

**TELECOM DISPUTES SETTLEMENT & APPELLATE TRIBUNAL  
NEW DELHI**

**DATED THE 14<sup>th</sup> NOVEMBER 2003**

**PETITION NOS. 19 OF 2002**

Reliance Telecom Limited	...	Petitioner
Vs.		
Union of India (DoT)	...	Respondent

**BEFORE:**

-

**HON'BLE MR. JUSTICE D.P. WADHWA,  
CHAIRPERSON**

For the petitioner : Mr. Ramji Srinivasan with  
Mr. Yogesh Gupta, Ms. Kajal Sharma and  
Mr. Gagan Sareen, Advocates

For the respondent : Mr. Navin Chawla, Advocate

**Interest - New Telecom Policy – 1999 (NTP-99) - Migration Package – Interest on belated payment of Licence Fee - Respondent conceded to modify demand note for 2 moths from 1.8.99 to 30.9.99 in View of decision in *Petition 17 of 2002 and Petition 15 of 2001* – Petition dismissed.**

**ORDER**

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Petitioner, a licensee under Section 4 of the Indian Telegraph Act, seeks refund of the amount allegedly charged in excess by the Respondent when the petitioner migrated into new regime under National Telecom Policy, 1999.

It was under the National Telecom Policy 1994 that Telecom sector in the country was liberalised to an extent. In pursuance to that the petitioner, Reliance Telecom Limited, was issued licence under Section 4 of the Indian Telegraph Act, 1885, by the Central Government in the Department of Telecommunication (DoT) as licensor. Effective from 1.4.99 New Telecom Policy, 1999 was announced. On the basis of this policy option was given to the petitioner to enter the new regime envisaged in the new

policy. For this purpose Migration Package was offered to the petitioner and other service providers containing the terms and conditions of the migration. It is not necessary to set out all these terms and conditions but since Migration Package is an important document and is being cited in numerous decisions given by this Tribunal, it is annexed to this judgment as annexure-A. Migration Package was effective from 1.8.99. Needless to say that the terms offered to the petitioner under the Migration Package were unequivocally and unconditionally accepted by the petitioner. Conditions (ii), (iii) in part, (iv) (x) and 2 of the Migration Package would be relevant and are reproduced hereunder:

(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. ....

(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.

(x) The liquidated damages as per the existing licence agreement shall be paid latest by 15.8.99.

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.

Complaint of the petitioner is that the DoT has overcharged various amounts on the strength of 'Migration Package'. When the petition was filed, the petitioner had claimed Rs.16.73 crores as the excess amount received by DoT. During

the pendency of this petition we directed the parties to sit together and compute the amount allegedly overcharged by DoT. After few sittings petitioner scaled down its claim to Rs.5.36 crores. Since there was no agreement respecting this amount the matter has been heard.

This petition came to be filed on 9.8.2002 claiming, as noted above, an amount of Rs.16.73 crores. Rs.16.73 crores had been allegedly paid in excess in terms of the Migration Package. For over two years petitioner had kept quiet and before filing this petition no notice had either been served on the DoT. It was on this account it was strenuously argued by Mr. Chawla, learned counsel for Union of India, that it was too late for the petitioner to raise the dispute of the payment having been made in excess. There has been no explanation from the petitioner as to why it kept quiet for all this period right from the day it had filed the affidavit of Mr. Shanker Adawal, its General Manager, for having "unequivocal and unconditional" accepting the terms and conditions contained in the letter dated 18.2.2000 of DoT. There has been no correspondence of any alleged excess amount having been paid by the petitioner till this petition was filed. It was submitted by Mr. Chawla that the dispute even otherwise could not have been raised in view of the Migration Package having been accepted by the petitioner. However, it was the submission of Mr. Srinivasan, learned counsel for the petitioner, that he was not questioning the Migration Package as such and the grievance of the petitioner was that there was arithmetic mistake in calculating the amount under the Migration Package and for which he was entitled to seek refund of the excess amount. He said it was a mere matter of calculation. I do not think it is so after hearing the arguments and considering the terms of the licence and the Migration Package. The dispute, whatever it now remains, involves the interpretation of the provisions of the licence agreement vis-à-vis the Migration Package which in my view could not be challenged by the petitioner, particularly, in view of the Migration Package and the affidavit filed by the petitioner. It is also nowhere the case of the petitioner that the amount was paid under protest or under any mistaken belief or under any pressure of DoT. No such allegation has been made even otherwise.

Condition No.18 in the licence pertains to payment of 'licence fee, other payments and bank guarantees'. However, condition Nos.18.1 and 18.8 are relevant for the purpose, which I reproduce:

“18.1 The Licence fee payable by the LICENSEE for service area licensed shall be regulated as follows:-

Rates of Annual Levy payable are as per payment schedule given in Annexure III. The Annual Licence fee to be paid by the LICENSEE to the LICENSOR shall be worked out as follows:-

Annual Licence Fee	=	Annual Levy as per above Schedule – An amount equal to 2% (Two percent) of the Gross Profit of the LICENSEE in the Business of providing the SERVICE.
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Note: (i) In addition to the annual payment towards the accepted levy as per above, the LICENSEE shall annually pay to the LICENSOR an amount 'A' which is equal to 2% of the gross profit of the LICENSEE in the business of providing the SERVICE (out of this 2%, 0.5% is towards the administration charges and 1.5% towards the R & D cess). The annual licence fee shall be the sum of the above two annual payments.

(ii) Gross profit here, represents the excess of income over expenditure after providing for depreciation, and charges pertaining to previous years but before providing for interest on loans, taxes and appropriations to reserves.

The LICENSEE shall pay the yearly licence fee in advance through a demand draft drawn on any Scheduled Bank in New Delhi in favour of the Pay & Accounts Officer (HQ), DOT. To take into account the variable portion of the licence fee i.e. corresponding to component 'A' as above, the said component 'A' of licence fee payable in a year shall be at least 20% more than the amount due and paid in the previous year towards this component. For the first year, the amount payable towards this component 'A' of licence fee shall be Rs. 100 D' where 'D' is the committed number of DELs for the first year.

However, suitable adjustments on this account, pertaining to component 'A' as above, shall be made every year when audited accounts become available.

18.8. In case of over-due payments, interest shall be charged on the due amount at the prime lending rate specified by State Bank of India from time to time plus 5% per annum (compounded monthly) applicable with effect from the date on which the payment becomes due.”

There is no dispute that as per annexure-III levy for the first five years was Rs.97.038 crores ( say Rs. 97.04 crores) for each year.

Annexure-II to the licence agreement gives details of licensed service area, total levy, licence fee, bank guarantees, payments schedule and targets in respect of DELs (Director Telephone Lines), VPTs (Village Public Telephones) etc. Targets for commission of DELs under the licence agreement is as under:

Target	No. of DELs to be commissioned
i) Within 12 months from effective date	48,000 (Forty eight thousand only)
ii) Within 24 months from effective date	1,44,000 (one lakh forty four thousand only)
iii) Within 36 months from effective date	2,88,000 (Two lakh eighty eight thousand only)

Special conditions given in para (E) of annexure III are relevant and I reproduce the same in part for the purpose:

“2) Annual Licence fee to be paid in advance every year through demand draft by the LICENSEE to the LICENSOR shall be worked out as follows:-

Annual Licence fee = Annual Levy as per above Schedule + an amount equal to 2% (Two percent) of the Gross Profit of the LICENSEE in the business of providing the SERVICE.

This 2% (Two per cent) amount component should be at least 20% (Twenty per cent) more than the respective amount due and paid in previous year towards this component. For the first year, the amount payable towards this component of Licence fee shall be Rs. 100 D where D is the committed number of DELs for the first year. However, final adjustments on this account shall be made every year when audited accounts become available”.

The licence agreement was signed on 18.3.97. However, the effective date was shifted to 30.9.97. Migration Package was offered on 22.7.99.

It is not disputed that the Migration Package offered was accepted by the petitioner and all other licensees and came into force w.e.f. 1.8.1999. On 10.8.1999 DoT wrote a letter to the petitioner, in terms of the migration package demanding payments. Para two is relevant for the purpose and which I reproduce:

“2. In terms of our letter dated 22.7.99, the license fee payable by you upto 31<sup>st</sup> July’99 is Rs.60,82,66,377/- (Rupees Sixty crores eighty two lakhs sixty six thousands three hundred and seventy seven only). The interest payable on the said outstanding amount, calculated upto 31.7.99 comes to Rs.14,42,72,527/- (Rupees Fourteen crores forty two lakhs seventy two thousands five hundred and twenty seven only). Therefore, the total amount of license fee dues and interest payable by you is Rs.75,25,38,904/- (Rupees Seventy five crores twenty five lakhs thirty eight thousands nine hundred and four only). You are requested to clear these dues immediately. In case you are unable to clear these dues immediately, payment of at least 35% of the total amount of License fee plus interest should be made by 16.8.99. 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 while making the aforesaid payment, if you so desire. The balance dues will have to be securitised fully by way of Financial Bank Guarantee within a period of four months i.e. by 30.11.99. This amount will have to be paid on or before 31.1.2000 alongwith interest calculated upto the actual date of payment”.

To this petitioner gave its reply on 16.8.99. No objection was raised if there was any mistake in calculation of the amount arrived at by the DoT in its letter dated 10.8.99. Petitioner wrote as under:

“As desired enclose a Pay Order no.118563 dated 16.8.99 issued by Deutsche Bank, New Delhi in favour of P&AO, (HQ), DoT, New Delhi for a sum of Rs.18,59,76,364.00 (Rupees Eighteen crores fifty nine lacs seventy six thousand three hundred sixty four only) in full payment of the amounts payable by us by August 16, 1999 in terms of your above letter.

The computation of the amount paid is as under:

a)	Amount payable towards Licence Fee And interest as per your letter	Rs.75,25,38,904
b)	35% of the above	Rs.26,33,88,617
c)	Less 20% paid in response to your letter Dated 25/1/99	
	Towards Licence Fee:Rs.19,52,28,000 Towards interest : 1,21,84,253	Rs.20,74,12,253
d)	Balance	Rs. 5,59,76,364
e)	Liquidated Damages claimed by you	Rs.13,00,00,000

f) Total paid Rs.18,59,76,364”

DOT wrote another letter on 18.2.2000 to the petitioner requiring the petitioner to pay outstanding amounts as per licence agreement on the basis of Migration Package. Paras 2 and 3 of this letter are as under:

“2. Payment of entire outstanding dues including interest as per the license agreement: These dues are required to be paid on or before 15.3.2000.

As per our records, the outstanding dues are as follows:

(a)	License fee	Rs.	Nil
(b)	Interest as per license agreement	Rs.	1,61,53,782
	TOTAL:	Rs.	1,61,53,782

3. You have to now also pay, alongwith interest as per license agreement, an additional simple interest @ 3% per month for the period from 1.2.2000 to the actual date of payment of the said dues on proportionate basis, on or before 15.3.2000.

The above figures are provisional subject to finalisation at a later date”.

The amount as demanded was paid by the petitioner by its letter dated 2.3.200.

This reply is as under:

“With reference to your letter No.15-6/99 – LF dated 18<sup>th</sup> February 2000 wherein you had advised us to settle outstanding dues for our Gujarat Circle along with interest (as per point 3 of your letter).

Please find enclosed Demand Drafts No.224058 drawn on Deutsche Bank, New Delhi for Rs.1,66,70,704/-.

With this full and final settlement we request you to release our Financial Bank Guarantees at the earliest”.

We may also note that in answer to letter dated 18.2.2000 petitioner also filed affidavit of its General Manager (Corp. Affairs). This affidavit reads as under:

“i) That the aforementioned M/s. Reliance Telecom Limited was issued a license no.17-6/95-BS-II/Gujarat dated 18.3.1997 for operating Basic Telephone Service in Gujarat area.

ii) That a Package for Migration to New Telecom Policy-1999 regime in respect of aforementioned license was offered by the licensor i.e. DoT vide letter No.842-153/99-VAS(Vol.V) (II) dated 22.7.1999 and the said Package was unconditionally accepted by M/s. Reliance Telecom Limited vide letter no.RTL:DLH:1001 dated 28.7.99.

iii) That the aforementioned company has requested the licensor (DoT) for extension of dates indicated/accepted in terms of the above said Package, with

regard to furnishing Financial Bank Guarantees for securitising the full amount of outstanding dues and interest thereon and payment of entire outstanding dues.

iv) That the licensor, after having considered the aforesaid request, has offered extension of dates specified for securitisation and payment of outstanding dues mentioned in the on the terms and conditions intimated vide their letter no.15-6/99-LF dated 18<sup>th</sup> February, 2000.

v) That M/s. Reliance Telecom Limited has unequivocally and unconditionally accepted the terms and conditions contained in the aforesaid letter dated 18<sup>th</sup> February, 2000 and has also authorized the deponent to convey acceptance of this package to the licensor.

vi) Therefore, I the above named, Shanker Adawal having been duly authorized by the company to give this undertaking on behalf of the above said company, do hereby convey unconditional and unequivocal acceptance of the conditions as contained in the aforesaid Letter no.15-6/99-LF dated 18<sup>th</sup> February, 2000. The company will not ask for any further extension of time for whatsoever reason and agrees that the Migration Package offered to the company will automatically stand withdrawn in case the required conditions stipulated in the said letter are not fulfilled.

vii) An authority in my favour given by the company to convey the acceptance is also enclosed”

It is the submissions of DoT that on the basis of Migration Package which was unconditionally accepted by the petitioner and all other service providers, demand notice was issued by letter dated 10.8.99 requiring payment of the dues calculated on the basis of ‘no remission’ on interest amount payable. This amount was paid by the petitioner without any demur or protest and there is no such plea taken in the present petition as well. DoT, therefore, contends that the petitioner is estopped from challenging the demand made on any ground whatsoever. However, it was conceded by Mr. Chawla that in view of the two decisions of the Tribunal the demand will be modified relating to the amount of licence fee and interest for a period of two months from 1.8.99 to 30.9.99.

In *Sterling Cellular Ltd. & Ors. vs. Union of India & Anr.* (Petition No.17 of 2002) decided on 13.5.2003. This Tribunal on this issue said as under:

“While no premium can be placed on the action of the Petitioner for not adhering to the schedule of payment of Licence Fee as discussed above, the factor of Migration Package and its implication on quantum of payment which has to be effected cannot be ignored. Hence, the Petitioner should pay the Licence Fee as well as interest on account of delay in terms of conditions stipulated in the Licence Agreement upto 31.07.1999. However, after 31.07.1999, the payment of Licence Fee etc. are to be regulated in accordance with the terms and conditions of the Migration

Package. The same position would obtain in regard to the similarly placed other Petitioners.

We accordingly direct the Respondents to modify the Demand Notes in the light of what has been indicated above.

In that case the facts were:

“That the Licence fee for the quarter 01.07.1999 had fallen due for payment on 15.06.1999 which should have been paid on or before 01.07.1999 by the Petitioner.

The Migration Package had become effective from 01.08.1999, which had entailed a change in terms and conditions for payment of Licence Fee.

The Licensee did not pay the Licence Fee for the quarter 01.07.1999 to 30.09.1999 which had fallen due on 15.06.1999. This was required to be paid on or before 01.07.1999, which has not been done.

The second Demand Note dated 6<sup>th</sup> March, 2000 was not issued by the Respondent on time which should actually have been issued on 31.01.2000. The Demand Note issued by the Respondent should have taken into account the changed terms and conditions stipulated in the Migration Package.

In this scenario, had the Petitioner paid on time any excess amount for the quarter 01.07.1999 to 30.09.1999, he would have been entitled for refund or adjustment for the excess amount paid at a later date in terms of the Migration Package prescribing the cut off date as on 01.08.1999.

This view was followed by the Tribunal again in Bharti Cellular Limited Ltd. vs. Union of India & Ors. (Petition No.15 of 2001) decided on 23.5.2003. After examining the facts of that case the Tribunal observed as under:

“Quite obviously the Respondent was not entitled to recover both advance quarterly licence fee for July-September 1999 and revenue sharing fees for August 1999 and September 1999 in terms of the Migration Package. What was undoubtedly its right was to recover licence fees for all the earlier unpaid amounts upto and for the month of July 1999 as well as interest, all the earlier unpaid amounts upto and for the month of July 1999 as well as interest, in case of default for that amount till the date of actual payment. The Respondent was also eligible to charge interest in case the Petitioner defaulted in making payment of revenue sharing fees from 1<sup>st</sup> August 1999 in terms of the schedule laid down in the Migration Package, read with the Licence Agreement. To the extent of what has been stated above has not been done, the action of the Respondent is contrary to law and the demand in this respect needs to be reworked by the Respondent.”

There is no dispute regarding payment of annual levy which is Rs.97.038 crores (or Rs.97.04 crores) . The dispute raised is with reference to component-A as given in clause 18.1 of the licence agreement. Again there is no dispute that for the first year from 30.9.97 to 29.9.98 an amount of Rs.0.48 crores under Component-A has been paid. Submission of the petitioner is that for the second year i.e from 30.9.98 to 29.9.99 this component –A would be nil there being no profit and when under the licence service had not yet started. This is disputed by DoT. This 2% of component-A for the first year comprised 0.5% towards administration charges and 1.5% R&D cess. Considering as to what component-A would mean it does not appear to reason that for the second year there would be no charge. Though the word ‘gross profit’ has been used, component-A has reference to number of DELs (Direct Exchange Lines) committed for the first year. If we refer to annexure-II of the licence, petitioner had committed to commission 48000 DELs within 12 months from effective date which is 30.9.97. It has been explained in the notes to clause 18.1 where it is specified that component-A of licence fee payable in a year shall be at least 20% more than the amount due and paid in the first year towards this component. DoT rightly calculated this amount as Rs.0.58 crores for the period 30.9.98 to 29.9.99. I, therefore, reject the argument of the petitioner that component-A for the second year would be zero. That being so calculation arrived at by DoT for licence fee for the period from 30.9.97 to 29.9.98 at Rs.97.52 crores and for the period from 30.9.98 to 29.9.99 at Rs. 97.62 crores would be correct. DoT had then calculated interest on belated payment of licence fee which was payable in advance for the second year on the amount of Rs.97.62 crores being the licence fee for the whole second year at the rate prevalent at the time the licence fee became due and payable at the prime lending rate specified by the State Bank of India plus 5% per annum (compounded monthly). This rate of interest became applicable w.e.f. the date on which the payment fell due. Admittedly the payment had become due as on 30.9.98 and was not paid by the petitioner. It is not disputed that interest would certainly become payable as per calculations of DoT if the rate specified by the State Bank of India is taken into account as on 30.9.98. Contention of the petitioner , however, is that since the interest is to be compounded monthly DoT should have considered the

prime lending rate specified by the State Bank of India every month. This argument of the petitioner does not stand to reason. For one thing at no point of time till filing of its affidavit on September 1, 2003 such plea was ever advanced. Here the petitioner wants to take advantage of its own wrong. It is no function of the DoT to go on finding the prime lending rate of State Bank of India every month so long as the default of petitioner continues and the petitioner sits merrily at home unconcerned with the default committed. Moreover, a bare reading of clause 18.8 does not lend support to the view of the petitioner. It was submitted by Mr. Chawla, learned counsel for the DoT that the interpretation to clause 18.8 has been applied in the cases of all the licensees without any demur or protest. It is not that petitioner could be said to have been unaware of the rate of interest when it accepted the demands made by the DoT towards the arrears of licence fee and the interest on the basis of Migration Package. To me it also appears the petitioner having accepted the calculations of the amount due from it to DoT and having paid the amount cannot now turn around and say that the interpretation put by DoT was wrong. Migration Package puts stop on the petitioner for raising any such dispute. It is not a case of mere error of arithmetic in the calculation as contended by Mr. Srinivasan. The dispute raised by the petitioner squarely falls within the four corners of the Migration Package and the petitioner is thus barred from raising such dispute in view of para 2 of the Migration Package. Therefore, there is no flaw in the demand made by the DoT and paid by the petitioner except to what has been said in our aforesaid two judgments. No other issue arises in the petition. DoT will, therefore, rework the demand in terms of the aforesaid judgments of this Tribunal for the period of two months (1.8.99 to 30.9.99) when the migration regime took over under National Telecom Policy, 1999 and adjust the amount in future demands, if any, against the petitioner.

With this modification, this petition is dismissed with cost. Counsel fee Rs.10,000/-.

.....J  
(D.P. WADHWA)  
CHAIRPERSON

ANNEXURE-A

TELECOM DISPUTES SETTLEMENT & APPELLATE TRIBUNAL  
GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS  
DEPARTMENT OF TELECOMMUNICATIONS  
(VAS CELL)

BHAWAN  
ROAD.  
001.

SANCHAR  
20, ASHOKA  
NEW DELHI – 110

No.842-153/99-VAS (Vol.V) (Pt.)  
1999

Dated: 22<sup>nd</sup> July,

To

Without Prejudice

M/s. Reliance Telecom Ltd.  
5<sup>th</sup> Floor,  
Meridian Commercial Tower  
Windsor Place, Janpath  
New Delhi – 110 001.

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. 17-6/95- BS.II.dated18.03.1997 for Basic Telephone Service in Gujarat 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 notational 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 Licensees 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 25.1.1999 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 along with interest calculated up to 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 provisional shall not be applicable in case the shares are transferred pursuant to enforcement of pledge by the lending financial institutions/ banks due to events for 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 31.07.1999, 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 a case 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 15.8.1999.
- (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 for 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 license.

Sd/-  
(B.B. ANAND)  
Director (BS -I)

Encl: As above.