



(By Hand/E-mail)

December 17, 2013

Advisor (B & CS)

Telecom Regulatory Authority of India

Mahanagar Doorsanchar Bhawan

Jawaharlal Nehru Marg,

New Delhi-110 002

Sub: Consultation Paper dated December 03, 2013 on "Migration of FM Radio Broadcasters from Phase-II to Phase-III"

Kind Attn: Mr. Sunil Kumar Singhal

Dear Mr. Singhal,

At the outset we appreciate the opportunity given by the authority to provide our comments on the Consultation Paper referred hereinabove.

We are enclosing our comments in this respect for your reference and records and it may be noted that the above views/ recommendations/ submissions/ suggestions have been made by us without prejudice to our legal rights and contentions with regard to jurisdiction and other legal issues and we reserve our right to modify our response at any time.

Thanking You,

Yours Faithfully,

For HT Media Limited


Prateek Chandra

(Chief Finance Officer)



HT Media Ltd.

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TRAI CONSULTATION PAPER

ON

MIGRATION OF FM RADIO BROADCASTERS FROM PHASE-II TO PHASE-III

RESPONSE OF

HT MEDIA LIMITED



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ISSUES UNDER CONSULTATION

Q1. What should be the date of migration for FM Radio operators to migrate from Phase-II to Phase-III?

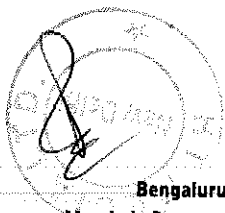
We propose that the migration to the new regulations governing Phase III i.e. signing of Grant of Permission Agreement (GOPA) should be done at the earliest possible, more specifically by 1st April 2014.

Justification

1. The regulation changes will provide clarity to the existing players and its immediate implementation will result in early accrual of these benefits to the radio operators, which in turn will help the Phase III bidding process.
2. Phase III auctions were announced on 12th March 2012 in President of India's address to Parliament. Since then, there is no confirmation on the date of auctions which has created lot of uncertainties with respect to the future of the industry. As most of the Phase II licenses are coming to an end, we strongly urge that the migration should happen at the earliest in the interest of the stakeholders and the survival of the industry.
3. Migration of Phase II operators to Phase III is an independent process and will help the Phase III auction process, therefore should be done prior to commencement of Phase III auction.

Q2. Do you agree that period of permission of the existing Phase-II operators, on their migration from Phase-II to Phase-III, should be 15 years from the date of migration? In case the answer is in the negative, please suggest the alternative period of permission?

We are of the view that the period of permission should be 15 years from the date of expiry of 10 year license under phase II instead of date of migration



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Justification

1. Since all operators have paid in advance a sum of money for a ten year license, it is only fair that the entire ten year period is completed before commencement of fresh lease of 15 years.

Q3. Do you agree with the methodology of charging migration fee, as NOTEF minus the residual value of Phase-II licence, from the existing Phase-II operators on their migration from Phase-II to Phase-III? In case the answer is in the negative, please suggest the alternate methodology to charge the migration fee.

1. We do not agree with the proposed methodology of determining migration Fee as indicated in the consultation paper for the following reasons:
 - As per the MIB's plans, Phase-III auctions are being conducted only for a limited number of frequencies in the major markets. Accordingly the bid of these frequencies will lead to factor a scarcity premium in the bidding price of Phase III.
 - We suggest that the migration fee should abide the principal of migration followed during migration from Phase I to Phase II and should be computed as the average of OTEF of all bids including vacant ones in that city.
2. Since the migration date will be after expiry of 10 years license under Phase II, So there will be no residual value of Phase II license.

Q 4. Stakeholders may also provide their comments on any other issue relevant to the present consultation.

1. We request that a deferred payment plan for NOTEF be considered.

The recent spectrum auction polices for Telecom have a deferred payment plan The same benefit should be allowed to the FM Radio industry, which as an industry, has just about reached break even stage and the industry now needs to invest not only in extension but also in a massive growth jump in terms of number of stations and cities covered.

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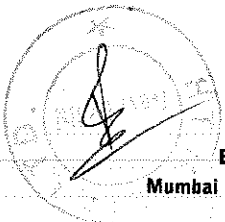
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Therefore we propose

1. An Upfront NOTEF of : 10%
2. Moratorium Period : 2 years
3. Interest rate of : 9%
4. Balance payment : Annually over the extension period

2. Relaxation in one of the preconditions for Phase III migration

One of the preconditions for migration (Reference to clause 1.3 of consultation paper) was to get a clearance from BECIL for payment of all outstanding dues and to resolve all the disputes with existing FM radio permissions/operations. As this matter is subjudice before honorable High Court of Delhi and we are uncertain about the timelines for closure of the same, we believe that this precondition should be set aside.

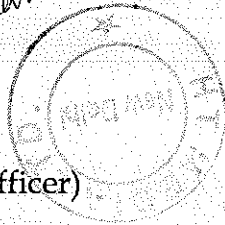
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