



KAL RADIO LIMITED

Murasoli Maran Towers, 73, MRC Nagar Main Road, MRC Nagar, Chennai - 600 028. INDIA
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17/12/2013

To

Mr. Sunil Kumar Singhal,
Advisor (B & CS),
Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg
New Delhi-110002

Dear Sir,

Sub.: Comments on the consultation paper on Migration of FM Radio Broadcasters from Phase-II to Phase-III

With reference to your consultation paper inviting comments from the stakeholders on Migration of FM Radio Broadcasters from Phase-II to Phase-III, we are providing our comments below for your kind consideration.

Q 1. What should be the date of migration for FM Radio operators to migrate from Phase-II to Phase-III?

Ans :- We would like to propose migration to the new regulations governing Phase III i.e. signing of Grant of Permission Authority (GOPA) should be 30th May 2014. However, the new 15 year license period and migration fees payment thereof should commence from the expiry of the existing license for that particular city. The existing Phase II operators can provide an undertaking that the appropriate migration fees will be paid upon the expiry of the ten year license period.

This is justifiable on the following grounds :

1. Since all operators have paid in advance a sum of money for a ten year license period, it is only fair that the new migration fee shall be payable only after the completion of the entire ten year period for the existing licences.





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2. Since many of the radio operators are still incurring losses and few of them have just reached the breakeven stage, therefore it would only be appropriate that the 15 year license period and migration fees payment thereof should be only upon the expiry of the 10 year license under Phase II.

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?

Ans : We completely agree that the period of permission should be 15 years from the date of expiry of 10 year license under phase II.

Q3. Do you agree with the methodology of charging migration fee, as NOTEF minus the residual value of Phase-II license, 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.

Ans : We do not agree with the methodology indicated in the consultation paper due to the following :-

- a) We understand that Phase-III auctions are being conducted only for a limited number of "left-over" frequencies in the major markets by MIB. For example, there is only one frequency on auction in Delhi (out of total nine) and just two in Mumbai. Making the bid for single / double frequency the migration fee for all other frequencies in these cities will be completely lopsided and unfair.
- b) There are several cities like Kolkata, Indore and others where no Phase-III auctions are taking place. Determination of migration fee in these cities will be a question ?
- c) As mentioned earlier, there is no certainty about the timing of the Phase-III auctions.

Proposed Methodologies

First Preference: Migration fee should follow the principal followed in migration from Phase I to Phase II and should be computed as the average of the OTEF of bids in that city + 30% increase. The fee should be average of bidding during phase 2





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Second Preference: The fees for migration, along with extension for 15 years from the date of migration, should be equal to the highest of the Phase 2 bids in each city .”

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

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

The recent spectrum auction policies for Telecom have a deferred payment plan The same benefit should be extended to the FM Radio industry,

Therefore we propose a staggered payment of NOTEF as follows,

1. An Upfront NOTEF of 10%
2. Moratorium Period of 2 years
3. Balance payment to be spread annually over the extension period

We request you to consider our above mentioned views.

Thanking you,

Yours truly,
For KAL RADIO LIMITED

(C.Venkatesh)
Authorised Signatory.