

# Auction of 3G and BWA spectrum

## Pre-Bid Conference

Department of Telecommunications  
Ministry of Communications and IT  
Government of India

November 16, 2009

# Agenda

- Introductory remarks 11:00am
- Aspects of Auctions other than Auction Rules
  - Presentation 11:15am
  - Q&A 11:45am
- *Lunch* 1:00pm
- Auction Rules
  - Presentation 2:00pm
  - Q&A 3:00pm
- Closing comments 5:00pm

# Aspects of Auctions other than Auction Rules

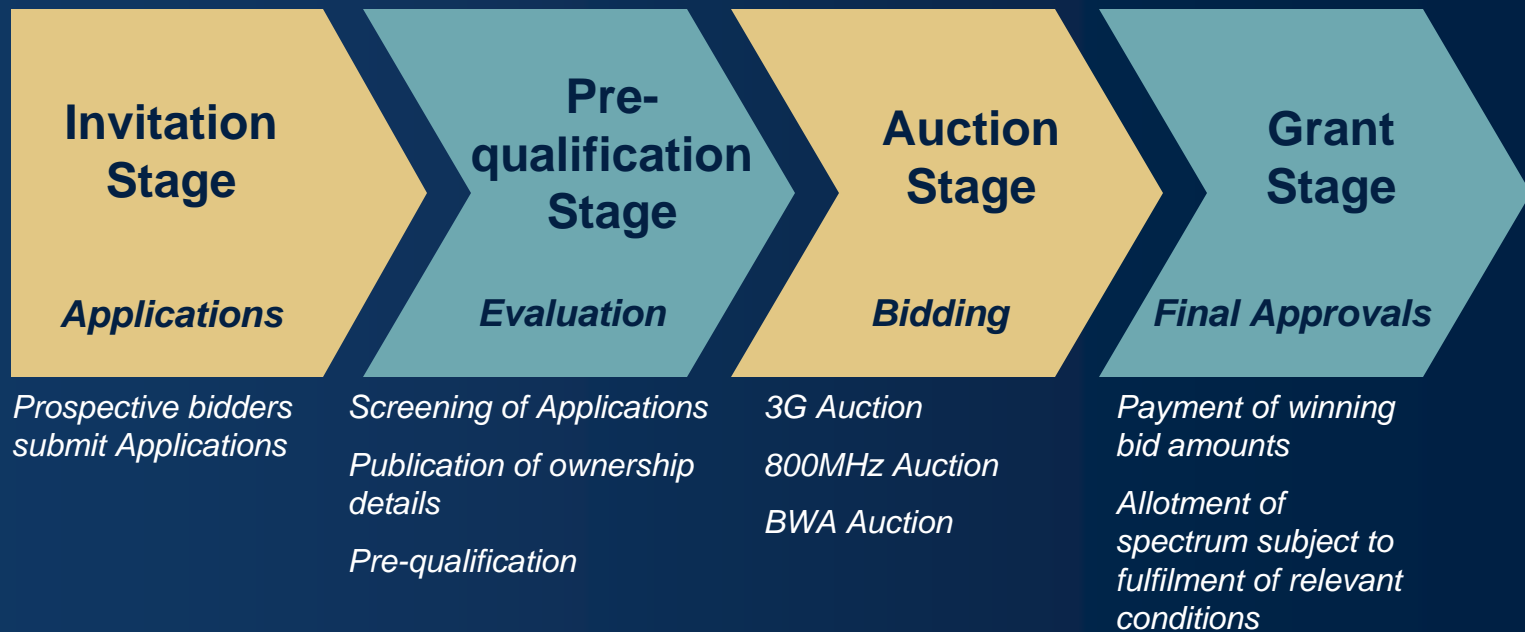
Presentation at the pre-bid conference

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# Auction process

## Process

*The Auctions would be conducted in four stages*



*The 800MHz and BWA Auction shall follow the 3G Auction*

# Auction process

## *Timeline*

Deadline for submission of queries for pre-bid conference	13 <sup>th</sup> November, 2009
Pre-bid conference	16 <sup>th</sup> November, 2009
Issue of clarifications, if any	27 <sup>th</sup> November, 2009
Notice Inviting Applications	8 <sup>th</sup> December, 2009
Final date for Applications	21 <sup>st</sup> December, 2009
Publication of ownership details of Applicants	24 <sup>th</sup> December, 2009
Bidder Ownership Compliance Certificate	4 <sup>th</sup> January, 2010
Pre-qualification of Bidders	7 <sup>th</sup> January, 2010
Mock Auction	11 <sup>th</sup> – 12 <sup>th</sup> January 2010
Start of the 3G Auction	14 <sup>th</sup> January, 2010
Start of the 800MHz and BWA Auction	2 days from the day of close of the 3G Auction

# Spectrum details

## Overview

### 3G

- Upto 20 MHz of paired spectrum in the 2.1GHz band in the service areas where 25 MHz or more paired spectrum is available
  - In such cases, four blocks of 2X5 MHz to be auctioned in addition to one block being reserved for BSNL/ MTNL
  - In cases where less than 25 MHz paired spectrum is available, the actual amount of available spectrum in blocks of 2X5 MHz to be allocated, with one block being reserved for BSNL/ MTNL

### 800MHz

- One block of 2x1.25 MHz spectrum in each service area where atleast two carriers of 2x1.25 MHz are available

### BWA

- 2 blocks of unpaired 20MHz in the 2.3GHz band to be allotted in each of the 22 service areas
  - 1 block (in the 2.5GHz band) reserved for BSNL/ MTNL

**An operator can bid for at most one block in each service area in each of the Auctions**

# Spectrum details

## *3G Spectrum blocks to be auctioned - indicative*

Service Area	No. of blocks	Service Area	No. of blocks
Delhi	2	UP (East)	4
Mumbai	4	UP (West)	3
Kolkata	4	Rajasthan	0
Maharashtra	4	MP	4
Gujarat	2	West Bengal	1
Andhra Pradesh	4	Himachal Pradesh	3
Karnataka	4	Bihar	4
Tamil Nadu	4	Orissa	4
Kerala	4	Assam	4
Punjab	4	North East	0
Haryana	4	Jammu & Kashmir	4

# Spectrum details

## *800MHz Spectrum blocks to be auctioned - indicative*

Service Area	No. of blocks	Service Area	No. of blocks
Delhi	0	UP (East)	1
Mumbai	0	UP (West)	1
Kolkata	1	Rajasthan	0
Maharashtra	0	MP	1
Gujarat	1	West Bengal	1
Andhra Pradesh	0	Himachal Pradesh	1
Karnataka	1	Bihar	1
Tamil Nadu	1	Orissa	1
Kerala	1	Assam	1
Punjab	0	North East	1
Haryana	1	Jammu & Kashmir	1

# Spectrum details

## *BWA Spectrum blocks to be auctioned - indicative*

Service Area	No. of blocks	Service Area	No. of blocks
Delhi	2	UP (East)	2
Mumbai	2	UP (West)	2
Kolkata	2	Rajasthan	2
Maharashtra	2	MP	2
Gujarat	2	West Bengal	2
Andhra Pradesh	2	Himachal Pradesh	2
Karnataka	2	Bihar	2
Tamil Nadu	2	Orissa	2
Kerala	2	Assam	2
Punjab	2	North East	2
Haryana	2	Jammu & Kashmir	2

# Eligibility

## *Basic criteria*

### 3G

- Existing UAS/ CMTS licensees
- Other operators having prior experience of offering 3G services
  - Such operators to give an undertaking of acquiring a UAS licence before commencing operations
- Foreign operators allowed to bid as 100% foreign entities, however spectrum will be allotted only through an Indian company after it acquires a UAS licence
  - Guidelines for award of UAS licence, including FDI restrictions, to apply for such operators

### 800MHz

- Existing UAS licensee that offer services in the 800MHz frequency band in a telecom service area

# Eligibility

## *Basic criteria*

### **BWA**

- Existing UAS/ CMTS/ ISP (Category 'A' or 'B') licensees
  - ISP Category 'B' licensees that win spectrum will be migrated to Category 'A' at no extra cost
- Other interested parties
  - Such parties to give an undertaking of acquiring a UAS licence or an ISP Category 'A' licence before commencing operations
- Foreign operators allowed to bid as 100% foreign entities, however spectrum will be allotted only through an Indian company after it acquires a UAS licence
  - Guidelines for award of UAS licence/ ISP Category 'A' licence, including FDI restrictions, to apply for such operators

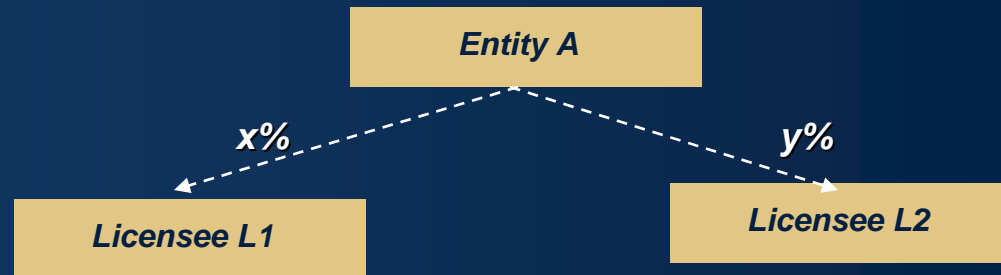
# Eligibility

## *Group entities*

- Only one entity from the same Group would be allowed to bid in the Auction process
  - Separate entities could bid in the 3G Auction, 800MHz Auction and BWA Auction
- Existing licensees with Common Parent (Associated Licensees) to bid through a single entity (Group Bidding Entity) across all service areas
  - “Common Parent”
    - 26% or more ownership with control; or
    - Classified as part of Promoter Group in stock exchange filing
- Licence to be awarded to the relevant Associated Licensee, wherever present
- More than one Bidder with greater than 10% common ownership not allowed to enter the Auction (separately applicable to the 3G, 800MHz and BWA Auctions)

# Eligibility

## Group entities - Illustration



If  $x$  and  $y$  are both greater than 26, and Entity A controls both L1 and L2

- L1 and L2 are **Associated Licensees**
- Any one (and only one) of L1, L2 or A can enter the Auction (**Group Bidding Entity**)
- Group Bidding Entity can bid for only those service areas where
  - the relevant Associated Licensee has given an undertaking nominating the Group Bidding Entity; or
  - there are no Associated Licensees

# Payment terms

## *Earnest Money Deposit*

- **Earnest Money Deposit** (EMD) in the form of a Bank Guarantee to be submitted depending on the number and type of service areas that the Bidder intends to bid for
- Depending on the value of the EMD submitted, the Bidder will be entitled to an initial **Eligibility Points** budget which may be used to bid across different circles
  - In any single round,
  - The initial Eligibility Points budget will be revised after each round depending on the activity level of the Bidder
- A Bidder's ability to bid across multiple circles in any given round will be limited by its Eligibility Points budget in that round and the EMD

# Payment terms

## *Earnest Money Deposit - 3G*

Type of service area	EMD requirement (per service area)	Eligibility points requirement (per service area)
Delhi, Mumbai and Category A	Rs 40 cr	32
Kolkata and Category B	Rs 20 cr	12
Category C	Rs 7.5 cr	3

**In order to bid across all 22 service areas in the first round of the 3G Auction, an EMD of Rs 505 cr (worth 350 eligibility points) is required**

# Payment terms

## *Earnest Money Deposit - 800MHz*

Type of service area	EMD requirement (per service area)	Eligibility points requirement (per service area)
Delhi, Mumbai and Category A	Rs 10 cr	32
Kolkata and Category B	Rs 5 cr	12
Category C	Rs 1.87 cr	3

In order to bid across all 22 service areas in the first round of the 800MHz Auction, an EMD of Rs 126.25 cr (worth 350 eligibility points) is required

# Payment terms

## *Earnest Money Deposit - BWA*

Type of service area	EMD requirement (per service area)	Eligibility points requirement (per service area)
Delhi, Mumbai and Category A	Rs 20 cr	32
Kolkata and Category B	Rs 10 cr	12
Category C	Rs 3.75 cr	3

**In order to bid across all 22 service areas in the first round of the BWA Auction, an EMD of Rs 252.5 cr (worth 350 eligibility points) is required**

# Payment terms

## *Spectrum acquisition price*

- Price paid by successful bidder will be the winning price from the Clock Stage for that service area
- Winning price for a service area to be common for all Bidders
  - To be determined by the maximum price which “clears” the demand for blocks in each service area at the same time
- 25% of final bid amount payable within 5 days from close of auction; balance 75% payable within 10 days thereafter

# Payment terms

## *Allotment of spectrum*

- Upon receipt of the Successful Bid Amount, the DoT shall issue a Letter of Intent identifying the frequencies to be allotted to the Successful Bidder
- Necessary amendments (including migration to ISP-category 'A' licence, if applicable) will be made to the existing UAS/ CMTS/ ISP licence of the Successful Bidder
- Within 15 days of receipt of the Successful Bid Amount from the Successful Bidder and subsequent to the necessary amendments to the applicable licence, the DoT shall assign the specified spectrum, subject to an application having been made
- For new entrants in any service area, spectrum shall be allotted after obtaining the relevant licence for that service area

# Thank you

*The pre-bid conference and the presentation therein are for general guidance of the interested parties. They do not constitute professional advice. For a complete and definitive statement of the terms and conditions of the Auctions, interested parties should refer to the Notice Inviting Applications (“Notice”) to be issued by the Department of Telecommunications.*

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