

GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS
DEPARTMENT OF TELECOMMUNICATIONS
(VAS CELL)

SANCHAR BHAWAN,
20, ASHOKA ROAD,
NEW DELHI-110 001.

No.842-153/99-VAS (Vol.V) (Pt.)

Dated 22nd July, 1999

To

^{BTAD}
Association of Basic Telephone
Service Operators.
(ABTOS).
B-601, Ganzi Sadan
S, Haily Road,
New Delhi - 110001

Without Prejudice

Subject:- Proposed Package for Migration of existing licensees of Cellular (Metros and Telecom Circles) and Basic Telecom Services to New Telecom Policy -1999 regime.

Reference: Licence Agreement No. 17- 195-BS.II.dated for Basic Telephone Service in Service Area.

In accordance with Government approval, the following Package is proposed for migration of the existing Cellular (Metros and Telecom Circles) and Basic Telecom Service Operators to NTP-99 regime:-

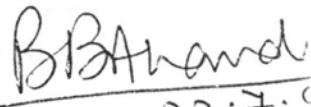
- (i) The cut off date for change over to NTP-99 regime will be 1.8.1999.
- (ii) The licensee will be required to pay one time Entry Fee and License Fee as a percentage share of gross revenue under the licence. The Entry Fee chargeable will be the licence fee dues payable by existing licensees upto 31.07.1999, calculated upto this date duly adjusted consequent upon notional extension of effective date as in para (ix) below, as per the Conditions of existing licence.
- (iii) The Licence fee as a percentage of gross revenue under the licence shall be payable w.e.f. 1.8.99. The Government will take a final decision about the quantum of the

revenue share to be charged as licence fee after obtaining recommendations of the Telecom Regulatory Authority of India (TRAI). In the meanwhile, Government have decided to fix 15% of the gross revenue of the Licensee as provisional license fee. The gross revenue for this purpose would be the total revenue of the Licensee company excluding the PSTN related call charges paid to DOT/MTNL and service tax collected by the licensee on behalf of the Government from their subscribers. On receipt of TRAI's recommendation and Government's final decision, final adjustment of provisional dues will be effected depending upon the percentage of revenue share and the definition of revenue for this purpose as may be finally decided.

- (iv) A total of at least 35% of outstanding dues including interest payable as on 31.7.1999 and LD Charges in full will have to be paid on or before 15.8.1999. The amount paid, if any, against the earlier demand sent under letter dated 25.1.99 for paying 20% or more of the outstanding dues, may be adjusted at licensee's option. The balance dues will have to be paid on or before 31.1.2000 alongwith interest calculated upto the actual date of payment.
- (v) Even where the existing bank guarantees (FBG), have been encashed earlier, these will need to be kept alive/ recouped simultaneously with the acceptance of this package. The value of the financial bank guarantee(s) will have to be further enhanced within a period of four months i. e. by 30.11.1999 so as to cover the outstanding amounts due including further sums which may become due.
- (vi) If either of the cellular operator in a given service area does not accept the package, both the existing operators will continue in the existing licensing arrangement until the validity of the present licences.
- (vii) Consequent upon migration to the NTP-99, the licensees will forego the right of operating in the regime of limited number of operators as per the existing licence agreement and would operate in a multipoly licensing regime i.e additional licenses without any limit may be issued in a given Service Area.
- (viii) There shall be a lock-in of the present share-holding for a period of five years counted from the date of licence agreement (effective date). Transfer of share holding directly or indirectly through subsidiary or holding companies shall not be permitted during this period. However, issue of additional equity share capital by the licensee companies/ their holding companies by way of private placement /public issues shall be permitted. Further, the lock-in provisions shall not be applicable in case the shares are transferred pursuant to enforcement of pledge by the lending financial institutions/ banks due to events of defaults committed by the borrowers with the condition that such shares should have been pledged for investment only in the particular licensed project.
- (ix) For the purpose of calculation of outstanding licence fee upto 31.7.1999, the effective date of all the licenses of Cellular Telecom Circles and Basic Telephone Services will be notionally extended by a period of six months. This does not apply to metro cellular licences. This is with the further condition that where extension of effective date has been given earlier due to whatever circumstances, further extension will be given after

deducting the period of extension already given subject to the total extension period not exceeding six months. In cases where extension of period of more than six months has already been given, there will be no further change.

- (x) The liquidated damages as per the existing licence agreement shall be paid latest by 15-8-99.
 - (xi) The period of licence shall be 20 years starting from the effective date of the existing licence agreement.
2. Migration to the NTP-99 on the conditions mentioned above will be permitted on the premise that the aforesaid conditions are accepted as a package in its entirety and simultaneously all legal proceedings in Courts, Tribunals, Authority or in Arbitration instituted by the licensee and Associations of Cellular and Basic Service Operators (COAI & ABTO) against DoT or UOI shall be withdrawn. Further any dispute with regard to the license agreement for the period upto 31.7.1999 shall not be raised at any future date. The acceptance of this package will be deemed as a full and final settlement of all existing disputes whatsoever irrespective of whether they are related with the present package or not.
 3. After the terms and conditions of the package are accepted, amendments to the existing licence agreement will be signed between the licensor and the licensee.
 4. An undertaking in the enclosed proforma by an authorised signatory of acceptance of the package by the licensee should reach DOT within a weeks' time and in any case not later than 29.7.1999 (Forenoon). In case no response is received within the stipulated period, it will be presumed that licensee does not propose to migrate to the new regime, and the licensee will continue to operate under the terms and conditions of the existing licence.


22.7.99
(B.B. ANAND)
Director (BS -I)

Encl: As above.

From:
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DATED . . .

To

The Secretary,
Deptt. of Telecommunication,
Min. of Communications,
Sanchar Bhawan,
New Delhi.

Sub: Proposed package for migration of existing licenses of Cellular (Metros & Telecom Circles) and Basic Telecom Services to New Telecom Policy, 1999 – regarding.

Sir,

With reference to the letter No.842-153/99-VAS(Vol.V)(Pt) dated.....July, 1999 on the subject noted above, I hereby convey unconditional acceptance on behalf of the Licensee with regard to the package proposed for migration of the existing licenses to NTP 1999 Regime on the terms and conditions in the letter under reference.

2. An authority in my favour given by the company to convey the acceptance is also enclosed.

Encl: As above.

(Authorised Signatory)