

Government of India
Ministry of Communications
Department of Telecommunications
Sanchar Bhawan, 20, Ashoka Road, New Delhi - 110001
(Access Services Wing)

No. 20-271/2010 AS-I (Vol.-IV)

Dated: 19.01.2022

To

All MNP Licensees

Subject: Amendment in MNP License Agreement for Adjusted Gross Revenue (AGR) - regarding.

As per the Condition 13.1 of Part-II of MNP License Agreement, the Licensor reserves the right to modify at any time the terms and conditions of the License, if in the opinion of the Licensor it is necessary or expedient to do so in public interest or in the interest of the security of the State or for the proper conduct of the SERVICE. In pursuance of this condition, the Licensor hereby amends/appends the following in the MNP License Agreement:

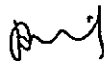
S. No.	Existing Clause	Amended Clause
1.	<p>PART-III, FINANCIAL CONDITIONS 24 Definition of 'Adjusted Gross Revenue'</p> <p>24.1 Gross Revenue: The Gross Revenue shall be inclusive of revenue from services, Porting fees, sale proceeds of any software & hardware items, revenue on account of interest, dividend, capital gains, value added services, supplementary services, access or interconnection charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue etc., without any set-off from related items of expense.</p>	<p>PART-III, FINANCIAL CONDITIONS 24 Definition of Gross Revenue, Applicable Gross Revenue (ApGR) and Adjusted Gross Revenue (AGR):</p> <p>24.1 Gross Revenue: The Gross Revenue shall be inclusive of revenue from services, Porting fees, sale proceeds of any software & hardware items, revenue on account of interest, dividend, capital gains, value added services, supplementary services, access or interconnection charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue etc., without any set-off from related items of expense.</p> <p>24.1A Applicable Gross Revenue (ApGR): ApGR shall be equal to Gross Revenue (GR) of the licensee as reduced by the items listed</p>

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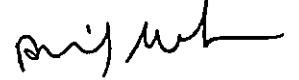
	<p>24.2 For the purpose of arriving at the “Adjusted Gross Revenue”, the Goods and Services Tax (GST), as applicable, will be excluded from the Gross Revenue to arrive at the Adjusted Gross Revenue, if Gross Revenue had included the component of GST.</p>	<p>below:</p> <ul style="list-style-type: none"> (i) Revenue from operations other than telecom activities/ operations. (ii) Revenue from activities under a license/ permission issued by Ministry of Information and Broadcasting. (iii) Receipts from the USO Fund. (iv) List of other income* to be excluded from GR to arrive at ApGR <ul style="list-style-type: none"> a. Income from Dividend b. Income from Interest c. Capital Gains on account of profit of Sale of fixed assets and securities d. Gains from Foreign Exchange rates fluctuations e. Income from property rent f. Insurance claims g. Bad Debts recovered h. Excess Provisions written back <p>*Subject to conditions given in Annexure VIII.</p> <p>24.2 Adjusted Gross Revenue (AGR): For the purpose of arriving at the “Adjusted Gross Revenue”, the Goods and Services Tax (GST), as applicable, will be excluded from the Applicable Gross Revenue (ApGR) to arrive at the Adjusted Gross Revenue, if Gross Revenue had included the component of GST.</p>
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2. This amendment comes into effect from 01.10.2021 and will be applicable to the dues which arise from the operations of the Licensee after the said date.

3. The new Format of Statement of Revenue and License Fee incorporating the effect of above amendments, is enclosed. It is clarified that the existing formats of the MNP License agreement shall also be replaced with these new formats (attached with this amendment) with effect from 01.10.2021.



4. This amendment shall be part and parcel of the MNP License Agreement and other Terms & Conditions shall remain unchanged.



(Anil Kumar Gehlot)
Director (AS-I)

For and on behalf of President of India
Tel No.: 23036864

Copy to:

- (1) Secretary, TRAI.
- (2) DGT, DoT(HQ)/ CGCA.
- (3) Advisor (Economics)/ Wireless Advisor /Sr DDG (TEC).
- (4) DDG(CS)/ DDG(DS)/ DDG (Satellite)/DDG (LFP) /DDG(LFA)/ DDG(SPPI) /DDG (SA)/ DDG (WPF)/ DDG(A/C).
- (5) All Director of AS Wing.
- (6) Director (IT) may kindly arrange to upload this letter on the website of DoT.

Annexure-VIII to MNP License Agreement

List of other income to be excluded from GR to arrive at ApGR

Sl. No.	Item/ Head of 'Other Income'	Description and conditions applicable
a.	Income from Dividend	<p>Income from dividend is return on investment made by the company. Such investment is made out of surplus funds available with the company. Companies Act, 2013 and Accounting Standard-9 classified dividend income as 'other income' i.e., distinct from the core operations of the entity.</p> <p>Therefore, income from dividend shall not be part of ApGR for the purpose of computation of LF.</p>
b.	Income from Interest	<p>Income from interest is return on investment made by the company in bank deposits, corporate deposits, debentures etc. Such investment is made out of surplus funds available with the company. Also sometimes, Licensee receives interest from Tax Authorities on advance tax or refundable tax. Companies Act, 2013 and Accounting Standard-9 classified interest income as 'other income' i.e., distinct from the core operations of the entity.</p> <p>At the same time, Licensee accepts refundable deposits from customers, telecom vendors and other Licensees. These deposits essentially are part of telecom operations. The interest income earned on such amounts should be recorded and certified by statutory auditors.</p> <p>Therefore, income from interest shall not be part of ApGR for the purpose of computation of LF. However, interest earned on refundable deposits from customers, telecom vendors and other Licensees shall be considered in ApGR for the purpose of computation of LF. Also, any refundable deposit received by the Licensee on the strength of telecom service viz. linkage with tariff, advance rental etc. shall also have similar treatment for inclusion in ApGR.</p>
c.	Capital gains on account of profit on sale of fixed assets and securities	<p>Capital gain earned by the Licensee on the account of profit on sale of assets and securities, are of from investing activities instead of from telecom operations. Therefore, the revenue on account of sale of immovable property, securities, warrants or debt instruments, other items of fixed assets shall not be part of ApGR for the purpose of computation of LF.</p>
d.	Gains from Foreign Exchange rates fluctuations	<p>Foreign Exchange differences arise when actual rates at the time of settlement differs from those at which they were initially recorded in the books. The provisions contained in the Accounting Standard-11 require a notional entry for exchange differences in respect of liabilities at the closing date of the AFSs. The foreign exchange gains reflected in</p>

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		<p>the profit and loss statement of Licensee could arise from reduction of payment liability or increase in the value of foreign exchange accounts receivables. In other words, foreign exchange fluctuation is a contingency which has impact on every business which may have something to do with foreign exchange and is not specific and unique to telecom business.</p> <p>Therefore, revenue/profit arising out of upward valuation or devaluation on account of fluctuation of foreign exchange shall not be part of ApGR for the purpose of computation of LF.</p>
e.	Income from property rent	<p>Licensee may rent or lease part of their properties and earn revenue in the form of rent. Some Licensees as part of staff welfare measure provides staff quarters to their employees and receive rent from such staff. Revenue from rent cannot be distinctly treated as only from telecom business. Therefore, revenue/income from property rent shall not be part of ApGR for the purpose of computation of LF. In case property is let out for 'establishing, maintaining and working of telecommunication', then revenue/income from such rent shall be considered in ApGR for the purpose of computation of LF.</p>
f.	Insurance claims	<p>A receipt from Insurance company against loss of property/fixed assets is basically a reimbursement in nature for the loss occurred by the Licensee. Receipt of insurance claim from insurance company shall not be part of ApGR for the purpose of computation of LF.</p>
g.	Bad Debts recovered	<p>Bad debt is an amount owed by a debtor that is unlikely to be received/realized and recognized as an expense in the books of accounts. Bad Debts recovered represents reversal of debits (i.e. bad debts) appearing in the profit and loss account of previous year(s). This basically represents an adjustment to the amount of an expense (i.e. bad debts) as estimated in an earlier year(s) in which it had already recorded as part of revenue from operations.</p> <p>Therefore, income on account of bad debts recovered shall not be part of ApGR for the purpose of computation of LF.</p>
h.	Excess Provisions written back	<p>Excess Provisions written back represent the reversal of excess provision made for any liability or expenses in any previous year. On settlement, this excess provision is written back into books of accounts as other income. This basically represents an adjustment 60 instead of actual revenue earned.</p> <p>Therefore, income on account of excess provisions written back shall not be part of ApGR for the purpose of computation of LF.</p>

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APPENDIX-II TO ANNEXURE-II

Format of Statement of Revenue and Licence Fee

_____ (Name and address of operator)

Mobile Number Portability in _____ (MNP Zone)

Statement of Revenue and Licence Fee for the Quarter
of the financial year.....

The Gross Revenue shall be inclusive of revenue from services, Porting fees, sale proceeds of any software & hardware items, revenue on account of interest, dividend, capital gains, value added services, supplementary services, access or interconnection charges, revenue from permissible sharing of infrastructure and any other miscellaneous revenue etc., without any set-off from related items of expense.

(Please note that mere mention of certain activities in this proforma does not explicitly permit the licensee such activities)

(AMOUNT IN RUPEES)

S.N.	PARTICULARS	ACTUALS FOR THE PREVIOUS QUARTER	ACTUALS FOR THE CURRENT QUARTER	CUMULATIVE UPTO THE CURRENT QUARTER.
1.	Revenue from services			
(i)	Revenue from Mobile Number Porting fees			
(ii)	Revenue from Bureau/ Outsourcing/ Support services			
2	Revenue from other services			
(i)	sale proceeds of any software items			
(ii)	sale proceeds of any hardware items			
(iii)	Charges on account of any value added services, Supplementary Services etc.			
(iv)	access or interconnection charges			
(v)	any other revenue			
3	Goods and Service Tax (GST)			
4	Service charges			
5	Income from investments			

nil

(i)	Interest income			
(ii)	Dividend income			
(iii)	Any other miscellaneous receipt from investments.			
6	Non-refundable deposits			
7	Revenue from franchisees /resellers including all commissions and discounts etc.			
8	Revenue from sharing/ leasing of infrastructure			
9	Revenue from Operations/Activities other than Telecom Operations/ Activities under a license from Ministry of Information and Broadcasting.			
10	Miscellaneous revenue			
AA	GROSS REVENUE OF THE LICENSEE COMPANY (1 to 10):			
BB	LESS			
1.	Revenue from operations other than telecom activities/ operations			
2.	Revenue from activities under a license from Ministry of Information and Broadcasting			
3.	Receipt from USO Fund			
4.	Items of 'Other Income' as listed in Annexure- VIII			
i.	Income from Dividend			
ii.	Income from Interest			
iii.	Capital Gains on account of profit of Sale of fixed assets and securities			

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iv.	Gains from Foreign Exchange rates fluctuations			
v.	Income from property rent			
vi.	Insurance claims			
vii.	Bad Debts recovered			
viii.	Excess Provisions written back			
BB	Total (1+2+3+4)			
CC	APPLICABLE GROSS REVENUE (ApGR) (AA-BB)			
DD	Deduct			
1	Goods and Service Tax actually paid to the Government			
DD	TOTAL DEDUCTIBLE REVENUE			
EE	ADJUSTED GROSS REVENUE (CC-DD)			
	REVENUE SHARE @ ----- ----- OF ADJUSTED GROSS REVENUE			

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