

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

No. 842-725/2005-VAS/7

Dated 6th February 2006

To

All Cellular Mobile Telephone Service Licensee(s) including MTNL & BSNL to whom CMTS Licences issued in 2001 or thereafter

Subject:- **Amendments in Cellular Mobile Telephone Service Licence Agreement issued in 2001 or thereafter.**

In pursuance of the clause 5.1 of the Licence Agreement, inter-alia, reserving the right to modify at any time the terms and conditions of the LICENCE, in public interest or in the interest of the security of the State or for the proper conduct of the SERVICE, the LICENSING AUTHORITY hereby decides to amend the terms and conditions of the Cellular Mobile Telephone Service Licence as per details annexed hereto.

Other terms and conditions of licence agreement shall remain unchanged.

Enclosure: Annexure (7 Pages)

(A.K. Dhar)
ADG(VAS-I)
Telephone No.23372069
For and on behalf of President of India

Copy to :

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

ANNEXURE

Amendment to the Cellular Mobile Telephone Service (CMTS) Licence Agreements issued in 2001 or thereafter.

S.N.	Existing Clause(s)	Amended Clause(s)
1.	<p>1. Ownership of the LICENSEE Company.</p> <p>1.1 The licensee shall ensure that the total foreign equity in 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 with their respective equity holdings in the LICENSEE Company as disclosed on the date of signing of the LICENSE AGREEMENT, are as follows:</p> <p style="text-align: center;">----- -----</p> <p>1.2 There shall be no change in the Indian and Foreign promoter(s) or their equity participation unless permitted by the LICENSOR in writing.</p> <p>1.3 The licensee company may, with prior written consent of the Licensor replace a promoter(s) by another promoter(s) of equal or higher standing as stipulated below:</p> <p>(a) an existing foreign promoter may be substituted by another foreign promoter of similar standing;</p> <p>(b) the existing Indian Promoter(s) may also be allowed to acquire the foreign promoter's shareholding; and</p> <p>(c) transfer of equity inter-se between existing Indian promoters may be permitted, provided the majority Indian promoter continues</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>to hold at least the present shareholding for a period of five years from the effective date of licence agreement. The merger of Indian companies may be permitted as long as competition is not compromised; TRAI will be consulted by the licensor in this matter.</p> <p>1.4 The licensee shall also ensure that:</p> <p>(i) Any changes in share holding shall be subject to all necessary statutory requirements.</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 same service. 'Substantial equity' herein will mean 'an equity of 10% or more'. A promoter company cannot have stakes in more than one licensee company for the same service area.</p> <p>(iii) Management control of the licensee company shall remain in Indian Hands.</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</p>
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		<p>(except 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>
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		<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</p>
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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.

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:

INDIAN EQUITY.....

FOREIGN EQUITY.....

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.

1.3 The merger of Indian companies may be permitted as long as competition is not compromised as defined below:

“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”.

Note : Above clause 1.3 shall not be applicable to CMTS

		<p>Licenses 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 Licenses existing as on 11.11.2003, shall not be eligible for a new UASL in the same service area either directly or through its associates. Further, any legal entity having substantial equity in existing Basic / Cellular licenses 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>2.1 The licensee shall be permitted to provide, in its area of operation, all types of mobile services including voice and non-voice messages, data services and PCOs utilizing any type of network equipment (however, the technology must be digital), including circuit and/or packet switches, that meet the relevant International Telecommunication Union (ITU)/Telecommunication Engineering Center (TEC) standards. Provided that a pilot project may also be approved and licensed for any period by the Licensor for inducting a new Technology.</p> <p>Provided further that the LICENSOR, of its own or through a designated Authority, has a right to operate the service anywhere in India.</p>	<p>2.1 (a) The licensee shall be permitted to provide, in its area of operation, all types of mobile services including voice and non-voice messages, data services and PCOs utilizing any type of network equipment (however, the technology must be digital), including circuit and/ or packet switches, that meet the relevant International Telecommunication Union (ITU)/Telecommunication Engineering Center (TEC) standards. Provided that a pilot project may also be approved and licensed for any period by the Licensor for inducting a new Technology.</p> <p>Provided further that the LICENSOR, of its own or through a designated Authority, has a right to operate the service anywhere in India.</p> <p>The Licensee can also provide Internet Telephony, Internet Services and Broadband Services. If required, the Licensee can use the network of NLD/ILD service licensee. 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</p>

		<p>under full mobility service unless advised / directed by Licensor otherwise.</p> <p>2.1 (b) Leased circuit is defined as virtual private network (VPN) using circuit or packet switched (IP Protocol) technology apart from point to point non-switched physical connections/transmission bandwidth. Public network is not to be connected with leased circuits/CUGs.</p> <p>2.1 (c) The Licensee can provide Broadband services including triple play i.e voice, video and data.</p> <p>2.1 (d) The Licensee cannot provide any service except as mentioned above, which require a separate licence.</p>
3	<p>10.2 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 issued to the LICENSEE at its registered office, terminate this LICENCE under any of the following circumstances :</p> <p style="padding-left: 40px;">If the LICENSEE:</p> <p style="padding-left: 80px;">a) fails to perform any obligation(s) under the LICENCE including timely payments of fee and other charges due to the LICENSOR;</p> <p style="padding-left: 80px;">b) fails to rectify, within the time prescribed, any defect as may be pointed out by the LICENSOR.</p>	<p>10.2 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 issued to the LICENSEE at its registered office, terminate this LICENCE under any of the following circumstances :</p> <p style="padding-left: 40px;">If the LICENSEE:</p> <p style="padding-left: 80px;">a) fails to perform any obligation(s) under the LICENCE including timely payments of fee and other charges due to the LICENSOR;</p> <p style="padding-left: 80px;">b) fails to rectify, within the time prescribed, any defect as may be pointed out by the LICENSOR.</p> <p style="padding-left: 80px;">c) goes into liquidation or ordered to be wound up.</p> <p style="padding-left: 80px;">d) is recommended by TRAI for termination of</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>LICENCE for non-compliance of the terms and conditions of the LICENCE.</p> <p>(e) fails to comply with FDI norms.</p>
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Department of Telecommunications
Sanchar Bhavan, 20 - Ashoka Road
New Delhi - 110001

No. 842-725/2005-VAS/5

Dated 6th February 2006

To

All Cellular Mobile Telephone Service Licensee(s) in Metro Service Areas to whom CMTS licenses issued prior to 2001

Subject: Amendments in Cellular Mobile Telephone Service Licence Agreement in Metro Service Areas for licenses issued prior to 2001.

In pursuance of the clause 13 (ii) of the Licence Agreement, inter-alia, reserving the right to modify at any time the terms and conditions of the LICENCE, in public interest or in the interest of the security of the State or for the proper conduct of the SERVICE, the LICENSING AUTHORITY hereby decides to amend the terms and conditions of the Cellular Mobile Telephone Service Licence as per details annexed hereto.

Other terms and conditions of licence agreement shall remain unchanged.

Enclosure: Annexure (7 Pages)

A.K. Dhar)
ADG(VAS-I)
Telephone No.23372069
For and on behalf of President of India

Copy to :

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

ANNEXURE

Amendment to the Cellular Mobile Telephone Service Licences issued prior to 2001 in Metro Service Areas

Existing Clause(s)	Amended Clause(s)
<p>Amendment No. 842-47/2000-VAS/Vol. IV/ dated 29th January, 2001</p> <p>2. (viii) There shall be a lock in of the present share holding for a period of five years counted from the date of licence agreement i.e. effective date. During this period any transfer of share holding directly or indirectly through subsidiary or holding companies shall not be permitted. However, issue of additional equity share capital by the licensee company / its holding company by way of private placement / public issue shall be permitted. Further, the aforesaid lock-in provisions shall not be applicable in case the shares are transferred pursuant to enforcement of pledge by the lending financial institutions/ banks due to event of default (s) committed by the borrowers with the condition that such shares should have been pledged for the purposes of investment only in the concerned licensed project.</p> <p>Provided always that with prior written approval of the Licensor:</p> <ul style="list-style-type: none"> (A) an existing foreign partner can be substituted by another foreign partner of identical or similar standing and experience; (B) Any existing Indian Partner can acquire the foreign partner's shareholding; (C) Transfer of equity, inter-se, among Indian promoters can be permitted subject to the conditions that the majority Indian partner 	<p>2.(viii) OWNERSHIP OF THE LICENCEE COMPANY</p> <p>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>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 G(i).</p> <p>C. The Share Holder Agreements (SHA) shall specifically</p>

continues to hold the original shareholding for a period of five years from the effective date of licence agreement.

- (D) Merger of Indian companies can be permitted as long as competition is not compromised.

2.(ix) Notwithstanding any thing approved under the Proviso described in (viii) above, the following shall always be complied with and shall never be violated:

- (a) The statutory prescriptions of any nature including but not limited to the provisions of the monopoly and Restrictive Trade Practice Act-1969.
- (b) No single company / entity shall have any equity in more than one Licensee Company in the same service area for same service.
- (c) There shall be cap of 49% on foreign equity.
- (d) Management control of the licensee company shall remain in Indian Hands.

incorporate the condition that majority directors on the Board 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.

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.

E. The investment approval by FIPB shall envisage the conditionality that Company would adhere to licence Agreement.

F. FDI shall be subject to laws of India and not the laws of the foreign country/countries.

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.

(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.

(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.

(iv) The Company shall not transfer the following to any person/ place outside India:-

- (a) any accounting information relating to subscriber

(except for roaming/billing) (Note: it does not restrict a statutorily required disclosure of financial nature) ;

(b) user information (except pertaining to foreign subscribers using Indian Operator's network while roaming); and

(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.

(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).

(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.

(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.

(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:-

(a) Intelligence Bureau and Licensor will be notified, when RA is to be provided.

(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.

(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.

(d) The Government agency will be given all support to record the transactions for on-line monitoring.

(e) Any equipment or software that forms part of the overall monitoring shall not be permitted to have remote access under any circumstances.

(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.

(ix) It shall be open to the Licensor to restrict the Licensee Company from operating in any sensitive area from the National Security angle.

(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.

(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.

(xii) In case of not adhering to Licence conditions envisaged in para 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>2.(ix) (a) The conditions at para 2 (viii) A to 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>(b) 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>(c) The LICENSEE shall also ensure that any change in share holding shall be subject to all necessary statutory requirements.</p>
<p>Amendment No. 842-47/2000-VAS/Vol. IV/(part) Dated 25th September, 2001.</p> <p>9. The licensee shall also ensure that 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 same service. 'Substantial equity' herein will mean 'an equity of 10% or more'. A promoter company cannot have stakes in more than one licensee company for the same service area.</p>	<p>9. 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</p>

	<p>one LICENSEE Company for the same service area”.</p> <p>Note : above clause shall not be applicable to CMTS 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 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>New clause to be introduced below clause 12.5</p>	<p>12.6 (a) The Licensee can also provide Internet Telephony, Internet Services and Broadband Services. If required, the Licensee can use the network of NLD/ILD service licensee. 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.</p> <p>12.6 (b) Leased circuit is defined as virtual private network (VPN) using circuit or packet switched (IP Protocol) technology apart from point to point non-switched physical connections/transmission bandwidth. Public network is not to be connected with leased circuits/CUGs.</p> <p>12.6 (c) The Licensee can provide Broadband services including triple play i.e voice, video and data.</p> <p>12.7 The Licensee cannot provide any service except as mentioned above in para 12.1 to 12.6, which require a separate licence.</p>
<p>15.1 The Authority, may , without prejudice to any other remedy for breach of conditions of the license, by written notice issued to LICENCE, 60 days in advance terminate</p>	<p>15.1 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 issued to the LICENSEE at its registered</p>

this licence in whole or in parts in the following circumstances :

- a) If the LICENSEE fails to provide any or all of the services within the time period(s) specified in the licence or in any extension thereof granted by the Telecom Authority;
- or
- b) If the LICENSEE fails to perform any obligation(s) under the licence including timely payments due to the Authority;
- and
- c) If the LICENSEE, in either case of the above circumstances, does not rectify the failure within a period of 30 days (or such longer period as the Authority may authorise in writing) after the receipt of the default notice from the Authority.

office, terminate this LICENCE under any of the following circumstances :

If the LICENSEE:

- a) fails to perform any obligation(s) under the LICENCE including timely payments of fee and other charges due to the LICENSOR;
- b) fails to rectify, within the time prescribed, any defect as may be pointed out by the LICENSOR.
- c) goes into liquidation or ordered to be wound up.
- d) is recommended by TRAI for termination of LICENCE for non-compliance of the terms and conditions of the LICENCE.
- (e) fails to comply with FDI norms.

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Department of Telecommunications
Sanchar Bhavan, 20 - Ashoka Road
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No. 842-725/2005-VAS/6

Dated 6th February 2006

To

All Cellular Mobile Telephone Services Licensee(s) in Telecom Circle Service Areas to whom CMTS licenses issued prior to 2001

Subject:- Amendments in Cellular Mobile Telephone Services Licence Agreement for Telecom Circle Service Areas issued prior to 2001.

In pursuance of the clause 14 (ii) of the Licence Agreement, inter-alia, reserving the right to modify at any time the terms and conditions of the LICENCE, in public interest or in the interest of the security of the State or for the proper conduct of the SERVICE, the LICENSING AUTHORITY hereby decides to amend the terms and conditions of the Cellular Mobile Telephone Service Licence as per details annexed hereto.

Other terms and conditions of licence agreement shall remain unchanged.

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Amendment to the Cellular Mobile Telephone Service Licences issued prior to 2001 in Telecom Circle Service Areas

Existing Clause(s)	Amended Clause(s)
<p>Amendment No. 842-47/2000-VAS/Vol. IV/ dated 29th January, 2001</p> <p>2. (viii) There shall be a lock in of the present share holding for a period of five years counted from the date of licence agreement i.e. effective date. During this period any transfer of share holding directly or indirectly through subsidiary or holding companies shall not be permitted. However, issue of additional equity share capital by the licensee company / its holding company by way of private placement / public issue shall be permitted. Further, the aforesaid lock-in provisions shall not be applicable in case the shares are transferred pursuant to enforcement of pledge by the lending financial institutions/ banks due to event of default (s) committed by the borrowers with the condition that such shares should have been pledged for the purposes of investment only in the concerned licensed project.</p> <p>Provided always that with prior written approval of the Licensor:</p> <ul style="list-style-type: none"> (A) an existing foreign partner can be substituted by another foreign partner of identical or similar standing and experience; (B) Any existing Indian Partner can acquire the foreign partner's shareholding; (C) Transfer of equity, inter-se, among Indian promoters can be permitted subject to the 	<p>2.(viii) OWNERSHIP OF THE LICENCEE COMPANY</p> <p>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>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</p>

conditions that the majority Indian partner continues to hold the original shareholding for a period of five years from the effective date of licence agreement.

- (D) Merger of Indian companies can be permitted as long as competition is not compromised.

2.(ix) Notwithstanding any thing approved under the Provisio described in (viii) above, the following shall always be complied with and shall never be violated:

- (a) The statutory prescriptions of any nature including but not limited to the provisions of the monopoly and Restrictive Trade Practice Acr-1969.
- (b) No single company / entity shall have any equity in more than one licensee company in the same service area for same service.
- (c) There shall be cap of 49% on foreign equity.
- (d) Management control of the licensee company shall remain in Indian Hands.

among resident Indian citizens shall be made in consultation with serious Indian investors. Serious investor has been defined below in para G(i).

C. The Share Holder Agreements (SHA) shall specifically incorporate the condition that majority directors on the Board 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.

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.

E. The investment approval by FIPB shall envisage the conditionality that Company would adhere to licence Agreement.

F. FDI shall be subject to laws of India and not the laws of the foreign country/countries.

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.

(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.

(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.

(iv) The Company shall not transfer the following to any person/ place outside India:-

(a) any accounting information relating to subscriber (except for roaming/billing) (Note: it does not restrict a statutorily required disclosure of financial nature) ;

(b) user information (except pertaining to foreign subscribers using Indian Operator's network while roaming); and

(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.

(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).

(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.

(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.

(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:-

(a) Intelligence Bureau and Licensor will be notified, when RA is to be provided.

(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.

(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.

(d) The Government agency will be given all support to record the transactions for on-line monitoring.

(e) Any equipment or software that forms part of the overall monitoring shall not be permitted to have remote access under any circumstances.

(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.

(ix) It shall be open to the Licensor to restrict the Licensee Company from operating in any sensitive area from the National Security angle.

(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.

(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.

(xii) In case of not adhering to Licence conditions envisaged in para 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>2.(ix) (a) The conditions at para 2 (viii) A to 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>(b) 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>(c) The LICENSEE shall also ensure that any change in share holding shall be subject to all necessary statutory requirements.</p>
<p>Amendment No. 842-47/2000-VAS/Vol. IV/(part) Dated 25th september,2001</p> <p>9. The licensee shall also ensure that 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 same service. 'Substantial equity' herein will mean 'an equity of 10% or more'. A promoter company cannot have stakes in more than one licensee company for the same service area.</p>	<p>9. 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 shall not be applicable to CMTS 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 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>New clause to be introduced below clause 12.5</p>	<p>12.6 (a) The Licensee can also provide Internet Telephony, Internet Services and Broadband Services. If required, the Licensee can use the network of NLD/ILD service licensee. 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.</p> <p>12.6 (b) Leased circuit is defined as virtual private network (VPN) using circuit or packet switched (IP Protocol) technology apart from point to point non-switched physical connections/transmission bandwidth. Public network is not to be connected with leased circuits/CUGs.</p> <p>12.6 (c) The Licensee can provide Broadband services including triple play i.e voice, video and data.</p> <p>12.7 The Licensee cannot provide any service except as mentioned above in para 12.1 to 12.6, which require a separate licence.</p>
<p>15.1 The Authority, may , without prejudice to any other remedy for breach of conditions of the license, by written notice issued to LICENCE, 30 days in advance, terminate this licence either in whole or in parts in the following circumstances :</p>	<p>15.1 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 issued to the LICENSEE at its registered office, terminate this LICENCE under any of the following circumstances :</p>

<p>(a) If the LICENSEE fails to provide any or all of the services within the time specified in or in any granted extension thereof by the Authority;</p> <p style="text-align: center;">or</p> <p>(b) If the LICENSEE fails to perform any obligation(s) under the licence including timely payments dues to the Authority ;</p> <p>When the Licensee, in either case of the above circumstances, does not rectify the failure within a period of 30 days or such longer period as the Authority may authorise in writing after the receipt of the default notice from the Authority.</p>	<p>If the LICENSEE:</p> <ul style="list-style-type: none">a) fails to perform any obligation(s) under the LICENCE including timely payments of fee and other charges due to the LICENSOR;b) fails to rectify, within the time prescribed, any defect as may be pointed out by the LICENSOR.c) goes into liquidation or ordered to be wound up.d) is recommended by TRAI for termination of LICENCE for non-compliance of the terms and conditions of the LICENCE.(e) fails to comply with FDI norms.
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