

Government of India
Ministry of Communications & IT
Department of Telecommunications
Sanchar Bhavan, 20 - Ashoka Road
New Delhi - 110001

F.No.842-585/2005-VAS/9

Dated, 1st February ,2006.

To

All Unified Access Service Licensees migrated from CMTS.

Subject:- Amendments in Unified Access Service Licence Agreement.

The undersigned has been directed to convey the approval of the competent authority for amendments to various clauses of the Licence Agreement of the Unified Access Service(UAS) with immediate effect as per details enclosed as Annexure.

Other terms and conditions of the existing Unified Access Service licence shall remain unchanged.

(A.S. Verma)
Director (VAS-II)
For and on behalf of President of India

Copy to :

1. Secretary TRAI
2. Sr. DDG(TEC)
3. DDG(LF)

S.N.	Existing Clauses of UASL	Amended Clause
1.	<p>1. Ownership of the LICENSEE Company.</p> <p>1.1 The LICENSEE shall ensure that the total foreign equity in the paid up capital of the LICENSEE Company does not, at any time during the entire Licence period, exceed 49% of the total equity. The details of the Indian & Foreign promoters/shareholders with their respective equity holdings in the LICENSEE Company and their respective net-worth as disclosed on the date of signing of the LICENCE AGREEMENT, are as follows:</p> <p style="text-align: center;">----- -----</p> <p>1.2 Except prior permission in writing by Licensor there shall be no change in the Foreign promoter(s) or their equity participation . Normally there will be no objection in substituting an existing foreign promoter by another foreign promoter of similar standing subject to the total foreign equity being below the prescribed limit.</p> <p>1.3 The LICENSEE Company may, under intimation to Licensor replace a promoter(s) by another promoter(s) as stipulated below:</p> <p>(a) the Indian Promoter(s) or person(s) acquiring the foreign promoter's shareholding ; and (b) transfer of equity between Indian promoters or person(s) including Indian employees of the company .</p>	<p>1. OWNERSHIP OF THE LICENCEE COMPANY</p> <p>1.A The total composite foreign holding including but not limited to investments by Foreign Institutional Investors (FIIs), Non-resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs), convertible preference shares, proportionate foreign investment in Indian promoters/investment companies including their holding companies, etc., herein after referred as FDI, will not exceed 74 per cent. The 74 per cent foreign investment can be made directly or indirectly in the operating company or through a holding company and the remaining 26 per cent will be owned by resident Indian citizens or an Indian Company (i.e. foreign direct investment does not exceed 49 percent and the management is with the Indian owners). It is clarified that proportionate foreign component of such an Indian Company will also be counted towards the ceiling of 74%. However, foreign component in the total holding of Indian public sector banks and Indian public sector financial institutions will be treated as 'Indian' holding. The licensee will be required to disclose the status of such foreign holding and certify that the foreign investment is within the ceiling of 74% on a half yearly basis.</p> <p>1.B The majority Directors on the Board including Chairman, Managing Director and Chief Executive Officer (CEO) shall be resident Indian citizens. The appointment to these positions from among resident Indian citizens shall be made in consultation with serious Indian investors. Serious investor has been defined below in para 1.G(i).</p> <p>1.C The Share Holder Agreements (SHA) shall specifically incorporate the condition that majority directors on the Board</p>

<p>1.3.1 The merger of Indian companies may be permitted as long as competition is not compromised as defined in condition 1.4 (ii).</p> <p><u>Explanation :</u></p> <p>In case of company listed at a stock exchange(s), shares bought and sold by way of any transaction through the stock exchange(s) where the Company shares or depository receipts are listed will not be treated as change of equity for the purpose of this clause subject to total prescribed foreign equity ceiling unless otherwise it leads to change in management control within the definition of SEBI Act.</p> <p>1.4 The LICENSEE shall also ensure that:</p> <p>(i) Any changes in share holding shall be subject to all applicable statutory permissions.</p> <p>(ii) No single company/ legal person, either directly or through its associates, shall have substantial equity holding in more than one LICENSEE Company in the same service area for the Access Services namely; Basic, Cellular and Unified Access Service. ‘Substantial equity’ herein will mean ‘an equity of 10% or more’. A promoter company/ Legal person cannot have stakes in more than one LICENSEE Company for the same service area.</p> <p>Note : Clause 1.4(ii) shall not be applicable to Basic and Cellular Licensees existing as on 11.11.2003, and in case one of them migrates to UASL it shall not be necessary</p>	<p>including Chairman, Managing Director and Chief Executive Officer (CEO) shall be resident Indian citizens and shall also envisage the conditions of adherence to Licence Agreement.</p> <p>1.D FDI upto 49 per cent will continue to be on automatic route. Foreign Investment Promotion Board (FIPB) approval shall be required for FDI in the licensee company/Indian promoters/investment companies including their holding companies if it has a bearing on the overall ceiling of 74 per cent. While approving the investment proposals, FIPB shall take note that investment is not coming from unfriendly countries.</p> <p>1.E The investment approval by FIPB shall envisage the conditionality that Company would adhere to licence Agreement.</p> <p>1.F FDI shall be subject to laws of India and not the laws of the foreign country/countries.</p> <p>1.G (i) In order to ensure that at least one serious resident Indian promoter subscribes reasonable amount of the resident Indian shareholding, such resident Indian promoter shall hold at least 10 per cent equity of the licensee company.</p> <p>(ii) The Company shall acknowledge compliance with the licence agreement as a part of Memorandum of Association of the Company. Any violation of the licence agreement shall automatically lead to the company being unable to carry on its business in this regard. The duty to comply with the licence agreement shall also be made a part of Articles of Association.</p> <p>(iii) Chief Technical Officer (CTO)/Chief Finance Officer (CFO) shall be resident Indian citizens. The Licensor can also further notify key positions to be held by resident Indian citizens. Licensee shall notify the names and nationality of such officers on 1st of January and 1st of July every year to Licensor.</p> <p>(iv) The Company shall not transfer the following to any person/ place outside India:-</p> <p>(a) any accounting information relating to subscriber (except</p>
--	---

<p>to surrender the other Licence. Further, Basic and Cellular Licensees existing as on 11.11.2003, shall not be eligible for a new UASL in the same service area either directly or through it's associates . Further, any legal entity having substantial equity in existing Basic / Cellular licensees shall not be eligible for new UASL.</p> <p>(iii) Management control of the LICENSEE Company shall remain in Indian Hands.</p>	<p>for roaming/billing) (Note: it does not restrict a statutorily required disclosure of financial nature) ;</p> <p>(b) user information (except pertaining to foreign subscribers using Indian Operator's network while roaming); and</p> <p>(c) details of their infrastructure/network diagram except to telecom equipment suppliers/manufacturers who undertake the installation, commissioning etc. of the infrastructure of the licensee Company on signing of non-disclosure agreement.</p> <p>(v) The Company when entering into roaming agreements with service providers outside India must provide, on demand, the list of such users (telephone numbers, in case of foreign subscribers using Indian Operator's network while roaming).</p> <p>(vi) The Company must provide traceable identity of their subscribers. However, in case of providing service to roaming subscriber of foreign Companies, the Indian Company shall endeavor to obtain traceable identity of roaming subscribers from the foreign company as a part of its roaming agreement.</p> <p>(vii) No traffic (mobile and landline) from subscribers within India to subscribers within India shall be hauled to any place outside India. For this purpose, the location of satellites serving for domestic traffic shall not be treated as outside India.</p> <p>(viii) No Remote Access (RA) shall be provided to any equipment manufacturer or any other agency out side the country for any maintenance/repairs by the licensee. However, RA may be allowed for catastrophic software failure (such as failure to boot up etc.) which would lead to major part of the network becoming non-functional for a prolonged period, subject to meeting the following conditions:-</p> <p>(a) Intelligence Bureau and Licensor will be notified, when RA is to be provided.</p>
---	---

		<p>(b) Remote Access password is to be enabled for a definite period only and only for access from pre-approved locations of the Original Equipment Manufacturer (OEM) Vendors and only for the equipments specifically under repair/maintenance.</p> <p>(c) The control of Remote Access i.e. activation, transfer of data, termination etc. shall be within the country and not at a Remote location, abroad.</p> <p>(d) The Government agency will be given all support to record the transactions for on-line monitoring.</p> <p>(e) Any equipment or software that forms part of the overall monitoring shall not be permitted to have remote access under any circumstances.</p> <p>(f) The terms catastrophic software failure, major part of the network and prolonged period used under this clause shall be defined by the Licensor from time to time.</p> <p>(ix) It shall be open to the Licensor to restrict the Licensee Company from operating in any sensitive area from the National Security angle.</p> <p>(x) In order to maintain the privacy of voice and data, monitoring shall only be upon authorisation by the Union Home Secretary or Home Secretaries of the States/Union Territories.</p> <p>(xi) For monitoring traffic, the licensee company shall provide blind access of their network and other facilities as well as to books of accounts to the security agencies.</p> <p>(xii) In case of not adhering to Licence conditions envisaged in para 1.G the licence(s) granted to the company shall be deemed as cancelled and the licensor shall have the right to encash the performance/financial bank guarantee(s) and the licensor shall not be liable for loss of any kind.</p>
--	--	---

		<p>1.2 The conditions at para 1.A to 1.G above shall also be applicable to the existing companies operating telecom service(s), which had the FDI cap of 49%. The Indian & Foreign equity holdings in the LICENSEE company as disclosed by the LICENSEE company on the date of signing of the LICENCE AGREEMENT, are as follows:</p> <p><i>INDIAN EQUITY</i>.....</p> <p><i>FOREIGN EQUITY</i>.....</p> <p>The LICENSEE shall declare the above information as on 1st January and 1st July by 7th January and 7th July respectively to LICENSOR. This is to be certified by the LICENSEE company's company secretary or statutory auditor.</p> <p>1.3 The merger of Indian companies may be permitted as long as competition is not compromised as defined below:</p> <p>“No single company/ legal person, either directly or through its associates, shall have substantial equity holding in more than one LICENSEE Company in the same service area for the Access Services namely; Basic, Cellular and Unified Access Service. ‘Substantial equity’ herein will mean ‘an equity of 10% or more’. A promoter company/ Legal person cannot have stakes in more than one LICENSEE Company for the same service area”.</p> <p>Note : above clause(1.3) shall not be applicable to Basic and Cellular Licensees existing as on 11.11.2003, and in case one of them migrates to UASL it shall not be necessary to surrender the other Licence. Further, Basic and Cellular Licensees existing as on 11.11.2003, shall not be eligible for a new UASL in the same</p>
--	--	--

		<p>service area either directly or through it's associates . Further, any legal entity having substantial equity in existing Basic / Cellular licensees shall not be eligible for new UASL.</p> <p>1.4 The LICENSEE shall also ensure that any change in share holding shall be subject to all necessary statutory requirements.</p>
2	<p>2.2 (a) The SERVICES cover collection, carriage, transmission and delivery of voice and/or non-voice MESSAGES over LICENSEE's network in the designated SERVICE AREA and includes provision of all types of access services. In addition to this, except those services listed in para 2.2 (b)(i) licensee cannot provide any service / services which require a separate licence. The access service includes but not limited to wireline and / or wireless service including full mobility, limited mobility as defined in clause 2.2 (c) (i) and fixed wireless access. However, the licensee shall be free to enter an agreement with other service provider(s) in India or abroad for providing roaming facility to its subscriber under full mobility service unless advised / directed by Licensor otherwise. The LICENSEE may offer " Home Zone Tarriff Scheme (s)" as a subset of full mobile service in well defined geographical Areas through a tariff of its choice within the scope of orders of TRAI on the subject. Numbering and interconnection for this service shall be same as that of Full mobile subscribers.</p>	<p>2.2 (a)(i) The SERVICES cover collection, carriage, transmission and delivery of voice and/or non-voice MESSAGES over LICENSEE's network in the designated SERVICE AREA and includes provision of all types of access services. Access Service Provider can also provide Internet Telephony. Internet Services and Broadband Services. If required, access service provider can use the network of NLD/ILD service licensee. In addition to this, except those services listed in para 2.2 (b)(i) licensee cannot provide any service / services which require a separate licence. The access service includes but not limited to wireline and / or wireless service including full mobility, limited mobility as defined in clause 2.2 (c) (i) and fixed wireless access. However, the licensee shall be free to enter an agreement with other service provider(s) in India or abroad for providing roaming facility to its subscriber under full mobility service unless advised / directed by Licensor otherwise. The LICENSEE may offer " Home Zone Tarriff Scheme (s)" as a subset of full mobile service in well defined geographical Areas through a tariff of its choice within the scope of orders of TRAI on the subject. Numbering and interconnection for this service shall be same as that of Full mobile subscribers.</p> <p>2.2 (a) (ii) Leased circuit is defined as virtual private network (VPN) using circuit or packet switched (IP Protocol) technology</p>

		<p>apart from point to point non-switched physical connections/transmission bandwidth. Public network is not to be connected with leased circuits/CUGs.</p> <p>2.2 (a) (iii) The access service providers can provide Broadband services including triple play i.e voice, video and data.</p>
3	<p>10.2(i) The LICENSOR may, without prejudice to any other remedy available for the breach of any conditions of LICENCE, by a written notice of 60 Calendar days from the date of issue of such notice to the LICENCEE at its registered office, terminate this LICENCE under any of the following circumstances :</p> <p>If the LICENSEE:</p> <p>a) fails to perform any obligation(s) under the LICENCE including timely payments of fee and other charges due to the LICENSOR;</p> <p>b) fails to rectify, within the time prescribed, any defect/deficiency/correction in service/equipment as may be pointed out by the LICENSOR.</p> <p>c) goes into liquidation or ordered to be wound up.</p> <p>d) is recommended by TRAI for termination of LICENCE for non-compliance of the terms and conditions of the LICENCE.</p>	<p>10.2(i) The LICENSOR may, without prejudice to any other remedy available for the breach of any conditions of LICENCE, by a written notice of 60 Calendar days from the date of issue of such notice to the LICENCEE at its registered office, terminate this LICENCE under any of the following circumstances :</p> <p>If the LICENSEE:</p> <p>a) fails to perform any obligation(s) under the LICENCE including timely payments of fee and other charges due to the LICENSOR;</p> <p>b) fails to rectify, within the time prescribed, any defect/deficiency/correction in service/equipment as may be pointed out by the LICENSOR.</p> <p>c) goes into liquidation or ordered to be wound up.</p> <p>d) is recommended by TRAI for termination of LICENCE for non-compliance of the terms and conditions of the LICENCE.</p> <p>(f) fails to comply with FDI norms.</p>