



15th September 2014

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Subject: Tata Teleservices Response to TRAI Consultation Paper No 09/2014 on "Definition of Revenue Base (AGR) for the Reckoning of License Fee and Spectrum Usage Charges" dated 31st July 2014

Dear Sir,

We refer to your Consultation Paper dated 31st July 2014 on "Definition of Revenue Base (AGR) for the Reckoning of License Fee and Spectrum Usage Charges" seeking comments of the stakeholders. We are happy to note that your office has undertaken this consultative process considering the litigations surrounding this matter.

Please find attached herewith the comments of Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited (together referred as TTL).

We understand that COAI and AUSPI are making representations on behalf of the industry at large and we are broadly in agreement with the response given by the Industry body on this consultation paper.

We hope that our views will be given due cognizance. We would be grateful to address any further query in this regard.

Thanking you and assuring you of our best attention always.

Yours sincerely,

Arun Kumar Singh
Additional Vice President – Corporate Regulatory Affairs
Tata Teleservices Limited
And
Authorized Signatory
For Tata Teleservices (Maharashtra) Limited

Enclosure: As above

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Tata Teleservices Response to TRAI Consultation Paper No 09/2014 on “Definition of Revenue Base (AGR) for the Reckoning of License Fee and Spectrum Usage Charges” dated 31st July 2014

Note: Tata Teleservices Ltd is broadly in agreement with the response given by the Industry body in respect to TRAI Consultation Paper No 09/2014 on “Definition of Revenue Base (AGR) for the Reckoning of License Fee and Spectrum Usage Charges” dated 31st July 2014. In addition, TTL wish to highlights some more issues in the append paragraphs as part of its own response.

Q1. Is there a need to review/ revise the definition of GR and AGR in the different licenses at this stage? Justify with reasons. What definition should be adopted for GR in the Unified License in the interest of uniformity?

TTL Comment:

There is an immediate need to review / revise the current definition of GR and AGR in different licenses. The need for reviewing / revising the definition of GR/AGR has arisen due to the following reasons:

- The current definition of GR/AGR is ambiguous.
- Current definition of GR includes several revenues unrelated to licensed activities some of them not even fall under the gambit of revenue.
- Current definition of GR leads to dual charging of the same revenue in the hands of operator.
- It includes notional income that is unrealized / remains uncollected by the licensee.
- There are gaps in interpretation of GR by licensor and licensees which have resulted in frequent litigation/dispute and this can be the single reason to correct the definition of GR/AGR.
- GR/AGR definition in the Unified License also remains the same as per the old licenses.

TTL recommend the following definition for Gross Revenue:

Definition of Gross Revenue



“Revenues’ for the purpose of ‘Revenue Share’ shall mean GROSS REVENUES from SERVICES only from the Licenced Activities for the respective Service Area(s)) and shall not in particular include ‘Revenues included in the Negative List (as given in the table below). GROSS REVENUES shall be adjusted for all expenses incurred based on billings from other Licenced TSPs and pass through charges for interconnection cost paid to international operators to arrive at Adjusted Gross Revenue (AGR)”.

The above definition would bring uniformity across the different Licences and related operations.

Table 1: Negative List of Items Not to be Included in Gross Revenue

| S. No | Item | TTL Suggestions |
|-------|--|---|
| 1 | Income from Dividend. | Please exclude from the GR definition being a non licensed activity. |
| 2. | Interest Income : a) Interest Income Interest earned on investment of savings made by a licensee after meeting liabilities including liability on account of share of the Govt. in the gross revenue. b) Interest earned on investment of funds received by way of deposits received by licensees on account of securities against charges, particularly, from customers using international long distance calls service whose bills are heavy. c) Interest earned on deposits received by way of deposits from customers on account of concessions given in the charges payable for sing the telecom services. | Please exclude fully OR include only notional interest on customer deposits OR charge only on net position after deducting finance costs. |
| 3. | Capital Gains. | Please exclude from the GR definition being a non licensed activity. |
| 4. | Gains from foreign exchange rate fluctuations. | Please exclude from the GR definition being a non licensed activity. |



| | | |
|-----|--|--|
| 5. | Reversals of provisions and Vendors' credit. | Please exclude from the GR definition being a non licensed activity. |
| 6. | Income from property rent. | Exclude only if the property is let out for purposes other than telecom activity. |
| 7. | Income from sale /lease of Passive Infrastructure like Towers, Dark Fibres etc. | Exclude sale or IRU but Include other rentals. |
| 8. | <p>Other including Misc Income TRAI recommended :</p> <ul style="list-style-type: none"> a) Revenue streams like sale of tenders, directories, forms, forfeiture of deposits/earnest money, management fees, consultancy fees, and training charges from the telecom service should form part of GR. b) Revenue from sale of fixed assets which is in nature of capital receipts and insurance claims should not be part of GR. c) Payments received on behalf of third party. d) Other items falling under the categories of miscellaneous/other income will have to be decided for taking a view regarding its inclusion or exclusion on a case to case basis. | <ul style="list-style-type: none"> a) Exclude b) Exclude c) Exclude d) Include/Excluded on case to case basis. |
| 9. | Any other miscellaneous receipt from investments. | Please exclude from the GR definition being a non licensed activity. |
| 10. | Revenue from sale of equipment including handset. | Exclude (provided the sale is discernible and on stand-alone basis. In case of bundled sales include only if equipment is priced higher than costs plus say 10% profit and against such higher |



| | | |
|-----|---|--|
| | | price telecom services are provided free or on subsidized basis. |
| 11. | Waivers & Discounts including trade discounts to distributors/channel partners from GR. | Exclude as these are not realized. |
| 12. | No Spectrum fee on Wire line business revenue. | Revenue streams (Lease line, Port charges, income from co-location and any other infrastructure income) which does not require/ Consume any Spectrum should not be included in GR for computation of Spectrum fee. |
| 13. | Notional income. | Any income, which is not going to accrue telecom operators directly or indirectly, should not be included in GR. |
| 14. | Third party Contract. | Any income which is accruable to a third party for providing services to subscribers, which does not require any telecom license, should not be included in GR of telecom operator, viz., Charging Installation charges by third party to subscribers for installing customer premises Equipment (CPEs). |

Q2. What should be the guiding principles for designing the framework of the revenue sharing regime? Is the present regime easy to interpret, simple to verify, comprehensive and does it minimize scope for the exercise of discretion by the assessing authority? What other considerations need to be incorporated?

TTL Comment

We agree with the guiding principles as mentioned above question for designing the framework of revenue share regime i.e. the revenue sharing regime should be easy to interpret, simple to verify, comprehensive and no scope for exercise of discretion. In our views, the areas where the current system violates these principles are:



- As per the clause 19.1 of UASL, GR is defined as “The Gross Revenue shall be inclusive of installation charges, late fees, sale proceeds of handsets (or any other terminal equipment etc.), revenue on account of interest, dividend, value added services, supplementary services, access or interconnection charges, roaming charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue, without any set-off for related item of expense, etc.” The definition itself is ambiguous and subject to different interpretations. The item like revenue on account of interest, dividend does not clarify whether these revenue are only from the licensed activities or otherwise. DoT includes all types of interest and dividend as part of GR under the gambit of this definition. “Any other miscellaneous revenue” is equally ambiguous. DoT takes the liberty of including all types of revenue whether due to licensed or non-licensed under this miscellaneous revenue head.
- CCAs insist on certification from Banks for the payments made through the demand drafts to verify the deductions claimed.
- CCAs ask for operator’s confirmation for payment and bank entries to show name of the operator as proof for payment to allow deduction. These are stringent as adequate documentation for determining payment made is submitted to CCAs.
- In cases where net settlement with an operator results in inflow, confirmation from other operator has been sought.
- Statutory Auditor certification is being demanded for tax deduction on payments to operators.
- Statutory Auditor certification for settlement to NLD license books within the company.
- Service Tax is discharged by the company based on the central registration obtained as per the regulations of Finance Act. Remittance for service tax follows such registration and is not made circle-wise. Service Tax payment is after considering CENVAT credit allowed under the Act. Proof is sought for payment circle-wise.
- Sales Tax is paid after considering VAT credit for purchases allowed as per Sales Tax Rules prevalent in States. Payment Proof will reflect payment net of such VAT credit.
- The present regime is not comprehensive one and there is scope of exercise of discretion by CCAs.
- There is no standard process for assessment of verification of deduction claims.



- Some circles have disallowed pass through charges without assigning details and reasons thereof even though for the similar submission, a few circles have allowed 100 % pass through deductions.

We, therefore, suggest the following guiding principles:

- Gross/Adjusted Revenue to be defined as revenue from only licenced activities
- Principles of Gross/Adjusted revenue to be in line with applicable Accounting Standards
- Avoidance of double levy of regulatory fees
- Thus the following transactions should be allowed as deductions to avoid double taxation:
 - Renting/Sharing of bandwidth and/or passive infrastructure between Licencees for Licenced Activity.
 - Sharing of active infrastructure/spectrum sharing between Licencees for Licenced Activity.
 - Port Charges, interconnection setup charges, leased line, roaming signaling charges, cable landing stations and content charges.
 - Any periodic rentals for space for ensuring interconnection.

Q3. In the interest of simplicity, verifiability, and ease of administration, should the rate of LF be reviewed instead of changing the definitions of GR and AGR, especially with regard to the component of USO levy?

TTL Comment

There is a need to reduce the rate of license fee as well as change in the current definition of GR /AGR. It is necessary that the TRAI's support is required to review / revise definition of GR/AGR. The percentage of license fee and USO levy needs to be drastically reduced.

The country has been able to achieve the growth as the telecommunication services in India is offered to the customers at one of the lowest tariff in the world. In addition to the overall growth, mobile and fixed wireless phones are spreading towards the areas where no telecom facility existed and helping to bridge the digital divide. The present spread of the telecom facility is reflected more towards population with low purchasing power. Since the future expansion would in rural and remote areas, the government's support in



form of incentives and concessions for bringing down costs and rolling out networks is imperative. Reduction in license fee burden is a long pending demand of the industry and is essential for facilitating affordability of the common man and relief to access service providers. There is no requirement of USO to act as a catalyst and to have contribution towards the USOF funds @ 5% and it is therefore suggested that USOF contribution may be reduced from the present 5 % to 0.5 % or be based on average utilization trend over the years and should be phased out by 2nd year based on the utilization of existing fund for completing the desired level of rural coverage.

At present, the Telecom Access Service Providers are paying a high percentage as license fee through a revenue sharing model. This revenue share of 8% Adjusted Gross Revenue (AGR) per annum is the highest license fee regime when compared to other Asian countries. If telecom service sector is to expand in the manner in which it is targeted and since all expansion is to be funded through the sector's own accruals, then the sector cannot be seen as a source of revenue for the Government. Heavy license fee adds to the cost structure of the access service providers. High license fee is an anomaly in a scenario of falling tariff / ARPU. At this stage it is important to rationalize the revenue share license fee so as to balance the revenue growth with the growth of the sector and fix it to a level just to cover the administrative cost.

It is of utmost necessity to reduce the license fee from the present level in view of the fact that presently in addition to license fee and spectrum fee, the service providers pay other levies and taxes including service tax. TRAI, in its various recommendations emphasized the need for reducing the license fee revenue share. Imposing lower license fee on the service providers would encourage higher growth, further tariff reduction and increased service provider revenues. With increased growth, it would be a win-win situation for the industry and the Government if the license fee revenue share is limited to recover the administrative charges to a maximum of 0.5 % of license fee revenue share.

Q4. If the definitions are to be reviewed/ revised, should the revenue base for levy of license fee and spectrum usage charges include the entire income of the licensee or only income accruing from licensed activities? What are the accounting rules and conventions supporting the inclusion or exclusion of income from activities that may not require license?

TTL Comment

Revenue base for levy of license fee and spectrum usage charge should only include the income accruing from Licenced activities. In this regard, please also take our response to question No. 1 into consideration.



It has been the stand of the Government that the definition of GR/AGR should meet four policy objectives – the definition must be easy to interpret, simple to verify, be comprehensive and minimize scope for the exercise of discretion by the assessing authority.

Almost 15 years have elapsed since the introduction of the revenue sharing regime and the licensor and TSPs have acquired a level of expertise in operating under the present dispensation, court cases notwithstanding.. At the same time, levy of license fee on activities undertaken by TSPs that do not strictly fall under the ambit of the license such as income accruing from interest or dividend, gains from foreign exchange fluctuations, or other income on account of management consultancy fee, and other similar matters have been the bone of contention in the long and tortuous litigation resorted to by the TSPs regarding the definition of GR.

- The DoT should move to a levy on the reported revenues (Total Income of the Company) audited and placed before the respective Boards. Changes in the regulatory environment including the Companies Act 2013 lay significant emphasis on Corporate Governance and internal controls over financial reporting. Audit Committees are responsible for financial statements.
- GR to be considered as per licensee's audited Profit & loss that are reported as per the Indian accounting standards from normal business activities only (i.e. Telecom licensing activities).
- GR not to include "non-operating/other income" (i.e. Income from non telecom licensing activities). Here again DOT to accept this segregation as per Indian accounting standards.
- If any specific item to be excluded or included, the same need to be advised specifically by DOT to all TSPs.
- Levy as % of AGR should be low and USO component of 5% should be eliminated considering the fact that the amounts so far collected have remained unutilized. If not feasible, the authority should possibly phase out the levy over a reasonable period.

Q5. Should LF be levied as a percentage of GR in place of AGR in the interest of simplicity and ease of application? What should be the percentage of LF in such a case?

TTL Comment



TTL position is that LF should be based on AGR as new operators (like Tata Teleservices) that offer products at competitive rates will stand to lose as they will not be able to claim deduction of access charges. Tata Teleservices (and other new operators) is having higher access charges % as compared to incumbent operators.

We recommend the following for the purpose of Revenue share:

- a) Gross Revenue should be only from licenced activities.
- b) GR should be explicitly defined to exclude the “Negative list as given in table 1 in Q1” of revenue/income/gain listed.
- c) For avoidance of double taxation, the above GR (after considering a. and b. above) should be adjusted for all expenses paid to other telecom licensees [This would be GR for the other TSP] and adjusted for the interconnect costs paid to international operators as pass through charges.
- d) For administrative convenience, and to avoid the arduous mechanism of verification/validation of the credit adjustment, use the principle of Licence fee deduction at source (LfDS) and with payment details to be posted in a central repository portal like the NSDL (similar to TDS as adopted by the Income-tax department).
- e) Adjustment for credit as discussed in c. above, would only be eligible on payment of LfDS as discussed in d. above.
- f) The above administration (filing of returns, payment of license fees and the submission of proof of payments) done centrally shall bring in uniformity of the proceedings across the service area.
- g) Setting up rules for assessment proceedings in line with other financial Acts and define the governance process.

Levy as % of AGR should be low and USO component of 5% should be eliminated considering the fact that the amounts so far collected have remained unutilized. If not feasible, the authority should possibly phase out the levy over a reasonable period.

Q6. Should the revenue base for calculating LF and SUC include ‘other operating revenue’ and ‘other income’? Give reasons.

TTL Comment



Revenue base for the purpose of calculating the LF and SUC should be in relation to the service permitted under the Telecom Licence. Accordingly it should not include other operating and other income which has no relation with Telecom Licence.

SUC should be payable as certain percentage of AGR earned from wireless subscribers. Any other income including income from wire line operations including leased line/sale of bandwidth, investment income, Dividend, capital gains or other non-telecom revenues are not earned from wireless subscribers and therefore should not be included in AGR for the spectrum fee purpose. Wire line subscribers not only include fixed wire line subscribers but also includes lease line and bandwidth subscribers. Therefore, the AGR should not include lease line and bandwidth revenue.

Q7. Specifically, how should the income earned by TSPs from the following heads be treated? Please give reasons in support of your views.

(a) Income from dividend; (b) Income from interest; (c) Gains on account of profit on assets and securities; (d) Income from property rent; (e) Income from rent/ lease of passive infrastructure (towers, dark fibre, etc.); (f) Income from sale of equipment including handsets; (g) Other income on account of insurance claims, consultancy fees, foreign exchange gains etc.;

TTL Comment

(a) & (b) Income from dividend & Income from interest:

This could be a revenue stream for any business entity. To earn interest / dividend does not require a telecom license. Interest and dividend are earned on account of a non-telecom activity viz. investment of idle cash in deposits and securities. These should not be considered as revenue for the purpose of levy of Licence fee.

Cash margins maintained by the licensees with banks who issue bank guarantee in favour of the DOT and other agencies/ parties pursuant to the license agreement and / or other contracts, also earn interest. Simultaneously the company pays commission on bank guarantees. Similarly, proceeds of loan provided by the lending banks/institutions are parked with various banks and other investment avenues; simultaneously the licensees also need to pay interest to the lenders on such borrowings. Amounts of loan from banks remain idle for some time and earn low interest; however the company pays much higher interests as typically lending rates are higher than deposit rates. Thus, such activities in fact earn negative returns for the licensees when judged from the overall perspective.

(c) Gains on account of profit on assets and securities:

Capital gains arise on account of sale by licensee companies of securities and immovable properties owned by them. Neither making of investments in securities and



immovable properties nor their sale/transfer/lease require telecom license. The treatment for capital gains derived from fixed assets where it is in relation to the fixed assets acquired for setting up the telecommunication infrastructure or delivery of the services under the license is no way different from the treatment given to the capital gains derived from a sale of any other assets. Any capital gain is in the nature of the capital receipts and not revenue from any of the operators. These incomes therefore have absolutely no connection with the business of provision of telecom services and hence should not be clubbed with 'revenue'.

(d) Income from property rent:

Licensee companies permit third parties (who may or may not be telecom licensee companies) to use immovable properties (land / building) owned or leased by the licensee companies when they do not require such properties for their own operations. Such use by third parties does not require any authorization under a telecom license and can be done by the licensee companies even in the absence of a telecom license. Such leasing has absolutely no connection with the business of provision of a telecom service. Hence it should not be considered as revenue for the purpose of levy of Licence fee.

(e) Income from rent/ lease of passive infrastructure (towers, dark fibre, etc.):

Setting up of passive infrastructure like towers is not an activity which requires license. The tower structure is being erected by the independent parties and is being offered to service providers on rent. Similar activity when carried out by a service provider should not be treated as part of licensed activity. Therefore revenue earned from rent/ leasing out of passive infrastructure should not form part of AGR. Renting/leasing of dark fibre, towers etc is carried out by IP-1 operators.

(f) Income from sale of equipment including handsets:

Sale (or hire) of handset/CPE/assets/scrap is not a license telecom activity and hence the revenues from sale /lease/distribution of handset / CPE/assets/scrap should be excluded while calculating AGR. Since handsets can be purchased or sold by any entity, such activity should not be linked to telecom licenses issued under the Indian Telegraph Act.

(g) Other income on account of insurance claims, consultancy fees, foreign exchange gains etc.:

Insurance Claims: The licensee companies insure their assets (telephone instruments, building, furniture, fixtures etc) from various risks (including fire, floods, earthquake, customer defaults etc). Upon occurrence of the risk event and based on the report of the surveyor/loss assessor wherever required, insurance companies pay insurance claim moneys to licensee companies to recoup a portion of the losses / damages suffered by them on account of the



specified risk events. Such payments are intended to enable the licensee companies to replace the lost assets with new assets so as to ensure business continuity and no profit motive / element is involved in the same and this activity does not necessitate any authorization by way of a telecom license. In addition, income from insurance claim is in the nature of a capital receipt and should not be clubbed with revenue receipts to arrive at GR/AGR.

Consultancy fees, training charge etc : Licensee companies earn income in the form of consultancy fee, project management fees, training charges by using their resources and expertise for providing project management and / or deputing their manpower to other telecom service operators/ customers/ vendors/third parties. Provisioning of such services does not require a telecom license. Hence, such income should be excluded from GR/AGR.

Foreign exchange gains: Foreign exchange gains are gains accruing to licensee on account of decrease in its payment liability to its vendors / third parties on account of appreciation of Indian rupee vis-à-vis the US Dollar or the currency in which the payment to the vendor is to be made. Thus, it is really a reduction of a payment liability rather than income. Licensee companies may hedge their foreign exchange exposure as a result of which they may be able to get certain premium / other payments from the banks which sell options/ futures/ forwards, swaps and other type of hedging instruments. These activities do not require a telecom license and accrue to non-telecom companies also. Foreign exchange fluctuations whether positive or negative should not be considered. Forex gains or losses are often notional and remain unrealized and therefore ought not to be included in the GR/AGR.

Bad Debts should be allowed as a deduction in line with other tax legislations where the bad debt is either given as a deduction while computing taxes or allowed to be adjusted from the revenue while calculating the tax. This treatment is justified by the fact that the revenue was never ultimately realized by the operator.

Q8. What categories of revenue/income transactions qualify for inclusion in the revenue base of TSPs on 'net' basis? Please support your view with accounting/legal rules or conventions.

TTL Comment

If the TSP provides discounts to its end customers and earning revenue only after the discounts, the revenue earned by the TSP's should be used to determine the GR/AGR. As per Indian AS 18- the economic benefits which flow to entity should form part of revenue. The current interpretational issues encountered of discounts, goodwill waivers, and principal-agency relationship would all be governed with the revenue recognition standards and leave no interpretation issues exclusively for the purposes of revenue



share computation. Consequently, the principles as specified and acceptable in GAAP should also be followed for the perspective of GR and Licence fee.

- Q9. What are the mechanisms available for proper verification from the financial statements of TSPs of items/ income proposed to be excluded from the revenue base, especially for TSPs engaged in multiple businesses? Would new verification mechanisms be required?**

TTL Comment:

As per new Companies Act, the proper accounting & reporting is responsibility of directors and accounts are audited by statutory auditors.

Presently there are sufficient mechanisms available for proper verification from financial statement under the new companies Act, 2013. As per new Companies Act, 2013, there has been a specific provision for preparation of financial statements under the schedule III of the Act and the General instructions for preparation of Balance Sheet and statement of Profit and Loss has already been issued, where it is very clearly mention that total revenue of the company shall be shown separately in terms of “Revenue from operation” and “other revenue”

The revenue authorities can ask for details for TSP’s similar to IT Act and if suspected for lower reporting of revenues, they can ask for the Special Audit by Auditors appointed by them for revenue nature only.

- Q10. What is the impact of new and innovative business practices adopted by telecom service providers and licensees on the definition of GR? What impact will exempting other income from the revenue base have on the verification mechanism to be adopted by the licensor?**

TTL Comment:

We believe there is no impact of new and innovative business practices adopted by telecom service providers and licensees on the definition of GR. Further by excluding other income from the revenue base would reduce verification process and mechanism for Licensor. This will reduce litigation and other administrative mechanism for the Licensor.

- Q11. Do the potential benefits accruing to TSPs by moving from a simpler to a more complex definition of the revenue base (providing for additional exclusions) justify the additional costs of strengthening the assessment, accounting and monitoring system? Should the definition of AGR remain unchanged once the revenue base is reduced by providing for additional exclusions from the top line?**



TTL Comment

There is need to change the definition of GR/AGR both. AGR should include the pass through expense provided by TSP like Intra Circle Roaming Charges should be allowed as deduction.

- Deduction should be allowed on charges paid to IP-I providers in the context of the possibility of bringing them under the licensing regime in future. Such inclusion should be permissible for any such changes.
- All Charges such as Leased Line/bandwidth Charges; Port Charges; Cable Landing Station Charges; Sharing of Infrastructure Service; Interconnection Set-Up Costs; Roaming Signaling Charges should be allowed as deduction.
- All payments made to TSPs to be allowed as deduction Example: Lease line charges paid, Port charges paid.
- If DOT extends the gambit to include additional operators under LF (like adding IP 1 operators), DOT to allow payments (PTC) made to all the operators that come under LF regime.
- Clear guidelines to be issued by DOT to both TSPs & also CCAs on documentation required to prove/verify the deduction claimed to arrive at AGR. Ideally centralize the entire process to avoid different interpretations at the various circles.

Q12. Should minimum presumptive AGR be applicable to licensees? How should minimum presumptive AGR be arrived at?

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Q13. Should minimum presumptive AGR be made applicable to access licensees only or to all licensees?

TTL Comment

We recommend that minimum presumptive AGR should not be made applicable on TSPs.

Q14. Should intra circle roaming charges paid to another TSP be treated as a component of PTC? If so, why?

TTL Comment



Intra circle roaming should be treated in a similar fashion for the purpose of pass through charge as inter circle roaming. As per the present order of the Government dated 31st May, 2011, roaming revenue actually passed on to other eligible / entitled TSPs shall be excluded from the GR to arrive at AGR. In view of that, intra circle roaming charges paid to the other TSPs be treated as a component of pass through charge and be allowed as deduction from GR.

Q15. How should the permissible deductions be designed keeping in view future requirements? Specifically, what treatment should be given to charges paid to IP-I providers in the context of the possibility of bringing them under the licensing regime in future?

TTL Comment:

We strongly suggests that IP-I should not be brought under licensing framework and no license fee should be levied, as creation of passive infrastructure like towers and dark fibers is a civil construction activity and not a telecom network activity. Therefore the telecom infrastructure creation activity like establishing towers, shelters with extension of power to such telecom facilities and laying of fiber is not covered under Section 4 of the Indian Telegraph Act, 1885 for licensing.

However, in any case if IP-I operators are to be charged license fee, TSPs need to be given deduction for payments made to IP-I as pass through charges to avoid double charging.

Q16. Should the items discussed in paragraph 3.35 be considered as components of PTC and allowed as deduction from GR to arrive at AGR for the purpose of computation of license fee? Please provide an explanation for each item separately.

TTL Comment

Yes. The items in para 3.35 be considered as component of PTC and allowed as deduction from GR to arrive at AGR for the purpose of computation of LF and the explanation for each item are as follows:-

- **Bandwidth Charges: & b) Port Charges:** When one licensed operator pays to another licensee operator, leased line charges, charges for bandwidth, port charge etc no deduction from revenue is permitted towards such payments even though the operator who receives such amounts pays revenue share on these receipts on accrual basis. This leads to double payment of revenue share that too on accrual basis. Therefore, we suggest that these charges should be allowed as deduction (PTC)



- **Cable Landing Station Charges**
- **Sharing of Infrastructure Service:** Reimbursement of costs / expenses received from other companies on account of active / passive infrastructure sharing should be deducted from GR/AGR.
- **Interconnection Set-Up Costs:**
- **Roaming Signaling Charges**
- **Receipts from USO Fund:** USO levy should be deducted from GR/AGR definition.

Q17. If answer to Q16 above is in the affirmative, please suggest the mechanism/audit trail for verification.

TTL Comment

DOT should maintain a portal similar to Tax Deducted at Source under the Income Tax Act, 1961, wherein, the LF is deducted at source on payments to other operators and uploaded on the portal on a monthly basis. This would facilitate auto-reconciliation of revenue in one TSP with the cost considered as deduction in the other TSP. Thereby, totally avoiding the enormous task of verification for evidencing the proof of payment for claiming deduction. Deductions for access charges for operator making payment will be available after filing of monthly returns and timely credit will be available for operator earning revenue. This will further ensure timely collection of Licence fees on inter-TSP transactions to DoT.

Q18. Is there any other item which can be considered for incorporation as PTC?

TTL Comment

Any cost payable to other TSP which is revenue for other TSP should be allowed as deduction under PTC, like:

- Intra Circle Roaming Charges should be allowed as deduction.
- Deduction should be allowed on charges paid to IP-I providers in the context of the possibility of bringing them under the licensing regime in future. Such inclusion should be permissible for any such changes.
- All Charges such as Leased Line/bandwidth Charges; Port Charges; Cable Landing Station Charges; Sharing of Infrastructure Service; Interconnection Set-Up Costs; Roaming Signaling Charges should be allowed as deduction.



Q19. Please suggest the amendments, if any, required in the existing formats of statement of revenue and licence fee to be submitted by service providers.

TTL Comment:

- Please remove the following in APPENDIX -II to ANNEXURE –II in LF
 - 1A (vi),1B(vi), 1C (vi), D(a)1.v, D(b)1.v, D(c)1. Vi,3- Revenue from roaming-v and in BB, 3.
 - Sale tax lines BB-4.
- Please move Point 8 in APPENDIX -II to ANNEXURE –II in LF Revenue from sale/ lease of bandwidth, links, R&G cases, turnkey projects etc to be part of 1A- Revenue from wireline subscribers.
- There is no format defined in License agreement to report AGR for SUC. This needs to be defined for GSM and CDMA separately.
- Please define separate rows under BB-1 PSTN related Call Charges (Access Charges) actually paid to other SERVICE PROVIDER(s) (Operator-wise) for CDMA/GSM/Wireline deductions.
- There is no format defined in Licence agreement to report AGR for SUC. This needs to be defined for GSM and CDMA separately
- A suggested format for LF, SUC is attached as Annexure 1 for LF and Annexure 2 for SUC.

Q20. Is there a need to develop one format under unified license for combined reporting of revenue and license fee of all the telecom services or separate reporting for each telecom service as in present license system (as per respective license) should continue? If yes, please provide a template.

TTL Comment:

The modifications to the format suggested are given for in Q-19.

Q21. In case any new items, over and above the existing deductions, are allowed as deduction for the purpose of computation of AGR, please state what should be the verification trail for that and what supporting documents can be accepted as a valid evidence to allow the item as deduction.



TTL Comment:

Clear guidelines to be issued by DOT to both TSPs and CCAs on documentation required to prove/verify the deduction claimed to arrive at AGR.

Q22. Is there is need for audit of quarterly statement of Revenue and License Fee showing the computation of revenue and licence fee?

&

Q23. If response to Q22 is in the affirmative, should the audit of quarterly statement of Revenue and License Fee be conducted by the statutory auditor appointed under section 139 of Companies Act, 2013 or by an auditor, other than statutory auditor, qualified to act as auditor under section 139 & section 148 of Companies Act, 2013 or by any one of them?

TTL Comment:

We believe that Quarterly audit may not be feasible and necessary since currently Quarterly statements are filed by TSPs based on self certification and same gets audited by Statutory Auditors on annual basis. We recommend that said process may be continued.

Q24. Is it desirable to introduce deduction of LF at source as far as PTC payable by one TSP/ licensee to another are concerned, in the interest of easy verification of deductions?

TTL Comment:

Yes. Please refer to our response to Q17.

Q25. Is there any other issue that has a bearing on the reckoning of GR/ AGR? Give details.

TTL Comment:

Yes. The following issues have bearing on the reckoning of GR/AGR.

- **We recommend SUC should also be paid in arrears instead of quarterly advance as in the case of revenue share. Income collected on behalf of other company:** Amounts collected by telecom companies on behalf of third party or reimbursement of expenses should not be part of GR/AGR for the purpose of levy of revenue share. **Earnest money / deposits furnished by third parties:** While entering contracts with licensee companies for supply of goods and services, vendors, franchisees, distributors etc deposit earnest money/



security deposit with the licensee company for ensuring performance / obligation. Due to non-performance / failure of contractual obligation, such deposits furnished by third party may be forfeited by the licensee companies and same should be treated as revenue.

- **Reversals of provisions and vendor credits:** TSPs make expense provisions to take care of contingencies e.g. provision for bad and doubtful debts, taxes etc by passing entries in their books of accounts and reversal made later. Such provisions should be deducted from AGR.
- **Bad Debts:** Bad debts which are written off in the books of account by TSP should be allowed as deduction from GR/AGR in the Quarter/Year in which Bad Debts were written off. Further if Bad Debts are realized /recovered later on, then same may be included back in GR/AGR for the purpose of levy of regulatory fee.



Annexure1

Format of Statement of Revenue and License Fee

1. Format of Statement of Revenue and License Fee for Access Services:

Format of Statement of Revenue and License Fee

_____ (Name and address of operator)

Access Services

in _____ (Service Area)

Statement of Revenue and License Fee for the Quarter

.....

of the financial

year.....

| S.No. | PARTICULARS | Amount in Rs | | |
|-----------------------|--|---------------------------------|---------------------------------|---|
| | | ACTUALS OF THE PREVIOUS QUARTER | FIGURES FOR THE CURRENT QUARTER | CUMULATIVE FIGURES UP TO THE PREVIOUS QUARTER |
| | <u>GR</u> <u>Gross Revenue</u> | | | |
| <u>GR (A)</u> | <u>Revenue from wire-line subscribers:</u> | | | |
| 1 | Revenue from services | | | |
| (i) | Rentals | | | |
| (ii) | Call revenue within service area | | | |
| (iii) | National LONG DISTANCE CALL revenue | | | |
| (iv) | International LONG DISTANCE CALL revenue | | | |
| (v) | Pass thru revenue for usage of other networks (give OPERATOR-wise details) | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added telecom services, Supplementary Services . | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |



| | | | | |
|-----------------|--|--|--|--|
| 2 | Non-refundable deposits from subscribers | | | |
| 3 | Revenue from sale/ lease of bandwidth, links, R&G cases, turnkey projects etc. | | | |
| 4 | Revenue from other Operators on account of pass through call charges (provide operator-wise details). | | | |
| 5 | Revenue from other Operators on account of provisioning of interconnection (provide operator-wise details) | | | |
| Note: 1. | Revenue collected for third Parties will not be considered for Gross Revenue | | | |
| 2. | Revenue from Internet Access not to be considered for Gross Revenue | | | |
| GR(B) | <u>Revenue from WLL subscribers : (Fixed)</u> | | | |
| 1 | Revenue from services | | | |
| (i) | Rentals | | | |
| (ii) | Call revenue within service area | | | |
| (iii) | National LONG DISTANCE CALL revenue | | | |
| (iv) | International LONG DISTANCE CALL revenue | | | |
| (v) | Pass thru revenue for usage of other networks (give OPERATOR-wise details) | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added telecom services, Supplementary Services . | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| 2 | Non-refundable deposits from subscribers | | | |
| 3 | Revenue from sale/ lease of bandwidth, links, R&G cases, turnkey projects etc. | | | |
| 4 | Revenue from other Operators on account of pass through call charges (provide operator-wise details). | | | |
| 5 | Revenue from other Operators on account of provisioning of interconnection (provide operator-wise details) | | | |
| Note: 1. | Revenue collected for third Parties will | | | |



| | | | | |
|-----------------|--|--|--|--|
| | not be considered for Gross Revenue | | | |
| 2. | Revenue from Internet Access not to be considered for Gross Revenue | | | |
| GR(C) | <u>Revenue from WLL subscribers : (handheld)</u> | | | |
| 1 | Revenue from services | | | |
| (i) | Rentals | | | |
| (ii) | Call revenue within service area | | | |
| (iii) | National LONG DISTANCE CALL revenue | | | |
| (iv) | International LONG DISTANCE CALL revenue | | | |
| (v) | Pass thru revenue for usage of other networks (give OPERATOR-wise details) | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added telecom services, Supplementary Services . | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| 2 | Non-refundable deposits from subscribers | | | |
| 3 | Revenue from sale/ lease of bandwidth, links, R&G cases, turnkey projects etc. | | | |
| 4 | Revenue from other Operators on account of pass through call charges (provide operator-wise details). | | | |
| 5 | Revenue from other Operators on account of provisioning of interconnection (provide operator-wise details) | | | |
| Note: 1. | Revenue collected for third Parties will not be considered for Gross Revenue | | | |
| 2. | Revenue from Internet Access not to be considered for Gross Revenue | | | |
| GR(D) | <u>Revenue from Mobile Services:</u> | | | |
| GR(D a) | <u>Revenue from GSM and 3G spectrum based Mobile Services:</u> | | | |
| 1 | Revenue from services | | | |
| 1.1 | Post paid options: | | | |
| (i) | Rentals | | | |
| (ii) | Activation Charges | | | |
| (iii) | Airtime Revenue | | | |



| | | | | |
|------------|--|--|--|--|
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added telecom services _ Supplementary Services . | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| | | | | |
| 1.2 | Pre-paid options: | | | |
| (i) | Sale of pre-paid SIM cards including full value of all components charged therein. | | | |
| (ii) | Activation Charges | | | |
| (iii) | Airtime Revenue | | | |
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added telecom services _ Supplementary Services . | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| | | | | |
| 2 | Revenue from roaming | | | |
| (i) | Roaming revenue on account of visiting subscribers from other networks (provide operator-wise details). | | | |
| (ii) | Any other income/miscellaneous receipt from roaming for any other telecom service. | | | |
| 3 | Non-refundable deposits from subscribers | | | |
| 4 | Revenue from other Operators on account of pass through call charges (provide operator-wise details). | | | |
| 5 | Revenue from other Operators on account of provisioning of interconnection (provide operator-wise details) | | | |
| 6 | Revenue from Voice Mail /any other value added telecom service | | | |



| | | | | |
|-----------------|---|--|--|--|
| Note: 1. | Revenue collected for third Parties will not be considered for Gross Revenue | | | |
| 2. | Revenue from Internet Access not to be considered for Gross Revenue | | | |
| GR(D b) | <u>Revenue from CDMA based Mobile Services:</u> | | | |
| 1 | Revenue from services | | | |
| D(b) 1.1 | Post paid options: | | | |
| (i) | Rentals | | | |
| (ii) | Activation Charges | | | |
| (iii) | Airtime Revenue | | | |
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added services. Supplementary Services. | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| | | | | |
| D(b) 1.2 | Pre-paid options: | | | |
| (i) | Sale of pre-paid SIM cards including full value of all components charged therein. | | | |
| (ii) | Activation Charges | | | |
| (iii) | Airtime Revenue | | | |
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added services. Supplementary Services . | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| | | | | |
| 2 | Revenue from roaming from CDMA based Mobile Services. | | | |
| (i) | Roaming revenue on account of visiting subscribers from other networks (provide operator-wise details). | | | |
| (ii) | Any other income/miscellaneous | | | |



| | | | | |
|-----------------|--|--|--|--|
| | receipt from roaming for any other telecom service. | | | |
| 3 | Non-refundable deposits from subscribers | | | |
| 4 | Revenue from other Operators on account of pass through call charges (provide operator-wise details). | | | |
| 5 | Revenue from other Operators on account of provisioning of interconnection (provide operator-wise details) | | | |
| 6 | Revenue from Voice Mail /any other value added telecom service | | | |
| Note: 1. | Revenue collected for third Parties will not be considered for Gross Revenue | | | |
| 2. | Revenue from Internet Access not to be considered for Gross Revenue | | | |
| GR (Dc) | Revenue from BWA Services: | | | |
| 1 | Revenue from services | | | |
| D(c) 1.1 | Post paid options: | | | |
| (i) | Rentals | | | |
| (ii) | Activation Charges | | | |
| (iii) | Airtime Revenue | | | |
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added services. Supplementary Services. | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| D(c) 1.2 | Pre-paid options: | | | |
| (i) | Sale of pre-paid SIM cards including full value of all components charged therein. | | | |
| (ii) | Activation Charges | | | |
| (iii) | Airtime Revenue | | | |
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added services. Supplementary | | | |



| | | | | |
|-----------------------------------|--|--|--|--|
| | Services. | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| 2 | Revenue from roaming. | | | |
| (i) | Roaming revenue on account of visiting subscribers from other networks (provide operator-wise details). | | | |
| (ii) | Any other income/miscellaneous receipt from roaming for any other telecom service. | | | |
| 3 | Non-refundable deposits from subscribers | | | |
| 4 | Revenue from other Operators on account of pass through call charges (provide operator-wise details). | | | |
| 5 | Revenue from other Operators on account of provisioning of interconnection (provide operator-wise details) | | | |
| 6 | Revenue from Voice Mail /any other value added telecom service | | | |
| Note: 1. | Revenue collected for third Parties will not be considered for Gross Revenue | | | |
| 2. | Revenue from Internet Access not to be considered for Gross Revenue | | | |
| GR: GROSS REVENUE (Total) | GROSS REVENUE OF THE Licensee COMPANY: [Add GR(A)+GR(B)+GR(C)+GR(Da), GR(Db), GR(Dc)] | | | |
| | | | | |
| DD | DEDUCTION: | | | |
| | | | | |
| DD(A) | Wire-line subscribers: | | | |
| 1 | Charges actually paid to other Service Provider(s) (Operator-wise) | | | |
| 2 | Bad Debts Written Off | | | |
| Total DD(A) | [1+2+3+4] | | | |
| Note: | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (onnet transactions). | | | |
| | | | | |
| DD (B) | WLL subscribers : (Fixed) | | | |



| | | | | |
|---------------------|--|--|--|--|
| 1 | Charges actually paid to other Service Provider(s) (Operator-wise) | | | |
| 2 | Bad Debts Written Off | | | |
| Total DD(B) | [1+2+3+4] | | | |
| Note: | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (onnet transactions). | | | |
| DD(C) | WLL subscribers : (handheld) | | | |
| 1 | Charges actually paid to other Service Provider(s) (Operator-wise) | | | |
| 2 | Bad Debts Written Off | | | |
| Total DD(C) | [1+2+3+4] | | | |
| Note: | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (onnet transactions). | | | |
| DD(D) | Mobile Services: | | | |
| (D a) | GSM and 3G spectrum based Mobile Services: | | | |
| 1 | Charges actually paid to other Service Provider(s) (Operator-wise) | | | |
| 2 | Roaming revenues actually paid to other CMSPs and GMPCS service providers. (operator-wise) | | | |
| 3 | Bad Debts Written Off | | | |
| Total DD(Da) | [1+2+3+4+5] | | | |
| Note: | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (onnet transactions). | | | |
| (Db) | CDMA based Mobile Services: | | | |
| 1 | Charges actually paid to other Service Provider(s) (Operator-wise) | | | |
| 2 | Roaming revenues actually paid to other CMSPs and GMPCS service providers. (operator-wise) | | | |
| 3 | Bad Debts Written Off | | | |
| Total DD(Db) | [1+2+3+4+5] | | | |
| Note: | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (onnet transactions). | | | |



| | | | | |
|---|---|--|--|--|
| (Dc) | BWA Services: | | | |
| 1 | Charges actually paid to other Service Provider(s) (Operator-wise) | | | |
| 2 | Roaming revenues actually paid to other CMSPs and GMPCS service providers. (operator-wise) | | | |
| 3 | Bad Debts Written Off | | | |
| Total DD(Dc) | [1+2+3+4+5] | | | |
| Note: | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (onnet transactions). | | | |
| DD : DEDUCTIBLE REVENUE (TOTAL) | TOTAL DEDUCTIBLE REVENUE [DD(A)+ DD(B)+ DD(C)+ DD(Da)+ DD(Db)+ DD(Dc)] | | | |
| | | | | |
| AGR | ADJUSTED GROSS REVENUE (GR - DD) | | | |
| | | | | |
| AGR(A) | Wire-line subscribers: [GR(A) - DD(A)] | | | |
| AGR(B) | WLL subscribers (Fixed): [GR(B) - DD(B)] | | | |
| AGR(C) | WLL subscribers (handheld) : [GR(C) - DD(C)] | | | |
| AGR (D a) | GSM and 3G spectrum based Mobile Service Subscribers: [GR(Da) - DD(Da)] | | | |
| AGR(Db) | CDMA based Mobile Services: : [GR(Db) - DD(Db)] | | | |
| AGR(Dc) | BWA Services: : [GR(Db) - DD(Db)] | | | |
| | | | | |
| Total ADJUSTED GROSS REVENUE (Total AGR) : | | | | |
| AGR(A) + AGR(B) + AGR(C) + AGR (D a) + AGR(Db) + AGR(Dc) | | | | |
| | REVENUE SHARE @ ----- OF Total ADJUSTED GROSS REVENUE | | | |
| | | | | |



Annexure: LF payment details during the financial year

| <u>Serial number</u> | <u>Date</u> | <u>DD number</u> | <u>Amount in Rs</u> |
|----------------------|-------------|------------------|---------------------|
| | | | |

Annexure: License Fee Deduction at Source on PTC

| <u>Serial number</u> | <u>Date</u> | <u>LF Deduction at Source Certificate Number</u> | <u>Amount in Rs</u> |
|----------------------|-------------|--|---------------------|
| | | | |



2. Format of Statement of Revenue and License Fee for National Long Distance Services:

Format of Statement of Revenue and License Fee

_____ (Name and address of operator)

NATIONAL LONG DISTANCE SERVICE

Statement of Revenue and License Fee for the Quarter

.....

of the financial year.....

| Amt in Rs | | | | |
|--------------|---|---------------------------------|---------------------------------|---|
| S.No. | PARTICULARS | ACTUALS OF THE PREVIOUS QUARTER | FIGURES FOR THE CURRENT QUARTER | CUMULATIVE FIGURES UP TO THE PREVIOUS QUARTER |
| 1 | Revenue from Services: | | | |
| (i) | Revenue from provisioning of NLD service as defined in clause 2 of schedule -I of the License agreement | | | |
| (ii) | Revenue from supplementary/value added services. | | | |
| (iii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| 1(a) | Revenue from calling cards | | | |
| (i) | Revenue from sale of calling cards | | | |
| (ii) | Any other income/Miscellaneous receipt from Calling Cards for any other telecom service. | | | |
| | | | | |
| 2 | Non-refundable deposits from subscribers | | | |
| | | | | |
| Note: | Revenue collected for third Parties will not be considered for Gross Revenue | | | |



| | | | | |
|--------------|---|--|--|--|
| | | | | |
| AA | GROSS REVENUE OF THE Licensee COMPANY: (1+2) | | | |
| | 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. | | | |
| 1(a) | Revenue of pass thru nature actually passed on to other telecom service providers for usage of Calling cards at the originating point (Operator-wise detail) | | | |
| 1(b) | Revenue of pass thru nature actually passed on to other telecom service providers for usage of Calling Cards at the terminating Point (operator-wise detail) | | | |
| | | | | |
| | | | | |
| BB | TOTAL DEDUCTIBLE REVENUE (1+2) | | | |
| | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (on net transactions). | | | |
| Note: | | | | |
| CC | ADJUSTED GROSS REVENUE: (AA – BB) | | | |
| | REVENUE SHARE @.....OF ADJUSTED GROSS REVENUE: | | | |



Annexure: LF payment details during the financial year

| <u>Serial number</u> | <u>Date</u> | <u>DD number</u> | <u>Amount in Rs</u> |
|----------------------|-------------|------------------|---------------------|
| | | | |

Annexure: License Fee Deduction at Source on PTC

| <u>Serial number</u> | <u>Date</u> | <u>LF Deduction at Source Certificate Number</u> | <u>Amount in Rs</u> |
|----------------------|-------------|--|---------------------|
| | | | |



3. Format of Statement of Revenue and License Fee for International Long Distance Services:

Format of Statement of Revenue and License Fee

(Name and address of OPERATOR)

International Long Distance Service

Statement of revenue and License Fee for the Quarter -----

Of the financial year -----

| Amt in Rs | | | | |
|-----------|---|---------------------------------|---------------------------------|---|
| S.No. | PARTICULARS | ACTUALS OF THE PREVIOUS QUARTER | FIGURES FOR THE CURRENT QUARTER | CUMULATIVE FIGURES UP TO THE PREVIOUS QUARTER |
| 1 | Revenue from traffic | | | |
| A | Revenue | | | |
| (i) | Outgoing traffic revenue | | | |
| (ii) | Incoming traffic revenue | | | |
| (iii) | Pass thru revenue for usage of other networks (give OPERATOR-wise details) | | | |
| (iv) | Service charges | | | |
| (v) | Charges on account of any other value added telecom services_ Supplementary Services etc. | | | |
| (vi) | Any other income / miscellaneous receipt for other telecom services. | | | |
| (vii) | Revenue from calling cards | | | |
| (a) | Revenue from sale of calling cards | | | |
| (b) | Any other income/Miscellaneous receipt from calling cards for other telecom services | | | |
| | | | | |
| 3 | Non-refundable deposits from subscribers | | | |
| | | | | |



| | | | | |
|--------------|---|--|--|--|
| 4 | Revenue from sale/ lease of bandwidth, links, R&G cases, turnkey projects etc. | | | |
| 5 | Revenue from other OPERATORs on account of pass thru call charges. | | | |
| 6 | Revenue from other OPERATORs on account of provisioning of interconnection | | | |
| Note: | Revenue collected for third Parties will not be considered for Gross Revenue | | | |
| AA | GROSS REVENUE OF THE Licensee COMPANY: (Add 1-6) | | | |
| BB | DEDUCT: | | | |
| 1 | Charges passed on to other SERVICE PROVIDER(s) (OPERATOR-wise) (Copy of agreement to be provided in the first quarter. | | | |
| 1(a) | Revenue of pass thru nature actually passed on to other telecom service providers for usage of Calling cards at the originating point (operator-wise details) | | | |
| 1(b) | Revenue of pass thru nature actually passed on to other telecom service providers for usage of Calling cards at the terminating point (operator-wise detail) | | | |



| | | | | |
|--------------|--|--|--|--|
| BB | TOTAL DEDUCTIBLE REVENUE (1-3) | | | |
| Note: | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (onnet transactions). | | | |
| CC | ADJUSTED GROSS REVENUE (AA-BB) | | | |
| | REVENUE SHARE @ ----- ----- OF ADJUSTED GROSS REVENUE | | | |

Annexure: LF payment details during the financial year

| <u>Serial number</u> | <u>Date</u> | <u>DD number</u> | <u>Amount in Rs</u> |
|----------------------|-------------|------------------|---------------------|
| | | | |

Annexure: License Fee Deduction at Source on PTC

| <u>Serial number</u> | <u>Date</u> | <u>LF Deduction at Source Certificate Number</u> | <u>Amount in Rs</u> |
|----------------------|-------------|--|---------------------|
| | | | |



4. Format of Statement of Revenue and License Fee for Internet Services (ISP):

Format of Statement of Revenue and License Fee

_____ (Name and address of operator)

ISP License No.

in _____ (Service Area)

Statement of Revenue and License Fee for the Quarter

of the financial year.....

(AMOUNT IN RUPEES)

S.N.

| S.No. | PARTICULARS | Amt in Rs | | |
|----------|--|---------------------------------|---------------------------------|---|
| | | ACTUALS OF THE PREVIOUS QUARTER | FIGURES FOR THE CURRENT QUARTER | CUMULATIVE FIGURES UP TO THE PREVIOUS QUARTER |
| 1 | Revenue from services | | | |
| A | Revenue from Pure Internet Service (Internet Access and Content Service): | | | |
| A1. | Post paid options: | | | |
| (i) | Rentals | | | |
| (ii) | Activation Charges | | | |
| (iii) | Service charges | | | |
| (iv) | Charges on account of any other value added telecom services. Supplementary Services. | | | |
| (v) | Any other income/ miscellaneous receipt from post paid options for any other telecom services. | | | |
| A2. | Pre-paid options: | | | |
| (i) | Sale of pre-paid option including full value of all components charged therein. | | | |



| | | | | |
|----------|--|--|--|--|
| (ii) | Any other income/ miscellaneous receipt from pre-paid options for any other telecom services. | | | |
| B | Revenue from Internet Telephony Service: | | | |
| B1. | Post paid options: | | | |
| (i) | Rentals | | | |
| (ii) | Activation Charges | | | |
| (iii) | Service charges | | | |
| (iv) | Charges on account of any other value added telecom services. Supplementary Services . | | | |
| (v) | Any other income/ miscellaneous receipt from post paid options for other telecom services. | | | |
| B2. | Pre-paid options: | | | |
| (i) | Sale of pre-paid option including full value of all components charged therein. | | | |
| (ii) | Any other income/ miscellaneous receipt from pre-paid options for any other telecom services. | | | |
| C | Revenue from any other value added telecom service | | | |
| 2 | Income from trading activity excluding taxes | | | |
| (i) | Sale of Terminal Equipments | | | |
| (ii) | Sale of accessories etc. | | | |
| (iii) | Any other income/ miscellaneous receipt from trading activity. | | | |
| 3 | Non-refundable deposits from subscribers | | | |



| | | | | |
|-----------------|--|--|--|--|
| 4 | Revenue from sale/ lease renting of bandwidth, links, R&G cases, turnkey projects etc. | | | |
| 5 | Revenue from Roaming | | | |
| (i) | Roaming facility revenue from own subscribers. | | | |
| (ii) | Roaming revenue from own subscriber visiting other networks. | | | |
| (iii) | Roaming Commission earned. | | | |
| (iv) | Roaming revenue on account of visiting subscribers from other networks. | | | |
| (v) | Any other income/miscellaneous receipt from roaming for any other telecom services | | | |
| 7 | Revenue from IPTV Services | | | |
| 8 | Revenue from other Operators on account of provisioning of interconnection | | | |
| Note: 1. | Revenue collected for third Parties will not be considered for Gross Revenue. | | | |
| 2. | Revenue from Internet Access not to be considered for Gross Revenue. | | | |
| AA | GROSS REVENUE OF THE Licensee COMPANY :(Add 1-8) | | | |
| B | DEDUCT: | | | |
| 3 | Roaming revenue actually passed on to other telecom service provider. | | | |



| | | | | |
|--------------|--|--|--|--|
| BB | TOTAL DEDUCTIBLE REVENUE (1+2+3+4) | | | |
| Note: | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (onnet transactions). | | | |
| CC | ADJUSTED GROSS REVENUE (AA-BB) | | | |
| | REVENUE SHARE @ ----- ----- OF ADJUSTED GROSS REVENUE | | | |

Annexure: LF payment details during the financial year

| <u>Serial number</u> | <u>Date</u> | <u>DD number</u> | <u>Amount in Rs</u> |
|----------------------|-------------|------------------|---------------------|
| | | | |

Annexure: License Fee Deduction at Source on PTC

| <u>Serial number</u> | <u>Date</u> | <u>LF Deduction at Source Certificate Number</u> | <u>Amount in Rs</u> |
|----------------------|-------------|--|---------------------|
| | | | |



Format of Statement of Revenue and Spectrum Usage Charges (SUC)

5. Format of Statement of Revenue and Spectrum Usage Charges (SUC) for GSM Access Services:

Format of Statement of Revenue and Spectrum Usage Charges
 _____(Name and address of operator)
 Access Services
 in _____(Service Area)
 Statement of Revenue and Spectrum Usage Charges for the Quarter

 of the financial year.....

| S.No. | PARTICULARS | Amount in Rs | | |
|-----------------|--|---------------------------------|---------------------------------|---|
| | | ACTUALS OF THE PREVIOUS QUARTER | FIGURES FOR THE CURRENT QUARTER | CUMULATIVE FIGURES UP TO THE PREVIOUS QUARTER |
| GR | Gross Revenue | | | |
| GR (D a) | Revenue from GSM and 3G spectrum based Mobile Services: | | | |
| 1 | Revenue from services | | | |
| Da)1.1 | Post paid options: | | | |
| (i) | Rentals | | | |
| (ii) | Activation Charges | | | |
| (iii) | Airtime Revenue | | | |
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |



| | | | | |
|----------------|--|--|--|--|
| (vii) | Charges on account of any other value added telecom services _ Supplementary Services . | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| | | | | |
| Da)1.2 | Pre-paid options: | | | |
| (i) | Sale of pre-paid SIM cards including full value of all components charged therein. | | | |
| (ii) | Activation Charges | | | |
| (iii) | Airtime Revenue | | | |
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added telecom services _ Supplementary Services . | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| | | | | |
| 2 | Revenue from roaming | | | |
| (i) | Roaming Commission earned. | | | |
| (ii) | Roaming revenue on account of visiting subscribers from other networks (provide operator-wise details). | | | |
| (iii) | Any other income/miscellaneous receipt from roaming for any other telecom service. | | | |
| 3 | Non-refundable deposits from subscribers | | | |
| 4 | Revenue from other Operators on account of pass through call charges (provide operator-wise details). | | | |
| 5 | Revenue from other Operators on account of provisioning of interconnection (provide operator-wise details) | | | |
| 6 | Revenue from Voice Mail /any other value added telecom service | | | |
| | | | | |
| GR (Da) | GROSS REVENUE OF THE | | | |



| | | | | |
|------------------|--|--|--|--|
| | Licensee COMPANY: (Add 1to 6) | | | |
| Note: 1. | Revenue collected for third Parties will not be considered for Gross Revenue | | | |
| 2. | Revenue from Internet Access not to be considered for Gross Revenue | | | |
| | | | | |
| DD (Da) | DEDUCTION: | | | |
| 1 | Charges actually paid to other Service Provider(s) for GSM and 3G spectrum based Mobile Services (Operator-wise) | | | |
| 2 | Roaming revenues actually paid to other CMSPs and GMPSC service providers. (operator-wise) | | | |
| 3 | Bad Debts Written Off | | | |
| Note: | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (onnet transactions). | | | |
| DD (Da) | TOTAL DEDUCTIBLE REVENUE (1+2+3+4+5) | | | |
| | | | | |
| AGR (Da) | ADJUSTED GROSS REVENUE (AA-BB) | | | |
| CC i (Da) | SPECTRUM FEE @ ___% OF ADJUSTED GROSS REVENUE: | | | |
| CC ii | MW CHARGES FOR ACCESS @ ___% OF ADJUSTED GROSS REVENUE: | | | |
| CC iii | MW CHARGES FOR BACKBONE @ ___% OF ADJUSTED GROSS REVENUE: | | | |



6. Format of Statement of Revenue and Spectrum Usage Charges (SUC) for CDMA, WLL (Fixed) , WLL (Handheld) Access Services:

Format of Statement of Revenue and Spectrum Usage Charges
 _____(Name and address of operator)
 Access Services
 in _____(Service Area)
 Statement of Revenue and Spectrum Usage Charges for the Quarter

 of the financial
 year.....

| <u>S.No.</u> | <u>PARTICULARS</u> | Amount in Rs | | |
|-------------------------|--|---|--|--|
| | | <u>ACTUALS OF THE PREVIOUS QUARTER</u> | FIGURES FOR THE CURRENT QUARTER | CUMULATIVE FIGURES UP TO THE PREVIOUS QUARTER |
| <u>GR</u> | <u>Gross Revenue</u> | | | |
| <u>GR (D b)</u> | Revenue from CDMA , WLL (Fixed) , WLL (Handheld) based Mobile Services: | | | |
| 1 | Revenue from services | | | |
| D b) 1.1 | Post paid options: | | | |
| (i) | Rentals | | | |
| (ii) | Activation Charges | | | |
| (iii) | Airtime Revenue | | | |
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added services. Supplementary Services. | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom | | | |



| | | | | |
|-----------------|--|--|--|--|
| | service. | | | |
| Db) 1.2 | Pre-paid options: | | | |
| (i) | Sale of pre-paid SIM cards including full value of all components charged therein. | | | |
| (ii) | Activation Charges | | | |
| (iii) | Airtime Revenue | | | |
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added services. Supplementary Services . | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| | | | | |
| 2 | Revenue from roaming from CDMA, WLL (Fixed) , WLL (Handheld) based Mobile Services. | | | |
| (i) | Roaming Commission earned. | | | |
| (i) | Roaming revenue on account of visiting subscribers from other networks (provide operator-wise details). | | | |
| (iii) | Any other income/miscellaneous receipt from roaming for any other telecom service. | | | |
| | | | | |
| 3 | Non-refundable deposits from subscribers | | | |
| 4 | Revenue from other Operators on account of pass through call charges (provide operator-wise details). | | | |
| 5 | Revenue from other Operators on account of provisioning of interconnection (provide operator-wise details) | | | |
| 6 | Revenue from Voice Mail /any other value added telecom service | | | |
| GR(Db) | GROSS REVENUE OF THE Licensee COMPANY: (Add 1 to 6) | | | |
| Note: 1. | Revenue collected for third Parties will not be considered for Gross Revenue | | | |
| 2. | Revenue from Internet Access not to | | | |



| | | | | |
|------------------|--|--|--|--|
| | be considered for Gross Revenue | | | |
| DD (Db) | DEDUCTION: | | | |
| 1 | Charges actually paid to other Service Provider(s) for CDMA, WLL (Fixed) , WLL (Handheld) spectrum based Mobile Services(Operator-wise) | | | |
| 2 | Roaming revenues actually paid to other CMSPs and GMPCS service providers. (operator-wise) | | | |
| 3 | Bad Debts Written Off | | | |
| Note: | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (onnet transactions). | | | |
| DD | TOTAL DEDUCTIBLE REVENUE (1+2+3+4+5) | | | |
| | | | | |
| AGR (Db) | ADJUSTED GROSS REVENUE (GR Db- DD Db) | | | |
| CC I (Db) | SPECTRUM FEE @ ___% OF ADJUSTED GROSS REVENUE: | | | |
| CC ii | MW CHARGES FOR ACCESS @ ___% OF ADJUSTED GROSS REVENUE: | | | |
| CC iii | MW CHARGES FOR BACKBONE @ ___% OF ADJUSTED GROSS REVENUE: | | | |



7. Format of Statement of Revenue and Spectrum Usage Charges (SUC) for BWA Access Services:

Format of Statement of Revenue and Spectrum Usage Charges
 _____(Name and address of operator)
 Access Services in _____(Service Area)
 Statement of Revenue and Spectrum Usage Charges for the Quarter

 of the financial year.....

| S.No. | PARTICULARS | Amount in Rs | | |
|-----------------|--|---------------------------------|---------------------------------|---|
| | | ACTUALS OF THE PREVIOUS QUARTER | FIGURES FOR THE CURRENT QUARTER | CUMULATIVE FIGURES UP TO THE PREVIOUS QUARTER |
| GR | GROSS REVENUE | | | |
| GR (D c) | Revenue from BWA Services: | | | |
| 1 | Revenue from services | | | |
| Dc) 1.1 | Post paid options: | | | |
| (i) | Rentals | | | |
| (ii) | Activation Charges | | | |
| (iii) | Airtime Revenue | | | |
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added services. Supplementary Services . | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| Dc) 1.2 | Pre-paid options: | | | |
| (i) | Sale of pre-paid SIM cards including full value of all components charged therein. | | | |
| (ii) | Activation Charges | | | |



| | | | | |
|-----------------|--|--|--|--|
| (iii) | Airtime Revenue | | | |
| (iv) | Pass through charges (provide operator-wise details) | | | |
| (v) | Roaming charges | | | |
| (vi) | Service charges | | | |
| (vii) | Charges on account of any other value added services. Supplementary Services . | | | |
| (viii) | Any other income / miscellaneous receipt from any other telecom service. | | | |
| 2 | Revenue from roaming. | | | |
| (i) | Roaming Commission earned. | | | |
| (ii) | Roaming revenue on account of visiting subscribers from other networks (provide operator-wise details). | | | |
| (iii) | Any other income/miscellaneous receipt from roaming for any other telecom service. | | | |
| 3 | Non-refundable deposits from subscribers | | | |
| 4 | Revenue from other Operators on account of pass through call charges (provide operator-wise details). | | | |
| 5 | Revenue from other Operators on account of provisioning of interconnection (provide operator-wise details) | | | |
| 6 | Revenue from Voice Mail /any other value added telecom service | | | |
| GR (Dc) | GROSS REVENUE OF THE Licensee COMPANY: (Add 1to 6) | | | |
| Note: 1. | Revenue collected for third Parties will not be considered for Gross Revenue | | | |
| 2. | Revenue from Internet Access not to be considered for Gross Revenue | | | |
| DD (Dc) | DEDUCTION: | | | |
| 1 | Charges actually paid to other Service Provider(s) for BWA spectrum based Mobile Services(Operator-wise) | | | |
| 2 | Roaming revenues actually paid to other CMSPs and GMPCS service providers. (operator-wise) | | | |
| 3 | Bad Debts Written Off | | | |
| Note: | Payments made to other Service Providers includes payments made by one Telecom Licensee to another telecom licensee within the same organization (onnet transactions). | | | |
| DD (Dc) | TOTAL DEDUCTIBLE REVENUE (1+2+3+4+5) | | | |
| AGR (Dc) | ADJUSTED GROSS REVENUE (AA-BB) | | | |



| | | | | |
|------------------|---|--|--|--|
| CC I (Dc) | SPECTRUM FEE @ ___% OF ADJUSTED GROSS REVENUE: | | | |
| CC ii | MW CHARGES FOR ACCESS @ ____% OF ADJUSTED GROSS REVENUE: | | | |
| CC iii | MW CHARGES FOR BACKBONE @ ____% OF ADJUSTED GROSS REVENUE: | | | |