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No.20-377{UP(E)}/ 2013-AS-I  
Government of India  
Ministry of Communication & IT  
Department of Telecommunications  
(Access Services Division)  
1203, Sanchar Bhawan, Ashok Road, New Delhi-110001.

June, 10  
Dated: May, 2013

To,

M/s Vodafone South Ltd.,  
C-48, Okhla Industrial Area,  
Phase-II, NEW DELHI-1100 20

**Subject:-** Amendment of Unified Access Services (UAS) Licence Agreement(s) to use spectrum auction through NIA dated 28.09.2012 for provision of telecom access services for Uttar Pradesh(East) service Area.

In pursuance of Condition 5.1 of the UAS licence agreement(s), Clause 4.7 of the Notice Inviting Applications (NIA) for "Auction of Spectrum in 1800 and 800 MHz Bands" vide No. 3-16/2012-Fin/Auction, WPC Wing letter of Intent(LoI) No.L-14004/03/2012-NTG, dated 19.12.2012 and on the request of the licensee vide letter No.DoT/VSL/Auction/11-12/4, dated 23.11.2012 & No.VSL/Auction/LOI/12-12/24, dated 20.12.2012, the LICENSOR hereby insert following condition (23.9) in the UAS licence agreement for the **Uttar Pradesh (East)** service area(s).

**"23.8 Use of Spectrum won in auction of 1800MHz band:** The licensee is authorised to use the spectrum block(s) (as in the above said Letter of Intent) for provisioning of Services as defined in the "Scope of the licence" in the Schedule (Condition 2) of the UAS License agreement, , subject to compliance of following conditions:

**23.8.1 Validity period for the spectrum won through auction mentioned above.** The validity period of the spectrum won in this auction shall be 20 years from the date of issue of Letter of intent (LoI) (the 'Effective date'). In case the Licence is cancelled/terminated for any reason, the spectrum usage rights shall stand withdrawn forthwith. If the period of an existing License expires before the expiry of right to use the spectrum awarded by means of the current Auction, then the Licensee will have to obtain UL (Access Services)/Unified License as may be applicable.

**23.8.2 Roll-out obligations for the above mentioned Spectrum :** The licensee shall have a network rollout obligation as detailed below. The obligation reflects the need both to ensure the efficient use of spectrum and provide a reasonable level of service to a wide cross-section of customers.

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**23.8.2.1** The licensee shall make its own arrangements for all infrastructure involved in rolling out of the network and shall be solely responsible for installation, networking and operation of necessary equipment and systems.

**23.8.2.2** The Licensee shall make its own arrangements for Right of Way (ROW) and other necessary permissions/clearance required as per relevant laws/regulations/directions of the respective agencies for rolling out the network. The Central Government has already issued necessary notification conferring the requisite powers upon the licensees for the purposes of placing telegraph lines under Part III of the Indian Telegraph Act 1885. Non-availability of the ROW or delay in getting permission/clearance from any agency shall not be construed or taken as a reason for non-fulfilment or delay in compliance of the Roll-out obligations and shall not be taken a valid excuse for not carrying any obligations imposed by the terms of the NIA.

**23.8.2.3** The Licensees shall make arrangements for interconnection with other networks in that LSA for carrying inter-network local and long distance traffic, billing of SERVICE and treatment of SUBSCRIBER complaints as part of the rollout of network.

**23.8.2.4** Over and above the roll out obligation mentioned in clause 34 of the licence, the Licensee will have the following roll out obligations:

- i) At least 10% of the Block Headquarters (BHQs) of the Licensed Service Area (LSA) shall be covered by the end of three years from the effective date of Licences or date of allotment of spectrum won in the auction process, whichever is later. Additional 10% of the Block Headquarters of the LSA shall be covered in each of two subsequent years i.e. at least 20% and 30% coverage of the block headquarters of the LSA has to be achieved at the end of 4<sup>th</sup> and 5<sup>th</sup> year respectively. The list of Block Headquarters (BHQs) and its 'to the scale' Map(s) will have to be obtained by the successful bidder from the respective State Governments/Administrations/Local bodies. The boundary of the Block Headquarters will be as per map/ definition given by the State Government/Administration/Local Body concerned. In cases where District Headquarter/Town (DHQ/town) happens to be BHQ also, that particular DHQ/town or BHQ would be considered as part of compliance of any one phase of rollout obligation only, as per the choice of licensee.
- ii) Each milestone of the rollout obligations as mentioned in the clause 23.8.2.4(i) above, would be considered as separate phase of rollout obligations. Thus there will be three additional phases of rollout obligations.
- iii) Coverage of Block Headquarters would mean that at least 90% of the area bounded by the local body limits should get the required street

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- level coverage by mandatorily setting up of Base station(s) (for example a BTS/node B/ e-node B) in the Block Headquarters.
- iv) The Licensee may offer coverage of Block Headquarters already achieved in accordance with stipulation in clause 23.8.2.4(iii) above as a part of compliance towards roll out obligation. However, testing of the coverage already achieved will be carried out by DoT as per prescribed test schedule/procedure. The coverage of the BHQs as per the above mentioned rollout obligations will be over and above the DHQs/towns covered as part of the existing rollout obligations mentioned in the UASL.
  - v) The choice of Block Headquarters to be covered and further expansion beyond 30% Block Headquarters shall lie with the Licensee depending on their business decision.
  - vi) The roll out obligation shall be applicable in respect to the network deployed using the spectrum band acquired through auction. Accordingly, the roll out already achieved shall be counted the same spectrum band. The roll out obligation relates to frequency band in which the spectrum is acquired through auction. For this purpose, 900 MHz band and 1800MHz band will be treated as the same band.
  - vii) The Licensee will have the flexibility to meet the rollout obligations mentioned in clause 23.8.2.4(i) & (iii) through shared infrastructure to the extent permissible as per guidelines/instructions applicable from time to time. However, it may be noted that rollout obligations cannot be complied with using the intra-service area roaming arrangements.
  - viii) In the case of metro service area, there will be no obligation relating to block headquarters. However, the rollout obligations mentioned in clause 34 of the licence, will have to be fulfilled.

**23.8.2.5** The number of Block Headquarters will be taken as existing on the date of issue (i.e. 28.9.2012) of the Notice inviting Applications (NIA) for auction of spectrum.

**23.8.2.6** For calculation of number of BHQs to be covered, the fraction which comes to 0.5 or above shall be rounded off to the next whole number and if the fraction is less than 0.5 it shall be ignored.

**23.8.2.7** In case of change of technology by the licensee, while rolling out network for compliance of the rollout obligations, following will be required:

- (i) Continuity of coverage, provisioning, delivery, quality and services in the network deployed with earlier technology is to be ensured.

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- (ii) Licensee may be required to submit the test reports as per test schedule/procedure, in respect of Base Station sites already tested as part of compliance of rollout obligations, to the licensor who may also carry out sample verification.
- (iii) Licensee may fulfil the remaining part of rollout obligations with later technology as per test schedule/procedure for that technology.
- (iv) Change in technology, if any, while rolling out network for compliance of the rollout obligations, should be informed to the licensor at least one year before any new technology Base Station site is offered for testing, so that Test Schedule Test Procedure (TSTP) for that technology can be finalized.

**23.8.2.8** In cases where allocation of spectrum based on this auction is in less number of BHQs/DHQs (i.e. less than prescribed percentage of the BHQs or DHQs for any phase) in a particular LSA, rollout obligation shall get limited to rollout of network in all BHQs/DHQs where spectrum is allocated in the LSA.

**23.8.2.9** Allotment of spectrum for individual point-to-point fixed links i.e. Microwave Backhaul Spectrum would be subject to separate application and the allotment of the same is not linked to the compliance of rollout obligations. For compliance of the rollout obligations, the licensee has to make its own arrangements for transmission media required for connecting the network equipments etc. The allotment of backhaul spectrum is subject to the usual processes, term and conditions and applicable charges. The Government shall make available spectrum for these purposes under the terms and conditions specified by the WPC Wing, subject to availability. However, it must be noted that these frequencies are not part of the Auctions, and the payment of the Successful Bid Amount does not ensure the allotment of backhaul spectrum. Separate charges, as prescribed from time to time are payable for backhaul spectrum.

**23.8.2.10** The Licensee shall ensure the rollout of network using the spectrum band won in this auction process as per the rollout obligations mentioned above. Rollout coverage testing will be carried out as per test schedule/procedure (TSTP). Currently TSTP for GSM/WCDMA and CDMA technologies are available. The same would be updated as per rollout obligations mentioned here

**23.8.2.11** For the purpose of verification of the rollout of the network and coverage testing as mentioned above, the Licensee shall register with the respective TERM cells of DoT. While registering with the TERM cell, he will also indicate the phase number for which the Base Station site is being registered.

The phase numbers of individual phases of rollout obligations are as follows:

Phase1: Coverage of 10% DHQs/Towns.

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Phase2: Coverage of 50% DHQs/Towns.

Phase3: Coverage of 10% BHQs.

Phase 4: Coverage of additional 10% BHQs (Cumulative 20% BHQs)

Phase 5: Coverage of additional 10% BHQs (Cumulative 30% BHQs).

Date of registration by concerned TERM cell is to be treated as date of meeting the roll-out obligation in case of successful verification of the rollout of the network and coverage testing as per TSTP for the purpose of compliance of rollout obligations and for calculating liquidated damages, if applicable, in terms of Condition No.23.8.2.12 mentioned below. If the verification of the rollout of the network and coverage testing fails as per TSTP, then the Licensee shall re-register with the respective TERM cells of DoT and in that case, Date of re-registration by concerned TERM cell is to be treated as date of meeting the roll-out obligation subject to successful verification as per TSTP.

#### 23.8.2.12

##### Liquidated Damages

- a) The time period for roll out of network as per the rollout obligations mentioned above using the spectrum band won in this auction process, shall be deemed as the essence of the contract and the network must be rolled out not later than such specified time period(s). No extension in prescribed due date will be granted. If the network, for a particular phase, is rolled out after the expiry of the due date and is registered by the licensor for the purpose of testing, such delay in rollout of network will entail recovery of Liquidated Damages (LD) under this Condition. Provided further that if the rollout of the network, for a particular phase, is effected within 15 calendar days of the expiry of the due date then the Licensor shall accept the rollout of network without levy of LD charges.
- b) At present, minimum 60 calendar days duration is prescribed for grant of SACFA clearance. While examining the compliance of rollout obligations, the average delay in grant of the SACFA clearance beyond the above mentioned prescribed duration shall be excluded from the duration set for each phase of rollout obligations in the clauses 23.9.2.11 above. For the purpose of calculating the delay in grant of SACFA clearance of individual Base Station site, the date of 'WPC acceptance number' for SACFA clearance application would be treated as the 'start date' and the date on which the SACFA clearance is granted in the online system of WPC would be considered as the 'end date'. The difference between the 'start date' and 'end date' after

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excluding the above mentioned prescribed period would be considered as the delay in grant of SACFA clearance for that Base Station site for the limited purpose of calculating the delay in compliance of rollout obligation. If the SACFA clearance for a particular Base Station site has been granted within prescribed duration, then for that particular site, delay would be considered as 'zero' days.

- c) After working out the delay in grant of SACFA clearance as per above mentioned procedure for each Base Station site offered for coverage testing, an average of all these delays would be taken for calculating the 'average SACFA delay' on the part of licensor. For the purpose of 'average SACFA delay' calculations, delay in grant of SACFA clearance of only those Base Station sites would be considered which are registered with TERM cell for coverage testing of that particular phase of rollout obligations.
- e) In case the Licensee fails to rollout the network or any part thereof, for a particular phase, within the period prescribed for the same, the Licensor shall be entitled to recover LD charges for that phase separately @ Rs. 5 lakhs (Rupees Five Lakhs) per week for first 13 weeks; @ Rs. 10 lakhs for the next 13 weeks and thereafter @ Rs.20 lakhs for 26 weeks subject to a maximum amount of Rs.7.00 Crores for each phase. For delay of more than 52 weeks in any phase, in addition to imposition of maximum amount of LD as mentioned above, the spectrum assigned based on this auction process may be withdrawn. The PBG shall be encashed to the extent of LD amount, if the same is not paid within the time period specified in the notice for recovery of LD. For the purpose of calculation of delay in compliance of rollout obligations, the week shall mean 7 Calendar days from (from midnight) Monday to Sunday; both days inclusive and any extra day shall above counted as full week for the purpose of recovery of liquidated damages.

**23.8.2.13 PBG related to rollout obligation:** PBG in prescribed format shall be submitted for amount equal to Rs.21 crore valid for a minimum period of six years. The validity period of PBG can be further extended by the licensor depending upon the requirement for a period not exceeding two years from the due date of expiry of the earlier PBG.

The PBG may be released only after the complete testing/verification of the compliance of the rollout obligations by the licensor and recovery of the LD if any upto the last phase of rollout obligation.

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**23.8.3 Spectrum Charges:**

**Financial Bank Guarantees for Deferred payments:**

- a) The Licensee shall securitize the annual instalment for the deferred payment in respect of the November, 2012 spectrum auction amount through a Financial Bank Guarantee(FBG) of an amount equal to one annual instalment valid for three years. On payment of first instalment and each instalment thereafter, the Financial Bank Guarantee shall be renewed for a further period of one year and submitted at least one month prior to the date of expiry of validity of Financial Bank Guarantee submitted earlier. In case of the non-renewal, the Financial Bank Guarantee will be encashed and the amount kept as non interest bearing deposit with the DoT till such Bank Guarantee is renewed and instalment due is paid. Payment of due instalments and renewal of Financial Bank Guarantee (FBG), shall be done by the Licensee as per the schedule as prescribed in Appendix-1 without the necessity for the DoT to raise any demand or notice for the same.
- b) In case of overdue payments, penal interest shall be charged on the delayed amount from the due date at the prime lending rate of the State Bank of India, applicable on the due date, plus 2% compounded monthly, and a part of the month shall be reckoned as a full month for the purpose of calculation of interest.
- c) If due payment are not received within time plus a grace period of 10 days, the sum shall be recovered by encashing the Financial Bank Guarantee.
- d) In the event of default in payments of instalments, in addition to the action as provided in the paras above, DoT may terminate the License and Spectrum allotment/assignment, in which case the allotted/assigned Spectrum will revert back to DoT. The FBGs in such cases will be encashed. This would be without prejudice to any other remedy DoT may decide to resort to.

**23.8.4 Spectrum Usage Charges for above mentioned Spectrum:** Spectrum usage Charges shall be payable as per the rates/slabs notified by the Government from time to time. The present spectrum usage charges are mentioned below:-

Schedule A: Charges for GSM operators (Applicable for 1800MHz band)	

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Spectrum Slab

% AGR

Up to 4.4 MHz	3%
Up to 6.2 MHz	4%
Up to 8.2 MHz	5%
Up to 10.2 MHz	6%
Up to 12.2 MHz	7%
Up to 15.2 MHz	8%
<b>Schedule B: Charges for CDMA operators (Applicable for 800MHz band)</b>	
<b>Spectrum Slab</b>	<b>% of AGR</b>
Up to 5 MHz	3%
Up to 6.25 MHz	4%
Up to 7.5 MHz	5%
Up to 10 MHz	6%
Up to 12.5 MHz	7%
Up to 15 MHz	8%

The following shall be considered while computing the annual spectrum charges:

- Applicable Adjusted Gross Revenue (AGR) shall be computed in accordance with the provisions of the relevant service licence;
- The Annual spectrum charges shall be applicable from the date of allotment of **Spectrum**.
- For the purpose of calculation of spectrum usage charge, there shall be a minimum AGR which shall be not less than 5% of the bid amount. The calculation of spectrum usage charges shall be on the basis of minimum AGR or the actual AGR whichever is higher.
- Spectrum allocated through November, 2012 auction will be added for determining the slab for spectrum usage charges.

**23.8.5—Merger of spectrum blocks:** Mergers and Acquisitions (M&A) guidelines, as prescribed and amended by DoT from time to time will apply.

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- 23.8.6 Breach, revocation and surrender:** The spectrum allotment/assignment may be revoked, withdrawn, varied or surrendered in accordance with applicable licence conditions or any other applicable laws, rules, regulations or other statutory provisions.

The spectrum allotment/assignment may also be curtailed / revoked if the Government determines the user of the spectrum to be in serious breach of any of the conditions of the allotment of the spectrum (including adherence to the Auction Rules) and the consequent obligations. In case of less serious breaches, the Government may impose penalties at its discretion. Seriousness of the breach shall be determined by the Government at its sole discretion.

If at any stage, the spectrum allotment is revoked, withdrawn, varied, surrendered or curtailed no refund will be made. The Bank Guarantees may also be invoked to recover any payable dues.

- 23.8.7 Applicability of the NIA :** This amendment of the UAS licence agreement is subject to all the terms & conditions of the Notice Inviting Applications (NIA) for "Auction of 1800 MHz and 800 MHz spectrum" vide No. 3-16/2012-Fin/Auction dated 28.09.2012. The licensee shall comply with all the terms & conditions of the above said Notice Inviting Applications (NIA) unless and otherwise amended by the licensor by way of amendment of the UAS licence agreement from time to time.

2. All other terms and conditions of the UAS licence agreement including amendments and instructions issued from time to time shall remain unchanged.
3. Please acknowledge receipt.



(Paramjeet Chadha)  
Under Secretary (AS.I)

For and on behalf of the President of India  
Ph.No.23036050

Copy to:

1. Administrator USOF/Wireless Advisor/Sr. DDG(Term-Security)/Sr. DDG(WPF)
2. Secretary TRAI
3. DDG(Security)/DDG(CS)/DDG(DS)/DDG(LF-I)/DDG(LF-II)/
4. Director (IT) may kindly arrange to upload this letter on the website of DoT.

**Schedule of deferred payments as indicated in NIA**

Deferred payment, subject to the following conditions:

(i) An upfront payment; of 33% in the case of 1800MHz band, and 25% in case of 900MHz and 800MHz band; of the final bid amount shall be made within 10 days of declaration of successful bidders and final price;

(ii) There shall be a moratorium of 2 years for payment of balance amount of one time charges for the spectrum, which shall be recovered in 10 equal annual instalments.

(iii) The 1st instalment of the balance due shall become due on the third anniversary of the scheduled date of the first payment. Subsequent instalment shall become due on the same date of each following year. Prepayment of one or more instalments will be allowed on each annual anniversary date of the first upfront payment, based upon the principle that the Net Present Value of the payment is protected.

(iv) An indicative schedule of payments is given below:

Full Amount Due	Rs. 1000
Upfront Payment	33%
Balance to be recovered	$1000 - (1000 * 33\%) = \text{Rs } 670$
Number of Instalments	10
Interest Rate	9.75%
Assumed Date of first payment	25-03-2013
Moratorium	2 Years

**Schedule of Payments**

Instalment	Due Date for payment	Amount (Rs. Crore)
Upfront payment	25-03-2013	330.00
1st instalment	26-03-2016	129.93
2nd instalment	26-03-2017	129.93
3rd instalment	26-03-2018	129.93
4th instalment	26-03-2019	129.93
5th instalment	26-03-2020	129.93
6th instalment	26-03-2021	129.93
7th instalment	26-03-2022	129.93
8th instalment	26-03-2023	129.93
9th instalment	26-03-2024	129.93
10th instalment	26-03-2025	129.93