

Appendices and Annexures

Appendix I

A. Statement showing category of services and percentages of LF applicable

Type of license	Category of service area	Name of service area	2010-11	2011-12	2012-13		2013-14 & 2014-15						
					01.04.12 to 30.06.12	01.07.12 to 31.03.13							
UAS	A	Delhi, Mumbai, Kolkata, Tamil Nadu (incl. Chennai), Andhra Pradesh, Gujarat, Karnataka, Maharashtra	10	10	10	9	8						
	B	Haryana, Kerala, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh (E), Uttar Pradesh (W), West Bengal						8	8	8			
	C	Assam, Bihar, Himachal Pradesh, Jammu & Kashmir, North East, Odisha									6	6	7
	NLD	All India											
ILD	All India												
VSAT	All service areas	₹1 only	₹1 only	4									
ISP-IT	All service areas												
ISP	All service areas												

B. Statement showing rates of Spectrum Usage Charges (SUC)

Quantity of spectrum		Spectrum charges as percentage of AGR ¹
GSM (including 3G)	CDMA	
Up to 2 x 4.4 MHz	Up to 2 x 5.0 MHz	3
Up to 2 x 6.2 MHz	Up to 2 x 6.25 MHz	4
Up to 2 x 8.2 MHz	Up to 2 x 7.5 MHz	5
Up to 2 x 10.2 MHz	Up to 2 x 10.0 MHz	6
Up to 2 x 12.2 MHz	Up to 2 x 12.5 MHz	7
Up to 2 x 15.2 MHz	Up to 2 x 15.0 MHz	8

Note

- For spectrum acquired through auction during February 2014 in the bands 1800 MHz and 900 MHz, SUC was to be charged at 5 *per cent* of the AGR.
- In cases of combination of existing spectrum in 900 MHz and 1800 MHz bands and spectrum acquired through the auction, the weighted average rate was to be adopted.
- For BWA spectrum in the bands 2300 MHz acquired through auction in 2010, SUC was to be charged at 1 *per cent* of the AGR.

¹ SUC was not paid uniformly by all operators but SUC on spectrum acquired through auction process was being paid as per DoT orders.

Appendix II

Statement showing Definitions of Gross Revenue under the various Licences

Type of Licence	Definition of Gross Revenue (GR)
Unified Access Service License (UASL) and Unified License (UL)	<p>GR and permissible deductions to arrive at AGR was defined under clause 19 of the UASL Agreements. In terms of clause 19.1, the GR shall be inclusive of installation charges, late fees, sale proceeds of handsets (or any other terminal equipment etc.), revenue on account of interest, dividend, value added services, supplementary services, access or interconnection charges, roaming charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc.</p> <p>Further, to arrive at AGR, following shall be excluded from the GR as mentioned in clause 19.2 of the agreement-</p> <ol style="list-style-type: none"> Public Switched Telecom Network (PSTN) related call charges (Access charges) actually paid to other eligible/entitled telecom service providers within India; Roaming revenues actually passed on to other eligible/entitled telecom service providers, and Service Tax on provision of service and Sales Tax actually paid to the Government, if Gross Revenue had included Service Tax and Sales Tax.
National Long Distance (NLD)	<p>The GR/AGR for NLD services was defined under clause 31 of Annexure II of the NLD Agreement which provides that "Revenue for the purpose of levying License Fee as a percentage of revenue shall mean the Gross total revenue income accruing to the licensee by way of providing NLD service under the license 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 network licensee's NLD network is interconnect, for carriage of calls.</p>

International Long Distance	<p>For ILD services GR, as defined under clause 36 of definition and interpretation forming part of ILD Agreement, was “all revenue accruing to the licensee on account of goods supplied, services provided, leasing of infrastructure, use of its resources by others, application fee, installation charges, call charges, late fees, sale proceeds of instruments (or any terminal equipment including accessories), handsets, bandwidth, income from value added service, supplementary services, access or interconnection charges, any lease or rent charges for hiring of infrastructure etc, and any other miscellaneous items including interest, dividend etc., without any set-off for related item of expense, etc.</p> <p>AGR for the purpose of levying LF would mean the GR as reduced by:</p> <ol style="list-style-type: none"> i. Call charges (Access charges) actually paid to other telecom service providers for carriage of calls. ii. Service tax for provision of service and sales tax actually paid to the Government, if Gross Revenue had included the component of service tax and sales tax.
Internet Services	<p>GR for Internet Services including Internet Telephony (ISP-IT) was defined in the licence agreement as “GR shall be inclusive of Internet Access service, Internet Content service, Internet Telephony service, installation charges, late fees, sale proceeds of terminal equipment, revenue on account of interest, dividend, value added services, supplementary services, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc.</p> <p>For the purpose of arriving AGR, the following shall be excluded from the GR-</p> <ol style="list-style-type: none"> i. Charges from Internet access, Internet content and Internet access related installation charges. ii. Service tax for provision of service and sales tax actually paid to the Government, if GR had included the component of service tax and sales tax.
Very Small Aperture Terminal (VSAT)	<p>In terms of the definition of GR specified in the VSAT License agreement, “The Gross Revenue shall include all revenues accruing to the LICENSEE on account of goods supplied, services provided, leasing/hiring of infrastructure, use of its resources by others, application fees, installation charges, call charges, late fees, sale proceeds of instruments (or any terminal equipment</p>

	<p>including accessories), VSAT hardware/software, fees on account of Annual Maintenance Contract/ Annual Comprehensive Maintenance Contract, income from value added services, supplementary services, access or interconnection charges, etc. and any other miscellaneous item including interest, dividend, etc. without any set-off of related item of expense etc.”</p> <p>Revenue for the purpose of levying licence fee as a percentage of revenue shall include the gross total revenue accruing to the licensee by way of providing VSAT service under this licence but excluding:</p> <ol style="list-style-type: none">i. Charges of pass through nature actually paid to other Telecom service provider to whose network, the licensee’s network is interconnected for carriage of data.ii. Service tax paid to the Government, if gross revenue had included the component of service tax.
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Appendix III

Statement showing Important specifications for reporting revenue for payment of license fee

Stipulations
➤ Accounts should be maintained separately for each telecom service operated by the licensee company
➤ Computation of revenue and License fee payable should be shown in a prescribed Statement (AGR Statement) and should be audited by the Auditors of the Licensee appointed under Section 224/139 of the Companies' Act, 1956/2013.
➤ While calculating AGR for limited purpose of levying Spectrum Usage Charges based on revenue share, revenue from Wireline Subscribers shall not be taken into account.
➤ Final adjustment of the License fee for the year shall be made based on the GR figures duly certified by the Auditors in accordance with the provisions of the Companies' Act 1956/2013.
➤ Service revenue (amount billable) should be shown gross and details of discount/rebate indicated separately ➤ Service Tax and Sales Tax billed, collected and remitted to the Government shall be shown separately ➤ Sales to be shown gross and details of discount/rebate allowed and of sales returns be shown separately ➤ Income from interest and dividend to be shown separately, without any related expenses being set-off against them ➤ Item-wise details of income that has been set off against corresponding expenditure ➤ Roaming charges should indicate operator-wise receivables and payables, roaming commission received and paid and any other variable charges collected/passed on to other operators
➤ A reconciliation between the figures appearing in the quarterly statements with those appearing in annual accounts to be submitted along with a copy of the published annual accounts audit report and duly audited quarterly statements
➤ The licensor may, on forming an opinion that the statements or accounts submitted are inaccurate or misleading, order audit of the accounts of the licensee by appointing auditor, at the cost of the licensee and such auditor(s) shall have the same powers which the statutory auditors of the company enjoy under Section 227/143 of the Companies Act, 1956/2013. The licensor may also get conducted a 'Special Audit' of the licensee company's accounts/records
➤ LF shall be payable in four quarterly instalments during each financial year. This Fee shall be paid on the basis of actual revenue (on accrual basis)
➤ Any delay in payment of LF payable, beyond the stipulated period will attract interest at a rate which will be 2 <i>per cent</i> above the Prime Lending Rate (PLR) of State Bank of India existing as on the beginning of the Financial Year.
➤ The interest would be compounded monthly and a part of the month would be reckoned as a full month for the purposes of calculation of interest. A month shall be reckoned as an English calendar month.