

Office of  
Chief General Manager(Telecom)  
Marketing Cell, Tamilnadu Telecom Circle  
7<sup>th</sup> Floor, 60, Ethiraj Salai,  
Chennai-600 008



भारत संचार निगम लिमिटेड  
(भारत सरकार का एक उद्यम)  
**BHARAT SANCHAR NIGAM LIMITED**  
(A Government of India Enterprise)  
**BSNL 3G ))) BSNL LIVE**  
Faster than your thoughts 2010

To

All Heads of SSAs,  
Tamilnadu Circle.

Sub: Introduction and Roll out of Smart Payphone by M/s. Navitel – Reg.

Ref. : H.Q. Ir.no. BSNL/BD/CIRCLE/2-14/PART-12/2007 Dated 10.12.2007

As per the instruction contained in the above cited letter, an agreement was signed by BSNL with M/s Navitel Corporation Ltd., India for providing Smart Pay Phone services in Tamilnadu Circle and Chennai Telephones on 14.12.2007 for a period of 10 years.

A copy of the above agreement is made available in the Circle office intranet (mktg-cfa folder) with the request to study the provisions, terms & conditions of the above agreement and furnish the following information for taking further action at this end.

1. Name of the exchange proposed where space for housing FPPIN – one or more PCs (one PC per 200 Smart Payphones) is to be allotted to M/s. Navitel Corporation Private Limited.
2. Number of potential locations identified to install Smart Payphone by taking the PCO target fixed for your SSA also into consideration.

(V.VELAPPAN)  
Deputy General Manager (S&M- CFA),  
PH 28230707 FAX 28230888

*Plc. refer.*

Business Development Division  
Ph. 011-2374199  
Fax. 011-23731760  
Email: cvvinod@bsnl.co.in



भारत संचार निगम लिमिटेड  
(भारत सरकार का उपक्रम)  
BHARAT SANCHAR NIGAM LIMITED  
(A Govt. of India Enterprise)

IndiaBroadband<sup>2007</sup>  
Linking India

BSNL/BD/CIRCLE/2-14/part -12/2007

dt. 10/12/2007.

To  
CGM  
Tamil Nadu Telecom Circle/Chennai Metro District.

Subject. Appointment of M/s Navitel Corporation Pvt. Ltd. as Smart Pay phone Operator for (Basic/GSM/CDMA) in BSNL.

M/s Navitel Corporation Pvt. Ltd has been approved to function as a Smart Pay Phone Operator.

The final Agreement to be entered by BSNL with the company is attached.

The Company can be allowed to commence operations as per the Terms & Conditions defined in the Agreement. The agreement is to be executed only after the submission of the necessary PBG.

  
C.V.VINOD  
JT.DDG(BD)

Bharat Sanchar Nigam Ltd. Corporate Office , 'BHARAT SANCHAR BHAWAN' Harishandra Mathur Lane, Janpath. N.Delhi. 110001. visit : [www.bsnl.in](http://www.bsnl.in)

**BHARAT SANCHAR NIGAM LIMITED**  
(A Govt. of India Enterprise)

**AGREEMENT WITH**  
**NAVITEL CORPORATION PVT LTD,**  
**INDIA**  
**FOR PROVIDING**  
**SMART PAY PHONE SERVICES IN**  
**NETWORKS OF BSNL**

भारतीय गैर न्यायिक  
भारत INDIA

रु. 500



FIVE HUNDRED  
RUPEES

पाँच सौ रुपये

Rs. 500

INDIA NON JUDICIAL

தமிழ்நாடு தமில்நாடு TAMILNADU

12-12-07

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NAVITEL CORPORATION

PVT LTD

CHENNAI-600041

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NARAYANACORTH

Stamp Vendor

ALANDUR, CHEYNAI

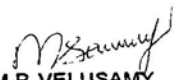
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AGREEMENT SMART PAY PHONE SERVICE IN BSNL NETWORKS

This agreement is signed on the 14<sup>th</sup> December 2007  
by and between **BHARAT SANCHAR NIGAM LIMITED**, a company registered under the Companies Act 1956 having its Registered office & Corporate office at Bharat Sanchar Bhawan, Harish Chandra Mathur lane, Janpath, New Delhi - 110001 (hereinafter called **BSNL** which expression shall, unless repugnant to the context, include its successors in business, administrators, liquidators and assigns or legal representatives) of the **FIRST PARTY**

AND

M/s Navitel Corporation Pvt. Ltd, a company registered under the Companies Act 1956(No 1 of 1956) Year, having its registered office at New No.6, Old No.16, Rajagopalan street, Valkimki Nagar, Thiruvanmiyur, Chennai - 600041 (hereinafter called as **Smart Pay Phone Smart Pay Phone Operator**), which expression shall, unless repugnant to the context, include its successors in business, administrators, liquidators and assigns or legal representatives) of the **SECOND PARTY**.

  
M.P. VELUSAMY  
Chief General Manager  
BSNL, Chennai Telephones

For NAVITEL CORPORATION PVT. LTD.

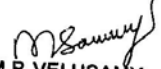
  
Director

WHEREAS

1. BSNL is a telecom service provider licensed to provide various telecom services within India except Delhi and Mumbai.
2. The smart Pay Phone Operator is an Indian subsidiary of M/s Function Group, a Company registered in China and having its registered office at No. 8, Hui tai Road, hui Tai Industrial Zone, Huizhou, P.R.China., Smart Pay phone manufacturer, supplier of Pay phones and operator of smart pay phone service with telecom service providers in many Countries.
3. The Function Group has approached BSNL for operating the Smart Pay Phone service in Tamil Nadu Circle and Chennai Telecom Distt. in BSNL Networks. The BSNL is desirous of installing the Smart Card Operated Pay Phone in its network (Basic/CDMA/GSM) and agreed to provide services to end users through Smart Phone on non Exclusive basis in Tamil Nadu Circle as a pilot project initially, on a business partner basis which may be considered for extension to other BSNL areas subsequently.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:


1. In consideration of the due observance & performance of all the terms and conditions mentioned in this agreement along with the Annexure attached herewith, which are part and parcel of this agreement, BSNL and the Smart Pay phone Operator agree to sign agreement for the operation of Smart Pay Phone service in BSNL Network in Tamilnadu Circle and Chennai Telecom District during the currency of agreement on mutually agreed terms.

  
M.P. VELUSAMY  
Chief General Manager  
BSNL, Chennai Telephones

For NAVITEL CORPORATION PVT. LTD.,

  
Director

2. It shall be valid for a period of TEN Years from the date of signing the agreement. BSNL may extend, if deemed expedient, the period of agreement by TEN Years suo moto or upon request of Smart Pay Phone Operator of Function Group if made during the currency of agreement on mutually agreed terms. The decision of BSNL shall be final in regard to the grant of extension.
3. BSNL has decided the long-term agreement in view of the continued public service and also considering the investments by the Smart Pay phone Operator. The Smart Pay Phone Operator will keep track of the technological advancement, upgradation of the Pay Phone to meet the long term requirement, repair and replacement of the worn out Pay phones to give a continued uninterrupted public phone service.
4. Smart Pay Phone Operator and BSNL hereby agree and unequivocally undertakes to fully comply with all terms and conditions stipulated in agreement without any deviation or reservations of any kind, unless mutually agreed between the parties at any given time.
5. The laws of land as promulgated/ modified/ amended or replaced from time to time shall govern this Agreement. The service provider shall confirm to the applicable Indian Laws.
6. BSNL reserves the right to appoint more than one Smart Pay Phone Operator on terms & conditions. This Agreement is on non-exclusive basis.
7. This Agreement shall not be amended or modified or altered or changed in any way except in writing and duly executed by the authorized representative of each party.
8. The Agreement is a confidential document between Smart Pay Phone Operator and BSNL. Neither party shall divulge any part of this Agreement either through oral or written communication or through any other mode to any third party.
9. The Smart Pay Phone Operator agrees to submit a Performance Bank Guarantee (PBG) of Rs. 100,000/- (Rupees One Lakh only)/circle towards the satisfactory performance of the agreement. This Bank Guarantee shall be valid for the period of Agreement from the date of signing of this Agreement. The Smart Pay Phone Operator agrees to renew the PBG from time to time till the expiry of Agreement or till the dues of BSNL by virtue of their agreement fully paid and if claim satisfied or discharges or till BSNL is satisfied that the terms and conditions of the said agreement have been fully and properly carried out by Smart Pay Phone Operator.
10. BSNL reserves the right to provide such services on its own or to enter into Agreement with other parties / persons / service providers for providing similar services from time to time in future without any restriction on number of persons/ parties.
11. BSNL will extend its access network, landline, (Basic/ CDMA/GSM), providing Smart Pay Phone.

  
**M.P. VELUSAMY**  
Chief General Manager  
BSNL, Chennai Telephones


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For NAVITEL CORPORATION PVT. LTD.,

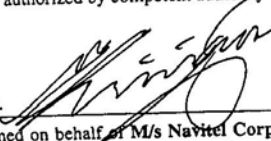
  
Director

12. The Smart Pay Phone Operator will bring all the investment for the Pay Phone and the related expenses such as Survey, Marketing, Installation, Testing, Discounting and Operation of Public Pay Phone service etc.
13. Smart Pay Phone Operator shall not have similar agreement/tie up with other telecom service provider during the validity of agreement in area of its operation of Smart Phone service (i.e. Telecom Circle/District) for similar business activity.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed through their respective authorized representatives on the 14<sup>th</sup> day of December, 2007.

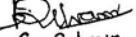
Sd/-  **M.P. VELUSAMY**  
Chief General Manager  
BSNL, Chennai Telephones

Signed for and on behalf of BSNL by **M.P. VELUSAMY** CGM Chennai Telephones  
duly authorized by competent authority.

 **R. CHINNAIAH**  
Director

Signed on behalf of M/s Navitel Corporation Pvt. Ltd by **R. CHINNAIAH** Director  
of Navitel Corporation Pvt Ltd., the authorized signatory and holder of General  
Power of Attorney dated \_\_\_\_\_ executed in accordance with the Resolution  
dated \_\_\_\_\_ passed by the Board of Directors of the company.

In the presence of Witnesses:

1. Signature   
Name **G. Selvam**  
Occupation **GM (BD & BBS)**  
Address **G. SELVAM**  
Place **General Manager (BD & BBS)**  
**BSNL, Chennai Telephones**  
**2, Kushkumar Road,**  
**Chennai - 600 034.**

2. Signature   
Name **N. Mohan**  
Occupation **GM (TxM & Dev)**  
Address **एन. मोहन / N. MOHAN**  
Place **महा प्रबंधक (परिचालन व विकास)**  
**General Manager (Transmission & Development)**  
**बी.एस.एन.एल. चैन्नई टेलीफोन BSNL-Chennai Telephones**  
**2, कुशकुमार रोड, चेन्नई-600 034.**  
**2, Kushkumar Road, Chennai - 600034.**


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**M.P. VELUSAMY**  
Chief General Manager  
BSNL, Chennai Telephones

**For NAVITEL CORPORATION PVT. LTD.,**  
  
Director



## Commercial Conditions

### 1. Scope of the Work


- 1.1 The Smart Pay Phone Operator will Install, Operate and Maintain Smart Pay Phones initially in Tamil Nadu State which includes TN Circle/Chennai Telecom Distt. of BSNL networks (Basic/ GSM/ CDMA) on a revenue sharing basis.
- 1.2 The Smart Pay Phone will operate on IN platform of BSNL. The necessary PIN for the smart card will be generated by BSNL IN against advance payment by Smart Pay Phone Operator after deducting the discount.
- 1.3 The Sale, Distribution and Printing of Smart Card for payphone will be the sole responsibility of Smart Pay phone Operator. The Self life of the Smart card will be maximum six months
- 1.4 The required Hardware and Software will be provided by Smart Pay Phone Operator for the Pay phone Management System (PMS) to monitor the day to day function of the entire Pay Phones to render a fault free public telephone service.
- 1.5 The necessary connectivity (PSTN lines/CDMA/GSM) for the PMS/fault booking call center, from PSTN exchange/mobile switch and IN platform will be provided by BSNL free of cost. Any other telecom requirement will be fulfilled by BSNL on chargeable basis.
- 1.6 The Smart Pay Phone Operator of Function Group will install the required PMS to cover the BSNL SERVICE AREA starting from Tamil Nadu Circle and Chennai Telecom Distt. which may be extended to other areas on mutually agreeable basis.
- 1.7 It is specifically agreed by Smart Pay Phone Operator that it shall, at no point of time, use the BSNL name, logo, space and services under this agreement for selling other than the mentioned services as per Agreement, unless agreed between the parties in writing. It is agreed by BSNL, that the BSNL logo will be used for all the Payphones service contemplated under this agreement.

### 2. Pay Phone Service Provisioning

- 2.1 Smart Pay Phone Operator will launch the Pilot project in Tamilnadu circle/Chennai telecom District. Subsequently it can be extended to the rest of the Circles to cover BSNL service area. However, extension to other areas will be at the sole discretion of BSNL
- 2.2 Smart Pay Phone Operator will roll out 20,000 Pay Phones in one year in BSNL Service Area.

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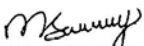
For NAVITEL CORPORATION PVT. LTD.,

  
M.P. VELUSAMY  
Chief General Manager  
BSNL, Chennai Telephones

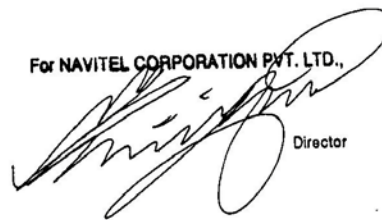
  
Director

- 2.3 Survey and Site selection for Installation, Testing and Commissioning the Pay Phone will be done by Smart Pay Phone Operator . However, it will be bound to provide the payphone as per the requirement of BSNL.
- 2.4 BSNL will issue the Orders/ Advice Notes without levy of any charges (No Deposits, No Installation charges etc.) for giving connectivity (Basic/ CDMA/GSM) on a request from the Smart Pay Phone Operator s authorized representatives.
- 2.5 The new line application form of BSNL will be used by Smart Pay Phone Operator for requesting the connections for each Pay Phone separately. The new line application form signed by the authorized signatory will be stamped on the top corner of the application as "PAY PHONE Navitel Corporation "
- 2.6 BSNL will extend Pay Phone loop up to the location of payphone subject to technical feasibility. The internal connection to the Pay Phone and physical installation of the Pay Phone will be done by the Smart Pay Phone Operator .
- 2.7 All the Pay Phone lines will be accessible through Smart Card of Smart Pay Phone Operator and accessible through the IN pre-paid card like VCC, ACC, etc.of BSNL.
- 2.8 The Pay Phone will be an access point for ITC card in addition to Smart Card.
- 2.9 A nodal officer/single window will be provided in each Telecom Circle/ District to coordinate with the Smart Pay Phone Operator for speedy implementation, operation and maintenance of Pay Phones.
- 2.10 The denominations of the card value will be decided by Smart Pay Phone Operator of Function Group in consultation with BSNL. Paying of all the relevant taxes to the government will be the responsibility of Smart Pay Phone Operator.
- 2.11 All Pay phones installed will be monitored by Smart Pay Phone Operator PMS (Pay phone Management System) for checking the proper functioning and the Revenue collection.
- 2.12 The Smart Pay Phone Operator may provide value added services like Voice Mail Service etc. through the Pay Phone for which the required connectivity will be at the cost of Smart Pay Phone Operator. Any other value added service may also be started by Smart Pay Phone Operator after taking permission from BSNL.
- 2.13 The BSNL and Smart Pay Phone Operator will advertise through media and press from time to time about the Hi-tech Pay Phone service to create awareness in the general public.
- 2.14 BSNL will not make any investment for the installation, operation and maintenance of the payphone except providing the connectivity to the PCOs.

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M.P. VELUSAMY  
Chief General Manager  
BSNL, Chennai Telephones

For NAVITEL CORPORATION PVT. LTD.,

  
Director

- 2.15 BSNL will periodically monitor the traffic generated by Pay Phones through Smart card along with the ITC card.
- 2.16 The Pay phone equipments, Spares, Hardware and Software import, meeting all the Indian import and customs regulations for operating the Pay Phone service, will be the responsibility of Smart Pay Phone Operator.
- 2.17 The Smart Pay Phone Operator Pay Phone will operate on the similar tariff as approved by BSNL preferably similar to the existing PCO from time to time.

**3. Modifications in the Terms and Conditions of Agreement**

The terms and conditions of the Agreement are subject to modification by mutual agreement based upon the request of either party. Notwithstanding anything contained herein, the rates of payment of discount to the SMART PAY PHONE OPERATOR and other related conditions may be changed by BSNL as per Sales and Distribution Policy of BSNL applicable from time to time or if in BSNL's opinion, the prevailing policy framework of the Govt., Level of competition faced by BSNL in the provision of telecom services and Regulations/ Directions or tariff orders of TRAI, make the rates of discount payable to the SMART PAY PHONE OPERATOR unviable. In case of no agreement being reached in such cases, BSNL reserves the right to terminate the agreement as per the provisions of clauses 8, 9 & 10 of this agreement.

**4. Restrictions on 'Transfer of agreement'**

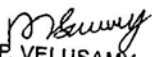
THE SMART PAY PHONE OPERATOR shall not assign or transfer its right in any manner whatsoever under this agreement to a third party or enter into any agreement for sub-contracting and/or partnership relating to any subject matter of the agreement to any third party either in whole or in any part i.e. no sub-contracting/ partnership/ third party interest shall be created.

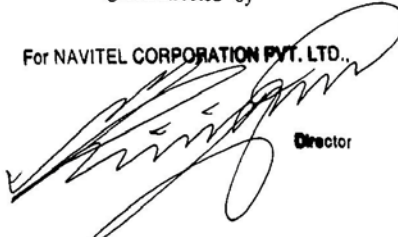
**5. Suspension, Revocation or Termination of agreement**

4.1 BSNL reserves the right to suspend the operation of this agreement, at any time, due to change in its own license conditions or upon directions from the competent government authorities. In such a situation, BSNL shall not be responsible for any damage or loss caused or arisen out of aforesaid action. Further, the suspension of the agreement will not be a cause or ground for extension of the period of the agreement and suspension period will be taken as period spent. During this period, no charges for use of the facility of the SMART PAY PHONE OPERATOR shall be payable by BSNL.

4.2 BSNL may, without prejudice to any other remedy available for the breach of any conditions of agreement, by a written notice of ONE month issued to the SMART PAY PHONE OPERATOR at its registered office, terminate this agreement under any of the following circumstances :

- a) The Smart Pay Phone Operator failing to perform any obligation(s) under the agreement or agreed/directed by BSNL from time to time;

  
M.P. VELUSAMY  
Chief General Manager  
BSNL, Chennai Telephones

  
Director

- b) The Smart Pay Phone Operator failing to rectify, within the time prescribed, any defect as may be pointed out by BSNL.
- c) The Smart Pay Phone Operator going into liquidation or ordered to be wound up by competent authority.

5.3 EITHER PARTY may terminate the agreement, by giving notice of atleast ONE month in advance. The effective date of surrender of agreement will be ONE month counted from the date of receipt of such notice by the other party or the authority that signed the agreement on behalf of the other party.

5.4 If the SMART PAY PHONE OPERATOR is wound up or goes into liquidation, it shall immediately (and not more than a week) inform about occurrence of such event to BSNL in writing. In that case, the written notice period can be modified by BSNL as deemed fit under the circumstances. BSNL may either decide to issue a termination notice or to continue the agreement by suitable modifying the conditions, as it feels fit under the circumstances.

5.5 It shall be the responsibility of SMART PAY PHONE OPERATOR to maintain the agreed sufficient staff/resources and distribution channel, even during the period when notice for surrender/termination of agreement is pending. If the agreed service standard is not maintained during the said notice period, it shall be treated as material breach liable for termination at risk and consequent of the Smart Pay Phone Operator and Performance bank Guarantee shall be forfeited.

5.6 Breach of non-fulfillment of Agreement conditions may come to the notice of BSNL through complaints or as a result of regular monitoring. Wherever considered appropriate BSNL may conduct an inquiry either suo-moto or on complaint to determine whether there has been any breach in compliance of the Terms and Conditions of the agreement by the Smart Pay Phone Operator or not. The SMART PAY PHONE OPERATOR shall extend all reasonable facilities and shall endeavor to remove the hindrance of every type upon such inquiry.

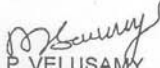
#### 6. Actions pursuant to Termination of Agreement

On termination or surrender or expiry of the Agreement, the Performance Bank Guarantee shall be released to The SMART PAY PHONE OPERATOR only after ensuring clearance of dues, if any, which The SMART PAY PHONE OPERATOR is liable to pay to BSNL. In case of failure of The SMART PAY PHONE OPERATOR to pay the amounts due to BSNL, the outstanding amounts shall be realized through encashment of the bank Guarantee without prejudice to any other action(s) for recovery of the amounts due to BSNL. In case of and failure of service obligation as defined as per the Terms and conditions of the tender, BSNL reserves the right to terminate the Agreement and to forfeit the Performance Bank Guarantee.

#### 7. Dispute Settlement

- 7.1 In the event of any dispute or difference, breach and violation arising under this agreement or in connection there-with (except as to the matters, the decision to which is specifically provided under this agreement), the same shall be referred to the sole arbitration of the CGM Chennai Telephones or in case his designation is changed or his office is abolished, then in such cases to the sole arbitration of the officer for the time being entrusted

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M. P. VELUSAMY  
Chief General Manager  
BSNL, Chennai Telephones

For NAVITEL CORPORATION PVT. LTD.

  
Director

(whether in addition to his own duties or otherwise) with the functions of the CGM, BSNL or by whatever designation such an officer may be called (hereinafter referred to as the said officer), and if the CGM, BSNL or the said officer is unable or unwilling to act as such, then to the sole arbitration of some other person appointed by the CGM, BSNL or the said officer. The agreement to appoint an arbitrator will be in accordance with the Arbitration and Conciliation Act 1996.

There will be no objection to any such appointment on the ground that the arbitrator is a BSNL Employee or that he has to deal with the matter to which the agreement relates or that in the course of his duties as a BSNL employee he has expressed his views on all or any of the matters in dispute. The award of the arbitrator shall be final and binding on both the parties to the agreement. In the event of such an arbitrator to whom the matter is originally referred, being transferred or vacating his office or being unable to act for any reason whatsoever, the CGM, BSNL or the said officer shall appoint another person to act as an arbitrator in accordance with terms of the agreement and the person so appointed shall be entitled to proceed from the stage at which it was left out by his predecessors.

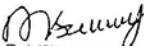
- 7.2 The arbitrator may from time to time with the consent of both the parties enlarge the time frame for making and publishing the award. Subject to the aforesaid, Arbitration and Conciliation Act, 1996 and the rules made there under, any modification thereof for the time being in force shall be deemed to apply to the arbitration proceeding under this clause.
- 7.3 The venue of the arbitration proceeding shall be the office of the CGM, BSNL, Chennai or such other places as the arbitrator may decide.

**8. Force-Majeure**

If at any time, during the continuance of this agreement, the performance in whole or in part, by either party, of any obligation under this is prevented or delayed, by reason of war, or hostility, acts of the public enemy, civic commotion, sabotage, Act of State or direction from Statutory Authority, explosion, epidemic, quarantine restriction, strikes and lockouts (as are not limited to the establishments and facilities of the Business Associate), fire, floods, natural calamities or any act of God (hereinafter referred to as event), nor shall either party have any claims for damages against the other, in respect of such non-performance or delay in performance, provided Service under the agreement shall be resumed as soon as practicable, after such event comes to an end or ceases to exist. However, the Force-Majeure events noted above will not in any way cause extension in the period of the agreement.

**9. Right to inspect**

- 9.1 BSNL or its authorized representative shall have right to inspect the sites used for extending the Service by the SMART PAY PHONE OPERATOR and in particular but not limited to, have the right to have access to leased lines, junctions, terminating interfaces, hardware/software, memories of semiconductor, magnetic and optical varieties, wired or wireless options, distribution frames, and conduct the

  
M.P. VELUSAMY  
Chief General Manager  
BSNL, Chennai Telephones

For NAVITEL CORPORATION PVT. LTD.



performance test including to enter into dialogue with the system through Input/output devices or terminals. SMART PAY PHONE OPERATOR will provide the necessary facilities for continuous monitoring of the system, as required by BSNL or its authorized representative(s). The inspection will ordinarily be carried out after reasonable notice except in circumstances where giving such a notice will defeat the very purpose of the inspection.

- 9.2 Wherever considered appropriate BSNL may conduct any inquiry either suo-moto on complaint to determine whether there has been any breach in compliance of terms & conditions of the agreement by SMART PAY PHONE OPERATOR or not? In case of such inquiry, SMART PAY PHONE OPERATOR shall extend all reasonable facilities without any hindrance.

#### **10. Indemnification**

The Smart Pay Phone Operator agrees to protect, defend, indemnify and hold harmless BSNL and its employees, officers, directors, agents or representatives from and against any and all liabilities, damages, fines, penalties and costs (including legal costs and disbursements) arising from or relating to the various activities involved in the Installation, Testing, Discounting, Operation and Maintenance of the Pay Phones.

#### **11. Confidentiality of information**

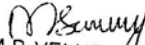
- 11.1 Subject to conditions contained in this Agreement, The SMART PAY PHONE OPERATOR shall take all necessary steps to safeguard the privacy and confidentiality of any information about BSNL and BSNL subscribers/Smart Pay Phone Operator from whom it has acquired such information by virtue of the Service provided and shall use its best endeavors to secure that:

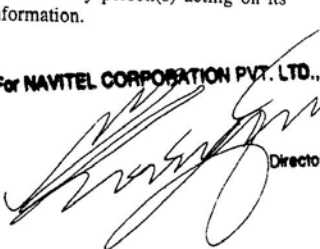
- a) No person acting on behalf of The SMART PAY PHONE OPERATOR or SMART PAY PHONE OPERATOR himself divulges or uses any such information except as may be necessary in the course of providing Service to BSNL; and
- b) No person seeks such information other than is necessary for the purpose of providing Service to BSNL.

Provided, the above para shall not apply where BSNL has consented in writing to such information being divulged or used, and such information is divulged or used in accordance with the terms of that consent; or the information is already open to the public.

- 11.2 The SMART PAY PHONE OPERATOR shall take necessary steps to ensure that The SMART PAY PHONE OPERATOR and any person(s) acting on its behalf observe confidentiality of customer information.

11 For NAVITEL CORPORATION PVT. LTD.,

  
M.P. VELUSAMY  
Chief General Manager  
BSNL, Chennai Telephones

  
Director

11.3 The SMART PAY PHONE OPERATOR shall, prior to commencement of Service, confirm in writing to BSNL that The SMART PAY PHONE OPERATOR has taken all necessary steps to ensure that it and its employees shall observe confidentiality of customer information.

12. Liability

Except as provided in this Agreement, hereinabove, neither party shall be liable to other party or any other party by virtue of termination of this Agreement for any reason whatsoever for any claim for loss or profit or on account for any expenditure, investment, leases, capital improvements or any other commitments made by the other party in connection with their business made in reliance upon or by virtue of this Agreement.

12.1 The liability to insure the Pay Phone, Merchandise, if any, in the outlet(s) and in the possession of The Smart Pay Phone Operator will be the responsibility of the Smart Pay Phone Operator and the liability for any loss or damage due to any fire, burglary, theft, etc. will be that of the The Smart Pay Phone Operator.

12.2 The Smart Pay Phone Operator shall be fully responsible for the employment or payment of wages to its employees and shall fully comply with all laws, rules, regulations, notifications, directions orders etc. of the Govt. whether Central, State, Local or Municipal relating to such employment, payment of wages etc. and all others matter connected therewith and hereby indemnifies and agrees to continue indemnifying BSNL in this regard.

  
M.P. VELUSAMY  
Chief General Manager  
BSNL, Chennai Telephones

For NAVITEL CORPORATION PVT. LTD.

  
Director

**PART-II**

**FINANCIAL CONDITIONS**

1. The smart Pay Phone Operator. agrees to submit a irrevocable Bank guarantee for Rupees One lakh/ circle, to ensure due performance of its contractual obligations. The bank guarantee will be valid for a period co-terminus with, to cover the period of agreement including any extension thereof. The Smart Pay Phone Operator shall renew the validity of the Bank guarantee if the validity period is extended.
2. M/s Navitel Corporation Pvt. Ltd. shall deposit the aforesaid Performance Bank Guarantee of the said amount as BSNL may recommend from time to time. BSNL reserves the right to forfeit/adjust the said PBG in full or part or any sum due from the Smart Pay Phone Operator to BSNL at any time. Smart Pay Phone Operator shall continue to be liable for balance if any. BSNL reserves the right to increase the amount of PBG at any time in its own discretion with respect to any/some/all Smart Pay Phone Operator.
3. **Discount applicable:** For purchasing the PIN for printing the Smart card, the Navitel Corporation Pvt. Ltd. should make the upfront payment after availing the discount applicable, slab wise, as given in para (4a) below
- 4.

- a. The discount applicable shall be calculated based on the quantum of sale of PIN as a percentage of the total value at a time as given below:

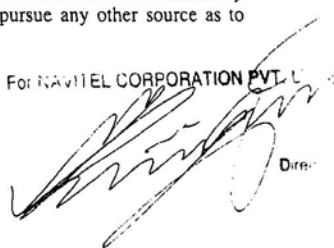
S.No.	Total Purchase of PIN per Annum (Amount in Rupees)	Discount applicable (%)
1	Upto Rs. 2 Crore	30%
2	Rs. 2-5 Crore	32.5%
3	Rs. 5-10 Crore	35%
4	Rs. 10-30 Crore	37.5%
5	Rs. 30-100 Crore	41%
6	> 100 Crore	45%

- b. In case Smart Pay Phone Operator is unable to roll out 20,000 Smart Card PCO within one year the discount will be restricted to discount applicable for STD PCO as on date.
  - c. The above discount will be valid for three years and M/s. Navitel Corporation Pvt Ltd of Function will not seek any enhancement whatsoever during first three years.
  - d. The discount may be reviewed by BSNL after three year.
  - e. The above discount is on non-graded basis.
  - f. The discount will be only on the calls made through Smart Card (not through ITC card).
5. BSNL reserves the right to seek/verify financial information from Smart Pay Phone Operators' bankers/credit provider and pursue any other source as to carry out verification.

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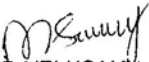
For NAVITEL CORPORATION PVT. L

  
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Chief General Manager  
BSNL, Chennai Telephones

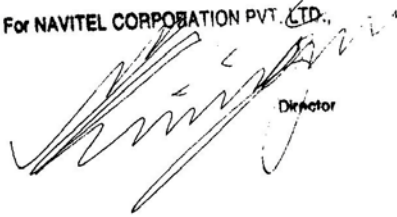
  
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6. No credit sale will be provided to the Smart Pay Phone Operator.
7. **Service Tax** : The Service Tax will be paid by the smart pay phone operator as given below:
  - i) The service tax at the applicable rate on the net amount (Discounted Price) will be realized at the time of selling PINs.
  - ii) Service tax so collected will be paid to the Service Tax Authorities within the prescribed due date.
8. Any other taxes/duties, which may be levied by Govt. of India/State/Local bodies etc. relating to this transaction shall be borne by the smart pay phone operator

  
M.P. VELUSAMY  
Chief General Manager  
RSNL, Chennai Telephones

For NAVITEL CORPORATION PVT. LTD.,

  
Director