

WITHOUT PREJUDICE

Government of India
Ministry of Communications
Department of Telecommunications
Sanchar Bhawan, 20, Ashoka Road, New Delhi - 110 001
(Data Services Cell)

No. DS-11/287/2023-DS-IIP2
10-2024

Dated:09-

To,

The licensees as per Annexure-I(Attached)

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Show Cause Notice

Whereas, Licensees, have been granted a**UL Licenses as per details mentioned in Annexure-I(Attached)** by Department of Telecommunications (Licensor) and Licensees were required to provide the Internet services under the terms and conditions of the license and instructions issued by the Department/licensor from time to time.

2. Whereas relevant provisions of**Unified License** agreement regarding payment of license fee and submission of statement of revenue share & license fee as per the Conditions **No. 18.2.1, 20.4, 20.6 & 20.9** are as under:

Schedule: TERMS AND CONDITIONS, PART – I, Chapter III- Financial Conditions

18.2 License Fee

Condition No. 18.2.1: *In addition to the Entry Fee, an annual License fee as a percentage of Adjusted Gross Revenue (AGR) shall be paid by the Licensee service-area wise, for each authorized service from the effective date of the respective authorization. The License fee shall be 8% of the AGR, inclusive of USO Levy which is presently 5% of AGR.*

Provided that from Second Year of the effective date of respective authorization, the License fee shall be subject to a minimum of 10% of the Entry Fee of the respective authorized service and service area as in Annexure-II.

20. Schedule of payment of ANNUAL LICENSE FEE and other dues:

Condition No. 20.4: *License Fee shall be payable in four quarterly installments during each financial year (FY). Quarterly installment of license fee for the first three quarters of a financial year shall be paid within 15 days of the completion of the relevant quarter. The AGR based license Fee shall be paid by the Licensee on the basis of revenue on accrual basis for the quarter, duly certified with an affidavit by a representative of the Licensee who is authorized by the Board Resolution coupled with General Power of Attorney. However, for the last quarter of the financial year, the Licensee shall pay the License Fee by 25th March on the basis of expected revenue for the quarter, subject to a minimum payment equal to the revenue share paid for the previous quarter.*

Condition No. 20.6: *The quarterly payment shall be made with an affidavit as at Annexure-A of the respective Chapter of service authorization together with a STATEMENT OF REVENUE SHARE AND LICENSE FEE separately for each service and service area in the Proforma prescribed at Appendix-II to Annexure-A of the respective chapter of the service, showing the computation of revenue and License fee payable. The aforesaid quarterly STATEMENTS of each year shall be required to be audited by the Auditors (hereinafter called Licensee's Auditors) appointed by the Licensee under Section 224 of the Companies' Act, 2013. The report of the Auditor should be in the prescribed form as per Appendix-I to Annexure-A of the respective Chapter of service authorization.*

Condition No. 20.9: *A reconciliation between the figures appearing in the quarterly statements submitted in terms of the Condition 20.4 of the License Agreement with those appearing in annual accounts shall be submitted along with a copy of the published annual accounts audit report and duly audited quarterly statements within 7 (seven) Calendar days of the date of signing of the audit report. The annual financial account and the statement as prescribed above shall be prepared following the norms as prescribed in Annexure-B of the respective Chapter of service authorizations. The statements and accounts submitted shall be assessed and verified by the Licensor and through its units namely Offices of Controller of Communication Accounts in respective service areas, as may be notified from time to time.*

3. Whereas relevant provisions of **Unified License** agreement regarding Bank Guarantees as per the Conditions **No. 21.1, 21.2, 21.3 & 21.4** are as under:

Schedule: TERMS AND CONDITIONS, PART – I, Chapter III- Financial Conditions

21. Bank Guarantees

Condition No. 21.1 Performance Bank Guarantee: *Performance Bank Guarantee (PBG) in prescribed format at Annexure-III of this license agreement shall be submitted separately for each service and service area for the amount as per Annexure-II, subject to a maximum of Rs 44 Crore initially, before signing the License Agreement or subsequent authorization of service(s), as the case may be, valid for one year, from any scheduled bank or public financial institution duly authorized to issue such bank guarantee, to cover violation of license conditions and to ensure the performance under the license agreement including compliance of instructions issued by the Licensor from time to time. The PBGs shall be maintained and kept valid by the licensee during the entire currency of the license agreement. However, the Licensor may increase the value of PBGs whenever any demand is raised for non-compliance of terms and conditions of License/authorization to the extent it remains un-securitized by the existing PBGs, which shall be maintained till clearance of such demand by the licensee.*

Condition No. 21.2: Financial Bank Guarantee: *The Licensee shall submit Financial Bank Guarantee (FBG) separately for each service and service area for the amount as per Annexure-II, subject to a maximum of Rs 8.8 Crore initially before signing the License Agreement or subsequent authorization of service(s), as the case may be, valid for one year, from any Scheduled Bank or Public Financial Institution duly authorized to issue such Bank Guarantee, in the prescribed Proforma at Annexure IV of this license agreement. Subsequently, the amount of FBG shall be equivalent to 20% of the estimated sum payable (of License fee for two quarters and other dues not otherwise securitized). The amount of FBG shall be subject to periodic review on six monthly basis by the Licensor and shall be renewed from time to time.*

Condition No. 21.3: *Initially, the Bank Guarantees (FBG as well as PBG) shall be valid for a period of one year and shall be renewed from time to time. The Licensee, on its own, shall extend the validity period of the Bank Guarantees at least one month prior to date of its expiry without any demand or notice from the Licensor on year-to-year basis. Any failure to do so, shall amount to violation of the terms of the License and entitle the Licensor to encash the Bank Guarantees and to convert into a cash security without any reference to the Licensee at his risk and cost. No interest or compensation whatsoever shall be payable by the Licensor on such encashment.*

Condition No. 21.4: *Where the Bank Guarantees have been encashed partially, the licensee on such occasions, shall restore the encashed guarantees to the full amount. Any failure to do so shall amount to violation of the terms and conditions of the license.*

4. Whereas relevant provisions of **Unified License** agreement regarding **Penalty, Suspension, Surrender, Termination/Revocation of License of License** as per the condition **No. 10.2(i)** are as under:

Schedule: TERMS AND CONDITIONS, PART – I, Chapter III- General Conditions

10. Penalty, Suspension, Surrender, Termination/Revocation of License

Condition No. 10.2 (i): *The Licensor may, without prejudice to any other remedy available for the breach of any conditions of License, by a written notice to the Licensee at its registered office, terminate/revoke this License in whole or in part or any of the authorized service(s) under any of the following circumstances:*

If the Licensee:

- a. ***Fails to perform any obligation(s) under the License including timely payments of fee and other charges due to the Licensor, including securitization of dues;***

5. In this context, as reported by the concerned CCAs, the violations of the terms and conditions of the aforesaid **Unified License** are as followings:

a) Licensee has not paid License fee, submitted quarterly audited AGR statements and Annual audited Accounts.

AND/OR

b) Bank Guarantee(s) has(have) been encashed due to non-compliance of term and conditions of the License Agreement.

AND/OR

c) Licensee(s) have still not replenished the encashed Bank Guarantee(s)

The exact details of violations pertaining to each licensee has already been intimated to the licensees by concerned CCAs subsequent to which this notice has been issued .In case Licensee(s) require further more specific details, concerned CCAs may be contacted.

6. In consideration of the payment of Entry Fee, License Fee and due performance of all the terms and conditions mentioned in **UL License**, the Licensor (DoT) has granted the License License under Section 4 of the Indian Telegraph Act, 1885.

However, Licensee(s) has(have) not paid the license fee and/or failed to submit

the statement of revenue share & license fee/related documents and/or also not renewed/replenished the Bank Guarantee(s) after encashment of the same in due course, thereby, violating license conditions regarding license fee and FBG i.e., **18.2.1, 20.4, 20.6 & 20.9, 21.1 21.2, 21.3 & 21.4**

Moreover, continuing operations of the license without having any valid alive Bank Guarantee, you have violated the basic consideration for grant of license i.e., payment of License Fee since there is no security available to the Department of Telecom in case of default in payment of License Fee.

7. Therefore each of Licensee as listed in Annexure-I is called upon to show cause within 21 days from the date of receipt of this notice as to why **UL License** granted to Licensee should not be terminated for the violation of terms and conditions of UL License. In case no reply is received within stipulated time, it will be understood that respective **Licensee as listed in Annexure-I** has nothing to represent in this regard and action for termination of the license shall be taken accordingly.

Please acknowledge the receipt.

(R. K Meena)
Director (DS-II)
Email: dirids2-dot@nic.in

Copy to:

1. Sr. DDG (DGT), DoT Hq, New Delhi.
2. Sr. DDGs of Concerned LSA, with a request to make best efforts to have this show cause notice delivered to the Licensee.
3. DDG (LFP), DOT HQ, New Delhi.
4. Dy. CCA, O/o Concerned CCAs,

S.N.	Name, address of Licensee and email id, CIN No	Type of License and Service Area	License No and effective date
1.	M/s Mand Wireless Internet Services Pvt. Ltd C/o Bharat Petroleum, Mand, Jalandhar- Kapurthala Road, Jalandhar, Jalandhar, Punjab, India, 144001 nishant.jld@gmail.com U72900PB2021PTC053221	UL ISP Category 'C' for for Jalandhar SSA in Punjab SA	DS-11/303./2021-DS-III dated 01.10.2021