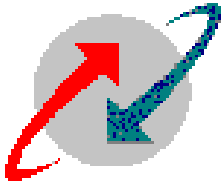


Memorandum of Understanding

Between

 *Department of Posts, Government of India*

And



*Bharat Sanchar
Nigam Limited*

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is made and entered into on this the 28th day of December, 2006.

Between

The Bharat Sanchar Nigam Limited, a Company under the Companies Act, 1956 and having its registered Office at 5th Floor, 20, Ashoka Road, Sanchar Bhawan, New Delhi – 110 001 and Corporate Office at Statesman House, B-148, Barakhamba Road, New Delhi – 110 001 (hereinafter referred to as 'BSNL', which expression, unless repugnant to the context or meaning hereof, shall include its successors, administrators or permitted assignees) and represented by its Sr. Dy. Director General, Business Development;

AND

Department of Posts, Ministry of Communications and IT, Government of India, having its Head Office at Dak Bhawan, Sansad Marg, New Delhi – 110 001 (hereinafter referred to as "DOP"), which expression shall, unless repugnant to the context, include its successors and assigns; and at present represented by its Chief General Manager, Business Development and Marketing Directorate;

BSNL and DOP are hereinafter individually referred to as 'Party' and collectively as 'Parties'.

WHEREAS :-

- A). BSNL is engaged in providing all types of telecom services all over the country; (except Delhi and Mumbai);
- B). DOP is engaged in providing postal service, financial and other value added or premium services.
- C). BSNL and DOP have mutually agreed to enter into a special relationship for synergy of operation in various areas of cooperation, to provide comprehensive communication facilities all across the country by BSNL to DOP and utilizing each other's infrastructure on mutually agreed terms and conditions mentioned hereunder.

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NOW THIS INDENTURE WITNESSETH AS FOLLOWS :-

In consideration of the mutual covenants set out in this MOU, the Parties hereby agree as follows :-

1. Purpose of the MOU

This MOU is intended to recognize the general basis for a co-operative and collaborative working relationship between the two Parties in order to develop a special business relationship to fulfill each other's requirements across the country for synergy of operations.

2. Nature of MOU

DOP and BSNL intend to develop a mutually beneficial relationship through business packages as being provided by the respective Departments and extend the various features of the services available as such.

3. Responsibilities

Through this MOU, DOP and BSNL commit to provide services to each other as detailed hereunder: -

i). BSNL will provide special package to DOP for utilization of telecom services on preferred customer basis, wherever BSNL is providing services, which should be made more attractive for India Post or on par with the graded volume discount or corporate discount scheme or any other similar scheme offered by BSNL to high caller subscribers, considering a Postal Circle as a single corporate entity for extending these benefits including discounts, etc.

ii). BSNL will avail the e-Payment Service offered by the Department of Posts for the telecom revenue collection on an all India basis, on pattern of the pilot project, which is underway in Karnataka Circle.

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iii). BSNL will avail, as a corporate customer, the Bill Mail Service as notified by the DOP, for all kinds of telephone bills including Landline, GSM, WLL, Mobile, Internet etc. for all telephone bills all over the country. DOP will extend other benefits, which are being offered to other corporate and bulk customers, after BSNL makes an all India shift to Bill Mail Service for all kinds of telephone bills, as per the terms and conditions laid down in the Bill Mail Service, notified in the Gazette of India.

iv). DOP will provide a complete mailing solution to BSNL including pre-mailing facilities under Business Post. DOP will also provide printing solution to BSNL as and when required by the BSNL. In the printing as pre-mailing activities, the Department of Posts will be the most preferred provider.

v). DOP will provide its retail network for the sale of BSNL's pre-paid products like recharge coupons, ITC Cards, FLPP Card, Webphone Card, Sancharnet Card, etc. under Retail Post. BSNL will provide the products for sale through the Post Offices without any advance payment from DOP to BSNL and the minimum volume of the saleable products will be earmarked on all India basis exclusively for sale through DOP outlets. The commission structure will be same as what the BSNL is currently offering to primary franchisee. Being a Government Department, DOP will not make any payment upfront or advance payment. Payment terms will be defined on mutually agreed terms and conditions.

vi). DOP will provide the services of Postmen for collection of BSNL telephone bill payment from a subscriber through cheque as and where required.

vii). BSNL will avail the Direct Post Service, as offered by India Post, and will be extended the benefits given to a corporate customer under this service.

viii). DOP will be the most preferred provider of address verification service at an all India level for all telecom services including cellular services to BSNL. Features of address verification service and charges, etc. will be separately worked out as a special package.

ix). Both BSNL and DOP will work for popularizing the Gramin Sanchar Sewak Scheme.

x). For the furtherance of creative cooperation between the DOP and BSNL, both parties agreed to offer to each other existing as well as forthcoming or future services, such as Speed Post, e-Post, Express Post and Logistic Post as provided by the Department of Posts currently, or any service either being provided by the BSNL/DOP or as and when they come into being, on preferred customer basis.

xi). In the spirit of creative cooperation enunciated in the MOU, both the Department of Posts and the BSNL will settle their outstanding dues to each other during 2006-07.

xii). To further cooperation as business synergy, a quarterly meeting at the level of GM(Marketing), BD and Marketing Directorate, Department of Posts; DDG(PAF), Department of Posts and DDG(T&C), DDG(CA), BSNL, will be held.

4. Status of MOU

This MOU is intended to record mutual understandings of the Parties hereto, as on the date hereof.

This MOU would be subject to laws (and such rules and regulations) of India as may be applicable during the tenure of this MOU.

Clauses 3(iii) of the MOU will supersede and replace Para 2 of **procedure for implementation of user pay principle for the services rendered by the BSNL to DOP and vice-versa**, which was in effect from 01st October, 2001 and was circulated vide DOP letter No. 25-3-2001-PO, dated 24th September, 2001(Annexed). With this supersession, the terms and conditions for other reciprocal services laid down in User Pay Principle procedure will be re-negotiated and a separate procedure will be signed within three months.

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While responsibilities mentioned under clauses 3(ii), 3(iii), 3(iv), 3(vii) and 3(viii) will come into being immediately, to discharge the responsibilities of each party and/or when specific obligations or financial commitments appear necessary to the Parties, in respect other clauses, the Parties by mutual consent shall enter directly (or through the concerned affiliate), into specific agreement(s) defining in detail the respective obligations and commitments of each Party, and in particular the programme of work and the financial conditions of its execution and these agreements shall be a supplement to this MOU.

5. Validity

The MOU will be valid for an initial period of FIVE years from the date of signing. The Parties shall meet to decide a possible renewal of this MOU six months before expiry of this period and the said agreement to extend the period shall be part of this MOU. A specific addendum shall then be signed by the Parties.

6. Amendment

This MOU may be amended upon the mutual consent of all Parties; but such amendment shall have no impact on any specific agreement then in force.

7. Termination

This MOU may be terminated by any Party upon providing a written notice of three months to the other Party of its intention to do so. It shall also terminate automatically upon the bankruptcy of any of the Parties or in the event of force majeure event occurs which makes the performance of obligation of any of the Parties impossible under this MOU.

8. Confidentiality

All Parties acknowledge the confidentiality of the information, which may be transferred between the Parties from time-to-time as being essential to this MOU and specifically agree not to disclose the same to any third party during the currency of this MOU and for a period of two years after its expiry or sooner termination of this MOU. However, each party shall be free to disclose such information as is :-

- Part of the public domain at the time of disclosure, or
- Required to be disclosed by official authorities in accordance with the applicable laws and the court orders.

IN WITNESS WHEREOF the Parties by the hand of duly authorized representative signed – these presents of on the day, month and year mentioned above.

Anil Kaushal
Sr. Dy. Director General(Business Development),
Bharat Sanchar Nigam Limited,
Statesman House,
B-148, Barakhamba Road
New Delhi – 110 001.

S. Samant
Chief General Manager,
Business Development & Marketing Directorate
Department of Posts
Dak Bhawan,
New Delhi – 110 001.

WITNESS :-

K.C.G.K. Pillai
Dy. Director General(BBF),
Bharat Sanchar Nigam Limited,
Statesman House,
B-148, Barakhamba Road,
New Delhi – 110 001.

R.R.P. Singh,
General Manager(Marketing),
Business Development and Marketing Directorate,
Department of Posts,
Dak Bhawan, New Delhi – 110 001.