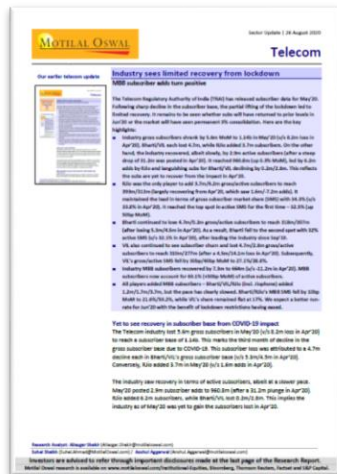


Telecom

Our earlier telecom update



Spectrum auction coming soon!

Telcos need to wait for 5G spectrum

- On 16th Dec'20, the Union Cabinet approved the auction of the 700MHz, 800MHz, 900MHz, 1800MHz, 2300MHz, and 2500MHz spectrum bands for a validity of 20 years. The auction process may start by the last week of Jan'21 (NIA may be rolled out this month). As a result, the auction could happen before March'21, in line with our expectation.
- In the upcoming auction, total spectrum of 2251.25MHz would be auctioned with a steep valuation of INR3.9t. As per TRAI's latest reserve price, the value of the 700MHz spectrum stood at a whopping INR2.3t; the remaining spectrum is valued at INR1.6t.
- The auction would cater largely to the renewal of expiring spectrum coming up in FY22, along with fresh spectrum in the remaining bands. BHARTI/VIL/RJio would require capex of INR130b/INR83b/INR280b at reserve price to renew their expiring spectrum ([see report](#)). Furthermore, telcos would need to furnish additional capex to buy fresh spectrum.
- Similar to previous auctions, telcos would have the option to pay a 25% upfront price for the 700MHz, 800MHz, and 900MHz bands and a 50% upfront price for the rest of the bands. The remaining amount would be payable in installments over 16 years post a two-year moratorium.
- The steep pricing of the 700MHz spectrum has been maintained, leaving limited interest among telcos to buy this spectrum at such an exorbitant price.
- Lastly, the 5G-recommended 3,300–3,600MHz spectrum band is not being offered in the upcoming auction, leaving limited option for telcos to foray into 5G before the next auction.

Valuation of spectrum offered

Particulars	Amount in INR b
Valuation of spectrum offered	3,923
Value of 700MHz spectrum	2,299
Value of remaining spectrum	1,625

Source: MOFSL, Company, Media articles