

# **Auction of 3G and BWA Spectrum**

## **Notice Inviting Applications**

**File No.: P-11014/13/2008-PP**

**Government of India  
Ministry of Communications & Information Technology  
Department of Telecommunications**

25<sup>th</sup> February 2010

## CONTENTS

<b>I</b>	<b>INTRODUCTION.....</b>	<b>1</b>
1.1	Introduction .....	1
1.2	Objectives of the Auctions .....	1
1.3	The Auctions .....	2
1.3.1	<i>The Mock Auction</i> .....	3
1.4	Timetable.....	4
1.5	Advisers to the Government .....	4
<b>II</b>	<b>SPECTRUM .....</b>	<b>5</b>
2.1	Spectrum to be auctioned .....	5
2.2	Reservation for BSNL/ MTNL.....	8
2.3	Backhaul .....	9
2.4	Technology .....	10
<b>III</b>	<b>ELIGIBILITY AND CONDITIONS .....</b>	<b>11</b>
3.1	Eligibility criteria to participate in the Auctions .....	11
3.1.1	<i>3G Auction</i> .....	11
3.1.2	<i>BWA Auction</i> .....	11
3.2	Associated Licensees .....	12
3.3	Prospective New Entrants.....	13
3.3.1	<i>New entrants – foreign entities</i> .....	14
3.4	Roll-out obligations .....	15
3.4.1	<i>Roll-out obligations for 3G Spectrum</i> .....	15
3.4.2	<i>Roll-out obligations for BWA Spectrum</i> .....	16
3.5	Spectrum usage charges.....	16
3.6	Duration.....	18
3.7	Breach, revocation and surrender .....	19
<b>IV</b>	<b>AUCTION DETAILS.....</b>	<b>21</b>
4.1	General conditions .....	21
4.1.1	<i>Confidentiality</i> .....	21
4.1.2	<i>Directors, employees and advisers</i> .....	21
4.1.3	<i>Anti-competitive activity</i> .....	21
4.2	Application requirements .....	21
4.2.1	<i>Application format and procedures for submission</i> .....	21
4.2.2	<i>Ownership compliance certification</i> .....	26
4.2.3	<i>Pre-qualification tests</i> .....	26
4.2.4	<i>Earnest Money Deposit</i> .....	27
4.2.5	<i>Application processing fee</i> .....	28
4.2.6	<i>Procedure following application</i> .....	28
4.3	Announcement of pre-qualified Bidders .....	29
4.4	Bid validity .....	29
4.5	Payment methodology .....	29
4.6	Assignment of spectrum .....	30
4.7	Reserve price for future Auctions.....	31
4.8	Mergers & Acquisitions.....	31

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

---

<b>V</b>	<b>THE 3G AUCTION – AUCTION RULES .....</b>	<b>32</b>
5.1	Conduct of the Auction.....	32
5.2	Overview of the Auction stages.....	32
5.3	The Clock Stage.....	33
5.3.1	<i>Overview .....</i>	<i>33</i>
5.3.2	<i>Consequences of rules for Provisional Winning Bidders .....</i>	<i>34</i>
5.3.3	<i>Making bids during Clock Rounds .....</i>	<i>36</i>
5.3.4	<i>Eligibility Points and deposits.....</i>	<i>37</i>
5.3.5	<i>Activity Rule .....</i>	<i>40</i>
5.3.6	<i>Ranking of Bidders and Provisional Winning Bidders .....</i>	<i>42</i>
5.3.7	<i>Prices and price increments .....</i>	<i>43</i>
5.3.8	<i>Winning Bids and Winning Prices.....</i>	<i>45</i>
5.3.9	<i>Length of Clock Rounds and extension periods .....</i>	<i>45</i>
5.4	Frequency Identification Stage .....	48
5.5	Information policy .....	48
5.6	Collusion and other prohibited behaviour .....	50
<b>VI</b>	<b>THE BWA AUCTION – AUCTION RULES .....</b>	<b>51</b>
6.1	Conduct of the Auction.....	51
6.2	Overview of the Auction stages.....	51
6.3	The Clock Stage.....	52
6.3.1	<i>Overview .....</i>	<i>52</i>
6.3.2	<i>Consequences of rules for Provisional Winning Bidders .....</i>	<i>53</i>
6.3.3	<i>Making bids during Clock Rounds .....</i>	<i>55</i>
6.3.4	<i>Eligibility Points and Deposits.....</i>	<i>56</i>
6.3.5	<i>Activity Rule .....</i>	<i>59</i>
6.3.6	<i>Ranking of Bidders and Provisional Winning Bidders .....</i>	<i>61</i>
6.3.7	<i>Prices and price increments .....</i>	<i>62</i>
6.3.8	<i>Winning Bids and Winning Prices.....</i>	<i>63</i>
6.3.9	<i>Length of Clock Rounds and extension periods .....</i>	<i>64</i>
6.4	Frequency Identification Stage .....	67
6.5	Information policy .....	67
6.6	Collusion and other prohibited behaviour .....	69
<b>VII</b>	<b>APPLICATION INSTRUCTIONS.....</b>	<b>70</b>
<b>VIII</b>	<b>CONTACT AND FURTHER INFORMATION .....</b>	<b>72</b>
8.1	Contacts for further enquiries .....	72
8.2	Further information.....	72
8.3	Disclosure of further information .....	72
<b>IX</b>	<b>ANNEXURES .....</b>	<b>73</b>
A.	Detailed definition of service areas .....	73
B.	Individual responsibilities of the advisers .....	75
C.	Application Checklist .....	76
C.1	<i>Application Format for the 3G Auction .....</i>	<i>78</i>
C.2	<i>Application Format for the BWA Auction.....</i>	<i>83</i>
C.3	<i>Format for Earnest Money Deposit.....</i>	<i>88</i>
C.4	<i>Format for an undertaking to obtain a UAS licence (for existing licensees).....</i>	<i>90</i>
C.5	<i>Format for undertaking to obtain UAS licence/ ISP-category ‘A’ licence (for existing licensees).....</i>	<i>91</i>

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

---

C.6	<i>Format for undertaking to obtain UAS licence (for Prospective New Entrant).....</i>	93
C.7	<i>Format for an undertaking to obtain a UAS licence or an ISP-category ‘A’ licence (for Prospective New Entrants).....</i>	94
C.8	<i>Format for an undertaking to nominate a Group Bidding Entity for the 3G Auction .....</i>	96
C.9	<i>Format for an undertaking to nominate a Group Bidding Entity for the BWA Auction .....</i>	98
C.10	<i>Format for Ownership Compliance Certificate for the 3G Auction.....</i>	100
C.11	<i>Format for Ownership Compliance Certificate for the BWA Auction .....</i>	101
D.	<i>System requirements for accessing the EAS .....</i>	102
D.1	<i>Operating system and software .....</i>	102
D.2	<i>Java .....</i>	102
D.3	<i>Pop-up blockers .....</i>	103
D.4	<i>Power management settings .....</i>	104
D.5	<i>Using other software at the same time .....</i>	104
D.6	<i>Internet connection .....</i>	104
D.7	<i>Display .....</i>	104
E.	<i>Definitions and glossary of terms .....</i>	105

## **I INTRODUCTION**

### **1.1 Introduction**

The Government of India (the “Government”), through the Department of Telecommunications (“DoT”), proposes to allot the rights to use certain specified radio spectrum frequencies in the 2.1GHz band (the “3G Spectrum”) and in the 2.3GHz band (unpaired) (the “BWA Spectrum”) by means of auction in various telecom service areas in India.

Separate auction processes will be carried out for allotting 3G Spectrum blocks (the “3G Auction”) and BWA Spectrum blocks (the “BWA Auction”) respectively. Together, the 3G Auction and the BWA Auction are referred to in this document as the “Auctions”.

However, it may be noted that the Government reserves the right to use any other means to allot the spectrum as it may deem fit without assigning any reason whatsoever.

On behalf of the President of India, applications are invited from prospective bidders who meet the eligibility criteria to submit applications for participating in the 3G Auction and the BWA Auction respectively (the “Applications”). Separate Applications are required for the 3G Auction and the BWA Auction.

Based on the Applications, the Government shall pre-qualify Applicants who meet the eligibility criteria for participation in the relevant Auction.

The Government reserves the right to summarily disqualify any pre-qualified Bidder, at any stage of the Auctions or after the Auctions are completed on grounds of non-compliance with eligibility conditions, misrepresentation, non-compliance with the relevant Auction Rules, non-compliance with any other pre-condition prescribed for participating in the relevant Auctions or for getting the spectrum, or any matter that may, in the opinion of the Government, be contrary to general public interest.

Interested parties may obtain a copy of this document and any subsequent amendments to it (together, the “Notice”) from the DoT website.

### **1.2 Objectives of the Auctions**

The Government has set itself the following objectives for the Auctions:

- Obtain a market determined price of 3G/ BWA spectrum through a transparent process;
- Ensure efficient use of spectrum and avoid hoarding;
- Stimulate competition in the sector;
- Promote rollout of 3G and Broadband services;

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

- Maximise revenue proceeds from the Auctions;
- Resolve congestion issues related to second generation (“2G”) mobile services.

The Government reserves the right to modify, cancel or postpone the Auctions, in part or in full, without assigning any reasons whatsoever, in order to safeguard the above objectives. The Government has the sole discretion to determine the relative priority of the objectives and whether the objectives are adequately safeguarded by the Auctions. It further reserves the right to abandon one or more of the Auctions at any time prior to the award of spectrum as it may deem fit without giving any reason whatsoever.

### **1.3 The Auctions**

The award of 3G Spectrum and BWA Spectrum shall be conducted as separate and distinct processes. Each of these Auctions is an independent process and is not linked to any of the other Auctions in any way. A common Notice has been issued only for the sake of convenience.

Each of the Auctions shall be a simultaneous ascending e-auction, conducted over the Internet. Bidders will be able to access the Electronic Auction System (“EAS”) to be used for participation in the Auctions using standard web browsing software. The EAS is a designated computer resource for the receiving of electronic records under the provisions of Section 13(2) of the Information Technology Act 2000.

Prior to the relevant Auction, Bidders shall be issued with authentication tokens to allow secure access to the EAS. These tokens will consist of (i) a cryptographic authentication token (supplied in encrypted form on CDROM that will need to be installed on any computer used for bidding) and (ii) a number of passwords. Bidders are responsible for ensuring that none of these authentication tokens are released to unauthorised parties. In the event of any unauthorised release of one or more authentication tokens Bidders must inform the Auction Administrator without delay.

Bidders shall be provided with a detailed manual explaining how to use the EAS (the “EAS Manual”). This documentation and the authentication tokens shall be provided to Bidders in advance of conducting a mock auction, which shall be held at a time specified by the Government. The system requirements for Bidders are outlined in Annexure D, though the EAS Manual should be taken as definitive in this regard.

Winning Bidders of a spectrum block in each service area shall be determined in the first stage, a Clock Stage, which will allocate spectrum blocks simultaneously for the service area(s). It is not possible to win more than one block within a particular service area in any of the Auctions. A second stage, a Frequency Identification Stage, will identify specific frequencies for the Winning Bidders.

More specifically, the two stages shall operate as follows:

- **Clock Stage:** The Clock Stage will establish the Bidders to be awarded a block in each telecom service area where there is at least one block available to auction. In this stage, in each service area Bidders will bid for a block (i.e. a right to a single spectrum block not linked to any specific frequency). The Clock Stage will consist of a number of rounds (the “Clock Rounds”). These rounds will stop once (i) for every service area where spectrum is being auctioned, the number of Bids at the prices set in the last completed Clock Round is less than or equal to the number of blocks available; and (ii) there are no opportunities for Bidders to increase their demand in accordance with the Activity Rules. The precise conditions under which the Clock Stage can close are described subsequently. The Clock Stage will establish a common Winning Price for all blocks within a service area, and the Winning Bidders in each service area;
- **Frequency Identification Stage:** The Clock Stage will be followed by a Frequency Identification Stage that will identify specific frequencies for the Winning Bidders. The frequencies identified will be announced simultaneous with the outcome of the Clock Stage. The Frequency Identification Stage will be a random identification of frequencies performed automatically by the Electronic Auction System. The Government reserves the right to change the frequency allocation at any point over the duration of the relevant licences where this is required for harmonising bands and promoting spectrum efficiency.

Winning Bidders will pay the sum of the relevant Winning Prices set in the Clock Stage for service areas in which they are allocated a block. All Winning Bidders in a service area in any Auction will have equal Winning Prices as a consequence of the Auction Rules.

For the avoidance of doubt, the award of spectrum in any service area is not dependent on the award of spectrum in any other service area and Bidders shall not be allowed to put in any form of contingent bid linking a Bid for spectrum in any service area with the outcome of the Auction in any other service areas.

The Auction Rules are detailed in Chapter V and Chapter VI for the 3G Auction and the BWA Auction respectively.

### ***1.3.1 The Mock Auction***

For the benefit of Bidders, a Mock Auction shall be conducted to familiarise the Bidders with the Auction Rules and bidding methodology for each of the Auctions. The dates for the Mock Auction are provided in the Auctions timetable in the following section. The Government reserves the right to change these dates. Any change in the dates for the Mock Auction shall be notified through the Department of Telecommunications website, at least one day in advance of the start of the Mock Auction.

### **1.4 Timetable**

The table below sets out the current timeline. The Government reserves the right to determine the overall timeline of the Auctions or to amend it from time to time.

<b>Table 1. Auctions timetable</b>	
Last date for submission of Applications	19 <sup>th</sup> March, 2010
Publication of ownership details of Applicants	23 <sup>rd</sup> March, 2010
Bidder Ownership Compliance Certificate	26 <sup>th</sup> March, 2010
Pre-qualification of Bidders	30 <sup>th</sup> March, 2010
Mock Auction	5 <sup>th</sup> -6 <sup>th</sup> April, 2010
Start of the 3G Auction	9 <sup>th</sup> April, 2010
Start of the BWA Auction	2 days from the day of close of the 3G Auction
Payment of the Successful Bid Amount	Within 10 calendar days of the close of the relevant Auction

**Note:**

Any changes in the Auction Timelines will be communicated through the Auctions website. Participants are requested to monitor the Auctions website actively.

### **1.5 Advisers to the Government**

NM Rothschild & Sons (India) Private Limited and DotEcon Limited (together, referred to as the “Auctioneer”) are advising the Government on the Auctions.

Specific arrangements for the execution of the Auctions by the Auctioneer are detailed in Annexure B. In particular, administration of the e-auction shall be the responsibility of DotEcon Limited (the “Auction Administrator”).



## II SPECTRUM

### 2.1 Spectrum to be auctioned

Rights to use spectrum at specified frequencies in the following bands (subject to fulfilment of eligibility conditions, relevant licence conditions and any particular conditions related to specific frequency blocks) for a period of 20 years (from the date of award of right to commercially use the allocated spectrum block) are being offered for award.

#### **3G Auction**

- 2.1GHz, paired, in blocks of 5MHz, i.e. each block of 2X5MHz

#### **BWA Auction**

- 2.3GHz, unpaired, in blocks of 20MHz

Spectrum usage rights shall be awarded separately for specific service areas.

The spectrum shall not be used for any activity other than the activities for which the operator has a licence. The award of spectrum by itself does not confer the right to provide services. For instance, in order to provide mobile telephony using the 3G Spectrum, the Successful Bidder will also need to possess or acquire, as the case may be, a UAS/ CMTS licence for the relevant service areas. Similarly, in order to provide BWA services using the BWA Spectrum, the Successful Bidder will also need to possess (or acquire) a UAS/ CMTS/ ISP-category ‘A’ licence. The detailed conditions that must be satisfied by potential Bidders in order to participate in the various Auctions are described in Section III.

In the case of the 3G Auction, the Government has decided to assign by auction three or four blocks of 5MHz of paired spectrum in the 2.1GHz band in each of the 22 service areas<sup>1</sup>, as per details given in Table 2 below.

**Table 2. Details of 3G Spectrum to be auctioned**

Service area	Category	Reserve price (Rs. Cr)	Number of blocks of 2X5MHz for auction	Carriers of 5 MHz to be auctioned (in MHz)			
				I (UL/DL)	II (UL/DL)	III (UL/DL)	IV (UL/DL)
Delhi	Metro	320.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Mumbai	Metro	320.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	

<sup>1</sup> Service area definition is as per the UAS licence conditions. To clarify, Chennai would be included in the Tamil Nadu service area.

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

Service area	Category	Reserve price (Rs. Cr)	Number of blocks of 2X5MHz for auction	Carriers of 5 MHz to be auctioned (in MHz)			
				I (UL/DL)	II (UL/DL)	III (UL/DL)	IV (UL/DL)
Kolkata	Metro	120.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Maharashtra	A	320.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Gujarat	A	320.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Andhra Pradesh	A	320.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Karnataka	A	320.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Tamil Nadu	A	320.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Kerala	B	120.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Punjab	B	120.00	4	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	1964-1969/ 2154-2159
Haryana	B	120.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Uttar Pradesh (E)	B	120.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Uttar Pradesh (W)	B	120.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Rajasthan	B	120.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Madhya Pradesh	B	120.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
West Bengal	B	120.00	4	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	1964-1969/ 2154-2159
Himachal Pradesh	C	30.00	4	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	1964-1969/ 2154-2159
Bihar	C	30.00	4	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	1964-1969/ 2154-2159
Orissa	C	30.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
Assam	C	30.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	
North East	C	30.00	3	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

Service area	Category	Reserve price (Rs. Cr)	Number of blocks of 2X5MHz for auction	Carriers of 5 MHz to be auctioned (in MHz)			
				I (UL/DL)	II (UL/DL)	III (UL/DL)	IV (UL/DL)
Jammu & Kashmir	C	30.00	4	1959-1964/ 2149-2154	1969-1974/ 2159-2164	1974-1979/ 2164-2169	1964-1969/ 2154-2159

The Government reserves the right to change the above frequencies without assigning any reason at any point of time in the 1920-1980MHz paired with 2110-2170MHz (2.1GHz band).

In case of spectrum to be awarded in the BWA Auction, the Government shall auction two blocks of 20MHz unpaired spectrum in each of the 22 service areas<sup>2</sup>. Details of the frequencies to be auctioned in each service area in the 2.3GHz band are provided in the Table 3 given below:

**Table 3. Details of BWA Spectrum to be auctioned**

Service area	Reserve price (Rs. cr)	No. of blocks of 20 MHz for auction	Spectrum to be auctioned (MHz)	
			I	II
Delhi	160.00	2	2305.0-2325.0	2327.5-2347.5
Mumbai	160.00	2	2305.0-2325.0	2327.5-2347.5
Kolkata	60.00	2	2305.0-2325.0	2332.5-2352.5
Maharashtra	160.00	2	2305.0-2325.0	2327.5-2347.5
Gujarat	160.00	2	2305.0-2325.0	2327.5-2347.5
Andhra Pradesh	160.00	2	2302.5-2322.5	2347.5-2367.5
Karnataka	160.00	2	2302.5-2322.5	2325.0-2345.0
Tamil Nadu	160.00	2	2312.5-2332.5	2335.0-2355.0
Kerala	60.00	2	2302.5-2322.5	2325.0-2345.0
Punjab	60.00	2	2320.0-2340.0	2357.5-2377.5
Haryana	60.00	2	2322.5-2342.5	2362.5-2382.5
Uttar Pradesh (E)	60.00	2	2320.0 -2340.0	2357.5-2377.5
Uttar Pradesh (W)	60.00	2	2320.0 -2340.0	2357.5-2377.5
Rajasthan	60.00	2	2320.0-2340.0	2357.5-2377.5
Madhya Pradesh	60.00	2	2302.5-2322.5	2332.5-2352.5

<sup>2</sup> For the BWA Auction, service area definition will be as per the UAS licence conditions. To clarify, Chennai would be included in the Tamil Nadu service area.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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Service area	Reserve price (Rs. cr)	No. of blocks of 20 MHz for auction	Spectrum to be auctioned (MHz)	
			I	II
West Bengal	60.00	2	2305.0-2325.0	2332.5-2352.5
Himachal Pradesh	15.00	2	2322.5-2342.5	2345.0-2365.0
Bihar	15.00	2	2302.5-2322.5	2335.0-2355.0
Orissa	15.00	2	2302.5-2322.5	2335.0-2355.0
Assam	15.00	2	2302.5-2322.5	2325.0-2345.0
North East	15.00	2	2302.5-2322.5	2325.0-2345.0
Jammu & Kashmir	15.00	2	2340.0-2360.0	2380.0-2400.0

Not more than one block of 3G Spectrum and one block of BWA Spectrum shall be allocated to any single Bidder in a service area.

### **2.2 Reservation for BSNL/ MTNL**

#### **3G Spectrum**

The Government has allocated one block of 2X5MHz spectrum in Delhi and Mumbai for MTNL and one block of 2X5MHz of spectrum in the remaining service areas for BSNL. BSNL and MTNL shall not be participating in the 3G Auction, but shall be required to match the Winning Price achieved in the respective service areas in the 3G Auction as payment for the spectrum allotted to them.

#### **BWA Spectrum**

The Government has allocated one block of 20 MHz of unpaired spectrum in Delhi and Mumbai for MTNL and one block of 20 MHz of unpaired spectrum in the remaining service areas for BSNL. BSNL and MTNL shall not be participating in the BWA Auction, but shall be required to match the Winning Price achieved in the respective service areas in the BWA Auction as payment for the spectrum allotted to them.

BSNL/ MTNL shall provide services in the following frequencies in the various service areas. In the case of 3G Spectrum, BSNL/ MTNL may be currently providing services using other frequencies in certain service areas but will be shifted, where applicable, to the following frequencies:

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

**Table 4. Service area-wise frequencies allocated to BSNL/MTNL**

Service area	3G Spectrum		BWA Spectrum (MHz)
	Uplink (MHz)	Downlink (MHz)	
Delhi	1964-1969	2154-2159	2635-2655
Mumbai	1964-1969	2154-2159	2635-2655
Kolkata	1964-1969	2154-2159	2635-2655
Maharashtra	1964-1969	2154-2159	2535-2545 & 2635-2645
Gujarat	1964-1969	2154-2159	2535-2545 & 2635-2645
Andhra Pradesh	1964-1969	2154-2159	2535-2545 & 2635-2645
Karnataka	1964-1969	2154-2159	2635-2655
Tamil Nadu	1964-1969	2154-2159	2635-2655
Kerala	1964-1969	2154-2159	2635-2655
Punjab	1935-1940.	2125-2130	2635-2655
Haryana	1964-1969	2154-2159	2635-2655
Uttar Pradesh (E)	1964-1969	2154-2159	2635-2655
Uttar Pradesh (W)	1964-1969	2154-2159	2635-2655
Rajasthan	1964-1969	2154-2159	2635-2655
Madhya Pradesh	1964-1969	2154-2159	2635-2655
West Bengal	1928-1933.	2118-2123	2635-2655
Himachal Pradesh	1935-1940.	2125-2130	2635-2655
Bihar	1935-1940.	2125-2130	2635-2655
Orissa	1964-1969	2154-2159	2635-2655
Assam	1964-1969	2154-2159	2635-2655
North East	1964-1969	2154-2159	2635-2655
Jammu & Kashmir	1935-1940	2125-2130	2635-2655

### 2.3 Backhaul

Authorisation for the use of spectrum for individual point-to-point fixed links would be the subject of separate applications. Subject to the usual processes, terms and conditions, and applicable charges, the Government shall make available spectrum for these purposes under the prevailing terms and conditions (specified by the WPC), subject to availability. However, it must be noted that these frequencies are not part of the Auctions, are not bundled with the 3G Spectrum or the BWA Spectrum and payment of the Successful Bid Amount does not grant usage rights to such backhaul spectrum. Separate charges, as applicable, are payable for backhaul spectrum.

**2.4 Technology**

The Successful Bidder shall provide details of the technology proposed to be deployed for operation of its services prior to launch of commercial operations. The technology should be based on standards approved by ITU/ TEC or any other International Standards Organization/ Body/ Industry.

### **III ELIGIBILITY AND CONDITIONS**

*This section describes the conditions prospective Bidders must satisfy in order to participate in the Auctions.*

#### **3.1 Eligibility criteria to participate in the Auctions**

##### **3.1.1 3G Auction**

Any entity:

- (i) that holds a Unified Access Services (“UAS”)/ Cellular Mobile Telephone Service (“CMTS”) licence; or
- (ii) that:
  - (a) has previous experience of running 3G telecom services either directly or through a majority-owned subsidiary; and
  - (b) gives an undertaking to obtain a UAS licence through a New Entrant Nominee UAS Licensee as per DoT guidelines before starting telecom operations

can bid for 3G Spectrum (subject to other provisions of the Notice).

For the purpose of Clause 3.1.1(ii)(a), a wholly and directly owned company shall also be entitled to use the qualifications of its owner.

##### **3.1.2 BWA Auction**

Any entity:

- (i) that holds a UAS/ CMTS licence; or
- (ii) that holds an Internet Service Provider (“ISP”) licence (category ‘A’ or ‘B’);  
or
- (iii) that gives an undertaking to obtain a UAS licence through a New Entrant Nominee UAS Licensee as per the DoT guidelines before starting telecom operations; or
- (iv) that gives an undertaking to obtain an ISP Category ‘A’ licence through a New Entrant Nominee ISP Licensee as per the DoT guidelines before starting telecom operations

can bid for BWA Spectrum (subject to other provisions of the Notice).

Successful Bidders in the BWA Auction that currently hold an ISP-category ‘B’ licence shall be required to migrate to an ISP-category ‘A’ licence, by paying the applicable fees/ charges for migration, before they are awarded the BWA Spectrum.

The DoT guidelines stipulate that a UAS licence or an ISP licence can only be awarded to an Indian Company<sup>3</sup>. Hence, any foreign applicants will need to form, or acquire, an Indian company, to obtain a UAS licence or an ISP-category ‘A’ licence. However, they are allowed to participate in the Auctions directly and apply for or acquire a licence subsequently through an Indian company, where they hold at least 26% equity stake.

Services can only be offered subject to the terms and conditions of the licence obtained by the operator. Award of spectrum does not confer a right to provide any telecom services, and these are governed by the terms and conditions of the licence obtained by the operator.

### **3.2 Associated Licensees**

For the purpose of the 3G Auction, Associated Licensees are defined as existing UAS/ CMTS licensees that are controlled by a single entity, which also has at least 26% shareholding, directly or indirectly, in the company (the “Common Parent”). In the case of licensees that are listed on recognised stock exchanges<sup>4</sup>, a company of the Promoter group<sup>5</sup> would also qualify as a Common Parent, regardless of the level of shareholding.

For the purpose of the BWA Auction, Associated Licensees are defined as existing UAS/ CMTS/ ISP licensees that are controlled by a single entity, which also has at least 26% shareholding, directly or indirectly, in the company. In the case of licensees that are listed on recognised stock exchanges, a company of the Promoter group would also qualify as a Common Parent, regardless of the level of shareholding.

For the purpose of any of the Auctions, Associated Licensees corresponding to a single Common Parent shall be required to nominate a single entity (either one of the Associated Licensees or the Common Parent) which shall be authorised to bid on their behalf (the “Group Bidding Entity”).

In case a Group Bidding Entity is declared the Successful Bidder in any service area and there is an Associated Licensee corresponding to the Group Bidding Entity in that service area, then the Government shall assign the spectrum to that Associated Licensee. In such a case, the Group Bidding Entity and the Associated Licensee shall both be jointly and severally liable for the performance of the Bid obligations. While it is not possible to have more than one Associated Licensee in any service area in the 3G Auction, the same Group Bidding Entity may have more than one Associated Licensees in a service area in the BWA Auction (combination of a UAS licensee and ISP licensees), in which case the Group Bidding Entity may nominate any of the Associated Licensees for the award of the BWA Spectrum in that service area. In this

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<sup>3</sup> A Company registered in India under the Companies Act, 1956

<sup>4</sup> “Recognised stock exchanges” refers to stock exchanges recognised by the Securities and Exchange Board of India (SEBI).

<sup>5</sup> Definition of “Promoter group” would be the applicable SEBI definition as contained in the most recent Securities and Exchange Board of India - Disclosure and Investor Protection Guidelines, 2000 issued by SEBI and updated from time to time.



## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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case also, the Group Bidding Entity and the relevant Associated Licensee shall both be jointly and severally liable for the performance of the Bid obligations.

In case a Group Bidding Entity is declared the Successful Bidder in any service area in the 3G Auction, and there is no Associated Licensee corresponding to the Group Bidding Entity in that service area, then the Government shall assign the spectrum to the Group Bidding Entity or one of its Associated Licensees of any other service area that acquires a UAS licence (“Nominee UAS Licensee”) in that service area. In case the Nominee UAS Licensee is different from the Group Bidding Entity, the Group Bidding Entity and the Nominee UAS Licensee shall both be jointly and severally liable for the performance of the Bid obligations.

In case a Group Bidding Entity is declared the Successful Bidder in any service area in the BWA Auction, and there is no Associated Licensee corresponding to the Group Bidding Entity in that service area (even after taking into account the migration to an ISP-category ‘A’ licence), then the Government shall assign the spectrum to the Group Bidding Entity or one of its Associated Licensees of any other service area that acquires a UAS licence or an ISP Category ‘A’ licence (“Nominee ISP Licensee”) in that service area. In case the Nominee UAS Licensee or the Nominee ISP Licensee, as applicable, is different from the Group Bidding Entity, the Group Bidding Entity and the Nominee UAS Licensee or the Nominee ISP Licensee, as applicable, shall both be jointly and severally liable for the performance of the Bid obligations.

More than one Associated Licensee having the same Common Parent shall not be allowed to enter any of the Auctions, even if they intend to bid for different non overlapping combinations of service areas.

### **3.3 Prospective New Entrants**

Prospective Bidders who do not have a UAS/ CMTS licence (for the 3G Auction) or a UAS/ CMTS/ ISP-category ‘A’/ ISP-category ‘B’ licence (for the BWA Auction) (the “Prospective New Entrants”) shall be permitted to enter either of these Auctions subject to the provisions of Section 3.1. For the avoidance of doubt, a Prospective New Entrant who is pre-qualified or is declared a Successful Bidder shall not be automatically awarded a UAS licence or an ISP-category ‘A’ licence, as applicable. Prospective New Entrants are advised to ensure that they satisfy the conditions for the award of a UAS licence or an ISP-category ‘A’ licence, as applicable. This includes the relevant provisions for making an FDI into the telecom services sector in India.

Further, the Guidelines dated 14.12.2005 for grant of new UAS licences and the terms & conditions of new UAS licence agreements, may be revised based on the decision of the Government on the awaited recommendations of TRAI on “Overall Spectrum Management and Review of Licence Terms & Conditions”. Also, the Prospective New Entrants must note that this Notice does not imply in any way that such Bidders, if successful in winning 3G/ BWA Spectrum and in obtaining a UAS licence, will also be awarded start-up 2G spectrum.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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In the 3G Auction, if the Successful Bidder is a Prospective New Entrant, the spectrum shall be assigned to a Company nominated by the Successful Bidder which acquires a UAS licence in the relevant service areas and in which the Successful Bidder has a minimum holding of at least 26% (directly or indirectly) (“New Entrant Nominee UAS Licensee”), or to a Company which is an existing UAS licensee where the Successful Bidder has acquired at least 26% stake and which has not been awarded 3G Spectrum as part of the current Auction. In such a case, both the Successful Bidder and the New Entrant Nominee UAS Licensee or the acquired company, as applicable, shall be jointly and severally liable for the performance of the Bid obligations.

In the BWA Auction, if the Successful Bidder is a Prospective New Entrant, the spectrum shall be assigned to a Company nominated by the Successful Bidder, which acquires a UAS licence in the relevant service areas and in which the Successful Bidder has a minimum holding of at least 26% (directly or indirectly) (“New Entrant Nominee UAS Licensee”) or to a Company nominated by the Successful Bidder, which acquires an ISP-category ‘A’ licence in the relevant service areas and in which the Successful Bidder has a minimum holding of at least 26% (directly or indirectly) (“New Entrant Nominee ISP Licensee”), or to a Company which is an existing UAS licensee or an existing ISP licensee where the Successful Bidder has acquired at least 26% stake and which has not been awarded BWA Spectrum as part of the current Auction. In such a case, both the Successful Bidder and the New Entrant Nominee UAS Licensee or the New Entrant Nominee ISP Licensee or the acquired company, as applicable, shall be jointly and severally liable for the performance of the Bid obligations.

### ***3.3.1 New entrants – foreign entities***

Foreign entities are permitted to participate in the Auctions, subject to the provisions of Section 3.1. However, the UAS/ CMTS/ ISP-category ‘A’ licence conditions and the FDI provisions imply that such a foreign entity can operate a telecom service in India only through an Indian company with no more than 74% foreign shareholding (subject to the approval of the FIPB for the foreign shareholding in excess of 49%).

However interested foreign entities are allowed to participate in the Auctions directly, and obtain a licence subsequently, either through application for a new licence or through acquisition of an existing licensee (subject to the applicable M&A guidelines).

FIPB approval is contingent on security clearances and, under certain circumstances, could take considerable time. Accordingly, such Bidders are advised to initiate the process of getting approvals from the FIPB at the earliest opportunity, as such approvals are also available for entities with an intent to invest.

### **3.4 Roll-out obligations**

The licensee to whom the spectrum is assigned shall have a network rollout obligation as detailed in this section. The obligation reflects the need both to ensure the efficient use of spectrum and provide a reasonable level of service to a wide cross-section of customers.

#### ***3.4.1 Roll-out obligations for 3G Spectrum***

##### *Metro service area*

The licensee to whom the spectrum is assigned shall be required to provide required street level coverage using the 3G Spectrum in at least 90% of the service area within five years of the Effective Date.

##### *Category A, B and C service areas*

The licensee to whom the spectrum is assigned shall ensure that at least 50% of the District Headquarters (“DHQ”) in the service area will be covered using the 3G Spectrum, out of which at least 15% of the DHQs should be rural Short Distance Charging Areas (“SDCA”)<sup>6</sup>, within five years of the Effective Date. Further:

- the operator shall be permitted to cover any other town in a District in lieu of the DHQ;
- coverage of a DHQ/ town would mean that at least 90% of the area bounded by the municipal/ local body limits should get the required street level coverage;
- the DHQ shall be taken as on the Effective Date;
- the choice of DHQs/ towns to be covered and further expansion beyond 50% of DHQs/ towns shall lie with the operator.

The Effective Date shall be the later of the date when the right to use awarded spectrum commercially commences and the date when the UAS licence, if applicable, is granted to the operator.

If the licensee does not achieve its roll out obligations, it shall be allowed a further period of one year to do so by making a payment of 2.5% of the Successful Bid Amount (i.e. spectrum acquisition price) per quarter or part thereof as liquidated damages. If the operator does not complete its roll out obligations even within the extended period of one year, the spectrum assignment shall be withdrawn.

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<sup>6</sup> SDCA is defined as per the definition used by the Census of India. Rural SDCA is defined as an area where 50% of the population lives in the rural areas.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

### **3.4.2 Roll-out obligations for BWA Spectrum**

#### **Metro service area**

The licensee to whom the spectrum is assigned shall be required to provide required street level coverage using the BWA Spectrum in at least 90% of the service area within five years of the Effective Date.

#### **Category A, B and C service areas**

The licensee to whom the spectrum is assigned shall ensure that at least 50% of the rural SDCAs are covered within five years of the Effective Date using the BWA Spectrum. Coverage of a rural SDCA would mean that at least 90% of the area bounded by the municipal/ local body limits should get the required street level coverage.

The Effective Date shall be the later of the date when the right to use awarded spectrum commercially commences and the date when the UAS licence or the ISP-category ‘A’ licence, if and as applicable, is granted to the operator.

If the licensee does not achieve its roll out obligations, its spectrum assignment shall be withdrawn.

### **3.5 Spectrum usage charges**

A spectrum usage charge (over and above the spectrum auction price and the applicable licence fees) as a percentage of the Adjusted Gross Revenue (“AGR”) shall be payable by Successful Bidders as per rules notified by the Government from time to time.

The following schedules indicate annual spectrum charges payable quarterly in advance by GSM and CDMA operators that are successful in the 3G Auction as per the licence conditions:

#### **Schedule A: Charges for GSM operators**

<b>Spectrum slab</b>	<b>Annual spectrum charges (as a percentage of AGR)</b>
Up to 4.4 MHz	3
Up to 6.2 MHz	4
Up to 8.2 MHz	5
Up to 10.2 MHz	6
Up to 12.2 MHz	7
Up to 15.2 MHz	8

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

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### Schedule B: Charges for CDMA operators

Spectrum slab	Annual spectrum charges (as a percentage of AGR)
Up to 5 MHz	3
Up to 6.25 MHz	4
Up to 7.5 MHz	5
Up to 10 MHz	6
Up to 12.5 MHz	7
Up to 15 MHz	8

Licensees using BWA Spectrum need to pay 1% of AGR from services using this spectrum as annual spectrum charge irrespective of the licence held by them. Such revenue would be required to be reported separately.

The following Schedule provides details for the applicable annual spectrum charges payable by different licence holders that are successful in the 3G Auction or the BWA Auction:

Auction type	Current spectrum allocation/ licence category			
	<i>UAS/ CMTS with GSM only</i>	<i>UAS with CDMA only</i>	<i>UAS with dual tech (GSM + CDMA)</i>	<i>ISP</i>
<i>3G Auction (frequency in 2.1GHz band)</i>	Revenues from these services to be added to applicable AGR and spectrum charges as per Schedule A to apply	Revenues from these services to be added to applicable AGR and spectrum charges as per Schedule B to apply	Revenues from these services to be added to applicable AGR and spectrum charges as per Schedule A & Schedule B to apply	Na
<i>BWA Auction (frequency in 2.3GHz band)</i>	1% of applicable AGR from BWA services (with such revenue to be reported separately)	1% of applicable AGR from BWA services (with such revenue to be reported separately)	1% of applicable AGR from BWA services (with such revenue to be reported separately)	1% of applicable AGR from BWA services (with such revenue to be reported separately)

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

The following shall be considered while computing the annual spectrum charges:

- Applicable AGR shall be computed in accordance with the provisions of the relevant service licence;
- 3G/ BWA Spectrum to be assigned in the two Auctions shall not be counted for calculating the slab of the total spectrum holding by a licensee for levy of spectrum usage charges;
- The spectrum charge for the 3G Spectrum shall be payable on total AGR of 2G and 3G services taken together;
- Revenues from services using the BWA Spectrum shall not be included in the AGR of the licensee, for the limited purpose of determining spectrum charges on spectrum other than BWA Spectrum;
- Annual spectrum charges shall be applicable from the date of award of right to use allotted spectrum commercially. However, there shall be a moratorium of one year from this date on the payment of spectrum charges for the stand-alone 3G as well as stand-alone 3G + BWA operators (i.e. winners of 3G/ BWA Spectrum who do not hold 2G spectrum). The moratorium of one year shall not be applicable to operators holding 2G + 3G Spectrum;
- Slab rate for standalone 3G operators shall be equal to the lowest slab rate in Schedule A i.e. 3% of AGR;
- For BWA Spectrum, no annual spectrum charge shall be payable in the first year from the date of award of right to use allotted spectrum commercially.

### **3.6 Duration**

#### **3G Spectrum**

The right to use the 3G Spectrum shall be valid for 20 years from the Effective Date unless revoked or surrendered earlier, subject to the operator continuing to have a UAS/ CMTS licence. In case the UAS/ CMTS licence is cancelled/ terminated for any reason, the spectrum usage rights shall stand withdrawn forthwith.

If the period of an existing UAS/ CMTS licence of an operator expires before the expiry of the right to use the 3G Spectrum awarded by means of the current Auction, then the validity of the UAS/ CMTS licence with respect to the 3G Spectrum only shall be extended to 20 years from the Effective Date on existing terms without any charges. The extension shall be done on the application of the licensee made in the 19<sup>th</sup> year of the UAS/ CMTS licence for extension of the period to make it co-terminus with the validity of the right to use the 3G Spectrum.

However, extension, if any, of the right to use any spectrum other than 3G Spectrum associated with the licence and the terms thereof, shall be specified in due course.

### *BWA Spectrum*

The right to use the BWA Spectrum shall be valid for 20 years from the Effective Date unless revoked or surrendered earlier, subject to the operator continuing to have a UAS/ CMTS/ ISP-category ‘A’ licence. In case the UAS/ CMTS/ ISP-category ‘A’ licence it holds is cancelled/ terminated for any reason, the spectrum usage rights shall stand withdrawn forthwith.

If the period of an existing UAS/ CMTS/ ISP-category ‘A’ licence of an operator expires before the expiry of the right to use the BWA Spectrum awarded by means of the current Auction, then the validity of the UAS/ CMTS licence with respect to the BWA Spectrum, if applicable, shall be extended to 20 years from the Effective Date on existing terms without any commercial charges. This extension shall be done on the application of the licensee made in the 19<sup>th</sup> year of the UAS/ CMTS licence for extension of the period to make it co-terminus with the validity of the right to use the BWA Spectrum period.

The ISP licence, if applicable, shall be extended for 5 years at a time for a period extending up to 20 years, from the Effective Date on existing terms.

However, extension, if any, of the right to use any spectrum other than BWA Spectrum associated with the licence and the terms thereof, shall be specified in due course.

### **3.7 Breach, revocation and surrender**

The spectrum assignment may be revoked, withdrawn, varied or surrendered in accordance with applicable licence conditions or any other applicable laws, rules, regulations or other statutory provisions.

The spectrum assignment may also be revoked if the Government determines the user of the spectrum to be in serious breach of any of the conditions of the award of the spectrum (including adherence to the Auction Rules) and the consequent obligations. In case of less serious breaches, the Government may impose penalties at its discretion. Seriousness of the breach shall be determined by the Government at its sole discretion.

In case neither the Successful Bidder nor any of its Associated Licensees has the relevant service licence for a service area where it has been declared a Successful Bidder, it must apply for, or otherwise acquire the relevant service licence in the service area in accordance with the terms of this Notice, within three (3) months of it being declared a Successful Bidder, failing which the Government shall have the right to revoke the spectrum.

The operator may surrender the spectrum, by giving notice of at least 60 calendar days in advance. In that case, it shall also notify all its customers of consequential withdrawal of service by giving 30 calendar days notice to each of them. The operator shall pay all fees payable by it until the date on which the surrender of the

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

spectrum becomes effective. The effective date of surrender of the spectrum shall be the later of the dates of expiry of the two notices mentioned in this clause.

If at any stage, the spectrum allocation is revoked, withdrawn, varied or surrendered, no refund will be made.



**IV AUCTION DETAILS**

**4.1 General conditions**

***4.1.1 Confidentiality***

Confidential Information means any non-public information which, if known to other Bidders, would be likely to affect the price that the other Bidders would be prepared to bid in the Auctions or the bidding strategy that other Bidders would adopt. Such Confidential Information shall include (but not necessarily be limited to) the Bidder's business case, auction strategy and the highest price it is willing to bid for spectrum in any service area. Any party to whom Confidential Information in relation to a Bidder is disclosed is deemed to be an Insider in relation to that Bidder. Bidders and Insiders must not convey Confidential Information to any other person, including another Bidder or its Insiders.

Bidders shall also not be permitted to disclose the status of their participation, including whether they continue to bid in any or all service areas, in any of the Auctions, until the completion of the relevant Auction.

***4.1.2 Directors, employees and advisers***

No person, whether individual or corporate, can act for or on behalf of or advise more than one Bidder that is participating in any of Auctions (the 3G Auction or the BWA Auction) in respect of the Auctions.

***4.1.3 Anti-competitive activity***

Bidders must not enter into any arrangements with suppliers of equipment or software that would restrict the supplier's ability to supply such equipment or software to other Bidders for the purposes of planning, building or operating a network utilising the frequencies to be auctioned. Bidders are also not permitted to agree with suppliers of equipment or software any form of restriction as to the prices charged or other terms and conditions that such suppliers may agree with any other Bidder.

**4.2 Application requirements**

***4.2.1 Application format and procedures for submission***

In order to pre-qualify for the Auctions, prospective Bidders must submit an Application before the last date for submission of such applications, as per the following requirements.

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

Separate Applications are required for the 3G Auction and the BWA Auction, in the prescribed formats. Formats for Application and various undertakings are provided in Annexure C.

Applicants should inform the DoT promptly in case of any change in the information submitted by them as part of their Application.

The Government reserves the right to summarily disqualify any pre-qualified Bidder at any stage of the Auctions or after the Auctions are completed on grounds of non-compliance with eligibility conditions, misrepresentation, non-compliance with Auction Rules, non-compliance with any other pre-condition prescribed for participating in the Auctions or being awarded the spectrum or any matter that may, in the opinion of the Government, be contrary to general public interest.

For such breaches, a Bidder's Earnest Money Deposit shall be forfeited and the Government may undertake other penal action as well against such a Bidder. Seriousness of the breach shall be determined by the Government at its sole discretion.

### 4.2.1.1 3G Auction

Prospective Bidders are required to submit:

- A completed Application Form and all supporting information including the necessary undertakings and the Application Checklist;
- An application processing fee;
- Earnest money, in the form of a Bank Guarantee (as per format provided in Annexure C.3) from a Scheduled Bank, of an amount equal to the summation of earnest money amounts of the service areas that the Bidder wishes to be eligible to bid for ("Earnest Money Deposit") as per the following table:

Service area	Category	Earnest money amount (Rs. cr)	Service area	Category	Earnest money amount (Rs. cr)
Delhi	Metro	40.00	Uttar Pradesh (E)	B	20.00
Mumbai	Metro	40.00	Uttar Pradesh (W)	B	20.00
Kolkata	Metro	20.00	Rajasthan	B	20.00
Maharashtra	A	40.00	Madhya Pradesh	B	20.00
Gujarat	A	40.00	West Bengal	B	20.00
Andhra Pradesh	A	40.00	Himachal Pradesh	C	7.50
Karnataka	A	40.00	Bihar	C	7.50
Tamil Nadu	A	40.00	Orissa	C	7.50
Kerala	B	20.00	Assam	C	7.50

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

Service area	Cate- gory	Earnest money amount (Rs. cr)	Service area	Cate- gory	Earnest money amount (Rs. cr)
Punjab	B	20.00	North East	C	7.50
Haryana	B	20.00	Jammu & Kashmir	C	7.50

Given that flexibility has been provided in the Auction Rules for Bidders to be able to bid across service areas, Applicants should deposit earnest money based on the number of metro, A, B and C service areas that they would like to bid for in the 3G Auction. The Earnest Money Deposit will determine the eligibility of Bidders to make bids during the Clock Stage of the Auction, as described subsequently in Section 5.3.4;

- Nomination of an authorised person, who is empowered to take all decisions connected with the 3G Auction on the Bidder's behalf and correspond on behalf of the Applicant with the Government and the Auctioneer (the "Authorised Person"), along with a Power of Attorney empowering her/ him for the same. Applicants may authorise one more person, who could act as the alternate Authorised Person in case of unavailability of the primary Authorised Person. In case of any duplication of submissions made by the Bidder, the submission from the primary Authorised Person shall be considered as final and binding;
- In case of Associated Licensees, the following are additionally required to be submitted along with the Application:
  - A completed Nomination Form nominating the Group Bidding Entity. Separate Nomination Forms need to be completed by each of the Associated Licensees corresponding to the Group Bidding Entity that intends to participate in the 3G Auction;
  - Details of ownership structures of the Associated Licensees establishing the qualification of the Group Bidding Entity to bid on behalf of the Associated Licensees;
  - For service areas where neither the Group Bidding Entity nor any of its Associated Licensees are existing UAS/ CMTS licensees, an undertaking confirming that, if the Applicant is successful in winning spectrum in any such service area, it shall acquire a UAS licence in advance of starting commercial operations. The Applicant shall be solely responsible for ensuring compliance with all eligibility criteria for the award of a UAS licence including, but not limited to, the criteria required for Foreign Investment Promotion Board ("FIPB") approvals and security clearances;
  - UAS/ CMTS licensees of Chennai and Tamil Nadu (excluding Chennai) service areas have to submit an undertaking that in case the Group Bidding Entity is successful in the Auction for Tamil Nadu (including Chennai), then they shall merge their UAS/ CMTS licences of Chennai and Tamil Nadu (excluding Chennai) service areas as per DoT letter no. 842-503/2005-VAS/5 dated 15<sup>th</sup> September, 2005. A copy of the letter is available on the DoT website.

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

Prospective Bidders that are not existing UAS/ CMTS licensees are additionally required to submit:

- A self-certification with supporting documents of relevant previous experience of running 3G telecom services either directly or through a majority-owned subsidiary;
- An undertaking confirming that, if the Applicant is successful in winning spectrum in any service area, it shall acquire a UAS licence for that service area, through an Indian company registered under the Companies Act 1956 (in which the Applicant shall hold at least 26% equity), in advance of starting commercial operations. The Applicant shall be solely responsible for ensuring compliance with all eligibility criteria for the award of a UAS licence including, but not limited to, the criteria required for FIPB approvals and security clearances.

The Government reserves the right not to pre-qualify any Applicant without assigning any reason whatsoever.

### 4.2.1.2 BWA Auction

Prospective Bidders are required to submit:

- A completed Application Form and all supporting information including the necessary undertakings and the Application Checklist;
- An application processing fee;
- Earnest money, in the form of a Bank Guarantee (as per format provided in Annexure C.3) from a Scheduled Bank, of an amount equal to the summation of earnest money amounts of the service areas that the Bidder wishes to be eligible to bid for as per the following table:

**Table 6. Service area-wise earnest money amount for BWA Auction**

Service area	Category	Earnest money amount (Rs. cr)	Service area	Category	Earnest money amount (Rs. cr)
Delhi	Metro	20.00	Uttar Pradesh (E)	B	10.00
Mumbai	Metro	20.00	Uttar Pradesh (W)	B	10.00
Kolkata	Metro	10.00	Rajasthan	B	10.00
Maharashtra	A	20.00	Madhya Pradesh	B	10.00
Gujarat	A	20.00	West Bengal	B	10.00
Andhra Pradesh	A	20.00	Himachal Pradesh	C	3.75
Karnataka	A	20.00	Bihar	C	3.75
Tamil Nadu	A	20.00	Orissa	C	3.75

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

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Service area	Category	Earnest money amount (Rs. cr)	Service area	Category	Earnest money amount (Rs. cr)
Kerala	B	10.00	Assam	C	3.75
Punjab	B	10.00	North East	C	3.75
Haryana	B	10.00	Jammu & Kashmir	C	3.75

Given that flexibility has been provided in the Auction Rules for Bidders to be able to bid across service areas, Applicants should deposit earnest money based on the number of metro, A, B and C service areas that they would like to bid for in the BWA Auction. The Earnest Money Deposit will determine the eligibility of Bidders to make bids during the Clock Stage of the Auction, as described subsequently in Section 6.3.4;

- Nomination of an Authorised Person, who is empowered to take all decisions connected with the BWA Auction on the Bidder's behalf and correspond on behalf of the Applicant with the Government and the Auctioneer, along with a Power of Attorney empowering her/ him for the same. Applicants may authorise one more person, who could act as the alternate Authorised Person in case of unavailability of the primary Authorised Person. In case of any duplication of submissions made by the Bidder, the submission from the primary Authorised Person shall be considered as final and binding;
- In case of Associated Licensees, the following are additionally required to be submitted along with the Application:
  - A completed Nomination Form nominating the Group Bidding Entity. Separate Nomination Forms need to be completed by each of the Associated Licensees corresponding to the Group Bidding Entity that intend to participate in the BWA Auction;
  - Details of ownership structures of the Associated Licensees establishing the qualification of the Group Bidding Entity to bid on behalf of the Associated Licensees;
  - For service areas where neither the Group Bidding Entity, nor any of its Associated Licensees are existing UAS/ CMTS/ ISP (category 'A' or 'B') licensees (even after taking into account the migration to ISP-category 'A' licence), an undertaking confirming that, if the Applicant is successful in winning spectrum in any such service area, it shall acquire a UAS licence or an ISP-category 'A' licence in advance of starting commercial operations. The Applicant shall be solely responsible for ensuring compliance with all eligibility criteria for the award of a UAS licence or an ISP-category 'A' licence including, but not limited to, the criteria required for FIPB approvals and security clearances.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Prospective Bidders that are not existing UAS/ CMTS/ ISP (category ‘A’ or ‘B’) licensees are additionally required to submit:

- An undertaking confirming that, if the Applicant is successful in winning spectrum in any service area, it shall acquire a UAS licence or an ISP-category ‘A’ licence, through an Indian company registered under the Companies Act 1956 (in which the Applicant shall hold at least 26% equity), in advance of starting commercial operations. The Applicant shall be solely responsible for ensuring compliance with all eligibility criteria for the award of a UAS licence or an ISP-category ‘A’ licence including, but not limited to, the criteria required for FIPB approvals and security clearances.

The Government reserves the right not to pre-qualify any Applicant without assigning any reason whatsoever.

### ***4.2.2 Ownership compliance certification***

After the last date of submission of Applications, the Government shall publish the ownership details submitted by the Applicants, who have not otherwise been disqualified before then, on the Auctions website.

After this, an Applicant, who has not otherwise been disqualified before then, shall be required to submit an undertaking confirming that it complies with the ownership restrictions (the “Ownership Compliance Certificate”) before the deadline indicated in the Auction timetable. The Government reserves the right to modify this deadline by giving Applicants notice through the Auctions website.

Formats for Application and various undertakings are provided in Annexure C.

### ***4.2.3 Pre-qualification tests***

In order to pre-qualify, the Applicant must satisfy the following tests:

- a) Application requirements

The Applicant must comply with the requirements for provision of information, the required certification and payment of the Earnest Money Deposit. Failure to provide any of these documents or to make the payment within the time specified may result in the Applicant not qualifying for the relevant Auctions.

- b) Ownership restrictions

No two Applicants in any of the Auctions should have the same entity directly or indirectly owning more than 10% equity in them. If two Applicants having common ownership greater than 10% apply for pre-qualification in the same Auction, one of them must withdraw until the last

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

date for submission of Ownership Compliance Certificate, failing which both shall not be pre-qualified.

However, common shareholding by the Government of India between any of the entities is permitted.

c) **General power of exclusion**

The Government shall retain a general power to exclude any Applicant, without providing any reason for such action. Further, the Government may exclude any Applicant, if in its opinion:

- i) the holding of a UAS licence or an ISP-category 'A' licence by that Applicant would be prejudicial to the interests of national security; or
- ii) the Applicant would not be a fit and proper person to hold a UAS licence or an ISP-category 'A' licence.

During the pre-qualification stage, the Government may ask Applicants to provide additional information or documentation relating to their Applications. The Government reserves the right to withdraw the pre-qualification of any Bidder at any stage even after the initial pre-qualification.

Pre-qualification for any of the Auctions or declaration as Successful Bidder does not guarantee a Bidder that the UAS licence or ISP-category 'A' licence application of this Bidder (if applicable) shall be approved. Prospective Bidders who are not existing UAS/ CMTS/ ISP-category 'A' licence-holders must satisfy themselves that they meet the criteria for award of a UAS licence or an ISP-category 'A' licence (as applicable).

### ***4.2.4 Earnest Money Deposit***

The earnest money (in the form of a Bank Guarantee from a Scheduled Bank) for the requisite amount needs to be submitted along with the Application for pre-qualification.

The Bank Guarantee shall be from a Scheduled Commercial Bank, and be valid upto 31<sup>st</sup> December, 2010 and extendable for a further period of six months at the request of DoT, in the prescribed format as given in Annexure C.3.

Given that flexibility has been provided in the Auction Rules for Bidders to be able to bid across service areas, Applicants should deposit earnest money based on the number of metro, A, B and C service areas that they would like to participate in the relevant Auctions for. Each type of service areas has a specific deposit requirement. To make a Bid in the Clock Stage for a combination of service areas, a Bidder must have already submitted an Earnest Money Deposit ("EMD") for not less than the total earnest money requirements of those service areas.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

In addition, the EMD will determine the Initial Eligibility of Bidders in the Auctions. The detailed method by which Initial Eligibility is determined is given subsequently for each of the three Auctions. At no stage in the Auctions shall they be allowed to bid for more service areas than the Initial Eligibility points corresponding to the EMD will permit.

For each of the Auctions, a separate consolidated EMD for all service areas needs to be submitted. The total amount may be broken down into up to 5 different EMD letters.

The EMD will be returned following failure to pre-qualify, or following the end of the Auctions and after meeting all the necessary obligations under the Auction Rules, as applicable.

Without prejudice to any other remedy that may be available to it, the Government reserves the right to forfeit the EMD in the case that:

- (a) The Applicant misrepresents facts in its Application;
- (b) The Applicant violates any of the Auction Rules or otherwise disrupts the Auctions process;
- (c) The Bidder does not bid for even one service area in the first Clock Round of the relevant Auction;
- (d) The Bidder defaults on its Bid.

### ***4.2.5 Application processing fee***

The Applicant shall pay a non-refundable application processing fee of Rs. 100,000/- payable to Pay and Accounts Officer (HQ), DoT, New Delhi, through a demand draft drawn on a Scheduled Commercial Bank payable at Delhi.

### ***4.2.6 Procedure following application***

Soon after the submission of its application, the Authorised Person nominated by each applicant in its application will be sent a CD-ROM including:

- An encrypted cryptographic authentication token required for accessing the Electronic Auction System (EAS);
- A certification authority certificate required for accessing the EAS; and
- A list of phone passwords (to be used for reporting technical problems only).

Note, however, that the EAS will not be accessible until applicants have been pre-qualified for participation in the relevant Auction and have received further materials from the Auction Administrator.



### **4.3 Announcement of pre-qualified Bidders**

The Government shall put up a list of pre-qualified Bidders on the DoT website. At the same time, each pre-qualified Bidder shall be issued a notice (the “Bidder Participation Notice”), which shall include:

- Details of all Bidders’ total Earnest Money Deposits and corresponding Initial Eligibility points; and
- The EAS Manual, which includes detailed instructions on how to install the cryptographic authentication token and the certification authority certificate, and how to access the EAS.

Following this pre-qualification of Bidders by the DoT, the Authorised Person nominated by each pre-qualified Bidder will be sent the following details via the various contact channels provided for this person included in the Pre-qualified Bidder’s application:

- The URL for the auction;
- A login password;
- A decryption password for its cryptographic authentication token; and
- An email address and phone number for the reporting of technical problems.

Upon receipt of all of the listed materials, pre-qualified Bidders will be expected to install the cryptographic authentication token and the certification authority certificate and to attempt to log in to the EAS using the URL and password provided. Problems encountered in accessing the EAS successfully should be reported to the Auction Administrator immediately.

### **4.4 Bid validity**

The Bids made in the Auctions shall be valid up to 31<sup>st</sup> December, 2010.

### **4.5 Payment methodology**

Successful Bidders shall deposit the Successful Bid Amount within 10 calendar days of the close of the Auction, failing which the Earnest Money Deposit shall stand forfeited. If the payment due date falls on a Saturday or a Sunday or a Public Holiday, the payment will need to be made by the working day immediately prior to the Saturday or Sunday or Public holiday.

All payments will need to be made by the Successful Bidders through Demand Draft of the requisite amount in favour of “Pay and Accounts Officer (HQ), DoT, New Delhi” drawn on a Scheduled Commercial Bank payable at Delhi, or by any other means such as RTGS that may be subsequently specified by DoT.

#### **4.6 Assignment of spectrum**

##### Existing licensees

- Upon receipt of the Successful Bid Amount, the DoT (WPC) shall issue a Letter of Intent allocating the frequencies to the Successful Bidder (“allocation of frequency”);
- Necessary amendments to enable use of frequency allocated by WPC for provision of services under applicable license (including migration to ISP-category ‘A’ licence, if applicable) shall be made to the existing UAS/ CMTS/ ISP licence (“assignment of frequency”) of the Successful Bidder or its nominated entity (as applicable), within 15 days of DoT receiving an application for such amendments;
- In case of Bidders that have existing UAS/ CMTS licences in both Chennai and Tamil Nadu (excluding Chennai) service areas and in case the Group Bidding Entity is successful in the Auction for Tamil Nadu (including Chennai), then the Bidders have to provide Undertakings and Board Resolutions of both the licensee companies (as applicable) confirming that their UAS/ CMTS licences of Chennai and Tamil Nadu (excluding Chennai) service areas shall be merged as per DoT letter no. 842-503/2005-VAS/5 dated 15<sup>th</sup> September, 2005. A copy of the letter is available on the DoT website;
- It may be noted that after assignment of 3G Spectrum, the licensees shall be allowed to utilise the spectrum for commercial operations only from 1<sup>st</sup> September, 2010. However, in the mean time, they can take steps to enable launch of commercial operations;
- Successful Bidders in the BWA Auction can use the assigned frequency for commercial purposes immediately after assignment as per the terms of the applicable licence.

##### New entrants

- Upon receipt of the Successful Bid Amount, the DoT (WPC) shall issue a Letter of Intent allocating the frequencies to the Successful Bidder;
- Upon the Successful Bidder obtaining a UAS licence or an ISP-category ‘A’ licence, as applicable, the DoT shall assign the specified spectrum;
- In case the Successful Bidder acquires an existing licensee, necessary amendments to the licence of the acquired entity will need to be made prior to assignment of spectrum;
- It may be noted that after assignment of 3G Spectrum, the licensee shall be allowed to utilise the spectrum for commercial operations only from 1<sup>st</sup> September, 2010. However, in the mean time, they can take steps to enable launch of commercial operations;

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

- Successful Bidders in the BWA Auction can use the allocated frequency for commercial purposes immediately after assignment and obtaining the necessary licence, as per the terms of the applicable licence.

### **4.7 Reserve price for future Auctions**

If a further round of auction for 3G Spectrum or BWA Spectrum takes place within 12 months from the date of completion of the current round or the relevant Auction, the Reserve Price in such a round will be the same as the Successful Bid Amount in the current round of the relevant Auction for the respective service area.

### **4.8 Mergers & Acquisitions**

M&A guidelines, as prescribed and amended by DoT from time to time, will apply to Successful Bidders.

Unless otherwise notified by DoT in due course, if two or more licensees holding 3G Spectrum blocks in a service area merge, then they shall be allowed to retain only one 3G Spectrum block and surrender the remaining 3G Spectrum blocks in that service area.

Unless otherwise notified by DoT in due course, if two or more licensees holding BWA Spectrum blocks in a service area merge, then they shall be allowed to retain only one BWA Spectrum block and surrender the remaining BWA Spectrum blocks in that service area.

## **V THE 3G AUCTION – AUCTION RULES**

### **5.1 Conduct of the Auction**

The e-auction will be conducted over the Internet. Bidders will be able to access the Electronic Auction System using standard web browsing software.

As outlined in Sections 4.2 and 4.3, prior to the Auction, pre-qualified Bidders will be issued with authentication tokens to allow secure access to the EAS. These tokens will consist of (i) a cryptographic authentication token (supplied on CD-ROM in encrypted form that will need to be installed on any computer used for bidding) and (ii) a number of passwords. Bidders are responsible for ensuring that none of these authentication tokens are released to unauthorised parties. In the event of any unauthorised release of one or more authentication tokens bidders must inform the Auction Administrator without delay.

Applicants will be provided with a detailed manual explaining how to use the EAS. This documentation and authentication tokens will be provided to Bidders in advance of conducting a mock auction, which will be held at a time specified by the Government. The system requirements for Bidders are outlined in Annexure D, though the EAS Manual should be taken as definitive in this regard.

It shall be the Bidders' responsibility to ensure that they have a reliable means of accessing the EAS and appropriate backup facilities.

### **5.2 Overview of the Auction stages**

Spectrum available for award in this process will be allocated by simultaneous ascending e-auction.

The award is a two-stage process:

- A Clock Stage will establish the Bidders to be awarded a block in each of the service areas where there is at least one block available to auction (the “3G Service Areas”). In this stage, in each 3G Service Area Bidders will bid for a generic block (i.e. a right to a single 2X5MHz spectrum block but not linked to any specific frequency). The Clock Stage will consist of a number of rounds. These rounds will stop once (i) for every 3G Service Area the number of bids at the prices set in the last completed Clock Round is less than or equal to the number of blocks available; and (ii) there are no opportunities for Bidders to increase their demand allowed by the Activity Rules (the precise conditions under which the Auction can close are described subsequently). This will establish a common Winning Price for all blocks within a service area, and the Winning Bidders in each service area;
- The Clock Stage will be followed by a Frequency Identification Stage that will identify specific frequencies available to the Winning Bidders. The frequencies identified will be announced simultaneous with the outcome of

the Clock Stage. The initial identification of the frequencies will be performed automatically by the Electronic Auction System through a random allocation mechanism.

The Government reserves the right to change this allocation at any point during the licence period, if required, for harmonising bands and promoting spectrum efficiency.

Winning Bidders will pay the sum of the relevant Winning Prices set in the Clock Stage for service areas in which they are assigned a block. All Winning Bidders in a service area will have equal Winning Prices as a consequence of the Auction Rules.

### **5.3 The Clock Stage**

#### **5.3.1 Overview**

In the Clock Stage, there is simultaneous bidding for blocks across all the 3G Service Areas mentioned in Table 7. Bidding proceeds in rounds (Clock Rounds). During each Clock Round, bids may be placed for some or all of the 3G Service Areas according to the detailed bidding rules described below.

In each Clock Round, Bidders will be told the Clock Round price of a block in each of the 3G Service Areas. Bidders will be able to bid for at most one generic block in each service area. Therefore, in each Clock Round, a Bidder's decisions will consist of a yes/no choice for each of the 3G Service Areas whether to make a Bid at a price equal to the current Clock Round price for that area. By bidding on a service area, if that Bid becomes a Winning Bid, the Bidder commits to buy a block in that service area at a price not greater than the Clock Round price of the round when the Bid was submitted.

A Clock Round will close at a finishing time specified by the Auction Administrator, by which time all Bidders must have placed their Bids. The finishing time is subject to provisions for rounds to be extended and re-scheduled, discussed in Section 5.3.9.

At the end of each Clock Round, the Provisional Winning Bidders and Provisional Winning Prices in each service area are determined as follows:

- for each Bidder, only the highest Bid (if any) submitted by that Bidder for a block in that service area during any completed Clock Round will be considered;
- the highest Bid (if any) of each Bidder will be ranked in descending order of value and then, if necessary, according to the tie-breaking criteria detailed in Section 5.3.6;
- where  $n$  is the number of blocks available in a service area, the first  $n$  Bids in that service area according to this ranking will become Provisional Winning Bids, and the Bidders who submitted these Bids will become the Provisional Winning Bidders;

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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- the Provisional Winning Price in that service area will be the lowest value amongst the Provisional Winning Bids.

Bidders will be able to switch Bids across service areas from one round to the next subject to certain limitations (called “Activity Rules”) detailed in Section 5.3.5. These rules require that Bidders must demonstrate sufficient bidding activity to maintain their eligibility to make Bids in subsequent rounds, otherwise their ability to make Bids in subsequent rounds will be curtailed. These Activity Requirements will be tightened in steps according to the overall amount of bidding activity in the Auction. Provisional Winning Bids cannot be switched to other service areas.

In the first Clock Round, the price of a generic block in each service area will be set equal to the Reserve Price. For subsequent rounds, the Clock Round prices in each service area will be set depending on Excess Demand (defined in Section 5.3.7) in the previous completed Clock Round:

- if Excess Demand is negative, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round;
- otherwise if Excess Demand is zero or positive, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round plus a strictly positive price increment determined by the amount of Excess Demand.

If a new Clock Round is required, further Bids will be invited at the new Clock Round prices. The Clock Rounds will continue until demand can be satisfied within each and every service area. The final Clock Round will be the first round in which:

- (a) for every service area, the number of Bids at the current Clock Round price is less than or equal to the number of available blocks in that service area (i.e. Excess Demand for that service area is zero or negative); and
- (b) the Activity Requirement has been increased to the maximum level (i.e. the Activity Requirement is set to 100%, as discussed subsequently in Section 5.3.5).

All Provisional Winning Bids at the end of the final Clock Round will become Winning Bids. The Provisional Winning Prices will become the Winning Prices, and the Provisional Winning Bidders in the last Clock Round will become the Winning Bidders who will then be awarded a generic block in each service area at the Winning Price.

### ***5.3.2 Consequences of rules for Provisional Winning Bidders***

A consequence of these rules is that there may be Clock Rounds in which there are Provisional Winning Bidders with Bids at different prices. For example, consider the situation in a hypothetical service area in which there are  $n$  blocks available:

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

- Suppose, for the purpose of this example, that in Clock Round  $R$  there are exactly  $n$  Bids received at the current Clock Round price and these all become the Provisional Winning Bids. The Provisional Winning Price is the round  $R$  Clock Round price;
- In Clock Round  $R+1$ , an increment is added to the Clock Round price from Clock Round  $R$ . At this strictly higher price,  $m$  Bids are received, where  $m$  is strictly less than  $n$ . The Provisional Winning Bids will now consist of the  $m$  Bids at the Clock Round  $R+1$  price and  $n-m$  Bids selected from amongst the Provisional Winning Bids made in Clock Round  $R$  according to the ranking criteria. Therefore, amongst the Provisional Winning Bids, there are  $m$  Bids at the higher Clock Round  $R+1$  price and  $n-m$  Bids at the lower Clock Round  $R$  price. The Provisional Winning Price in Clock Round  $R+1$  is the round  $R$  Clock Round price, as this is the lowest value amongst the Provisional Winning Bids.

For the avoidance of doubt, if a Bidder is a Provisional Winning Bidder in a service area in Clock Round  $R$ , but a further Clock Round  $R+1$  occurs with a higher Clock Round price, then the Bidder has the option of increasing its Bid to the higher Clock Round price.

These rules (together the ranking criteria detailed in Section 5.3.6 and the Activity Rules detailed in Section 5.3.5) have the following implications:

- Suppose that in a particular service area there are fewer Bids equal to the Clock Round  $R$  price than blocks available and so the Clock Round price in Clock Round  $R+1$  is equal to that in Clock Round  $R$ . A Provisional Winning Bidder in that service area at the end of Clock Round  $R$  is guaranteed to be a Provisional Winning Bidder at the end of Clock Round  $R+1$ ;
- Suppose that a Bidder is a Provisional Winning Bidder in a particular service area in Clock Round  $R$ , but a further Clock Round  $R+1$  occurs with a strictly higher Clock Round price. If the Bidder does not make a Bid at the higher price, it is possible that it may cease to be a Provisional Winning Bidder in that service area at the end of Clock Round  $R+1$ . The Bidder will still be counted as being active in the service area for the purposes of determining bidding activity in Clock Round  $R+1$ , as it was a Provisional Winning Bidder at the end of Clock Round  $R$ . However, if there is no Excess Demand in this or any other service area in Clock Round  $R+1$  and the Activity Requirement is 100%, the Auction will end in Clock Round  $R+1$  and the Bidder will not have a further opportunity to bid;
- Again suppose that a Bidder is a Provisional Winning Bidder in a service area in Clock Round  $R$ , but a further Clock Round  $R+1$  occurs with a strictly higher Clock Round price. Now suppose alternatively that the Bidder did make a Bid in the service area at the higher price. If the Bidder fails to become a Provisional Winning Bidder at the end of Clock Round  $R+1$ , then this must not be the last Clock Round because there are more Bids at the Clock Round  $R+1$  price than blocks available in the service area. Therefore, Clock Round  $R+1$  cannot be the final round and the Bidder will have a further opportunity to make a bid in Clock Round  $R+2$  if it wishes.

At the end of the Clock Stage, the Auction Administrator will announce the provisional results of the 3G Auction including both the Winning Bidders and the specific frequencies that are randomly assigned to each Winning Bidder in the Frequency Identification Stage. The provisional results will need to be confirmed subsequently by the Government.

### **5.3.3 *Making bids during Clock Rounds***

In each Clock Round, Bidders will be presented with a bid form by the EAS. For each of the 3G Service Areas the bid form will display:

- the name of the service area;
- the number of blocks available in the service area;
- the number of Eligibility Points linked to a block in the service area (discussed subsequently in Section 5.3.4);
- the Earnest Money Deposit requirement linked to a block in the service area (discussed subsequently in Section 5.3.4);
- the Clock Round price in the service area for the current Clock Round;
- after the first Clock Round, the price increment that has been applied to the Clock Round price in the last completed Clock Round to determine the current Clock Round price in that service area;
- after the first Clock Round, the total number of Bids received in the service area in the last completed Clock Round;
- after the first Clock Round, the Aggregate Demand at the Clock Round price in the last completed Clock Round (i.e. the total number of Bids in the service area at a value equal to the Clock Round price in the last completed Clock Round);
- after the first Clock Round, the Excess Demand in the service area at the Clock Round price in the last completed Clock Round (i.e. Aggregate Demand less the number of blocks available in the service area);
- after the first Clock Round, the Provisional Winning Price in that service area established in the last completed Clock Round; and
- after the first Clock Round, whether the Bidder is a Provisional Winning Bidder in that service area and, if so:
  - (a) the price at which that Provisional Winning Bid was made; and
  - (b) the ranking of this Bid in that service area at the end of the previous Clock Round.

On the bid form, each service area will have a tick-box associated to it unless the Bidder already holds a Provisional Winning Bid in that service area at the current Clock Round price. The Bidder will be required to tick the boxes associated with the service area(s) in which it wishes to place a Bid for one block at the specified Clock



## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Round price. If a Bidder was a Provisional Winning Bidder for a service area in the last completed Clock Round, and the Clock Round price in the current Clock Round is equal to that in the last completed Clock Round, then there will be no tick-box shown on the bid form to make a Bid for this service area, as under these circumstances it is not possible for a Bidder to increase its current Provisional Winning Bid.

Each Bidder will need to check and submit a formal decision into the EAS in each Clock Round, even if the Bidder does not want to submit any Bids in the Round. Failure to check and submit a decision by the end of a Clock Round will trigger an automatic extension of the round deadline and reduce the time allowance a Bidder has for future extensions. The provisions for extensions of rounds are discussed in detail in Section 5.3.9.

Bids are subject to the Activity Rules described in Section 5.3.5.

Bidders are required to make a bid for at least one 3G Service Area in the first Clock Round. Any Bidder who fails to make a bid for at least one 3G Service Area in the first Clock Round will forfeit its deposit in its entirety.

### **5.3.4 Eligibility Points and deposits**

For the purposes of applying Activity Rules, each of the 2X5MHz blocks in each 3G Service Area has been assigned a specific number of Eligibility Points, based on the Reserve Price of spectrum in that service area. The number of points associated with a 2X5MHz block in each service area is listed in the following table:

<b>Table 7. Reserve prices, deposits required and associated Eligibility Points for 3G Auction</b>					
<b>Service area type</b>	<b>Number of service areas of this type</b>	<b>Names of service areas</b>	<b>Reserve price for each service area (Rs. Crore)</b>	<b>Required deposit per service area (Rs. Crore)</b>	<b>Number of Eligibility Points associated with a block</b>
Delhi, Mumbai & Category A	7	Delhi Mumbai Andhra Pradesh Gujarat Karnataka Maharashtra Tamil Nadu	320.00	40.00	32

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

Service area type	Number of service areas of this type	Names of service areas	Reserve price for each service area (Rs. Crore)	Required deposit per service area (Rs. Crore)	Number of Eligibility Points associated with a block
Kolkata & Category B	9	Kolkata West Bengal Haryana Kerala Madhya Pradesh Punjab Rajasthan Uttar Pradesh (W) Uttar Pradesh (E)	120.00	20.00	12
Category C	6	Assam Bihar Himachal Pradesh Jammu & Kashmir Orissa North East	30.00	7.50	3

Bidders must make Earnest Money Deposits, the magnitude of which will determine the combinations of service areas for which they will be eligible to bid. Any Bidder failing to make such a deposit by the deadline notified to Bidders by the Government may not participate in the Auction. In any Clock Round, a Bidder may only bid for combinations of services areas such that the sum of:

- the Earnest Money Deposit requirements for each service area in which the Bidder holds a Provisional Winning Bid; and
- the Earnest Money Deposit requirements for each service area in which the Bidder does not hold a Provisional Winning Bid but places a new Bid

is no greater than the total Earnest Money Deposit of the Bidder. Therefore, Bidders must make sufficiently large Earnest Money Deposits to allow them to bid for the combinations of service areas in which they wish to obtain spectrum.

Further, each Bidder starts the Auction with a level of Initial Eligibility that is determined by the amount of its Earnest Money Deposit. The Initial Eligibility will be calculated by the Auction Administrator based on the Earnest Money Deposit made by the Bidder. Specifically, the Initial Eligibility of a Bidder will equal the greatest eligibility amongst those combinations of service areas that could be obtained with the Earnest Money Deposit applied for by the Bidder. This Initial Eligibility and the amount of the Earnest Money Deposit will limit Bidders' subsequent ability to make Bids as described in the following subsection.

As each Bidder is able to bid for at most one block in each 3G Service Area, a Bidder wishing to obtain one block in each service area would need to make an Earnest

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Money Deposit of Rs. 505 crore. This would provide the Bidder with the maximum possible Initial Eligibility of 350 points.

Bidders may make smaller Earnest Money Deposits, which will result in corresponding lower levels of Initial Eligibility. For example, a Bidder depositing a total amount of Rs. 400 crore would receive an Initial Eligibility of 296 points. This is because the combination of service areas with the greatest eligibility that could be afforded with this deposit is 7 Category A service areas and 6 Category B service areas. The Initial Eligibility of Bidders and the identities of Bidders participating in the Auction will be made public once the Government has determined which Applicants are pre-qualified to bid in the Auction.

The combinations of service areas for which a Bidder may bid will be constrained in every Clock Round of the Auction by the Bidder's Earnest Money Deposit. For example, suppose that a Bidder places a deposit of Rs. 280 crore. This would result in an Initial Eligibility of 224 points, which corresponds to the Eligibility Points associated with 7 Category A service Areas. However, this Bidder would not be able to bid for a combination of 3 Category A services areas, 8 Category B services areas and 5 Category C service areas; even though this combination has an associated eligibility of 207 points (which is less than the Bidder's Initial Eligibility of 224 points), as the Earnest Money Deposit required for this combination is Rs. 317.5 crore (which is greater than the Bidder's Earnest Money Deposit of Rs. 280 crore). Therefore, a Bidder wishing to bid for this combination of service areas would need to place an Earnest Money Deposit of at least Rs. 317.5 crore, which would provide him with Initial Eligibility of 242 points.

For any level of Earnest Money Deposit, the Initial Eligibility is the greatest level of eligibility that can be achieved with any combination of service areas satisfying the deposit requirement. Table 8 below shows the Initial Eligibility that would result from different levels of Earnest Money Deposit (remembering that the deposit may be insufficient to allow the Bidder to bid for all combinations of service area with total eligibility less than the Initial Eligibility due to the deposit requirements). For a given level of Earnest Money Deposit, the corresponding Initial Eligibility is the highest entry in the table not exceeding this given level of Earnest Money Deposit. For example, an Earnest Money Deposit of Rs. 50 crore would result in Initial Eligibility of 35 points. For Earnest Money Deposits that are intermediate between the levels shown in the table, the Initial Eligibility will be that associated with the greatest value less than or equal to the Earnest Money Deposit actually made.

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

**Table 8. Earnest money deposits and associated eligibility points for 3G Auction**

Deposit (Rs. Crore)	Resulting initial eligibility	Deposit (Rs. Crore)	Resulting initial eligibility	Deposit (Rs. Crore)	Resulting initial eligibility	Deposit (Rs. Crore)	Resulting initial eligibility
0	0	127.5	99	255.0	198	380.0	284
7.5	3	135.0	102	260.0	204	387.5	287
15.0	6	140.0	108	267.5	207	395.0	290
20.0	12	147.5	111	275.0	210	400.0	296
27.5	15	155.0	114	280.0	224	407.5	299
35.0	18	160.0	128	287.5	227	415.0	302
40.0	32	167.5	131	295.0	230	420.0	308
47.5	35	175.0	134	300.0	236	427.5	311
55.0	38	180.0	140	307.5	239	435.0	314
60.0	44	187.5	143	315.0	242	440.0	320
67.5	47	195.0	146	320.0	248	447.5	323
75.0	50	200.0	160	327.5	251	455.0	326
80.0	64	207.5	163	335.0	254	460.0	332
87.5	67	215.0	166	340.0	260	467.5	335
95.0	70	220.0	172	347.5	263	475.0	338
100.0	76	227.5	175	355.0	266	482.5	341
107.5	79	235.0	178	360.0	272	490.0	344
115.0	82	240.0	192	367.5	275	497.5	347
120.0	96	247.5	195	375.0	278	505.0	350

### 5.3.5 Activity Rule

In any Clock Round, Bidders will be constrained by their Earnest Money Deposits in the combinations of service areas they may bid for. The Earnest Money Deposit requirement associated with a Bid in a Clock Round is equal to:

- In the first Clock Round, the sum of the Earnest Money Deposit requirements associated with the service areas where the Bidder places a Bid for a block;
- After the first Clock Round, the sum of:
  - (i) the Earnest Money Deposit requirements associated with service areas in which the Bidder has been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round (regardless of whether or not this Bid is raised by the Bidder in the current Clock Round); and
  - (ii) the Earnest Money Deposit requirements associated with service areas where the Bidder has not been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round and in which the Bidder submits a Bid in the current Clock Round (referred to as “New Bids”).

Bidders may only bid for combinations of services areas with an associated Earnest Money Deposit requirement that does not exceed the total Earnest Money Deposit of the Bidder.

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

In any given Clock Round, in addition to the Earnest Money Deposit requirement, the activity of a Bidder may not exceed its eligibility in that Clock Round.

The activity of a Bidder in a Clock Round is equal to:

- In the first Clock Round, the Eligibility Points associated with service areas where the Bidder places a Bid for a block;
- After the first Clock Round, the sum of:
  - (i) the Eligibility Points associated with service areas in which the Bidder has been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round (regardless of whether or not this Bid is raised by the Bidder in the current Clock Round); and
  - (ii) the Eligibility Points associated with service areas where the Bidder has not been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round and in which the Bidder submits a Bid in the current Clock Round (referred to as “New Bids”).

For each Clock Round, the Auction Administrator will announce the Auction Activity Requirement that will apply to that Clock Round. The Auction Activity Requirement is the percentage of the Bidder’s Eligibility Points that determines the level of activity that a Bidder must meet in that Clock Round in order to maintain its eligibility in the following Clock Round. This threshold (rounded up to the nearest whole number) is referred to as the Bidder’s Activity Requirement in that Clock Round.

After the first Clock Round, the eligibility of each Bidder is calculated as follows:

- If the Bidder’s activity in a Clock Round is equal to or greater than its Activity Requirement, then the Bidder’s eligibility in the following Clock Round will be equal to the Bidder’s eligibility in the current Clock Round;
- If the Bidder’s activity in a Clock Round is less than the Bidder’s Activity Requirement for that Clock Round, then the eligibility of the Bidder in the next Clock Round ( $R+1$ ) will be equal to its activity level in the current Clock Round  $I$  divided by the Auction Activity Requirement, rounded down to the nearest whole number:

$$\text{Bidder Eligibility Points in round } R+1 = \text{Activity level in round } R \times \frac{1}{\text{Auction Activity Requirement in round } R}$$

For example, suppose that in the first Clock Round, Bidder X has an eligibility of 48 points. If the Auction Activity Requirement is 80%, the Bidder’s Activity Requirement is 39 points (80% $\times$ 48 rounded up to the nearest whole number). Suppose that Bidder X submits a bid with an associated activity of 42 points, then, the eligibility of Bidder X in the second Clock Round would be equal to 48 points. However, suppose that Bidder X submits a bid with an associated activity of 30

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

points; then the eligibility of Bidder X in the second Clock Round would be reduced to 37 points (30/ 80% rounded down to the nearest whole number).

Bidders will be informed of their eligibility and the associated Activity Requirement in each Clock Round in advance of the start of the Clock Round. In the first Clock Round, the Auction Activity Requirement will be set at 80%. Subsequently, the Auction Activity Requirement will be increased in two steps as the Auction progresses, from 80% to 90% and then to 100%.

The timing of these steps in the Activity Requirement will be determined by the Auction Administrator depending on the extent of overall bidding activity in the Auction process. The Auction Administrator would typically expect to give a number of rounds notice of a forthcoming increase in the Auction Activity Requirement.

The Clock Rounds will end only when the Auction Activity Requirement is 100%.

### ***5.3.6 Ranking of Bidders and Provisional Winning Bidders***

For the purposes of determining the Provisional Winning Bidders in each service area, the Bids received in a service area will be ranked at the end of each Clock Round. This ranking process is undertaken separately for each service area.

For each service area, only the highest Bid submitted by each Bidder in any completed Clock Round will be considered for ranking and then ranked using the following criteria:

- Bids will be ranked in descending order according to the Clock Round price for that service area in the Clock Round when the Bid was made;
- where there is a tie according to the first criterion, tied Bids will be ranked in ascending order according to the Clock Round when the Bid was submitted (thus, Bids submitted in earlier Clock Rounds take precedence);
- where there is a tie according to the first two criteria, tied Bids will be ranked in descending order according to the total value of all Bids submitted by the Bidder across all service areas in the Clock Round when the Bid (i.e. the Bid that is being ranked) is submitted, plus any Provisional Winning Bids at the start of that Clock Round that the Bidder did not raise in that Clock Round;
- where there is a tie according to the first three criteria, ties will be broken according to a random index assigned to the Bid in that service area when it is received by the EAS.

For the avoidance of doubt, the random index assigned to a Bid will be determined in the Clock Round when a Bid is received and not subsequently modified.

A consequence of the ranking criteria is that if two Bidders *A* and *B* made Bids for a particular service area in the same Clock Round, then if these two Bidders make no further Bids, the relative ranking of their Bids in the service area will not alter. For example, if Bidder *A* were ranked higher in this service area than Bidder *B* in the

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

Clock Round they made these Bids, either because Bidder *A* has a greater total value of all Bids across service areas or a greater random index, then Bidder *A* will be ranked higher than Bidder *B* in all subsequent rounds until time that Bidder *B* makes a higher Bid.

Where a service area has  $n$  blocks available, the first  $n$  Bids according to this ranking will be declared to be the Provisional Winning Bids for that Clock Round, and the Bidders that submitted such Bids will be declared the Provisional Winning Bidders. If there are fewer than  $n$  such Bids for that service area, all such Bids will be declared to be Provisional Winning Bids.

The Provisional Winning Price will be equal to the smallest of the Clock Round prices at which the Provisional Winning Bidders submitted their Provisional Winning Bids. In some cases, the Provisional Winning Price may be less than one or more of the Provisional Winning Bids (see the previous example in Section 5.3.2). However, the Provisional Winning Price will never be strictly greater than any of the Provisional Winning Bids.

When the Auction ends, Provisional Winning Bidders at the end of the final Clock Round will be required to pay the Provisional Winning Price associated with their Provisional Winning Bids.

### *5.3.7 Prices and price increments*

In the first Clock Round, the Clock Round price per block in each 3G Service Area will be the Reserve Price as determined by the Government. The Reserve Price associated with each service area is shown in Table 7.

In subsequent Clock Rounds, Clock Round prices will be set equal to the previous Clock Round plus an increment that will depend on the demand for blocks. At the end of a Clock Round, Excess Demand in a service area is defined to be:

- the total number of Bids received in this service area at a price equal to the Clock Round price set in the last completed Clock Round; **minus**
- the number of blocks available in that service area.

For the avoidance of doubt, Excess Demand counts all Bids made in the service area at the Clock Round price of the last completed round, regardless of whether these were made in the last completed Clock Round or some prior round. However, Excess Demand does not count any Bids made at a price strictly lower than the Clock Round price of the last completed round.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Clock Round prices in the next Clock Round will be set according to the following rules:

- if Excess Demand is negative in a service area, the Clock Round price for blocks in this service area in the next Clock Round will be set equal to the Clock Round price in the last completed Clock Round;
- if Excess Demand is zero or positive in a service area, the Clock Round price for blocks in this service area in the next Clock Round will be set equal to the Clock Round price in the last completed Clock Round plus a strictly positive price increment.

Therefore, Clock Round prices will only increase in service areas where the Provisional Winning Price at the end of the previous Clock Round is equal to the Clock Round price.

Price increments may vary by service area and will be positively related to Excess Demand in each service area. They will be set to no more than 10% of the Clock Round price for that service area in the last completed Clock Round. The Auction Administrator will normally follow the rule set out in the following table:

**Table 9. Proportionate price increment rule for 3G Auction**

<b>Excess Demand</b>	<b>Price increment as a percentage of previous Clock Round price</b>
Negative	0%
0	1%
1	1%
2	5%
3 or more	10%

The price increment calculated for a service area will always be capped by the following maximum absolute price increments for each Category:

**Table 10. Maximum absolute price increments for 3G Auction**

<b>Service area type</b>	<b>Maximum price increment per round (Rs. crore)</b>
Delhi, Mumbai & Category A	40.00
Kolkata & Category B	20.00
Category C	7.50

All price increments will be in Rs. crore, rounded down to two decimal places. Therefore, throughout the Auction all prices will be in Rs. crore with at most two decimal places.



### **5.3.8 *Winning Bids and Winning Prices***

The final Clock Round will be the first Clock Round in which:

- the Activity Requirement is 100%; and
- for every 3G Service Area, the number of Bids at the current Clock Round price is less than or equal to the number of blocks available in that service area (i.e. Excess Demand is zero or negative).

For the avoidance of doubt, the second part of this condition for closure of the Clock Stage does not count any Provisional Winning Bids that are strictly less than the current Clock Round price in the relevant service area; only Bids equal to the current Clock Round price are counted.

The Provisional Winning Price in that service area at the end of the final Clock Round will become the Winning Price for the service area, and Provisional Winning Bidders will become Winning Bidders, with their associated Provisional Winning Bids becoming the Winning Bids. Winning Bidders will be required to pay the Winning Price for the service area(s) they have won. The Winning Price to be paid by a Winning Bidder may be less than or equal to (but never greater than) the Winning Bid of a Winning Bidder in that service area.

A consequence of these rules is that the Winning Price in a service area is the highest Clock Round price that maximises the number of blocks sold in that service area. Further, the Winning Price in any service area in which there are unsold blocks will be the Reserve Price. Any blocks that remain unsold in a service area will not be awarded as part of this exercise and will be retained by the Government.

### **5.3.9 *Length of Clock Rounds and extension periods***

Clock Rounds will typically only be scheduled to begin between the hours of 09.00 and 19.30 Indian Standard Time on Monday through Saturday, except national holidays. However, the Auction Administrator reserves the right not to schedule Clock Rounds on one or more days, to extend the number of hours in the day during which rounds will be scheduled or to run rounds on any day once the Auction commences at its absolute discretion in order to ensure the smooth running of the Auction. Where the use of any of these facilities is to be exercised, advance notice, through the EAS, will be provided to Bidders of this.

Prior to the start of any Clock Round, the Auction Administrator will notify Bidders of the starting and finishing times of the next Clock Round through the EAS. At least 15 minutes notice will be given of the start of the next Clock Round.

Additionally, Bidders will be notified in advance of the starting time and date of the first Clock Round.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

A Clock Round will not be shorter than 20 minutes. It is expected that during the early rounds of the Auction, Clock Rounds will run for one hour.

During the Clock Round, Bidders will be able to enter their Bids into the EAS. Entering a Bid will be a two-step process, in which Bidders must first enter a Bid for checking by the EAS. The EAS will report back to the Bidder the Bid logged by the system and whether it is compatible with the Auction Rules:

- If a Bidder enters a Bid that is incompatible with the Earnest Money Deposit requirements or the Activity Rules, the Bidder will be notified of this and asked to return to the bid form to modify its decision;
- If the Bid entered by the Bidder is compatible with the Auction rules, the Bidder will be presented with a detailed summary of the Bid entered. Optionally, the Bidder will be able to go back and modify the Bid entered into the EAS for checking;
- In the event that the Bid entered would lead to a reduction in the Bidder's eligibility, a warning will be given. Optionally, the Bidder will be able to go back and modify the decision entered into the EAS for checking.

As a second step, the Bidder must then confirm the submission of the Bid that has been checked and logged by the EAS. Only Bids that are compatible with the Auction rules and that have been subject to this confirmation step will be accepted.

Bidders are responsible for ensuring that Bids are received by the EAS prior to the end of the Clock Round. For the purposes of determining whether or not a Bid is received prior to the end of the Clock Round, the EAS must receive the Bid submission by the end of the Clock Round. Bidders should be aware that it takes a finite amount of time to transmit a Bid across the Internet and for the EAS to respond. Bidders submitting decisions close to the end of the Clock Round do so entirely at their own risk of failing to meet the Clock Round deadline due to network delays or delays in response by the EAS. Bids are not processed by the EAS until the Clock Round is closed and no tactical or strategic advantage is conferred by submitting Bids late within the Clock Round.

Shortly after the end of a Clock Round, results will be announced on a service area-by-service area basis. The information that will be released is described in the following subsection. If there is Excess Demand for blocks in any service area and a further Clock Round is required, this Clock Round will be scheduled and the start and finish times announced to Bidders through the EAS subject to at least 15 minutes notice of the start of the next Clock Round.

To guard against technical problems and provide Bidders with some additional flexibility in making bidding decisions, Bidders are provided with limited opportunities to extend a Clock Round and defer submission of a Bid. Each Bidder is allocated an Extension Budget of 4 hours.

In the event that a Bidder fails to submit a valid Bid by the end of the initial finishing time of a Clock Round (and has at least 10 minutes remaining in its Extension

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Budget), 10 minutes will be subtracted from its Extension Budget and the finishing time of the Clock Round will be deferred by 10 minutes for that Bidder. In the event that the Bidder fails to submit a valid Bid by the revised deadline (and has at least 10 minutes remaining in its Extension Budget), a further 10 minutes will be subtracted from its Extension Budget and the finishing time deferred by a further 10 minutes for that Bidder. A Bidder may defer the original scheduled finishing time of any one Clock Round by at most 60 minutes in this way.

For the avoidance of doubt, if a Bidder holds Provisional Winning Bids that would entail it retaining its current eligibility even if it made no New Bids in the current round, it is still necessary for the Bidder to check and submit a decision by the end of the round in order to avoid triggering an extension and 10 minutes being reduced from its Extension Budget. Further, even if a Bidder can neither make any New Bids nor raise any Provisional Winning Bids because (i) a Bidder holds Provisional Winning Bids equal to the current round price; and (ii) its total eligibility is equal to the activity associated with these Provisional Winning Bids, it is still necessary for the Bidder to check and submit a trivial “no bid” decision into the EAS to avoid triggering an extension.

If the original finishing time of the Clock Round has been deferred by 60 minutes or if the Bidder’s Extension Budget is exhausted, no further deferral of the Clock Round finishing time will be possible. In this case, if no Bid submission is logged by the EAS prior to the end of the Clock Round, the EAS will proceed as if the relevant Bidder entered no New Bids and did not increase any Provisional Winning Bid. As a consequence, the Bidder’s eligibility in the following Clock Round will be calculated based on the eligibility linked to its Provisional Winning Bids at the end of the previous Clock Round and the Auction Activity Requirement in the current round.

If one or more Bidders trigger an extension period, all Bidders will be informed that an extension is running by the EAS. For the avoidance of doubt, one Bidder triggering an extension does not remove the requirement on other Bidders to submit Bids by the original deadline or to have their Extension Budget reduced if they have also failed to submit their Bids within the stipulated time. In particular, if more than one Bidder has failed to submit a decision by the original finishing time of a Clock Round, all such Bidders will either have 10 minutes deducted from their Extension Budgets or (if they have exhausted their Extension Budget) deemed to have made no further Bids in the current round. Bidders that have already checked and submitted a decision prior to the original finishing time of the Clock Round will not be able to revise or modify their decision during an extension period.

A Clock Round may close prior to the finishing time of an extension period if the EAS has received Bids from all Bidders. For the avoidance of doubt, this provision does not apply within a normal Clock Round that has not been extended; Clock Rounds will not close prior to the scheduled finishing time even if the EAS has received Bids from all Bidders.

There will be the following minimum times between the ending of one Clock Round and the starting of the next:

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

- If no extensions are triggered in the current Clock Round, there will not be less than 20 minutes between the finishing time of the current Clock Round and the starting time of the next Clock Round;
- If the finishing time of the current Clock Round is extended, there will not be less than 30 minutes between the original scheduled finishing time of the current Clock Round and the starting time of the next Clock Round and not less than 20 minutes between the extended finishing time of the current Clock Round and the starting time of the next Clock Round.

In exceptional circumstances, such as technical failure affecting multiple Bidders, the Auction Administrator may:

- reschedule the start of a Clock Round whose starting time has been announced provided that the Clock Round has not yet started;
- reschedule the finishing time of a Clock Round in progress;
- cancel a Clock Round in progress and re-run it;
- grant one or more Bidders additional Extension Budget.

The Auction Administrator will not grant any additional Extension Budget to one or more Bidders unless there is compelling evidence of technical failures affecting multiple bidders.

### **5.4 Frequency Identification Stage**

The outcome of the Frequency Identification Stage will be announced at the same time as the Clock Stage results. Specific frequencies will be identified for the Winning Bidders at random by the EAS.

### **5.5 Information policy**

Prior to the start of the Auction, the Government will make public:

- a list of the pre-qualified Bidders;
- the information provided in these Bidders' applications about their ownership structures;
- the amount of Earnest Money Deposit provided by the Bidder; and
- the number of Initial Eligibility points granted to each Bidder as a result of its Earnest Money Deposit.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

During the Clock Stage the following information will be provided to Bidders after each completed Clock Round:

- the Clock Round price per block in each service area in the last completed Clock Round;
- the total number of Bids received in each service area in the last completed Clock Round;
- the Aggregate Demand in each service area at the Clock Round prices in the last completed Clock Round (i.e. for each service area, the total number of Bids in the service area at a value equal to the Clock Round price in the last completed Clock Round); and
- the Excess Demand in each service area at the Clock Round prices in the last completed Clock Round (i.e. for each service area, Aggregate demand less the number of blocks available in the service area).

If the last completed Clock Round was not the final Clock Round, the following information will also be provided to each Bidder:

- the Provisional Winning Price in each service area at the end of the last completed Clock Round;
- the Provisional Winning Bids (if any) held by that Bidder in each service area at the end of the last completed Clock Round;
- the price at which any such Provisional Winning Bids held by that Bidder were made;
- the ranking of any such Provisional Winning Bids held by that Bidder amongst all the Provisional Winning Bids within the relevant service area at the end of last completed Clock Round;
- total number of Eligibility Points available to the particular Bidder for the next Clock Round.

If the last completed Clock Round was not the final Clock Round, the following information will be provided to each Bidder at the time at which the next Clock Round is scheduled:

- the price increment to be applied in each service area; and
- the Clock Round price per block in each service area that will apply for the next Clock Round.

At the end of the final Clock Round, the following information will be provided to all Bidders:

- that the last completed Clock Round was the final Clock Round;
- the Winning Prices; and
- the Winning Bids and the identities of the Winning Bidders.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Results of the Frequency Identification Stage will also be announced simultaneous with the outcome of the Clock Stage at the end of the final Clock Round and will contain the following:

- for each service area, the frequency identification for each of the Winning Bidders.

Information relating to the specific Bids made by Bidders (whether successful or not) in each service area will not be provided at the end of each Clock Round (other than the information provided about the Winning Bids after the final Clock Round), but will be made public in their entirety subsequently after the Frequency Identification Stage.

### **5.6 Collusion and other prohibited behaviour**

The Government of India reserves the right to disqualify any Bidder that:

- colludes or attempts to collude with another Bidder in determining its Bids during the Auction;
- releases Confidential Information with the effect or intention of modifying the bidding behaviour of other pre-qualified Bidders;
- breaches or attempts to breach the secure measures within the EAS;
- frustrates or attempts to frustrate any other Bidder (or other users of the EAS) from accessing the EAS;
- attempts to influence the decisions of the Auctioneer in conducting the Auction;
- obstructs or attempts to obstruct the running of the Auction;
- provides inaccurate information in its Application to participate in the Auction.

In the event of such disqualification, a Bidder's EMD will be forfeited and the Government may undertake other penal action as well against such a Bidder.

The Government reserves the right to impose a fine equal to some or all of a Bidder's deposit for less serious breaches of these rules. Such fines shall be deducted from that Bidder's EMD.

## **VI THE BWA AUCTION – AUCTION RULES**

### **6.1 Conduct of the Auction**

The e-auction will be conducted over the Internet. Bidders will be able to access the Electronic Auction System using standard web browsing software.

As outlined in Sections 4.2 and 4.3, prior to the Auction, pre-qualified Bidders will be issued with authentication tokens to allow secure access to the EAS. These tokens will consist of (i) a cryptographic authentication token (supplied on CD-ROM in encrypted form that will need to be installed on the computer used for bidding); and (ii) a number of passwords. Bidders are responsible for ensuring that none of these authentication tokens are released to unauthorised parties. In the event of any unauthorised release of one or more authentication tokens bidders must inform the Auction Administrator without delay.

Applicants will be provided with a detailed manual explaining how to use the EAS. This documentation and authentication tokens will be provided to Bidders in advance of conducting a mock auction, which will be held at a time specified by the Government. The system requirements for Bidders are outlined in Annexure D, though the EAS Manual should be taken as definitive in this regard.

It shall be the Bidders' responsibility to ensure that they have a reliable means of accessing the EAS and appropriate backup facilities.

### **6.2 Overview of the Auction stages**

Spectrum available for award in this process will be allocated by simultaneous ascending e-auction.

The award is a two-stage process:

- A Clock Stage will establish the Bidders to be awarded a block in each of the service areas where there is at least one block available to auction (the "BWA Service Areas"). In this stage, in each BWA Service Area Bidders will bid for a generic block (i.e. a right to a single 20MHz spectrum block in the 2.3GHz band but not linked to any specific frequency within this band). The Clock Stage will consist of a number of rounds. These Clock Rounds will stop once (i) for every BWA Service Area, the number of bids at the prices set in the last completed Clock Round is less than or equal to the number of blocks available; and (ii) there are no opportunities for Bidders to increase their demand allowed by the Activity Rules (the precise conditions under which the Auction can close are described subsequently). This will establish a common Winning Price for all blocks within a service area, and the Winning Bidders in each service area;
- The Clock Stage will be followed by a Frequency Identification Stage that will identify specific frequencies available to the Winning Bidders. The

frequencies identified will be announced simultaneous with the outcome of the Clock Stage. The initial identification of the frequencies will be performed automatically by the Electronic Auction System through a random allocation mechanism.

The Government reserves the right to change this allocation at any point, during the licence period, if required for harmonising bands and promoting spectrum efficiency.

Winning Bidders will pay the sum of the relevant Winning Prices set in the Clock Stage for service areas in which they are assigned a block. All Winning Bidders in a service area will have equal Winning Prices as a consequence of the Auction Rules.

### **6.3 The Clock Stage**

#### **6.3.1 Overview**

In the Clock Stage, there is simultaneous bidding for blocks across all the BWA Service Areas mentioned in Table 11. Bidding proceeds in rounds (Clock Rounds). During each Clock Round, bids may be placed for some or all of the BWA Service Areas according to the detailed bidding rules described below.

In each Clock Round, Bidders will be told the Clock Round price of a block in each of the BWA Service Areas. Bidders will be able to bid for at most one generic block in each service area. Therefore, in each Clock Round, a Bidder's decisions will consist of a yes/no choice for each of the BWA Service Areas whether to make a Bid at a price equal to the current Clock Round price for that area. By bidding on a service area, if that Bid becomes a Winning Bid, the Bidder commits to buy a block in that service area at a price not greater than the Clock Round price in the round when the Bid was submitted.

A Clock Round will close at a finishing time specified by the Auction Administrator, by which time all Bidders must have placed their Bids. The finishing time is subject to provisions for rounds to be extended and re-scheduled, discussed in Section 6.3.9.

At the end of each Clock Round, the Provisional Winning Bidders and Provisional Winning Prices in each service area are determined as follows:

- for each Bidder, only the highest Bid (if any) submitted by that Bidder for a block in that service area during any completed Clock Round will be considered;
- the highest Bid (if any) of each Bidder will be ranked in descending order of value and then, if necessary, according to the tie-breaking criteria detailed in Section 6.3.6;
- where  $n$  is the number of blocks available in a service area, the first  $n$  Bids in that service area according to this ranking will become Provisional Winning Bids, and the Bidders who submitted these Bids will become the Provisional Winning Bidders;



## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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- the Provisional Winning Price in that service area will be the lowest value amongst the Provisional Winning Bids.

Bidders will be able to switch Bids across service areas from one round to the next subject to certain limitations (called “Activity Rules”) detailed in Section 6.3.5. These rules require that Bidders must demonstrate sufficient bidding activity to maintain their eligibility to make Bids in subsequent rounds, otherwise their ability to make Bids in subsequent rounds will be curtailed. These Activity Requirements will be tightened in steps according to the overall amount of bidding activity in the Auction. Provisional Winning Bids cannot be switched to other service areas.

In the first Clock Round, the price of a generic block in each service area will be set equal to the Reserve Price. For subsequent rounds, the Clock Round prices in each service area will be set depending on Excess Demand (defined in Section 6.3.7) in the previous completed Clock Round:

- if Excess Demand is negative, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round;
- otherwise if Excess Demand is zero or positive, the Clock Round price in that service area will be equal to the Clock Round price in the last completed Clock Round plus a strictly positive price increment determined by the amount of Excess Demand.

If a new Clock Round is required, further Bids will be invited at the new Clock Round prices. The Clock Rounds will continue until demand can be satisfied within each and every service area. The final Clock Round will be the first round in which:

- (a) for every service area, the number of Bids at the current Clock Round price is less than or equal to the number of available blocks in that service area (i.e. Excess Demand for that service area is zero or negative); and
- (b) the Activity Requirement has been increased to the maximum level (i.e. the Activity Requirement is set to 100%, as discussed subsequently in Section 6.3.5).

All Provisional Winning Bids at the end of the final Clock Round will become Winning Bids. The Provisional Winning Prices will become the Winning Prices, and the Provisional Winning Bidders in the last Clock Round will become the Winning Bidders who will then be awarded a generic block in each service area at the Winning Price.

### **6.3.2 Consequences of rules for Provisional Winning Bidders**

A consequence of these rules is that there may be Clock Rounds in which there are Provisional Winning Bidders with Bids at different prices. For example, consider the situation in a hypothetical service area in which there are  $n$  blocks available:

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

- Suppose, for the purpose of this example, that in Clock Round  $R$  there are exactly  $n$  Bids received at the current Clock Round price and these all become the Provisional Winning Bids. The Provisional Winning Price is the round  $R$  Clock Round price;
- In Clock Round  $R+1$ , an increment is added to the Clock Round price from Clock Round  $R$ . At this strictly higher price,  $m$  Bids are received, where  $m$  is strictly less than  $n$ . The Provisional Winning Bids will now consist of the  $m$  Bids at the Clock Round  $R+1$  price and  $n-m$  Bids selected from amongst the Provisional Winning Bids made in Clock Round  $R$  according to the ranking criteria. Therefore, amongst the Provisional Winning Bids, there are  $m$  Bids at the higher Clock Round  $R+1$  price and  $n-m$  Bids at the lower Clock Round  $R$  price. The Provisional Winning Price in Clock Round  $R+1$  is the round  $R$  Clock Round price as this is the lowest value amongst the Provisional Winning Bids.

For the avoidance of doubt, if a Bidder is a Provisional Winning Bidder in a service area in Clock Round  $R$ , but a further Clock Round  $R+1$  occurs with a higher Clock Round price, then the Bidder has the option of increasing its Bid to the higher Clock Round price.

These rules (together the ranking criteria detailed in Section 6.3.6 and the Activity Rules detailed in Section 6.3.5) have the following implications:

- Suppose that in a particular service area there are fewer Bids equal to the Clock Round  $R$  price than blocks available and so the Clock Round price in Clock Round  $R+1$  is equal to that in Clock Round  $R$ . A Provisional Winning Bidder in that service area at the end of Clock Round  $R$  is guaranteed to be a Provisional Winning Bidder at the end of Clock Round  $R+1$ ;
- Suppose that a Bidder is a Provisional Winning Bidder in a particular service area in Clock Round  $R$ , but a further Clock Round  $R+1$  occurs with a strictly higher Clock Round price. If the Bidder does not make a Bid at the higher price, it is possible that it may cease to be a Provisional Winning Bidder in that service area at the end of Clock Round  $R+1$ . The Bidder will still be counted as being active in the service area for the purposes of determining bidding activity in Clock Round  $R+1$ , as it was a Provisional Winning Bidder at the end of Clock Round  $R$ . However, if there is no Excess Demand in this or any other service area in Clock Round  $R+1$  and the Activity Requirement is 100%, the Auction will end in Clock Round  $R+1$  and the Bidder will not have a further opportunity to bid;
- Again suppose that a Bidder is a Provisional Winning Bidder in a service area in Clock Round  $R$ , but a further Clock Round  $R+1$  occurs with a strictly higher Clock Round price. Now suppose alternatively that the Bidder did make a Bid in the service area at the higher price. If the Bidder fails to become a Provisional Winning Bidder at the end of Clock Round  $R+1$ , then this must not be the last Clock Round because there are more Bids at the Clock Round  $R+1$  price than blocks available in the service area. Therefore, Clock Round  $R+1$  cannot be the final round and the Bidder will have a further opportunity to make a bid in Clock Round  $R+2$  if it wishes.

At the end of the Clock Stage, the Auction Administrator will announce the provisional results of the BWA Auction including both the Winning Bidders and the specific frequencies that are randomly assigned to each Winning Bidder in the Frequency Identification Stage. The provisional results will be confirmed subsequently by the Government.

### **6.3.3 Making bids during Clock Rounds**

In each Clock Round, Bidders will be presented with a bid form by the EAS. For each of the BWA Service Areas the bid form will display:

- the name of the service area;
- the number of blocks available in the service area;
- the number of Eligibility Points linked to a block in the service area (discussed subsequently in Section 6.3.4);
- the Earnest Money Deposit requirement linked to a block in the service area (discussed subsequently in Section 6.3.4);
- the Clock Round price in the service area for the current Clock Round;
- after the first Clock Round, the price increment that has been applied to the Clock Round price in the last completed Clock Round to determine the current Clock Round price in that service area;
- after the first Clock Round, the total number of Bids received in the service area in the last completed Clock Round;
- after the first Clock Round, the Aggregate Demand at the Clock Round price in the last completed Clock Round (i.e. the total number of Bids in the service area at a value equal to the Clock Round price in the last completed Clock Round);
- after the first Clock Round, the Excess Demand in the service area at the Clock Round price in the last completed Clock Round (i.e. Aggregate Demand less the number of blocks available in the service area);
- after the first Clock Round, the Provisional Winning Price in that service area established in the last completed Clock Round; and
- after the first Clock Round, whether the Bidder is a Provisional Winning Bidder in that service area and, if so:
  - (a) the price at which that Provisional Winning Bid was made; and
  - (b) the ranking of this Bid in that service area at the end of the previous Clock Round.

On the bid form, each service area will have a tick-box associated to it unless the Bidder already holds a Provisional Winning Bid in that service area at the current Clock Round price. The Bidder will be required to tick the boxes associated with the service area(s) in which it wishes to place a Bid for one block at the specified Clock

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Round price. If a Bidder was a Provisional Winning Bidder for a service area in the last completed Clock Round, and the Clock Round price in the current Clock Round is equal to that in the last completed Clock Round, then there will be no tick-box shown on the bid form to make a Bid for this service area, as under these circumstances it is not possible for a Bidder to increase its current Provisional Winning Bid.

Each Bidder will need to check and submit a formal decision into the EAS in each Clock Round, even if the Bidder does not want to submit any Bids in the Round. Failure to check and submit a decision by the end of a Clock Round will trigger an automatic extension of the round deadline and reduce the time allowance a Bidder has for future extensions. The provisions for extensions of rounds are discussed in detail in Section 6.3.9.

Bids are subject to the Activity Rules described in Section 6.3.5.

Bidders are required to make a bid for at least one BWA Service Area in the first Clock Round. Any Bidder who fails to make a bid for at least one BWA Service Area in the first Clock Round will forfeit its deposit in its entirety.

### **6.3.4 Eligibility Points and Deposits**

For the purposes of applying Activity Rules, each of the 20MHz blocks in each BWA Service Area has been assigned a specific number of Eligibility Points, based on the Reserve Price of spectrum in that service area. The number of points associated with a 20MHz block in each service area is listed in the following table:

<b>Service area type</b>	<b>Number of service areas of this type</b>	<b>Names of service areas</b>	<b>Reserve price for each service area (Rs. crore)</b>	<b>Required deposit per service area (Rs. crore)</b>	<b>Number of Eligibility Points associated with a block</b>
Delhi, Mumbai & Category A	7	Delhi Mumbai Andhra Pradesh Gujarat Karnataka Maharashtra Tamil Nadu	160.00	20.00	32

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

Service area type	Number of service areas of this type	Names of service areas	Reserve price for each service area (Rs. crore)	Required deposit per service area (Rs. crore)	Number of Eligibility Points associated with a block
Kolkata & Category B	9	Kolkata West Bengal Haryana Kerala Madhya Pradesh Punjab Rajasthan Uttar Pradesh (W) Uttar Pradesh (E)	60.00	10.00	12
Category C	6	Assam Bihar Himachal Pradesh Jammu & Kashmir Orissa North East	15.00	3.75	3

Bidders must make Earnest Money Deposits, the magnitude of which will determine the combinations of service areas for which they will be eligible to bid. Any Bidder failing to make such a deposit by the deadline notified to Bidders by the Government may not participate in the Auction. In any Clock Round, a Bidder may only bid for combinations of services areas such that the sum of:

- the Earnest Money Deposit requirements for each service area in which the Bidder holds a Provisional Winning Bid; and
- the Earnest Money Deposit requirements for each service area in which the Bidder does not hold a Provisional Winning Bid but places a new Bid

is no greater than the total Earnest Money Deposit of the Bidder. Therefore, Bidders must make sufficiently large Earnest Money Deposits to allow them to bid for the combinations of service areas in which they wish to obtain spectrum.

Further, each Bidder starts the Auction with a level of Initial Eligibility that is determined by the amount of its Earnest Money Deposit. The Initial Eligibility will be calculated by the Auction Administrator based on the Earnest Money Deposit made by the Bidder. Specifically, the Initial Eligibility of a Bidder will equal the greatest eligibility amongst those combinations of service areas that could be obtained with the Earnest Money Deposit applied for by the Bidder. This Initial Eligibility and the amount of the Earnest Money Deposit will limit Bidders' subsequent ability to make Bids as described in the following subsection.

As each Bidder is able to bid for at most one block in each BWA Service Area, a Bidder wishing to obtain one block in each service area would need to make an

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Earnest Money Deposit of Rs. 252.5 crore. This would provide the Bidder with the maximum possible Initial Eligibility of 350 points.

Bidders may make smaller Earnest Money Deposits, which will result in corresponding lower levels of Initial Eligibility. For example, a Bidder depositing a total amount of Rs. 200 crore would receive an Initial Eligibility of 296 points. This is because the combination of service areas with the greatest eligibility that could be afforded with this deposit is 7 Category A service areas and 6 Category B service areas. The Initial Eligibility of Bidders and the identities of Bidders participating in the Auction will be made public once the Government has determined which Applicants are pre-qualified to bid in the Auction.

The combinations of service areas for which a Bidder may bid will be constrained in every Clock Round of the Auction by the Bidder's Earnest Money Deposit. For example, suppose that a Bidder places a deposit of Rs. 140 crore. This would result in an Initial Eligibility of 224 points, which corresponds to the Eligibility Points associated with 7 Category A service Areas. However, this Bidder would not be able to bid for a combination of 3 Category A services areas, 8 Category B services areas and 5 Category C service areas; even though this combination has an associated eligibility of 207 points (which is less than the Bidder's Initial Eligibility of 224 points), as the Earnest Money Deposit required for this combination is Rs. 158.8 crore (which is greater than the Bidder's Earnest Money Deposit of Rs. 140 crore). Therefore, a Bidder wishing to bid for this combination of service areas would need to place an Earnest Money Deposit of at least Rs. 158.8 crore, which would provide him with Initial Eligibility of 242 points.

For any level of Earnest Money Deposit, the Initial Eligibility is the greatest level of eligibility that can be achieved with any combination of service areas satisfying the deposit requirement. Table 12 below shows the Initial Eligibility that would result from different levels of Earnest Money Deposit (remembering that the deposit may be insufficient to allow the Bidder to bid for all combinations of service area with total eligibility less than the Initial Eligibility due to the deposit requirements). For a given level of Earnest Money Deposit, the corresponding Initial Eligibility is the highest entry in the table not exceeding this given level of Earnest Money Deposit. For example, an Earnest Money Deposit of Rs. 25 crore would result in Initial Eligibility of 35 points. For Earnest Money Deposits that are intermediate between the levels shown in the table, the Initial Eligibility will be that associated with the greatest value less than or equal to the Earnest Money Deposit actually made.

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

**Table 12. Earnest money deposits and associated eligibility points for BWA Auction**

Deposit (Rs. crore)	Resulting initial eligibility	Deposit (Rs. Crore)	Resulting initial eligibility	Deposit (Rs. crore)	Resulting initial eligibility	Deposit (Rs. crore)	Resulting initial eligibility
0	0	63.75	99	127.50	198	190.00	284
3.75	3	67.50	102	130.00	204	193.75	287
7.50	6	70.00	108	133.75	207	197.50	290
10.00	12	73.75	111	137.50	210	200.00	296
13.75	15	77.50	114	140.00	224	203.75	299
17.50	18	80.00	128	143.75	227	207.50	302
20.00	32	83.75	131	147.50	230	210.00	308
23.75	35	87.50	134	150.00	236	213.75	311
27.50	38	90.00	140	153.75	239	217.50	314
30.00	44	93.75	143	157.50	242	220.00	320
33.75	47	97.50	146	160.00	248	223.75	323
37.50	50	100.00	160	163.75	251	227.50	326
40.00	64	103.75	163	167.50	254	230.00	332
43.75	67	107.50	166	170.00	260	233.75	335
47.50	70	110.00	172	173.75	263	237.50	338
50.00	76	113.75	175	177.50	266	241.25	341
53.75	79	117.50	178	180.00	272	245.00	344
57.50	82	120.00	192	183.75	275	248.75	347
60.00	96	123.75	195	187.50	278	252.50	350

### 6.3.5 Activity Rule

In any Clock Round, Bidders will be constrained by their Earnest Money Deposits in the combinations of service areas they may bid for. The Earnest Money Deposit requirement associated with a Bid in a Clock Round is equal to:

- In the first Clock Round, the sum of the Earnest Money Deposit requirements associated with the service areas where the Bidder places a Bid for a block;
- After the first Clock Round, the sum of:
  - (i) the Earnest Money Deposit requirements associated with service areas in which the Bidder has been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round (regardless of whether or not this Bid is raised by the Bidder in the current Clock Round); and
  - (ii) the Earnest Money Deposit requirements associated with service areas where the Bidder has not been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round and in which the Bidder submits a Bid in the current Clock Round (referred to as “New Bids”).

Bidders may only bid for combinations of services areas with an associated Earnest Money Deposit requirement that does not exceed the total Earnest Money Deposit of the Bidder.

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

In any given Clock Round, in addition to the Earnest Money Deposit requirement, the activity of a Bidder may not exceed its eligibility in that Clock Round.

The activity of a Bidder in a Clock Round is equal to:

- In the first Clock Round, the Eligibility Points associated with service areas where the Bidder places a Bid for a block;
- After the first Clock Round, the sum of:
  - (i) the Eligibility Points associated with service areas in which the Bidder has been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round (regardless of whether or not this Bid is raised by the Bidder in the current Clock Round); and
  - (ii) the Eligibility Points associated with service areas where the Bidder has not been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round and in which the Bidder submits a Bid in the current Clock Round (referred to as “New Bids”).

For each Clock Round, the Auction Administrator will announce the Auction Activity Requirement that will apply to that Clock Round. The Auction Activity Requirement is the percentage of the Bidder’s Eligibility Points that determines the level of activity that a Bidder must meet in that Clock Round in order to maintain its eligibility in the following Clock Round. This threshold (rounded up to the nearest whole number) is referred to as the Bidder’s Activity Requirement in that Clock Round.

After the first Clock Round, the eligibility of each Bidder is calculated as follows:

- If the Bidder’s activity in a Clock Round is equal to or greater than its Activity Requirement, then the Bidder’s eligibility in the following Clock Round will be equal to the Bidder’s eligibility in the current Clock Round;
- If the Bidder’s activity in a Clock Round is less than the Bidder’s Activity Requirement for that Clock Round, then the eligibility of the Bidder in the next Clock Round ( $R+1$ ) will be equal to its activity level in the current Clock Round ( $R$ ) divided by the Auction Activity Requirement, rounded down to the nearest whole number:

$$\text{Bidder Eligibility Points in round } R+1 = \text{Activity level in round } R \times \frac{1}{\text{Auction Activity Requirement in round } R}$$

For example, suppose that in the first Clock Round, Bidder X has an eligibility of 48 points. If the Auction Activity Requirement is 80%, the Bidder’s Activity Requirement is 39 points (80%x48 rounded up to the nearest whole number). Suppose that Bidder X submits a bid with an associated activity of 42 points, then, the eligibility of Bidder X in the second Clock Round would be equal to 48 points. However, suppose that Bidder X submits a bid with an associated activity of 30



## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

points; then the eligibility of Bidder X in the second Clock Round would be reduced to 37 points (30/ 80% rounded down to the nearest whole number).

Bidders will be informed of their eligibility and the associated Activity Requirement in each Clock Round in advance of the start of the Clock Round. In the first Clock Round, the Auction Activity Requirement will be set at 80%. Subsequently, the Auction Activity Requirement will be increased in two steps as the Auction progresses, from 80% to 90% and then to 100%.

The timing of these steps in the Activity Requirement will be determined by the Auction Administrator depending on the extent of overall bidding activity in the Auction process. The Auction Administrator would typically expect to give a number of rounds notice of a forthcoming increase in the Auction Activity Requirement.

The Clock Rounds will end only when the Auction Activity Requirement is 100%.

### ***6.3.6 Ranking of Bidders and Provisional Winning Bidders***

For the purposes of determining the Provisional Winning Bidders in each service area, the Bids received in a service area will be ranked at the end of each Clock Round. The ranking process is undertaken separately for each service area.

For each service area, only the highest Bid submitted by each Bidder in any completed Clock Round will be considered for ranking and then ranked using the following criteria:

- Bids will be ranked in descending order according to the Clock Round price for that service area in the Clock Round when the Bid was made;
- where there is a tie according to the first criterion, tied Bids will be ranked in ascending order according to the Clock Round when the Bid was submitted (thus, Bids submitted in earlier Clock Rounds take precedence);
- where there is a tie according to the first two criteria, tied Bids will be ranked in descending order according to the total value of Bids submitted by the Bidder across all service areas in the Clock Round when the Bid (i.e. the Bid that is being ranked) is submitted, plus any Provisional Winning Bids at the start of that Clock Round that the Bidder did not raise in that Clock Round;
- where there is a tie according to the first three criteria, ties will be broken according to a random index assigned to the Bid in that service area when it is received by the EAS.

For the avoidance of doubt, the random index assigned to a Bid will be determined in the Clock Round when a Bid is received and not subsequently modified.

A consequence of the ranking criteria is that if two Bidders *A* and *B* made Bids for a particular service area in the same Clock Round, then if these two Bidders make no further Bids, the relative ranking of their Bids in the service area will not alter. For example, if Bidder *A* were ranked higher in this service area than Bidder *B* in the

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

Clock Round they made these Bids, either because Bidder *A* has a greater total value of all Bids across service areas or a greater random index, then Bidder *A* will be ranked higher than Bidder *B* in all subsequent rounds until time that Bidder *B* makes a higher Bid.

Where a service area has  $n$  blocks available, the first  $n$  Bids according to this ranking will be declared to be the Provisional Winning Bids for that Clock Round, and the Bidders that submitted such Bids will be declared the Provisional Winning Bidders. If there are fewer than  $n$  such Bids for that service area, all such Bids will be declared to be Provisional Winning Bids.

The Provisional Winning Price will be equal to the smallest of the Clock Round prices at which the Provisional Winning Bidders submitted their Provisional Winning Bids. In some cases, the Provisional Winning Price may be less than one or more of the Provisional Winning Bids (see the previous example in Section 6.3.2). However, the Provisional Winning Price will never be strictly greater than any of the Provisional Winning Bids.

When the Auction ends, Provisional Winning Bidders at the end of the final Clock Round will be required to pay the Provisional Winning Price associated with their Provisional Winning Bids.

### **6.3.7 Prices and price increments**

In the first Clock Round, the Clock Round price per block in each BWA Service Area will be the Reserve Price as determined by the Government. The Reserve Price associated with each service area is shown in Table 11.

In subsequent Clock Rounds, Clock Round prices will be set equal to the previous Clock Round plus an increment that will depend on the demand for blocks. At the end of a Clock Round, Excess Demand in a service area is defined to be:

- the total number of Bids received in that service area at a price equal to the Clock Round price set in the last completed Clock Round **minus**
- the number of blocks available in that service area.

For the avoidance of doubt, Excess Demand counts all Bids made in the service area at the Clock Round price of the last completed round, regardless of whether these were made in the last completed Clock Round or some prior round. However, Excess Demand does not count any Bids made at a price strictly lower than the Clock Round price of the last completed round.

Clock Round prices in the next Clock Round will be set according to the following rules:

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

- if Excess Demand is negative in a service area, the Clock Round price for blocks in this service area in the next Clock Round will be set equal to the Clock Round price in the last completed Clock Round;
- if Excess Demand is zero or positive in a service area, the Clock Round price for blocks in this service area in the next Clock Round will be set equal to the Clock Round price in the last completed Clock Round plus a strictly positive price increment.

Therefore, Clock Round prices will only increase in service areas where the Provisional Winning Price at the end of the previous Clock Round is equal to the Clock Round price.

Price increments may vary by service area and will be positively related to Excess Demand in each service area. They will be set to no more than 10% of the Clock Round price for that service area in the last completed Clock Round. The Auction Administrator will normally follow the rule set out in the following table:

**Table 13. Proportionate price increment rule for BWA Auction**

<b>Excess Demand</b>	<b>Price increment as a percentage of previous Clock Round price</b>
Negative	0%
0	1%
1	1%
2	5%
3 or more	10%

The price increment calculated for a service area will always be capped by the following maximum absolute price increments for each Category:

**Table 14. Maximum absolute price increments for BWA Auction**

<b>Service area type</b>	<b>Maximum price increment per round (Rs. crore)</b>
Delhi, Mumbai & Category A	20.00
Kolkata & Category B	10.00
Category C	3.75

All price increments will be in Rs. crore, rounded down to two decimal places. Therefore, throughout the Auction all prices will be in Rs. crore with at most two decimal places.

### **6.3.8 Winning Bids and Winning Prices**

The final Clock Round will be the first Clock Round in which:

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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- the Activity Requirement is 100%; and
- for every BWA Service Area the number of Bids at the current Clock Round price is less than or equal to the number of blocks available in that service area (i.e. Excess Demand is zero or negative).

For the avoidance of doubt, the second part of this condition for closure of the Clock Stage does not count any Provisional Winning Bids that are strictly less than the current Clock Round price in the relevant service area; only Bids equal to the current Clock Round price are counted.

The Provisional Winning Price in that service area at the end of the final Clock Round will become the Winning Price for that service area, and Provisional Winning Bidders will become Winning Bidders, with their associated Provisional Winning Bids becoming the Winning Bids. Winning Bidders will be required to pay the Winning Price for the service area(s) they have won. The Winning Price to be paid by a Winning Bidder may be less than or equal to (but never greater than) the Winning Bid of a Winning Bidder in that service area.

A consequence of these rules is that the Winning Price in a service area is the highest Clock Round price that maximises the number of blocks sold in that service area. Further, the Winning Price in any service area in which there are unsold blocks will be the Reserve Price. Any blocks that remain unsold in a service area will not be awarded as part of this exercise and will be retained by the Government.

### ***6.3.9 Length of Clock Rounds and extension periods***

Clock Rounds will typically only be scheduled to begin between the hours of 09.00 and 19.30 Indian Standard Time on Monday through Saturday, except national holidays. However, the Auction Administrator reserves the right not to schedule Clock Rounds on one or more days, to extend the number of hours in the day during which rounds will be scheduled or to run rounds on any day once the Auction commences at its absolute discretion in order to ensure the smooth running of the Auction. Where the use of any of these facilities is to be exercised, advance notice, through the EAS, will be provided to Bidders of this.

Prior to the start of any Clock Round, the Auction Administrator will notify Bidders of the starting and finishing times of the next Clock Round through the EAS. At least 15 minutes notice will be given of the start of the next Clock Round.

Additionally, Bidders will be notified in advance of the starting time and date of the first Clock Round.

A Clock Round will not be shorter than 20 minutes. It is expected that during the early rounds of the Auction, Clock Rounds will run for one hour.

During the Clock Round, Bidders will be able to enter their Bids into the EAS. Entering a Bid will be a two-step process, in which Bidders must first enter a Bid for

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

checking by the EAS. The EAS will report back to the Bidder the Bid logged by the system and whether it is compatible with the Auction Rules:

- If a Bidder enters a Bid that is incompatible with the Earnest Money Deposit requirements or the Activity Rules, the Bidder will be notified of this and asked to return to the bid form to modify its decision;
- If the Bid entered by the Bidder is compatible with the Auction rules, the Bidder will be presented with a detailed summary of the Bid entered. Optionally, the Bidder will be able to go back and modify the Bid entered into the EAS for checking;
- In the event that the Bid entered would lead to a reduction in the Bidder's eligibility, a warning will be given. Optionally, the Bidder will be able to go back and modify the decision entered into the EAS for checking.

As a second step, the Bidder must then confirm the submission of the Bid that has been checked and logged by the EAS. Only Bids that are compatible with the Auction rules and that have been subject to this confirmation step will be accepted.

Bidders are responsible for ensuring that Bids are received by the EAS prior to the end of the Clock Round. For the purposes of determining whether or not a Bid is received prior to the end of the Clock Round, the EAS must receive the Bid submission by the end of the Clock Round. Bidders should be aware that it takes a finite amount of time to transmit a Bid across the Internet and for the EAS to respond. Bidders submitting decisions close to the end of the Clock Round do so entirely at their own risk of failing to meet the Clock Round deadline due to network delays or delays in response by the EAS. Bids are not processed by the EAS until the Clock Round is closed and no tactical or strategic advantage is conferred by submitting Bids late within the Clock Round.

Shortly after the end of a Clock Round, results will be announced on a service area-by-service area basis. The information that will be released is described in the following subsection. If there is Excess Demand for blocks in any service area and a further Clock Round is required, this Clock Round will be scheduled and the start and finish times announced to Bidders through the EAS subject to at least 15 minutes notice of the start of the next Clock Round.

To guard against technical problems and provide Bidders with some additional flexibility in making bidding decisions, Bidders are provided with limited opportunities to extend a Clock Round and defer submission of a Bid. Each Bidder is allocated an Extension Budget of 4 hours.

In the event that a Bidder fails to submit a valid Bid by the end of the initial finishing time of a Clock Round (and has at least 10 minutes remaining in its Extension Budget), 10 minutes will be subtracted from its Extension Budget and the finishing time of the Clock Round will be deferred by 10 minutes for that Bidder. In the event that the Bidder fails to submit a valid Bid by the revised deadline (and has at least 10 minutes remaining in its Extension Budget), a further 10 minutes will be subtracted from its Extension Budget and the finishing time deferred by a further 10 minutes for

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

that Bidder. A Bidder may defer the original scheduled finishing time of any one Clock Round by at most 60 minutes in this way.

For the avoidance of doubt, if a Bidder holds Provisional Winning Bids that would entail it retaining its current eligibility even if it made no New Bids in the current round, it is still necessary for the Bidder to check and submit a decision by the end of the round in order to avoid triggering an extension and 10 minutes being reduced from its Extension Budget. Further, even if a Bidder can neither make any New Bids nor raise any Provisional Winning Bids because (i) a Bidder holds Provisional Winning Bids equal to the current round price; and (ii) its total eligibility is equal to the activity associated with these Provisional Winning Bids, it is still necessary for the Bidder to check and submit a trivial “no bid” decision into the EAS to avoid triggering an extension.

If the original finishing time of the Clock Round has been deferred by 60 minutes or if the Bidder’s Extension Budget is exhausted, no further deferral of the Clock Round finishing time will be possible. In this case, if no Bid submission is logged by the EAS prior to the end of the Clock Round, the EAS will proceed as if the relevant Bidder entered no New Bids and did not increase any Provisional Winning Bid. As a consequence, the Bidder’s eligibility in the following Clock Round will be calculated based on the eligibility linked to its Provisional Winning Bids at the end of the previous Clock Round and the Auction Activity Requirement in the current round.

If one or more Bidders trigger an extension period, all Bidders will be informed that an extension is running by the EAS. For the avoidance of doubt, one Bidder triggering an extension does not remove the requirement on other Bidders to submit Bids by the original deadline or to have their Extension Budget reduced if they have also failed to submit their Bids within the stipulated time. In particular, if more than one Bidder has failed to submit a decision by the original finishing time of a Clock Round, all such Bidders will either have 10 minutes deducted from their Extension Budgets or (if they have exhausted their Extension Budget) deemed to have made no further Bids in the current round. Bidders that have already checked and submitted a decision prior to the original finishing time of the Clock Round will not be able to revise or modify their decision during an extension period.

A Clock Round may close prior to the finishing time of an extension period if the EAS has received Bids from all Bidders. For the avoidance of doubt, this provision does not apply within a normal Clock Round that has not been extended; Clock Rounds will not close prior to the scheduled finishing time even if the EAS has received Bids from all Bidders.

There will be the following minimum times between the ending of one Clock Round and the starting of the next:

- If no extensions are triggered in the current Clock Round, there will not be less than 20 minutes between the finishing time of the current Clock Round and the starting time of the next Clock Round;
- If the finishing time of the current Clock Round is extended, there will not be less than 30 minutes between the original scheduled finishing time of the

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

current Clock Round and the starting time of the next Clock Round and not less than 20 minutes between the extended finishing time of the current Clock Round and the starting time of the next Clock Round.

In exceptional circumstances, such as technical failure affecting multiple Bidders, the Auction Administrator may:

- reschedule the start of a Clock Round whose starting time has been announced provided that the Clock Round has not yet started;
- reschedule the finishing time of a Clock Round in progress;
- cancel a Clock Round in progress and re-run it;
- grant one or more Bidders additional Extension Budget.

The Auction Administrator will not grant any additional Extension Budget to one or more Bidders unless there is compelling evidence of technical failures affecting multiple bidders.

### **6.4 Frequency Identification Stage**

The outcome of the Frequency Identification Stage will be announced at the same time as the Clock Stage results. Specific frequencies will be identified for the Winning Bidders at random by the EAS.

### **6.5 Information policy**

Prior to the start of the Auction, the Government will make public:

- a list of the pre-qualified Bidders;
- the information provided in these Bidders' applications about their ownership structures;
- the amount of Earnest Money Deposit provided by the Bidder; and
- the number of Initial Eligibility points granted to each Bidder as a result of its Earnest Money Deposit.

During the Clock Stage the following information will be provided to Bidders after each completed Clock Round:

- the Clock Round price per block in each service area in the last completed Clock Round;
- the total number of Bids received in each service area in the last completed Clock Round;
- the Aggregate Demand in each service area at the Clock Round prices in the last completed Clock Round (i.e. for each service area, the total number of

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Bids in the service area at a value equal to the Clock Round price in the last completed Clock Round); and

- the Excess Demand in each service area at the Clock Round prices in the last completed Clock Round (i.e. for each service area, Aggregate demand less the number of blocks available in the service area).

If the last completed Clock Round was not the final Clock Round, the following information will also be provided to each Bidder:

- the Provisional Winning Price in each service area at the end of the last completed Clock Round;
- the Provisional Winning Bids (if any) held by that Bidder in each service area at the end of the last completed Clock Round;
- the price at which any such Provisional Winning Bids held by that Bidder were made;
- the ranking of any such Provisional Winning Bids held by that Bidder amongst all the Provisional Winning Bids within the relevant service area at the end of last completed Clock Round;
- total number of Eligibility Points available to the particular Bidder for the next Clock Round.

If the last completed Clock Round was not the final Clock Round, the following information will be provided to each Bidder at the time at which the next Clock Round is scheduled:

- the price increment to be applied to each service area; and
- the Clock Round price per block in each service area that will apply for the next Clock Round.

At the end of the final Clock Round, the following information will be provided to all Bidders:

- that the last completed Clock Round was the final Clock Round;
- the Winning Prices; and
- the Winning Bids and the identities of the Winning Bidders.

Results of the Frequency Identification Stage will also be announced simultaneous with the outcome of the Clock Stage at the end of the final Clock Round and will contain the following:

- for each service area, the frequency identification for each of the Winning Bidders.



Information relating to the specific Bids made by Bidders (whether successful or not) in each service area will not be provided at the end of each Clock Round (other than the information provided about the Winning Bids after the final Clock Round), but will be made public in their entirety subsequently after the Frequency Identification Stage.

### **6.6 Collusion and other prohibited behaviour**

The Government of India reserves the right to disqualify any Bidder that:

- colludes or attempts to collude with another Bidder in determining its Bids during the Auction;
- releases Confidential Information with the effect or intention of modifying the bidding behaviour of other pre-qualified Bidders;
- breaches or attempts to breach the secure measures within the EAS;
- frustrates or attempts to frustrate any other Bidder (or other users of the EAS) from accessing the EAS;
- attempts to influence the decisions of the Auctioneer in conducting the Auction;
- obstructs or attempts to obstruct the running of the Auction;
- provides inaccurate information in its Application to participate in the Auction.

In the event of such disqualification, a Bidder's EMD will be forfeited and the Government may undertake other penal action as well against such a Bidder.

The Government reserves the right to impose a fine equal to some or all of a Bidder's deposit for less serious breaches of these rules. Such fines shall be deducted from that Bidder's EMD.

## **VII APPLICATION INSTRUCTIONS**

Applications must be submitted in hard copy, to be received between 10:00am (Indian Standard Time) on 15<sup>th</sup> March, 2010 and 5:00 p.m. (Indian Standard Time) on 19<sup>th</sup> March, 2010, during office hours, at the following address:

Joint Secretary (Telecom)  
Department of Telecommunications – Auction Team  
Room no 319, Department of Telecommunications,  
Sanchar Bhawan,  
20 Ashoka Road,  
New Delhi

Applications received after the prescribed timeline shall be summarily rejected and returned unopened.

Six sets of the Application need to be submitted in separate sealed covers. The first set shall be marked as “ORIGINAL” and shall be duly signed in ink on each page by the Applicant. The other five photo copies of the original set shall be marked as “COPY No. \_\_\_”. Each page of the Application is to be numbered. In case of discrepancies between the copies and the Original, the Original shall prevail. However, the Government also reserves the right to summarily reject Applications in case of discrepancies between the copies and the Original. Name and address of the Bidder shall be displayed on each of the sealed covers. The Applicants should also submit scanned soft copy of the Original set on CD-ROM/ DVD in a single “pdf” document with pages in the same order as in the Original Application.

Applicants should note that, at its sole discretion, the Government may designate another time and/ or place at which Applications should be submitted. However, this power will only be used in exceptional circumstances. The alternative location will be publicised on the Auctions website.

Applications should be marked:

### **“Application for Pre-Qualification – 3G Auction / BWA Auction”**

Applications should contain:

- A completed Application Form and all supporting information including the necessary undertakings;
- A non-refundable application fee of Rs. 100,000/- payable to Pay and Accounts Officer (HQ), DoT, New Delhi, through a demand draft drawn on a Scheduled Commercial Bank payable at Delhi;
- 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.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

If at any later date, it is found that averments/ facts submitted by the Applicant in the Application based on which it has been considered eligible for any of the Auctions is incorrect or false, the Government reserves the right to disqualify the Bidder as well as take other penal action against such Bidder, including but not limited to, forfeiting its EMD as well as withdrawing any frequency allocation that may have been made to such a Bidder in the Auction.

Withdrawal of Applications shall be allowed by means of a written request to the “Department of Telecommunications – Auction Team” up to seven calendar days before the scheduled start of the Auctions.

## **VIII CONTACT AND FURTHER INFORMATION**

### **8.1 Contacts for further enquiries**

Enquiries, if any, may be directed to the following e-mail address: “spectrum-dot@nic.in” upto 10 calendar days before the last date for submission of applications.

The Government may or may not respond to any query, in part or full, at its sole discretion. In case it responds to any query, the response shall be made public. However, the identity of the person making the query will not be disclosed, to the extent possible.

Further contact details for support during the e-auction will be separately provided to the eligible Applicants.

### **8.2 Further information**

Annexures A to E form a part of this document and contain the following:

- A. Detailed definition of service areas
- B. Individual responsibilities of each of the Advisers
- C. Application checklist and formats
- D. System requirements for accessing EAS
- E. Definitions and glossary of terms

### **8.3 Disclosure of further information**

Following issue of this Notice, the Government has the discretion to publish further information and to amend the Notice from time to time either on its own or in response to any clarification requested. All such amendments will constitute a part of the Notice and shall be binding for compliance on them. The amendments, if any, will be notified on the DoT website.

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

### IX ANNEXURES

#### A. Detailed definition of service areas

##### **Delineation of service areas (Telecom service areas/metros) for licence purpose – UAS licence**

<b>Sl. No.</b>	<b>Name of Telecom Service area/ Metro Service Area</b>	<b>Areas covered</b>	<b>Category</b>
1	West Bengal	Entire area falling within the Union Territory of Andaman & Nicobar Islands and area falling within the State of West Bengal and the State of Sikkim excluding the areas covered by Kolkata Metro Service Area.	B
2	Andhra Pradesh	Entire area falling within the State of Andhra Pradesh.	A
3	Assam	Entire area falling within the State of Assam.	C
4	Bihar	Entire area falling within the re-organized State of Bihar and newly created State of Jharkhand pursuant to the Bihar Reorganization Act, 2000 (No.3 of 2000) dated 25 <sup>th</sup> August, 2000.	C
5	Gujarat	Entire area falling within the State of Gujarat and Union Territory of Daman and Diu, Silvassa (Dadra & Nagar Haveli).	A
6	Haryana	Entire area falling within the State of Haryana except Panchkula town and the local areas served by Faridabad and Gurgaon telephone exchanges.	B
7	Himachal Pradesh	Entire area falling within the State of Himachal Pradesh.	C
8	Jammu & Kashmir	Entire area falling within the State of Jammu & Kashmir including the autonomous council of Ladakh.	C
9	Karnataka	Entire area falling within the State of Karnataka.	A
10	Kerala	Entire area falling within the State of Kerala and Union Territory of Lakshadweep and Minicoy.	B
11	Madhya Pradesh	Entire area falling within the re-organized State of Madhya Pradesh as well as the newly created State of Chhattisgarh pursuant to the Madhya Pradesh Reorganisation Act, 2000 (No.28 of 2000) dated 25 <sup>th</sup> August, 2000.	B
12	Maharashtra	Entire area falling within the State of Maharashtra and Union Territory of Goa, excluding areas covered by Mumbai Metro Service Area.	A

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

Sl. No.	Name of Telecom Service area/ Metro Service Area	Areas covered	Category
13	North East	Entire area falling within the States of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Manipur and Tripura.	C
14	Orissa	Entire area falling within the State of Orissa.	C
15	Punjab	Entire area falling within the State of Punjab and Union territory of Chandigarh and Panchkula town of Haryana.	B
16	Rajasthan	Entire area falling within the State of Rajasthan.	B
17	Tamil Nadu	Entire area falling within the State of Tamil Nadu and Union territory of Pondicherry including local areas served by Chennai Telephones, Maramalai Nagar Export Promotion Zone (MPEZ), Minzur and Mahabalipuram exchanges.	A
18	Uttar Pradesh (West)	Entire area covered by Western Uttar Pradesh with the following as its boundary districts towards Eastern Uttar Pradesh: Pilibhit, Bareilly, Badaun, Etah, Mainpuri and Etawah. It will exclude the local telephone area of Ghaziabad and Noida. However, it will also include the newly created State of Uttaranchal pursuant to the Uttar Pradesh Re-Organisation Act, 200 (No.29 of 2000) dated 25 <sup>th</sup> August, 2000.	B
19	Uttar Pradesh (East)	Entire area covered by Eastern Uttar Pradesh with the following as its boundary districts towards Western Uttar Pradesh: Shahjahanpur, Farrukhabad, Kanpur and Jalaun.	B
20	Delhi	Local Areas served by Delhi, Ghaziabad, Faridabad, Noida and Gurgaon telephone exchanges.	Metro
21	Kolkata	Local areas served by Calcutta telephones	Metro
22	Mumbai	Local areas served by Mumbai, New Mumbai and Kalyan telephone exchanges	Metro

### Notes

- *Yenum, an area of Union Territory of Pondicherry is served under Andhra Pradesh Telecom service area in East Godavari LDCA.*
- *The above service areas refer to Telecom Service Area Units (Telecom Service Areas or Metro City Service Areas) and not the State geographical areas.*

**B. Individual responsibilities of the advisers**

The Auctioneer consists of NM Rothschild & Sons (India) Private Limited and DotEcon Limited. For the purposes of preparing this award, the advisers' responsibilities have been shared in the following way (as specified in the advisers' contract with DoT):

***Rothschild:***

- *Managing overall process and primary point of contact with DoT;*
- *Clarifying regulatory context and other valuation-affecting matters with DoT;*
- *Writing bidding documents and updating it for further auctions;*
- *Marketing the opportunity to potential participants.*

***DotEcon:***

- *Design auction rules based on DoT requirements;*
- *Provide platform for conducting the e-auction;*
- *Provide user documentation;*
- *Train bidders and demonstrate system to DoT as necessary;*
- *Execute the e-auction process.*

For the purposes of executing the Auction, all confidential information contained within the Electronic Auction System will be accessible only to staff at DotEcon for the purposes of ensuring the smooth running of the Auction and providing technical support to Bidders.

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

### C. Application Checklist

S No	Particulars	Please tick	Page number of Application document
1.	Completed Application Form	<input type="checkbox"/>	
2.	Certified copy of Certificate of Registration along with Articles of Association and Memorandum of Association. Company Secretary to certify the copy (in case the Applicant is not an Indian company, copies of the incorporation documents of the Company have to be certified by a Company Secretary registered in India)	<input type="checkbox"/>	
3.	Self certification from the Company Secretary of his/ her name and membership number	<input type="checkbox"/>	
4.	Certificate from Company Secretary certifying details of Promoters/ Partners/ Shareholders in the Company and break-down of the equity of the Company	<input type="checkbox"/>	
5.	Certificate from Company Secretary certifying the paid up capital	<input type="checkbox"/>	
6.	Certificate from Company Secretary certifying the net worth	<input type="checkbox"/>	
7.	Certified copy of approval of Government of India for terms of Foreign Collaboration or copy of application submitted to SIA/ Government in this regard with proof of Submission (if applicable) <i>(Copy to be certified by the Company Secretary)</i>	<input type="checkbox"/>	
8.	Bank Guarantee from a Scheduled Bank (for the Earnest Money Deposit)	<input type="checkbox"/>	
9.	Power of Attorney by Resolution of Board of Directors that the person signing the Application is an authorized signatory <i>(Copy to be certified by Company Secretary and duly stamped and notarized)</i>	<input type="checkbox"/>	
10.	Non-refundable application fee of Rs. 100,000/- payable to Pay and Accounts Officer (HQ), DoT, New Delhi	<input type="checkbox"/>	
<b><i>In case of Associated Licensees:</i></b>			
11.	Joint undertaking(s) to nominate the Group Bidding Entity	<input type="checkbox"/>	
12.	Certificates from Company Secretary on ownership details of each of the Associated Licensees establishing the shareholding of the Common Parent in each of the Associated Licensees	<input type="checkbox"/>	



## Auction of 3G and BWA Spectrum – Notice Inviting Applications

<b>S No</b>	<b>Particulars</b>	<b>Please tick</b>	<b>Page number of Application document</b>
	<ul style="list-style-type: none"><li>▪ In case of step-down subsidiaries, the shareholding details at each level have to be submitted, clearly establishing the direct/ indirect shareholding of the Common Parent in the Associated Licensees.</li><li>▪ In the case that any of the Associated Licensee is a listed Company, attach the stock exchange filing establishing the Common Parent as the promoter of the Company</li></ul>	<input type="checkbox"/> <input type="checkbox"/>	
13.	Undertaking, if applicable, from UAS/ CMTS licensees of Chennai and Tamil Nadu (excluding Chennai) service areas that in case the Group Bidding Entity is successful in the Auction for Tamil Nadu (including Chennai), then they will merge their UAS/ CMTS licences of Chennai and Tamil Nadu (excluding Chennai) service areas as per DoT letter no. 842-503/2005-VAS/5 dated 15th September, 2005	<input type="checkbox"/>	
	<b><i>In case of Prospective New Entrants:</i></b>		
14.	Self-certification with supporting documents of having the experience of running 3G services in any country	<input type="checkbox"/>	
15.	Undertaking confirming that, if the Applicant is successful in winning spectrum in any service area, it shall acquire a UAS licence through an Indian company registered under the Companies Act 1956 (in which the Applicant shall hold at least 26% equity) in advance of starting commercial operations	<input type="checkbox"/>	

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

### ***C.1 Application Format for the 3G Auction***

*(on the letterhead of the Applicant Company)*

GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY  
DEPARTMENT OF TELECOMMUNICATIONS  
SANCHAR BHAWAN, 20 ASHOKA ROAD, NEW DELHI-110 001.

#### APPLICATION FOR PARTICIPATING IN AUCTION OF RADIO SPECTRUM IN THE 2.1GHz BAND

Ref: File No.: \_\_\_\_\_

#### **General instructions:**

- (a) All the pages of the form/ supporting documents must be separately signed along with the rubber stamp by the Authorised Signatory or Company Secretary, as required. The name and designation of the signatory and the stamp of the relevant company must also appear wherever documents have been signed.
  - (b) In case the Applicant has to furnish no information against any of the items below, either 'Nil', 'No' or 'Not applicable', as the case may be, should be mentioned. If in the information supplied, against any item, a dash is marked or is left blank, it shall be treated as incomplete and the Application may not be considered for further processing.
  - (c) All undertakings to be provided on the letterhead of the relevant Company.
1. Name of Applicant Company:  
*(Note: Attach certified copy of Certificate of Registration along with Articles of Association and Memorandum of Association. Company Secretary or authorised signatory is required to certify the copy.)*
  2. Complete postal address with Telephone/ Fax numbers/ e-mail address
    - i) Corporate Office
    - ii) Registered Office
  3. Address for correspondence with Telephone/ Fax numbers/ e-mail address. Please provide at least one fixed and one mobile telephone number on which the Authorized Person can be contacted during the Auction. It is the Applicant's responsibility to ensure that ALL these means of communications are working and being monitored regularly from the date of Application to the conclusion of the Auctions:
    - (a) A complete postal address (to which the CD-ROM containing essential materials for bidding during the relevant Auction will be sent);
    - (b) Fixed telephone number
    - (c) Mobile telephone number (Note: the mobile telephone specified should be capable of receiving SMS)
    - (d) E-mail address

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

4. Name of the Company Secretary certifying the documents along with his/ her Membership number

*(Note: Attach self certification from the Company Secretary. In case there are more than one Company Secretary certifying documents, the details or self-certification of all these Company Secretaries to be submitted.)*

- (a) Names and passport numbers of the authorised signatories of the different companies that are signing the Application or any attachment to it.

5. Name of Authorised Person, designation, address and Telephone/ Fax numbers/ e-mail address and her/ his specimen signature counter-signed by the authorised signatory.

*(Note: Attach Power of Attorney empowering him/ her to take all decisions connected with the 3G Auction, on the Bidder's behalf including but not limited to, the authority to put in Bids in respect of any of the service areas and to commit payment of the necessary amount if the Bidder is granted spectrum in any service area.)*

*(Note: Applicants can authorise one more person, who could act as the Alternate Authorised Person in case of unavailability of the primary Authorised Person. In case of any duplication of submissions made by the Applicant, the submission signed by the primary Authorised Person would be considered as final and binding.)*

6. (a) Details of Promoters/ Partners/ Shareholders in the Company:

*(Note: the Promoters are required to be separately indicated.)*

S No	Name of Promoter/ Partner/ Shareholder	Indian/ Foreign	Equity percentage	Net worth	Paid-up capital

*(Note: Complete break-up of 100% of equity must be given. Individual equity holding upto 5% of the total equity can be clubbed but Indian and Foreign equity must be separate.)*

*(Note: Copy to be certified by the Company Secretary or authorised signatory)*

- (b) Equity details

Indian	_____
Foreign	_____
<b>Total</b>	_____

7. List of UAS/ CMTS licence(s) held by the Applicant and its Associated Licensees, if any. Please mention operative licences (i.e. licences which are currently in force) only.

Type of the Licence (UAS/CMTS)	Service area	Name of the Company

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

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*(Note: Attach Undertaking that in case the Applicant is declared a Successful Bidder in any service area where it (alongwith its Associated Licensees) does not currently hold a UAS/ CMTS licence, it will acquire a UAS licence.)*

8. Ownership details of each of the Associated Licensees establishing the shareholding of the Common Parent in each of the Associated Licensees.

*(Note: In case of step-down subsidiaries, the shareholding details at each level have to be submitted, in the same format as in point 6(a) (above), clearly establishing the direct/ indirect shareholding of the Common Parent in the Associated Licensees.)*

*(Note: In case any of the Associated Licensees is a listed Company, attach the stock exchange filing establishing the Common Parent as a promoter of the Company.)*

*(Note: Attach Certificates from Company Secretary or authorised signatory of each Company whose shareholding is presented.)*

9. List of telecom service licence(s) held by the Applicant and its allies/ sister concerns/ partners, if any, and their present status:

<b>Type of the Licence (Basic Cellular/ UASL/ Paging/ NLD/ ILD/ IP-II etc) and service area</b>	<b>Name of the Company</b>	<b>Status whether operative/ surrendered/ terminated</b>

*(Type of the Licence means Basic/ Cellular/ UASL/ Paging/ NLD/ ILD/ IP-II licences etc. Details of all the Licences held by Allies/ sister concerns/ Partners or legal entities with 10% or more common equities must be shown separately.)*

10. Net worth required for the Licence

<b>No. of cellular/ UAS licence in category A service area</b>	<b>No. of Cellular/UAS licence in category B service area</b>	<b>No. of Cellular/UAS licence in category C service area</b>
U	V	W
$U * 100 = X$	$V * 50 = Y$	$W * 30 = Z$

Total = X+Y+Z

11. Paid up capital of the Company (certificate from Company Secretary or authorised signatory certifying the paid up capital to be provided.)

*(Note: Paid up capital to be provided as on the date of last audited financial statement but not older than one year from the date of application. In case the date of last audited financial statement is more than one year from the date of application, please provide data as per last audited accounts as well as data as of a more recent date certified by the Company Secretary or authorised signatory.)*

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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12. Net worth of the Company (certificate from Company Secretary or authorised signatory certifying the net worth to be provided).
  - (a) Also provide combined net worth of any promoter that holds more than 10% in the Company (actual break-up to be provided; certificate from the Company Secretary or authorised signatory of each of such promoter that has been considered in the calculation to be provided).

*(Note: In case the Applicant's own net worth is sufficient to meet the specified net worth criteria in the UAS guidelines, then it need not submit particulars required in 12a.)*

*(Note: Net worth to be provided as on the date of last audited financial statement but not older than one year from the date of application. In case the date of last audited financial statement is more than one year from the date of application, please provide data as per last audited accounts as well as data as of a more recent date certified by the Company Secretary or authorised signatory.)*
  
13. Certified copy of approval of Government of India for terms of Foreign Collaboration or copy of application submitted to SIA/ Government in this regard with proof of Submission (if applicable).

*(Note: Copy to be certified by the Company Secretary or authorised signatory)*
  
14. Number of Initial Eligibility points applied for and details of corresponding Bank Guarantee for the Earnest Money Deposit.

*(Note: Attach Bank Guarantee)*
  
15. For Applicants who are not existing UAS/ CMTS licensees, nor having any Associated Licensees, a self-certification with supporting documents of having the experience of running 3G services in any country.
  
16. Power of Attorney by Resolution of Board of Directors that the person signing the Application is an authorized signatory.

*(Note: Copy to be certified by Company Secretary and duly stamped and notarized. In case, the Applicant is not an Indian company, and does not have a Company Secretary, Power of Attorney may be certified by the legal counsel of the Company.)*

*(Note: Power of Attorney is also required for the authorised signatories of any other company that is required to sign any Attachment to the Application.)*

### **Certificates/ undertaking:**

- A. I hereby certify that the Applicant has carefully read the Notice and undertakes to fully comply with the terms and conditions of the Notice.
- B. I hereby certify that the Applicant is legally capable of both bidding for and satisfying its obligations under the terms and conditions for award of the spectrum and the UAS licence (if applicable), including but without limitation to any approvals, consents, permissions and board approvals from its holding company(ies) under any laws or rules and regulations issued by any governmental or regulatory or supervisory body in any competent jurisdiction.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

- C. I hereby certify that neither the Applicant nor any of its Associated Licensees are the subject of criminal or civil proceedings that could be expected to adversely affect its business or its ability to bid in the 3G Auction.
- D. I hereby certify that the Applicant will accept the changes required to be made to the existing licences held by it or any of its Associated Licensees (if applicable) as a pre-condition to or as a consequence of the allocation of spectrum.
- E. I hereby certify that the Applicant understands that this Application, if found incomplete in any respect and/ or if found with conditional compliance or not accompanied with the Earnest Money Deposit, shall be summarily rejected.
- F. I hereby certify that the Applicant understands that the processing fee is non-refundable irrespective of whether or not the spectrum is granted to it.
- G. I hereby certify that the Applicant has read and understood the FIPB guidelines for investment in telecom services in India, and will comply with the same before commencing operations.
- H. I hereby certify that the Applicant will intimate the DoT promptly in case of any change in the information submitted as part of the Application.
- I. I hereby certify that the Applicant will comply, and ensure that all of its Insiders and Associated Licensees will comply, with the terms and conditions of the Notice relating to confidentiality.
- J. I hereby certify that the Applicant understands that all matters relating to the application or spectrum if granted to it will be subject to jurisdiction of courts/ Tribunal(s) in Delhi/ New Delhi only.
- K. I hereby certify that the Applicant understands that if at any time, any averments made or information furnished as part of this application is found incorrect, then its application and the spectrum if awarded on the basis of such application shall be cancelled.
- L. I certify that the information provided in this Application (including the attachments) is true, accurate and complete to the best of its knowledge.

Date:

Signature and name of the Authorised  
Signatory

Place:

(Company's Seal)

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

### ***C.2 Application Format for the BWA Auction***

*(on the letterhead of the Applicant Company)*

GOVERNMENT OF INDIA  
MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY  
DEPARTMENT OF TELECOMMUNICATIONS  
SANCHAR BHAWAN, 20 ASHOKA ROAD, NEW DELHI-110 001.

#### APPLICATION FOR PARTICIPATING IN AUCTION OF RADIO SPECTRUM IN THE 2.3GHz BAND

Ref: File No.: \_\_\_\_\_

#### **General instructions:**

- (a) All the pages of the form/ supporting documents must be separately signed along with the rubber stamp by the Authorised Signatory or Company Secretary, as required. The name and designation of the signatory and the stamp of the relevant company must also appear wherever documents have been signed.
  - (b) In case the Applicant has to furnish no information against any of the items below, either 'Nil', 'No' or 'Not applicable', as the case may be, should be mentioned. If in the information supplied, against any item, a dash is marked or is left blank, it shall be treated as incomplete and the Application may not be considered for further processing.
  - (c) All undertakings to be provided on the letterhead of the relevant Company.
1. Name of Applicant:  
*(Note: Attach certified copy of Certificate of Registration along with Articles of Association and Memorandum of Association. Company Secretary or Authorised Signatory is required to certify the copy.)*
  2. Complete postal address with Telephone/ Fax numbers/ e-mail address
    - i) Corporate Office
    - ii) Registered Office
  3. Address for correspondence with Telephone/ Fax numbers/ e-mail address. Please provide at least one fixed and one mobile telephone number on which the Authorized Person can be contacted during the Auction. It is the Applicant's responsibility to ensure that ALL these means of communications are working and being monitored regularly from the date of Application to the conclusion of the Auctions
    - (a) A complete postal address (to which the CD-ROM containing essential materials for bidding during the relevant Auction will be sent);
    - (b) Fixed telephone number
    - (c) Mobile telephone number (Note: the mobile telephone specified should be capable of receiving SMS)
    - (d) E-mail address

**Auction of 3G and BWA Spectrum – Notice Inviting Applications**

4. Name of the Company Secretary certifying the documents along with his/ her Membership number

*(Note: Attach self certification from the Company Secretary. In case there are more than one Company Secretary certifying documents, the details or self-certification of all these Company Secretaries to be submitted. )*

- (a) Names and passport numbers of the Authorised Signatories of the different companies that are signing the Application or any attachment to it.

5. Name of Authorised Person, designation, address and Telephone/ Fax numbers/ e-mail address and her/ his specimen signature counter-signed by the authorised signatory.

*(Note: Attach Power of Attorney empowering him/ her to take all decisions connected with the BWA Auction, on the Bidder’s behalf including but not limited to, the authority to put in Bids in respect of any of the service areas and to commit payment of the necessary amount if the Bidder is granted spectrum in any service area.)*

*(Note: Applicants can authorise one more person, who could act as the Alternate Authorised Person in case of unavailability of the primary Authorised Person. In case of any duplication of submissions made by the Applicant, the submission signed by the primary Authorised Person would be considered as final and binding.)*

6. (a) Details of Promoters/ Partners/ Shareholders in the Company:

*(Note: the Promoters are required to be separately indicated.)*

S No	Name of Promoter/ Partner/ Shareholder	Indian/ Foreign	Equity percentage	Net worth	Paid-up capital

*(Note: Complete break-up of 100% of equity must be given. Individual equity holding upto 5% of the total equity can be clubbed but Indian and Foreign equity must be separate.)*

*(Note: Copy to be certified by the Company Secretary or authorised signatory)*

- (b) Equity details

Indian \_\_\_\_\_  
 Foreign \_\_\_\_\_  
**Total** \_\_\_\_\_

7. List of UAS/ CMTS/ ISP (category ‘A’ or category ‘B’) licence(s) held by the Applicant and its Associated Licensees, if any. Please mention operative licences (i.e. licences which are currently in force) only.

Type of the Licence (UAS/ CMTS/ ISP (Category ‘A’ or Category ‘B’))	Service area	Name of the Company



## Auction of 3G and BWA Spectrum – Notice Inviting Applications

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*(Note: Attach Undertaking that in case the Applicant is declared a Successful Bidder in any service area where it (alongwith its Associated Licensees) does not currently hold a UAS/ CMTS/ ISP (Category 'A' or Category 'B') licence, it will acquire a UAS or an ISP-category 'A' licence.)*

8. Ownership details of each of the Associated Licensees establishing the shareholding of the Common Parent in each of the Associated Licensees.

*(Note: In case of step-down subsidiaries, the shareholding details at each level have to be submitted, in the same format as in point 6(a) (above), clearly establishing the direct/ indirect shareholding of the Common Parent in the Associated Licensees.)*

*(Note: In case any of the Associated Licensees is a listed Company, attach the stock exchange filing establishing the Common Parent as a promoter of the Company.)*

*(Note: Attach Certificates from Company Secretary or authorised signatory of each Company whose shareholding is presented.)*

9. List of telecom service licence(s) held by the Applicant and its allies/ sister concerns/ partners, if any, and their present status:

<b>Type of the Licence (Basic Cellular/ UASL/ Paging/ NLD/ ILD/ ISP etc) and service area</b>	<b>Name of the Company</b>	<b>Status whether operative/ surrendered/ terminated</b>

*(Type of the Licence means Basic/ Cellular/ UASL/ Paging/ NLD/ ILD/ ISP licences etc. Details of all the Licences held by Allies/ sister concerns/ Partners or legal entities with 10% or more common equities must be shown separately.)*

10. Details of the CMTS/ UAS licence in the name of the applicant company and Net worth required for the Licence

<b>No. of cellular/ UAS licence in category A service area</b>	<b>No. of Cellular/UAS licence in category B service area</b>	<b>No. of Cellular/UAS licence in category C service area</b>
U	V	W
$U * 100 = X$	$V * 50 = Y$	$W * 30 = Z$

Total = X+Y+Z

11. Paid up capital of the Company (certificate from Company Secretary or authorised signatory certifying the paid up capital to be provided.)

*(Note: Paid up capital to be provided as on the date of last audited financial statement but not older than one year from the date of application. In case the date of last audited financial statement is more than one year from the date of application, please provide data as per last audited accounts as well as data as of a more recent date certified by the Company Secretary or authorised signatory.)*

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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12. Net worth of the Company (certificate from Company Secretary or authorised signatory certifying the net worth to be provided.)
  - (a) Also provide combined net worth of any promoter that holds more than 10% in the Company (actual break-up to be provided; certificate from the Company Secretary or authorised signatory of each of such promoter that has been considered in the calculation to be provided).

*(Note: In case the Applicant's own net worth is sufficient to meet the specified net worth criteria in the UAS guidelines, then it need not submit particulars required in 12a.)*

*(Note: Net worth to be provided as on the date of last audited financial statement but not older than one year from the date of application. In case the date of last audited financial statement is more than one year from the date of application, please provide data as per last audited accounts as well as data as of a more recent date certified by the Company Secretary or authorised signatory.)*
13. Certified copy of approval of Government of India for terms of Foreign Collaboration or copy of application submitted to SIA/ Government in this regard with proof of Submission (if applicable).

*(Note: Copy to be certified by the Company Secretary or authorised signatory)*
14. Number of Initial Eligibility points applied for and details of corresponding Bank Guarantee for the Earnest Money Deposit.

*(Note: Attach Bank Guarantee)*
15. Power of Attorney by Resolution of Board of Directors that the person signing the Application is an authorised signatory.

*(Note: Copy to be certified by Company Secretary and duly stamped and notarized. In case, the Applicant is not an Indian company, and does not have a Company Secretary, Power of Attorney may be certified by the legal counsel of the Company.)*

*(Note: Power of Attorney is also required for the authorised signatories of any other company that is required to sign any Attachment to the Application.)*

### **Certificates/ undertaking:**

- A. I hereby certify that the Applicant has carefully read the Notice and undertakes to fully comply with the terms and conditions of the Notice.
- B. I hereby certify that the Applicant is legally capable of both bidding for and satisfying its obligations under the terms and conditions for award of the spectrum and the UAS licence or the ISP-category 'A' licence (if applicable), including but without limitation to any approvals, consents, permissions and board approvals from its holding company(ies) under any laws or rules and regulations issued by any governmental or regulatory or supervisory body in any competent jurisdiction.
- C. I hereby certify that neither the Applicant nor any of its Associated Licensees are the subject of criminal or civil proceedings that could be expected to adversely affect its business or its ability to bid in the BWA Auction.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

- D. I hereby certify that the Applicant will accept the changes required to be made to the existing licences held by it or any of its Associated Licensees (if applicable) as a pre-condition to or as a consequence of the allocation of spectrum, including the requirement of migration of ISP category ‘B’ licence to an ISP category ‘A’ licence, if applicable.
- E. I hereby certify that the Applicant understands that this Application, if found incomplete in any respect and/ or if found with conditional compliance or not accompanied with the Earnest Money Deposit, shall be summarily rejected.
- F. I hereby certify that the Applicant understands that the processing fee is non-refundable irrespective of whether or not the spectrum is granted to it.
- G. I hereby certify that the Applicant has read and understood the FIPB guidelines for investment in telecom services in India, and will comply with the same before commencing operations.
- H. I hereby certify that the Applicant will intimate the DoT promptly in case of any change in the information submitted as part of the Application.
- I. I hereby certify that the Applicant will comply, and ensure that all of its Insiders and Associated Licensees will comply, with the terms and conditions of the Notice relating to confidentiality.
- J. I hereby certify that the Applicant understands that all matters relating to the application or spectrum if granted to it will be subject to jurisdiction of courts/ Tribunal(s) in Delhi/ New Delhi only.
- K. I hereby certify that the Applicant understands that if at any time, any averments made or information furnished as part of this application is found incorrect, then its application and the spectrum if awarded on the basis of such application shall be cancelled.
- L. I certify that the information provided in this Application (including the attachments) is true, accurate and complete to the best of its knowledge.

Date:

Signature and name of the Authorised  
Signatory

Place:

(Company’s Seal)

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

### **C.3 Format for Earnest Money Deposit** (in the form of a Bank Guarantee from a Scheduled Bank)

To  
The President of India,  
New Delhi.

1. Whereas **<Full name of the Applicant>** (hereinafter called “**the Proposer**”) desires to submit the proposal for participating in the Auction for spectrum in the **<2.1GHz band / 2.3GHz band>** in compliance to DoT File No. **<XXX>**.

Know all men by these presents that we **<Name of the Bank>** (hereinafter called “**the Bank**”) are bound unto the President of India (hereinafter referred to as “the Authority”), in the sum of **<Amount in figures>** (**<Amount in words>**) for which payment will and truly be made to the said Authority, the Bank binds itself, its successors and assignees by these presents.

2. The conditions of this obligation are:
  - (i) If the Proposer having been notified of the acceptance of its proposal by the DoT, during the period of the proposal’s validity:
    - (a) fails or refuses to execute the contract form, if required; or
    - (b) fails to deposit the Successful Bid Amount in the stipulated timeframe as per the Notice;
  - (ii) The Proposer misrepresents facts in its application;
  - (iii) The Proposer violates any of the Auction Rules or otherwise disrupts the Auction process;
  - (iv) The Proposer does not bid for even 1 service area in the first Clock Round of the relevant Auctions;
  - (v) The Proposer defaults on its bid;
  - (vi) The Proposer withdraws its proposal during the period of its validity specified in the Notice.

We undertake to pay to the Authority, the above amount upon demand, without any demur and without the Authority having to substantiate its demand.

3. This guarantee will remain in force up to 31<sup>st</sup> December, 2010, further extendible by another six months on your request and any demand in respect thereof should reach the Bank not later than the date up to which this Bank Guarantee is valid.
4. Notwithstanding anything contained above, our liability, under the Guarantee shall be restricted to **<Amount in figures>**- and our Guarantee shall remain in force until

**Auction of 3G and BWA Spectrum – Notice Inviting Applications**

30<sup>th</sup> June, 2011. Unless a demand or claim under this Guarantee is made on us in writing within this date i.e. 30<sup>th</sup> June 2011, all your rights under the Guarantee shall be forfeited and we shall be released and discharged from all liabilities thereunder.

Dated \_\_ day <month>, 2010

<Name of Bank>

Signature

Witness:

1) \_\_\_\_\_

2) \_\_\_\_\_

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

### **C.4 Format for an undertaking to obtain a UAS licence (for existing licensees)**

*(applicable in the case of the 3G Auction in respect of each service area where neither the Applicant nor any of its Associated Licensees has an existing UAS/ CMTS licence)*

*(on the letterhead of the concerned Company)*

### **UNDERTAKING TO OBTAIN UAS LICENCE**

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Applicant> (“Applicant”) hereby confirm, undertake, acknowledge and certify the following:

- (a) The Applicant desires to submit a proposal for participating in the Auction for spectrum in the 2.1GHz band in compliance with DoT File No. <XXX>;
- (b) That neither the Applicant, nor any entity sharing more than 10% common ownership with the Applicant, is a UAS/ CMTS licensee in \_\_\_\_\_ <Name of the telecom service area> (as defined in the UAS guidelines) (“Specified Service Area”);
- (c) That in case the Applicant is declared a Successful Bidder in the Specified Service Area, it shall apply for a UAS licence in the Specified Service Area either directly or through one of its Associated Licensees or through a wholly-owned subsidiary of the Applicant (“Nominated UAS Applicant”);
- (d) That the Nominated UAS Applicant will satisfy all the conditions required to obtain a UAS licence as per the UAS guidelines;
- (e) That the Applicant has read and understood the UAS guidelines;
- (f) That in case the UAS licence application of the Nominated UAS Applicant is rejected, the Government shall have the right to revoke the spectrum;
- (g) That in case an application for a UAS licence by the Nominated UAS Applicant has not been made within three (3) months of the Applicant being declared a Successful Bidder, the Government shall have the right to revoke the spectrum;
- (h) That in case the Applicant and the Nominated UAS Applicant are different entities, the Applicant and the Nominated UAS Applicant shall be jointly and severally responsible for the performance of the bid obligations and that the Applicant shall obtain an undertaking to this effect (“Adherence Undertaking”) from the Nominated UAS Applicant before the Nominated UAS Applicant submits the UAS licence application along with a certified copy of the Adherence Undertaking.

Date:

Signature and name of the Authorised  
Signatory

Place:

(Company’s Seal)

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

### ***C.5 Format for undertaking to obtain UAS licence/ ISP-category ‘A’ licence (for existing licensees)***

*(applicable in the case of the BWA Auction in respect of any service area where neither the Applicant nor any of its Associated Licensees has an existing UAS/ CMTS/ ISP licence)*

*(please use the relevant option between UAS licence or ISP-category ‘A’ licence, as applicable)*

*(on the letterhead of the concerned Company)*

### **UNDERTAKING TO OBTAIN UAS LICENCE/ ISP LICENCE**

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Applicant> (“Applicant”) hereby confirm, undertake, acknowledge and certify the following:

- (a) The Applicant desires to submit a proposal for participating in the Auction for spectrum in the 2.3GHz band in compliance with DoT File No. <XXX>;
- (b) That neither the Applicant, nor any entity sharing more than 10% common ownership with the Applicant, is a UAS/ CMTS/ ISP licensee in \_\_\_\_\_ <Name of the telecom service area> (as defined in the UAS guidelines) (“Specified Service Area”);
- (c) That in case the Applicant is declared a Successful Bidder in the Specified Service Area, it shall apply for a UAS licence/ ISP-category ‘A’ licence in the Specified Service Area either directly or through one of its Associated Licensees or through a wholly-owned subsidiary of the Applicant (“Nominated UAS Applicant” or “Nominated ISP Applicant”);
- (d) That the Nominated UAS Applicant/ Nominated ISP Applicant will satisfy all the conditions required to obtain a UAS licence/ ISP-category ‘A’ licence as per the UAS guidelines/ ISP guidelines;
- (e) That the Applicant has read and understood the UAS guidelines/ ISP guidelines;
- (f) That in case the UAS licence/ ISP-category ‘A’ licence application of the Nominated UAS Applicant/ Nominated ISP Applicant is rejected, the Government shall have the right to revoke the spectrum;
- (g) That in case an application for a UAS licence/ ISP-category ‘A’ licence by the Nominated UAS Applicant/ Nominated ISP Applicant has not been made within three (3) months of the Applicant being declared a Successful Bidder, the Government shall have the right to revoke the spectrum;
- (h) That in case the Applicant and the Nominated UAS Applicant/ Nominated ISP Applicant are different entities, the Applicant and the Nominated UAS Applicant/ Nominated ISP Applicant shall be jointly and severally responsible for the performance of the bid obligations and that the Applicant shall obtain an undertaking to this effect (“Adherence Undertaking”) from the Nominated UAS Applicant/ Nominated ISP Applicant before the Nominated UAS Applicant/ Nominated ISP Applicant submits the UAS licence/ ISP-category ‘A’ licence application along with a certified copy of the Adherence Undertaking.

**Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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Date:

Signature and name of the Authorised  
Signatory

Place:

(Company's Seal)



## Auction of 3G and BWA Spectrum – Notice Inviting Applications

### **C.6 Format for undertaking to obtain UAS licence (for Prospective New Entrant)**

(applicable in the case of the 3G Auction in respect of each service area where the Applicant wishes to bid for)

(on the letterhead of the concerned Company)

#### **UNDERTAKING TO OBTAIN UAS LICENCE**

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Applicant> (“Applicant”) hereby confirm, undertake, acknowledge and certify the following:

- (a) The Applicant desires to submit a proposal for participating in the Auction for spectrum in the 2.1GHz band in compliance with DoT File No. <XXX>;
- (b) That neither the Applicant, nor any entity sharing more than 10% common ownership with the Applicant is a UAS/ CMTS licensee in \_\_\_\_\_ <Name of the telecom service area> (as defined in the UAS guidelines) (“Specified Service Area”);
- (c) That in case the Applicant is declared a Successful Bidder in the Specified Service Area, it shall apply for a UAS licence in the Specified Service Area either directly or through a company nominated by the Applicant where the Applicant has a minimum holding of at least 26% (“New Entrant Nominated UAS Applicant”);
- (d) That the New Entrant Nominated UAS Applicant will satisfy all the conditions required to obtain a UAS licence as per the UAS guidelines;
- (e) That the Applicant has read and understood the UAS guidelines;
- (f) That in case the UAS licence application of the New Entrant Nominated UAS Applicant is rejected, the Government shall have the right to revoke the spectrum;
- (g) That in case an application for a UAS licence by the New Entrant Nominated UAS Applicant has not been made within three (3) months of the Applicant being declared a Successful Bidder, the Government shall have the right to revoke the spectrum;
- (h) That in case the Applicant and the New Entrant Nominated UAS Applicant are different entities, the Applicant and the New Entrant Nominated UAS Applicant shall be jointly and severally responsible for the performance of the bid obligations and that the Applicant shall obtain and undertaking to this effect (“Adherence Undertaking”) from the New Entrant Nominated UAS Applicant before the New Entrant Nominated UAS Applicant submits the UAS licence application along with a certified copy of the Adherence Undertaking;

Date:

Signature and name of the Authorised  
Signatory

Place:

(Company’s Seal)

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

### ***C.7 Format for an undertaking to obtain a UAS licence or an ISP-category ‘A’ licence (for Prospective New Entrants)***

*(applicable in the case of the BWA Auction in respect of each service area where the Applicant wishes to bid for)*

*(please use the relevant option between UAS licence or ISP-category ‘A’ licence, as applicable)*

*(on the letterhead of the concerned Company)*

### **UNDERTAKING TO OBTAIN UAS LICENCE/ ISP LICENCE**

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Applicant> (“Applicant”) hereby confirm, undertake, acknowledge and certify the following:

- (a) The Applicant desires to submit a proposal for participating in the Auction for spectrum in the 2.3GHz band in compliance with DoT File No. <XXX>;
- (b) That neither the Applicant, nor any entity sharing more than 10% common ownership with the Applicant is a UAS/ CMTS/ ISP licensee in \_\_\_\_\_ <Name of the telecom service area> (as defined in the UAS guidelines) (“Specified Service Area”);
- (c) That in case the Applicant is declared a Successful Bidder in the Specified Service Area, it shall apply for a UAS licence/ ISP-category ‘A’ licence in the Specified Service Area either directly or through a company nominated by the Applicant where the Applicant has a minimum holding of at least 26% (“New Entrant Nominated UAS Applicant” or “New Entrant Nominated ISP Applicant”);
- (d) That the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant will satisfy all the conditions required to obtain a UAS licence/ ISP-category ‘A’ licence as per the UAS guidelines/ ISP guidelines;
- (e) That the Applicant has read and understood the UAS guidelines/ ISP guidelines;
- (f) That in case the UAS licence/ ISP-category ‘A’ licence application of the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant is rejected, the Government shall have the right to revoke the spectrum;
- (g) That in case an application for a UAS licence/ ISP-category ‘A’ licence by the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant has not been made within three (3) months of the Applicant being declared a Successful Bidder, the Government shall have the right to revoke the spectrum;
- (h) That in case the Applicant and the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant are different entities, the Applicant and the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant shall be jointly and severally responsible for the performance of the bid obligations and that the Applicant shall obtain and undertaking to this effect (“Adherence Undertaking”) from the New Entrant Nominated UAS Applicant/ New Entrant Nominated ISP Applicant before the New Entrant Nominated UAS Applicant/ New Entrant

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Nominated ISP Applicant submits the UAS licence/ ISP-category 'A' licence application along with a certified copy of the Adherence Undertaking;

Date:

Signature and name of the Authorised  
Signatory

Place:

(Company's Seal)

**Auction of 3G and BWA Spectrum – Notice Inviting Applications**

**C.8 Format for an undertaking to nominate a Group Bidding Entity for the 3G Auction**  
(for Associated Licensees bidding through a Group Bidding Entity)

**JOINT UNDERTAKING TO NOMINATE GROUP BIDDING ENTITY**

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Associated Licensee> (“Nominator”)

and,

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Group Bidding Entity> (“Group Bidding Entity”)

hereby confirm, undertake, acknowledge and certify the following:

- (a) That the Nominator has authorised the Group Bidding Entity to bid for 3G Spectrum in the 3G Auction in compliance with DoT File No. <XXX> on its behalf in the following service areas:
  - 1. \_\_\_\_\_
  - 2. \_\_\_\_\_
- (b) That the Nominator is a UAS/ CMTS licensee in all the service areas mentioned in point (a) above;
- (c) That the Nominator has read and understood the Notice for the Auctions and will abide with all applicable conditions including, but not limited to, payment of bid amount, spectrum usage charges and compliance with rollout obligations;
- (d) That in case the Group Bidding Entity is declared a Successful Bidder in any of the service areas mentioned in point (a), the Nominator shall accept the assignment to itself of spectrum won by the Group Bidding Entity in that service area by the Government;
- (e) That the Nominator and the Group Bidding Entity shall be jointly and severally liable for the performance of the bid obligations;
- (f) That the Nominator agrees to make the necessary changes to its existing UAS/ CMTS licence (as required by the conditions specified in the Notice) before award of spectrum.

Signed:  
For <name of the Nominator Company>

**Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Authorised signature  
(name and position)

Authorised signature  
(name and position)

Company seal affixed

Date: \_\_\_\_\_

Signed:  
For <name of the Group Bidding Entity>

Authorised signature  
(name and position)

Authorised signature  
(name and position)

Company seal affixed

Date: \_\_\_\_\_

## Auction of 3G and BWA Spectrum – Notice Inviting Applications

### **C.9 Format for an undertaking to nominate a Group Bidding Entity for the BWA Auction**

*(for Associated Licensees bidding through a Group Bidding Entity)*

#### **JOINT UNDERTAKING TO NOMINATE GROUP BIDDING ENTITY**

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Associated Licensee> (“Nominator”)

and,

We \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Group Bidding Entity> (“Group Bidding Entity”)

hereby confirm, undertake, acknowledge and certify the following:

- (a) That the Nominator has authorised the Group Bidding Entity to bid for BWA Spectrum in the BWA Auction in compliance with DoT File No. <XXX> on its behalf in the following service areas:
  1. \_\_\_\_\_
  2. \_\_\_\_\_
- (b) That the Nominator is a UAS/ CMTS/ ISP (Category ‘A’ or ‘B’) licensee in all the service areas mentioned in point (a) (above);
- (c) That the Nominator has read and understood the Notice for the Auctions and will abide with all applicable conditions including, but not limited to, payment of bid amount, spectrum usage charges and compliance with rollout obligations;
- (d) That in case the Group Bidding Entity is declared a Successful Bidder in any of the service areas mentioned in point (a), the Nominator shall accept the assignment to itself of spectrum won by the Group Bidding Entity in that service area by the Government;
- (e) That the Nominator and the Group Bidding Entity shall be jointly and severally liable for the performance of the bid obligations;
- (f) That the Nominator agrees to make the necessary changes to its existing UAS/ CMTS/ ISP licence (as required by the conditions specified in the Notice) before award of spectrum;

Signed:

For <name of the Nominator Company>

**Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Authorised signature  
(name and position)

Authorised signature  
(name and position)

Company seal affixed

Date: \_\_\_\_\_

Signed:  
For <name of the Group Bidding Entity>

Authorised signature  
(name and position)

Authorised signature  
(name and position)

Company seal affixed

Date: \_\_\_\_\_

**Auction of 3G and BWA Spectrum – Notice Inviting Applications**

**C.10 Format for Ownership Compliance Certificate for the 3G Auction**

(for all Applicants)

(on the letterhead of the concerned Company)

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Applicant> (“Applicant”) hereby confirm, undertake, acknowledge and certify the following:

- (a) The Applicant desires to submit a proposal for participating in the Auction for spectrum in the 2.1GHz band in compliance with DoT File No. <XXX>;
- (b) That we have carefully gone through the list of Applicants (“Provisional Bidders”) for the 3G Auction and their Associated Licensees and their ownership details put up on the DoT website;
- (c) That we have made due enquires to the extent reasonably possible of any entity:
  - who holds a direct or indirect material interest in the Applicant or any of its Associated Licensees; and
  - in whom the Applicant or any of its Associated Licensees hold a direct or indirect material interest;
- (d) That no common entity holds more than 10% stake in the Applicant (or any of its Associated Licensees) and any of the other Provisional Bidders (or any of their respective Associated Licensees);
- (e) That the UAS/ CMTS licence is subject to the condition 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 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.”*
- (f) That the Applicant will promptly intimate the Government if any part of this undertaking were to undergo a material change.

Signed:

Authorised signature  
(name and position)

Authorised signature  
(name and position)

Company seal affixed

Date: \_\_\_\_\_



**Auction of 3G and BWA Spectrum – Notice Inviting Applications**

**C.11 Format for Ownership Compliance Certificate for the BWA Auction**

(for all Applicants)

(on the letterhead of the concerned Company)

We, \_\_\_\_\_ and \_\_\_\_\_, the undersigned, as Directors and Authorised Representatives of \_\_\_\_\_ <Name of the Applicant> (“Applicant”) hereby confirm, undertake, acknowledge and certify the following:

- (a) The Applicant desires to submit a proposal for participating in the Auction for spectrum in the 2.3GHz band in compliance with DoT File No. <XXX>;
- (b) That we have carefully gone through the list of Applicants (“Provisional Bidders”) for the BWA Auction and their Associated Licensees and their ownership details put up on the DoT website;
- (c) That we have made due enquires to the extent reasonably possible of any entity:
  - who holds a direct or indirect material interest in the Applicant or any of its Associated Licensees; and
  - in whom the Applicant or any of its Associated Licensees hold a direct or indirect material interest;
- (d) That no common entity holds more than 10% stake in the Applicant (or any of its Associated Licensees) and any of the other Provisional Bidders (or any of their respective Associated Licensees);
- (e) That the UAS/ CMTS licence is subject to the condition 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 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.”*
- (f) That the Applicant will promptly intimate the Government if any part of this undertaking were to undergo a material change.

Signed:

Authorised signature  
(name and position)

Authorised signature  
(name and position)

Company seal affixed

Date: \_\_\_\_\_

### **D. System requirements for accessing the EAS**

Prior to the Auction, documentation will be issued describing how to use the EAS (“the EAS Manual”). This Annex is provided to assist bidders in preparing for the Auction. In the event of any conflict between the EAS Manual and this Annex, the EAS Manual should be taken to be definitive.

The Auction will be run on an electronic auction system (EAS) over the public Internet using encryption. Bidders will not need any specialist hardware or software and can access the system using a standard Internet browser. The only additional requirements are (i) to install the cryptographic authentication tokens needed for authentication and data encryption and (ii) to have a recent version of Java installed.

#### ***D.1 Operating system and software***

The EAS works on a wide range of operating systems and Internet browsers complemented with Java. However, the cryptographic authentication tokens used for user authentication in the EAS are 2048 bit keys. These keys are longer than those in current common usage for e-commerce applications and provide a higher level of security. It is important that Bidders use an up-to-date operating system and browser, and the latest version of Java. Windows XP (Service Pack 3 with Internet Explorer 7 or 8), Windows Vista, Windows 7 and Macintoshes with OSX are all able to use these longer keys. Obsolete versions of Internet Explorer may not support longer keys.

The EAS has been tested using a few popular configurations, and therefore we recommend that Bidders use:

- Windows XP Service Pack 3 or Windows Vista Service Pack 1 (or greater) with Internet Explorer 7 (or greater) or Firefox 3.5, and Java 1.5 or 1.6; or
- Mac OSX with Safari and Java 1.5 or 1.6.

#### ***D.2 Java***

The EAS uses a Java application embedded within a web page. This requires the Bidders’ Internet browser to support Java. Under Windows, the browser will usually, but not always, have Java enabled by default. **It is important that Bidders have an up-to-date version of Java installed on any computer to be used for bidding in the Auction, as older versions may not be able to cope with the long cryptographic authentication tokens used. Java version 1.5 or higher is recommended.**

If Bidders are using Windows, Bidders can find out if they have Java installed on their computer using Sun’s Java installation verification tool found at:

<http://www.java.com/en/download/installed.jsp>

If Bidders are using Mac OSX, use the Software Update feature (found on the Apple menu) to check if Bidders have the most up-to-date version of Java for their Mac. If Bidders need to install java, this is available from Sun Microsystems' Java website at <http://java.com>.

If Bidders have Java installed, but are unable to access the EAS, it is possible that their Windows settings are such that:

- Java has been disabled (by default or due to corporate IT policies, for example);
- Bidders are accessing the Internet through a proxy server, but that Internet Explorer has not been set up correctly to allow Java to download applications through their proxy server;
- a proxy server is being used, but Java has not been configured to use this.

In these cases, Bidders may need to refer to their IT department or other suitably qualified persons to ensure that their PC has a Java installed and enabled on their browser, and that their Internet browser is correctly set up. Sun Microsystems' Java website at <http://java.com> may provide helpful information on how to do this. Please note that you may need appropriate administrative rights in order to install Java and cryptographic authentication tokens on the client computer.

A detailed manual and troubleshooting guide will be provided to qualified Bidders prior to the Auction. A mock auction will also be run to allow Bidders to test that they can access the EAS using the same authentication tokens as the Auction itself and to resolve any technical problems.

Bidders should ensure that their bidding computer is free from viruses, especially key-logging programs. It is the responsibility of bidders to ensure that bidding computer is functioning reliably and that appropriate computer security measures are in force. Once the cryptographic authentication token that authenticates the bidder has been installed on the bidding computer, the bidder should ensure that the bidding computer is kept securely and not accessible to unauthorised personnel.

### ***D.3 Pop-up blockers***

Bidders should ensure that there is no software installed on their computer that will interfere with the normal operation of their Internet browser. Do not use any pop-up blockers. This might, depending on Bidders' settings, prevent some of the EAS windows from opening.

### ***D.4 Power management settings***

To ensure that Bidders can view progress in the Auction without delay or difficulty it is recommended that Bidders:

- turn off any power management features on their computer such as automatic hibernation or suspension; and
- disable any screensavers.

If a Bidder's computer hibernates or suspends automatically, it will need to go through the login procedures again when the computer is awakened. This will cause some delay in returning to the Auction system.

### ***D.5 Using other software at the same time***

We recommend that Bidders do not open other web pages when they are accessing the EAS. Viewing other web pages (especially complex ones) at the same time as viewing EAS pages increases the risk of possible problems with their browser. Therefore, we recommend that ideally Bidders should dedicate one computer to running the EAS, and do not access other web pages or run other applications on this computer while using the EAS. This will help to minimise the risk of crashes or problems.

### ***D.6 Internet connection***

In order to use the EAS Bidders need an Internet connection. We recommend that Bidders use a reliable broadband Internet connection with a download bandwidth of 512kbit/s or higher. However, there are no complex graphics on any of the web pages served by the system and it should work adequately with any reasonable narrowband connection. Wireless connections may be adequate, but it is important that the latency of network connections to the EAS does not exceed 20-30 seconds to ensure reliable access. In the event of a temporary loss of contact between the Bidder and the EAS, the EAS will automatically log out the Bidder for security reasons, who will then need to go back through login procedures.

It is recommended that Bidders have a back-up computer and backup Internet connection that can be used in the case that either their primary computer or Internet connection fails.

### ***D.7 Display***

Bidders are recommended use a display with a screen resolution of 1280x1024 (or higher). Bidders can use a lower screen resolution, but Bidders may find that some tables are more difficult to view as they may require horizontal and vertical scrolling.

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

### **E. Definitions and glossary of terms**

Unless the context otherwise requires, the different terms and expression used in this Notice shall have the meaning assigned to them in this section:

2G	Second Generation
3G	Third Generation
3G Auction	Auction process for allocating 3G Spectrum blocks as per the provisions of the Notice
3G Spectrum	Radio spectrum frequencies in the 2.1GHz band (paired with 1.9GHz)
3G/BWA Services	In case of Successful Bidders, services offered under the scope of respective service licences using 3G/ BWA Spectrum assigned through the Auction process
Activity Rules	Shall have the meaning as described in Sections 5.3.5, and 6.3.5 of the Notice for the 3G Auction and the BWA Auction respectively
Aggregate Demand	The total number of Bids in the service area at a value equal to the Clock Round price in the last completed Clock Round
AGR	Adjusted Gross Revenue
Applicant	Person making an Application
Application	Application for participating in either the 3G Auction or the BWA Auction, to pre-qualify for the 3G Auction or the BWA Auction respectively
Application Form	Format for submitting the Application
Associated Licensees	For the 3G Auction – existing UAS/ CMTS licensees that have a Common Parent For the BWA Auction – existing UAS/ CMTS/ ISP licensees that have a Common Parent
Auctioneer	NM Rothschild & Sons (India) Private Limited and DotEcon Limited, in their capacity as advisers to the Government on the Auctions
Auction Administrator	DotEcon Limited, which will be responsible for administration of the e-auction
Auctions	The 3G Auction and the BWA Auction
Activity Requirement	The percentage of the Bidder's Eligibility Points (rounded up to the nearest whole number) that determines the level of activity that a Bidder must meet in that Clock Round in order to maintain its eligibility in the following Clock Round. This threshold is referred to as the Bidder's Activity Requirement in that Clock Round.
Auction Rules	Rules governing the conduct of the Auctions as described in the Notice

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

Authorised Person	Nominated authorised person for future correspondence with the Applicant having a Power of Attorney from the Applicant empowering him/ her to take all decisions connected with the relevant Auctions on behalf of the Applicant. Materials essential for bidding in the Auction(s) will be provided to the Authorised Person using contact details provided in a Bidder's Application
Bank Guarantee	A guarantee from a Scheduled Bank, in the prescribed format
Bid	Bidder's statement in each Clock Round of the Clock Stage (in the form of a yes/ no choice) offering to purchase spectrum usage rights for a block in the specified service area at the current Clock Round price, in accordance with the terms and conditions of the Notice
Bid Deposit	25% of the Successful Bid Amount required to be deposited by the Successful Bidders within 5 calendar days of the close of the Auction
Bidder	Pre-qualified Applicants that do not withdraw their Application before the withdrawal deadline
Bidder Participation Notice	Notice issued to pre-qualified Bidders that shall include each pre-qualified Bidder's Earnest Money Deposit received, Initial Eligibility points and an EAS Manual
BSNL	Bharat Sanchar Nigam Limited
BWA	Broadband Wireless Access
BWA Auction	Auction process for allocating BWA Spectrum blocks
BWA Spectrum	Radio spectrum frequencies in the 2.3GHz band (unpaired)
CDMA	Code Division Multiple Access
Clock Round	Individual rounds of the Clock Stage as described in the Auction Rules
Clock Stage	The first stage of the relevant Auctions as described in the Auction Rules
CMTS	Cellular Mobile Telephone Service
Common Parent	Single entity that controls, and also has at least 26% shareholding, directly or indirectly, in more than one UAS/ CMTS/ ISP licensee. In case of licensees that are listed on recognised stock exchanges, a company of the Promoter group could also qualify as a Common Parent, regardless of the level of shareholding
Confidential Information	Any information which, if known to other Bidders, would be likely to affect the price that the other Bidders would be prepared to bid in any of the Auctions. Such information would include (but not necessarily be limited to) the Bidder's business case, auction strategy and the highest price it is willing to bid for spectrum in any service area
DHQ	District Headquarter

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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DoT	Department of Telecommunications, Ministry of Communications & Information Technology, Government of India
EAS	Electronic Auction System
EAS manual	A manual explaining how to use the EAS that shall be provided to pre-qualified Bidders
Earnest Money Deposit	The earnest money (in the form of a Bank Guarantee from a Scheduled Bank) to be submitted along with the Application
Effective Date	In the context of rollout obligation and duration of awarded spectrum, the later of the date when the rights to commercially use the spectrum commences and the date when the relevant service licence, if applicable, is granted to the operator
Eligibility Points	Number of points associated with a service area based on the Reserve Price of spectrum in that service area
Excess Demand	The total number of bids received in a service area at a Clock Round price equal to the Clock Round price set in the last completed Clock Round minus the number of blocks available in that service area
Extension Budget	The cumulative maximum period for which each Bidder is allowed to seek extension of Clock Rounds in accordance with the Auction Rules. Reductions from the Extension Budget to be carried out in minimum steps of 10 minutes each; with parts rounded up
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board
Frequency Identification Stage	The second stage of the relevant Auctions as described in the Auction Rules
Government	Government of India
Group Bidding Entity	A single entity nominated by Associated Licensees corresponding to a single Common Parent, which shall be authorised to bid on their behalf in the relevant Auctions
GSM	Global System for Mobile communications
Initial Eligibility	Number of Eligibility Points allocated to a Bidder based on its Application and amount of Earnest Money Deposit, wherein the Eligibility Points are linked to the applicable Reserve Price for each service area
Insider	Any party to whom Confidential Information in relation to a Bidder is disclosed
ISP	Internet Service Provider
IT	Information Technology
ITU	International Telecommunication Union
M&A	Merger & Acquisition
Mock Auction	A mock auction to familiarise the Bidders with the Auction Rules and bidding methodology

## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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MTNL	Mahanagar Telephone Nigam Limited
New Bids	Bids in service areas where the Bidder has not been determined to be a Provisional Winning Bidder at the end of the last completed Clock Round and in service areas where the Bidder submits a bid in the current Clock Round
New Entrant Nominee ISP Licensee	The entity (either the Prospective New Entrant or a company nominated by the Prospective New Entrant in which the Prospective New Entrant has a minimum holding of at least 26% (directly or indirectly)) that acquires an ISP Category ‘A’ licence in a service area in case the Prospective New Entrant is declared the Successful Bidder in that service area in the BWA Auction
New Entrant Nominee UAS Licensee	The entity (either the Prospective New Entrant or a company nominated by the Prospective New Entrant in which the Prospective New Entrant has a minimum holding of at least 26% (directly or indirectly)) that acquires a UAS licence in a service area in case the Prospective New Entrant is declared the Successful Bidder in that service area in the 3G Auction or the BWA Auction
Nomination Form	Joint undertaking nominating the Group Bidding Entity jointly executed by each of the Associated Licensees along with the Group Bidding Entity
Nominee ISP Licensee	The entity (either the Group Bidding Entity or one of its Associated Licensees or a wholly-owned subsidiary of the Group Bidding Entity) that acquires an ISP Category ‘A’ licence in a service area in case the Group Bidding Entity is declared the Successful Bidder in that service area in the BWA Auction
Nominee UAS Licensee	The entity (either the Group Bidding Entity or one of its Associated Licensees or a wholly-owned subsidiary of the Group Bidding Entity) that acquires a UAS licence in a service area in case the Group Bidding Entity is declared the Successful Bidder in that service area in the 3G Auction or the BWA Auction
Notice	Notice Inviting Applications for participation in the Auctions together with any amendments thereof
Ownership Compliance Certificate	An undertaking from the Applicant confirming that it complies with the ownership restrictions in view of the other Applicants
Prospective New Entrants	Prospective Bidders who do not have a UAS/CMTS licence (for the 3G Auction) or a UAS/CMTS/ISP (category ‘A’ or category ‘B’) licence (for the BWA Auction)
Provisional Winning Bidders	Bidders who have submitted the Provisional Winning Bid
Provisional Winning Bid	At the end of any Clock Round, if n is the number of blocks available in a service area, the first n bids in each service area ranked according to the values of the bids and then, if necessary, using the tie-breaking criteria
Provisional Winning Price	The lowest round clock price at which the Provisional Winning Bids are submitted



## **Auction of 3G and BWA Spectrum – Notice Inviting Applications**

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Reserve Price	The minimum bid price per block in each service area as determined by the Government and notified in this Notice
SACFA	Standing Advisory Committee on Radio Frequency Allocation
SDCA	Short Distance Charge Area
Successful Bid Amount	The upfront fee for spectrum payable by the Successful Bidder, equal to the relevant Winning Price set in the Clock Stage for each frequency block being auctioned
Successful Bidder	A Bidder who at the end of the relevant Auctions is confirmed as a Winning Bidder for a particular service area by the Government
UAS	Unified Access Services
Winning Bids	Provisional Winning Bids at the end of the final Clock Round
Winning Bidders	Provisional Winning Bidders at the end of the final Clock Round
Winning Price	Provisional Winning Prices at the end of the final Clock Round
WPC	Wireless Planning and Coordination