



Telecom Regulatory Authority of India



Recommendations
on
“Terms and Conditions of Unified License (Access Services)”

(Reference by the Department of Telecommunications

Dated 21.12.2012)

2nd January, 2013

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CHAPTER 1

INTRODUCTION

- 1.1 The Authority recommended the 'Guidelines for Unified Licence/Class Licence and Migration of Existing Licences' dated 16th April 2012 after undertaking an exhaustive consultation. The Authority had given further recommendations dated 12th May 2012 based on the back-reference made by DoT. This entire process included consultation on 'Draft Guidelines for Unified Licensing Regime' dated 16th January 2012 and subsequently consultation on 'Draft Guidelines on Unified Licence /Class Licence and Migration of Existing Licences' on 10th February 2012, seeking comments of all stakeholders.
- 1.2 After receiving recommendations of the Authority, the DoT formed an internal committee (referred to as the 'DoT Committee'). Based on the DoT Committee's recommendations, the Telecom Commission has taken decisions, which, interalia, have been incorporated in a draft UL (AS) agreement.
- 1.3 The Department of Telecommunications (DoT) through its letter no. 20-281/2010-AS-I dated 21.12.2012 has referred the "Terms and Conditions for Unified Licence (Access Services)" to TRAI and requested the Authority to "examine and concur" with the terms and conditions of the UL (AS) by 28.12.2012, in view of the fact that the DoT has to submit a status report in respect of the grant of licences to the Supreme Court by 11.1.2013. The letter also states that the terms and conditions of UL (AS) have been finalized after taking into account decisions taken by the Government on TRAI's recommendations of April 2012 in respect of Access Services and specifically in respect of delinking of spectrum from the licence. The letter also clearly conveys that the UL (AS) will only be issued to the successful

new entrants in the auction of spectrum held in November 2012 as an interim measure. **(Annexure-I)**

1.4 While formulating its recommendations on this reference of the DoT, the Authority consciously decided not to go in for a detailed consultation process because of the following reasons:

- a. An elaborate consultation had preceded the Authority's recommendations of April 2012. Further, the DoT has stated in its letter that the draft UL (AS) licence has, inter-alia, included the recommendations of TRAI dated 16th April 2012 and 12th May 2012, which were formulated after detailed and extensive consultation.
- b. The draft UL (AS) is proposed to be given to a limited number of TSPs, who have acquired spectrum in the auction held in November 2012.
- c. The UL (AS) being given is an interim arrangement.
- d. Due to urgency of the matter, in view of the Hon'ble Supreme Court's order, licences are to be given by 18th January 2013.

1.5 Even though the Authority is of the opinion there is no necessity to go through a consultation process at this juncture, the Authority is clear that, while granting the UL (AS), the DoT should clarify that this arrangement is transitional in nature and that that this licence is only for those bidders whose licence had been quashed by the order of the Hon'ble Supreme Court and were successful in the recently held auction. The Authority recommends that, as and when the terms and conditions of the Unified Licence are finalised, these UL (AS) licensees will compulsorily have to migrate to the new regime; an undertaking to this effect may be taken from such licensees.

- 1.6 The Authority would also like to clarify the position vis-à-vis the DoT's request to "examine and concur" with the proposed terms and conditions given in the draft UL (AS). The TRAI Act does not contain any provision for the Authority to give "concurrence" to the DoT's proposals. On the contrary, it is the Authority's responsibility to make recommendations either *suo motu* or in response to a request of the Licensor. The use of the word "concur" is, therefore, inappropriate. Being terms and conditions of a new licence (even if interim), these recommendations are being given under the provisions in clause 11(1) (a) (ii) of TRAI Act.
- 1.7 In its letter dated 21.12.2012, the DoT has also stated that, after detailed deliberations on the recommendations of TRAI and in the background of provisions in the National Telecom Policy – 2012, it has been decided that the future Unified Licences should take into account the provisions of National Telecom Policy-2012. The Authority would like to state that since giving its recommendations on Unified Licences on 16th April and 12th May 2012, no communications has been received from the DoT regarding acceptance or rejection of these recommendations. Moreover, the Government has finalized the broad structure of the Unified Licence in NTP-2012 **before** deliberating on the Authority's recommendations on Unified Licences, notwithstanding the fact that provisions of the TRAI Act **mandate** that the Government **shall** seek the recommendations of the Authority on terms and conditions of Licence to a service provider.

CHAPTER 2

RECOMMENDATIONS ON DRAFT UNIFIED LICENCE (ACCESS SERVICE) AGREEMENT

- 2.1 In the earlier regime of the UAS licence, spectrum was bundled with the licence. However, in accordance with the decision of the Government, spectrum has now been delinked from the licence. The regime existing hitherto has been discontinued. Before giving its recommendations on various terms and conditions of the draft UL (AS) referred by the DoT, the Authority would like to emphasize the following.
- 2.2 Firstly, since spectrum has been delinked from the licence in the new regime and has to be obtained independently, the terms and conditions relating to various spectrum bands should not be a part of the Unified Licence. For the different bands of spectrum assigned, a separate Wireless Operating Licence (WOL) should be given to the licensee. Accordingly, the Authority envisages that there will be two separate licences viz. a National level/Service Area level Unified Licence and a separate Wireless Operating Licence. This will also eliminate the need to amend the service licence every time the operator gets spectrum in different bands.
- 2.3 Secondly, it is seen that the terms and conditions in the draft UL (AS) are more or less the same as those in the Service Area level Unified Licence recommended by TRAI on 16th April and 12th May 2012. Therefore, it could just as well be renamed as the Service Area level Unified Licence.
- 2.4 In the Notice Inviting Application (NIA) dated 28th September, 2012 for the auction of spectrum in 800/1800 MHz bands, key features of the Unified Licence (AS) have been already notified by the DoT. The NIA document is legally binding on both the DoT and the bidders. However,

the Authority strongly recommends that the DoT should incorporate the Authority's recommendations in the proposed Unified Licence.

2.5 In the NIA for auction of spectrum in 800/1800 MHz bands, it is stated that the 900/1800 MHz bands shall be treated as same band for the purpose of roll-out obligations. This is notwithstanding the fact that spectrum is liberalized in the new regime. It is not clear as to why this special provision is made for 900 and 1800MHz band.

2.6 The recommendations on various clauses(named 'Conditions' in the draft agreement) of the draft UL (AS) agreement are given below:

(i) Clause 1: Ownership of the LICENSEE Company

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

Note: Any legal entity having substantial equity in existing Basic / Cellular/ UAS LICENSEEs in the same service area shall not be eligible for UL (AS).

TRAI View

During the consultation process for the formulation of the Guidelines of the Unified Licence, one of the concerns raised by stakeholders was that if a group company having NLD/ILD/ISP licence migrates to National level Unified Licence, it will overlap with the Service Area UASL/CMTS Licences of its other Group Entities. As mentioned in Para 2.56 of its recommendations dated 16th April, 2012, the Authority recognised that, bringing NLD/ILD under the Unified Licensing Regime and creating a

National level and Service area level Unified Licence may result in a situation wherein a company/promoter has substantial equity holding in both, a National level licence and a Service area level Unified Licence. This would result in a breach of the relevant clause in the draft guidelines. It was in this backdrop that the Authority recommended that the restrictions on cross-holding in more than one Licensee Company in the same service area be applicable **only if they have been allocated spectrum.**

In Para 2.57 and 2.58 of its recommendations of April 2012, the Authority had also noted that when the UAS licence regime was introduced in November 2003, companies who were holding both Basic and CMTS licences in the same service area were given exemption from the cross holding restriction. In order to ensure the principle of ‘no worse off’ on migration to the Unified Licensing Regime, the Authority recommended continuation of the exemption from cross-holding restrictions to such companies.

The cross-holding restriction, recommended by the Authority, is mentioned in Clause 29 of its recommendations dated 16th April 2012, which is reproduced below:

“Allocation of access spectrum will be made service area-wise. In the event a Licensee, or a single company/ legal person having substantial equity in the Licensee company, has substantial equity of more than 10%, directly or indirectly, in any other Licensee in the same service area, access spectrum can be bid for, by only one of such Licensees. In the event one of such Licensee has already been allocated access spectrum, only such Licensee will be entitled to bid for the additional spectrum in that service area. In the event both the Licensees have been allocated access spectrum, only one of them will be entitled to bid for the access spectrum.

Provided that this shall not be applicable to Licensees which were covered by the Note under Clause 1.4 of the UAS licence conditions.”

It is mentioned in the DoT Committee report that “TRAI has not made any recommendations about substantial equity holding of 10% or more in any of the above category (ie UL/CL/Licence through Authorisation)..... For ensuring competition, the current substantial equity requirements will have to be applied when the entity has access spectrum. Therefore, whenever, a UL tries to obtain spectrum at a later date, difficulties will be experienced in changing the equity holding of the companies. Hence committee is of the view that substantial equity clause may be added in the eligibility conditions of the UL/CL/Licence through Authorisations. Same may be reflected in the eligibility conditions of the respective guidelines also.”

The Authority differs from the above observation made by the Committee. The Authority is of the opinion that there seems to be no requirement of keeping the substantial equity /cross holding requirement in the Unified Licence, as the spectrum is not linked with the licence. In the earlier regime of the UAS licence, spectrum was bundled with the licence. However, in view of the Government’s decision, spectrum has now been delinked from the licence and the regime existing hitherto has been discontinued. Therefore, in future, while spectrum will be obtained on a Service Area basis, the licence could be a National level Unified Licence, with provisions to provide NLD/ILD/VSAT etc. Also, retaining the Substantial Equity Clause in the licence, would make migration of the company to a National Level UL non-feasible, if any other company of the same group company have UASL/CMTS/UL (AS) in some of Service Areas.

However, the Authority agrees with the Committee that the relaxation given to the Licensees which were covered by the Note under Clause 1.4 of the UAS licence conditions shall be applicable for the purpose of their participation in the auction for spectrum in the same band (800 or 900/1800 MHz) in which they already possess the spectrum.

As the clause, quoted above, will be applicable only if the licensee acquires the access spectrum, it should be included in the WOL Agreement.

Recommendation of TRAI

The Substantial Equity/Cross-Holding Requirement should only be linked to spectrum holding and this condition should be included in the WOL Agreement.

(ii) Clause 1.7

The Licensee shall take prior permission of the LICENSOR for the sale of equity within the lock in period as indicated in Part VII of this licence agreement.

TRAI View

As this condition more relevant in case of those licensees who are holding access spectrum, accordingly this condition should be should be included in the WOL Agreement.

Recommendation of TRAI

This condition should be should be included in the WOL Agreement.

(iii) Clause 1.8

The Licensee has to maintain all the eligibility conditions including paid up equity, networth, FDI and substantial equity/ cross holding requirements during the currency of licence.

TRAI View

As mentioned in Clause 1, Cross Holding Requirement should only be linked with Spectrum holding.

Recommendation of TRAI

The Licensee has to maintain all the eligibility conditions including paid up equity, networth and FDI during the currency of licence.

(iv) Clause 2: Scope of Licence

2.2 (a)(i) *The SERVICES cover collection, carriage, transmission and delivery of voice and/or non-voice MESSAGES over LICENSEE's network in the designated SERVICE AREA and includes provision of all types of access services. Access Service Provider can also provide Internet Telephony, Internet Services including IPTV and Broadband Services.*

(iv) While roaming on other service providers network, the subscriber shall be allowed to avail only those services / facilities which have been subscribed in it's home network.

2.2 (b)(i) *Further, the LICENSEE can also provide Voice Mail, Audiotex services, Video Conferencing as value added services over its network to the subscribers falling within its SERVICE AREA on non-discriminatory basis. The LICENSEE shall not provide any service except as mentioned above, which otherwise shall require a separate licence. The LICENSEE shall also not provide broadcasting services, for which a separate licence / registration is required as per Cable TV Act 1995 and guidelines for DTH Licence issued by Ministry of Information and Broadcasting or any other broadcasting service.*

2.2 (C) (i) *In respect of subscriber availing limited mobility facility, the mobility shall be restricted to the local area i.e. Short Distance Charging Area (SDCA) in which the subscriber is registered. While deploying such systems, the LICENSEE has to follow the SDCA based linked numbering plan in accordance with the National Numbering Plan of the respective SDCA within which the service is provided and it should not be possible to authenticate and work with the subscriber terminal equipment in SDCAs other than the one in which it is registered. Terminal of such subscriber in wireless access system can be registered in only one SDCA. Multiple registration or Temporary subscriber/ Subscription facilities in more than one SDCA using the same Subscriber terminal in wireless access systems*

is not permitted and the same Subscriber Terminal cannot be used to avail Limited Mobile facility in more than one SDCA. The system shall also be so engineered to ensure that hand over of subscriber does not take place from one SDCA to another SDCA under any circumstances, including handover of the calls through call forwarding beyond SDCA. The LICENSEE must ensure that the mobility in case of such limited mobile service/ facility remains restricted to SDCA.

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

TRAI View

Clause 2.2(b) (i):-The definition of value added services, as mentioned in the Clause 2.2 (b)(i) is too restrictive and covers only Voice Mail, Audiotex services, and Video Conferencing. The scope of work for Service Area level UL, as recommended by TRAI, includes all Value Added services. 'Value Added Services' has been defined by TRAI in its recommendations of May 2012 on Unified Licence as quoted below

“Value added services are enhanced services, in the nature of non-core services, which either add value to the basic tele services or can be provided as standalone application services through telecommunication network, the basic services being standard voice calls, voice/non-voice messages, fax transmission and data transmission.”

Clause 2.2(c) (i):-The Clause in Clause 2.2(c)(i) was introduced in the UAS licence in the context of limited mobility services using WLL. In the present context when spectrum is being auctioned, this clause is no longer relevant. Therefore, it may be deleted.

Clause 2.3:-In view of the provision of National/ International long distance voice service through Calling Cards in NLD/ILD licence, TRAI has issued regulation and direction to facilitate the same. Therefore, Clause 2.3 requires amendment to include the same.

Recommendation of TRAI

Clause 2.2 (b) (i) should be modified as given below:

“Further, the LICENSEE can also provide Voice Mail Services, Audiotex services, videoconferencing, Unified Messaging Service and other value added services within its licence area over its network to the subscribers falling within its SERVICE AREA on non-discriminatory basis. However, intimation before providing any other VALUE ADDED SERVICE has to be sent to the LICENSOR and TRAI as per the Clause ‘Provisioning of Services’. The LICENSEE shall not provide any service except as mentioned above, which otherwise shall require a separate licence. The LICENSEE shall also not provide broadcasting services, for which a separate licence / registration is required as per Cable TV Act 1995 and guidelines for DTH Licence issued by Ministry of Information and Broadcasting or any other broadcasting service.”

Clause 2.2(c) may be deleted.

Clause 2.3 should be amended as given below:-

“LICENSEE shall be free to carry intra-Service Area long distance traffic without seeking an additional licence. However, the subscriber of the intra-Service Area long distance calls, shall be given the choice to use the network of another Service Provider in the same service area subject to LICENSOR’s/TRAI’s regulations/directions/orders. The LICENSEE can also enter into

mutual agreements with National Long Distance Operators for carrying intra-Service Area Long Distance traffic.”

(v) Clause 6: Restrictions on ‘Transfer of Licence’

Note appended to Clause 6.4: The terms and conditions of the Tripartite Agreement shall be provided by the LICENSOR as and when requested by the LICENSEE and the Tripartite Agreement so signed shall become part of this licence agreement as annexure.

TRAI View

In the UAS Licence Agreement, the format of tripartite agreement is prescribed, which needs to be executed amongst the Licensor, Licensee and Lenders to fulfil one of the conditions for transfer or assignment of the licence. Now, spectrum has been delinked from the licence. Therefore, there is a need to include ‘Spectrum’ in the tripartite agreement to facilitate raising of capital by the Licensee. In the NIA, it is mentioned that “*the existing Tripartite Agreement (TPA) as in the UAS licences may be modified appropriately to include ‘Spectrum’, to facilitate the funding of telecom projects.*”

Therefore, the Authority is of the opinion that the format of the modified tripartite agreement, after including ‘Spectrum’, should be prescribed in the WOL Agreement.

Recommendation of TRAI

The Authority recommends that the format of tripartite agreement, to be executed amongst the Licensor, Licensee and Lenders, should be modified after including ‘Spectrum’ and should be prescribed in the WOL Agreement.

(vi) Clause 7: Provision of Service

7.1 The LICENSEE shall be responsible for, and is authorized to own, install, test and commission all the Applicable systems for providing the SERVICE under this Licence agreement. Any service, permitted under the scope of this Licence Agreement, shall be launched by the LICENSEE only after prior approval of the LICENSOR. The LICENSEE shall intimate to the LICENSOR atleast 35 days in advance before commercial launch of any service along with the details of adequate facilities for monitoring of the service available with the LICENSEE.

TRAI View

The Authority is of the opinion that prior approval of Licensor should not be required to launch any service permitted under the scope of this Licence Agreement. Prior intimation by licensee before launch of the service should suffice.

As per clause 11 (1)(b)(i) & 11 (1)(b)(v) of the TRAI Act 1997 (as amended), TRAI is responsible to ensure compliance of terms and conditions of licence and to lay down standards of quality of service to be provided by the service providers. Therefore, the LICENSEE should also intimate to TRAI in advance before commercial launch of any service.

Recommendation of TRAI

The Authority recommends that the above clause should be modified as given below:

“The LICENSEE shall be responsible for, and is authorized to own, install, test and commission all the Applicable systems for providing the SERVICE under this Licence agreement. Before the commercial launch of any service, permitted under the scope of this Licence Agreement, the LICENSEE shall intimate to the LICENSOR and TRAI

at least 35 days in advance along with the details of adequate facilities for monitoring of the service available with the LICENSEE”.

(vii) Clause 8: Delivery of service

8.1 The Licensee shall intimate the Licensor of Commencement of Service within 15 days of such commencement.

TRAI View

As per clause 11 (1)(b)(i) & 11 (1)(b)(v) of the TRAI Act 1997 (as amended), TRAI is responsible to ensure compliance of terms and conditions of licence and to lay down standards of quality of service to be provided by the service providers. Therefore, the LICENSEE should also intimate TRAI of Commencement of Service within 15 days of such commencement.

Recommendation of TRAI

The Authority recommends that the above clause should be modified as given below:

“The Licensee shall intimate the Licensor and TRAI of Commencement of Service within 15 days of such commencement.”

(viii) Clause 10: Suspension, revocations or Termination of Licence

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

TRAI View

As mentioned in its recommendations dated 16th April 2012 on Unified Licence, presently most licences provide for imposition of penalty up to a maximum of Rs. 50 crore. In the absence of any laid down guidelines, the service providers are often imposed the maximum penalty even if violations are of a minor nature. In order to streamline the process and to rationalise the penalty structure, the Authority has recommended imposition of penalties based on the type/nature of violation – minor and major (Guiding principles to determine minor and major violations were given in TRAI’s recommendations dated 16th April 2012) and the number of occurrences of the violation. The maximum penalty amount was reduced from Rs. 50 crore to Rs. 10 crore. The quantum of penalty, which was recommended by the Authority, is given in the table below:

No. of times	Minor violation	Major violation
1st	1 lakh	50 lakh
2nd	5 lakh	2.5 crore
3rd	25 lakh	5 crore
4 th and subsequent violations	25lakh	10 crore

However, the Authority is of the opinion that after 4th major violation, the licence will be liable for cancellation.

Further, as per the NIA, the Entry Fee for the proposed licence is Rs. 1 (One) crore for each Service Area Level UL except for Jammu & Kashmir

(J&K) and North East (NE) Service Areas where Entry Fee has been prescribed as Rs. 50 (Fifty) lakh each. Also, Net Worth and Paid-up equity requirement are only Rs. 2.5 crore each for each service area. Therefore, the proposed amount of a maximum penalty of Rs. 50 (Fifty) crore is entirely disproportionate. Moreover, the Licensor has the power to terminate the Licence for violation of terms and conditions which itself is a big deterrent for the Licensee.

In the back reference dated 2nd May 2012, the DoT mentioned that it was also separately looking into setting up criteria for imposition of penalty and that penalty imposition principles given by TRAI would be kept in mind while finalising the criteria. But, the DoT has not, so far, forwarded any report in this regard.

As per clause 11 (1) (b) of the TRAI Act 1997 (as amended), TRAI is responsible to ensure compliance of terms and conditions of licence and to perform various other regulatory functions. Therefore, there should be a provision that, apart from the licensor, TRAI may also impose the penalty.

In view of above, the penalty clause should be suitably modified.

Recommendation of TRAI

The Authority recommends that the Penalty clause should be modified as given below:

“The LICENSOR/TRAI may also impose a financial penalty as per the table given below for violation of terms and conditions of licence agreement. This penalty is exclusive of Liquidated Damages as prescribed in this Licence Agreement.

No. of times	Minor violation	Major violation
1st	1 lakh	50 lakh
2nd	5 lakh	2.5 crore

3rd	25 lakh	5 crore
4th	25lakh	10 crore
Subsequent violations	25lakh	Liabe for cancellation of licence

”

(ix) Clause 16: General

16.4 The Statutory provisions and the rules made under Indian Telegraph Act 1885 or Indian Wireless Telegraphy Act, 1933 or Information Technology Act, 2000 shall govern this Licence agreement. Any order passed under these statutes shall be binding on the LICENSEE.

TRAI View

The Authority is of the view that TRAI Act, 1997 (as amended) should also be included in the above Clause.

Recommendation of TRAI

The Authority recommends that the Clause 16.4 should be modified as given below:

“16.4 The Statutory provisions and the rules made under Indian Telegraph Act 1885 or Indian Wireless Telegraphy Act, 1933, TRAI Act, 1997 (as amended) or Information Technology Act, 2000 shall govern this Licence agreement. Any order passed under these statutes shall be binding on the LICENSEE.”

(x) Clause 19: Definition of ‘Adjusted Gross Revenue’

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

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

TRAI View

On the issue of exclusion of roaming revenues from the definition of AGR, the Authority would also like to invite the DoT’s attention to its letter no.103-4/2010-MN/16 dated 28th January 2011, wherein TRAI had sought a clarification from the DoT, whether the charges paid by a service provider to another for intra-circle roaming comes under the definition of pass-through revenue for calculating AGR. The DoT in its letter no. 842/725/2005-VAS (Pt.)/22 dated 31st May 2011, had clarified that:

“As per definition of Adjusted Gross Revenue (AGR) as contained in Clause 19.2 of UASL agreement, roaming revenues actually passed on to other eligible/entitled telecommunication service providers shall be excluded from the Gross Revenue to arrive at the AGR.

The intra circle roaming charges come under above category, the same may be allowed as deductions”.

The Authority is of the view that unlike inter-service area roaming, where the licensee cannot have its own network in the licensed area being visited by its subscriber, in intra-service area roaming, the licensee has the option to either build its own network or use someone else network through intra-service area roaming arrangement. As such treating both inter and intra- service area roaming in a similar fashion for the purpose of pass through may have revenue implications. Prior to 12th June 2008,

only inter-service area roaming was permitted. Therefore, the roaming revenue mentioned in Clause 19.2 of the UL(AS)Licence (quoted above) probably refers to the revenue relating to **inter-service area roaming**. In this context, the Authority had already written to the DoT vide its letter No. 102-11/2011-MN dated 20th October 2011 to re-examine the matter.

Recommendation of TRAI

“Intra-service area roaming revenues should not be excluded from GR for calculating the AGR of the service provider.”

(xi) Clause 21.1: Performance Bank Guarantee

Performance Bank Guarantee (PBG) in prescribed format shall be submitted for amount equal to Rs.10 Crores before signing the Licence Agreement to cover violation of licence conditions and to ensure the performance under the licence agreement including compliance of instructions issued by the LICENSOR from time to time. This PBG shall remain valid during the entire currency of the licence agreement.

TRAI View

In the present UAS licence, the PBG has been prescribed on account of roll out obligations. As per Clause 21.1 of UAS licence, the PBG gets released after the licensee fulfils the roll out obligations. In the Unified Licence, spectrum has been delinked from the licence; hence no roll-out obligations were prescribed as part of the Licence. Accordingly, the Authority had not recommended any PBG in the Unified Licence.

The DoT committee has mentioned that the Bank Guarantee is required to cover violation of Licence conditions /to ensure the performance of contract i.e. the Licence agreement. In the proposed Licence Agreement, there is provision that the LICENSOR may, without prejudice to any other remedy available for the breach of any conditions of LICENCE, terminate this LICENCE if, inter alia, fails to perform any obligation(s) under the LICENCE including timely payments of fee and other charges due to the LICENSOR or recommended by TRAI for termination of LICENCE for non-compliance of the terms and conditions of the LICENCE.

The purpose of insisting on a PBG is to ensure that the licensee complies with the obligations cast upon it by virtue of the grant of a particular licence. In the present case, two licences- UL (AS) and Wireless Operating Licence (WOL) would be given to the successful bidders. Obligations

related to roll-out of services had been made a part of the WOL and a PBG for the same is being mandated. No separate obligations are being cast in the UL (AS). Further, for violation of licence terms and conditions, the provision of imposing a penalty including cancellation of the Licence already exists. As such, there is no justification for a separate PBG in the UL (AS).

Recommendation of TRAI

Clause 21.1 Performance Bank Guarantee should be deleted from the UL (AS); it can and should be retained as part of the WOL.

(xii) Clause 26: Network Interconnection

26.2 The LICENSEE may enter into suitable arrangements with other Telecom 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.

26.3 The provision of any equipment and its installation for the purpose of Interconnection shall be subject to mutual agreement of the concerned parties.

TRAI View

Clause 26.2 and 26.3 need suitable modification so as to ensure that they are conforming to TRAI's regulations/directions/orders.

Recommendation of TRAI

The Authority recommends that Clause 26.2 and 26.3 should be modified as given below

26.2 "The LICENSEE may enter into suitable arrangements with other Telecom Service Providers to negotiate interconnection Agreements, conforming to TRAI's Regulations, Directions and Orders, whereby the interconnected networks will provide the following:....."

26.3 “The provision of any equipment and its installation for the purpose of Interconnection shall be subject to mutual agreement of the concerned parties, conforming to TRAI’s Regulations and orders.”

(xiii) Clause 29: Emergency and Public Utility Services

29.2 The licensee shall follow the guidelines /directions/ standard operating procedures as may be prescribed for the disaster management/emergency response services or any other instruction issued by LICENSOR.

TRAI View

In order to facilitate a mechanism wherein important functionaries engaged in ‘response and recovery’ work during emergencies get calls on priority, TRAI has issued a consultation paper on “Telecom network failures during Emergencies/Disasters –Priority routing of calls of persons engaged in ‘response and recovery’ ”. Further TRAI is also carrying out a consultation process in respect of issues involved in implementation of single number based Emergency Communication System in India. Therefore, the Clause referred above needs modification.

Recommendation of TRAI

The Authority recommends that Clause 29 should be modified as given below:

“The licensee shall follow the guidelines/directions standard operating procedures as may be prescribed for the disaster management/emergency response services or any other instructions issued by LICENSOR/TRAI.”

(xiv) Clause 45.4: Roll-out Obligations in respect of Spectrum in 1800MHz Band Allotted pursuant to the Auction of Spectrum held in November 2012 vide NIA dated 28.09.2012

45.4 (xi) Each milestone of the rollout obligations as mentioned above would be considered as separate phase of rollout obligations. Thus, there will be five phases of rollout obligations. The phase numbers of individual phases of rollout obligations are as follows:

Phase 1: Coverage of the Delhi, Mumbai and Kolkata Service Areas and Coverage of 10% DHQs/ Towns in all other service areas as per sub-clause (i) and (ii) above.

Phase 2: Coverage of 50% DHQs/ Towns as per sub-clause (ii) above. .

Phase 3: Coverage of 10% BHQs as per sub-clause (v) above.

Phase 4: Coverage of additional 10% BHQs (Cumulative 20% BHQs) as per sub-clause (v) above.

Phase 5: Coverage of additional 10% BHQs (Cumulative 30% BHQs) as per sub-clause (v) above.

(Phase 2 to 5 shall not apply in case of Delhi, Mumbai and Kolkata Service areas)

TRAI View

As per Clause 45.7 to 45.9 of draft UL(AS), the licensee is required to register with respective TERM cell of the DoT which will carry out the Roll-out coverage testing as per Test Schedule/Test procedure (TSTP). Thus, presently compliance of roll-out obligation is linked to coverage testing alone. It was noticed in the past that some licensees, who otherwise technically complied with the roll-out obligations, had either not started commercial services or the number of BTSs installed was

negligible. The Authority is of the opinion that the very purpose of mandating the roll-out obligations is to ensure that the licence and the spectrum given thereunder is effectively utilised to give service to the public. Therefore, in view of Authority, for the purpose of compliance of roll out obligations, the licensee should not only employ sufficient number of BTSs/Node-Bs for the required coverage, it should also launch the services commercially, file the tariff with TRAI as per TRAI's Telecom Tariff Order, and make arrangements for subscriber complaint redressal.

Recommendation of TRAI

The Authority recommends to incorporate the following in Clause 45.4 and include it in the WOL agreement.

“For the purpose of compliance of roll-out obligations, the following needs to be fulfilled by the LICENSEE in each phase of the roll-out before offering it for testing:

- i. Installing sufficient number of BTSs/Node-Bs for the required coverage,***
- ii. Launch the services commercially,***
- iii. File the tariff with TRAI as per TRAI's Telecom Tariff Order,
AND***
- iv. Make arrangement for subscriber complaint redressal.”***

(xv) Clause 47.1: Performance Bank Guarantee for Rollout Obligations

PBG for spectrum

47.1 (i) Performance Bank Guarantee (PBG), in prescribed format as given in Annexure VII to this licence, shall be submitted for amount equal to Rs. 35.00 Crores by the LICENSEE per service area valid for a minimum period of six years before signing the Licence Agreement. The validity period of PBG can be further extended by the LICENSOR depending upon the requirement for a period not exceeding two years from the due date of expiry of the earlier PBG.

TRAI View

In all the service areas, except Delhi, Mumbai and Kolkata, there are five phases of roll-out obligations. The maximum period of breach allowed for completion of each phase of roll-out obligations is one year and the maximum possible penalty in each phase is prescribed as Rs. 7 crore. Default beyond this period will result in cancellation of the Licence. Only in the case of Phases 2 and 3 roll-out obligations, is the time line for completion the same. Therefore, at any point of time, a licensee cannot be in violation of more than two consecutive phases, for which the maximum possible penalty can only be Rs. 14 crore.

In the case of Delhi, Mumbai and Kolkata, the licensee has to ensure that the Service areas are covered within one year from the effective date of the Licence or the date of allotment of spectrum won in the above referred auction process, whichever is later; and there will be no roll-out obligation relating to Block Headquarters. Therefore, the maximum possible penalty at any point of time is Rs. 7 crore in the case of Delhi, Mumbai and Kolkata.

Recommendation of TRAI

The Authority recommends that the Clause 47.1 (Performance Bank Guarantee for Roll-out Obligations) should be amended as given below and be included in the WOL agreement:

“In respect of each of the service areas, except Delhi, Mumbai and Kolkata, Performance Bank Guarantee (PBG), in prescribed format as given in Annexure VII to this licence, shall be submitted for an amount of Rs. 14.00 crore by the LICENSEE per service area valid for a minimum period of six years before signing the Licence Agreement. The validity period of PBG can be further extended by the LICENSOR depending upon the requirement for a period not exceeding two years from the due date of expiry of the earlier PBG. In case of Delhi, Mumbai and Kolkata, the Performance Bank Guarantee (PBG), in prescribed format as given in Annexure VII to this licence, shall be submitted for an amount of Rs. 7.00 crore by the LICENSEE per service area valid for a minimum period of two years before signing the Licence Agreement. The validity period of PBG can be further extended by the LICENSOR depending upon the requirement for a period not exceeding two years from the due date of expiry of the earlier PBG.”

(xvi) Clause 48: Spectrum Usage Charges

For the purpose of calculation of spectrum usage charge, there shall be a minimum AGR which shall be not less than 5% of the bid amount. The calculation of spectrum usage charges shall be on the basis of minimum AGR or the actual AGR whichever is higher. However, while calculating 'AGR' for limited purpose of levying spectrum charges based on revenue share, revenue from wireline subscribers shall not be taken into account.

TRAI View

TRAI in its recommendations dated 16th April 2012 on Unified Licence has recommended that *“For the limited purpose of levying spectrum charges, only the revenue from the wireless services shall count towards AGR calculation.”*

Recommendation of TRAI

The Authority reiterates its recommendations dated 16th April 2012 on Unified Licence that *“For the limited purpose of levying spectrum charges, only the revenue from the wireless services shall count towards AGR calculation.”*

- (xvii) The Authority also recommends that the revised definition of the Spectrum Usage Charge (SUC) should be applicable not only for new licensees, but for all existing UASL/CMTS licensees also, so as to provide a level playing field.**

(xviii) Part – VI : Security Conditions

TRAI View

It is understood that, security conditions, that have been included in the Licence Agreement, are finalised after discussions between the DoT and security agencies. Therefore, these conditions have not been examined.

(xix) New Clauses (to be added in the Licence Agreement): Spectrum Audit

TRAI View

TRAI in its recommendations of May 2010 had recommended that the Authority would undertake regular spectrum audit through appropriate means. Moreover, in the NIA dated 28th September 2012 for 'Auction of Spectrum in 1800MHz and 800MHz Bands, it is mentioned that 'For the efficient management of available spectrum, TRAI/ DoT may undertake regular spectrum audit.'

The Authority is of the view that it should be made part of the WOL Agreement.

Recommendation of TRAI

The following clause should be included in the WOL agreement.

“TRAI may undertake regular spectrum audit for efficient management of available spectrum. For conducting audit of the spectrum, the licensees shall provide all data, reports, test equipments & other accessories etc. The Licensee will also permit inspection of its installations and network sites to TRAI personnel and fully cooperate in conducting the spectrum audit.”

(xx) New Clauses (to be added in the Licence Agreement): Spectrum Sharing

TRAI View

In the NIA, it is mentioned that operators whose entire spectrum holding in a particular band (900MHz/ 1800MHz and 800MHz) is/ has been liberalised would be permitted to share spectrum without any additional one-time spectrum charge. Detailed guidelines regarding sharing of spectrum and one-time charges for liberalising spectrum currently held would be issued in due course.

The Authority is of the view that it should be made part of the WOL Agreement.

Recommendation of TRAI

The following clause should be included in the WOL agreement.

“Operators whose entire spectrum holding in a particular band (900MHz/ 1800MHz and 800MHz) is/ has been liberalized would be permitted to share spectrum without any additional one-time spectrum charge. These will be governed by guidelines issued by LICENSOR from time to time. Also, detailed guidelines regarding sharing of spectrum and one-time charges for liberalising spectrum currently held would be issued in due course.”

“Spectrum trading is not permitted, at present.”

Ministry of communications and IT
Department of Telecommunications
Sanchar Bhawan, 20, Ashoka Road, New Delhi.110001
(AS Cell)

No.20-281/2010-AS-I

Dated: 21.12.2012

To

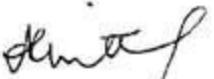
The Secretary
TRAI

Sub: Terms and Conditions for Unified License (Access Services)

Reference is invited to TRAI recommendations of 16.4.2012 on Unified License and further recommendations dated 12.5.2012 based on the back reference made by DoT.

2. After detailed deliberations on the recommendations of TRAI and in the background of provisions in the National Telecom Policy – 2012 it has been decided that the future Unified License should take into account the provisions of National Telecom Policy – 2012.
3. As there is a requirement to issue fresh licenses to the successful new entrants in the auction of spectrum held in November, 2012, it was decided that as an interim measure a Service Area Level Unified License(Access Service) may be granted only to the new entrants referred above. It was also decided that UL(AS) will take into account the decisions taken by the Government on the TRAI recommendations of April, 2012 in respect of Access Services and specifically in respect of delinking of Spectrum from the license.
4. A draft UL(AS) prepared in accordance with the above is attached herewith. Conditions which were not covered in TRAI recommendations have been drawn from UASL. Similarly, conditions relating to spectrum have been drawn from NIA for auction of spectrum.
5. It may be noted from the above, that it is an interim arrangement and the license is being given only to limited number of TSPs.
6. You are aware that the Supreme Court has permitted the quashed licenses to operate till 18.1.2013 and we have to submit status report in respect of grant of licenses to the Supreme Court by 11.1.2013. Therefore, we would like to grant licenses by 09.1.2013. In view of the urgency, it is requested that the terms and conditions of the UL(AS) may kindly be examined and concurred by 28.12.2012 so that the license can be finalised after legal vetting and approval of the competent authority.

Encl: as above


(A.K. Mittal)
Sr. DDG(AS)

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

DRAFT

LICENCE AGREEMENT

FOR

UNIFIED LICENSE(Access Services)

IN _____ SERVICE AREA

NO. _____ DATED _____

TOTAL PAGES _____

LICENCE AGREEMENT

FOR

UNIFIED LICENSE (ACCESS SERVICES)

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

AND

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

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

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

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

4. Effective Date of this LICENCE shall be
5. Additional Licences in LICENSEE's service area may also be issued from time to time in future without any restriction of number of operators with same entry conditions or different entry conditions.
6. The Licence shall be governed by the provision of Indian Telegraph Act, 1885, Indian Wireless Telegraphy Act, 1933 and Telecom Regulatory Authority of India Act, 1997 and Information Technology Act, 2000, as modified or replaced from time to time or any other relevant Act.

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

Signed for and on behalf of
President of India

Signed on __/__/____, on
Behalf of
M/s. _____

By

By

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

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

In the presence of:
Witnesses:

1. Signature

Name

Occupation.

Address

Place.

2. Signature

Name

Occupation.

Address

Place.

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SCHEDULE TERMS AND CONDITIONS

Part-I GENERAL CONDITIONS

1. Ownership of the LICENSEE Company

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

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

1.2 The LICENSEE shall declare the Indian & Foreign equity holdings (both direct and in-direct) in the LICENSEE company and submit a compliance report regarding compliance of FDI norms and security conditions on 1st day of January and 1st day of July of every year to the LICENSOR. This is to be certified by Company Secretary or Statutory Auditor, countersigned by duly authorised director of the Licencee Company.

1.3 The LICENSEE shall also ensure that:

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

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

Note: *Any legal entity having substantial equity in existing Basic / Cellular/ UAS LICENSEEs in the same service area shall not be eligible for UL(AS).*

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

1.5 The LICENSEE shall have a minimum paid up equity capital of Rupees **2.5 crores (Rupees Two Crores and fifty lakhs only)** per service area.

1.6 (i) The LICENSEE company shall have a networth of Rs 2.5 crores (Rupees two crores and fifty lakhs only) per service area. The networth shall mean as the sum total in Indian Rupees of paid up equity capital and free reserves & surplus net of accumulated losses. The networth of promoters shall not be counted for determining the networth of the company.

1.6(ii) The networth and paid up equity capital would be in addition to the networth and paid up equity capital requirement for acquisition of spectrum, as provided in terms and conditions of relevant Notice Inviting Applications (NIA) for spectrum auction. In case of acquiring CMTS/UASL/UL(AS) License in any other licensed service area, the LICENSEE shall maintain additional net-worth and paid up equity as prescribed for that service area also. Networth as well as paid up equity capital is to be maintained during currency of the licence.

1.7 The LICENSEE shall take prior permission of the LICENSOR for sale of equity within the lock-in period as indicated in Part VII of this license agreement.

1.8 The Licensee has to maintain all the eligibility conditions including paid up equity, networth, FDI and substantial equity/ cross holding requirements during the currency of licence.

2. Scope of the Licence

2.1 This LICENCE is granted to provide SERVICE as defined in Para 2.2 of this LICENCE AGREEMENT, on a non-exclusive basis in the designated SERVICE AREA.

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

Names of various service areas and the geographical areas covered under them are enclosed as **Annexure-VI**.

2.2 (a)(i) The SERVICES cover collection, carriage, transmission and delivery of voice and/or non-voice MESSAGES over LICENSEE's network in the designated SERVICE AREA and includes provision of all types of access services. Access Service Provider can also provide Internet Telephony, Internet Services including IPTV and Broadband Services.

(ii) A LICENSEE may enter into mutual commercial agreements for roaming facilities (within same service area or other service areas) with other licensed Cellular Mobile Telephone Service LICENSEEs/ Unified Access service LICENSEEs/Unified Licence (Access Services) unless otherwise directed by LICENSOR.

(iii) The LICENSEE shall also be free to enter into agreements with telecom service providers abroad for providing roaming facility to its subscriber unless directed by LICENSOR otherwise.

(iv) While roaming on other service providers network, the subscriber shall be allowed to avail only those services / facilities which have been subscribed in its home network.

(v) Except those services listed in para 2.2 (b)(i) below, the LICENSEE cannot provide any service / services which require a separate licence. The access service includes but not limited to wireline and / or wireless service including full mobility, limited mobility as defined in clause 2.2 (c) (i) and fixed wireless access. The LICENSEE may offer "Home Zone Tariff Scheme (s)" as a subset of full mobile service in well defined geographical Areas through a tariff of its choice within the scope of orders of TRAI on the subject. Numbering and interconnection for this service shall be same as that of Full mobile subscribers. .

(vi) The LICENSEE is permitted to provide leased circuits within its licensed service area. Leased circuit is defined as point to point non-switched physical connections/transmission bandwidth including virtual private network (VPN) using circuit or packet switched technology. Interconnection of private leased circuits/CUGs with PSTN/PLMN/Internet Telephony Network is not permitted.

(vii) The LICENSEE can also provide internet services including triple play i.e voice, video and data.

2.2 (b)(i) Further, the LICENSEE can also provide Voice Mail, Audiotex services, Video Conferencing as value added services over its network to the subscribers falling within its SERVICE AREA on non-discriminatory basis. The LICENSEE shall not provide any service except as mentioned above, which otherwise shall require a separate licence. The LICENSEE shall also not provide broadcasting services, for which a separate licence / registration is required as per Cable TV Act 1995 and guidelines for DTH Licence issued by Ministry of Information and Broadcasting or any other broadcasting service. LICENSOR

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

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

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

2.2 (d) (ii) For provision of mobile services in areas falling near International Border of India, the condition specified in clause 41.15 shall be applicable.

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

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

2.4 LICENSEE can appoint franchisee not limited to Cable Service Provider for provision of last mile linkages including for suitable rural exchanges, to provide service. However, all responsibilities for ensuring compliance of terms & conditions of the LICENCE shall vest with the LICENSEE. The terms of franchise agreement between LICENSEE and his franchisee shall be settled mutually by negotiation between the two parties involved.

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

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

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

3. Duration of Licence

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

4. Renewal of Licence

4.1 The LICENSOR may -renew, if deemed expedient, the period of LICENCE by 10 years at one time, upon request of the LICENSEE, if made 30 months in advance and not earlier than 36 months before its expiry on terms mutually agreed. The decision of the LICENSOR shall be final in regard to renewal of license.

4.2 On renewal, the Licensee may be required to pay a renewal fee which will be as notified by the LICENSOR.

5. Modifications in the Terms and Conditions of Licence

5.1 The LICENSOR reserves the right to modify at any time the terms and conditions of the LICENCE, if in the opinion of the LICENSOR it is necessary or expedient to do so in public interest or in the interest of the security of the State or for the proper conduct of the Telegraphs. The decision of the LICENSOR shall be final and binding in this regard.

6. Restrictions on 'Transfer of Licence'

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

6.2 The LICENSOR shall have the right to direct the LICENSEE to warn, penalize or terminate the franchisee or agent or distributor servant, after considering any report of conduct or antecedents detrimental to the security of the nation. The decision of the LICENSOR in this regard shall be final and binding and in any case the LICENSEE shall bear all liabilities in the matter and keep the LICENSOR indemnify for all claims, cost, charges or damages in this respect.

6.3 Intra service area mergers and acquisitions as well as transfer of licences may be allowed by the LICENSOR subject to the guidelines issued on the subject from time to time.

6.4 Further, the LICENSEE may transfer or assign the License Agreement with prior written approval of the LICENSOR to be granted on fulfillment of the following conditions and if otherwise, no compromise in competition occurs in the provisions of Telecom Services :-

(i) When transfer or assignment is requested in accordance with the terms and conditions on fulfillment of procedures of Tripartite Agreement if already executed amongst the LICENSOR, LICENSEE and Lenders; or

(ii) Whenever amalgamation or restructuring i.e. merger or demerger is sanctioned and approved by the High Court or Tribunal as per the law in force; in accordance with the provisions; more particularly Sections 391 to 394 of Companies Act, 1956; and

(iii) The transferee/assignee is fully eligible in accordance with eligibility criteria contained in tender conditions or in any other document for grant of fresh license in that area and show its willingness in writing to comply with the terms and conditions of the license agreement including past and future roll out obligations; and

(iv) All the past dues are fully paid till the date of transfer/assignment by the transferor company and its associate(s) / sister concern(s) / promotor(s) and thereafter the transferee company undertakes to pay all future dues inclusive of anything remained unpaid of the past period by the outgoing company.

[NOTE: The terms and conditions of the Tripartite Agreement shall be provided by the LICENSOR as and when requested by the LICENSEE and the Tripartite Agreement so signed shall become part of this license agreement as annexure.]

7. Provision of Service.

7.1 The LICENSEE shall be responsible for, and is authorized to own, install, test and commission all the Applicable systems for providing the SERVICE under this Licence agreement. Any service, permitted under the scope of this Licence Agreement, shall be launched by the LICENSEE only after prior approval of the LICENSOR. The LICENSEE shall intimate to the LICENSOR atleast 35 days in advance before commercial launch of any service along with the details of adequate facilities for monitoring of the service available with the LICENSEE.

8. Delivery of Service (Service to customer)

8.1 The Licensee shall intimate the Licensor of Commencement of Service within 15 days of such commencement.

9. Requirement to furnish information:

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

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

one hour or within such time as directed by the LICENSOR in writing, after receiving reference from the LICENSOR in this regard.

10. Suspension, revocation or Termination of Licence.

10.1 The LICENSOR reserves the right to suspend the operation of this LICENCE in whole or in part, at any time, if, in the opinion of the LICENSOR, it is necessary or expedient to do so in public interest or in the interest of the security of the State or for the proper conduct of the Telegraph. License 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 if situation so warrants, LICENSOR may dispense with the issue of notice prior to such suspension. The decision of the LICENSOR shall be final and binding in this regard.

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

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

If the LICENSEE:

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

For this purpose, the LICENSOR shall issue a 21 days show cause notice to the LICENSEE. If the LICENSOR decides to terminate the license, the same will be effective from the 61st calendar day from the date of issue of such termination order. The LICENSEE shall be required to give a notice of atleast 30 Calendar days to its customers within this period of termination order.

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

10.3 LICENSEE may surrender the LICENSE, by giving notice of at least 60 Calendar days in advance. In that case it shall also notify all its customer 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 LICENSE becomes effective. The effective date of surrender of Licence will be 61st Calendar days counted from the date of receipt of such notice by the LICENSOR, if it is not rejected within 30 days of date of receipt of 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 LICENSE 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 action under Clause 10.2(i) and 10.2(ii) of the LICENSEE.

10.5 The LICENSOR reserves the right to revoke the LICENSE 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 LICENSE 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 LICENSE by the LICENSEE and upon such inquiry the LICENSEE shall extend all reasonable facilities and shall endeavor to remove the hindrance of every type.

10.8 It shall be the responsibility of the LICENSEE to maintain the Quality of Service, even during the period when the notice for surrender/ termination of 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 clause given below.

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

12. Force- Majeure

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

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

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

13. SET OFF :

13.1 In the event any sum of money or claim becomes recoverable from or payable by LICENSEE to the LICENSOR either against this Licence Agreement or otherwise in any manner, such money or claim can be (without restricting any right of set off for counter claim given or employed by law) deducted or adjusted against any amount or sum of money then due or which at any time thereafter may become due to the LICENSEE under this Licence Agreement or any other agreement or contract between the LICENSOR and the LICENSEE.

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

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

14. Way Leave:

14.1 The LICENSEE Company shall make its own arrangements for Right of Way (ROW). In exercise of the provisions of the Section 19 B of the Indian Telegraph Act, 1885, the Central Government, vide Notification dated 24.5.1999, has conferred the powers upon the duly authorised LICENSEE(s), licensed under Section 4 of the said Act, to seek way-leave from any person including public authority, in connection with providing the services, as per details mentioned in the said Notification. However, non-availability of the ROW or delay in getting permission / clearance from any agency shall not be construed or taken as a reason for non-fulfillment of the Roll-out obligations and shall not be taken a valid excuse for not carrying any obligations imposed by the terms of this Licence.

15. Publication of the Telephone Service Directory:

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

16. General:

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

16.2 The LICENSEE shall also be bound by the prevailing instructions / directions / orders already issued by the LICENSOR in respect of provision of Service under the scope of this license.

16.3 All disputes relating to this License will be subject to jurisdiction of Telecom Disputes Settlement and Appellate Tribunal (TDSAT) as per provisions

of TRAI Act, 1997 including any amendment or modification thereof. Dispute in any matter outside the domain of TDSAT will lie in the jurisdiction of competent Courts in Delhi/New Delhi only.

16.4 The Statutory provisions and the rules made under Indian Telegraph Act 1885 or Indian Wireless Telegraphy Act, 1933 or Information Technology Act, 2000 shall govern this Licence agreement. Any order passed under these statutes shall be binding on the LICENSEE.

PART-II COMMERCIAL CONDITIONS

17. Tariffs:

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

PART-III FINANCIAL CONDITIONS

18. FEES PAYABLE

18.1 Entry Fee:

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

18.2 Licence Fees:

18.2.1 An annual license fee as a percentage of Adjusted Gross Revenue (AGR) shall be paid by the LICENSEE. From second Year of the effective date (of this license), the license fee shall be subject to a minimum of 10% of the entry fee paid.

18.2.2 In case the LICENSEE acquires spectrum, the minimum license fee mentioned in condition 18.2.1, shall be calculated on a presumptive AGR, which shall be equal to 5% of the total bid amount (under option of full upfront payment for acquisition of such spectrum as notified vide F.No.3-11/2012-Fin./Auction dated 22nd November, 2012), and would be payable from the effective date of spectrum (i.e. date of issue of Letter of Intent for earmarking of such spectrum) or the effective date of the license, whichever is later. The LICENSEE shall pay the license fee on the presumptive AGR or actual AGR whichever is higher.

18.2.3 The percentage of AGR to be paid as license fee shall be% from 1.7.2012 to 31.3.2013 and 8% with effect from 01.04.2013.

18.2.4 The LICENSOR reserves the right to modify the above mentioned license fee as percentage of AGR any time during the currency of this agreement.

18.3 Spectrum Usage Charges:

18.3.1 The LICENSEE shall pay Spectrum Usage Charges (SUC) in addition to the Licence Fees, on revenue share basis, as prescribed separately from time to time by the WPC Wing.

18.3.2 Further, spectrum charges for the use of spectrum for individual point-to-point fixed links i.e. Microwave Backhaul Spectrum shall be separately payable as prescribed from time to time by Wireless Planning & Coordination Wing.

18.3.3 Terms and conditions for allotment of point to point microwave links and those for spectrum acquired through auction in 1800 MHz band shall be as prescribed in Part VII of this agreement.

19. Definition of 'Adjusted Gross Revenue':

19.1 Gross Revenue:

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

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

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

19.3 Applicable AGR in respect of Spectrum usage charge shall be as given under Part VII of this agreement.

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

20.1 For the purposes of the Licence Fee, the 1st year shall end on 31st March following the date of commencement of the Licence Agreement. 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.

Provided that the minimum /presumptive license fee, as per conditions 18.2.2 and 18.2.3, shall be charged on pro-rata basis, based on actual number of days for a part period of a Quarter.

20.2 Licence Fee shall be payable in four quarterly installments during each financial year (FY). Quarterly installment of licence fee for the first three quarters of a financial year shall be paid within 15 days of the completion of the relevant quarter. This Fee shall be paid by the LICENSEE on the basis of actual revenue (on accrual basis) for the quarter, duly certified with an affidavit by a representative of the LICENSEE, authorized by the Board Resolution coupled with General Power of Attorney. However, for the last quarter of the financial year, the LICENSEE shall pay the Licence Fee by 25th March on the basis of

expected revenue for the quarter, subject to a minimum payment equal to the actual revenue share paid of the previous quarter.

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

20.4 The quarterly payment shall be made together with a STATEMENT in the prescribed form as **Annexure-II**, showing the computation of revenue and Licence fee payable. The aforesaid quarterly STATEMENTS of each year shall be required to be audited by the Auditors (hereinafter called LICENSEE'S Auditors) of the LICENSEE appointed under Section 224 of the Companies' Act, 1956. The report of the Auditor should be in prescribed form as **Annexure-II**.

20.5 Any delay in payment of Licence Fee payable, or any other dues payable under the LICENCE beyond the stipulated period will attract interest at a rate which will be 2% above the Prime Lending Rate (PLR) of State Bank of India existing as on the beginning of the Financial Year (namely 1st April) in respect of the licence fees pertaining to the said Financial Year. The interest shall be compounded monthly and a part of the month shall be reckoned as a full month for the purposes of calculation of interest. A month shall be reckoned as an English calendar month.

20.6 Final adjustment of the Licence fee for the year shall be made based on the gross revenue figures duly certified by the AUDITORS of the LICENSEE in accordance with the provision of Companies' Act, 1956.

20.7 A reconciliation between the figures appearing in the quarterly statements submitted in terms of the clause 20.4 of the agreement with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts audit report and duly audited quarterly statements, within 7 (seven) Calendar days of the date of signing of the audit report. The annual financial account and the statement as prescribed above shall be prepared following the norms as prescribed in **Annexure II**.

20.8 In case, the total amount paid as quarterly Licence Fee for the 4 (four) quarters of the financial year, falls short by more than 10% of the payable Licence Fee, it shall attract a penalty of 50% of the entire amount of short payment. However, if such short payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed. This amount of penalty shall be payable within 15 days of the date of signing the audit report on the annual accounts, failing which interest shall be further charged per terms of **Condition 20.5**.

20.9 All the charges relating to spectrum shall be payable at such time(s) and in such manner as prescribed from time to time.

20.10 All sums becoming due and payable as mentioned in this Licence Agreement shall be paid by the LICENSEE through a demand draft or Pay Order payable at New Delhi, drawn on any Scheduled Bank, in favour of the Pay & Accounts Officer (HQ), DOT or any other Authority if so designated by LICENSOR.

20.11 The LICENSOR, to ensure proper and correct verification of revenue share paid, can, if deemed necessary, modify, alter, substitute and amend whatever stated in **Conditions 20.4, 20.7, 22.5 and 22.6** hereinbefore and hereinafter written.

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

21. BANK GUARANTEES:

21.1 Performance Bank Guarantee:

Performance Bank Guarantee (PBG) in prescribed format shall be submitted for amount equal to Rs.10 Crores before signing the License Agreement to cover violation of licence conditions and to ensure the performance under the licence agreement including compliance of instructions issued by the LICENSOR from time to time. This PBG shall remain valid during the entire currency of the licence agreement.

21.2 Financial Bank Guarantee:

The LICENSEE shall submit a Financial Bank Guarantee (FBG), valid for one year, from any Scheduled Bank or Public Financial Institution duly authorized to issue such Bank Guarantee, in the prescribed Proforma **annexed**. Initially, the financial bank guarantee shall be for an amount of Rs. 2 Crore which shall be submitted before signing the Licence agreement. This would be in addition to FBG taken separately to securitise the payment of spectrum usage charges. Subsequently, the amount of FBG shall be equivalent to the estimated sum payable equivalent to license fee for two quarters and other dues not otherwise securitised and any additional amount as deemed fit by the LICENSOR. The amount of FBG shall be subject to periodic review on six monthly basis by the LICENSOR and shall be renewed from time to time till final clearance of all dues.

21.3 The Fees, charges and royalties for the use of spectrum and also for possession of Wireless Telegraphy equipment shall be separately securitised by furnishing FBG of the specified amount.

21.4 Initially, the Bank Guarantees (FBG as well as PBG) 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 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.

21.5 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.

22. Preparation of Accounts.

22.1 The LICENSEE will draw, keep and furnish independent accounts for the SERVICE and shall fully comply with any order, direction or regulation as may be issued by TRAI and instructions/directions as are issued by the LICENSOR from time to time

22.2 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 as defined in condition 19 for each quarter separately along with the payment for the quarter.

22.3 (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.

22.3 (b) 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.

22.4 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.

22.5 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.

22.6 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 22.5** 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.

22.7 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

23. TECHNICAL CONDITIONS:

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

23.2 Requisite monitoring/interception facilities /equipment for each type of system used, shall be provided by the LICENSEE at its own cost for monitoring as per the requirement of the LICENSOR from time to time.

23.3 The LICENSEE shall adhere to the National FUNDAMENTAL PLANs like National Numbering Plan, Signaling Plan, Routing Plan etc along with National Frequency Allocation Plan and any other plan issued by Department of Telecommunications and technical standards as prescribed by LICENSOR from time to time.

23.4 The Numbering Plan for the Unified Access Services will be as per applicable National Numbering plan. The LICENSOR reserves the right to modify the National Fundamental plan or its part thereof such as Numbering Plan, Routing Plan, Transmission Plan etc.

23.5 The frequencies, wherever required to be allotted, shall be from the designated bands prescribed in National Frequency Allocation Plan-2011(NFAP-2011) as amended from time to time.

23.6 Norms on EMF exposure by BTS

LICENSEE shall conduct audit and provide self certificate at prescribed period as per procedure prescribed by Telecommunication Engineering Centre (TEC) / or any other agency authorized by LICENSOR from time to time for conforming to limits / levels for antenna (Base Station Emissions) for general public exposure as prescribed by LICENSOR. The present limits / levels are reproduced below:

Frequency Range	E-field strength (volt/metre (V/m))	H-field strength(Amp / metre (A/m))	Power density (Watt/Sq. metre (W/Sqm))
400MHZ to 2000 MHZ	0.434 f ^{1/2}	0.0011 f ^{1/2}	f/2000
2GHZ to 300 GHZ	19.29	0.05	1

Self Certification should be submitted to respective Telecom Enforcement, Resource & Monitoring (TERM) Cells of DoT. The LICENSEE shall comply to the instructions / directions issued from time to time by DoT in this regard.

23.7 The LICENSEE shall adopt renewable energy technologies (RETS) for powering the Telecom Network, deploy energy efficient equipments and reduce the carbon footprint as per prevailing directions/instructions and shall abide by directions / instructions issued in this regard by LICENSOR/TRAI from time to time.

24. THE APPLICABLE SYSTEM:

24.1 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 QOS as per clause 28.

25. Engineering Details:

- (a) The LICENSEE shall furnish to the LICENSOR or its authorized 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) LICENSEE shall supply all tools, test instruments and other accessories to the testing party of LICENSOR and /or TEC for conducting tests at any time during the currency of the Licence.
- (c) The LICENSEE before providing IPTV will give a self-certified declaration in the specified format to the LICENSOR, M/o I&B and TRAI giving details of licence no. and service area under which IPTV service is proposed to be provided / started, the start date, the areas being covered, details of network infrastructure etc.

26. Network Interconnection.

26.1 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. Further, the LICENSOR may also direct the LICENSEE to adopt any other signaling standard issued by TEC for interconnection.

26.2 The LICENSEE may enter into suitable arrangements with other Telecom 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.

26.3 The provision of any equipment and its installation for the purpose of Interconnection shall be subject to mutual agreement of the concerned parties.

26.4 The Interconnection Tests for each and every interface with any Service provider shall be carried out by mutual arrangement between the LICENSEE and the other party involved. The Interconnection Tests schedule shall be mutually agreed. Adequate time, not less than 30 days, will be given by the LICENSEE for these tests. On successful completion of interconnection tests or on mutual agreement between service providers for rectification of deficiencies / deviations, if any, the LICENSEE can commence the SERVICE. In case of disagreement for rectification of deficiencies / deviations in conducted interconnection tests, prior approval of LICENSOR shall be required.

26.5 It shall be mandatory for the LICENSEE to interconnect to/ provide interconnection to all eligible Telecom Service Providers (eligibility shall be determined as per the service provider's Licence Agreement and TRAI's determinations/orders/regulations issued from time to time) to ensure that the calls are completed to all destinations as well as NLD Operators whereby the subscribers could have a free choice to make inter-circle/ international long distance calls through NLD/ ILD Operator . For international long distance call, the LICENSEE shall normally access International Long Distance Operator's network through National Long Distance Operator's network subject to fulfillment of any Guidelines/ Orders/ Directions/ Regulation issued from time to time by LICENSOR/ TRAI. The LICENSEE shall not refuse to interconnect with the International Long Distance Service LICENSEE directly in situations where ILD Gateway Switches/ Point of Presence (POP), and that of Access Provider's (GMSC/ Transit Switch/Media Gateway Controller (MGC)/Media Gateway (MG)) are located at the same station of Level -I TAX .

26.6 Direct interconnectivity among all Telecom Service Providers in the licensed SERVICE AREA is permitted. LICENSEE shall interconnect with other Service Providers, subject to compliance of prevailing regulations, directions or determinations issued by TRAI. The interconnection with a Telecom Service Provider shall have to be withdrawn, in case of termination of the license of that Telecom service provider , within one hour or within such time as directed by the LICENSOR in writing, after receiving intimation from the LICENSOR in this regard.

26.7 Point of Inter-connection (POI) between the networks shall be governed by Guidelines/ Orders/ Directions/ Regulation issued from time to time by LICENSOR/ TRAI. The terms and conditions of interconnection including, inter alia, standard interfaces, points of interconnection and technical aspects will be subject to compliance of prevailing regulations, directions and determinations issued by TRAI/Licensor from time to time.

26.8 LICENSEE will work out suitable regular interconnect billing arrangements with other licensed service providers in the respective Interconnect Agreements with them. The charges for accessing other networks for inter-network calls shall be based on mutual agreements between the service providers conforming to the Orders/Regulations/Guidelines issued by the TRAI/Licensor from time to time.

27 Interface

27.1 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 subject to such other directions as LICENSOR or TRAI may give from time to time. Failure on part of LICENSEE or his franchisee to adhere to the QUALITY OF SERVICE stipulations by TRAI and network to network interface standards of TEC may be treated as breach of Licence terms. 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.

27.2 The charges for accessing other networks 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.

27.3 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.

28 Quality ofService:

28.1 The LICENSEE shall ensure the Quality of Service (QoS) as prescribed by the LICENSOR or TRAI. 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 subject to such other directions as TRAI may give from time to time. The LICENSEE shall adhere to such QoS standard and provide timely information as required therein. Failure on part of LICENSEE or his franchisee to adhere to the Quality of Service stipulations by TRAI and network to network interface standards of TEC may be treated as breach of Licence terms.

The LICENSEE shall adhere to such QoS standards and provide timely information as required therein.

28.2 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.
- iii) 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.

28.3 The LICENSEE shall be responsive to the complaints lodged by his subscribers. The LICENSEE shall rectify the anomalies within the MTTR specified and maintain the history sheets for each installation, statistics and analysis on the overall maintenance status.

28.4 The LICENSOR or TRAI may 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.

28.5 The LICENSEE shall enforce and ensure QOS, as prescribed by the LICENSOR/TRAI, from the INFRASTRUCTURE PROVIDER (s) with whom it may enter into agreement / contract for leasing / hiring / buying or any such instrument for provision of infrastructure or provision of bandwidth. The responsibility of ensuring QOS shall be that of LICENSEE.

29. Emergency and Public Utility Services:

29.1 The LICENSEE providing access services, shall provide independently or through mutually agreed commercial arrangements with other Service Providers all public utility services including TOLL FREE services namely police, fire, ambulance, or any other emergency number as may be specified by the DOT from time to time. While providing access to emergency services/emergency response services/services during disaster including police, fire, etc. as defined from time to time, it shall be ensured that such calls shall be delivered to the designated control room, as prescribed from time to time, of the concerned authority.

29.2 The licensee shall follow the guidelines /directions/ standard operating procedures as may be prescribed for the disaster management/emergency response services or any other instruction issued by LICENSOR.

PART-V OPERATING CONDITIONS

30. Customer Service.

30.1 The LICENSEE shall register demand/request for telephone connection and or any other Telecom Service without any discrimination from any applicant, at any place in the licensed service area and provide the SERVICE, unless otherwise directed by the LICENSOR. The LICENSEE shall not in any manner discriminate between subscribers and provide service on the same commercial principle and shall be required to maintain a transparent, open to inspection, waiting list. The LICENSEE shall clearly define the scope of Service to the Subscriber(s) at the time of entering into contract with such Subscriber(s). LICENSOR shall have right to impose suitable penalty, not limited to a financial penalty, apart from any other actions for breach of this condition. The LICENSEE shall launch the SERVICE on commercial basis only after commencement of registration in the manner prescribed. Before commencement of SERVICE in an area, the LICENSEE shall notify and publicize the address where any subscriber can register demand /request for telephone connection. Any change of this address shall be duly notified by the LICENSEE.

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.

30.2 The LICENSEE shall widely publicize provision of service and shall not refuse registration of demand in the licensed service area. In case the provision of telephone connection or the requested telecom service to an applicant is not feasible for technical or other reasons beyond the control of LICENSEE, then the LICENSEE shall endeavour to make arrangement for providing connections in such cases within a reasonable time.

30.3 The LICENSEE shall ensure continuity of services to its customers unless License is Terminated or Suspended by the LICENSOR for any reason whatsoever.

30.4 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 itemized 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.

30.5 The LICENSEE shall offer a regular itemised billing (for long distance calls) to its customers wherever applicable. In every case the LICENSEE shall be responsible to its customers and shall ensure fulfillment of the obligations in this

regard. The LICENSEE shall also maintain necessary records for the billing cycles as specified by the LICENSOR or TRAI from time to time.

30.6 All complaints of CUSTOMERS in this regard will be addressed / handled as per the guidelines, orders or regulations or directives issued by the LICENSOR or TRAI from time to time.

30.7 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, utilized and terminated.

30.8 The LICENSEE shall notify in writing all the policy and 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.

30.9 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. The LICENSEE shall keep the LICENSOR indemnified for all claims, cost, charges or damages in the matter.

30.10 (a) The LICENSEE while providing TV channels through IPTV shall transmit only such broadcast satellite television channels in exactly same form (unaltered) which are registered with or are otherwise permitted by the Ministry of Information and Broadcasting. In such cases, the responsibility to ensure that content is in accordance with the extant laws, rules, regulations etc. shall be that of the broadcaster and telecom LICENSEE will not be held responsible. The IPTV service provider shall not carry any broadcast satellite television channels prohibited either permanently or temporarily or not registered with the Ministry of Information & Broadcasting.

30.10(b) The LICENSEE while providing TV services can obtain content from the Multi System Operator or the Cable Operator for providing IPTV services.

30.10(c) The LICENSEE providing IPTV will show only those News and Current Affairs television channels which have been registered with Ministry of Information and Broadcasting. The LICENSEE will not produce or provide any other broadcast or non-broadcast channel having any element of News and Current Affairs.

30.10 (d)The provisions of Programme code and Advertisement code as provided in Cable Television Network (Regulation) Act 1995 and Rules thereunder shall be applicable even in the case of contents other than TV channels from broadcast provided by the Telecom IPTV service provider. Since

the telecom LICENSEE will be providing this content, , the LICENSEE shall be responsible for ensuring compliance to the codes with respect to such content. In addition to this, such LICENSEEs will also be bound by various Acts, instructions, directions, guidelines issued by the Central Government from time to time to regulate the contents.

30.10(e) If the contents are being sourced from content providers other than LICENSEE, then it will be the responsibility of LICENSEE to ensure that their agreements with such content providers contain appropriate clauses to ensure prior compliance with the Programme and Advertisement Codes and other relevant Indian laws, civil and criminal, regarding content.

30.10(f) The Central Government in the Ministry of Information and Broadcasting shall have the right to notify the number and names of channels of Prasar Bharati or any other channel for compulsory carriage by the IPTV service provider and the manner of reception and retransmission of such channels.

30.10(g) The LICENSEE while providing IPTV services should provide commercial interoperability so that if the subscribers decide to switch over to any other service provider or platform, they should be able to do so at the least cost. Commercial interoperability here would mean that in addition to offering the receiver set on an outright purchase basis, a subscriber should also have the option to purchase it on a hire-purchase basis or on rental basis with a provision to return the receiver set on such terms and conditions as may be laid down by regulations issued by TRAI.

30.11 The LICENSEE's network shall be compliant to the Regulations/Directions/instructions issued by TRAI/LICENSOR in respect of Mobile Number Portability (MNP) Service.

31. The Subscriber Terminals

31.1 The LICENSEE shall have the right to undertake the sale, hire purchase, lease or renting of the subscriber fixed / mobile terminals / Customer Premises Equipment (CPE). Proper usage of terminal at subscriber's premises shall be as per agreement between the LICENSEE and subscriber.

31.2 The LICENSEE shall be responsible to ensure that the subscriber terminal is operated in accordance with the terms and conditions of the Licence, the WPC Licence where applicable and relevant instructions/rules issued by LICENSOR/TRAI. The Subscriber Identification Module (SIM) or equivalent device for the purpose used in the subscriber terminal is non-transferable to other subscriber.

31.3 The subscriber terminals employed in the network shall be of a type/model certified by an internationally accredited agency with respect to

ITU/ETSI/TEC/ International standardization bodies such as 3GPP/3GPP-2/ETSI/IETF/ANSI/EIA/TIA/IS or any other international standard as may be approved by the Government. Only such category of subscriber unit as has been granted such a certificate shall be brought into and operated within India under this Agreement.

31.4 Subscriber will be free to obtain the Subscriber Terminal at his option from any source subject to clause 31.3 above.

32. Obligations imposed on the LICENSEE.

32.1 The provisions of the Indian Telegraph Act 1885, the Indian Wireless Telegraphy Act 1933, and the Telecom Regulatory Authority of India Act, 1997, Information Technology Act, 2000 as modified or replaced from time to time or any other relevant Act shall govern this LICENCE.

32.2 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 on the subject in force.

33. Sharing of infrastructure between UL(AS) licensees 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, duct space, Right of Way 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.
- (iii) Sharing of switch by the LICENSEE for providing other licensed services is permitted.
- (iv) Sharing of active/passive infrastructure shall be governed by the licence conditions/ amendments issued by the LICENSOR from time to time.
- (v) For intra-circle traffic, LICENSEE may use the network of NLD service LICENSEE.

34. Provision of IPTV Service:

34.1 The Government / Ministry of Information and Broadcasting may direct the LICENSEE providing IPTV service to ensure preservation and retention for a period of 90 days unless specified otherwise, of different kinds of content made available to their subscribers and requires it to ensure its security and also that it is not tampered with during such period. The LICENSEE providing IPTV service may be required to produce the same to the Government or its authorized representative, as and when required and the LICENSEE providing IPTV service will be required to ensure compliance to all such directions.

34.2 The LICENSEE providing IPTV service shall provide the necessary facility for continuous monitoring of the IPTV network at its own cost and maintain the recordings of programmes and advertisements carried on the network for a period of 90 days unless specified otherwise, from the date of broadcast and produce the same to the Government or its authorized representative, as and when required. The monitoring system must provide Set top Box subscriber information as well as contents to the law enforcement agency in plain readable, audible and viewable format as the case may be.

Provided that in case of any dispute, the records of broadcast of programmes and advertisements shall be maintained till final disposal of the dispute.

Provided further that the IPTV service provider shall provide access to the Government or its authorized representative to all its facilities, including equipments, records, system etc. for purposes of inspection.

34.3 On demand by the Government in the Ministry of Information and Broadcasting or its authorized representative, LICENSEE providing IPTV service shall provide the necessary equipment, services and facilities at designated place(s) for continuous monitoring of the IPTV service by or under supervision of the Government or its authorized representative.

35. Obligations under IPTV Service:

35.1 The LICENSEE providing IPTV service shall submit such information with respect to its service as may be required by the Government in the Ministry of Information and Broadcasting or its authorized representative from time to time.

35.2 The LICENSEE providing IPTV service shall furnish any such information at periodic intervals as may be required by the Government in the Ministry of Information and Broadcasting or its authorized representative concerning Programme Content and Quality, Technical parameters etc. relating to the service in the format as may be required by the Government or its authorized representative from time to time.

35.3 The LICENSEE providing IPTV service shall furnish the complete details such as name, technical details and license etc. of the value added service being provided through IPTV network.

Provided that in case any new value added service is added to the network, the LICENSEE providing IPTV service shall obtain prior approval of the Government or licensing authority. The Government or the licensing authority may from time to time, prescribe or prohibit certain value added services.

35.4 Any breach of the provisions of Act / License / Registration / Permission by LICENSEE / cable operator/ Broadcasters shall be dealt with by designated agencies which are responsible for administering such Acts / License / Registration / Permissions.

35.5 The Government shall have the right to modify at any time the provisions of these guidelines and / or the terms and conditions of permission / registration, if in the opinion of the Government, it is necessary or expedient to do so in public interest or in the interest of the security of the State. The decision of the Government shall be final and binding in this regard.

35.6 The decision of the Ministry of Information & Broadcasting to any violation of prevailing Acts/Rules/Guidelines pertaining to their administrative jurisdiction in respect of content carried on IPTV service shall be final. The quantum of penalties for such a violation will be decided by LICENSOR in consultation with respective Ministries/Department.

36. Inspection and Testing of Installations.

36.1 The LICENSOR / TRAI may carry out performance tests as 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 / TRAI for conducting the tests. The list of performance tests will be furnished by the LICENSEE, which may be amended by the LICENSOR.

36.2 The Acceptance Testing for each and every interface with any Telecom Service provider may be carried out by mutual arrangements between the LICENSEE and the other party involved. The Interconnection Test schedule shall be mutually agreed.

36.3 Whenever any element of the network/system of the LICENSEE , if permitted to be installed outside the LSA and has been so installed , the LICENSEE shall ensure availability of facilities for access to such elements from within the LSA without any limitation or restriction and at anytime as required by the LICENSOR. However it shall not preclude the LICENSOR from accessing

such elements at its physical location for the purposes of data/information in respect of any LSA served by such element.

37. Right to inspect.

37.1 The LICENSOR or its authorized representative or Ministry of Information & Broadcasting (for IPTV Service) or its authorized 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, junction, terminating interfaces, hardware/software, memories of semiconductor, magnetic and optical varieties, wired or wireless option, 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 in the Licensed Service Area, as required by the LICENSOR or its authorized 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.

37.2 Wherever considered appropriate LICENSOR or the Ministry of Information & Broadcasting (for IPTV Service) 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 hindrance.

38. Location of Switches:

38.1 The LICENSEE on request, shall provide to the LICENSOR location details of switching centres, transmission centres, including routing details, network operation & control Center, BTS etc. The LICENSEE shall also provide details like network topology, equipment details, end to end connectivity alongwith GIS mapping and any other detail as may be required by LICENSOR from time to time. Any network resource including the band width/leased line/VPN either owned or taken on lease/hire shall be treated as part of the LICENSEE Network.

38.2 In areas which are sensitive from security point of view, as may be notified from time to time by the LICENSOR, implementation of any installation of the equipment and execution of project shall be taken up only after the LICENSOR's approval.

39. Confidentiality of information:

39.1 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. However, 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. However, the LICENSEE shall have the responsibility to ensure protection of privacy of communication and to ensure that unauthorised interception of MESSAGE does not take place.

39.2 Subject to terms and conditions of the this license, 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 LICENSOR 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.

39.3 The LICENSEE shall take necessary steps to ensure that the LICENSEE and any person(s) acting on its behalf observe confidentiality of customer information.

39.4 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.

40. Prohibition of certain Activities by the LICENSEE.

40.1 The LICENSEE shall not engage on the strength of this LICENCE in the provision of any other Service requiring separate licence as defined in this Licence Agreement.

40.2 However nothing contained in condition 40.1 above shall preclude the LICENSEE from engaging in advertising and promotional activities relating to any of the Applicable Systems.

40.3 The LICENSEE shall take necessary measures to prevent objectionable, obscene, unauthorized 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/LICENSOR, the LICENSEE shall ensure that the carriage of such material on his network is prevented immediately.

40.4 The LICENSEE is obliged to provide, without any delay, all the tracing facilities to trace nuisance, obnoxious or malicious calls, messages or communications transported through his equipment and network, to the agencies of Government of India as authorized from time to time, when such information is required for investigations or detection of crimes and in the interest of national security. Any damages arising on account of LICENSEE's failure in this regard shall be payable by the LICENSEE.

40.5 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.

40.6 The LICENSEE shall 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.

PART- VI SECURITY CONDITIONS

41. The LICENSEE shall meet the instructions/directions of the LICENSOR issued from time to time in the interest of national security apart from the following conditions.

41.1 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.

41.2 The LICENSEE shall make available on demand to the person authorized by the LICENSOR, full access to the switching centers, transmission centers, routers and other network elements etc. for technical scrutiny and for inspection, which can be visual inspection or an operational inspection.

41.3 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.

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

41.5 The LICENSEE shall be completely and totally responsible for security of their networks. The LICENSEE shall have organizational policy on security and security management of their networks. Network forensics, Network Hardening, Network penetration test, Risk assessment, Actions to fix problems and to prevent such problems from reoccurring etc should be part of the policy and shall take all measures in respect of these activities. The LICENSEE shall submit its policy to LICENSOR within 90 calendar days from the date of issue of the Licence.

41.6 In furtherance of organizational security policy, the LICENSEE shall audit its network or get the network audited from security point of view once a year from a network audit and certification agency. The audit of the network shall be carried out once in a financial year. The first audit may be carried out in the financial year succeeding the financial year of the signing of the license agreement. The LICENSEE is free to engage the service of any agency for this purpose, which is certified to carry out the audit as per ISO 15408 and ISO 27001 standards.

41.7 The LICENSEE shall induct only those network elements into its telecom network, which have been got tested as per relevant contemporary Indian or International Security Standards e.g. IT and IT related elements against ISO/IEC 15408 standards, for Information Security Management System against ISO

27000 series Standards, Telecom and Telecom related elements against 3GPP security standards, 3GPP2 security standards etc. The certification shall be got done only from authorized and certified agencies/labs in India. The copies of test results and test certificates shall be kept by the LICENSEE for a period of 10 years from the date of procurement of equipment.

41.8 The LICENSEE shall include all contemporary security related features and features related to communication security as prescribed under relevant security standards while procuring the equipment and implement all such contemporary features into the network. A list of features, equipments, software etc procured and implemented shall be kept by the LICENSEE till they are in use, which may be subjected to inspection and testing by the LICENSOR at any time, in the network or otherwise, at the option of the LICENSOR.

41.9 The LICENSEE shall

- (i) Ensure that all the documentation, including software details are obtained from manufacturer/vendor/supplier in English language.
- (ii) Keep a record of operation and maintenance procedure in the form of a manual.
- (iii) Keep a record of all the operation and maintenance command logs for a period of 12 months, which shall include the actual command given, who gave the command, when was it given with date and time and from where. For next 24 months the same information shall be stored/retained in a non-online mode. For this purpose LICENSEE shall keep a list of User ID linked with name and other details of the user duly certified by the system administrator. The user list shall be provided to LICENSOR or agencies designated by the LICENSOR as and when required.
- (iv) Keep a record of all the software updations and changes. The major updation and changes should also be informed to LICENSOR within 15 days of completion of such updation and changes.
- (v) Keep a record of supply chain of the products (hardware/software). This should be taken from the manufacturer/vendor/supplier at the time of procurement of the products.

41.10 (i) The LICENSEE shall create facilities for monitoring all intrusions, attacks and frauds and report the same to the LICENSOR and to CERT-IN. Such facilities shall be created by the LICENSEE within 12 months of effective date of this Licence and be reported to LICENSOR as and when created during this period.

41.10 (ii) The LICENSEE through suitable agreement clauses with vendor shall ensure that the Vendor/Supplier allow the Telecom Service Provider, LICENSOR and/or its designated agencies to inspect the hardware, software, design, development, manufacturing facility and supply chain and subject all software to a security/threat check any time during the supplies of equipment. The number of such visits will be limited to two in a Purchase Order. The expenditure for such visits for order valuing more than Rs 50 crore upto 40 man-days per visit shall be borne by the LICENSEE directly or through vendor.

41.11 (i) A penalty upto Rs 50 crores will be levied for any security breach which has been caused due to inadvertent inadequacy/inadequacies in precaution on the part of LICENSEE prescribed under this License. LICENSOR shall constitute a five members committee, which shall include two cyber security experts, to determine whether the breach is due to inadvertent inadequacy/inadequacies or otherwise. The committee shall also decide the amount of penalty depending upon loss, gravity of breach etc.

41.11 (ii) In case of inadequate measures prescribed under this License, act of intentional omissions, deliberate vulnerability left into the equipment or in case of deliberate attempt for a security breach, penalty amount will be Rs. 50 crores per breach. The same breach in the same equipment purchased through same PO or in the same lot or the same negligence at the same time at multiple locations in an operator's network will be considered as a single breach for the purpose of levying penalty under this clause. The LICENSEE shall deposit the penalty amount with the LICENSOR within 30 days of the issue of Notice.

41.11 (iii) Besides the penalty, liability and criminal proceedings under the relevant provisions of various Acts such as Indian Telegraph Act, Information Technology Act, Indian Penal Code (IPC), Criminal Procedure Code (Cr PC) etc can be initiated. In such cases, license of the LICENSEE can also be terminated, vendor or supplier who supplied the hardware/software, that caused the security breach, could be blacklisted for doing business in the country or both. The LICENSEE must include the clause of discretion of blacklisting of vendor or supplier in such cases in the agreement signed with vendors/suppliers.

41.12 Location Details:

(i) The LICENSEE shall provide location details of mobile customers in the Licensed service area as per below mentioned accuracy and time frame (from the effective date of this licence) . It shall be a part of CDR in the form of longitude and latitude, besides the co-ordinate of the cell sites, which is already one of the mandated fields of CDR.

Accuracy in Percentage							
Distance in Meters	Urban (More than 1 million mobiles in a municipal limit)		Sub – Urban & Rural			Remote	
	1 year	2 years	1 year*	2 years	3 years	2 years	3 years
50	30	50					
100	60	75		50	60		-
300	80	95	50	60	70	50	60
500			60	70	80	60	70

*Applicable for the state of J&K, Assam and NE region.

(ii) To start with these details will be provided for specified mobile numbers. However, within a period of 3 years from effective date of license, location details shall be part of CDR for all mobile calls.

(iii) Depending upon the technological development the limits of accuracy can be modified by the LICENSOR any time in future.

[NOTE: Some other suggested steps, which help in increasing the security of the telecom network, are given below. LICENCOR may, however, make any of these suggestions mandatory whenever it feels it necessary to do so.

- a) May sign a suitable agreement with hardware/software manufacturer/vendors and/or suppliers of services to ensure that the equipment/services/software they supply are 'Safe to Connect' in the network, have been checked thoroughly for risks and vulnerabilities, all addressable vulnerabilities have been addressed, non-addressable vulnerabilities have been listed with remedial measures and precautions provided. The agreement should cover aspects related to security measures like access control, Password control and management etc. Clauses addressing the service continuity and service upgradation should also be suitably included in the agreement, with consequences defined for each party in case of breach, particularly the security breaches. As an information dissemination and facilitating measure, suggested clauses for such an agreement in the form of a template will be available on the website of DoT. The service providers may take all or selected provisions from this template, depending upon the type of services they avail from a vendor/supplier. They are free to add, modify, delete any of the clauses from this template, because security of their network is their responsibility and they will be liable for any security breach.

- b) The LICENSEEs should endeavour to create a forum, say, Telecom Security Council of India (TSCI), on a voluntary basis to increase the security assurance levels and share common issues.
- c) The LICENSEE shall build their own capability and capacity to maintain and operate the network, preferably through local maintenance personnel, because the telecom network is a security sensitive infrastructure.]

41.13 In the interests of security, suitable monitoring equipment as per requirement of the LICENSOR or LEAs(Law Enforcement Agencies) for each type of system used shall be provided by the LICENSEE for monitoring as and when required by LICENSOR. The specific orders or directions from the Government, issued under such conditions, shall also be applicable.

41.14 The precise delineation of geographical borders taken by the LICENSEE for the purpose of defining service area along 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.

41.15 (i) LICENSEE shall ensure that the Base Stations, Cell Sites or Radio Transmitters, as the case may be, to provide mobile telephone services near International Border of India, wherever located and established shall be as far away from such border as feasible and such Base Stations, Cell Sites or Radio Transmitters shall work in such a fashion that radio signal(s), emanating therefrom, fade out when nearing or about to cross international border and become unusable within a reasonable distance across such border. For this purpose, suitable technical infrastructure shall be installed by the LICENSEE.

41.15 (ii) Notwithstanding anything in condition 41.9(i), in the areas falling within 10 Kms of Line of Control(LOC), Line of Actual Control (LAC) and International Border between Akhnoor in J&K and Pathankot and other areas as may be notified from time to time by the LICENSOR, installation of Base Stations, Cell Sites or Radio transmitters or any concerned equipment and execution of the concerned project by the LICENSEE shall be taken up only after prior approval from local Army authorities about specific location of BTS with prior intimation to the LICENSOR and concerned TERM Cell in addition to requisite clearances. The LICENSOR, its authorized representative(s) as well as Army authorities shall have powers to inspect such BTS(s) and the LICENSEE shall facilitate inspection of the BTS as per requisition from such authorities. During emergency, if so desired by the LICENSOR and / or Army, the LICENSEE shall shut down such BTS(s) under intimation to the LICENSOR/concerned TERM Cell. The order for shutting down such BTS(s) by Army must be signed by at least Commanding Officer of local Army Unit.

41.15 (iii) Periodic surprise checks may be carried out by the LICENSOR or its authorized representative(s) /Army and / or security agencies in order to ensure

compliance of the above conditions by LICENSEE(s). In case, any violation is detected, stern action shall be taken according to the terms and conditions of the License Agreement, including imposition of financial penalty.

41.16 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/ Exchange/MGC/MG 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/ Exchange/MGC/MG 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 authorized 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. Presently, the LICENSEE should ensure suitable redundancy in the complete chain of Monitoring equipment for trouble free operations of monitoring of at least 480 simultaneous calls as per requirement with at least 30 simultaneous calls for each of the designated security/law enforcement agencies. Each MSC of the LICENSEE in the service area shall have the capacity for provisioning of at least 3000 numbers for monitoring. Presently there are nine (9) designated security/law enforcement agencies. The above capacity provisions and no. of designated security/law enforcement agencies may be amended by the LICENSOR separately by issuing instructions at any time.

41.17 Along with the monitored call, atleast following records shall 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) which shall be binding on the LICENSEE.
- (iv) Telephone 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 in the format prescribed from time to time.

41.18 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.

41.19 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.

41.20 The complete list of subscribers shall be made available by the LICENSEE on their website (having password controlled access), so that authorized 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 or hand-held subscriber terminal (where SIM card is not used) 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.

41.21 Format prescribed by the LICENSOR delineating the details of information required before enrolling a customer as a subscriber shall be followed the LICENSEE. A photo identification of subscribers shall be pre-requisite before providing the service.

41.22 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 authorized representative details of the subscribers using the service.

41.23 The LICENSEE shall maintain all commercial records/Call Data Record(CDR)/Exchange Data Record(EDR)/IP Data Record (IPDR) 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.

41.24 Calling Line Identification (CLI) shall be provided. The network should also support Malicious Call identification and Centralized Automatic Message Accounting (CAMA).

41.25 (i) Utmost vigilance should be exercised in providing bulk telephone connections for a single user as well as for a single location. Provision of 10 or more connections may be taken as bulk connections for this purpose. Special verification of bonafide should be carried out for providing such bulk connections. Information about bulk connections shall be forwarded to respective Telecom Enforcement, Resource & Monitoring (TERM) Cell of DoT and any other officer authorized by LICENSOR from time to time as well as all Security Agencies on monthly basis.

41.25 (ii) The call detail records for outgoing calls made by customers should be analyzed for the subscribers making large number of outgoing calls day and night and to the various telephone numbers. Normally, no incoming call is observed in such cases. This can be done by running special program for this purpose. The service provider should devise appropriate fraud management and prevention programme and fix threshold levels of average per day usage in minutes of the telephone connection; all telephone connections crossing the threshold of usage should be checked for bonafide use. A record of check must be maintained which may be verified by LICENSOR any time. The list/details of suspected subscribers should be informed to the respective TERM Cell of DoT and any other officer authorized by LICENSOR from time to time .

41.25 (iii) Active support must be extended by the service providers to the respective TERM cells of DoT for detection of such clandestine / illegal telecommunications facilities. For this purpose, names of the Nodal officers & alternate Nodal Officers in respect of each licensed service area as communicated to the Intelligence Agencies for monitoring of telecommunications should also be forwarded to respective TERM cell of DoT, and any other officer authorized by LICENSOR from time to time. The TERM Cell of DoT will contact the Nodal Officer / alternate Nodal officer, and till the time such nomination is received or in case of non-availability of such officer, the TERM Cell will contact the Chief Executive Officer of the LICENSEE, for such support / coordination.

41.25 (iv) Calling Line Identification (CLI) shall never be tampered as the same is also required for security purposes and any violation of this amounts to breach of security. CLI Restriction should not be normally provided to the customers. Due verification for the reason of demanding the CLIR must be done before provision of the facility. It shall be the responsibility of the service provider to work out appropriate guidelines to be followed by their staff members to prevent misuse of this facility. The subscribers having CLIR should be listed in a password protected website with their complete address and details so that authorized Government agencies can view or download for detection and investigation of misuse. While providing CLIR facility to subscriber, it shall be ensured that the CLI is carried from end to end on the network. However, CLIR must not be provided in case of bulk connections, call centres, telemarketing services.

41.25 (v) Bulk users premises should be inspected by the service providers at regular intervals for satisfying themselves about bonafide use of such facilities. A record of such inspection should be maintained and preserved for minimum one year, for inspection / verification by the licensing authority or a designated officer of the authority.

41.25 (vi) Leased circuits should also be checked/inspected at regular intervals for their bonafide use and to detect any misuse.

41.26 The LICENSEE shall also ensure compliance of the following conditions:

- (i) The Chief Officer in charge of technical network operations and the Chief Security Officer/Chief Information Security Officer, and incharge of GMSC, MSC, Softswitch, Central Database and System Administrators shall be resident Indian citizen.
- (ii) LICENSEE may, on need basis, provide details of its infrastructure/ network diagram (technical details of the network) only to telecom equipment suppliers/manufacturers and the affiliate/parents of the LICENSEE company. Clearance from the LICENSOR (Department of Telecommunications, Government of India) would be required if such information is to be provided to anybody else.
- (iii) For security reasons, domestic traffic of such entities as may be identified/ specified by the LICENSOR shall not be hauled/ routed to any place outside India.
- (iv) The LICENSEE company shall take adequate and timely measures to ensure that the information transacted through a network by the subscribers is secure and protected.
- (v) The officers/officials/Nodal Executives of the LICENSEE companies dealing with the lawful interception of messages will be resident Indian citizens.

- (vi) The majority Directors on the Board of the LICENSEE company shall be Indian citizens.
- (vii) The positions of the Chairman, Managing Director, Chief Executive Officer (CEO) and/or Chief Financial Officer (CFO), if held by foreign nationals, would require to be security vetted by Ministry of Home Affairs (MHA). Security vetting shall be required periodically on yearly basis. In case something adverse is found during the security vetting, the direction of MHA shall be binding on the LICENSEE.
- (viii) The LICENSEE shall not transfer the following to any person/place outside India:-
 - a. Any accounting information relating to subscriber (except for international roaming/billing) (Note: it does not restrict a statutorily required disclosure of financial nature) ; and
 - b. User information (except pertaining to foreign subscribers using Indian Operator's network while roaming).
- (ix) The LICENSEE must provide traceable identity of their subscribers. However, in case of providing service to roaming subscriber of foreign Companies, the Indian Company shall endeavour to obtain traceable identity of roaming subscribers from the foreign company as a part of its roaming agreement.
- (x) On request of the LICENSOR or any other agency 49authorized by the LICENSOR, the LICENSEE shall be able to provide the geographical location of any subscriber (BTS location and Location details including latitude & longitude details) at a given point of time.
- (xi) The Remote Access (RA) to Network would be provided only to approved location(s) abroad through approved location(s) in India. The approval for location(s) would be given by the LICENSOR (DOT) in consultation with the Security Agencies.
- (xii) Under no circumstances, should any RA to the suppliers/manufacturers and affiliate(s) be enabled to access Lawful Interception System(LIS), Lawful Interception Monitoring(LIM), Call contents of the traffic and any such sensitive sector/data, which the LICENSOR may notify from time to time.
- (xiii) The LICENSEE company is not allowed to use remote access facility for monitoring of content.
- (xiv) Suitable technical device should be made available at Indian end to the designated security agency/LICENSOR in which a mirror image of the remote access information is available on line for monitoring purposes.
- (xv) Complete audit trail of the remote access activities pertaining to the network operated in India should be maintained for a period of six months and provided on request to the LICENSOR or any other agency 49authorized by the LICENSOR.

- (xvi) The LICENSEE shall ensure that necessary provision (hardware/ software) is available in their equipment for doing the Lawful interception and monitoring from a centralized location.
- (xvii) The LICENSEE shall familiarize/ train TERM Cell/ security agency officers/ officials in respect of relevant operations/ features of their systems.
- (xviii) It shall be open to the LICENSOR to restrict the LICENSEE Company from operating in any sensitive area from the National Security angle.
- (xix) In order to maintain the privacy of voice and data, monitoring shall be in accordance with rules in this regard under Indian Telegraph Act, 1885.
- (xx) For monitoring traffic, the LICENSEE company shall provide access of their network and other facilities as well as to books of accounts to the security agencies.

41.27 LICENSOR reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security and public interest or for proper provision of TELEGRAPH.

42. Application of Indian Telegraph Act.

42.1 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.

42.2 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 authorized 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 SPECTRUM ALLOTMENT AND RELATED OBLIGATIONS

43. RIGHT TO USE THE SPECTRUM: This Licence Agreement does not authorise the right to use of spectrum. The methodology and procedure for allotment of spectrum shall be prescribed by LICENSOR/WPC Wing from time to time.

44. FREQUENCY AUTHORISATION:

44.1 A separate specific allotment of spectrum and licence (hereinafter called Wireless Operating Licence -WOL) shall be required from the Wireless Planning and Coordination (WPC) Wing of the Department of Telecommunications, Ministry of Communications & IT permitting utilization of appropriate frequencies / band for the establishment, maintenance and operation of Wireless elements of the Telecom Service , under specified terms and conditions including payment for said allotment of spectrum and for grant of WOL by WPC Wing. Services offered by the LICENSEE using the spectrum shall be governed by the UL(AS).

44.2 Such allotment of spectrum and grant of WOL shall be governed by procedures and guidelines prescribed by WPC Wing from time to time and will also be subject to completion of necessary formalities therein.

44.3 For this purpose, a separate application shall be made to the “Wireless Adviser to the Government of India, WPC Wing, Department of Telecommunications, Ministry of Communications & IT, Sanchar Bhawan, New Delhi-110 001” in a prescribed application form available on WPC Wing website: www.wpc.dot.gov.in. Online filing of the application shall be required for this purpose.

44.4 Prior to filing the application for WOL, the LICENSEE has to obtain, among others, site clearance from the WPC Wing in respect of fixed stations and its antenna mast. For this purpose the LICENSEE shall separately apply online on WPC Wing website: www.wpc.dot.gov.in for site clearance by SACFA, as per prescribed procedure and forward the hard copy downloaded from the website to the Secretary, Standing Advisory Committee on radio Frequency Allocations (SACFA) WPC Wing to the following address:

The Secretary (SACFA), WPC Wing,
Ministry of Communications,
Department of Telecommunications,
Sanchar Bhawan, New Delhi-110 001.

44.5 For establishing various wireless links/ network the frequency bands earmarked for various Radio Services has been indicated in the National Frequency Allocation Plan (hereinafter called NFAP 2011) as amended from time to time.

44.6 Allotment of spectrum for individual point-to-point fixed links i.e. Microwave Backhaul Spectrum shall be subject to separate application to WPC Wing. The allotment of backhaul spectrum for these purposes is subject to the terms and conditions specified by the WPC Wing and subject to availability of spectrum. Separate charges as prescribed from time to time, are payable for microwave backhaul spectrum. Allotment of access spectrum and payment therefor does not ensure allotment of backhaul microwave spectrum.

44.7 The WPC Wing reserves the right to change the frequencies allotted for, inter-alia, harmonization of bands and promotion of spectrum efficiency at any point of time over the duration of the relevant licences.

44.8 While employing / using radio frequency spectrum, the LICENSEE shall not cause or allow to cause harmful interference to other authorized users of radio spectrum. For elimination of harmful interference to other users, LICENSEE shall abide by all instructions and orders issued by the LICENSOR / WPC Wing.

44.9 The LICENSOR/ WPC Wing shall have the right to inspect, from time to time, the installations to check conformity with terms and conditions of the Licence Agreement / Wireless Operating License.

44.10 In case of provision of bandwidth by the LICENSEE through the Satellite media, the LICENSEE shall abide by the prevalent Government orders, regulation or direction on the subject like Satellite communication policy, VSAT policy etc.

44.11 For use of space segment and setting up and operationalisation of Earth Station etc., LICENSEE shall directly coordinate with and obtain clearance from Network Operations and Control Centre (NOCC), apart from obtaining SACFA clearance and clearance from other authorities as required.

45. Roll-out Obligations in respect of Spectrum in 1800MHz Band Allotted pursuant to the Auction of Spectrum held in November 2012 vide NIA dated 28.09.2012

45.1 The LICENSEE shall make its own arrangements for all infrastructures involved in rolling out of the network and shall be solely responsible for installation, networking and operation of necessary equipment and systems.

45.2 The LICENSEE shall make its own arrangements for Right of Way (ROW) and other necessary permissions/ clearances required as per relevant laws/ regulations/ directions of the respective agencies for rolling out the network. The Central Government has already issued necessary notification conferring the requisite powers upon the LICENSEEs for the purposes of placing telegraph lines under Part III of the Indian Telegraph Act, 1885. 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-fulfilment or delay in compliance of the Roll-out obligations and shall not be taken a valid excuse for not carrying any obligations imposed by the terms of the licence and the relevant NIA for the auction of spectrum.

45.3 The LICENSEE shall make arrangements for interconnection with other networks in that LSA for carrying inter-network local and long distance traffic, billing of SERVICE and treatment of SUBSCRIBER complaints as part of the rollout of network.

45.4 The LICENSEE shall fulfill the following coverage requirements as part of rollout obligations:

- (i) The licensee shall ensure that Delhi, Mumbai and Kolkata Service areas are covered within one year from the effective date of Licence or date of allotment of spectrum won in the above referred auction process, whichever is later.
- (ii) In Service Areas, other than Delhi, Mumbai and Kolkata service areas as mentioned above, at least 10% of the District Headquarters (DHQs) of the licensed service area (LSA) will be covered in the first year and 50% of the District Headquarters of the LSA will be covered within three years from the effective date of Licence or date of allotment of spectrum won in the above referred auction process, whichever is later.
- (iii) The LICENSEE is permitted to cover any other town in the District in lieu of the District Headquarters.
- (iv) Coverage of a DHQ/ town/ Delhi, Mumbai & Kolkata Service Areas shall mean that at least 90% of the area bounded by the Municipal limits shall get the required street level coverage.
- (v) In addition to above, at least 10% of the Block Headquarters (BHQs) of the Licensed Service Area (LSA) shall be covered by the end of three years from the effective date of Licences or date of allotment of spectrum won in the above referred auction process, whichever is later. Additional 10% of the Block Headquarters of the LSA shall be covered in each of two subsequent years i.e. at least 20% and 30% coverage of the block headquarters of the LSA has to be achieved at the end of 4th and 5th year respectively.
- (vi) The list of DHQ/Block Headquarters (BHQs) and its 'to the scale' Map(s) will have to be obtained by the LICENSEE from the respective State Governments/ Administrations/ local bodies as applicable. The boundary of the Block Headquarters will be as per map/ definition given by the State Government/ Administration/ Local Body concerned. In cases where

District Headquarter/ Town (DHQ / town) happens to be BHQ also, that particular DHQ/ town or BHQ would be considered as part of compliance of any one phase of rollout obligation only, as per the choice of LICENSEE.

- (vii) In Delhi, Mumbai and Kolkata Service Areas, there will be no rollout obligation relating to Block Headquarters.
- (viii) Coverage of Block Headquarters would mean that at least 90% of the area bounded by the local body limits should get the required street level coverage by mandatorily setting up of Base station(s) (for example a BTS / node B/ e-node B) in the Block Headquarters.
- (ix) The number of DHQs/ BHQs will be taken as existing on the date of issue of the above referred Notice Inviting Applications (NIA) for auction of spectrum.
- (x) For calculation of number of DHQs/ BHQs to be covered, the fraction which comes to 0.5 or above shall be rounded off to the next whole number and if the fraction is less than 0.5, it shall be ignored.
- (xi) Each milestone of the rollout obligations as mentioned above would be considered as separate phase of rollout obligations. Thus, there will be five phases of rollout obligations. The phase numbers of individual phases of rollout obligations are as follows:

Phase 1: Coverage of the Delhi, Mumbai and Kolkata Service Areas and Coverage of 10% DHQs/ Towns in all other service areas as per sub-clause (i) and (ii) above.

Phase 2: Coverage of 50% DHQs/ Towns as per sub-clause (ii) above. .

Phase 3: Coverage of 10% BHQs as per sub-clause (v) above.

Phase 4: Coverage of additional 10% BHQs (Cumulative 20% BHQs) as per sub-clause (v) above.

Phase 5: Coverage of additional 10% BHQs (Cumulative 30% BHQs) as per sub-clause (v) above.

(Phase 2 to 5 shall not apply in case of Delhi, Mumbai and Kolkata Service areas)

- (xii) The choice of Block Headquarters to be covered and further expansion beyond 30% Block Headquarters shall lie with the LICENSEE depending on their business decision. Similarly, 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.

- (xiii) The obligations under sub-clause (i) and (ii) above will have to be met by setting up owned infrastructure with sharing of passive infrastructure as presently permissible i.e. on the date of issue of the NIA for auction of spectrum. The LICENSEE will have the flexibility to meet the roll out obligation mentioned in sub-clause (vi) through shared infrastructure as per condition 33 mentioned above and to the extent permissible as per amendment based on the guidelines/ instructions applicable from time to time. However it may be noted that rollout obligations cannot be complied with using the Intra Service Area roaming arrangements.
- (xiv) In cases where allocation of spectrum based on above referred auction is in less number of BHQs/ DHQs (i.e. less than prescribed percentage of the BHQs or DHQs for any phase) in a particular LSA, rollout obligation shall be limited to rollout of network in all BHQs/ DHQs where spectrum is allocated in the LSA.

45.5 In case of change of technology by the LICENSEE, while rolling out network for compliance of the rollout obligations, following will be required:

- (i) Continuity of coverage, provisioning, delivery, quality and services in the network, deployed with earlier technology, is to be ensured.
- (ii) LICENSEE may be required to submit the test reports as per test schedule/ procedure, in respect of Base Station sites already tested as part of compliance of rollout obligations, to the LICENSOR who may also carry out sample verification.
- (iii) LICENSEE may fulfil the remaining part of rollout obligations with later technology as per test schedule/ procedure for that technology.
- (iv) Change in technology, if any, while rolling out network for compliance of the rollout obligations, should be informed to the LICENSOR at least one year before any new technology Base Station site is offered for testing, so that Test Schedule Test Procedure (TSTP) for that technology can be finalized.

45.6 As the allotment of spectrum for individual point-to-point fixed links i.e. Microwave Backhaul Spectrum would be subject to separate application, the allotment of the same is not linked to the compliance of rollout obligations. For compliance of the rollout obligations, the LICENSEE has to make its own arrangements for transmission media required for connecting the network equipment's etc. The allotment of backhaul spectrum is subject to the usual

processes, term and conditions and applicable charges. The Government shall make available spectrum for these purposes under the terms and conditions specified by the WPC wing, subject to availability. However, it must be noted that these frequencies are not part of the Auctions, and the payment of the bid amount, for spectrum won in the auction, does not ensure the allotment of backhaul spectrum. Separate charges, as prescribed from time to time are payable for backhaul spectrum.

45.7 The Licensee shall ensure the rollout of network using the spectrum in spectrum band won in above referred auction process as per the rollout obligations mentioned above. Rollout coverage testing will be carried out as per test schedule/ test procedure (TSTP). The LICENSEE will have to inform the choice of technology other than GSM/ WCDMA and CDMA technologies within one month of obtaining the licenses so that the test schedule can be prescribed. The LICENSEE will have to continue its roll out of network without linking it with the availability of test schedule/ procedure.

45.8 For the purpose of verification of the rollout of the network and coverage testing as mentioned above, LICENSEE shall register with the respective TERM cells of DoT, as per the prescribed procedure. While registering with the TERM Cell, the LICENSEE will also indicate the phase number for which the Base Station site is being registered.

45.9 Date of registration by concerned TERM cell is to be treated as date of meeting the roll-out obligation in case of successful verification of the rollout of the network and coverage testing as per TSTP for the purpose of compliance of rollout obligations and for calculating liquidated damages, if applicable, in terms of Condition No. 46 mentioned below. If the verification of the rollout of the network and coverage testing fails as per TSTP, then the LICENSEE shall re-register with the respective TERM cells of DoT and in that case, Date of re-registration by concerned TERM cell is to be treated as date of meeting the roll-out obligation subject to successful verification as per TSTP.

46. Liquidated Damages:

46.1 The time period for roll out of network as per the rollout obligations mentioned above, using the spectrum in 1800 MHz band, shall be deemed as the essence of the contract and the network must be rolled out not later than such specified time period(s). No extension in prescribed due date will be granted. If the network, for a particular phase, is rolled out after the expiry of the due date and is registered by the LICENSOR for the purpose of testing, such delay in rollout of network will entail recovery of Liquidated Damages (LD) under this Condition. Provided further that if the rollout of the network, for a particular phase, is effected within 15 calendar days of the expiry of the due date then the LICENSOR shall accept the rollout of network without levy of LD charges.

46.2 At present, minimum 60 calendar days duration is prescribed for grant of SACFA clearance. While examining the compliance of rollout obligations, the average delay in grant of the SACFA clearance beyond the above mentioned prescribed duration shall be excluded from the duration set for each phase of rollout obligations in the condition 45.4 above. For the purpose of calculating the delay in grant of SACFA clearance of individual Base Station site, the date of 'WPC acceptance number' for SACFA clearance application would be treated as the 'start date' and the date on which the SACFA clearance is granted in the online system of WPC would be considered as the 'end date'. The difference between the 'start date' and 'end date' after excluding the above mentioned prescribed period would be considered as the delay in grant of SACFA clearance for that Base Station site for the limited purpose of calculating the delay in compliance of rollout obligations. If the SACFA clearance for a particular Base Station site has been granted within prescribed duration, then for that particular site, delay would be considered as 'zero' days.

46.3 After working out the delay in grant of SACFA clearance as per above mentioned procedure for each Base Station site offered for coverage testing, an average of all these delays would be taken for calculating the 'average SACFA delay' on the part of LICENSOR. For the purpose of 'average SACFA delay' calculations, delay in grant of SACFA clearance of only those Base Station sites would be considered which are registered with TERM cell for coverage testing of that particular phase of rollout obligations.

46.4 In case the LICENSEE fails to rollout the network or any part thereof, for a particular phase, within the period prescribed for the same, the LICENSOR shall be entitled to recover LD charges for that phase separately @ Rs. 5 Lakhs (Rupees: Five Lakhs) per week for first 13 weeks; @ Rs 10 Lakhs for the next 13 weeks and thereafter @ Rs. 20 Lakhs for 26 weeks subject to a maximum amount of Rs. 7.00 Crores for each phase. For delay of more than 52 weeks in any phase, in addition to imposition of maximum amount of LD as mentioned above, the spectrum assigned based on this auction process may be withdrawn. The PBG shall be encashed to the extent of LD amount, if the same is not paid within the time period specified in the notice for recovery of LD. For the purpose of calculation of delay in compliance of rollout obligations, the week shall mean 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.

47 Performance Bank Guarantee for Rollout Obligations:

47.1 (i) Performance Bank Guarantee (PBG), in prescribed format as given in Annexure VII to this license, shall be submitted for amount equal to Rs. 35.00 Crores by the LICENSEE per service area valid for a minimum period of six years before signing the Licence Agreement. The validity period of PBG can be

further extended by the LICENSOR depending upon the requirement for a period not exceeding two years from the due date of expiry of the earlier PBG.

47.2 (ii) The PBG may be released only after the complete testing/ verification of the compliance of the rollout obligations by the LICENSOR and the recovery of the LD, if any, up to the last phase of rollout obligations.

48. Spectrum Usage Charges:

48.1 A spectrum usage charge in addition to the spectrum auction price as a percentage of the Adjusted Gross Revenue (AGR) shall be payable by the LICENSEE as per the rates notified by the Government from time to time. Spectrum usage charges shall be payable as per the slabs/ rates notified by the Government from time to time. The present spectrum usage charges are mentioned below

Schedule: Charges Applicable for 900 & 1800MHz band Spectrum Slab % of AGR

Spectrum Slab	% of AGR
Up to 4.4 MHz	3%
Up to 6.2 MHz	4%
Up to 10.2 MHz	5%
Up to 15.2 MHz	6%
Up to 6.2 MHz	7%
Up to 10.2 MHz	8%

□□Applicable (Adjusted Gross Revenue) AGR shall be computed in accordance with the provisions of the licence;

- Annual spectrum charges shall be applicable from the date of award of right to use allotted spectrum.

- For the purpose of calculation of spectrum usage charge, there shall be a minimum AGR which shall be not less than 5% of the bid amount. The calculation of spectrum usage charges shall be on the basis of minimum AGR or the actual AGR whichever is higher.

However, while calculating 'AGR' for limited purpose of levying spectrum charges based on revenue share, revenue from wireline subscribers shall not be taken into account.

49. Duration for validity of spectrum:

49.1 The validity period of the Spectrum in 1800MHz band won in auction shall be 20 years from the date of issue of Letter of Intent (LoI) for ear marking of

spectrum. The 'Effective Date' for the validity of the spectrum shall be the date of issue of LOI for ear marking of spectrum. In case the Licence is cancelled/terminated for any reason, the spectrum usage rights shall stand withdrawn forthwith. If the period of licence expires before the expiry of the right to use the Spectrum awarded by means of the Auction, then the LICENSEE will have to obtain UL (Access Services) / Unified License as may be applicable.

50. Breach, revocation and surrender:

50.1 The spectrum allotment/ assignment may be revoked, withdrawn, varied or surrendered in accordance with applicable licence conditions or any other applicable laws, rules, regulations or other statutory provisions.

50.2 The spectrum allotment/ assignment may also be curtailed / revoked if the Government determines the user of the spectrum to be in serious breach of any of the conditions of the allotment of the spectrum (including adherence to the Auction Rules) and the consequent obligations. In case of less serious breaches, the Government may impose penalties at its discretion. Seriousness of the breach shall be determined by the Government at its sole discretion.

50.3 If at any stage, the spectrum allotment is revoked, withdrawn, varied, surrendered or curtailed no refund will be made. The Bank Guarantees may also be invoked to recover any payable dues.

51. Networth requirements:

51.1 The LICENSEE shall maintain a networth of Rs. 100 Crores per service area, except for J&K and NE service areas where the networth requirement shall be only Rs. 50 Crores each, For this purpose, net worth of those Promoters having at least 10% paid up equity holding in the LICENSEE company shall also be taken into consideration. This networth shall be in addition to the networth requirement prescribed in Condition 1.6 for the Unified License (Access Service).

51.2 The LICENSEE Company shall have a minimum paid up equity capital equal to one tenth of net worth prescribed for allotment of spectrum. This paid up equity requirement would be in addition to the prescribed paid up equity for obtaining UL (Access Services).

51.3 The minimum paid-up equity and net worth requirements for obtaining UL (Access Services) including the additional paid up equity and net worth requirements prescribed for obtaining the spectrum shall be met and maintained till the validity period of the licence. The LICENSEE shall submit a certificate to this effect (provided by the Company Secretary/ Statutory Auditors of the LICENSEE Company and countersigned by duly authorized Director of the Company) periodically as prescribed by LICENSOR from time to time.

52 Lock-in Conditions:

There shall be a Lock-in period for equity of a person whose share capital is 10% or more in the bidding company / Group Bidding Entity/ Associated LICENSEE/ Nominee Company on the effective date of UL (Access Services) and whose net worth has been taken into consideration for determining the eligibility for bidding for spectrum, till completion of three (3) years from the date of allotment of spectrum or till fulfilment of all the Roll-out obligations prescribed in the NIA for the auction of spectrum in 1800 MHz band, whichever is later.

53 Applicability of the terms and conditions of NIA

All other terms and conditions, as laid in the Notice Inviting Applications issued on 28th September 2012, shall be applicable.

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:** “APPLICABLE SYSTEMS” means all the necessary equipment, systems / sub-systems and components of the network engineered to meet relevant ITU standards, ITU-T, ITU-R recommendations, TEC specifications and International standardization bodies such as 3GPP/3GPP-2/ETSI/IETF/ANSI/EIA/TIA/IS . for provision of 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 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;

8. **CLOSED USER GROUP (CUG):**

A Closed User Group is Permissible for following categories of business associationship:-

- i) Producer of goods and his trader/agent;
- ii) Provider of service and his trader/agent;
- iii) Producer of same category of goods (e.g. manufactures of petroleum products); and
- iv) Provider of the same category of service (e.g. bank).

Provided that ultimate consumer of a service or a product shall not be a part of the Closed User Group.

A Closed User Group can also be formed among a holding company and its subsidiaries, these terms being defined as per the Companies Act 1956.

Provided that such Closed User Group shall be only for the purposes of legitimate business communications of the group.

9. **“CONNECTABLE SYSTEM”** means a telecommunication system which is 63authorized to be run under a Licence to provide public telecommunications service and is 63authorized to be connected to the Applicable system.

10. **“CUSTOMER”** includes any subscriber or any person or legal entity, which subscribes to / avails of the service from the LICENSEE.

11. **“DESIGNATED AUTHORITY”** is the entity who is 63authorized or empowered by the LICENSOR to issue instructions and to seek adherence to them.

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

13. **DISPUTES SETTLEMENT:** As per provisions of Telecom Regulatory Authority of India Act, 1997, the dispute between LICENSEE and the LICENSOR shall be settled in the Telecom Disputes Settlement and Appellate Tribunal, if such dispute arises out of or connected with the provisions of this AGREEMENT. In the event of any amendment or modification or replacement of TRAI Act, 1997 such modified provisions shall apply for adjudication of the said dispute.

14. **DOT** means Department of Telecommunications, Government of India who is also the **LICENSOR**. DoT & LICENSOR, wherever used in the Licence agreement are inter-changeable.

15A. **EFFECTIVE DATE OF LICENSE:** The effective date of License is the date which is so specified in this Licence agreement.

15B. **EFFECTIVE DATE OF SPECTRUM:** The effective date of Spectrum is the date which is so specified in the terms and conditions of the auction/allotment of spectrum.

16. **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.

17. Emergency Services in respect of any locality means the relevant public, police, fire, ambulance and coast guard services for that locality.

18. **ENGINEERING:** The technical application of the dimensioning rules and results thereof in order to provide network resources to meet specified Grade of Service (GOS).

19. **“ENTRY FEE”** The prescribed non-refundable amount of fee to be paid before signing of LICENCE AGREEMENT to provide Unified Access Services in a Service Area.

20. **“FUNDAMENTAL PLAN”** include Numbering Plan, Traffic Routing and Switching Plan, Signalling Plan and Transmission Plan issued by Department of Telecom as amended from time to time.

21. **“GATEWAY MOBILE SWITCHING CENTRE”** means a Mobile Switching Centre with an additional functionality that allow a network to interface with with other network

22. **“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.

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

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

23. **“INFRASTRUCTURE PROVIDER (S)”** mean a company registered with DoT as IP-I providing inactive elements of the telecom network including dark fibers, right of way, duct space, towers etc. as well as IP-II LICENSEES who provide end-to-end bandwidth to telecom service providers.

24. **“INSTALLED CAPACITY”** means the total number of lines for which switching equipment is available in the exchange for connection of subscribers.

25. **“INTERCONNECTION”** is as defined by the TRAI vide its regulations issued in this respect.

26. **“INTERNATIONAL SERVICES”** mean telecom services originating in the country and terminating outside the country.

27. **“INTER-SERVICE AREA TRAFFIC”** means the Long Distance traffic originating in one telecom service area and terminating in another telecom service area

28. **“INTRA- SERVICE AREA TRAFFIC”** means the traffic originating and terminating within boundaries of the licensed service area. .

28 A **“An IPTV(Internet Protocol Television) service (or technology) is a convergence service (or technology) of the telecommunications and broadcasting through QoS controlled Broadband Convergence IP Network including wire and wireless for the managed, controlled and secured delivery of a considerable number of multimedia contents such as Video, Audio , data and applications processed by platform to a customer via Television, PDA, Cellular, and Mobile TV terminal with STB module or similar device.”**

28 B **“Internet Telephony” means “transfer of message(s) including voice signal(s) through public internet.”**

29. **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.

30. **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.

31. **“LICENCE FEE”** means a fee payable I by LICENSEE at prescribed intervals and rates for the period of the LICENCE.

32. **LICENSEE:** A registered Indian Company that has been awarded Licence to provide the service, within the geographical boundaries of the specified Service Area.

33. **LOCAL CALLS** mean calls originating and terminating with in the same local area, which are charged at local call rates and Remote Subscribers’ Unit (RSU)/ Remote Line Unit (RLU) . Concentrators/Media Gateway having switching functions are to be treated as an exchange for the purposes of this definition.

34. **“LONG DISTANCE NETWORK”** is a network of transmission and switching elements connected in a predetermined fashion to provide switched bearer interconnection between different SDCAs. Physically the network elements may be co-located or be a part of bigger elements.

35. **“LONG DISTANCE CALL”** is defined as a call terminating in a local area other than in which it is originated.

36. **LONG DISTANCE CHARGING AREA (LDCA)** means one of the several areas into which the country is divided and declared as such for the purpose of charging for trunk calls which generally is co-terminus with Secondary Switching Area.

37. **LONG DISTANCE CHARGING CENTRE(LDCC):** A particular Trunk Exchange in a Long Distance Charging Area declared as such for the purpose of charging long distance calls. Head Quarters of SSAs are generally LDCCs.

38. **MESSAGE** means anything falling within sub-section (3) of section 3 of the Indian Telegraph Act 1885.

38A. **Mobile Number Portability (MNP) Service** means a service which allows subscribers to retain their existing telephone number when they switch from one access service provider to another irrespective of mobile technology or from one technology to another of the same or any other access service provider.

39. **“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.

40. **“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.

For IP based Next Generation Network Media Gateway Controller (MGC) can be deployed within or outside of the License service area controlling the Media Gateways deployed in each license service area. The Media Gateways so installed in each service area shall perform the function of switching subscriber traffic under the control of MGC for call control. These two are interconnected through signaling link and can be located in different locations as per the network architecture of the service provider.

40.1 MEDIA GATEWAY CONTROLLER (MGC) ALSO KNOWN AS SOFTSWITCH,CALL SERVER (CS),CALL AGENT,CALL CONTROLLER : The Media Gateway Controller is located in the service provider’s network and handles call control and authorize functions, typically maintaining call state for every call in the network. A MGC interacts with Application Servers to provide services that are not directly hosted on MGC in Packet Based networks .It handles the registration and management of resources at the media gateway. A media gateway controller exchanges messages with central office switches via a signaling gateway. It processes the signaling for all types of packet protocols It controls connection services for a media gateway and/or native IP endpoints, selects processes that can be applied to a call, provides routing for a call within the network based on signaling and customer database information, transfers control of the call to another network element, and interfaces to and support management functions such as provisioning, fault, billing, etc.

40.2 MEDIA GATEWAY (MG): A protocol converter that interfaces a traditional public switched telephone network (PSTN), or device running PSTN protocols, with a device running the Internet protocol (IP) suite. As the Media Gateway connects different types of networks, one of its main functions is to convert between the different transmission and coding techniques. Media streaming functions such as echo cancellation, DTMF, and tone sender are also located in the Media Gateways.

40.2A Trunk Media Gateway (TMG): The TMG supports a trunk side interface to the PSTN and/or IP routed flows in the packet network. It supports functions such as packetisation, echo control etc.

40.2B Access gateway (AG): The AG is located in the service provider's network. It supports the line side interface to the core IP network for use by phones, devices, and PBXs. This element provides functions such as media conversion (circuit to Packet, Packet to circuit) and echo control.

40.2C Signaling gateway (SG): The SG provides the 68authorize interface between the VoIP network and the PSTN 68authorize network. It terminates SS7 links and provides Message Transport Part (MTP) Level 1 and Level 2 functionality. Each SG communicates with its associated CS to support the end-to-end 68authorize for calls.

41. **MTNL** means Mahanagar Telephone Nigam Limited.

42. **"NATIONAL LONG DISTANCE (NLD) SERVICE"** refers to the carriage of switched bearer telecommunication service over long distance.

43. **"NATIONAL LONG DISTANCE SERVICE PROVIDER" (NLDO)** is the telecom operator providing the required digital capacity to carry long distance telecommunication service within the scope of LICENCE for National Long Distance Service, which may include various types of tele-services defined by the ITU, such as voice, data, fax, text, video and multi-media etc.

44. **"NETWORTH"** shall mean the sum total, in Indian rupees, of paid up equity capital and free reserves and surplus net of accumulated losses converted at the prevalent conversion rate indicated by the Reserve Bank of India on the date of the application.

44A. **Next Generation Network (NGN):** As per ITU-T recommendation Y.2001, A Next Generation Network (NGN) is a packet-based network able to provide services including Telecommunication Services and able to make use of multiple broadband, QoS-enabled transport technologies and in which service-related functions are independent from underlying transport-related technologies. It offers unrestricted access by users to different service providers. It supports generalized mobility which will allow consistent and ubiquitous provision of services to users.

45. **"OPERATOR"** means any person who is Licensed to run a Relevant Connectable System;

46. **"OTHER SERVICE PROVIDERS"** mean the operators who offer services for applications like tele-banking, tele-medicine, tele-education, tele-trading, E-commerce etc. by using infrastructure provided by various access providers. These other service providers (OSPs) do not infringe on the jurisdiction of access providers and do not provide switched telephony.

47. **“POINT OF PRESENCE (POP)”** means setting up of applicable systems of appropriate capacity by the Service Provider to provide, on demand, service of prescribed quality and grade of service in a non-discriminatory manner.

48. **OR/QR (OPERATIONAL /QUALITY REQUIREMENT) SPECIFICATIONS** means technical and quality requirements contained in the OR/QR Specifications of Telecom Engineering Centre, Department of Telecommunications unless otherwise specified.

49. **PUBLIC SWITCHED TELEPHONE NETWORK (PSTN)** means a specified switched public telephone network. A two-way switched telecommunications service to the general public.

50. **PUBLIC LAND MOBILE NETWORK (PLMN)** means land based mobile network.

51. **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.

52. **“RADIO TRANSMITTER”** means the Radio Transmitter and Receiver at base stations.

53. **“ROAMING”** means the facility to a customer to avail services, while travelling outside the geographical coverage area of the home network, by means of using a visited network.

54. **“SATCOM”** means Satellite Telecommunication.

55. **“SERVICE”** covers collection, carriage, transmission and delivery of voice or non-voice messages over LICENSEE’s network in licensed service area and includes provision of all types of services except for those requiring a separate Licence.

56. **“SERVICE AREA”** means the specified territorial telecom circle bounded by the geographical limits within which the LICENSEE is licensed to operate and offer the SERVICE.

57. **“SERVICE PROVIDERS”** means Telecom service provider licensed under Section 4 of the Indian Telegraph Act 1885 for provision of service

58. **“SHORT DISTANCE CHARGING AREA ” (SDCA)** means one of the several areas into which a Long Distance Charging Area is divided and declared

as such for the purpose of charging for trunk calls and within which the local call charges and local numbering scheme is applicable. SDCAs, with a few exceptions, coincide with revenue tehsil / taluk.

59. **“SHORT DISTANCE CHARGING CENTRE (SDCC)”** means a particular exchange in Short Distance Charging Area declared as such for the purpose of charging trunk calls. Head quarters of SDCAs are generally SDCCs.

60. **“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.

61. **“SPECIAL AUDITOR”** means Auditors listed in the panel of Auditors having same powers as of the company’s AUDITOR as envisaged in the Companies Act, 1956.

62. **“SUBSCRIBER”** Subscriber means any person or legal entity, which subscribe to Service from the LICENSEE.

63. **“SUBSCRIBER TERMINAL (UT) (FIXED AND MOBILE TERMINAL OR HAND SET OR MOBILE STATION)”** means the equipment used by the subscribers to avail the Telephone service provided by the LICENSEE.

64. **“TDSAT”** means Telecom Disputes Settlement and Appellate Tribunal.

65. **“TEC”** means Telecom Engineering Centre.

66. **“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.

67. **“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.

68. **“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.

69. **“TRAI”** means Telecom Regulatory Authority of India constituted under the TRAI Act, 1997 as amended from time to time.

70. **Access Services (AS)** means telecommunication service provided by means of a telecommunication system for the conveyance of messages through the agency of wired or wireless telegraphy. The Access Services refer 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.

71. UL(AS) provider means a LICENSEE authorized to provide Access Services under this Licence in a specified service area.

72. **“USOF”** means “Universal Service Obligation Fund” set up to meet expenditure on USO.

73. **“USO”** means Universal Service Obligation as enunciated in NTP-99 and amended from time to time by the LICENSOR after considering the recommendations of TRAI.

74. **“V-SAT”** means Very Small Aperture Terminal.

75. **WPC** means Wireless Planning and Co-ordination Wing of the Ministry of Communications, Department of Telecommunications, Government of India.

76. **“YEAR”** for the purpose of the Licence Fee shall be the financial year ending 31st March and the four quarters shall respectively end on 30th June, 30th September, 31st December and 31st March.

ANNEXURE-II

(Proforma 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 amof (Name of the Company), LICENSEE of Service inService Area and I am duly 72uthorized 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 Licence Agreement No. signed between the Company and the Department Of Telecommunications, for payment of Licence fee, a payment of Rs. (Rupees Is being made for the period to The details of calculation of ‘revenue’ and Licence fee is as per **Appendix-II** (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 Licence 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 Licence Fee

To
The Board of Directors
.....
.....

We have examined the attached Statement of Revenue and Licence 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 Licence 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 Licence fee payable by the company to the Government, in terms of the Licence 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 Licence agreement in this behalf and gives a true and fair view of the revenue and Licence 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 Licence Fee
_____ (Name and address of operator)
Unified Access Services in _____ (Service Area)
Statement of Revenue and Licence Fee for the Quarter
.....
of the financial year.....

(AMOUNT IN RUPEES)

	PARTICULARS	ACTUALS FOR THE PRE VIOUS QUA RTE R	ACTUALS FOR THE CUR REN T QUA RTE R	CUMULATIVE UPTO THE CUR R ENT QUAR TER.
1	Revenue from services			
A	Revenue from wireline subscribers:			
(i)	Rentals			
(ii)	Call revenue within service area			
(iii)	National LONG DISTANCE CALL revenue			
(iv)	International LONG DISTANCE CALL revenue			
(v)	Pass thru revenue for usage of other networks (give OPERATOR-wise details)			
(vi)	Service tax			
(vii)	Service charges			
(viii)	Charges on account of any other value added services, Supplementary Services etc.			
(ix)	Any other income / miscellaneous receipt from wireline subscribers.			

B	Revenue from WLL subscribers (Fixed) :			
(i)	Rentals			
(ii)	Call revenue within service area			
(iii)	National LONG DISTANCE CALL revenue			
(iv)	International LONG DISTANCE CALL revenue			
(v)	Pass thru revenue for usage of other networks (give OPERATOR-wise details)			
(vi)	Service tax			
(vii)	Service charges			
(viii)	Charges on account of any other value added services, Supplementary Services etc.			
(ix)	Any other income / miscellaneous receipt from WLL subscribers.			
C	Revenue from WLL subscribers (handheld) :			
(i)	Rentals			
(ii)	Call revenue within service area			
(iii)	National LONG DISTANCE CALL revenue			
(iv)	International LONG DISTANCE CALL revenue			
(v)	Pass thru revenue for usage of other networks (give OPERATOR-wise details)			
(vi)	Service tax			
(vii)	Service charges			
(viii)	Charges on account of any other value added			

	services, Supplementary Services etc.			
(ix)	Any other income / miscellaneous receipt from WLL subscribers.			
D	Revenue from Mobile Services:			
D (a)	Revenue from GSM and 3G spectrum based Mobile Services:			
D(a) 1.	Post paid options:			
i.	Rentals			
ii	Activation Charges			
iii.	Airtime Revenue			
iv.	Pass through charges (provide operator- wise details)			
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.			
D(a) 2.	Pre-paid options:			
i.	Sale of pre-paid SIM cards including full value of all components charged therein.			
ii.	Any other income/ miscellaneous receipt from pre-paid options.			
D(a) 3.	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.			
D (b)	Revenue from CDMA based Mobile Services:			
D(b) 1.	Post paid options:			
i.	Rentals			
ii	Activation Charges			
iii.	Airtime Revenue			
iv.	Pass through charges (provide operator-wise details)			
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.			
D(b) 2.	Pre-paid options:			
i.	Sale of pre-paid SIM cards including full value of all components charged therein.			
ii.	Any other income/miscellaneous receipt from pre-paid options.			
D(b) 3.	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.			
D (c)	Revenue from BWA Services:			
D(c) 1.	Post paid options:			
i.	Rentals			
ii	Activation Charges			
iii.	Airtime Revenue			
iv.	Pass through charges (provide operator- wise details)			
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.			
D(c) 2.	Pre-paid options:			
i.	Sale of pre-paid SIM cards including full value of all components charged therein.			
ii.	Any other income/ miscellaneous receipt from pre-paid options.			
D(c) 3.	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.			
E	Revenue from Voice Mail /any other value added service			
2	Income from trading activity (all including of sales tax)			
(i)	Sale of handsets			
(ii)	Sale of accessories 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 (provide operator-wise details).			
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 including all commissions and discounts etc. excluding the revenues already included in IA&B			
7	Revenue from sharing/ leasing of infrastructure			
8	Revenue from sale/ lease of bandwidth, links, R&G cases, turnkey projects etc.			
9	Revenue from other OPERATORS on account of pass through call charges (provide operator-wise details).			
10	Revenue from other OPERATORS on account of provisioning of interconnection (provide operator-wise details)			
11	Miscellaneous revenue			
AA	GROSS REVENUE OF THE LICENSEE			

	COMPANY: (Add 1-11)			
BB	DEDUCT:			
1	Charges actually paid to other SERVICE PROVIDER(s) (OPERATOR-wise)			
2	Roaming revenues actually paid 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 DEDUCTIBLE REVENUE (1+2+3+4)			
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.

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 Access Services hereinafter called 'the SERVICE') in _____ Service Area (Name of Service Area) 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 Two 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.

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

7. We, the Bank agree that this guarantee may be invoked on a number of occasions for part amounts, with the balance standing in favour of the Authority, but so that the total amount payable hereunder shall not exceed Rs.....

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:

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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 Access Services (AS) (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 terms and conditions 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 the terms & conditions of the LICENCE 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 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 its 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 under the terms and conditions of the license 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 entire currency of the licence 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. We, the Bank agree that this guarantee may be invoked on a number of occasions for part amounts, with the balance standing in favour of the Authority, but so that the total amount payable hereunder shall not exceed Rs.....

9. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs..... and our Guarantee shall remain in force untilyear 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:

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2.....
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ANNEXURE-VI

**SERVICE AREA (TELECOM CIRCLES/ METROS) AND THE AREAS
COVERED BY THEM FOR THE PURPOSE OF THIS LICENCE**

Sl. No.	Name of Service Area	Areas covered	
01.	West Bengal Service Area	Entire area falling within the Union Territory of Andaman & Nicobar Islands and area falling within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.	
02.	Andhra Pradesh Service Area	Entire area falling within the State of Andhra Pradesh.	
03.	Assam Service Area	Entire area falling within the State of Assam.	
04.	Bihar Service Area	Entire area falling within the re-organised State of Bihar and newly created State of Jharkhand pursuant to the Bihar Reorganisation Act, 2000 (No.30 of 2000) dated 25 th August, 2000.	
05.	Gujarat Service Area	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Haveli).	
06.	Haryana Service Area	Entire area falling within the State of Haryana except Panchkula town and the local areas served by Faridabad and Gurgaon Telephone exchanges.	
07.	Himachal Pradesh Service Area	Entire area falling within the State of Himachal Pradesh	
08.	Jammu & Kashmir Service Area	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.	
09.	Karnataka Service Area	Entire area falling within the State of Karnataka	
10.	Kerala Service Area	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.	
11.	Madhya Pradesh Service Area	Entire area falling within the re-organised State of Madhya Pradesh as well as the newly created State of Chattisgarh pursuant to the Madhya Pradesh Reorganisation Act, 2000 (No:28 of 2000) dated 25 th August, 2000.	
12.	Maharashtra Service Area	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.	
13.	North East Service Area	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.	
14.	Orissa Service Area	Entire area falling within the State of Orissa.	

15.	Punjab Service Area	Entire area falling within the State of Punjab and Union territory of Chandigarh and Panchkula town of Haryana.	
16.	Rajasthan Service Area	Entire area falling within the State of Rajasthan.	
17.	Tamilnadu Service Area (including Chennai Service Area)	Entire area falling within the State of Tamilnadu and Union Territory of Pondichery including Local Areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges	
17A.	Tamilnadu Service Area (excluding Chennai Service Area)	Entire area falling within the State of Tamilnadu and Union Territory of Pondichery excluding Local Areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges	
17B.	Chennai Service Area	Local Areas served by Chennai Telephones, Maraimalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram Exchanges	
18.	Uttar Pradesh (West) Service Area	Entire area covered by Western Uttar Pradesh with the following as its boundary districts towards Eastern Uttar Pradesh : Pilibhit, Bareilly, Badaun, Etah, Mainpuri and Etawah. It will exclude the local telephone area of Ghaziabad and Noida. However, it will also include the newly created State of Uttaranchal pursuant to the Uttar Pradesh Re-organisation Act, 2000 (No.29 of 2000) dated 25 th August, 2000.	
19.	Uttar Pradesh (East) Service Area	Entire area covered by Eastern Uttar Pradesh with the following as its boundary districts towards Western Uttar Pradesh : Shahjahanpur, Farrukhabad, Kanpur and Jalaun.	
20.	Delhi Service Area	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida, and Gurgaon Telephone Exchanges	
21.	Kolkata Service Area	Local Areas served by Calcutta Telephones.	
22.	Mumbai Service Area	Local Areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges	

NOTE:

1. Yenum, an area of Union Territory of Pondicherry is served under Andhra Pradesh Telecom Circle in East Godavari LDCA.
2. The definition of Local areas of exchanges will be as applicable to the existing cellular operators, i.e. at the time of grant of cellular Licences in Metro cities.
3. The definition of local areas with regard to the above service area as applicable to this Licence is as per definition applicable to Cellular Mobile Service Licences as in the year 1994 & 1995, when those 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.

**PROFORMA FOR PERFORMANCE BANK GUARANTEE FOR ROLL OUT
OBLIGATIONS**

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 Access Services (AS) (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 of Rs. 35 Crores (Rupees Thirty Five Crores) for the service by way of security for the due observance and performance of the conditions no. 45 & 46 contained in Part VII 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 conditions no. 45 & 46 contained in Part VII 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 the terms & conditions as of the LICENCE to the satisfaction of the Authority.

2. We, the Bank, hereby undertake to pay the Authority an amount not exceeding Rs 35 Crores (Rupees Thirty Five 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 the conditions no. 45 & 46 contained in Part VII of 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.35 Crores (Rupees Thirty Five Crores Only) to the Authority to secure due and faithful performance by the LICENSEE of his/their obligations under conditions no. 45 & 46 contained in Part VII of 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 conditions no. 45 & 46 in Part VII 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 under the terms and conditions of the license 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 six years from the date hereof and that it shall continue to be enforceable till all the dues of the Authority by virtue of the said condition no. 45 & 46 of the said Licence have been fully paid and its claims satisfied or discharged or till Authority satisfies that the said 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. We, the Bank agree that this guarantee may be invoked on a number of occasions for part amounts, with the balance standing in favour of the Authority, but so that the total amount payable hereunder shall not exceed Rs.....

9. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to Rs 35 Crores and our Guarantee shall remain in force until six years 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:

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2.....
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