (home) subscribers.
  (b) Roaming airtime charges actually remitted to each external network.
  (c) Roaming commission retained (Network-wise)
  (d) Roaming commission paid (Network-wise)
  (e) Any other variable charges collected and retained/passed on to other operators, with details.
- Total Airtime Units (Metered Units) for home and visiting subscribers and unbilled numbers (e.g. service connections) to be furnished separately.

ANNEXURE-IV

PROFORMA FOR FINANCIAL BANK GUARANTEE

To

The President of India

In consideration of the President of India (hereinafter called 'the Authority') having agreed to grant a Licence to M/s _____ of _____ (hereinafter called 'the LICENSEE') to establish, maintain and operate Cellular Mobile Telephone Service (CMTS) (hereinafter called 'the SERVICE') in _____ circle (Name of Circle) in accordance with the Letter of Intent/Licence No._____ dated _____ (hereinafter called 'the Licence') on the terms and conditions contained in the said Licence, which inter-alia provides for production of a Bank Guarantee to the extent of Rs._____ (in words _____) under the said Licence by way of security for payment of the said Licence fee as well as such other fees or charges required to be paid by the LICENSEE under the Licence. We _____ (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the Bank') at the request of the LICENSEE hereby irrevocably and unconditionally guarantee to the Authority that the LICENSEE shall pay all the dues, including but not limited to, the Licence fee etc. to the Authority.

2. We, the Bank, hereby undertake to pay the Authority an amount not exceeding Rs.....(Rupees.....only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any failure of the LICENSEE to extend the validity of the guarantee or give a fresh guarantee in lieu of existing one in terms of the Licence Agreement, pay all the above mentioned fees, dues and charges or any part thereof within the periods stipulated in the Licence.

3. We, the Bank, hereby further undertake to pay as primary obligor and not merely as surety to pay such sum not exceeding Rs._____ (Rupees _____ Only) to the Authority immediately on demand and without demur stating that the amount claimed is due by way of failure of the LICENSEE to pay any fees or charges or any part thereof in terms of the said Licence.

4. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the decision of the Authority as to whether LICENSEE has failed to pay the said Licence fees or any other fees or charge or any part thereof payable under the said Licence and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on us.

5. WE, THE BANK, DO HEREBY DECLARE AND AGREE that the

(a) Guarantee herein contained shall remain in full force and effect for a period of One Year from the date hereof and that it shall continue to be enforceable till all the dues of the Authority

and by virtue of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said Licence have been fully and properly carried out by the said LICENSEE and accordingly discharged this guarantee.

(b) The Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Licence or to extend time of performance of any obligations by the said LICENSEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said LICENSEE and to forbear or to enforce any of the terms and conditions relating to the said Licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said LICENSEE or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said LICENSEE or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

(c) Any claim which we have against the LICENSEE shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the LICENSEE.

6. We, the BANK, undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

7. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs..... and our Guarantee shall remain in force until....year from the date hereof. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. .... all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities thereunder.

Dated_____ day _____ for _____
(Name of the Bank)

Witness:
1.....
.....
.....
.....

2.....
.....
.....
.....

ANNEXURE -V

PERFORMA FOR PERFORMANCE BANK GUARANTEE

To

The President of India

In consideration of the President of India (hereinafter referred to as 'the Authority') having agreed to grant a Licence to M/s _____ of _____ (hereinafter called 'the LICENSEE') to establish, maintain and operate Cellular Mobile Telephone Service (CMTS Service) (hereinafter called 'the SERVICE') as per Letter of Intent Licence No. _____ dated _____ (hereinafter called 'the said Licence') on the terms and conditions contained in the said Licence, which inter-alia provides for production of a Bank Guarantee to the extent of Rs._____ (in words _____ _____) for the service by way of security for the due observance and performance of the terms and conditions of the said Licence. We _____ (indicate the name and address and other particulars of the Bank) (hereinafter referred to as 'the Bank') at the request of the LICENSEE hereby irrevocably and unconditionally guarantee to the Authority that the LICENSEE shall render all necessary and efficient services which may be required to be rendered by the LICENSEE in connection with and/or for the performance of the said LICENSEE and further guarantees that the service which shall be provided by the LICENSEE under the said Licence, shall be actually performed in accordance with terms & conditions of the LICENSEE to the satisfaction of the Authority.

2. We, the Bank, hereby undertake to pay the Authority an amount not exceeding Rs.....(Rupees.....only) against any loss or damage caused to or suffered or would be caused to or suffered by the Authority by reason of any breach by the said LICENSEE of any of the terms and conditions contained in the said Licence including failure to extend the validity of this guarantee or to give a fresh guarantee in lieu of the existing one.

3. We, the Bank hereby, in pursuance of the terms of the said Licence, absolutely, irrevocably and unconditionally guarantee as primary obligor and not merely as surety the payment of an amount of Rs._____ (Rupees _____ Only) to the Authority to secure due and faithful performance by the LICENSEE of all his/their obligations under the said Licence.

4. We, the Bank hereby also undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the Authority stating that the amount claimed is due by way of loss or damage caused or would be caused to or suffered by the Authority by reason of breach by the said LICENSEE of any of the terms or conditions contained in the said Licence or by reason of the licensee's failure to perform any of it's obligations under the said Licence."

5. We, the Bank, hereby agree that the decision of the Authority as to whether the LICENSEE has failed to or neglected to perform or discharge his duties and obligations as aforesaid and/or whether the service is free from deficiencies and defects and is in accordance with or not of the terms & conditions of the said Licence and as to the amount payable to the Authority by the Bank hereunder shall be final and binding on the Bank.

6. WE, THE BANK, DO HEREBY DECLARE AND AGREE that:

(a) the Guarantee herein contained shall remain in full force and effect for a period of One Year from the date hereof and that it shall continue to be enforceable till all the dues of the Authority and by virtue of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the terms and conditions of the said Licence have been fully and properly carried out by the said LICENSEE and accordingly discharged this guarantee.

(b) the Authority shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Licence or to extend time of performance of any obligations by the said LICENSEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the Authority against the said LICENSEE and to forbear or to enforce any of the terms and conditions relating to the said Licence and we shall not be relieved from our liability by reason of any variation or extension being granted to the said LICENSEE or forbearance act or omission on the part of the Authority or any indulgence by the Authority to the said LICENSEE or to give such matter or thing whatsoever which under the law relating to sureties would but for this provision, have effect of so relieving us.

(c) any claim which we have against the LICENSEE shall be subject and subordinate to the prior payment and performance in full of all the obligations of us hereunder and we will not without prior written consent of the Authority exercise any legal right or remedy of any kind in respect of any such payment or performance so long as the obligations of us hereunder remains owing and outstanding.

(d) This Guarantee shall be irrevocable and the obligations of us herein shall not be conditional of any prior notice by us or by the LICENSEE.

7. We the BANK undertake not to revoke this Guarantee during its currency except with the previous consent of the Authority in writing.

8. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs..... and our Guarantee shall remain in force until....year from the date hereof. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. .... all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities thereunder.

Dated_____ day _____ for _____
(Name of the Bank)

Witness:
1.....
.....
.....
.....
2.....
.....
.....
.....