

# Auction of 3G and BWA spectrum

## Pre-Bid Conference

Department of Telecommunications  
Ministry of Communications and IT  
Government of India

December 23, 2008

# Agenda

- Introductory remarks 10:00am
- Aspects of Auctions other than Auction Rules
  - Presentation 10:15am
  - Q&A 11:00am
- *Lunch* 12:30pm
- Auction Rules
  - Presentation 1:30pm
  - Illustrations on closing conditions 2:30pm
  - Q&A 3:00pm
- Closing comments 5:15pm

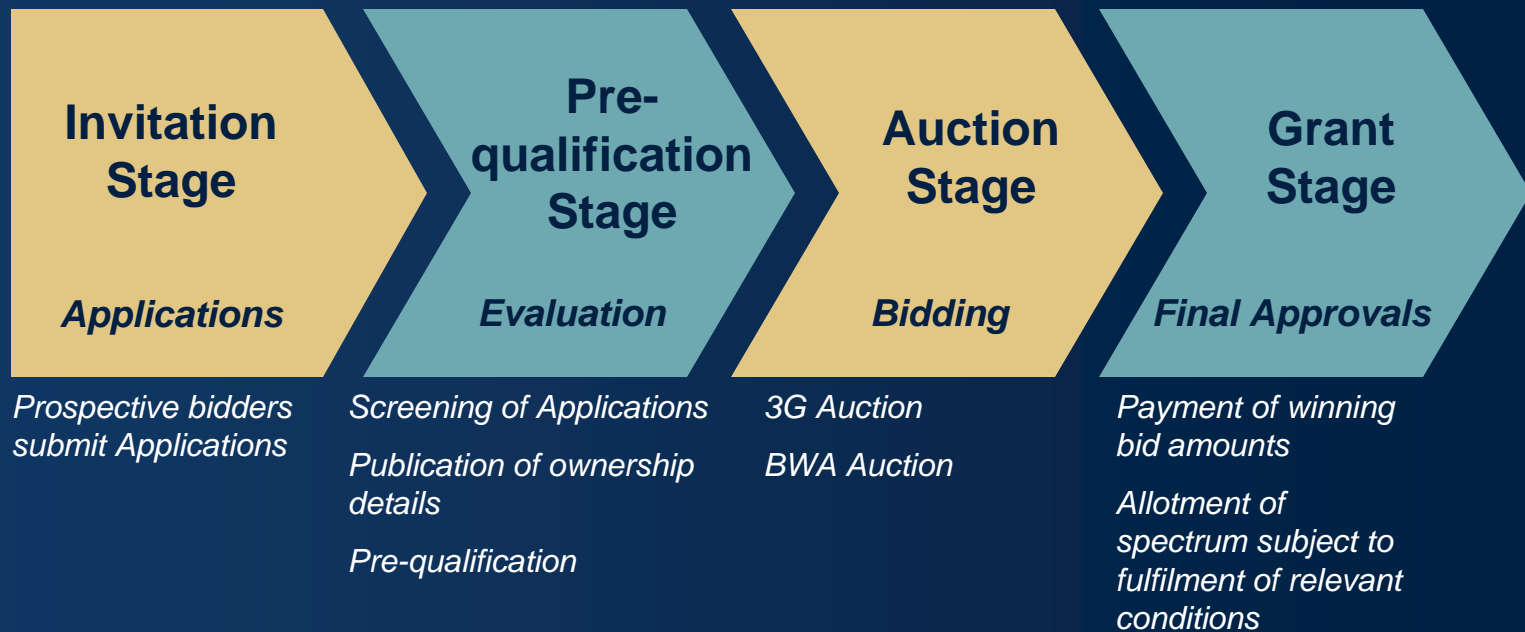
# Aspects of Auctions other than Auction Rules

Presentation at the pre-bid conference

# Auction process

## Process

*The Auctions would be conducted in four stages*



*The BWA Auction shall follow the 3G Auction*

# Auction process

## *Timeline*

Release of Auction document	12 <sup>th</sup> December, 2008
Pre-bid conference	23 <sup>rd</sup> December, 2008
Notice Inviting Applications	26 <sup>th</sup> December, 2008
Final date for Applications	5 <sup>th</sup> January, 2009
Publication of ownership details of Applicants	6 <sup>th</sup> January, 2009
Bidder Ownership Compliance Certificate	8 <sup>th</sup> January, 2009
Pre-qualification of Bidders	9 <sup>th</sup> January, 2009
Mock Auction	12 <sup>th</sup> - 13 <sup>th</sup> January, 2009
Start of the 3G Auction	16 <sup>th</sup> January, 2009
Start of the BWA Auction	2 days from the day of close of the 3G Auction

# Spectrum details

## Overview

### 3G

- Up to 5 blocks of 2X5MHz in the 2.1GHz band to be allotted
  - 1 block reserved for BSNL/ MTNL
  - Remaining blocks to be auctioned

### BWA

- 4 blocks of unpaired 20MHz in the 2.3 and 2.5GHz bands to be allotted in each of the 22 service areas
  - 1 block (in the 2.5GHz band) reserved for BSNL/ MTNL
  - Remaining 3 blocks to be auctioned

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

# Spectrum details

## *3G Spectrum blocks to be auctioned*

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

**No 3G Auction in Rajasthan and North East due to unavailability of spectrum**

# Spectrum details

## *BWA Spectrum blocks to be auctioned*

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



# 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

# 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 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

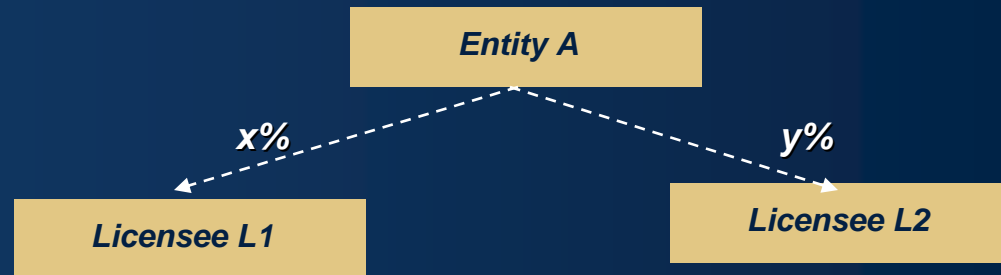
# Eligibility

## *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 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 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

# Application requirements

- **Completed Application Form** and all supporting information including the necessary undertakings
- The Applicant shall pay a non-refundable **application fee** of Rs. 100,000/- payable to Pay and Accounts Officer, DoT, New Delhi, through a demand draft
- **Earnest Money Deposit** (Bank Guarantee)
- **Nomination of the Authorised Person** for future correspondence with the Bidder, along with a Power of Attorney empowering her/ him to take all decisions connected with the relevant Auctions, on the Bidder's behalf

# Application requirements

## *Important dates*

- Last date for submission of Completed Applications for both 3G Auction and BWA Auction is **5<sup>th</sup> January, 2009**
  - Separate applications for 3G and BWA Auctions
  - Delayed or incorrect submissions are liable to be rejected
- DoT will publish the ownership details submitted by each Applicant on **6<sup>th</sup> January, 2009**
- Applicants need to certify that they comply with the specified ownership restrictions by **8<sup>th</sup> January, 2009**
- Early Applications are encouraged
  - Software to be dispatched to Applicants after **28<sup>th</sup> December, 2008**

# 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
  - Single Bank Guarantee with each Application
- 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
  - For the 3G Auction, every Rs2.5cr of EMD amount is worth 1 Eligibility Point
  - For the BWA Auction, every Rs1.25cr of EMD amount is worth 1 Eligibility Point
  - The initial Eligibility Points budget will be revised after each round depending on the activity level of the Bidder

# 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	Rs40cr	16
Kolkata and Category B	Rs20cr	8
Category C	Rs7.5cr	3

**In order to bid across all 20 service areas (excluding Rajasthan and North East) in the first round of the 3G Auction, an EMD of Rs477.5cr (worth 191 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	Rs20cr	16
Kolkata and Category B	Rs10cr	8
Category C	Rs3.75cr	3

**In order to bid across all 22 service areas in the first round of the BWA Auction, an EMD of Rs252.5cr (worth 202 eligibility points) is required**

# Payment terms

## *Spectrum acquisition price*

- Price paid by successful bidder will be the sum of:
  - winning price from the Clock Stage for that service area; and
  - incremental bid placed by the Bidder in the Assignment Stage
- 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
- Incremental bid placed by winning Bidders will represent the value placed on specific frequencies
- 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
- For new entrants in any service area, spectrum shall be allotted after the acquisition of the UAS licence for that service area

## Further information

- Formal Notice Inviting Applications will be uploaded on the DoT website
- Last date for Applications is 5<sup>th</sup> January, 2009
- Mock Auction for eligible Bidders in January
- Queries can be addressed to [spectrum-dot@nic.in](mailto:spectrum-dot@nic.in)
- Prospective Bidders are advised to track the DoT website (section dedicated to the Auctions) regularly for any updates

# 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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