

LICENCE AGREEMENT FOR NATIONAL LONG DISTANCE SERVICE

LICENCE NUMBER -----

LICENCE AGREEMENT

This AGREEMENT is made on the _____ day of _____ (month) _____ (year) on behalf of and between the President of India acting through _____ (Name), Director (BS), Department of Telecommunications (DOT), Government of India, Sanchar Bhavan, 20 Ashok Road, New Delhi-110 001 (hereinafter called the LICENCOR) of the FIRST PARTY

AND

M/s _____, a company registered under the Companies Act 1956, having its registered office at acting through Shri _____, the authorized signatory (hereinafter called the LICENCEE 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 LICENCOR has privilege to grant License and the LICENCEE is desired to have the LICENCE to install, operate and maintain NATIONAL LONG DISTANCE (NLD) SERVICE NETWORK, hereinafter called "NLD Service Network", and to provide NATIONAL LONG DISTANCE SERVICE, hereinafter called 'NLD Service' within territorial boundaries of India.

AND WHEREAS in pursuance to the said desire of the LICENCEE, the LICENCOR has agreed to grant NATIONAL LONG DISTANCE SERVICE LICENCE to the

LICENCEE to install, operate and maintain NATIONAL LONG DISTANCE (NLD) SERVICE on the terms and conditions appearing hereinafter.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS :

1. In consideration of the payment of Entry fee and due performance of all the terms and conditions mentioned in SCHEDULE –I annexed hereto, on the part of the LICENCEE, the LICENCOR does, hereby grant, under section 4 of the Indian Telegraph Act, 1885, on a non-exclusive basis, this LICENCE to install, operate and

maintain the NLD Service Network and provide NLD Services within the territorial boundaries of the country.

2. Subject to clause (1) herein above, the LICENCE hereby granted will remain valid for 20 (Twenty) years from the Effective Date unless revoked earlier.

3. The LICENCEE hereby agrees and unequivocally undertakes to fully comply with all the terms and conditions stipulated in this LICENCE Agreement and without any deviation or reservation of any kind.

4. Unless otherwise mentioned or appearing from context, the Guidelines issued in respect of National Long Distance Service including the application form attached therewith, shall form part and parcel of this agreement. Provided that in case of conflict or inconsistency on any issue relating to this LICENCE Agreement, the terms set out in the body of this agreement with schedule annexed thereto shall prevail.

5. Effective Date of the LICENCE shall be the date on which the LICENCE is signed.

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

Signed, for and on behalf of the
President of India

(Name)

Signed on behalf of M/S _____

by Mr. _____

Authorised Signatory authorised in
Accordance with the Resolution
No. _____dt. _____
Passed by the resolution of Board
of Directors.

IN PRESENCE OF:

1

Signature

Name

Occupation.

Address

Place

2.

Signature

Name

Occupation.

Address

Place

SCHEDULE - I TERMS AND CONDITIONS

1 OWNERSHIP OF THE LICENCEE COMPANY

~~1.1 The total composite foreign holding including but not limited to investments by Foreign Institutional Investors (FIIs), Non-resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs), convertible preference shares, proportionate foreign investment in Indian promoters/investment companies including their holding companies, etc., herein after referred as FDI, will not exceed 74 per cent. The 74 per cent foreign investment can be made directly or indirectly in the operating company or through a holding company and the remaining 26 per cent will be owned by resident Indian citizens or an Indian Company (i.e. foreign direct investment does not exceed 49 percent and the management is with the Indian owners). It is clarified that proportionate foreign component of such an Indian Company will also be counted towards the ceiling of 74%. However, foreign component in the total holding of Indian public sector banks and Indian public sector financial institutions will be treated as 'Indian' holding. The licensee will be required to disclose the status of such foreign holding and certify that the foreign investment is within the ceiling of 74% on a half yearly basis.~~

~~1.2 The majority Directors on the Board including Chairman, Managing Director and Chief Executive Officer (CEO) shall be resident Indian citizens. The appointment to these positions from among resident Indian citizens shall be made in consultation with serious Indian investors. Serious investor has been defined below in para 1.7(i).~~

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

(i) Both direct and indirect foreign investment in the licensee company shall be counted for the purpose of FDI ceiling. Foreign Investment shall include investment by Foreign Institutional Investors (FIIs), Non-resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and convertible preference shares held by foreign entity. Indirect foreign investment shall mean foreign investment in the company/ companies holding shares of the licensee company and their holding company/companies or legal entity (such as mutual funds, trusts) on proportionate basis. Shares of the licensee company held by Indian public sector banks and Indian public sector financial institutions will be treated as 'Indian holding'. In any case, the 'Indian' shareholding will not be less than 26 percent.

(ii) FDI up to 49 percent will continue to be on the automatic route. FDI in the licensee company/Indian promoters/investment companies including their holding companies, shall require approval of the Foreign Investment Promotion Board (FIPB) if it has a bearing on the overall ceiling of 74 percent. While approving the investment proposals, FIPB shall take note that investment is not coming from countries of concern and/or unfriendly entities.

(iii) FDI shall be subject to laws of India and not the laws of the foreign country/countries.”

1.2 – The Indian & Foreign equity holdings in the LICENSEE company as disclosed by the LICENSEE company on the date of signing of the LICENCE AGREEMENT, are as follows:

TOTAL INDIAN EQUITY –
TOTAL FOREIGN EQUITY –
(inclusive of both direct and indirect)

The LICENSEE shall declare the Indian & Foreign equity holdings (both direct and indirect) in the LICENSEE company and submit an unconditional compliance to the FDI norms and security conditions on 1st day of January and 1st day of July on six monthly basis to the LICENSOR. The compliance report should be certified by the Company Secretary or the Statutory Auditor of the LICENSEE Company.” (As Amended on 5th July 07)

~~1.3 – The Share Holder Agreements (SHA) shall specifically incorporate the condition that majority directors on the Board including Chairman, Managing Director and Chief Executive Officer (CEO) shall be resident Indian citizens and shall also envisage the conditions of adherence to Licence Agreement.~~

~~1.4 – FDI upto 49 per cent will continue to be on automatic route. Foreign Investment Promotion Board (FIPB) approval shall be required for FDI in the licensee company/Indian promoters/investment companies including their holding companies if it has a bearing on the overall ceiling of 74 per cent. While approving the investment proposals, FIPB shall take note that investment is not coming from unfriendly countries.~~

~~1.5 – The investment approval by FIPB shall envisage the conditionality that Company would adhere to licence Agreement.~~

~~1.6 – FDI shall be subject to laws of India and not the laws of the foreign country/countries.~~

~~1.7 – (i) In order to ensure that at least one serious resident Indian promoter subscribes reasonable amount of the resident Indian shareholding,~~

~~such resident Indian promoter shall hold at least 10 per cent equity of the licensee company.~~

- ~~(ii) — The Company shall acknowledge compliance with the licence agreement as a part of Memorandum of Association of the Company. Any violation of the licence agreement shall automatically lead to the company being unable to carry on its business in this regard. The duty to comply with the licence agreement shall also be made a part of Articles of Association.~~
- ~~(iii) — Chief Technical Officer (CTO)/Chief Finance Officer (CFO) shall be resident Indian citizens. The Licensor can also further notify key positions to be held by resident Indian citizens. Licensee shall notify the names and nationality of such officers on 1st of January and 1st of July every year to Licensor.~~
- ~~(iv) — The Company shall not transfer the following to any person/ place outside India:-
 - ~~(a) — any accounting information relating to subscriber (except for roaming/billing) (Note: it does not restrict a statutorily required disclosure of financial nature);~~
 - ~~(b) — user information (except pertaining to foreign subscribers using Indian Operator's network while roaming); and~~
 - ~~(c) — details of their infrastructure/network diagram except to telecom equipment suppliers/manufacturers who undertake the installation, commissioning etc. of the infrastructure of the licensee Company on signing of non disclosure agreement.~~~~
- ~~(v) — The Company when entering into roaming agreements with service providers outside India must provide, on demand, the list of such users (telephone numbers, in case of foreign subscribers using Indian Operator's network while roaming).~~
- ~~(vi) — The Company must provide traceable identity of their subscribers. However, in case of providing service to roaming subscriber of foreign Companies, the Indian Company shall endeavor to obtain traceable identity of roaming subscribers from the foreign company as a part of its roaming agreement. —~~
- ~~(vii) — No traffic (mobile and landline) from subscribers within India to subscribers within India shall be hauled to any place outside India. For this purpose, the location of satellites serving for domestic traffic shall not be treated as outside India.~~
- ~~(viii) — No Remote Access (RA) shall be provided to any equipment manufacturer or any other agency out side the country for any maintenance/repairs by the licensee. However, RA may be allowed for catastrophic software failure (such as failure to boot up etc.) which would lead to major part of the network becoming non functional for a prolonged period, subject to meeting the following conditions:-
 - ~~(a) — Intelligence Bureau and Licensor will be notified, when RA is to be provided.~~
 - ~~(b) — Remote Access password is to be enabled for a definite period only and only for access from pre-approved locations of the Original Equipment Manufacturer (OEM)~~~~

~~Vendors and only for the equipments specifically under repair/maintenance.~~

- ~~(c) The control of Remote Access i.e. activation, transfer of data, termination etc. shall be within the country and not at a Remote location, abroad.~~
- ~~(d) The Government agency will be given all support to record the transactions for on-line monitoring.~~
- ~~(e) Any equipment or software that forms part of the overall monitoring shall not be permitted to have remote access under any circumstances.~~
- ~~(f) The terms catastrophic software failure, major part of the network, and prolonged period used under this clause shall be as defined by LICENSOR from time to time.~~
- ~~(x) It shall be open to the LICENSOR to restrict the Licensee Company from operating in any sensitive area from the National Security angle.~~
- ~~(xi) In order to maintain the privacy of voice and data, monitoring shall only be upon authorisation by the Union Home Secretary or Home Secretaries of the States/Union Territories.~~
- ~~(xii) For monitoring traffic, the licensee company shall provide blind access of their network and other facilities as well as to books of accounts to the security agencies.~~
- ~~(xiii) In case of not adhering to Licence conditions envisaged in para 1.1 to 1.7, the licence(s) granted to the company shall be deemed as cancelled and the licensor shall have the right to encash the performance/financial bank guarantee(s) and the licensor shall not be liable for loss of any kind.~~

~~1.8 The conditions at para 1.7 above shall also be applicable to the existing companies operating telecom service(s), which had the FDI cap of 49%.~~

~~The Indian & Foreign equity holdings in the LICENSEE company as disclosed by the LICENSEE company on the date of signing of the LICENCE AGREEMENT, are as follows:~~

~~INDIAN
EQUITY.....
.....~~

~~FOREIGN
EQUITY.....
...~~

~~The LICENSEE shall declare the above information as on 1st January and 1st July by 7th January and 7th July respectively to LICENSOR. This is to be certified by the LICENSEE company's company secretary or statutory auditor.~~

1.3 The LICENSEE shall also ensure that any change in share holding shall be subject to all necessary statutory requirements.

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 company shall have a net worth as well as paid up capital of Rs 2.5 crores. The net worth shall mean as the sum total, in Indian rupees, of paid up equity capital and free reserves. The net worth of promoters shall not be counted. The networth as well as paid up capital is to be maintained during currency of the LICENSE.

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 and others can also be granted LICENCE for the same SERVICE.

Provided always that the LICENCOR, of its own or through a designated Authority, has a right to operate the SERVICE anywhere in India.

2.2 (a) The NLD Service refers to the carriage of switched bearer telecommunications service over a long distance and NLD Service Licensee will have a right to carry inter circle traffic excluding intra -circle traffic except where such carriage is with mutual agreement with originating service provider.

(b) The LICENSEE can also make mutually agreed arrangements with Basic Service Providers for picking up, carriage and delivery of the traffic from different legs between Long Distance Charging Center (LDCC) and Short Distance Charging Centers (SDCCs).

(c) In the case of Cellular Mobile Telephone Service traffic, the inter-circle traffic shall be handed/taken over at the Point of Presence (POP) situated in LDCA at the location of Level I TAX in originating/terminating service area. For West Bengal, Himachal Pradesh and Jammu & Kashmir such locations shall be Asansol, Shimla & Jammu respectively.

(d) NLD service Licensee shall be required to make own suitable arrangements / agreements for leased lines with the Access Providers for last mile. Further, NLD Service Providers can access the subscribers directly only for provision of Leased Circuits/Close User Groups (CUGs). Leased circuit is defined as virtual private network (VPN) using circuit or packet switched (IP Protocol) technology apart from point to point non-switched physical connections/transmission bandwidth. Public network is not to be connected with leased circuits/CUGs. It is clarified that NLD service Licensee can provide bandwidth to other telecom service licensee also.

(e) The NLD Licensees who wish to provide only Layer 2 and Layer 3 VPN services, the following security monitoring conditions shall be applicable in place of security monitoring conditions applicable for NLD licensees provided the licensee obtains connectivity/bandwidth from other access service licensees/NLD licensees/ILD licensees/international gateway of ISPs :

Necessary arrangements for enabling security monitoring shall be made available by the licensee including its maintenance as and when required by the designated security agencies. The cost of monitoring equipment shall be borne by the licensee. Sharing of monitoring capabilities with existing licensees, from whom Bandwidth/connectivity has been taken, shall be permitted on mutually agreed arrangement. Surveillance and monitoring of traffic relating to existing layer 2 and layer 3 VPN licensees who obtain NLD/ILD licence shall continue as per the current procedure at the international gateway of ILDO from whom Layer 1 service or international private line circuits have been leased. Existing and future licensees of layer 2 and layer 3 VPN services shall be treated at par with regard to all the terms and conditions of the licence. (As Amended on 13th Feb. 07)

NOTE: The list of different Telecom Service Area , which can be modified from time to time for the reasons of reorganization of territorial jurisdiction or administrative convenience, is annexed as Annexure-III.

2.3 It is obligatory upon the LICENCEE to provide the above stated SERVICE of good standard by establishing a state-of-the-art digital network.

3. DURATION OF LICENCE

3.1 This LICENCE shall come into force on _____ (hereinafter called the Effective Date of the LICENCE) and shall be valid for a period of 20 years.

4. EXTENSION OF LICENCE

4.1 The LICENCOR may extend, if deemed expedient, the period of LICENCE, by 10 years at one time, upon request of the LICENCEE, if made during 19th year of the LICENCE period.

5. FEES PAYABLE

5.1 The LICENCEE shall pay one time non refundable Entry Fee of Rs 2.50 Crores, before the signing of the LICENCE.

5.2 In addition to entry fee described above the annual licence fee including USO contribution, @ 15% of the Adjusted Gross Revenue (AGR) shall be payable. With effect from 1.1.2006, the annual licence fee including USO contribution shall be 6% of the Adjusted Gross Revenue.

5.3 Provided further that the fee / royalty shall be separately paid in addition by the LICENCEE for the use of spectrum and also for possession of wireless telegraphy equipment as per the details prescribed by Wireless Planning & Coordination Wing (WPC) which depends upon various factors such as frequency, hop and link length, area of operation and other related aspects.

6. Schedule of payment of ANNUAL LICENCE FEE and other dues

6.1 For the purposes of the LICENCE Fee at 5.2 above, the Ist year shall end on 31st March following the date of commencement of the LICENCE Agreement and the LICENCE fee for the First year shall be determined on a pro-rata basis for the actual duration of the “year”. From second year onwards, the year shall be of

twelve English calendar months from 1st of April to the 31st of March for payment of LICENCE fee.

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

6.2 Licence fee shall be payable in four quarterly instalments during each financial year. The quarterly instalments of licence fee for the first three quarters of a financial year shall be payable by the Licensee within 15 days of the completion of the relevant quarter of the year. This fee shall be paid by the Licensee on the basis of actual revenues (on accrual basis) for the quarter duly certified with an affidavit by a representative of the Licensee, authorised by a Board resolution coupled with General Power of Attorney. However, for the last quarter of financial year, the Licensee shall pay the licence fee by 25th March on the basis of expected revenues for the quarter, subject to a minimum payment equal to the actual revenue share paid for the previous quarter. For delayed payment beyond the said due dates, penalty as stipulated in licence for delayed payments will apply. 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 the Financial year within 15 days of the end of the said quarter. The Licensor shall have the right to inspect books of accounts of the Licensee, and, in addition have an independent audit conducted to ascertain the correctness of the licence fee paid.

6.3. The quarterly payment shall be made together with a STATEMENT in the prescribed form given in ANNEXURE-A, showing the computation of revenue and LICENCE fee payable for the previous quarter. The aforesaid STATEMENT of each year shall be required to be audited by the Auditors (hereinafter called LICENCEE'S Auditors) of the LICENCEE appointed under Section 224 of the Companies' Act, 1956. The report of the Auditor should be in prescribed form given in ANNEXURE-B.

6.4 The LICENCEE shall adjust and pay the difference between the advance payment made and actual amount payable (on accrual basis) of the previous quarter, along with the advance payment for the current quarter.

6.5 Any delay in payment of LICENCE fee, or any other dues payable under the LICENCE beyond the stipulated period will attract interest at a rate which will be 2% above the Prime Lending Rate (PLR) of State Bank of India existing as on the beginning of the financial year (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 purpose of calculation of interest.

6.6 Final adjustment of the LICENCE fee for the year shall be made on or before 30th June of the following year based on the Gross Revenue Figures duly certified by the AUDITORS of the LICENCEE in accordance with the provision of Companies' Act, 1956.

6.7 A reconciliation between the figures appearing in the quarterly statements with those appearing in annual accounts shall be submitted along with a copy of the

published annual accounts and audit report, within 7 (seven) days of the date of signing of the audit report. The annual financial account and the statement as prescribed in condition no.6.3 shall be prepared following the norms as prescribed in ANNEXURE-C.

6.8 In case, the total amount paid on the self assessment of the LICENCEE as quarterly LICENCE Fee for the 4 (four) quarters of the financial year, fall short by more than 10% of the payable LICENCE fee, it shall attract a penalty of 50% of the entire amount of short payment. This amount of short payment along with the penalty shall be payable with 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 6.5. However, if such short payment is made good within 60 days from the last day of the financial year, no penalty shall be imposed.

6.9 The Fee/royalty described at 5.3 above shall be payable at such time(s) and in such manner as the WPC Cell of the Ministry of Communications may prescribe from time to time.

6.10 All sums becoming due and payable as mentioned in this LICENCE Agreement shall be paid by the LICENCEE 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 LICENCOR.

6.11 The LICENCOR, to ensure proper and correct verification of revenue share paid, can, if deemed necessary, modify, alter, substitute and amend whatever stated in conditions No 6.3, 6.7, 8.5 and 8.6 of the Schedule I hereinbefore and hereinafter written.

7. FINANCIAL CONDITIONS

FINANCIAL BANK GUARANTEE

7.1 The LICENCEE shall submit a Financial Bank Guarantee (FBG) valid for one year, from any scheduled bank in India or from any Indian Public Financial Institution (IPFI) duly authorized to issue such Bank Guarantee, in the prescribed proforma annexed (in the Licence Agreement for National Long Distance Service). The amount of FBG shall be equivalent to the estimated sum payable for two quarters towards the Licence Fee, and other dues not otherwise securitised. The amount of FBG shall be subject to periodic review by the LICENSOR and FBG shall be accordingly renewed by LICENCEE from time to time for such amount as directed by the LICENSOR. Initially, the FBG, valid for a period of one year, shall be for an amount of Rs. 20 Crores (Rupees Twenty Crores), which shall be submitted within one year from the EFFECTIVE DATE of the LICENCE AGREEMENT but prior to the commencement of service. The service shall not be commenced unless the FBG is submitted in the prescribed format for requisite amount.

7.2 The fees and royalties for the use of spectrum and also for possession of Wireless Telegraphy equipment shall be separately securitised by furnishing FBG in

the Performa annexed of equal amount valid for a period of one year renewable from time to time till final clearance of all such dues.

7.3 The LICENCEE, on its own, shall extend the validity period of the Financial Bank Guarantee for similar terms at least one month prior to date of its expiry without any demand or notice from the LICENCOR on year to year basis. Any failure to do so, shall amount to violation of the terms of the LICENCE and entitle the LICENCOR to encash the Financial Bank Guarantee and to convert into a cash security without any reference to the LICENCEE at his risk and cost. No interest or compensation whatsoever shall be payable by the LICENCOR on such encashment.

7.4 Without prejudice to its rights of any other remedy, LICENCOR may encash FBG in case of any breach in terms & conditions of the LICENCE by the LICENCEE.

7.5 Provided that since the LICENSOR has agreed as per the provisions of clause 5.3 above to pay revenue share as licence fee payable by LICENSEE net of taxes for a period of five years with effect from April, 2001, the LICENSEE shall be exempt from the obligations of submitting FBG till April, 2006.

8. PREPARATION OF ACCOUNTS

8.1 The LICENCEE will draw, keep and furnish independent accounts for the SERVICE and shall fully comply orders, directions or regulations as may be issued from time to time by the LICENCOR or TRAI as the case may be.

8.2 The LICENCEE 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 LICENCOR may specify, fairly presenting the costs (including capital costs), revenue and financial position of the LICENCEE's business under the LICENCE including a reasonable assessment of the assets employed in and the liabilities attributable to the LICENCEE'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 LICENCEE's Auditor in the format prescribed by the LICENCOR, stating inter-alia whether in his opinion that statement is adequate for the purpose of this condition and thereafter deliver to the LICENCOR a copy of each of the accounting statements not later than two months after the end of the period to which they relate.

c) Send to the LICENCOR a certified statement sworn on an affidavit, by authorized representative of the company, containing full account of Revenue earned from the SERVICE for each quarter separately along with the payment for the following quarter.

8.3 (a) The LICENCOR or the TRAI, as the case may be, shall have a right to call for and the LICENCEE shall be obliged to supply and provide for examination any books of accounts that the LICENCEE may maintain in respect of the business

carried on to provide the service(s) under this LICENCE at any time without recording any reasons thereof.

(b) The LICENCEE 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.

8.4 The records of the LICENCEE will be subject to such scrutiny as may be prescribed by the LICENCOR so as to facilitate independent verification of the amount due to the LICENCOR as its share of the revenue.

8.5 The LICENCOR may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order Audit of the accounts of the LICENCEE by appointing auditor at the cost of the LICENCEE 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 LICENCOR, shall be borne by the LICENCEE.

8.6 The LICENCOR may also get conducted a 'Special Audit' of the LICENCEE company's accounts/records by "Special Auditors", the payment for which at a rate as fixed by the LICENCOR, shall be borne by the LICENCEE company. This will be in the nature of auditing the audit described in para 8.5 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.

8.7 The LICENCEE shall be liable to prepare and furnish the company's annual financial accounts according to the accounting principles prescribed (Annexure-C) and the directions given by the LICENCOR or the TRAI, as the case may be, from time to time.

9. DELIVERY OF SERVICE

9.1 The LICENCEE shall intimate the LICENCOR of commencement of SERVICE within 15 days of such commencement.

9.2 Deleted

10. REQUIREMENT TO FURNISH INFORMATION TO THE LICENCOR AND TRAI

10.1 The LICENCEE shall be obliged to furnish all information to the LICENCOR as may be called upon from time to time. The LICENCEE 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 any amended or any modified statute.

10.2 The LICENCEE shall disclose complete details of terms and conditions, and obligations under all contracts entered into with Infrastructure Providers and other LICENCED Service Providers on sharing of infrastructure / backbone for the provision of SERVICE, or any change thereof, within 15 days of entering into such contracts etc. and shall also provide the authenticated copies of all such contracts within such period.

10.3 The LICENCEE shall, in no case, permit connectivity or similar type of service to any other person or erstwhile LICENCEE (including those Other Service Providers who do not require LICENCE under section 4 of the Indian Telegraph Act,1885) whose LICENCE is either terminated or suspended or not in operation at given point of time. In the event of any connectivity allowed beforehand, then the LICENCEE shall be obliged to disconnect or sever connectivity immediately without loss of time and further, upon receipt of any reference from the LICENCOR in this regard, disconnection shall be made effective within an hour of receipt of such reference. The LICENCEE shall keep the LICENSOR indemnified from any claim of such Telecom Service Provider or third party. On the question of disconnectivity the decision of the LICENCOR shall be final.

11. RESTRICTIONS ON TRANSFER OF LICENCE.

11.1 The LICENCEE shall not, without the prior written consent as described below, of the LICENCOR, either directly or indirectly, assign or transfer this LICENCE in any manner whatsoever to a third party or enter into any agreement for sub-LICENCE and/or partnership relating to any subject matter of the LICENCE to any third party either in whole or in part i.e. no sub-leasing/partnership/third party interest shall be created. Provided that the LICENCEE can always employ or appoint agents and employees.

11.2 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:-

- (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 of 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 shows 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 thereafter the transferee company undertakes to pay all future dues inclusive of anything remained unpaid of the past period by the outgoing company.”

12. MODIFICATIONS IN THE TERMS AND CONDITIONS OF LICENCE

12.1 The LICENCOR reserves the right to modify at any time the terms and conditions of the LICENCE, if in the opinion of the LICENCOR 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 SERVICE. The decision of the LICENCOR shall be final in this regard.

13. SUSPENSION, REVOCATION OR TERMINATION OF LICENCE

13.1 The LICENCOR reserves the right to suspend the operation of this LICENCE in whole or in part, at any time, if, in the opinion of the LICENCOR, 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 SERVICE. LICENCE Fee payable under condition No.5.2 to the LICENCOR will not be required to be paid for the period for which the operation of this LICENCE is suspended in whole.

Provided that the LICENCOR 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.

13.2 The LICENCOR may, without prejudice to any other remedy available to it for the breach of any conditions of LICENCE, by a written notice of 30 days issued to the LICENCEE at its registered office, terminate this LICENCE under any of the following circumstances :

If the LICENCEE :

- a) fails to commission or deliver the SERVICE within the time period(s) specified in the LICENCE.
- b) fails to perform any obligation(s) under the LICENCE including remittance of timely payments of fee and other dues due to the LICENCOR;
- c) fails to rectify, within the time prescribed, any defect as may be pointed out to the LICENCEE by the LICENCOR.
- d) goes in liquidation or ordered to be wound up.
- e) is recommended by TRAI for termination of LICENCE for non compliance of the terms and conditions of the LICENCE.
- f) fails to comply with FDI norms.

13(ii) The LICENSOR may also impose a financial penalty not exceeding Rs. 50 Crores for violation of terms and conditions of the Licence agreement.

13.3 The LICENCEE may surrender the LICENCE by giving notice of at least 60 days in advance. In that case the LICENCEE shall also notify all its subscribers of consequential withdrawal of SERVICE by sending a 30 days notice to each of them. The LICENCEE shall pay all fees payable by it till the date on which the surrender of the LICENCE becomes effective.

13.4 It shall be the responsibility of the LICENCEE to maintain the Quality Of Service even during the period when notice for surrender of LICENCE is pending

and if the Quality of Service is not maintained during the notice period, it shall be treated as material breach of liable for termination.

13.5 The LICENCOR reserves the right to revoke the LICENCE at any time in the interest of public by giving a notice of 60 days from the receipt of such notice.

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

14. ACTIONS PURSUANT TO TERMINATION OF LICENCE

14.1 If under the LICENCE Agreement, an event occurs which entitle the LICENCOR to terminate the LICENCE Agreement, the LICENCOR shall proceed in accordance with the terms and conditions provided in the Tripartite Agreement wherever such agreement is executed and signed. In cases where no such agreement is signed the action will be taken as per the clauses given below.

14.2 Whenever the LICENCE is terminated or not extended, the LICENCOR may, in order to ensure the continuity of SERVICE, issue LICENCE to another Indian Company for running the SERVICE. In such a circumstance, the LICENCOR may issue LICENCE to a new company who has entered into an agreement with the outgoing LICENCEE for taking over the latter's network and assets on the mutual agreed terms amongst them. However, this shall not be interpreted to fasten any liability of payment or otherwise on the LICENCOR.

14.3 The issuance of aforesaid LICENCE shall be taken as a re-issuance of old LICENCE on the old / already settled terms and conditions for the un-expired period.

14.4 On termination or surrender or expiry of the LICENCE The Financial Bank Guarantees shall be released to the LICENCEE only after ensuring clearance of all dues which the LICENCEE is liable to pay. In case of failure of the LICENCEE to pay the amounts due to the LICENCOR, the outstanding amounts shall be realised through encashment of the Financial Bank Guarantee(s) , without prejudice to any other action(s) for recovery of the amounts due to the LICENCOR.

15. OBLIGATIONS IMPOSED ON THE LICENCEE

15.1 The provisions of the Indian Telegraph Act 1885, the Indian Wireless Telegraphy Act 1933, and the Telecom Regulatory Authority of India Act, 1997 as modified from time to time or any other statute on their replacement shall govern this LICENCE.

15.2 The LICENCEE shall furnish all necessary 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 Telegraphs Act, 1885 or any other law in force.

16. NETWORK STANDARDS

16.1 The LICENCEE will ensure adherence to the National Fundamental Plan (Fundamental Plan) and technical standards as prescribed, from time to time, by the Department of Telecommunications in this respect.

16.2 In case of new technologies, where no standards have been determined, the LICENCEE will seek the approval of the LICENCOR before deploying them and in such cases the standards specified by Telecom Engineering Center (TEC)/ International Telecom Union (ITU) or such technologies, successful in use internationally for at least one year for ONE lakh subscribers, shall be preferred for adoption as approved technology.

16.3 Interconnection with the switched networks of different service providers within India shall be as per national standards of CCS No.7 issued from time to time by Telecom Engineering Center (TEC). For interconnection with Packet Switched network of different service providers within India relevant national standards are to be followed. For inter-networking between circuit switched and VoIP based network of NLD Service Licensee & Access Service Licensee, the NLD service licensee shall install media Gateway Switch. There shall be no bar installation of Media Gateway switch by Access Service Licensee.

16.4 The requisite monitoring facilities shall be provided by the LICENCEE as and when required by the LICENCOR. The details of leased circuit provided by the Licensee shall be provided monthly to security agencies & Sr.DDG(Vig.), Sanchar Bhawan, New Delhi.

16.5 The licensees (who are International Long Distance, National Long Distance, Basic or Cellular Mobile Telephone service operators) can have only one Switch to perform the functions of ILD/ NLD/Cellular/ Basic services provided that the switch is located at the same station and separate accounts of all the operations are maintained by duly apportioning the costs between various service. Separate TAX and Gateway switch is not mandatory. NLD service providers are permitted to deploy circuit switched or managed Packet Switched network to engineer their NLD networks

17. NETWORK INTERCONNECTION

17.1 It shall be mandatory for Basic Service Providers, Cellular Mobile Service Providers, Unified Access Service Providers, Cable Service Providers, to provide interconnection to NLD service providers whereby the subscribers could have a free choice to make inter-circle/international long distance calls through NLD service provider.

17.2 NLD Service provider shall be required to make own suitable arrangements / agreements for leased lines with the Access Providers for last mile. **Further, NLD Service Providers can access the subscribers directly only for provision of Leased Circuits/Close User Groups (CUGs).** Leased circuit is defined as virtual private network (VPN) using circuit or packet switched (IP Protocol) technology apart from point to point non-switched physical connections/transmission bandwidth.

Public network is not to be connected with leased circuits/CUGs. It is clarified that NLD service Licensee can provide bandwidth to other telecom service licensee also..

17.3 The LICENCEE may enter into suitable arrangements with other service providers to negotiate Interconnection Agreements whereby the interconnected networks will provide the following :

- a) To connect, and keep connected, to their Applicable Systems,
- b) To establish and maintain such one or more Points of Interconnect as are reasonably required and are of sufficient capacity and of sufficient numbers to enable transmission and reception of the messages by means of the Applicable Systems,
- c) To meet all reasonable demand for the transmission and reception of messages between the interconnected systems.

17.4 The terms and conditions of interconnection including standard interfaces, points of interconnection and technical aspects will be such as mutually agreed between the service providers.

17.5 The LICENCEE shall for the purpose of providing the SERVICE install own equipment so as to be compatible with other service/ Access providers' equipment to which the LICENCEE's Applicable Systems are intended for interconnection.

17.6 The LICENCEE shall comply with any order or direction or regulation on interconnection issued by the TRAI under TRAI Act, 1997.

17.7 The LICENCEE shall operate and maintain the LICENCED Network conforming to Quality of Service standards to be mutually agreed between the service providers in respect of Network-Network Interface.

17.8 The charges for access or interconnection with other networks for origination, termination and carriage of calls shall be based on mutual agreements between the service providers subject to the restrictions issued from time to time by TRAI under TRAI Act, 1997.

17.9 The network resources including the cost of upgrading / modifying interconnecting networks to meet the service requirements of SERVICE will be provided by the service provider seeking interconnection. However, mutually negotiated sharing arrangements for cost of upgrading /modifying interconnecting networks between the service providers shall be permitted.

17.10 The NLD service licensee shall, in no case, permit connectivity or similar type of service to any other person or any licensee (including those Other Service Providers who do not require licence under section 4 of the Indian Telegraph Act,1885) whose licence is either terminated or suspended or not in operation at any given point of time. In the event of any connectivity allowed beforehand, the NLD service licensee shall be obliged to disconnect or sever connectivity immediately without loss of time, and further, upon receipt of any reference from the Licensor in this regard, disconnection shall be made effective within an hour of receipt of such

reference. The NLD service licensee shall keep the Licensor indemnified from any claim of such Telecom Service Provider or third party. On the question of disconnection the decision of the Licensor shall be final.

18. TARIFFS

18.1 The LICENCEE will charge the tariffs for SERVICE as per the TRAI Tariff orders / regulations / directions issued in this regard from time to time. The LICENCEE 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.

19. CUSTOMER SERVICE

19.1 The LICENCEE shall provide the service to any individual or legal person, without any discrimination, unless otherwise directed by the LICENCOR or TRAI as the case may be.

19.2 Subject to condition 19.1, the LICENCEE shall ensure continuity of SERVICE to its customers.

19.3 The LICENCEE's contractual obligations to the subscribers will include terms and conditions under which the services may be obtained, utilised and terminated. The LICENCEE shall notify in writing all the arrangements with respect to repair, fault rectification, compensation or refunds.

19.4 Any dispute, with regard to the provision of SERVICE shall be a matter only between the aggrieved party and the LICENCEE, who shall duly notify this to all before providing the SERVICE. And, in no case, the LICENCOR shall have any liability or responsibility in the matter towards the aggrieved party.

20. BILLING

20.1 The LICENCEE shall offer either itself directly or through access providers itemised billing services to its customer. In every case the LICENCEE shall be responsible to its customers and shall ensure fulfillment of the obligations in this regard. The LICENCEE shall also maintain necessary records for the billing cycle as specified by the LICENCOR or TRAI from time to time.

20.2. The LICENCEE will provide itemised billing to its customer without demanding any extra charge either directly or through Access Provider. A billing handling charge as mutually agreed with NLD Service provider may be payable to Access Provider, coinciding with the billing schedule of Access Providers.

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

21. CONFIDENTIALITY OF CUSTOMER INFORMATION

21.1 Any encryption equipment connected to the LICENCEE's network for specific requirements has to have prior evaluation and approval of the LICENCOR or officer

specially designated for the purpose. However, the LICENCEE shall have the responsibility to ensure protection of privacy of communication and to ensure that unauthorised interception of message does not take place.

21.2 Subject to the conditions contained in these terms and conditions , the LICENCEE 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 those SERVICE and shall use its best endeavors to secure that :

- a) No person acting on behalf of the LICENCEE or the LICENCEE 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.

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

21.4 The LICENCEE shall, prior to commencement of SERVICE, confirm in writing to the LICENCOR that the LICENCEE has taken all necessary steps to ensure that it and its employees shall observe confidentiality of customer information.

22. QUALITY OF SERVICE

22.1 The LICENCEE shall ensure the Quality of Service (QOS) as prescribed by the LICENCOR or TRAI. The LICENCEE shall adhere to such QOS standards and provide timely information as required therein.

22.2 The LICENCOR or TRAI may carry out performance tests and also evaluate the QOS parameters in LICENCEE's network at any time during the tenure of the LICENCEE.. The LICENCEE shall provide ingress and other support including instruments, equipment etc. for such tests.

22.3 The LICENCEE shall enforce and ensure QOS, as prescribed by the LICENCOR, 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 and / or switch capacity.

23. SECURITY CONDITIONS

23.1. The LICENCEE 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.

23.2 The LICENCEE shall make available on demand to the agencies authorized by the LICENCOR, full access to the switching centers, transmission centers, routes etc. for technical scrutiny and for inspection which can be visual inspection or an operational inspection.

23.3 All foreign personnel likely to be deployed by the LICENCEE for installation, operation and maintenance of the LICENCEE'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.

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

23.5 The LICENCOR shall have the right to take over the SERVICE, equipment and networks of the LICENCEE or revoke/terminate/suspend the LICENCEE either in part or in whole of the Service area as per directions if any, issued in the public interest, or in case of emergency or war or low intensity conflict or any other eventuality. Provided any specific orders or direction from the Government issued under such conditions shall be applicable to the LICENCEE and shall be strictly complied with.

Further, the LICENCOR reserves the right to direct the LICENCEE to keep any area out of the operation for the SERVICE if implications of security so require and the LICENCEE shall abide by such directions without slightest deviation.

23.6 LICENCOR reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security and public interest.

23.7 LICENCEE will ensure that the Telecommunication installation carried out by it should not become a safety hazard and is not in contravention of any statute, rule or regulation and public policy.

23.8 The LICENCEE shall ensure / implement the following :-

23.8(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 will be forwarded to Sr. DDG (Vigilance), DoT as well as all Security Agencies on monthly basis.

23.8(ii) The call detail records for outgoing calls made by customers should be analyzed for the subscribers making large of out going 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 Sr. DDG(Vigilance), DoT, Sanchar Bhavan, New Delhi immediately.

23.8 (iii) Active support must be extended by the service providers to the vigilance units 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 Sr. DDG(Vig.). The Vigilance Unit 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 DoT vigilance units will contact the Chief Executive Officer of the licensee, for such support / coordination.

23.8 (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. However, CLIR must not be provided in case of bulk connections, call centres, telemarketing services.

23.8 (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.

23.8 (vi) Leased circuits should also be checked for their bonafide use and to detect any misuse.

23.9 – (i) The Chief Officer Incharge of technical network operations and the Chief Security Officer should be a resident Indian citizen.

(ii) Details of infrastructure/network diagram (technical details of the network) could be provided on a need basis 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. For this purpose, location of satellites serving India for domestic traffic shall not be treated as 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 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 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 Company 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 Company 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 authorised by the licensor, the telecom service provider should be able to provide the geographical location of any subscriber 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 (IB).

(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 authorised by the licensor.

(xvi) The telecom service providers should ensure that necessary provision (hardware/software) is available in their equipment for doing the Lawful interception and monitoring from a centralized location.

(xvii) The telecom service providers should familiarize/train Vigilance Technical Monitoring (VTM)/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 only be upon authorisation by the Union Home Secretary or Home Secretaries of the States/Union Territories.

(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. (As Amended on 5th July 07)

24. PROHIBITION OF CERTAIN ACTIVITIES BY THE LICENCEE

24.1 The LICENCEE shall not engage on the strength of this LICENCE in the provision of any other Service, other than SERVICE as defined in this LICENCE Agreement.

24.2 To remove any doubt, it is, hereby, clarified that nothing contained in condition in Para 24.1 above shall preclude the LICENCEE from engaging in advertising and promotional activities relating to any of the Applicable Systems.

24.3 The LICENCEE shall take measures that prevent the objectionable, obscene, unauthorised 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 LICENCEE by the enforcement agencies, the LICENCEE shall ensure that the carriage of such material on his network is prevented immediately.

24.4 The LICENCEE is obliged to provide, without any delay, tracing facility to trace nuisance, obnoxious or malicious calls, messages or communications transported through its equipment and network. Any damages arising out of default on the part of LICENCEE in this regard shall be payable by the LICENCEE.

24.5 In case any confidential information is divulged to the LICENCEE for proper implementation of the Agreement, it shall be binding on the LICENCEE and its employees and servants to maintain its secrecy and confidentiality.

25. INTERCONNECTION TESTS

25.1 The Interconnection Tests for each and every interface with the other Service Providers may be carried out by mutual arrangement between the LICENCEE 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 LICENCEE for these tests.

25.2 Deleted

26. RIGHT TO INSPECT

26.1 The LICENCOR or its authorised representative shall have right to inspect the sites used for extending the SERVICE and in particular but not limited to, have the right to have access to leased lines, junctions, terminating interfaces, hardware/software, memories of semiconductor, magnetic and optical varieties, wired or wireless options, distribution frames, and conduct the performance test including to enter into dialogue with the system through Input/output devices or terminals. The LICENCEE will provide the necessary facilities for continuous monitoring of the system, as required by the LICENCOR or its authorised representative(s). The inspection will ordinarily be carried out after reasonable notice except in circumstances where giving such a notice will defeat the very purpose of the inspection.

26.2 Wherever considered appropriate LICENCOR may conduct any inquiry either suo-moto or on complaint to determine whether there has been any breach in compliance of terms and conditions of the LICENCE by the LICENCEE and upon such inquiry the LICENCEE shall extend all reasonable facilities without any hinderence.

27. LOCATION OF SWITCHES, TRANSMISSION CENTRE

27.1 The LICENCEE shall provide to the LICENCOR location details of switching centres, transmission centres, including routing details etc., and location of these centres shall not be changed without prior intimation to the LICENCOR.

28. REQUIREMENT TO FURNISH INFORMATION

28.1 The LICENCEE shall furnish to the LICENCOR as well as to the TRAI in the manner and as per the time frames that these Authorities may demand, such documents, accounts, estimates, returns, reports or other information in accordance with the rules/ orders as may be specified from time to time.

28.2 Engineering Details:

(a) LICENCEE shall furnish to the LICENCOR, in such manner and at such times as the LICENCOR may require, complete technical details with all calculations for engineering, planning and dimensioning of the system/network, concerned relevant literature, drawings, installation materials regarding the applicable system.

(b) List of performance tests conducted shall be furnished by the LICENCEE one month prior to the date of commissioning of SERVICE. The report shall indicate clearly the parameters, if any, not meeting the performance standard and affect thereof.

(c) LICENCEE shall supply all tools, test instruments and other accessories to the testing party of LICENCOR for conducting tests.

29. DISPUTE SETTLEMENT

29.1 As per provisions of Telecom Regulatory Authority of India Act, 1997, as amended from time to time, the dispute between the LICENCEE and the other Telecom Service Providers or the LICENCOR shall be settled in Telecom Dispute Settlement and Appellate Tribunal.

30. MISCELLANEOUS CONDITIONS

(a) Interpretation of Terms/Definitions

30.1 Unless the context otherwise requires, the different terms and expression used in this LICENCE Agreement shall have the meaning assigned to them as explained in Annex-I to this LICENCE Agreement.

(b) Force-Majeure.

30.2 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 LICENCE 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 LICENCEE), fire, flood, 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 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 LICENCOR as to whether the SERVICE may be so resumed (and the time frame within which the SERVICE may be resumed) or not, shall be final and conclusive. However, the Force Majeure events noted above will not in any way cause extension in the period of the LICENCE. 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 LICENCOR, at its discretion based on circumstances of the EVENT.

SET OFF CLAUSE

30.3 In the event any sum of money or claim becomes recoverable from or payable by LICENCEE to the LICENCOR 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 than due which at any time thereafter may become due to the LICENCEE under this LICENCE Agreement or any other agreement or contract between the LICENCOR and the LICENCEE.

30.4 The aforesaid sum of money payable to the LICENCEE company shall include any valuable security which can be converted into money.

30.5 Whenever the LICENCOR exercises any right of Set off as envisaged hereinabove, the LICENCOR shall expressly notify the LICENCEE company immediately in writing that such right has either been exercised or is being exercised.

31. WAY LEAVE

31.1 LICENCEE shall make its own arrangements for Right of Way (ROW). However, the Central Government will issue necessary notification if deemed fit under Part III of the Indian Telegraph Act'1885 on request of the LICENCEE. Provided that non-availability of the ROW or delay in getting permission / clearance from any agency shall not be construed or taken as an excuse for non-fulfillment of the Roll-out obligations.

32. FREQUENCY AUTHORISATION

32.1 A separate specific authorisation shall be required from the WPC wing of the Department of Telecommunications, Ministry of Communications which will permit utilization of appropriate frequencies / band for the establishment and possession and operation of Wireless element of the Telecom Service under specified terms and conditions including payment for said authorisation . Such grant of authorisation will be governed by normal rules, procedures and guidelines and will be subject to completion of necessary prescribed formalities.

32.2 For this purpose, a separate application shall be made to the "Wireless Advisor to the Government of India, WPC Wing, Department of Telecommunications, Ministry of Communications, Dak Bhavan, Sansad Marg, New Delhi-110 001" in a prescribed application form available from WPC Wing.

32.3 Siting clearance in respect of fixed stations and its antenna mast shall be obtained from the WPC Wing for which the applicant shall separately apply to the Secretary, Standing Advisory Committee on Frequency Allocations (SACFA) WPC Wing in a prescribed application form, to the following address :

The Secretary (SACFA), WPC Wing,
Ministry of Communications,
Dak Bhavan, Sansad Marg,
New Delhi-110 001.

Explanation: SACFA is the apex body in the Ministry of Communications for considering matters regarding coordination for frequency allocations and other related issues / matters. (Siting clearance refers to the agreement of major wireless users for location of proposed fixed antenna from the point of view of compatibility with other radio systems and aviation hazard. It involves inter departmental coordination and is an involved process). Normally the siting clearance procedure may take two to six months depending on the nature of the installations and the height of the antenna /masts.

32.4 For establishing various point to point radio links the frequency bands earmarked for various agencies has been indicated in the National Frequency Allocation Plan (hereinafter called NFAP) –2000. Mere indication of the band does not guarantee availability of the frequency spectrum which has to be coordinated on case to case basis.

32.5 The LICENCEE shall not cause or allow to cause harmful interference to other authorized users of radio spectrum. For elimination of harmful interference LICENCEE shall abide by all instructions and orders issued by the Government.

33. In case of use of Satellite, the necessary coordination and clearance is to be taken from Network Operations and Control Centre (NOCC) in respect of setting up of Earth Station etc. apart from SACFA clearance and clearance from other authorities.

DEFINITIONS AND INTERPRETATIONS RELATING TO THE EXPRESSIONS USED IN THE TERMS & CONDITIONS OF NLD SERVICES LICENCE AGREEMENT

Unless the context otherwise requires, the different terms and expression used in the LICENCE agreement shall have the meaning assigned to them in the following paragraphs:

1. “ACCESS PROVIDERS” means Basic Service Providers, Cellular Mobile Telephone Service Providers, Cable Service Providers.
2. “APPLICABLE SYSTEMS” means all the necessary equipment / sub-systems engineered to provide National Long Distance Service in accordance with operational, technical and quality requirements and other terms and conditions of the LICENCE Agreement.
3. “AUDITOR” means the LICENCEE’s auditor for the time being appointed in accordance with the requirements of the Companies Act, 1956.
4. “CUSTOMER” includes any subscriber or any person or legal entity, which subscribes to / avails of the National Long Distance Service from the LICENCEE.
5. “DESIGNATED AUTHORITY” is the entity who is authorised or empowered by the LICENCOR to operate the SERVICE.
6. “DOT” means Department of Telecommunications, Government of India.
7. ‘BSNL’ means Bharat Sanchar Nigam Limited.
- 8..“EFFECTIVE DATE ” of the LICENCE is the date when the LICENCE is signed.
9. FUNDAMENTAL PLAN: Fundamental plan include Numbering Plan, Traffic Routing and Switching Plan and Transmission Plan issued by Department. Of Telecom as amended from time to time.
10. “INFRASTRUCTURE PROVIDER (S) “ mean a person or persons providing inactive elements of the telecom network including dark fibers, right of way, duct space, towers etc. as well as those who provide end-to-end bandwidth on a long-term basis. .
11. “INTERCONNECTION” is as defined by the TRAI vide its regulations issued in this respect.
12. “INTERNATIONAL SERVICES” mean telecom services originating in the country and terminating outside the country.

13. INTER-CIRCLE TRAFFIC: Inter-Circle Traffic means the Long Distance traffic originating in one telecom circle and terminating in another telecom circle.
14. INTRA-CIRCLE TRAFFIC: Intra-Circle Traffic means Long Distance traffic within boundaries of one telecom circle.
15. "LICENCE" means a LICENCE granted or having effect as if granted under section 4 of the Indian Telegraph Act 1885 or Indian Wireless Telegraphy Act 1933.
16. "LICENCEE" is the registered Indian Company that has been awarded LICENCE to set up and operate National Long Distance Service network and to provide the National Long Distance service.
17. "LICENCOR " refers to the President of India who grants LICENCE under Section 4 of Indian Telegraph Act 1885 or Indian Wireless Telegraph Act 1933, unless otherwise specified.
18. "LICENCOR AUDITOR": means appointed for this purpose having same power which the Statutory Auditors of the company enjoy under Section 227 of the Companies Act, 1956.
19. "LOCAL AREA" is the geographical area served by an exchange or an exchange system. Calls originating and terminating within the same local area are charged at local call rates. Remote Subscribers' Unit and Concentrators are to be treated as an exchange for the purposes of this definition.
20. "LONG DISTANCE NETWORK" is a network of transmission and switching elements connected in a predetermined fashion to provide switched bearer interconnection between different SDCA. Physically the network elements may be co-located or be a part of bigger elements.
21. "LONG DISTANCE CALL" is defined as a call terminating in a local area other than in which it is originated.
22. LONG DISTANCE CHARGING AREA (LDCA): One of the several areas into which the area of 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.
23. 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.
24. "MESSAGE" means anything covered within sub -section (3) of section 3 of the Indian Telegraph Act 1885.
25. "MTNL " means Mahanagar Telephone Nigam Limited.
26. "NATIONAL LONG DISTANCE (NLD) SERVICE" refers to the carriage of switched bearer telecommunication service over a long distance network i.e., a network connecting different Short Distance Charging Areas (SDCAs).

27. “NATIONAL LONG DISTANCE SERVICE PROVIDER” (also called NLDO) is the telecom operator providing the required digital capacity to carry long distance telecommunication service within the scope of this LICENCE which may include various types of tele-services defined by the ITU, such as voice, data, fax, text, video and multi-media etc.

28. “NETWORTH” shall mean the sum total, in Indian rupees, of paid up equity capital and free reserves converted at the prevalent conversion rate indicated by the Reserve Bank of India on the date of the application.

29. POINT OF PRESENCE (POP): Point of Presence (POP) means a technical arrangement made by the National Long Distance Service Operator (NLDO) under which it can accept outgoing calls from and deliver terminating calls to the area required to be served from such Point of Presence. It is expected that the switch capacity and bandwidth of the interconnecting link would be dimensioned by NLDO based upon its projections of the traffic to be carried at the POP.

30. “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 included 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.

31. ‘REVENUE’ for the purpose of levying LICENCE fee as a percentage of revenue shall mean the Gross total Revenue income accruing to the LICENCEE by way of providing NLD service under the LICENCE including the revenue on account of supplementary/value added services and leasing of infrastructure, interest, dividend etc. as reduced by the component part of a pass-through nature payable to other service providers to whose networks the LICENCEE’s NLD network is interconnected, for carriage of calls. The Gross Revenue shall also include previous debits (e.g. bad debts recovered, of excess provisions in earlier years.) It is clarified that any lease or rent charges for hiring of infrastructure shall not be so deducted. Service tax and sales tax collected and passed on to the Government(s) from customers of the LICENCEE shall not form a part of the Revenue.

32. SERVICE : Service means the National Long Distance Service as defined in Clause 2 of the Schedule I of this LICENCE.

33 SHORT DISTANCE CHARGING AREA (SDCA) : 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. SDCAs, with few exceptions, coincide with revenue tehsil / taluk.

34. SHORT DISTANCE CHARGING CENTRE (SDCC): 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.

35. “SPECIAL AUDITOR” means Auditors listed in the panel of Auditors having same powers as of the companies auditor as envisaged in the Companies Act, 1956.
36. “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, deposits, installation fees, rentals, free calls, usage charges and any other related fees or service charge and also the term tariff shall have the same meaning contained in the Telecommunication Tariff Orders issued by the TRAI.
- 37.. ‘TRAI’ means Telecom Regulatory Authority of India .
38. “TEC” means Telecom Engineering Center.
39. “VSNL” means Videsh Sanchar Nigam Ltd.
40. ‘WPC’ means Wireless Planning & Coordination Wing of the Ministry of Communications.
41. “USO” ,means Universal Service Obligation as enunciated in NTP-99 and amended from time to time by the LICENCOR after considering the recommendations of TRAI.
42. “USF” means “Universal Service Fund” set up to meet expenditure on USO.
43. “YEAR” for the purpose of the LICENCE Fee in the revenue share 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

TELECOM SERVICE AREAS AND THE AREA COVERED BY THEM

S.No.	Name of Circle	Areas covered
01.	Andaman & Nicobar Island**	Entire area falling within the Union Territory of Andaman & Nicobar Islands.
02.	Andhra Pradesh	Entire area falling within the State of Andhra Pradesh.
03.	Assam	Entire area falling within the State of Assam.
04.	Bihar	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.	Delhi	Entire area of National Capital Territory of Delhi
06.	Gujarat	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Haveli).
07.	Haryana	Entire area falling within the State of Haryana
08.	Himachal Pradesh	Entire area falling within the State of Himachal Pradesh
09.	Jammu & Kashmir	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.
10.	Karnataka	Entire area falling within the State of Karnataka
11.	Kerala	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.
12.	Madhya Pradesh	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.
13.	Maharashtra	Entire area falling within the State of Maharashtra and Union Territory of Goa, including areas covered under Mumbai.
14.	North East	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.
15.	Orissa	Entire area falling within the State of Orissa.
16.	Punjab	Entire area falling within the State of Punjab

		and Union territory of Chandigarh.
17.	Rajasthan	Entire area falling within the State of Rajasthan.
18.	Tamilnadu	Entire area falling within the State of Tamilnadu and Union Territory of Pondichery and Karaikal
19.	Uttar Pradesh-West	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.
20.	Uttar Pradesh _ East	Entire area covered by Eastern Uttar Pradesh with the following as its boundary districts towards Western Uttar Pradesh : Shahjahanpur, Farrukhabad, Kanpur and Jalaun.
21.	West Bengal***	Entire area falling within the State of West Bengal and the State of Sikkim.
22.	Mumbai*	Local Areas served by Mumbai, New Mumbai and Kalyan Telephone Exchanges
23.	Kolkata*	Local Areas served by Calcutta Telephones.

- *Different service areas for Cellular Mobile Telephone Service and Unified Access Service Licence
- **For Cellular Mobile Telephone Service and Unified Access Service Licence covered under West Bengal Service Area
- ***Kolkata is not a part of West Bengal Service Area for Cellular Mobile Telephone Service and Unified Access Service Licence
- ****For Cellular Mobile Telephone Service and Unified Access Service Licence areas covered by Ghaziabad, Faridabad, Noida, and Gurgaon Telephone Exchanges also included as a part of Delhi Service area.
- Yenum, an area of Union Territory of Pondicherry is served under Andhra Pradesh Service Area in East Godavari LDCA.

LIST OF LONG DISTANCE CHARGING AREAS

S.No.	Name of the Service Area	Name of LDCA
1.	Andaman & Nicobar Islands*	1. Andaman & Nicobar
2.	Andhra Pradesh	2. Adilabad
		3. Anantpur (Guntkal)
		4. Chittoor
		5. Cuddapah
		6. Rajahmundry
		7. Guntur
		8. Hyderabad
		9. Karimnagar
		10. Khammam
		11. Vijayavada
		12. Kurnool
		13. Mahaboobnagar
		14. Sangareddy
		15. Nalgonda
		16. Nellore
		17. Nizamabad
		18. Ongole
		19. Srikakulum
		20. Vijainagaram
		21. Visakhapatnam
		22. Warangal
		23. Eluru
		3.
25. Guwahati		
26. Jorhat		
27. Bongaigaon(Kokrajarh)		
28. Nagaon		
29. Silchar		
4.	Bihar	30. Tejpur
		31. Arrah
		32. Bhagalpur
		33. Chapra
		34. Daltonganj
		35. Darbhanga
		36. Deoghar (Dumka)
		37. Dhanbad
		38. Gaya
		39. Hazaribagh
		40. Jamshedpur
		41. Katihar

		42. Monghyr
		43. Motihari
		44. Muzaffarpur
		45. Patna
		46. Ranchi
		47. Saharasa
		48. Sasaram
5	. Gujarat	49. Ahmedabad
		50. Amreli
		51. Bharuch
		52. Bhavnagar
		53. Bhuj
		54. Godhra
		55. Himatnagar
		56. Jamnagar
		57. Junagar
		58. Mehsana
		59. Nadiad
		60. Palanpur
		61. Rajkot
		62. Surat
		63. Surendernagar
		64. Vadodara
		65. Valsad
6.	Himachal Pradesh	66. Hamirpur
		67. Kangra (Dharamsala)
		68. Kulu
		69. Mandi
		70. Simla
		71. Solan
7.	Haryana	72. Ambala
		73. Gurgaon
		74. Hissar
		75. Jind
		76. Karnal
		77. Narnaul
		78. Rohtak
		79. Sonapat
8.	Jammu & Kashmir	80. Jammu
		81. Leh
		82. Rajouri
		83. Srinagar
		84. Udhampur
9.	Kerala	85. Alleppey
		86. Cannonore
		87. Ernakulam
		88. Kavaratty

		89. Kottayam
		90. Calicut (Kozhikode)
		91. Palghat
		92. Quilon
		93. Tiruvalla
		94. Trichur
		95. Thiruvananthapuram
10.	Karnataka	96. Bangalore
		97. Belgaum
		98. Bellary
		99. Bidar
		100. Bijapur
		101. Chickmangalore
		102. Devangere
		103. Gulbarga
		104. Hassan
		105. Hubli
		106. U.Kannada (Karwar)
		107. Kolar
		108. Mandya
		109. D.Kanada(Mangalore)
		110. Kodagu(Madikeri)
		111. Mysore
		112. Shimoga
		113. Raichur
		114. Tumkur
11.	Maharashtra	115. Ahmednagar
		116. Akola
		117. Amravati
		118. Augangabad
		119. Bhandara
		120. Bhir
		121. Mumbai
		122. Buldana
		123. Chandrapur
		124. Dhulia
		125. Gadchiroli
		126. Jalgaon
		127. Jalna
		128. Kalyan
		129. Kolhapur
		130. Kudal
		131. Latur
		132. Nagpur
		133. Nanded
		134. Nasik

		135. Osmanabad
		136. Panaji
		137. Parbhani
		138. Pen
		139. Pune
		140. Ratnagiri
		141. Sangli
		142. Satara
		143. Solapur
		144. Wardha
		145. Yeotmal
12.	Madhya Pradesh	146. Sarguja (Ambikapur)
		147. Balaghat
		148. Betul
		149. Bhopal
		150. Bilaspur
		151. Chhatarpur
		152. Chhindwara
		153. Damoh
		154. Dewas
		155. Dhar
		156. Durg
		157. Guna
		158. Gwalior
		159. Indore
		160. Itarsi
		161. Jabalpur
		162. Jagdalpur
		163. Jhabua
		164. Khandwa
		165. Khargone
		166. Mandla
		167. Mandsaur
		168. Morena
		169. Narsinghpur
		170. Panna
		171. Raigarh
		172. Raipur
		173. Raisen
		174.. Rajgarh
		175. Ratlam
		176. Rewa
		177. Sagar
		178. Satna
		179. Seoni
		180. Shahdol

		181. Shajapur
		182. shivpuri
		183. Sidhi
		184. Ujjain
		185. Vidisha
13.	North-East	186. Tripura (Agartala)
		187. Mizoram (Aizwal)
		188. Manipur (Imphal)
		189. Nagaland (Kohima)
		190. Meghalaya (Shillong)
		191. Arunachal Pradesh (Zero)
14.	Orissa	192. Balasore
		193. Baripada
		194. Berhampur
		195. Bhanipatna
		196. Bhubaneswar (Puri)
		197. Bolangir
		198. Cuttack
		199. Dhenkanal
		200. Koraput
		201. Phulbani
		202. Sundargarh (Rourkela)
		203. Sambalpur
15.	Punjab	204. Amritsar
		205. Bhatinda
		206. Chandigarh
		207. Ferozepur
		208. Hosharipur
		209. Jalandhar
		210. Ludhiana
		211. Pathankot
		212. Patiala
		213. Ropar
		214. Sangrur
16.	Rajasthan	215. Ajmer
		216. Alwar
		217. Banswara
		218. Barmer
		219. Bharatpur
		220. Bhilwara
		221. Bikaner
		222. Bundi
		223. Chittorgarh
		224. Churu
		225. Jaipur
		226. Jaisalmer
		227. Jhalawar

		228. Jhunjhunu
		229. Jodhpur
		230. Kota
		231. Nagaur
		232. Pali (Marwar)
		233. Sawaimadhopur
		234. Sikar
		235. Sirohi
		236. Siriganganagar
		237. Tonk
		238. Udaipur.
17.	Tamilnadu	239. Chennai
		240. Coimbatore
		241. Cuddalore
		242. Dharmapuri
		243. Erode
		244. Chengalpattu (Kancheepuram)
		245. Karaikudi
		246. Madurai
		247. Nagarcoil
		248. Ooty
		249. Pondicherry
		250. Salem
		251. Thanjavur
		252. Tirunelveli
		253. Trichy
		254. Tuticorin
		255. Vellore
		256. Virudunagar
18.	U.P.(East)	257. Allahabad
		258. Azamgarh
		259. Bahraich
		260. Ballia
		261. Banda
		262. Barabanki
		263. Basti
		264. Deoria
		265. Etawah
		266. Faizabad
		267. Farukhabad
		268. Fatehpur
		269. Ghazipur
		270. Gonda
		271. Gorakhpur
		272. Hamirpur
		273. Hardoi
		274. Jaunpur

		275. Jhansi
		276. Kanpur
		277. Kheri
		278. Lucknow
		279. Mainpuri
		280. Mirzapur
		281. Orai
		282. Pratapgarh
		283. Rae Bareli
		284. Shahjahanpur
		285. Sitapur
		286. Sultanpur
		287. Unnao
		288. Varanasi
19	UP(West)	289/. Agra
		290. Aligarh
		291. Almora
		292. Badaun
		293. Bareilly
		294. Bijnore
		295. Kotdwara
		296. Dehradun
		297. Etah
		298. Ghaziabad
		299. Mathura
		300. Meerut
		301. Muradabad
		302. Muzaffarnagar
		303. Nainital
		304. Pilibhit
		305. Rampur
		306. Saharanpur
		307. Uttarkashi
20.	West Bengal	308. Asansol
		309. Bankura
		310. Berhampur
		311. Calcutta
		312. Coochbehar
		313. Gangtok
		314. Jalpaiguri
		315. Midnapur (Kharagpur)
		316. Krishnanagar
		317. Malda
		318. Purulia
		319. Balurghat (Raiganj)
		320 Darjeeling (Siliguri)
		321. Suri

21.	METROS	322. Delhi
		Kolkatta *
		Mumbai *

* These Metros are part of their respective telecom service areas as shown in Annexure-I also. Kolkatta and Mumbai are treated as separate service areas in respect of Unified Access Services and Cellular Mobile Telephone Services.

ANNEXURE-A
Format of Statement of Revenue and Licence Fee

(Name and address of
operator)

NATIONAL LONG DISTANCE SERVICE

Statement of Revenue and Licence Fee for the Quarter
of the financial year.....

(AMOUNT IN RUPEES)

S.N.	PARTICULARS	ACTUALS FOR THE PREVIOUS QUARTER	ESTIMATED FOR THE CURRENT QUARTER	CUMULATIVE UPTO THE PREVIOUS QUARTER
1.	Revenue from Services:			
i.	Revenue from provisioning of NLD service as defined in clause 2 of schedule -I of the Licence agreement			
ii.	Revenue from supplementary/value added services.			
iii.	Service Tax			
iv.	Any other income/ miscellaneous receipt .			
2.	Income from investments.			
i.	Interest income			
ii.	Dividend income			
iii.	Any other miscellaneous receipt from investments.			
3.	Non-refundable deposits.			
4.	Revenue from sharing/leasing of other infrastructure			
5.	Miscellaneous revenue.			
AA	GROSS REVENUE OF THE LICENCEE COMPANY:			
	DEDUCT:			
1	Revenue of pass thru nature actually passed on to other service providers.(operator-wise details). Note: Lease/rent charges for hiring of infrastructure not to be deducted.			
2.	Service Tax paid to the Government.			
BB	TOTAL DEDUCTIBLE REVENUE			
CC	ADJUSTED GROSS REVENUE: (AA – BB)			
	REVENUE SHARE @.....OF ADJUSTED GROSS REVENUE:			

AFFIDAVIT

I, aged about years son of Shri, resident of, do solemnly affirm and state as under:

1. That I amof (Name of the Company), Licencee of Service inService Area and I am duly authorised by the resolutions dated passed by Board of Directors of the Company to furnish affidavit on behalf of(Name of the Company).

2. 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 Annexure (attached).

3. That the contents in para 1 & 2 and Annexure – A 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 the affidavit and Annexure- A are true and correct to my knowledge, no part of it is false and nothing has been concealed therefrom.

Deponent.

ANNEXURE-B

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.

ANNEXURE – C

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.

PROFORMA FOR BANK GUARANTEE FOR FULFILLING NETWORK ROLL-OUT OBLIGATION FOR PHASE I

To

The President of India
acting through DOT

In consideration of the President of India acting through _____(Name), Director(BS), Department of Telecommunications (DOT), Sanchar Bhavan, 20 Ashoka Road, New Delhi-110 001 (hereinafter called the LICENCOR), having agreed to grant a LICENCE to M/s _____

of _____ (hereinafter called 'the LICENCEE') to establish, maintain and operate.....service (hereinafter called 'the SERVICE') as per LICENCE no..... dated..... (hereinafter called 'the said LICENCE') on the terms and conditions contained in the said LICENCE, which inter-alia provides for production of a Bank Guarantee to the extent of Rs.100/- crores (Rupees one hundred crores) for completion of phase I of the service by way of security for the due observance and performance of the terms and conditions of clause 9.2 of the said LICENCE. We..... (name and address and other particulars of the Bank/ the IPFI as the case may be) (hereinafter referred to as 'the Bank/' 'the IPFI') at the request of the LICENCEE hereby irrevocably and unconditionally guarantee to the LICENCOR to ensure performance of all necessary and efficient completion of phase- I of service which may be required to be rendered by the LICENCEE in connection with and/or for the performance of the said LICENCE and further guarantees that the SERVICE which shall be provided by the LICENCE under the said LICENCE, shall be actually performed in accordance with terms & conditions of the LICENCE to the satisfaction of the LICENCOR.

2. We the bank/.....(Name of the IPFI) hereby undertake to pay to the LICENCOR 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 LICENCOR by reason of any breach by the said LICENCEE of any of the terms and conditions contained in the said LICENCE.

3. We the bank/.....(name of the IPFI) hereby, in pursuance of the terms of the said LICENCE, absolutely, irrevocably and unconditionally guarantee as primary obliger and not merely as surety for the payment of an amount of Rs 100 crores (Rupees One hundred crores only) to the LICENCOR to secure due and faithful performance by the LICENCEE of all his/their obligations of Phase I under the said LICENCE.

4. We the bank/.....(name of the IPFI) hereby also undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand without recourse to the LICENCEE .

5. We, the bank/.....(name of the IPFI) do hereby agree that the decision of the LICENCOR as to whether the LICENCEE has failed to or neglected to perform or discharge

his duties and obligations as aforesaid and/or whether the service is free from deficiencies and defects and is in accordance with or not of the terms & conditions of the said LICENCE and as to the amount payable to the LICENCOR by the Bank/.....(name of the IPFI) hereunder shall be final and binding on the Bank/.....(name of the IPFI).

6. WE ,THE BANK/.....(name of the IPFI), 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 LICENCOR and by virtue of the said LICENCE have been fully paid and its claims satisfied or discharged or till LICENCOR satisfies that the terms and conditions of the said LICENCE have been fully and properly carried out by the said LICENCEE and accordingly discharged this guarantee.

(b) The LICENCOR 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 LICENCEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the LICENCOR against the said LICENCEE 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 LICENCEE or forbearance act or omission on the part of the LICENCOR or any indulgence by the LICENCOR to the said LICENCEE 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 LICENCEE 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 LICENCOR 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 LICENCEE.

(e) This Guarantee will continue to remain valid even if there is a change in the constitution of us (the BANK/.....(name of the IPFI)) or the LICENCEE.

7. We the BANK/.....(name of the IPFI) undertake not to revoke this Guarantee during its currency except with the previous consent of the LICENCOR in writing.

Dated.....day.....for
.....
(name of the Bank/.....(name of the IPFI))

Witness:

1.....2.....

PROFORMA FOR BANK GUARANTEE FOR FULFILLING NETWORK ROLL-OUT OBLIGATION FOR PHASE II

To

The President of India
acting through DOT

In consideration of the President of India acting through (Name), Director(BS), Department of Telecommunications (DOT), Sanchar Bhavan, 20 Ashoka Road, New Delhi-110 001 (hereinafter called the LICENCOR), having agreed to grant a LICENCE to M/s _____ of _____ (hereinafter called 'the LICENCEE') to establish, maintain and operate.....service (hereinafter called 'the Service') as per LICENCE no..... dated..... (hereinafter called 'the said LICENCE') on the terms and conditions contained in the said LICENCE, which inter-alia provides for production of a Bank Guarantee to the extent of Rs.100/- crores (Rupees one hundred crores) for completion of phase II of the service by way of security for the due observance and performance of the terms and conditions of clause 9.2 of the said LICENCE. We..... (indicate the name and address and other particulars of the Bank/the IPFI as the case may be) (hereinafter referred to as 'the Bank'/the IPFI) at the request of the LICENCEE hereby irrevocably and unconditionally guarantee to the LICENCOR to ensure performance of all necessary and efficient completion of phase- II of service which may be required to be rendered by the LICENCEE in connection with and/or for the performance of the said LICENCE and further guarantees that the service which shall be provided by the LICENCEE under the said LICENCE, shall be actually performed in accordance with terms & conditions of the LICENCE to the satisfaction of the LICENCOR.

2. We the bank/.....(name of the IPFI) hereby undertake to pay to the LICENCOR 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 LICENCOR by reason of any breach by the said LICENCEE of any of the terms and conditions contained in the said LICENCE.

3. We the bank/.....(name of the IPFI) hereby, in pursuance of the terms of the said LICENCE, absolutely, irrevocably and unconditionally guarantee as primary obliger and not merely as surety for the payment of an amount of Rs 100 crores (Rupees One hundred crores only) to the LICENCOR to secure due and faithful performance by the LICENCEE of all his/their obligations of Phase II under the said LICENCE.

4. We the bank/.....(name of the IPFI) hereby also undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand without recourse to the LICENCEE .

5. We, the bank/.....(name of the IPFI), do hereby agree that the decision of the LICENCOR as to whether the LICENCEE has failed to or neglected to perform or discharge

his duties and obligations as aforesaid and/or whether the service is free from deficiencies and defects and is in accordance with or not of the terms & conditions of the said LICENCE and as to the amount payable to the LICENCOR by the Bank/.....(name of the IPFI) hereunder shall be final and binding on the Bank.

6. WE ,THE BANK/.....(name of the IPFI), DO HEREBY DECLARE AND AGREE that the

(a) Guarantee herein contained shall remain in full force and effect for a period of Three Years from the date hereof and that it shall continue to be enforceable till all the dues of the LICENCOR and by virtue of the said LICENCE have been fully paid and its claims satisfied or discharged or till LICENCOR satisfies that the terms and conditions of the said LICENCE have been fully and properly carried out by the said LICENCEE and accordingly discharged this guarantee.

(b) The LICENCOR 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 LICENCEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the LICENCOR against the said LICENCEE 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 LICENCEE or forbearance act or omission on the part of the LICENCOR or any indulgence by the LICENCOR to the said LICENCEE 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 LICENCEE 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 LICENCOR 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 LICENCEE.

(e) This Guarantee will continue to remain valid even if there is a change in the constitution of us (the BANK/.....(name of the IPFI)) or the LICENCEE.

7. We the BANK/.....(name of the IPFI) undertake not to revoke this Guarantee during its currency except with the previous consent of the LICENCOR in writing.

Dated.....day.....for

.....
(name of the Bank/.....(name of the IPFI))

Witness:

1.....2.....

**PROFORMA FOR BANK GUARANTEE FOR FULFILLING NETWORK ROLL-OUT
OBLIGATION FOR PHASE III**

To
The President of India
acting through DOT

In consideration of the President of India acting through (Name), Director(BS), Department of Telecommunications (DOT), Sanchar Bhavan, 20 Ashoka Road, New Delhi-110 001 (hereinafter called the LICENCOR), having agreed to grant a LICENCE to M/s _____ of _____ (hereinafter called 'the LICENCEE') to establish, maintain and operate.....service (hereinafter called 'the Service') as per LICENCE no..... dated..... (hereinafter called 'the said LICENCE') on the terms and conditions contained in the said LICENCE, which inter-alia provides for production of a Bank Guarantee to the extent of Rs...100/- crores (Rupees one hundred crores) for completion of phase III of the service by way of security for the due observance and performance of the terms and conditions of clause 9.2 of the said LICENCE. We..... (indicate the name and address and other particulars of the Bank/the IPFI as the case may be (hereinafter referred to as 'the Bank'/the IPFI) at the request of the LICENCEE hereby irrevocably and unconditionally guarantee to the LICENCOR to ensure performance of all necessary and efficient completion of phase- III of service which may be required to be rendered by the LICENCEE in connection with and/or for the performance of the said LICENCE and further guarantees that the service which shall be provided by the LICENCEE under the said LICENCE, shall be actually performed in accordance with terms & conditions of the LICENCE to the satisfaction of the LICENCOR.

2. We the bank/.....(name of the IPFI) hereby undertake to pay to the LICENCOR 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 LICENCOR by reason of any breach by the said LICENCEE of any of the terms and conditions contained in the said LICENCE.

3. We the bank/.....(name of the IPFI) hereby, in pursuance of the terms of the said LICENCE, absolutely, irrevocably and unconditionally guarantee as primary obliger and not merely as surety for the payment of an amount of Rs 100 crores (Rupees One hundred crores only) to the LICENCOR to secure due and faithful performance by the LICENCEE of all his/their obligations of Phase III under the said LICENCE.

4. We the bank /.....(name of the IPFI)hereby also undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand without recourse to the LICENCEE.

5. We,the bank/.....(name of the IPFI), do hereby agree that the decision of the LICENCOR as to whether the LICENCEE has failed to or neglected to perform or discharge his duties and obligations as aforesaid and/or whether the service is free from deficiencies and

defects and is in accordance with or not of the terms & conditions of the said LICENCE and as to the amount payable to the LICENCOR by the Bank/.....(name of the IPFI) hereunder shall be final and binding on the Bank/.....(name of the IPFI).

6. WE ,THE BANK/.....(name of the IPFI), DO HEREBY DECLARE AND AGREE that the

(a) Guarantee herein contained shall remain in full force and effect for a period of Four Years from the date hereof and that it shall continue to be enforceable till all the dues of the LICENCOR and by virtue of the said LICENCE have been fully paid and its claims satisfied or discharged or till LICENCOR satisfies that the terms and conditions of the said LICENCE have been fully and properly carried out by the said LICENCEE and accordingly discharged this guarantee.

(b) The LICENCOR 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 LICENCEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the LICENCOR against the said LICENCEE 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 LICENCEE or forbearance act or omission on the part of the LICENCOR or any indulgence by the LICENCOR to the said LICENCEE 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 LICENCEE 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 LICENCOR 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 LICENCEE.

(e) This Guarantee will continue to remain valid even if there is a change in the constitution of us (the BANK/.....(name of the IPFI)) or the LICENCEE.

7. We the BANK/.....(name of the IPFI) undertake not to revoke this Guarantee during its currency except with the previous consent of the LICENCOR in writing.

Dated.....day.....for

.....
(name of the Bank/the IPFI)

Witness:

1.....2.....

**PROFORMA FOR BANK GUARANTEE FOR FULFILLING NETWORK ROLL-OUT
OBLIGATION FOR PHASE IV**

To
The President of India
acting through DOT

In consideration of the President of India acting through (Name), Director(BS), Department of Telecommunications (DOT), Sanchar Bhavan, 20 Ashoka Road, New Delhi-110 001 (hereinafter called the LICENCOR), having agreed to grant a LICENCE to M/s _____ of _____ (hereinafter called 'the LICENCEE') to establish, maintain and operate.....service (hereinafter called 'the Service') as per LICENCE no..... dated..... (hereinafter called 'the said LICENCE') on the terms and conditions contained in the said LICENCE, which inter-alia provides for production of a Bank Guarantee to the extent of Rs...100/- crores (Rupees one hundred crores) for completion of phase IV of the service by way of security for the due observance and performance of the terms and conditions of clause 9.2 of the said LICENCE. We..... (indicate the name and address and other particulars of the Bank/IPFI as the case may be) (hereinafter referred to as 'the Bank'/ the IPFI) at the request of the LICENCEE hereby irrevocably and unconditionally guarantee to the LICENCOR to ensure performance of all necessary and efficient completion of phase- IV of service which may be required to be rendered by the LICENCEE in connection with and/or for the performance of the said LICENCE and further guarantees that the service which shall be provided by the LICENCEE under the said LICENCE, shall be actually performed in accordance with terms & conditions of the LICENCE to the satisfaction of the LICENCOR.

2. We the bank/.....(name of the IPFI) hereby undertake to pay to the LICENCOR 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 LICENCOR by reason of any breach by the said LICENCEE of any of the terms and conditions contained in the said LICENCE.

3. We the bank /.....(name of the IPFI) hereby, in pursuance of the terms of the said LICENCE, absolutely, irrevocably and unconditionally guarantee as primary obliger and not merely as surety for the payment of an amount of Rs 100 crores (Rupees One hundred crores only) to the LICENCOR to secure due and faithful performance by the LICENCEE of all his/their obligations of Phase IV under the said LICENCE.

4. We the bank/.....(name of the IPFI) hereby also undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand without recourse to the LICENCEE.

5. We, the bank/.....(name of the IPFI), do hereby agree that the decision of the LICENCOR as to whether the LICENCEE has failed to or neglected to perform or discharge

his duties and obligations as aforesaid and/or whether the service is free from deficiencies and defects and is in accordance with or not of the terms & conditions of the said LICENCE and as to the amount payable to the LICENCOR by the Bank/.....(name of the IPFI) hereunder shall be final and binding on the Bank/.....(name of the IPFI).

6. WE ,THE BANK/.....(name of the IPFI), DO HEREBY DECLARE AND AGREE that the

(a) Guarantee herein contained shall remain in full force and effect for a period of Seven Years from the date hereof and that it shall continue to be enforceable till all the dues of the LICENCOR and by virtue of the said LICENCE have been fully paid and its claims satisfied or discharged or till LICENCOR satisfies that the terms and conditions of the said LICENCE have been fully and properly carried out by the said LICENCEE and accordingly discharged this guarantee.

(b) The LICENCOR 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 LICENCEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the LICENCOR against the said LICENCEE 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 LICENCEE or forbearance act or omission on the part of the LICENCOR or any indulgence by the LICENCOR to the said LICENCEE 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 LICENCEE 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 LICENCOR 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 LICENCEE.

(e) This Guarantee will continue to remain valid even if there is a change in the constitution of us (the BANK/.....(name of the IPFI)) or the LICENCEE.

7. We the BANK/.....(name of the IPFI) undertake not to revoke this Guarantee during its currency except with the previous consent of the LICENCOR in writing.

Dated.....day.....for

.....
(name of the Bank/the IPFI)

Witness:

1.....2.....

PROFORMA FOR FINANCIAL BANK GUARANTEE

To

The President of India
Acting through, DOT

In consideration of the President of India acting through (Name), Director(BS), Department of Telecommunications (DOT), Sanchar Bhavan, 20 Ashoka Road, New Delhi-110 001 (hereinafter called the LICENCOR), having agreed to grant a LICENCE to M/s _____ of _____ (hereinafter called 'the LICENCEE') to establish, maintain and operate National Long Distance Service (hereinafter called the SERVICE) in accordance with the LICENCE No. _____ dated _____ (hereinafter called 'the LICENCE) on the terms and conditions contained in the said LICENCE which interalia provides for production of a Bank Guarantee to the extent of Rs. (_____ in words) under the said LICENCE by way of security for payment of the said LICENCE fee as well as such other fees/dues or charges required to be paid by the LICENCEE under the LICENCE, We _____ (indicate the name and address and other particulars of the Bank/the IPFI as the case may be) (hereinafter referred to as 'the Bank / the IPFI') at the request of the LICENCEE hereby irrevocably and unconditionally guarantee to the----- LICENCOR of all payments payable by the LICENCEE under the LICENCE, including but not limited to, the LICENCE fee and other charges.

2. We, the Bank/.....(name of the IPFI), hereby undertake to pay to the ----- LICENCOR 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 LICENCOR by reason of any failure of the LICENCEE to pay all the above mentioned fees, dues and charges or any part thereof within the periods stipulated in the LICENCE or failure of the LICENCEE to keep renewed and alive this bank guarantee till the determination of the LICENCEE by efflux of time.

3. We, the Bank/.....(name of the IPFI), hereby further undertake to pay as primary obliger and not merely as surety to pay such sum not exceeding Rs. _____ (Rupees _____ only) to the LICENCOR immediately on demand and without demur

4. WE, THE BANK/.....(name of the IPFI), DO HEREBY DELCARE AND AGREE that the decision of the LICENCOR as to whether LICENCEE has failed to pay the said LICENCE fees or any other fees or charge or any part thereof payable under the said LICENCE or failed to renew the bank guarantee and as to the amount payable to the LICENCOR by the Bank/.....(name of the IPFI) hereunder shall be final and binding on us."

5. WE, THE BANK/.....(name of the IPFI), DO HEREBY DELARE AND AGREE that the

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

(b) The LICENCOR 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 LICENCEE or to extend time of performance of any obligations by the said LICENCEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the LICENCOR against the said LICENCEE and to forebear or to enforce any of the terms and conditions relating to the said LICENCE and we shall not be relieved from our liability by reason of any forbearance act or omission on the part of the LICENCOR or any indulgence by the LICENCOR to the said LICENCEE 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 LICENCEE shall be subject and subordinate to the prior payment and performance in full of the obligations of us hereunder and we will not without prior written consent of the LICENCOR 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 LICENCEE.

(e) This Guarantee will continue to remain valid even if there is a change in the constitution of us (the BANK/.....(name of the IPFI)) or the LICENCEE.

6. We the BANK/.....(name of the IPFI) undertake not to revoke this Guarantee during its currency except with the previous consent of the LICENCOR in writing.

Dated _____ day _____ for _____
(name of the Bank)

Witness:

1.....2.....

**PROFORMA FOR FINANCIAL BANK GUARANTEE
(FOR WPC FEE/ ROYALTY)**

To

The President of India
Acting through, DOT

In consideration of the President of India acting through (Name), Director(BS), Department of Telecommunications (DOT), Sanchar Bhavan, 20 Ashoka Road, New Delhi-110 001 (hereinafter called the LICENCOR), having agreed to grant a LICENCE to M/s _____ of _____ (hereinafter called 'the LICENCEE') to establish, maintain and operate National Long Distance Service (hereinafter called the SERVICE) in accordance with the LICENCE No. _____ dated _____ (hereinafter called 'the LICENCE) on the terms and conditions contained in the said LICENCE which interalia provides for production of a Bank Guarantee to the extent of Rs. (_____ in words) under the said LICENCE by way of security for payment of the said fee / royalty for the use of spectrum and possession of wireless telegraphy equipment payable by the LICENCEE under the LICENCE, We _____ (indicate the name and address and other particulars of the Bank/the IPFI as the case may be) (hereinafter referred to as 'the Bank'/the IPFI) at the request of the LICENCEE hereby irrevocably and unconditionally guarantee to the----- LICENCOR of all payments payable by the LICENCEE under the LICENCE, including but not limited to, the fee / royalty for the use of spectrum and possession of wireless telegraphy equipment.

2. We, the Bank/.....(name of the IPFI), hereby undertake to pay to the ----- LICENCOR 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 LICENCOR by reason of any failure of the LICENCEE to pay all the above mentioned fees, dues and charges or any part thereof within the periods stipulated in the LICENCE.

3. We, the Bank/.....(name of the IPFI), hereby further undertake to pay as primary obliger and not merely as surety to pay such sum not exceeding Rs. _____ (Rupees _____ only) to the LICENCOR immediately on demand and without demur.

4. WE, THE BANK/.....(name of the IPFI), DO HEREBY DELCARE AND AGREE that the decision of the LICENCOR as to whether LICENCEE has failed to pay the said fee /royalty or any part thereof payable under the said LICENCE and as to the amount payable to the LICENCOR by the Bank/.....(name of the IPFI) hereunder shall be final and binding on us.”

5. WE, THE BANK/.....(name of the IPFI), DO HEREBY DELARE AND AGREE that the

(a) Guarantee herein contained shall remain in full force and effect for a period of six months from the date hereof and that it shall continue to be enforceable till all the dues of the

LICENCOR and by virtue of the said LICENCE have been fully paid and its claims satisfied or discharged or till LICENCOR satisfies that the terms and conditions of the said LICENCE have been fully and properly carried out by the said LICENCEE and accordingly discharged this guarantee.

(b) The LICENCOR 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 LICENCEE or to extend time of performance of any obligations by the said LICENCEE from time to time or to postpone for any time or from time to time any of the powers exercisable by the LICENCOR against the said LICENCEE and to forebear or to enforce any of the terms and conditions relating to the said LICENCE and we shall not be relieved from our liability by reason of any forbearance act or omission on the part of the LICENCOR or any indulgence by the LICENCOR to the said LICENCEE 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 LICENCEE shall be subject and subordinate to the prior payment and performance in full of the obligations of us hereunder and we will not without prior written consent of the LICENCOR 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 LICENCEE.

(e) This Guarantee will continue to remain valid even if there is a change in the constitution of us (the BANK/.....(name of the IPFI)) or the LICENCEE.

6. We the BANK/.....(name of the IPFI) undertake not to revoke this Guarantee during its currency except with the previous consent of the LICENCOR in writing.

Dated _____ day _____ for _____
(name of the Bank/.....(name of the IPFI))

Witness:

1.....2.....