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The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

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Government Notifications

TELECOMMUNICATIONS REGULATORY COMMISSION OF SRI LANKA

THE Guidelines and Procedures for Issuing, Renewal, Transfer of Ownership, Modifications and Revocation of System Licenses issued under Section 17 and 18 of the Sri Lanka Telecommunications Act No. 25 of 1991 as amended.

The Guidelines and Procedures for issuing, renewal and modification of licenses under Section 17 and 18 of the Sri Lanka Telecommunications Act No. 25 of 1991 as amended published in *Gazette Extraordinary* No. 1435/20 of March 10, 2006 is hereby rescinded.

MADHUSHANKA DISSANAYAKE,
Director General,
Telecommunications Regulatory Commission of Sri Lanka.

Telecommunications Regulatory Commission of Sri Lanka,
276, Elvitigala Mawatha,
Colombo 08.
23rd October, 2023



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1. GENERAL

- 1.1. Telecommunications Regulatory Commission of Sri Lanka ('Commission') has been established under Sri Lanka Telecommunications Act No. 25 of 1991 as amended by the Act No. 27 of 1996 ('Act'). These Guidelines and procedures shall come into effect from 01.09.2024.
- 1.2. As per Section 17 (1) and subject to provisions of Section 20 of the Sri Lanka Telecommunications Act No. 25 of 1991 as amended by the Act No. 27 of 1996 (hereafter referred as the Act), no person shall operate a telecommunication system except under the authority of a Licence (hereafter referred as Licence) granted by the Minister in charge of telecommunication.
- 1.3. The information contained in this document is purely intended as a guideline to assist interested parties in events described in the document. It should not be relied on as a legal advice or regarded as a substitute for legal advice in specific cases. It is emphasized that for such purpose legislative provisions contained in the law should be referred.
- 1.4. This document does not bind the Commission to any particular course of action in relation to the handling of any application, or to the terms of any licence to be granted, or to grant any licence to any party. The Commission reserves the right to change its policies without prior notice.
- 1.5. Guidance and Information for the interested parties who wish to apply for a new Licence under Section 17 of the Act, are given in **Schedule 1**.
- 1.6. Guidance and Information for the Telecommunication Operators who already possess a Licence under Section 17 of the Act and wish to renew the Licence for another specified term are given in **Schedule 2**.
- 1.7. Guidance and Information for the Telecommunication operators who already possess a Licence and is so authorized and qualified to transfer ownership of the company, are given in **Schedule 3**.
- 1.8. Guidance and Information for the Telecommunication Operators who already possess a Licence under Section 17 of the Act and said Licence is to be modified as per Section 18 of the Act are given in **Schedule 4**.
- 1.9. The Procedure and conditions of revocation of Licence which are in force are given in **Schedule 5**.
- 1.10. These guidelines will be amended by the Commission without notice from time to time based on regulatory requirements and Commission will publish revised Licensing Guidelines on its official website (www.trc.gov.lk). All correspondences should be addressed in writing to following address and sent by post, e-mail or fax).

The Director General,
Telecommunications Regulatory Commission of Sri Lanka,
No. 276, Elvitigala Mawatha, Colombo 08.
Tel: +94-112689345
Fax: +94-112689341
E-mail: dgtsl@trc.gov.lk

2. SCHEDULE 1

SECTION A: ISSUANCE OF FACILITY BASED OPERATOR (FBO) LICENCES

2.1. GUIDELINES FOR APPLICATION FOR NEW LICENCES:

- 2.1.1. Schedule 1-Section-A provides Guidance and Information for the interested parties who wish to apply for a new Licence, issued under Section 17 of the Sri Lanka Telecommunications Act, No. 25 of 1991, as amended for Facility Based Operation of a Telecommunications system and provision of a telecommunication service(s).
- 2.1.2. The applicant shall be a company duly incorporated under Companies Act No. 07 of 2007. Name of the applying company, date and place of incorporation, business and registered address, contact telephone number, facsimile number, email address and name and designation of a contact person within applicant's organization should be provided.
- 2.1.3. An individual, a sole proprietorship, a partnership or any other person or classes of person as may be decided by the Commission from time to time will be ineligible to apply for Licence.
- 2.1.4. Detailed information should be given on corporate and shareholding structure including relationship with holding or associated companies clearly indicating the ultimate ownership, both direct and indirect. If the holding company is public entity, then details of the public listing should be provided.
- 2.1.5. Foreign shareholding direct or indirect shall be limited to maximum 40% (Forty Percent). The remaining 60% shall be owned by Resident Sri Lankan Citizen(s) or Sri Lankan Company duly incorporated under Companies Act No. 7 of 2007. However, these percentages may be reviewed by the Commission under special circumstances. Foreign entity shall invest in foreign currency directly equal to the percentage of ownership and no bank loan from any Sri Lankan Bank/Financial Institution/Leasing Company or any other entity can be raised for the foreign part of the investment.
- 2.1.6. Detailed composition of the Board of Directors and key management team inclusive of individual shareholders should also be provided.
- 2.1.7. The Licence mentioned in 1.2 will be issued by the Minister on the recommendation of the Commission. However, Minister shall have the power to reject such recommendations for reasons assigned and grant a Licence of his own discretion.
- 2.1.8. However the issuance of Licence for the operation of a telecommunication system, authorizing provision of a particular service in any market segment will depend on the regulatory requirement for such service in Sri Lanka and if such requirement does not exist Commission may reject any unsolicited application without being processed.
- 2.1.9. If Commission so decides due to policy and/or regulatory requirement to issue Licence/ Licences through market-oriented methodology, public notice may be published in national newspapers to call for applications from suitable Entities. In such case, Commission may reject any previous unsolicited Application/Applications submitted to the Commission and inform them accordingly.
- 2.1.10. Any interested party who wish to apply for a new Licence shall submit duly perfected S17-1-A application. Commission will ensure that the application form is duly completed, and all details are in order. A checklist attached to the application form has to be submitted by the applicants and submitted along with the application. When Commission receives the completed application form together with the relevant documents and appropriate processing fee, the Commission will refer the application for clearance from the Ministry of Defence. If security clearance is not granted by the Ministry of Defence the Application will be rejected.

- 2.1.11. However, if the Commission is of the opinion that the information provided by the applicant is insufficient to support the application, further information may be sought, and the processing of the application may be delayed.
- 2.1.12. In such circumstances, the Commission will direct the applicant to furnish requested information within four weeks of submission of the application. Failure to comply with this directive of the Commission may result in the applicant to be disqualified from this licensing process.
- 2.1.13. The Commission will assess the application as per described evaluation criteria in Schedule 1/Section-A (2.2), after verification of the documents submitted to check the eligibility of the applicant for the grant of Licence. The applicant at all times shall provide clear evidence in all aspects described in the evaluation criteria.
- 2.1.14. In addition to the application submitted, Commission may from time to time, during the evaluation, request the applicant to submit additional documents to facilitate the evaluation. However, if the applicant fails to submit the required documents within 30 days, the Applicant will be disqualified from the Licensing process. Further the applicant may be required to conduct presentation for further clarifications of their proposal.
- 2.1.15. As per the evaluation criteria described in Schedule1/Section-A (2.2), if scores more than 70%, the applicant will be eligible for the grant of Licence.
- 2.1.16. Before recommending to the Minister for the grant of Licence, Commission will publish information about the applicant on national newspapers inviting public comments, within thirty days from the date of publication with regard to issuance of Licence. A draft of the proposed Licence will be made available on Commission's official web site in full to be viewed by the public.
- 2.1.17. The Commission will consider any representation or objection duly made in response to the public notice. If an objection or representation to the application was made, the Commission may initiate an investigation depending the type of complaint. The applicant may be required to submit evidence during the investigation. If the Commission finds valid reasons, as a conclusion of the investigation for not granting the Licence, the applicant would be informed of decision of the Commission in writing.
- 2.1.18. The applicant will be advised to pay the necessary Licence fee within thirty days if Commission does not find valid reasons as conclusion of the investigation to justify the objections raised by the public. On the receipt of licensing fee within the prescribed period, the Commission will recommend to the Minister in charge of the subject to grant the licence. The Commission will publish the grant of the licence on its official web site. However, if the applicant fails to make the payment of Licence fee within prescribed period, applicant will be disqualified and Licence will not be granted and process will be terminated.
- 2.1.19. Assignment of Limited resources such as Radio Frequency Spectrum, Rights of Way, Numbering *etc.* will strictly be dependent on the availability and Issuance of Licence shall not confer any right to the operator to be assigned such resources. However, Commission at all times, may assign such resources in an objective, transparent and non-discriminatory manner. Such request for limited resources has to be made separately and not a part of the Licence.
- 2.1.20. The Commission will publish details about the company during and the end of the licensing process. Applicants should submit confidential information in a separate cover indicating it clearly on the documents as well. Applicants may be assured that all commercially sensitive information will remain strictly confidential.
- 2.1.21. Licensee shall be strictly required to get all other Licences/Approvals required for the operation and provision of telecommunication service, before commencement of such operation of the telecommunication system.

- 2.1.22. On submission of the Duly Perfected Application Form S17-1-A with all relevant details, the Applicant is required to make a processing fee of Rs. 300,000 payables to the Telecommunications Regulatory Commission of Sri Lanka. This fee is non-refundable regardless of whether an Applicant is successful or not in the licensing process. No application will be evaluated if relevant processing fee is not paid.
- 2.1.23. The Authorized representative of the company who is signing the declaration should initial each page of the application and project feasibility report. Submission of the application form and Project feasibility report additionally in the electronic format would be recommended.
- 2.1.24. Three copies of the completed application form and Project feasibility report together with processing fee should be submitted in an envelope clearly marked "Application for Telecommunication System Licence" addressed to:

The Director General,
Telecommunications Regulatory Commission of Sri Lanka,
No. 276, Elvitigala Mawatha, Colombo 08.
Tel: +94-112689345
Fax: +94-112689341
E-mail: dgtsl@trc.gov.lk

2.2. APPLICATION EVALUATION CRITERIA FOR NEW LICENCES (Facility Based)

- 2.2.1. The assessment of the application is based on the capabilities with regard to technical, financial, sales & marketing, customer service & protection and organizational and managerial aspects for proper operation of telecommunication system and provision of telecommunication services. This evaluation will be based on the feasibility report submitted with the S17-1-A Application Form.
- 2.2.2. Applicant should score minimum amount specified in each aspect/segment below and total score shall be more than 70% to become eligible for grant of Licence.

<i>No.</i>	<i>Evaluation Criteria</i>	<i>Marks</i>	<i>Minimum Required</i>
1	Technical	30	20
	1. Network Configuration 2. Capacity and Speed 3. Standards 4. Billing System 5. Use of Limited Resources 6. Sharing/Hiring 7. Network Expansion Plans for next 5 years 8. CPE standards		
2	Financial	30	20
	1. Capital and Funding Sources 2. Cash Flow/Investment Plan 3. Discounted Minimum Payback 4. Risk Analysis		
3	Sales and Marketing	15	10
	1. Expected Subscriber growth 2. Sales Plan 3. Advertising Plan 4. Dealer Network		

No.	Evaluation Criteria	Marks	Minimum Required
4	Customer Service & Protection	15	12
	1. CPE type 2. Maintenance of CPE 3. Service Level Agreement 4. Protection against Bankruptcy (Insurance etc) 5. Assurance of QoS		
5	Organizational & Managerial	10	8
	1. Organizational structure 2. New Employment 3. Previous Experience 4. Strategic Suppliers 5. Staffing and Training		

2.3. APPLICATION FORM

Form S17-1-A

EXPLANATORY NOTES (FORM S17-1-A)

- Before completing this application form, applicants should read Schedule 01/Section A of Licensing Guidelines and Procedures fully.
- All applicants should complete the application form (S17-1-A).
- The application must be completed fully in print or block capitals. If the requested information is not applicable to the proposed telecommunications system, please write N/A.
- Applicants should attach extra pages if given space is insufficient to provide the requested information. The information on extra pages should be presented clearly and numbered in accordance with this form. Any attached pages must be printed on A4-size papers.
- Applicants should initial and date any correction or alteration made the application form.
- Applicants are required to submit 3 copies of the application, including attachments and a Project feasibility report in the format specified in the guideline to,

The Director General,
Telecommunications Regulatory Commission of Sri Lanka,
No. 276, Elvitigala Mawatha, Colombo 08.
Tel: +94-112689345
Fax: +94-112689341
E-mail: dgtsl@trc.gov.lk

Form S17-1-A

Application Form for issuance of Telecommunication System Licence (Facility Based) under Section 17 of Sri Lanka Telecommunications Act No. 25 of 1991 as amended

1. CONTACT DETAILS OF THE APPLICANT: The authorized representative of the company (Applicant) shall provide the following information:

- 1.1. Full Name:
 - 1.2. Date of birth:
 - 1.3. National ID Number/Passport Number:
 - 1.4. Citizenship:
 - 1.5. Address (Permanent): Residence:
 - 1.6. Telephone Number: (Fixed): Mobile:
 - 1.7. Fax Number:
 - 1.8. E-Mail Address:
- Please check the Boxes (Tick ✓)
- Board resolution for authorization to Applicant

2. COMPANY PROFILE:

- 2.1. Registered Name of the Company:
- 2.2. Company Registration Number:
- 2.3. Date of Incorporation:
- 2.4. Registered Address:
- 2.5. Official Telephone Number of the Company:
- 2.6. Fax Number:
- 2.7. Email Address:
- 2.8. Official Website of the Company:
- 2.9. Detailed information on corporate and shareholding structure including relationship with holding or associated companies clearly indicating the ownership:
- 2.10 In case public company (including holding company) details of public listing:
- 2.11 Name and contact details of the Bank where business account is maintained:
- 2.12 Share capital (Class of Share, Number and Value of share in each class of shares)
- 2.13 If listed in Colombo Stock Exchange provide details of class of shares:
- 2.14 In case of partnership, provide details:
- 2.15 Detailed composition of Board of Directors and key management team with qualification and career history of Directors with details of individual shareholding if any (Resumes should be attached):
- 2.16 List of Activities Contracted out to other agencies and consultants:
- 2.17 List of Professional advisers of the Company: (Technical, Legal, Finance, Auditors)
- 2.18 Details of Telecommunication system Licences (Local or Foreign), currently held by company or affiliate:
- 2.19 Details of Revocation of such Licence or Refusal of application by authorized entity.
- 2.20 Please Annex following:
Articles of Association, Certificate of Incorporation, Latest Annual Return: Form 15 and other proof document in relation to above details provided

3. SHAREHOLDER DETAILS:

Details of all shareholders should be submitted in following format. (For each shareholder separate details should be provided)

- 3.1. Full Name:
- 3.2. Date of birth:

- 3.3. National ID Number/Passport Number:
- 3.4. Citizenship:
- 3.5. Address (Permanent): Residence:
- 3.6. Telephone Number: (Fixed): Mobile:
- 3.7. Fax Number:
- 3.8. E-Mail Address:
- 3.9. Percentage of shares:
- 3.10. Date of shares issued:
(Share Certificates should be attached)
- 3.11. Details of companies previously owned which has gone into liquidation:
- 3.12. Details of any application for Telecommunication System Licence submitted by previously owned company which was refused by an authorized entity in any Country:
- 3.13. Details of any Telecommunication Licence possessed by any previously owned company which is revoked by an authorized entity in any Country:
- 3.14. Any other business interests:

4. PROJECT FEASIBILITY REPORT

A comprehensive project feasibility report shall be submitted with this application. Report should include the Technical, Financial, Sales & Marketing, Customer Service & protection, Organizational and Managerial Capabilities and Skills of the applicant's company to establish, operate and maintain the telecommunication system to acceptable standards and provide service to an acceptable quality of Service for which Licence is being applied. The feasibility report shall be prepared as per instructions given in Section 2.4 of the Licensing Guideline. The information provided in the Project feasibility report will be taken into account when application is evaluated.

5. DECLARATION

I hereby certify that the information provided in this application form and anything of that sort in the feasibility report are true & correct in all respects. I hereby give undertaking that upon grant of the Licence, I shall abide by the provisions of Sri Lanka Telecommunications Act No. 25 of 1991 as amended by Act No. 27 of 1996, any Rules, Orders, Determinations, made by Commission thereunder and all provisions and terms and conditions of the Licence. I have no objection for the revocation of Licence if found that Licence has been issued based on incorrect information and also in violation of any of conditions illustrated in the Revocation Section of the Licence.

Signature of Authorized Representative of the Company:

Date: ...

Application Checklist

(a) *Application Requirements:*

- 1. Is the application-processing fee of Rs.300,000 included? **Yes/ No**
- 2. Are Section 1, 2, 3,4, & 5 of the Application completed as appropriate? **Yes/ No**
- 3. Has Project feasibility report as described in item 4 of the Application been submitted? **Yes/ No**
- 4. Has the declaration in Section 5 been signed by Authorized representative of the Company? **Yes/ No**
- 5. Have 3 copies of the application been submitted, including attachments and Project feasibility report? **Yes/ No**
- 6. A copy of National Identity Card/ relevant pages of the Passport of the Authorized representative of the Company - **Yes/ No**
- 7. A copy of Board Resolution to appoint the Authorized representative to submit application: **Yes/ No**
- 8. Submission of Company Documents: **(Yes/No)**
Articles of Association, Certificate of Incorporation, Latest Annual Return: Form 15 Other relevant forms submitted.

9. Copies of National Identity Cards/ relevant pages of the Passports, Resumes of the Chief Executive Officer, Directors and Shareholders and other relevant documents to their conduct. **Yes/ No**
10. Copies of share certificates & other relevant documents. **Yes/ No**

2.4. GUIDELINES FOR PREPARATION OF PROJECT FEASIBILITY REPORT

This Section includes the Guideline for the preparation of Technical Feasibility Report required under Section 4 of Application Form S17-1-A.

This report should consist of separate detailed chapters for Technical, Financial, Sales Marketing, Customer Services & Protection of the project and the Managerial Structure proposed to implement, operate and provide requested telecommunication services.

2.4.1. TECHNICAL PROPOSAL

2.4.1.1. Telecommunication System Network Details

- a) Detailed Network Diagram including Core/Backbone (including locations of switches), Backhaul (Routes), Access/OLP, all Points of Presence, interconnection Points and any other components falling within the telecommunication system definition.
- b) Applicant should provide details and configuration of Points of Interconnection with other connectable Operators including Local and International Gateway, with regard to interface requirements standards, capacity, signaling, transmission, synchronization, interoperability, diversity plans or any technical aspect.
- c) Specify achievable speeds and capacity along with the network diagram in each segment and should indicate all the technologies with justification used in each segment with relevant transmission media. Details of contention ratios in relevant segments.
- d) Description of Network Technical standards complied in each segment of the Network including installation standards.
- e) Proposed Billing System, Billing standards followed and Measures to prove the Billing System Accuracy.
- f) Detailed requirement of Radio Frequency Spectrum with proper justification in each required network segments with analysis of spectrum efficiency and other alternatives. However, Radio Frequency Spectrum is not a part of this Licence, and a separate request should be made after grant of Licence and Commission may assign such spectrum as per availability.
- g) Detailed requirement of other Limited Resources such as Numbering and Rights of Way etc.
- h) Any infrastructure proposed to be leased/hired/rented from third parties in provision of services.
- i) Any infrastructure to be leased/hired/rented to third parties.
- j) Detailed map of Geographic Network Coverage and yearly expansion plan for next five years.
- k) Technical Specification of all Terminal Apparatus (Customer Premises Equipment) to be used with the network described in 2.4.1.1 should be given. Further, details of operation, available Interfaces, and capabilities should be described. Manufacturing cost and Price for the customer also should be specified. Also, possibility of local manufacturing of such CPEs also should be

indicated. Any Telecommunication Apparatus other than terminal apparatus to be connected to system with proper justification.

In addition to the above, following details should be given,

2.4.1.2. Network Management Details

- a) Detailed plans of Signaling, Routing (Diversity), Synchronization, Interoperability and other network operational requirements.
- b) Details of Network Management and policies to be adopted to optimize overall network efficiencies.
- c) Expected date of commencement of operations, implementation schedule and growth plan.

2.4.1.3. Description of the Proposed Services

- a) Detailed description of each of the proposed Service / Market Segment:
- b) Cross Elasticity analysis with exiting Services already in operation and anticipated industry impacts:
- c) Account Separation Methodologies:
- d) Quality of Services Parameters with regard to Service Availability, Accessibility, Retainability and Integrity and any other International benchmark.
- e) Proposed Service Level Agreement (SLA) for the customers.
- f) Target Customer Base with description of specific market segments
- g) Measures to be adopted for provision of Universal Service obligation and Emergency Service.
- h) Details of directory information services offered to the public (where appropriate).

2.4.1.4. Environmental Policy

The Applicant should submit an environmental policy and plan which will Consider:

- a) Minimization of waste product pollutants during normal operations.
- b) Minimization of radio frequency radiation and Electro-Magnetic Compatibility (EMC) effects to other telecommunication systems.
- c) Appropriate disposal of hazardous redundant materials.
- d) Maximum use of recyclable materials.
- e) Preservation of natural beauty.
- f) Use of power efficient equipment.
- g) Other steps towards the preserving the natural environment.

2.4.2. FINANCIAL PROPOSAL

2.4.2.1. Proposed Capital and Funding Plans

Following details should be supplemented with proper proof documents from acceptable Financial Institutions.

- a) Details of the proposed Capital and funding plans for the operation, including:
- b) A comprehensive description of its proposed Capital structure including owners' equity and liabilities. Initial debt equity ratio should be maintained below 2.0.
- c) Sources of funding and the amounts from each source (Owners' equity, Loan, Sale of company Shares, Debentures etc).
- d) Timing of funding.
- e) Provisions made for contingent sources of funds.
- f) Repayment terms and schedule for loans and debentures.
- g) Capital and Operational expenditure (Cap Ex and Op Ex) forecast on a quarterly basis for the discounted payback period of the project.
- h) Past performance of the company with regards to items (a) to (f) above (if applicable)
- i) The applicant should submit relevant documentary evidence such as letters of intent, guarantor letters to substantiate the business, financial and funding plans and credit facilities.

2.4.2.2. Proposed Financial and Investment Plan

- a) Details of the proposed financial plan for next 10 years and the discounted payback period should be less than 10 years:
- b) Projected profit and loss accounts, balance sheets and cash flow statements. The profit and loss accounts, balance sheets and cash flow statements should be prepared in accordance with the Sri Lanka Accounting Standards. All assumptions made such as asset depreciation policies, subscriber projections, annual variations in operating expenditure etc. should be clearly explained.
- c) Forecasts of the relevant financial metrics including, Cash Flow, Internal Rate of Return (IRR), Discounted Payback Period of the investment. Further, Net Present Value (NPV) details should be indicated. Anticipated time frame should be clearly indicated for the project to be profitable.
- d) Projected financial ratios including return on capital employed, Return on Assets, Operating Profit Margin, Net Profit Margin, Capital Investment Ratio, Current Ratio, and Debt-Equity ratio. The formula used in computing each ratio should also be provided.
- e) Past performance of the company with regards to items (a) to (d) above (if applicable).
- f) Risk Analysis/Control & Limits and strategies:
 - a. Market Risks
 - b. Liquidation Risk
 - c. Insolvency Risk

- g) Measurements and strategies employed to increase Company's
 - a) Allocative Efficiency
 - b) Dynamic Efficiency
 - c) x-Efficiency
 - d) Productive Efficiency

2.4.3. SALES AND MARKETING

- a) Expected subscriber growth in each geographical areas and strategies employed for acquisition and brief description of the tariff requirement.
- b) A comprehensive sales plan of the services including main target of the markets (*e.g.* wholesale or retail, residential or business) including vertical segments of the business and Marketing Methodologies employed. The Expenses and description of the forecasted annual sales budget should be described.
- c) A comprehensive marketing plan including marketing media *e.g.* direct marketing, billboards, magazines and newspapers, TV and radio etc.
- d) Research and development plan for identification of other customer needs.
- e) Description of Dealer Network and Agreements including Areas of operation (Dealer Agreement should be attached).
- f) Description of any part of such operation outsourced to third parties.
- g) Other trading activities of the Company in and outside the telecommunication market and arrangements made to ensure no cross-subsidization between the applicants.
 - Wholesale and retail activities.
 - Telecommunication and non-telecommunication activities.
 - Telecommunication equipment production or supply.
 - Other telecommunication activities.

2.4.4. CUSTOMER SERVICE & PROTECTION

- a) Details of CPE provided to customer:
- b) Maintenance of CPE:
- c) Service Level Agreement Details with customers (Attach a copy):
- d) Complaint Handling Methodology/ Minimum Fault Clearance Time:
- e) Customer Protection against bankruptcy (Insurance cover etc):
- f) Quality of Service Complaints handling:
- g) Assurance of Billing accuracy:
- h) Transparency in terms and conditions and proposed tariff of service:

2.4.5. ORGANIZATIONAL MANAGEMENT

2.4.5.1. Proposed Organizational Structure

- a) Organizational structure of the company, description of each division including staffing and training.
- b) Number of new employments generated yearly in Technical, Sales & Marketing, Finance, Legal & other in Senior, Middle and Junior Levels for next 5 years.
- c) Brief resumes of the proposed senior management team members, at least giving educational & professional qualifications and career history.
- d) Specific experience of senior management team members relevant to establishing and managing the telecommunication network applied.

2.4.5.2. Strategic Suppliers

- a) The Applicant should give details and describe roles of all proposed strategic suppliers during network construction and post-service-launch operation to ensure its success. The details should include:
 - Name and type of business.
 - Capabilities and projects involved in Local and International Domain
 - Description of intended type of commercial relationship and authorizing policies.

2.4.5.3. Third Party Involvement

- a) Description of third parties involved in the operation of system and services within its value chain such as Distribution Channels, Service Offering, Back Office, Value Added Services, Core Network and Access Network /OLP.

2.4.6. IN ADDITION TO THE ABOVE INFORMATION, APPLICANT SHALL ALSO SUBMIT AN IMPACT ANALYSIS DETAILS CONTAINING FOLLOWING:

- a) How the applicant's operation will benefit/impact the country generally and telecommunication industry specifically.
- b) Strategies to be employed to compete effectively in the telecommunication Industry.
- c) Economic and market study on the potential demand for the activity being proposed and projected market share that applicant expects to achieve in next 10 years.
- d) Details of technological innovations to be utilized in the provision of service and carrying out activity.
- e) details of initiatives towards sharing of infrastructure.
- f) Any other information

2.5. DECLARATION

The Applicant will be required to sign a declaration in the Application Form S17-1-A, confirming the accuracy of the information furnished therein and such sort of information declared herein in the feasibility Report submitted along with the Application Form.

Schedule 1

SECTION-B: ISSUANCE OF SERVICE BASED OPERATOR (SBO) LICENCES

2.6 GUIDELINES FOR APPLICATION FOR NEW LICENSES:

- 2.6.1 Schedule 1-Section-B provides Guidance and Information for the interested parties who wish to apply for a new Licence, issued under Section 17 of the Sri Lanka Telecommunications Act, No. 25 of 1991, as amended for Service Based Operation (SBO) of a Telecommunications system and provision of a telecommunication service(s).
- 2.6.2 Service Based Operators (SBO) will not be entitled for scarce resources such as radio frequency spectrum, Rights of Way, Numbering etc. They are required to lease transmission facilities from Facility Based Operators (FBO), Licensed by the Commission to establish and operate the network and provide their own Telecommunication services to the public.
- 2.6.3 The applicant shall be a company duly incorporated under Companies Act, No 07 of 2007. Name of the applying company, date and place of incorporation, business and registered address, contact telephone number, facsimile number, email address and name and designation of a contact person within applicant's organization should be provided.
- 2.6.4 An individual, a sole proprietorship, a partnership or any other person or classes of person as may be decided by the Commission from time to time will not be eligible to apply for Licence.
- 2.6.5 Detailed information should be given on corporate and shareholding structure including relationship with holding or associated companies clearly indicating the ultimate ownership, both direct and indirect. If the holding company is public entity, then details of the public listing should be provided.
- 2.6.6 Foreign shareholding direct or indirect shall be limited to maximum 40% (Forty Percent). The remaining 60% shall be owned by Resident Sri Lankan Citizen(s) or Sri Lankan Company duly incorporated under Companies Act, No. 7 of 2007. However, these percentages may be reviewed by the Commission under special circumstances. Foreign entity shall invest in foreign currency directly equal to the percentage of ownership and no bank loan from any Sri Lankan Bank/Financial Institution/Leasing Company or any other entity can be raised for the foreign part of the investment.
- 2.6.7 Detailed composition of the Board of Directors and key management team inclusive of individual shareholders should also be provided.
- 2.6.8 The Licence mentioned in 1.2 will be issued by the Minister on the recommendation of the Commission. However, Minister shall have the power to reject such recommendations for reasons assigned and grant a Licence of his own discretion.
- 2.6.9 However the issuance of Licence for the operation of a telecommunication system, authorizing provision of a particular service in any market segment will depend on the regulatory requirement for such service in Sri Lanka and if such requirement does not exist Commission may reject any unsolicited application without being processed.
- 2.6.10 If Commission so decides due to policy and/or regulatory requirement to issue Licence/Licences through market-oriented methodology, public notice may be published in national newspapers to call for applications from suitable Entities. In such case, Commission may reject any previous unsolicited Application/Applications submitted to the Commission and inform them accordingly.
- 2.6.11 Any interested party who wish to apply for a new Licence shall submit duly perfected S17-1-B application. Commission will ensure that the application form is duly completed, and all details are in

order. A checklist attached to the application form has to be submitted by the applicant and submitted along with the application. When Commission receives the completed application form together with the relevant documents and appropriate processing fee, the Commission will refer the application for clearance from the Ministry of Defence. If security clearance is not granted by the Ministry of Defence the Application will be rejected.

- 2.6.12 If the Commission is of the opinion that the information provided by the applicant is insufficient to support the application, further information may be sought, and the processing of the application may be delayed.
- 2.6.13 In such circumstances, the Commission will direct the applicant to furnish requested information within four weeks of submission of the application. Failure to comply with this directive of the Commission may result in the applicant to be disqualified from this licensing process.
- 2.6.14 The Commission will assess the application as per described evaluation criteria in Schedule1/Section-B (2.7), after verification of the documents submitted to check the eligibility of the applicant for the grant of Licence. The applicant at all times shall provide clear evidence in all aspects described in the evaluation criteria.
- 2.6.15 In addition to the application submitted, Commission may from time to time, during the evaluation, request the applicant to submit additional documents to facilitate the evaluation. However, if the applicant fails to submit the required documents within 30 days, the Applicant will be disqualified from the Licensing process. Further the applicant may be required to conduct presentation for further clarifications of their proposal.
- 2.6.16 As per the evaluation criteria described in Schedule1/ Section-B (2.7), if scores more than 50%, the applicant will be eligible for the grant of Licence.
- 2.6.17 Before recommending to the Minister for the grant of Licence, Commission will publish information about the applicant on national newspapers inviting public comments, within thirty days from the date of publication with regard to issuance of Licence. A draft of the proposed Licence will be made available on Commission's official web site in full to be viewed by the public.
- 2.6.18 The Commission will consider any representation or objection duly made in response to the public notice. If an objection or representation to the application was made, the Commission may initiate an investigation depending on the type of complaint. The applicant may be required to submit evidence during the investigation. If the Commission finds valid reasons, as a conclusion of the investigation for not granting the Licence, the applicant would be informed of decision of the Commission in writing.
- 2.6.19 The applicant will be advised to pay the necessary Licence fee within thirty days if Commission does not find valid reasons as conclusion of the investigation to justify the objections raised by the public. On the receipt of licensing fee within the specified period, the Commission will recommend to the Minister in charge of the subject to grant the Licence. The Commission will publish the grant of the Licence on its official web site. However, if the applicant fails to make the payment of Licence fee within specified period, applicant will be disqualified and Licence will not be granted and process will be terminated.
- 2.6.20 The Commission will publish details about the company during and the end of the licensing process. Applicants should submit confidential information in a separate cover indicating it clearly on the documents as well. Applicants may be assured that all commercially sensitive information will remain strictly confidential.
- 2.6.21 Licensee shall be strictly required to get all other Licences/Approvals required for the operation and provision of telecommunication service, before commencement of such operation of the telecommunication system.

- 2.6.22 On submission of the Duly Perfected Application Form S17-1-B with all relevant details, the Applicant is required to make a processing fee of Rs. 200,000 payables to the "Telecommunications Regulatory Commission of Sri Lanka". This fee is non-refundable regardless of whether an Applicant is successful or not in the licensing process. No application will be evaluated if relevant processing fee is not paid.
- 2.6.23 The Authorized representative of the company who is signing the declaration should initial each page of the application and project feasibility report. Submission of the application form and Project feasibility report additionally in the electronic format would be recommended.
- 2.6.24 Three copies of the completed application form and Project feasibility report together with processing fee should be submitted in an envelope clearly marked "Application for Telecommunication System Licence (Service Based)" addressed to:

The Director General,
 Telecommunications Regulatory Commission of Sri Lanka,
 No 276, Elvitigala Mawatha, Colombo 08.
 Tel: +94-112689345
 Fax: +94-112689341
 E-mail: dgtsl@trc.gov.lk

2.7 APPLICATION EVALUATION CRITERIA FOR NEW LICENCES (Service Based)

- 2.7.1 The assessment of the application is based on the capabilities with regard to technical, financial, sales & marketing, customer service & protection and organizational and managerial aspects for proper operation of telecommunication system and provision of telecommunication services. This evaluation will be based on the feasibility report submitted with the S17-1-B Application Form.
- 2.7.2 Applicant should score minimum amount specified in each aspect/segment below and total score shall be more than 50 % to become eligible for grant of Licence.

No.	Evaluation Criteria	Marks	Minimum Required
1	Technical	30	15
	1. Network Configuration 2. Capacity and Speed 3. Billing System 4. CPE standards		
2	Financial	30	15
	1. Capital and Funding Sources 2. Cash Flow/Investment Plan 3. Discounted Minimum Payback 4. Risk Analysis		
3	Sales and Marketing	15	5
	1. Expected Subscriber growth 2. Sales Plan 3. Advertising Plan 4. Dealer Network		

No.	Evaluation Criteria	Marks	Minimum Required
4	Customer Service & Protection	15	10
	<ol style="list-style-type: none"> 1. CPE type 2. Maintenance of CPE 3. Service Level Agreement 4. Protection against Bankruptcy (Insurance etc) 5. Assurance of end to end QoS 		
5	Organizational & Managerial	10	5
	<ol style="list-style-type: none"> 1. Organizational structure 2. New Employment 3. Previous Experience 4. Strategic Suppliers 5. Staffing and Training 		

2.8 APPLICATION FORM

Form S17-1-B

EXPLANATORY NOTES (FORM S17-1-B)

- Before completing this application form, applicants should read Schedule 01/Section B of Licensing Guidelines and Procedures fully.
- All applicants should complete the application form (S17-1-B).
- The application must be completed fully in print or block capitals. If the requested information is not applicable to the proposed telecommunications system, please write N/A.
- Applicants should attach extra pages if given space is insufficient to provide the requested information. The information on extra pages should be presented clearly and numbered in accordance with this form. Any attached pages must be printed on A4-size papers.
- Applicants should initial and date any correction or alteration made the application form.
- Applicants are required to submit 3 copies of the application, including attachments and a Project feasibility report in the format specified in the guideline to

The Director General,
Telecommunications Regulatory Commission of Sri Lanka,
No 276, Elvitigala Mawatha, Colombo 08.
Tel: +94-112689345
Fax: +94-112689341
E-mail: dgtsl@trc.gov.lk

Form S17-1-B

Application Form for issuance of Telecommunication System Licence (Service Based) under Section 17 of Sri Lanka Telecommunications Act, No. 25 of 1991 as amended

1. CONTACT DETAILS OF THE APPLICANT: The authorized representative of the company (Applicant) shall provide the following information:

- 1.1. Full Name:
 - 1.2. Date of birth:
 - 1.3. National ID Number/Passport Number:
 - 1.4. Citizenship:
 - 1.5. Address (Permanent): Residence:
 - 1.6. Telephone Number: (Fixed): Mobile:
 - 1.7. Fax Number:
 - 1.8. E-Mail Address:
- Please check the Boxes (Tick ✓)
- Board resolution for authorization to Applicant

2. COMPANY PROFILE:

- 2.1. Registered Name of the Company:
- 2.2. Company Registration Number:
- 2.3. Date of Incorporation:
- 2.4. Registered Address:
- 2.5. Official Telephone Number of the Company:
- 2.6. Fax Number:
- 2.7. Email Address:
- 2.8. Official Website of the Company:
- 2.9. Detailed information on corporate and shareholding structure including relationship with holding or associated companies clearly indicating the ownership:
- 2.10. In case public company (including holding company) details of public listing:
- 2.11. Name and contact details of the Bank where business account is maintained:
- 2.12. Share capital (Class of Share, Number and Value of share in each class of shares)
- 2.13. If listed in Colombo Stock Exchange provide details of class of shares:
- 2.14. In case of partnership, provide details:
- 2.15. Detailed composition of Board of Directors and key management team with qualification and career history of Directors with details of individual shareholding if any (Resumes should be attached):
- 2.16. List of Activities Contracted out to other agencies and consultants:
- 2.17. List of Professional advisers of the Company: (Technical, Legal, Finance, Auditors).
- 2.18. Details of Telecommunication system Licences (Local or Foreign), currently held by company or affiliate:
- 2.19. Details of Revocation of such Licence or Refusal of application by authorized entity:

Please Annex following:

Articles of Association, Certificate of Incorporation, Latest Annual Return: Form 15 and other proof document in relation to above details provided

3. SHAREHOLDER DETAILS:

Details of all shareholders should be submitted in following format. (For each shareholder separate details should be provided)

- a) Full Name:
- b) Date of birth:
- c) National ID Number/Passport Number:

- d) Citizenship:
 e) Address (Permanent): Residence:
 f) Telephone Number: (Fixed): Mobile:
 g) Fax Number:
 h) E-Mail Address:
 i) Percentage of shares:
 j) Date of shares issued:
 (Share Certificates should be attached)
 k) Details of companies previously owned which has gone into liquidation:
 l) Details of any application for Telecommunication Licence submitted by previously owned company which was refused by an authorized entity in any Country:
 m) Details of any Telecommunication Licence possessed by any previously owned company which is revoked by an authorized entity in any Country:
 n) Any other business interests:

4. PROJECT FEASIBILITY REPORT

A comprehensive project feasibility report shall be submitted with this application. Report should include the Technical, Financial, Sales & Marketing, Customer Service & protection, Organizational and Managerial Capabilities and Skills of the applicant's company to establish, operate and maintain the telecommunication system to acceptable standards and provide service to an acceptable quality of Service for which Licence is being applied. The feasibility report shall be prepared as per instructions given in Section 2.9 of the Licensing Guideline. The information provided in the Project feasibility report will be taken into account when application is evaluated.

5. DECLARATION

I hereby certify that the information provided in this application form and anything of that sort in the feasibility report are true & correct in all respects. I hereby give undertaking that upon grant of the Licence, I shall abide by the provisions of Sri Lanka Telecommunications Act No. 25 of 1991 as amended by Act No. 27 of 1996, any Rules, Orders, Determinations, made by Commission thereunder and all provisions and terms and conditions of the Licence. I have no objection for the revocation of Licence if found that Licence has been issued based on incorrect information and also in violation of any of conditions illustrated in the Revocation Section of the Licence.

Signature of Authorized Representative of the Company:

Date:.....

Application Checklist

(a) Application Requirements:

1. Is the application-processing fee of Rs.200, 000 included? **Yes/ No**
2. Are Section 1, 2, 3 ,4, & 5 of the Application completed as appropriate? **Yes/ No**
3. Has Project feasibility report as described in item 4 of the Application been submitted? **Yes/ No**
4. Has the declaration in Section 5 been signed by Authorized representative of the Company? **Yes/ No**
5. Have 3 copies of the application been submitted, including attachments and Project feasibility report? **Yes/ No**
6. A copy of National Identity Card/ relevant pages of the Passport of the Authorized representative of the Company. **Yes/ No**
7. A copy of Board Resolution to appoint the Authorized representative to submit application: **Yes/ No**
8. Submission of Company Documents: **Yes/No**
Articles of Association, Certificate of Incorporation, Latest Annual Return: Form 15 Other relevant forms submitted.

9. Copies of National Identity Cards/ relevant pages of the Passports, Resumes of the Chief Executive Officer, Directors and Shareholders and other relevant documents to their conduct. **Yes/ No**
10. Copies of share certificates & other relevant documents. **Yes/ No**

2.9 GUIDELINES FOR PREPARATION OF PROJECT FEASIBILITY REPORT (Service based)

This Section includes the Guidelines for the preparation of Technical Feasibility Report required under Section 4 of Application Form S17-1-B.

This report should consist of separate detailed chapters for Technical, Financial, Sales Marketing, Customer Services & protection of the project and the Managerial Structure proposed to implement, operate and provide requested telecommunication services.

2.9.1 TECHNICAL PROPOSAL

2.9.1.1 Telecommunication System Network Details

- a) Detailed Network Diagram including Core/Backbone (including locations of switches), Backhaul(Routes), Access/OLP, all Points of Presence, Interconnection Points including Gateway and any other components falling within the telecommunication system definition including Details and type of agreements with the all Facility Based Operators(FBO) who provides each network components in the system. Letters of consents and retail/wholesale tariff agreed for provision of facilities should be explained.
- b) Specify achievable speeds and capacity along with the network diagram with confirmation from the Facility Based Operator (FBO).
- c) Proposed Billing System, Billing standards followed and Measures to prove the Billing System Accuracy.
- d) Technical Specification of all Terminal Apparatus (Customer Premises Equipment) to be used with the network described in 2.9.1.1 should be given. Further, details of operation, available Interfaces, and capabilities should be described. Cost of the Apparatus Manufactures and Price for the customer also should be specified.

Any Telecommunication Apparatus other than terminal apparatus to be connected to system with proper justification.
- e) Details of Network Management and policies to be adopted to optimize overall network efficiencies.
- f) Expected date of commencement of operations, implementation schedule and growth plan.

2.9.1.2. Description of the Proposed Services

- a) Detailed description of each of the proposed Service / Market Segment:
- b) Cross Elasticity analysis with exiting Services already in operation and anticipated industry impacts:
- c) Possibility of Account Separation (If more than 1 service):
- d) Quality of Services Parameters with regard to Service Availability, Accessibility, Retainability and Integrity:
- e) Proposed Service Level Agreement (SLA) for the customer:
- f) Target Customer Base:

- g) Measures to be adopted for provision of Universal Service obligation and Emergency Service:
- h) Details of directory information services offered to the public (where appropriate):

2.9.2 FINANCIAL PROPOSAL

2.9.2.1 Proposed Capital and Funding Plans

Details of the proposed Capital and funding plans for the operation, including:

- a) A comprehensive description of its proposed Capital structure including owners' equity and liabilities. Initial debt equity ratio should be maintained below 2.0.
- b) Sources of funding and the amounts from each source (Owners' equity, Loan, Sale of company Shares, Debentures *etc.*).
- c) Timing of funding.
- d) Provisions made for contingent sources of funds.
- e) Repayment terms and schedule for loans and debentures.
- f) Capital and Operational expenditure (Cap Ex and Op Ex) forecast on a quarterly basis for the discounted payback period of the project.
- g) Past performance of the company with regards to items (a) to (f) above (if applicable).

The applicant should submit relevant documentary evidence such as letters of intent, guarantor letters to substantiate the business, financial and funding plans and credit facilities.

2.9.2.2 Proposed Financial and Investment Plan

Details of the proposed financial plan for next 10 years and the discounted payback period should be less than 10 years:

- a) Projected profit and loss accounts, balance sheets and cash flow statements. The profit and loss accounts, balance sheets and cash flow statements should be prepared in accordance with the Sri Lanka Accounting Standards. All assumptions made such as asset depreciation policies, subscriber projections, annual variations in operating expenditure *etc.* should be clearly explained.
- b) Forecasts of the relevant financial metrics including, Cash Flow, Internal Rate of Return (IRR), Discounted Payback Period of the investment. Further, Net Present Value (NPV) details should be indicated. Anticipated time frame should be clearly indicated for the project to be profitable.
- c) Projected financial ratios including return on capital employed, Return on Assets, Operating Profit Margin, Net Profit Margin, Capital Investment Ratio, Current Ratio, and Debt-Equity ratio. The formula used in computing each ratio should also be provided.
- d) Past performance of the company with regards to items (a) to (c) above (if applicable).
- e) Risk Analysis/Control & Limits and strategies:
 1. Market Risks
 2. Liquidation Risk
 3. Insolvency Risk

2.9.3 SALES AND MARKETING

- (a) Expected subscriber growth in each geographical area and strategies employed for acquisition and brief description of tariff requirement.
- (b) A comprehensive sales plan of the services including main target of the markets (e.g. wholesale or retail, residential or business) including vertical segments of the business and Marketing Methodologies employed. The Expenses and description of the forecasted annual sales budget should be described.
- (c) Description of Dealer Network and Agreements including Areas of operation (Dealer Agreement should be attached) (if available)
- (d) Description of any part of such operation outsourced to third parties.
- (e) Other trading activities of the Company in and outside the telecommunications market and arrangements made to ensure no cross-subsidization between parties.
 - * Wholesale and retail activities.
 - * Telecommunication and non-telecommunication activities.
 - * Telecommunication equipment production or supply.
 - * Other telecommunication activities.

2.9.4. CUSTOMER SERVICE & PROTECTION

- a) Details of CPE provided to customer:
- b) Maintenance of CPE:
- c) Service Level Agreement Details with customers (Attach a copy):
- d) Complaint Handling Methodology/ Minimum Fault Clearance Time:
- e) Customer Protection against bankruptcy (Insurance cover *etc*):
- f) Quality of Service Complaints handling:
- g) Assurance of Billing accuracy:
- h) Transparency in terms and conditions and tariff of service:

2.9.5 ORGANIZATIONAL MANAGEMENT

2.9.5.1 Proposed Organizational Structure

- a) Organizational structure of the company, description of each division including staffing and training.
- b) Number of new employments generated yearly in Technical, Sales & Marketing, Finance, Legal & other in Senior, Middle and Junior Levels for next 5 years.
- c) Brief resumes of the proposed senior management team members, at least giving educational & professional qualifications and career history for the past ten years.
- d) Specific experience of senior management team members relevant to establishing and managing the telecommunication network applied.

2.10. DECLARATION

The Applicant will be required to sign a declaration in the Application form S17-1-B, confirming the accuracy of the information furnished therein and such sort of information declared herein in the feasibility Report submitted along with the Application Form.

03. SCHEDULE 2

SECTION A: RENEWAL OF FACILITY BASED OPERATOR LICENCES

3.1. The Guidelines for the Renewal of Facility based operator Licences issued under Sri Lanka Telecommunications Act No. 25 of 1991 as amended

- 3.1.1 Schedule 2/Section A provides guidance and information for the Telecommunications Operators who wish to apply for renewal of Facility Based Operator Licence issued under Section 17 of the Sri Lanka Telecommunications Act, No. 25 of 1991, as amended, to operate a Telecommunications system and provide a telecommunication service(s).
- 3.1.2 The application for renewal should be submitted to TRCSL nine months before expiry of License. If application is not submitted nine months before the expiry, Commission may not renew the Licence. A duly perfected Application, as stipulated in Form S17-2-A should be submitted along with all required documents with the checklist. The Development Plan for the next five-year period should be submitted as stipulated in item 8 in Form S17-2-A in detail if requested.
- 3.1.3 Operator will be informed to pay an Application processing fee of Rs 200,000/= payable to the "Telecommunications Regulatory Commission of Sri Lanka", on submission of the Duly Perfected Application Form S17-2-A with all relevant details in order. The processing fee is non-refundable regardless of whether an Applicant is successful or not in the licensing process.
- 3.1.4 The Authorized representative of the company who is signing the declaration should initial each page of the application and all relevant documents. Submission of the application form and relevant documents additionally in the electronic format would be recommended. No application will be considered until the processing fee is paid.
- 3.1.5 Copies of the completed application form together with processing fee should be submitted in an envelope clearly marked as "Application for Telecommunication System Renewal" addressed to:

The Director General,
Telecommunications Regulatory Commission of Sri Lanka,
No. 276, Elvitigala Mawatha, Colombo 08.
Tel: +94-112689345
Fax: +94-112689341
E-mail: dgtsl@trc.gov.lk

- 3.1.6 Additional documents, if required has to be submitted within 14 days from the date of acknowledgement to submit such document.
- 3.1.7 Also, a presentation may be requested for the clarification of information submitted in any aspects.
- 3.1.8 Operator will not be eligible for renewal of Licence under following circumstances**
- If any amount payable is unpaid and remains unpaid for a period of 14 days after the Commission notifies the Operator that the payment is overdue.
 - If the Operator fails to comply with an order of the Commission under the Act and that order is not subject to appeal proceedings.
 - If the operator fails to comply with any rule or regulation for the time being in force under the Act, for more than 14 days after being informed by Commission of such violation.

- d) If actions of the Operator are likely to have an adverse impact on the national security.
 - e) If the Operator sells, leases or transfers the ownership of the Company, to whom the Telecommunication system Licence has been issued, partly or fully to any person/entity during the validity period of the Licence without prior approval of the Commission.
 - f) If it is found that the issue of the Licence had been based on inaccurate or incorrect information provided by the Operator.
 - g) If operator has not commenced services during the period of previous Licence.
 - h) If operator was not able to provide services to Customers after commencement of service continuously for more than 7 days or more than 5 times within a year of service unavailability greater than one day.
 - i) If operator fails to comply with any directive of the Commission for more than three months after notification by Commission of such failure in writing.
 - j) If operator fails to obtain any other Licence required for the operation of Licensed system.
 - k) In case of multiple service authorization Licence category, operator will not be eligible for renewal of a particular service authorization, whichever not commenced at the time of renewal or discontinued for more than 2 months.
- 3.1.9 If found ineligible as per 3.1.8 above, the Operator will be informed in writing. Within a period of 14 days from the date of such acknowledgement of ineligibility, Operator can make an appeal to the Commission with all relevant proofs for not being guilty of such failure. Commission reserves the right of the final decision of renewal in such case.
- 3.1.10 If the operator is found to be eligible, Commission will make decision to recommend to the Minister for the renewal of licence. Commission may also approve any development plan submitted by the operator or Commission may set Targets on any other criteria Commissions deems suitable for the next five year period or part of it, if required. However, Commission reserves the right to set any number of such targets at any time deems required by the commission during the validity period of licence, in order to develop telecommunication services in the country.
- 3.1.11 In case of such Targets or development plan specified by the Commission for implementation as stipulated in 3.1.10, it will be informed to the operator in writing by the Commission for which the operator shall send the Agreement/Declaration within a period of 14 days. A performance bond in form of a Bank Guarantee may be required as per terms and conditions set by the Commission if the operator has not met such targets given in previous occasions and/or during Licence period.
- 3.1.12 Operator will be required to pay the Licence Fee and payment to be made within a period of 30 days from the date of the invoice. If payment is not made during the stipulated time, operator will be found disqualified and renewal process will be terminated.
- 3.1.13 On payment of fee within a specified period, the Commission will recommend to the Minister in charge of the subject to grant the License. Further, Commission will publish the Licence on its official web site for information of the public after granting.
- 3.1.14 The Commission will publish details about the company during and the final stage of the renewal process except confidential and commercially sensitive information. Applicants are kindly requested to submit such confidential information in a separate cover indicating it clearly.

3.1.15 However, Licensee shall strictly be required to get all other Licences/Approvals required for the provision of Telecommunication service.

3.2 APPLICATION FORM

Form S17-2-A

EXPLANATORY NOTES (FORM S17-2-A)

- Before completing this application form, applicants should read Schedule 02 Licensing Guidelines fully.
- All applicants should complete the application form (S17-2-A).
- The application must be completed fully in print or block capitals. If the requested information is not applicable to the proposed telecommunications system, please write N/A.
- Applicants should attach extra pages if given space is insufficient to provide the requested information. The information on extra pages should be presented clearly and numbered in accordance with this form. Any attached pages must be printed on A4-size papers.
- Applicants should initial and date any correction or alteration made the application form.
- Applicants are required to submit 3 copies of the application, including attachments and a Project feasibility report in the format specified in the guideline to

The Director General,
Telecommunications Regulatory Commission of Sri Lanka,
No. 276, Elvitigala Mawatha, Colombo 08.
Tel: +94-112689345
Fax: +94-112689341
E-mail: dgtsl@trc.gov.lk

Application Form for Renewal of Facility Based Telecommunication System Licence under Section 17 of Sri Lanka Telecommunications Act No. 25 of 1991 as Amended

1 CONTACT DETAILS OF THE APPLICANT: The authorized representative of the company (Applicant) shall provide the following information:

- 1.1. Full Name:
 - 1.2. Date of birth:
 - 1.3. National ID Number/Passport Number:
 - 1.4. Citizenship:
 - 1.5. Address (Permanent): Residence:
 - 1.6. Telephone Number: (Fixed): Mobile:
 - 1.7. Fax Number:
 - 1.8. E-Mail Address:
- Please check the Boxes (Tick ✓)
- Board resolution for authorization to Applicant

2. COMPANY PROFILE:

- 2.1. Registered Name of the Company:
- 2.2. Company Registration Number:
- 2.3. Date of Incorporation:
- 2.4. Registered Address:
- 2.5. Official Telephone Number of the Company:

- 2.6. Fax Number:
- 2.7. Email Address:
- 2.8. Official Website of the Company:
- 2.9. Detailed information on corporate and shareholding structure including relationship with holding or associated companies clearly indicating the ownership:
- 2.10. In case public company (including holding company) details of public listing:
- 2.11. Name and contact details of the Bank where business account is maintained:
- 2.12. Share capital (Class of Share, Number and Value of share in each class of shares)
- 2.13. If listed in Colombo Stock Exchange provide details of class of shares:
- 2.14. In case of partnership, provide details:
- 2.15. Detailed composition of Board of Directors and key management team with qualification and career history of Directors with details of individual shareholding if any (Resumes should be attached):
- 2.16. List of Activities Contracted out to other agencies and consultants:
- 2.17. List of Professional advisers of the Company: (Technical, Legal, Finance, Auditors)
- 2.18. Details of Telecommunication system Licences (Local or Foreign), currently held by company or affiliate:
- 2.19. Details of Revocation of such Licence or Refusal of application by authorized entity:

Please Annex following:

Articles of Association, Certificate of Incorporation, Latest Annual Return: Form 15 and other proof document in relation to above details provided

3 SHAREHOLDER DETAILS:

Details of all shareholders should be submitted in following format.

- 3.1. Full Name:
- 3.2. Date of birth:
- 3.3. National ID Number/Passport Number:
- 3.4. Citizenship:
- 3.5. Address (Permanent): Residence:
- 3.6. Telephone Number: (Fixed): Mobile:
- 3.7. Fax Number:
- 3.8. E-Mail Address:
- 3.9. Percentage of shares:
- 3.10. Date of shares issued:
(Share Certificates should be attached)
- 3.11. Details of companies previously owned which has gone into liquidation:
- 3.12. Details of any application for Telecommunication Licence submitted by previously owned company which was refused by an authorized entity in any Country:
- 3.13. Details of any Telecommunication Licence possessed by any previously owned company which is revoked by an authorized entity in any Country:
- 3.14. Any other business interests:
- 3.15. Did Shareholder Structure/Details change during the period of previous Licence: **(Yes/No)**
- 3.16. If 'Yes' Detailed description of the Reason for Change of Shareholders with proper justification:
- 3.17. Did any changes occur in the Organization structure during the period of previous Licence: **(Yes/No)**
- 3.18. If 'Yes' please give detailed description of the current and previous organizational structure with justification:
- 3.19. Had there been any changes in the Director Board during the period of previous Licence: **(Yes/No)**
- 3.20. If 'Yes' please give detailed description of current and previous Directors (Brief Resumes) :
- 3.21. Detailed description of all type of services provided (including horizontal and verticals) as per Licence:
- 3.22. Have separate accounts been maintained for all type of services described in 4.1: **(Yes/No)**
- 3.23. If 'No' indicate the reasons:

4 ANALYSIS OF PAST PERFORMANCE OF THE COMPANY:

4.1 Please describe the status and performance of the authorized services of previous Licence:

No.	Service Authorized	Date of Commencement	Coverage Area (Indicate PoP in each district & a Map)	No. of Subscribers

4.2 Please submit **graphical representation** of following matrices with figures with justification for last five Years for each service.

- Sales Revenue
- Cost of Sales
- Gross profits
- Net profits
- EBITDA
- Assets
- Liabilities
- Owners' Equity
- Current ratio
- Debt/Equity Ratio
- Return on Assets
- Monthly subscription growth
- Churn Rate with reasons
- Growth of Minutes of Usage
- Growth of ARPU

4.3. Identified Risks and Limits and Controls strategies employed:

- Market Risks
- Liquidation Risks
- Insolvency Risk

4.4. Analysis of economic efficiency of the company during Licence period:

- Allocative Efficiency
- Dynamic Efficiency
- x-Efficiency
- Productive Efficiency

4.5. Internal performance analysis (Ansof, Boston Box or any Better Method):

- External performance Analysis (PESTLE, Porters 5 Forces, 8KF analysis or better method)
- Are there any agreements with 3rd Parties with regard to the operation and provision of service (Yes/No)
- If 'Yes' Please submit copies of all such agreements:

5. PROJECTED PERFORMANCE OF THE COMPANY FOR THE NEXT PERIOD OF LICENCE

5.1 General

- Any Expansion/Diversification of the Business with proper justification? Yes/No
- If 'Yes' Please give detailed expansion plan:
- Depreciation and Amortization of Assets and Plans for Replacements & Improvements:

5.2. Risks in Proposed Business & strategies proposed

- Market
- Liquidity
- Insolvency

5.3. Following details should be submitted for next 5/10 years with proof of funding and the discounted payback period should be less than 5/10 years (if applicable):

- a) Investment and Sources of Funding
- b) Contingency Funding Plans:
- c) Debt /Equity Ratio at the commencement of next licence period:
- d) Details of the proposed financial plan
 - a) Projected profit and loss accounts, balance sheets and cash flow statements. The profit and loss accounts, balance sheets and cash flow statements should be prepared in accordance with the Sri Lanka Accounting Standards. All assumptions made such as asset depreciation policies, subscriber projections, annual variations in operating expenditure *etc.* should be clearly explained.
 - b) Forecasts of the relevant financial metrics including, Cash Flow, Internal Rate of Return (IRR) , Discounted Payback Period of the investment. Further, Net Present Value (NPV) details should be indicated. Anticipated time frame should be clearly indicated for the project to be profitable (if applicable).
 - c) Projected financial ratios including return on capital employed, Return on Assets, Operating Profit Margin, Net Profit Margin, Capital Investment Ratio, Current Ratio, and Debt-Equity ratio. The formula used in computing each ratio should also be provided.

6. PROPOSED IMPROVEMENTS OF CUSTOMER SERVICE & PROTECTION

- a) Details of CPE provided to customer:
- b) Maintenance of CPE:
- c) Service Level Agreement Details with customers:
- d) Complaint Handling Methodology/ Minimum Fault Clearance Time:
- e) Customer Protection against bankruptcy (Insurance cover etc):
- f) Quality of Service Complaints handling:
- g) Assurance of Billing accuracy:
- h) Transparency in terms conditions and tariff of service:

7. PREVIOUS TARGETS

Submit the yearly targets achieved during previous Licence period in following format (not limited) with respect to coverage, capacity and investment for each service authorized as applicable.

Targets (Previous)-Service

Year	Name of the District	No. of PoP	Coordinates of PoP	Capacity	Used Technology	Investment Made	Service	Population Coverage	Total active Subscription	Unique active Subscription	Churn Rate

Applicant shall have to provide coverage Maps (Soft Copy) with the information mentioned according to the information provided on the above table.

8. PROPOSED TARGETS FOR THE NEXT PERIOD

Submit the yearly proposed targets to achieve during next Licence period in following format (not limited) with respect to coverage, capacity and investment or any preferential requirement for each service authorized as applicable. Commission may decide the final Rollout targets and the Assurance required.

Targets (Proposed)-Service

Year	Name of the District	No. of PoP	Coordinates of PoP	Capacity	Used Technology	Investment Made	Service	Population Coverage	Total active Subscription	Unique active Subscription	Churn Rate

Applicant shall have to provide coverage Maps (Soft Copy) with the information mentioned according to the information provided on the above table.

9. DETAILED EXISTING NETWORK DIAGRAM:

A separate report should be submitted containing the following.

- Detailed Network Diagram including Core/Backbone (including locations of switches), Backhaul (Routes), Access/OLP, all Points of Presence, Interconnection Points and any other components falling within the telecommunication system definition.
- Specify achieved speeds and capacity along with the network diagram in each segment and should indicate all the technologies with justification used in each segment with relevant transmission media. Details of contention ratios in relevant segments.
- Description of Network Technical standards complied in each segment of the Network including installation standards.
- Billing System, Billing standards followed and Measures to prove the Billing System Accuracy.
- Detailed map of Geographic Network Coverage and yearly expansion plan for next five years.
- Any infrastructure leased/hired/rented from third parties in provision of services.
- Any infrastructure leased/hired/rented to third parties.

10. DECLARATION

Ihereby certify that the information provided in this application form and anything of that sort in the feasibility report are true & correct in all respects. I hereby give undertaking that upon grant of the Licence, I shall abide by the provisions of Sri Lanka Telecommunication Act No. 25 of 1991 as amended by Act No. 27 of 1996, any Rules, Orders, Determinations, made by Commission thereunder and all provisions and terms and conditions of the Licence. I have no objection for the revocation of Licence if found that Licence has been issued based on incorrect information and also in violation of any of conditions illustrated in the Revocation Section of the Licence.

Signature of Authorized Representative of the Company:

Date:.....

SCHEDULE 2

SECTION B: RENEWAL OF SERVICE BASED OPERATOR LICENCES

3.3 The Guidelines for the Renewal of Service Based Operator Licenses issued under Sri Lanka Telecommunications Act No. 25 of 1991 as amended

- 3.3.1 This section provides guidance and information for the Telecommunications Operators who wish to apply for renewal of Service Based Operator Licence issued under Section 17 of the Sri Lanka Telecommunications Act, No. 25 of 1991, as amended, to operate a Telecommunications system and provide a telecommunication service.
- 3.3.2 The Renewal application should be submitted to TRCSL nine months before expiry of License. A duly perfected Application, as stipulated in Form S17-2-B should be submitted along with all required documents with the checklist.
- 3.3.3 Operator will be informed to pay an Application processing fee of Rs 200,000/= payable to the Telecommunications Regulatory Commission of Sri Lanka, on submission of the Duly perfected Application Form S17-2-B with all relevant details in order. The processing fee is non-refundable regardless of whether an Applicant is successful or not in the licensing process.
- 3.3.4 The Authorized representative of the company who is signing the declaration should initial each page of the application and all relevant documents. Submission of the application form and any other report/document additionally in the electronic format would be recommended. No application will be considered until the processing fee is paid.
- 3.3.5 Copies of the completed application form and any other additional report/document together with processing fee should be submitted in an envelope clearly marked as 'Application for renewal of telecommunication system Licence' addressed to:

The Director General,
Telecommunications Regulatory Commission of Sri Lanka,
No 276, Elvitigala Mawatha, Colombo 08.
Tel: +94-112689345
Fax: +94-112689341
E-mail: dgtsl@trc.gov.lk

- 3.3.6 Additional documents, if required has to be submitted within 14 days from the date of acknowledgement to submit such document.
- 3.3.7 Also, a presentation may be requested for the clarification of information submitted in any aspects.
- 3.3.8 Operator will not be eligible for renewal of Licence under following circumstances.
- If any amount payable is unpaid and remains unpaid for a period of 14 days after the Commission notifies the Operator that the payment is overdue.
 - If the Operator fails to comply with an order of the Commission under the Act, and that order is not subject to appeal proceedings.
 - If the operator fails to comply with any rule or regulation for the time being in force under the Act ,for more than 14 days after being informed by the Commission of such violations.
 - If actions of the Operator are likely to have an adverse impact on the national security.

- e) If the Operator sells, leases or transfers the ownership of the Company, to whom the Telecommunication system Licence has been issued, partly or fully to any person/entity during the validity period of the Licence without prior approval of the Commission.
 - f) If it is found that the issue of the Licence had been based on inaccurate or incorrect information provided by the Operator.
 - g) If operator has not commenced services during the period of previous Licence.
 - h) If operator was not able to provide services to Customers after commencement of service continuously for more than 7 days or more than 5 times within a year of service unavailability greater than one day.
 - i) If operator fails to comply with any directive of the Commission for more than three months after notification by Commission of such failure in writing.
 - j) If operator fails to obtain any other Licence required for the operation of Licensed system.
 - k) In case of multiple service authorization Licence category, operator will not be eligible for renewal of a particular service authorization, whichever not commenced at the time of renewal or discontinued for more than 2 months.
- 3.3.9 If found ineligible as per 3.3.8 above, the Operator will be informed in writing. Within a period of 14 days from the date of such acknowledgement of ineligibility, Operator can make an appeal to the Commission with all relevant proofs for not being guilty of such failure. Commission reserves the right of the final decision of renewal in such case.
- 3.3.10 If the operator is found to be eligible, Commission will make decision to recommend to the Minister for the renewal of licence. However Commission reserves the right to set targets/development plan either at the time of renewal, or at any time during the validity period of licence under special regulatory circumstances.
- 3.3.11 Operator will be required to pay the Licence Fee and payment to be made within a period of 30 days from the date of the invoice. If payment is not made during the stipulated time, operator will be found disqualified and renewal process will be terminated.
- 3.3.12 On payment of fee within a prescribed period, the Commission will recommend to the Minister in charge of the subject to grant the License. Further, Commission will publish the Licence on its official web site for information of the public after granting.
- 3.3.13 The Commission will publish details about the company during and the final stage of the renewal process except confidential and commercially sensitive information. Applicants are kindly requested to submit such confidential information in a separate cover indicating it clearly.
- 3.3.14 However, Licensee shall strictly be required to get all other Licences/Approvals required for the provision of Telecommunication service.

3.4 APPLICATION FORM

Form S17-2-B

EXPLANATORY NOTES (FORM S17-2-B)

- Before completing this application form, applicants should read Schedule 02 Licensing Guidelines fully.
- All applicants should complete the application form (S17-2-B).
- The application must be completed fully in print or block capitals. If the requested information is not applicable to the proposed telecommunications system, please write N/A.
- Applicants should attach extra pages if given space is insufficient to provide the requested information. The information on extra pages should be presented clearly and numbered in accordance with this form. Any attached pages must be printed on A4-size papers.
- Applicants should initial and date any correction or alteration made the application form.
- Applicants are required to submit 3 copies of the application, including attachments and a Project feasibility report in the format specified in the guideline to

The Director General,
Telecommunications Regulatory Commission of Sri Lanka,
No 276, Elvitigala Mawatha, Colombo 08.
Tel: +94-112689345
Fax: +94-112689341
E-mail: dgtsl@trc.gov.lk

Application Form for Renewal of Telecommunication System Licence (Service Based) under Section 17 of Sri Lanka Telecommunications Act No. 25 of 1991 as Amended

1. CONTACT DETAILS OF THE APPLICANT: The authorized representative of the company (Applicant) shall provide the following information:

- 1.1. Full Name:
- 1.2. Date of birth:
- 1.3. National ID Number/Passport Number:
- 1.4. Citizenship:
- 1.5. Address (Permanent): Residence:
- 1.6. Telephone Number: (Fixed): Mobile:
- 1.7. Fax Number:
- 1.8. E-Mail Address:

Please check the Boxes (Tick ✓)

Board resolution for authorization to Applicant

2. COMPANY PROFILE:

- 2.1. Registered Name of the Company:
- 2.2. Company Registration Number:
- 2.3. Date of Incorporation:
- 2.4. Registered Address:
- 2.5. Official Telephone Number of the Company:
- 2.6. Fax Number:
- 2.7. Email Address:

- 2.8. Official Website of the Company:
- 2.9. Detailed information on corporate and shareholding structure including relationship with holding or associated companies clearly indicating the ownership:
- 2.10. In case public company (including holding company) details of public listing:
- 2.11. Name and contact details of the Bank where business account is maintained:
- 2.12. Share capital (Class of Share, Number and Value of share in each class of shares)
- 2.13. If listed in Colombo Stock Exchange provide details of class of shares:
- 2.14. In case of partnership, provide details:
- 2.15. Detailed composition of Board of Directors and key management team with qualification and career history of Directors with details of individual shareholding if any (Resumes should be attached):
- 2.16. List of Activities Contracted out to other agencies and consultants:
- 2.17. List of Professional advisers of the Company: (Technical, Legal, Finance, Auditors)
- 2.18. Details of Telecommunication system Licenses (Local or Foreign), currently held by company or affiliate:
- 2.19. Details of Revocation of such Licence or Refusal of application by authorized entity:

Please Annex following:

Articles of Association, Certificate of Incorporation, Latest Annual Return: Form 15 and other proof document in relation to above details provided

3. SHAREHOLDER DETAILS:

Details of all shareholders should be submitted in following format.

- 3.1. Full Name:
- 3.2. Date of birth:
- 3.3. National ID Number/Passport Number:
- 3.4. Citizenship:
- 3.5. Address (Permanent): Residence:
- 3.6. Telephone Number: (Fixed): Mobile:
- 3.7. Fax Number:
- 3.8. E-Mail Address:
- 3.9. Percentage of shares:
- 3.10. Date of shares issued:
(Share Certificates should be attached)
- 3.11. Details of companies previously owned which has gone into liquidation:
- 3.12. Details of any application for Telecommunication Licence submitted by previously owned company which was refused by an authorized entity in any Country:
- 3.13. Details of any Telecommunication Licence possessed by any previously owned company which is revoked by an authorized entity in any Country:
- 3.14. Any other business interests:
- 3.15. Did Shareholder Structure/Details change during the period of previous Licence: **(Yes/No)**
- 3.16. If 'Yes' Detailed description of the Reason for Change of Shareholders with proper \ justification:
- 3.17. Did any changes occur in the Organization structure during the period of previous Licence: **(Yes/No)**
- 3.18. If 'Yes' please give detailed description of the current and previous organizational structure with justification:
- 3.19. Had there been any changes in the Director Board during the period of previous Licence: **(Yes/No)**
- 3.20. If 'Yes' please give detailed description of current and previous Directors (Brief Resumes):
- 3.21. Detailed description of all type of services provided (including horizontal and verticals) as per Licence:
- 3.22. Have separate accounts been maintained for all type of services described in 7: **(Yes/No)**
- 3.23. If 'No' indicate the reasons:

4. ANALYSIS OF PAST PERFORMANCE OF THE COMPANY:

4.1. Please describe the status and performance of the authorized services of previous Licence:

No.	Service Authorized	Date of Commencement	Coverage Area (Indicate Pop in each district & a Map)	No. of Subscribers

4.2. Please submit graphical representation of following matrices with figures with justification for last five years for each service.

- a) Sales Revenue
- b) Cost of Sales
- c) Gross profits
- d) Net profits
- e) EBITDA
- f) Assets
- g) Liabilities
- h) Owners' Equity
- i) Current ratio
- j) Debt/Equity Ratio
- k) Return on Assets
- l) Monthly subscription growth
- m) Churn Rate with reasons
- n) Growth of Minutes of Usage
- o) Growth of ARPU

4.3. Identified Risks and Limits and Controls strategies employed

- 4.3.1. Market Risks
- 4.3.2. Liquidation Risks
- 4.3.3. Insolvency RiskS

4.4. Are there any agreements with 3rd Parties with regard to the operation and provision of service **(Yes/No)**

4.5. If 'Yes' Please submit copies of all such agreements:

5. PROJECTED PERFORMANCE OF THE COMPANY FOR THE NEXT PERIOD OF LICENCE

- 5.1. Explain in detail the roll out plans/targets for next period of Licence.
- 5.2. Any Expansion/Diversification of the Business with proper justification? Yes/No
- 5.3. If 'Yes' Please give detailed expansion plan.
- 5.4. Please explain the target performances for the next period in details comparing past evaluation matrices.
- 5.5. Depreciation and Amortization of Assets and Plans for Replacements & Improvements (if applicable):
- 5.6. Risks in Proposed Business & strategies proposed
 - a) Market
 - b) Liquidity
 - c) Insolvency
- 5.7. Following details should be submitted for next 10 years with proof of funding and the discounted payback period should be less than 10 years (if applicable):
 - a) Investment and Sources of Funding.
 - b) Contingency Funding Plans.
 - c) Debt /Equity Ratio at the commencement of next licence period.
 - d) Details of the proposed financial plan.

- i) Projected profit and loss accounts, balance sheets and cash flow statements. The profit and loss accounts, balance sheets and cash flow statements should be prepared in accordance with the Sri Lanka Accounting Standards. All assumptions made such as asset depreciation policies, subscriber projections, annual variations in operating expenditure etc. should be clearly explained.
- ii) Forecasts of the relevant financial metrics including, Cash Flow, Internal Rate of Return (IRR), Discounted Payback Period of the investment. Further, Net Present Value (NPV) details should be indicated. Anticipated time frame should be clearly indicated for the project to be profitable (if applicable).
- iii) Projected financial ratios including return on capital employed, Return on Assets, Operating Profit Margin, Net Profit Margin, Capital Investment Ratio, Current Ratio, and Debt-Equity ratio. The formula used in computing each ratio should also be provided.

6. PROPOSED IMPROVEMENTS OF CUSTOMER SERVICE & PROTECTION

- a) Details of CPE provided to customer:
- b) Maintenance of CPE:
- c) Service Level Agreement Details with customers:
- d) Complaint Handling Methodology/ Minimum Fault Clearance Time:
- e) Customer Protection against bankruptcy (Insurance cover etc):
- f) Quality of Service Complaints handling:
- g) Assurance of Billing accuracy:
- h) Transparency in terms conditions and tariff of service:

7. DESCRIBE THE PREVIOUS COMMITMENTS (IF ANY) AND PROOF OF COMPLIANCE FOR SUCH COMMITMENTS.

8. EXISTING NETWORK DETAILS:

A separate report should be submitted containing the following with regard to current network configuration:

- a) Detailed Network Diagram including Core/Backbone (including locations of switches), Backhaul (Routes), Access/OLP, all Points of Presence, Interconnection Points including Gateway and any other components falling within the telecommunication system definition including Details and type of agreements with the all Facility Based Operators (FBO) who provides each network components in the system. Letters of consents and retail/wholesale tariff agreed for provision of facilities should be explained.
- b) Specify achieved speeds and capacity along with the network diagram with confirmation from the Facility Based Operator (FBO).
- c) Billing System, Billing standards followed and Measures to prove the Billing System Accuracy.

9. DECLARATION

I hereby certify that the information provided in this application form and anything of that sort in the feasibility report are true & correct in all respects. I hereby give undertaking that upon grant of the Licence, I shall abide by the provisions of Sri Lanka Telecommunications Act, No. 25 of 1991 as amended by Act, No. 27 of 1996 , any Rules, Orders, Determinations, made by Commission thereunder and all provisions and terms and conditions of the Licence. I have no objection for the revocation of Licence if found that Licence has been issued based on incorrect information and also in violation of any of conditions illustrated in the Revocation Section of the Licence.

Signature of Authorized Representative of the Company:

Date:.....

4. SCHEDULE 3

4.1. PROCEDURE FOR OBTAINING PRIOR APPROVAL OF THE COMMISSION FOR TRANSFER OF OWNERSHIP OF COMPANY WHO OPERATE A TELECOMMUNICATION SYSTEM:

This section provides Guidance and Procedure for obtaining the prior approval of the Commission to transfer of ownership of a company possessing a telecommunication system Licence, issued under Section 17 of the Sri Lanka Telecommunications Act, No. 25 of 1991, as amended to operate a Telecommunication system and provide a telecommunication service.

- i. An operator will not be eligible to transfer the ownership of the Company during the period of first three years from initial grant of Licence.
- ii. An operator, if eligible as per item 4.1(i) above and wishes to transfer the ownership shall initially submit a duly filled S17-3 Application form with all relevant documents.
- iii. Commission will duly consider the requirement for the transfer and if Commission so decides, the application will be referred to Ministry of Defence and other relevant Institutions for concurrence. If such concurrences are received Commission may approve the transfer of ownership based on criteria stipulated by Commission and will issue a letter of approval to the Licensee for the onward action of the said transfer. However, the decision of the Commission shall be final with regard to the permission to transfer the ownership.
- iv. Commission may impose additional condition with regard to any aspect which Commission so deems required at the time of transfer for which the Licensee should express agreement in writing.
- v. Commission reserves the right to reject any request due to regulatory requirements (if any).

4.2. APPLICATION FORM

S17-3

Application form for the approval of transfer of ownership of company possessing Telecommunication System Licence issued under Section 17 of Sri Lanka Telecommunications Act No. 25 of 1991 as Amended

1. CONTACT DETAILS OF THE APPLICANT: The authorized representative of the company (Applicant) shall provide the following information:

- 1.1. Full Name:
- 1.2. Date of birth:
- 1.3. National ID Number/Passport Number:
- 1.4. Citizenship:
- 1.5. Address (Permanent):
- 1.6. Telephone Number: (Fixed):
- 1.7. Fax Number:
- 1.8. E-Mail Address:

Residence:

Mobile:

Please check the Boxes (Tick ✓)

Board resolution for authorization to Applicant

2. COMPANY CURRENT PROFILE:

- 2.1. Registered Name of the Company:
- 2.2. Company Registration Number:
- 2.3. Date of Incorporation:

- 2.4. Registered Address:
- 2.5. Official Telephone Number of the Company:
- 2.6. Fax Number:
- 2.7. Email Address:
- 2.8. Official Website of the Company:
- 2.9. Name and contact details of the Bank where business account is maintained:
- 2.10. Share capital (Class of Share, Number and Value of share in each class of shares)
- 2.11. If listed in Colombo Stock Exchange provide details of class of shares:
- 2.12. In case of partnership, provide details:
- 2.13. Qualification and Career history of Current Directors (Resumes should be attached):
- 2.14. List of Activities Contracted out to other agencies and consultants:
- 2.15. List of Professional current advisers of the Company: (Technical, Legal, Finance Auditors)
- 2.16. Details of Telecommunication system Licenses (Local or Foreign), currently held by company or affiliate:

3. CURRENT SHAREHOLDER DETAILS:

Details of all shareholders should be submitted in following format.

- 3.1. Full Name:
- 3.2. Date of birth:
- 3.3. National ID Number/Passport Number:
- 3.4. Citizenship:
- 3.5. Address (Permanent): Residence:
- 3.6. Telephone Number: (Fixed): Mobile:
- 3.7. Fax Number:
- 3.8. E-Mail Address:
- 3.9. Percentage of shares:
- 3.10. Date of shares issued:
(Share Certificates should be attached)
- 3.11. Details of companies previously owned which has gone into liquidation:
- 3.12. Details of any application for Telecommunication Licence submitted by previously owned company which was refused by an authorized entity in any Country:
- 3.13. Details of any Telecommunication Licence possessed by any previously owned company which is revoked by an authorized entity in any Country:
- 3.14. Any other business interests:

Please Annex following:

Articles of Association, Certificate of Incorporation, Latest Annual Return: Form 15 and other proof document in relation to above details provided

- 3.15. Is there a board resolution for the transfer/issue/change of shares **Yes/No**
(Please attach certified copies)
- 3.16. Proposed Shareholder Details

Details of proposed shareholders should be submitted in following format.

- a) Full Name:
- b) Date of birth:
- c) National ID Number/Passport Number:
- d) Citizenship:
- e) Address (Permanent): Residence:
- f) Telephone Number: (Fixed): Mobile:
- g) Fax Number:
- h) E-Mail Address:
- i) Percentage of shares:
- j) Details of companies previously owned which has gone into liquidation:

- k) Details of any application for Telecommunication Licence submitted previously owned company which was refused by an authorized entity in any Country:
 - l) Details of any Telecommunication Licence possessed by any previously owned company which is revoked by an authorized entity in any Country:
 - m) Any other business interests:
(Letter of Intent for the said Purchase should be attached)
 - n) Please explain in detail the experiences & performances with regard to involvement in telecommunication industry as a business.
- 3.17. Final complete Shareholder Structure/Details:
- 3.18. Detailed description of the Reason to become a Shareholder with proper justification:
- 3.19. Are there any proposed changes in the Organization structure: **(Yes/No)**
- 3.20. If 'Yes' please give detailed description of the current and proposed organizational structure and proposed changes:
- 3.21. Are there any proposed changes in the Director Board: **(Yes/No)**
- 3.22. If 'Yes' please give detailed description of current and proposed Directors (Brief Resumes) and proposed changes:
- 3.23. Are there any proposed changes of Existing Staff: **(Yes/No)**
- 3.24. If 'Yes' please give detailed description of the current and proposed staff changes in every position/ category with justification:
- 3.25. Are there any proposed changes in the current Asset & Liabilities of the Company: **(Yes/No)**
- 3.26. If 'Yes' please give detailed description of the current and proposed changes in Asset and Liabilities with documentary proof with justification:
- 3.27. Are there any proposed changes in the current Articles of Association of the Company: **(Yes/No)**
- 3.28. If 'Yes' please give detailed description of the current and proposed changes in the Articles of Association of the Company with justification:
- 3.29. Please indicate any other changes proposed with justification:
- 3.30. Detailed description for the justification of transfer of ownership:
.....
(Please use separate sheets)

4. ANALYSIS OF PAST PERFORMANCE OF THE COMPANY:

- 4.1. Please submit graphical representation of following matrices with figures with justification for last five Years.
- a) Sales Revenue
 - b) Cost of Sales
 - c) Gross profits
 - d) Net profits
 - e) EBITDA
 - f) Assets
 - g) Liabilities
 - h) Owners' Equity
 - i) Current ratio
 - j) Debt/Equity Ratio
 - k) Return on Assets
 - l) Monthly subscription growth
 - m) Churn Rate with reasons
 - n) Growth of Minutes of Usage
 - o) Growth of ARPU

4.2. Identified Risks and Limits and Controls

- 4.2.1. Market Risks
- 4.2.2. Liquidation Risks
- 4.2.3. Insolvency Risk

4.3. Analysis of economic efficiency of the company

- 4.3.1. Allocative Efficiency
- 4.3.2. Dynamic Efficiency
- 4.3.3. X-Efficiency
- 4.3.4. Productive Efficiency

4.4. Internal performance analysis (*Ansof, Boston Box or any Better Method*)

4.5. External performance Analysis (PESTLE, Porters 5 Forces, 8KF analysis or better method).

4.6. Are there any agreements with 3rd Parties with regard to the operation and provision of service **(Yes/No)**

4.7. If 'Yes' Please submit copies of all such agreements:

5. PROJECTED PERFORMANCE OF THE COMPANY

- a. Any Diversification of the Business with proper justification
- b. Depreciation and Amortization of Assets and Plans for Replacements & Improvements:
- c. Risks in Proposed Business & strategies proposed
 - i. Market
 - ii. Liquidity
 - iii. Insolvency
- d. Following financial details should be submitted for next 10 years with proof of funding:
 - i. Investment and Sources of Funding.
 - ii. Contingency Funding Plans.
 - iii. Debt /Equity Ratio at the commencement of next Licence period.
 - iv. Details of the proposed financial plan.
 - v. Projected profit and loss accounts, balance sheets and cash flow statements. The profit and loss accounts, balance sheets and cash flow statements should be prepared in accordance with the Sri Lanka Accounting Standards. All assumptions made such as asset depreciation policies, subscriber projections, annual variations in operating expenditure etc. should be clearly explained.
 - vi. Forecasts of the relevant financial metrics including, Cash Flow, Internal Rate of Return (IRR), Discounted Payback Period of the investment. Further, Net Present Value (NPV) details should be indicated. Anticipated time frame should be clearly indicated for the project to be profitable (if applicable).
 - vii. Projected financial ratios including return on capital employed, Return on Assets, Operating Profit Margin, Net Profit Margin, Capital Investment Ratio, Current Ratio, and Debt-Equity ratio. The formula used in computing each ratio should also be provided.

6. CUSTOMER SERVICE & PROTECTION

- a. Details of CPE provided to customer:
- b. Maintenance of CPE:
- c. Service Level Agreement Details with customers:
- d. Complaint Handling Methodology/ Minimum Fault Clearance Time:
- e. Customer Protection against bankruptcy (Insurance cover etc):
- f. Quality of Service Complaints handling:
- g. Assurance of Billing accuracy:
- h. Transparency in terms conditions and tariff of service:

7. PROJECT REPORT

A report should be submitted explaining the technical details (comprehensive network details), operational details, all services details and other stakeholder details etc. If different from the existing operation, Commission may request to submit further details if required.

8. DECLARATION

I hereby certify that the information provided in this application form is true & correct in all respects and I am fully aware that Licence may be revoked if it is found that any of the information are false and also in violation of any of conditions illustrated in the Revocation Section of the Licence .

Signature of Authorized Representative of the Company:

Date:.....

5. SCHEDULE 4

5.1. The Procedure of Modification of Licence/ Licence Conditions of (Facility /Service Based) issued under Sri Lanka Telecommunications Act, No. 25 of 1991 as amended. This section provides the procedure and information with regard to modification of any part of the licence, or any Licence condition issued under Section 17 of the Sri Lanka Telecommunications Act, No. 25 of 1991, as amended to operate a Telecommunications system and provide telecommunication service. A modification of a Licence can be an amendment or removal of an existing section of the Licence or imposition of a new section to the Licence. The procedure for modification of Licence condition(s) and the procedure for modification of any other part of the Licence other than Licence condition(s) are given below. Licence conditions for a particular market segment will be commonly applicable to all such operators and if an operator requires such modification, modification will be affected to all operators and only if agreement of all operators of similar service are expressed.

5.1.1. Modification of Licence Conditions:

5.1.1.1. Modification requested by the Operator

- i. If in the opinion of an operator, a condition(s) of the Licence has become an impediment or barrier to development of telecommunication services in Sri Lanka and to bring social and economic benefits to the country directly or indirectly , a modification of Licence condition(s) request can be made to the Commission in writing giving detailed description of the aforesaid circumstances and required modification. Also, an operator can make such request to rectify any anomaly of the Licence condition(s) exclusive to the applicant.

- ii. If Commission so decides, after analysis of justifications submitted by the operator to modify such condition(s), a notice will be published in national newspapers inviting public and stakeholder comments and regarding the modification of licence condition(s) within thirty days from the date of publication.
- iii. The Commission will consider any representation or objection duly made in response to the public notice prior to the recommending the modification to the minister pursuant to the section 18 of the Act.
- iv. If the Commission finds no any valid reason during the investigation to justify the objection raised by the public, the licence condition(s) modification will be recommended to the Minister for the concurrence with respect to all operators if not to rectify an anomaly.
- v. On receipt of concurrence of the Minister, Commission will effect the modification of the licence condition(s) and will inform the operator(s) in writing and post same on its official web site.

5.1.1.2. Modifications made by the Commission

- i. If Commission so decides, in exercising its power to achieve objectives of the Commission, a modification of a Licence Condition(s) is required, Commission may inform the Operator(s) in advance the type of amendment, removal of existing condition(s) or imposition of new condition(s) and the time line of such effect.
- ii. Operator can make representation with regard to modification for the consideration of the Commission within 30 days from the date of acknowledgement.
- iii. Commission will consider the representation made by the operator(s). However, the decision of the Commission with regard to such modification of licence condition(s) shall be final. If Commission so decides, to continue the modification of Licence condition(s), a notice will be published in national newspapers inviting public and stakeholder comments regarding the modification of licence condition(s) within thirty days from the date of publication.
- iv. The Commission will consider any representation or objection duly made in response to the public notice prior to the recommending the modification to the minister pursuant to the section 18 of the Act.
- v. If the Commission finds no valid reason during the investigation to justify the objection raised by the public, the licence condition(s) modification will be recommended to the Minister for the concurrence.
- vi. On receipt of concurrence of the Minister, Commission will effect the modification of the licence condition(s) and will inform the operator(s) in writing and post same on its official web site.

5.1.2. Modification of any part of the Licence other than Conditions of Licence

If any part/section of the Licence other than Licence conditions is required to be modified, the procedure stipulated in Section 5.1.1.1 and 5.1.1.2 will be followed strictly subject to Legal clearance from Hon. Attorney General for such modification.

6. SCHEDULE 5

6.1 THE PROCEDURE OF REVOCATION OF LICENSES (FACILITY/SERVICE BASED) ISSUED UNDER SRI LANKA TELECOMMUNICATIONS ACT, No. 25 OF 1991 AS AMENDED

- 6.1.1 This section provides procedure and information with regard to revocation of Licence, under Section 17 of the Sri Lanka Telecommunications Act, No. 25 of 1991, as amended to operate a Telecommunications system and provide telecommunication service(s).
- 6.1.2 Licence fees paid, shall not be refunded (whether on a pro-rated basis or any other basis) in the event that the licence is revoked by the Commission in the any of the circumstances described in this Section:

6.2 CONDITIONS OF REVOCATION OF LICENCE

Commission may revoke the Licence, under following condition.

- i. If the operator agrees in writing with the Minister that Licence should be revoked.
- ii. If any amount payable is unpaid and remains unpaid for a period of 14 days after the Commission notifies the Operator that the payment is overdue.
- iii. If the Operator fails to comply with an order of the Commission under the Act and that order is not subject to appeal proceedings.
- iv. If the operator fails to comply with any rule or regulation for the time being in force under the Act for more than 14 days after being informed by the Commission of such violation.
- v. If actions of the Operator are likely to have an adverse impact on the national security.
- vi. If the Operator sells, leases or transfers the ownership of the Company, to whom the Telecommunication system Licence has been issued, partly or fully to any person/entity during the validity period of the Licence without prior approval of the Commission.
- vii. If it is found that the issue of the Licence had been based on inaccurate or incorrect information provided by the Operator.
- viii. If operator has not commenced services within two years from the grant of Licence.
- ix. If operator fails to provide services to Customers after commencement of service continuously for more than 7 days or more than 5 times within an year of service unavailability greater than one day.
- x. If operator fails to comply with any directive of the Commission for more than three months after notification by Commission of such failure in writing.
- xi. If operator fails to obtain any other Licence required for the operation of Licensed system for more than a year.

6.3 PROCEDURE OF REVOCATION AND APPEAL PROCEDURE

- 6.3.1 In any circumstances other than 6.2(i), Commission shall inform the operator of the condition violated and intention of the Commission to recommend Minister to revoke the Licence and provide 30 days for the Operator to provide explanation why Commission should not revoke the said Licence.

- 6.3.2 If Operator gives acceptable representation with regard to same within stipulated time period, Director General may appoint a Committee to investigate into the matter and make recommendation to the Commission.
- 6.3.3 The decision of the Committee with reasons will be communicated to the Operator. However, operator can make an appeal to the Commission within 14 days from the date of Acknowledgement.
- 6.3.4 Commission shall reserve the right of the final decision of recommendation to Minister, for revocation of Licence based on the Committee decision and the appeal made by the Operator based on the Committee decision.
- 6.3.5 If Commission so decides to withdraw the Licence, Commission shall recommend Minister in writing to sign the 30 days Revocation Notice and serve on the Operator to withdraw the said Licence after 30 days.
- 6.3.6 The operator can make further representation to the Minister and decision of the Minister with regard to revocation of Licence issued under Section 17 of the Sri Lanka Telecommunications Act, No. 25 of 1991, as amended, shall be final.
- 6.3.7 If Minister so decides to revoke, the operator will be required to surrender the original of the Licence issued.
- 6.3.8 Commission will make arrangement to publish a notice in the national Newspapers to acknowledge General Public about the revocation of the Licence.
- 6.3.9 Commission shall make arrangement to seal all Network components of the Telecommunication system.

6.4 SURRENDER OF LICENCES

- 6.4.1 The operator can opt to surrender its Licence(s) if it is no longer involved in the operation and provisioning of telecommunication services.
- 6.4.2 The operator is required to submit by way of written notice, the intent to surrender its Licence(s) and enclose the original copy(s) of Licence(s).
- 6.4.3 The surrender of a Licence is irrevocable.
- 6.4.4 It is cautious for an operator who is unable to meet its obligation to consider the option of surrendering the Licence before the renewal as this reflects a responsible behavior that may be viewed favorably by the Commission at an occasion of another application for a system licence for a different service.

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