

TELENOR'S DILEMMA: THE 2G SPECTRUM SCAM IN INDIA¹

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“Norway’s Telenor writes down \$722 million on India unit Uninor,”² *The Economic Times* reported, after the Supreme Court of India cancelled the 2G (second-generation) mobile licenses issued in 2008 to numerous companies. This revocation was declared on the grounds that the entire allocation of 2G licenses was done in an arbitrary and unconstitutional manner, costing a loss of nearly \$40 billion in revenues to the state exchequer. Uninor (a company formed as a joint venture shared by Norway’s Telenor communications company and India’s Unitech Wireless), with a subscriber base of 36 million, was shocked by the top court’s judgement and claimed “it was unfairly treated.”³ The key question for Telenor was whether it should contest the judgement to win back the licenses or entirely exit Indian operations. Telenor had two possible options: offload the liability onto Unitech Wireless, as Telenor had already overpaid for the licenses, or exit the business, putting the responsibility on Unitech to bear the exit charges of the business.

TELECOM INDUSTRY IN INDIA

The telecommunication industry in India was one of the most swiftly growing sectors in the world with stupendous growth over the last decade.⁴ It was regarded as the third largest in the world and the second largest among the emerging economies of Asia. Besides the public sector, the private segment had made significant contributions that had turned the industry into one of the key contributors to the Indian success story.⁵ It had an impressive growth trajectory, adding nearly 9 million subscribers per month, bringing the mobile subscriber base to over 903 million by January 2012.⁶ A white paper published by BCG in January 2011 brought about a wave of confidence among industry experts as it indicated that the Indian telecom

¹ This case has been prepared on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Telenor or any of its employees.

² “2G verdict: Norway’s Telenor Writes Down \$722 Million on India Unit Uninor,” *The Economic Times*, February 3, 2012.

³ Ibid.

⁴ “Telecommunication Companies in India,” *Business Maps of India*, <http://business.mapsofindia.com/communications-industry/companies/>, accessed May 5, 2012.

⁵ “Telecommunication Sector Report: March 2012,” India Brand Equity Foundation, www.ibef.org/artdispview.aspx?cat_id=470&art_id=31227&in=72, accessed June 6, 2012.

⁶ Ibid.

market would surpass the \$100 billion mark by 2015.⁷ This report contradicted the prevalent common belief that growth in the telecom sector had reached a saturation point.⁸ The difference was that the market for voice was flattening while growth was expected in the field of services.

In 1994, when mobile phones were introduced in India, the country was divided into 23 circles and licenses were issued as per these circles. The circles were classified into four categories — Metros, A, B and C — on the basis of revenue potential; Metro and A circles were expected to have the highest potential. The telecom market in India was highly competitive compared to other countries, and there were over 11 operators in each circle, which was unheard-of anywhere else in the world. Different players included Airtel, Reliance, Vodafone (earlier Hutch), Idea, Tata, state-owned BSNL (Bharat Sanchar Nigam Limited) and many more. All dominant players offered GSM technology, while Reliance and Tata also offered CDMA technology space. Overall, GSM had a total share of 88 per cent of subscribers.⁹ There were a few new players such as Aircel, Unitech-Telenor, Etisalat DB and Shyam-Sistema, which had obtained a licence and spectrum to launch mobile services. Among these new players, Shyam-Sistema had been planning to launch with CDMA services, while the others were in the beneficial GSM space (see Exhibit 1).

Some of the key factors that were expected to fuel the growth of the sector included increased access to services owing to the launch of new telecom technologies such as 3G and broadband wireless access (BWA), changing preferences of the consumers, emerging technologies such as cloud computing and supportive government policies. An important characteristic of the telecom industry in India was its relatively high penetration levels in urban areas as compared to that in rural areas.¹⁰ In order to capitalize on the growing disposable income levels of the rural population, the mobile operators had started to explore and expand into these uncovered areas. Adopting telecommunications as a means of social change in sectors such as health care, banking and education in rural areas enabled mobile services such as m-Health, m-Commerce and m-Learning, respectively, to be major enablers of economic growth and social modernization in India.

TELENOR — ABOUT THE COMPANY

Headquartered in Fornebu, Norway, Telenor was a telecommunications company with operations in 11 countries and over 146 million mobile subscriptions. Started in 1855 in telegraphs, the company had evolved to the present status of housing 30,000 employees with revenues reaching NOK 98.5 billion (US\$16.5 billion)¹¹ for the year 2011.

Telenor used a dual strategy in its global expansion. In countries such as Denmark, Hungary, Montenegro, Norway, Pakistan, Serbia and Sweden, Telenor provided communication services by establishing its own subsidiaries either through acquisitions or mergers.¹² However, in many Asian economies, it chose to enter into joint ventures with local partners. Initiating this odyssey, Telenor created a joint venture with DiGi in 1995 with 49 per cent of the stake in DiGi Telecommunications. Headquartered in Malaysia, DiGi was one of the forerunners in the provision of innovative

⁷ "Indian Telecom Sector to Grow to \$100 bn by 2015: BCG," *The Economic Times*, January 12, 2011.

⁸ *Ibid.*

⁹ "Snapshot: Indian Telecom Market," *Telecom Circle*, www.telecomcircle.com/2009/06/india-telecom/, accessed July 5, 2012.

¹⁰ "Technology, Media and Telecommunications (TMT) Predictions," *India 2012 Report*, Deloitte Touche Tohmatsu India Private Limited, published January, 2012.

¹¹ <http://telenor.com/about-us/telenor-at-a-glance/>, accessed June 15, 2012.

¹² <http://telenor.com/global-presence/>, accessed June 15, 2012.

telecommunication services there.¹³ In 2001, Telenor partnered with CAT Telecom Public Company Ltd., formerly known as the Communications Authority of Thailand, to create DTAC, under a 27-year “Build-Transfer-Operate” concession granted by CAT.¹⁴ Grameenphone, one of the biggest teleservice providers in Bangladesh, was once again a joint venture between Telenor and Grameen Telecom Corporation of Bangladesh.¹⁵ In India, Telenor entered into a joint venture with Unitech Wireless in 2008 to form Uninor.¹⁶

Apart from telecommunication services, Telenor also was one of the foremost service providers of television and broadcasting services to both households and enterprises in the Nordic region.¹⁷ The Telenor Group of Business also had its own subsidiaries and joint ventures to develop Telenor’s core business, and a few of these had been seen as pure financial investments. These companies included Comoyo (provider of entertainment solutions), Telenor Connexion, Maritime Communication Partner AS (MCP), Telenor Global Services AS (TGS), More Mobile Relations and Aeromobile Ltd., all based in Norway.¹⁸

The Telenor Group was also associated with many other companies such as VimpelCom Ltd. of the Netherlands, C More Entertainment of Sweden, A-pressen of Norway, Evry of Oslo and Kjedehuset of Norway. Telenor had a significant influence on the financial and operational decisions for these companies but did not have control over their policies.¹⁹

Telenor’s joint venture with Unitech Wireless Ltd. had resulted in the formation of Uninor Telecommunications India Ltd. Uninor was the telecom company most affected when the 2G scam surfaced; a total of 22 licenses that had been issued to Uninor were cancelled. This was the highest casualty for any single service provider.²⁰

OTHER PLAYERS WITH FOREIGN INVESTMENTS

MTS India

Formerly known as Sistema Shyam Teleservices Limited (SSTL), MTS India was a joint venture between the Shyam Group of India and Sistema of Russia. Sistema was incorporated in Russia in 1993 and had emerged as one of that country’s Top 10 companies in terms of revenues.²¹ Its line of businesses included various sectors such as construction, electronics, oil refining, real estate, telecommunication, tourism and trade. Initially, in 2007, Sistema acquired 10 per cent of SSTL, immediately followed by an agreement to acquire an additional 41 per cent stake. Sistema also entered into a call option to raise its stake from 51 per cent to 74 per cent during the same year; the transaction was worth US\$46.74 million.²² Finally, Sistema became the majority share holder in this joint venture with a 74 per cent equity stake, while the Shyam Group owned a 23.5 per cent minority stake and the remaining 2.5 per cent was public partake. SSTL joined Mobile TeleSystems OJSC (MTS) of Russia and brought MTS to India. Globally, MTS was the eighth largest telecom operator in the world and was ranked seventy-one of the 100 top global brands

¹³ www.digi.com.my/aboutus/digi_ir/landing.do?, accessed June 15, 2012.

¹⁴ www.dtac.co.th/2009/eng/about/index.html, accessed June 15, 2012.

¹⁵ www.grameenphone.com/about-us, accessed June 15, 2012.

¹⁶ www.uninor.in/UninorDtl/aboutus/Pages/Keymilestones.aspx, accessed June 15, 2012.

¹⁷ <http://telenor.com/about-us/our-business/telenor-broadcast/>, accessed June 15, 2012.

¹⁸ <http://telenor.com/about-us/our-business/other-units/>, accessed June 15, 2012.

¹⁹ <http://telenor.com/about-us/our-business/associated-companies/>, accessed June 15, 2012.

²⁰ “2G scam: Supreme Court Verdict Factbox,” *The Times of India*, February 2, 2012.

²¹ www.sistema.com/, accessed June 18, 2012.

²² www.sistema.com/about-sistema/history.aspx, accessed June 18, 2012.

by Milward Brown.²³ SSTL was issued a total of 21 licenses in 2007, making it the second largest licence holder, but the Supreme Court verdict ordered all of its licenses to be cancelled.²⁴

Etisalat-DB

Headquartered in Abu Dhabi, United Arab Emirates, Etisalat partnered with two Indian entities, Dynamix Balwa (DB) Realty Ltd. and Reliance Communications Ltd., to venture into the Indian telecommunication sector. DB Realty was incorporated in 2007 and had built a strong reputation in quality residential, commercial and gated community projects. The company's portfolio consisted mostly of projects focusing in and around Mumbai.²⁵ Reliance Communications was one of the businesses of the Reliance Group headed by Anil Ambani and an offshoot of the group founded by Dhirubhai Ambani. It was the flagship company of the Reliance Group with over 150 million customers.²⁶

Founded in 1976, Etisalat was one of the largest service operators in the Middle East and Africa region. Having grown multifold since then, it operated in nearly 18 countries and had ventured into India as Etisalat DB with Mumbai as its headquarters. It was one of the latest entrants in the burgeoning Indian telecom industry. The company was given 2G licenses to operate in 15 circles, but all were later cancelled by the Supreme Court.²⁷ Etisalat was in talks with Reliance Communications to buy a 25 per cent stake in the company; however, the deal was not finalized.²⁸

IDEA Cellular

Another company headquartered in Mumbai, IDEA Cellular was initially an amalgamation of three business groups — Birlas, Tatas and AT&T of the United States — with each of them holding one-third of the equity. The stakes held by Tatas and AT&T were sold off when Tata decided to start its own telecommunications company and AT&T merged with Cellular Wireless in 2004. IDEA Cellular had equities owned by Aditya Birla Group of India, Axiata Group of Malaysia and Providence Equity of the United States.²⁹

Spanning seven countries — India, Singapore, Sri Lanka, Cambodia, Indonesia, Bangladesh and Malaysia — Axiata was one of the giant Asian telecommunication companies.³⁰ Established in 1989, Providence Equity was one of the world's premiere private equity firms, with investments in more than 130 companies and over US\$23 billion of capital management.³¹ IDEA Cellular was one of the largest mobile service operators in India with its wireless revenue market share at 13.9 per cent in the first quarter of the fiscal year 2012.³² All 13 licenses issued to IDEA Cellular were cancelled by the Supreme Court.

²³ www.mtsindia.in/corporate/downloads/MTS%20receives%20National%20Telecom%20Award.pdf, accessed June 18, 2012.

²⁴ "Supreme Court Scraps UPA's 'Illegal' 2G sale," *The Hindu*, February 2, 2012.

²⁵ www.dbrealty.co.in/, accessed June 18, 2012.

²⁶ www.rcom.co.in/Rcom/aboutus/overview/overview_business.html, accessed June 18, 2012.

²⁷ www.etisalat.ae/eportal/en/corporate/company-profile.html, accessed June 18, 2012.

²⁸ "UAE's Etisalat in Talks to Buy 25% Stake in Reliance Communications," *The Times of India*, June 2, 2010.

²⁹ www.axiata.com/operating-companies/india, accessed June 19, 2012; www.provequity.com/portfolio/index.asp?Section=0,2,1&, accessed June 19, 2012.

³⁰ www.axiata.com/about-us/at-a-glance, accessed June 19, 2012.

³¹ www.provequity.com/about_us/index.asp?Section=1,0,0, accessed June 19, 2012.

³² www.ideacellular.com/wps/wcm/connect/aboutus/idea/info/overview, accessed June 19, 2012.

S Tel

A joint venture between the Indian company Siva Group (formerly Sterling InfoTech Group) and Batelco (Bahrain Telecommunications Company), S Tel was one of the latest and youngest entrants in the Indian telecom sector. It had launched its mobile telephone services in India at the end of 2009.³³

Started in 1986 by C. Sivasankaran, the Siva Group was a US\$3 billion conglomerate, with operations in real estate, telecommunications, project engineering, shipping, energy, agricultural exports and e-education software. Aircel, the company's mobile brand, had created strong waves in the telecom industry, and it had quickly become one of the major players in India.³⁴

The Batelco Group, headquartered in Bahrain, had offered its telecommunication services to its customers in seven countries — Jordan, Kuwait, Saudi Arabia, Yemen, Egypt and India. The group's overseas operations contributed nearly 30 per cent of operating profits and 37 per cent of total revenue.³⁵

Some of the other domestic players to whom the 2G licenses were issued included Loop Mobile (formerly known as BPL Mobile) owned by the Khaitan Holding Group, Videocon Telecommunications Ltd. owned by the Videocon group of India and Tata Teleservices owned by the Tata Group. Twenty-one licenses each of Loop Mobile and Videocon and three of Tata Teleservices were also cancelled under the Supreme Court verdict³⁶ (see Exhibit 2).

THE VIOLATIONS — BONE OF CONTENTION

The major violations observed in the licence grant procedure³⁷ were as follows (see Exhibit 3):

- The entry fee for the spectrum licence issued in 2008 was pegged with the 2001 price. There were neither any revisions nor any changes made to the pricing of the licence despite the huge demand push inflation that had soared multifold during that period. The number of mobile users was 4 million in 2001 but had shot up to 350 million by 2008. This was a clear indicator that should have ensured a change in the prices before the auctioning started.
- Many new entrants with no prior experience in the telecom sector were allowed in the bidding process, including Unitech and Swan Telecom.
- Rules were changed once the bidding process had begun, and the cut-off date for the bidding of the licence was advanced by a week without any prior notification.
- The licenses were issued on a first-come-first-served (FCFS) basis, and the then telecom minister, A. Raja, ignored the recommendations of the Finance Ministry, Law Ministry and the Telecom Regulatory Authority of India (TRAI). TRAI had recommended auctioning of the spectrum licence at market rates. Auctioning of the licenses was not followed, and hence the market price was not achieved.³⁸
- A total of nine companies only were issued licenses in spite of the fact that there was no restriction on the number of operators.
- Unitech and Swan Telecom received licenses for INR 1.537 billion (US\$307 million) and INR 1.661 billion (US\$332 million) respectively and later sold their stakes of 45 per cent and 60 per cent for

³³ <http://stel.in/Open/Company.aspx>, accessed June 20, 2012.

³⁴ *Ibid.*

³⁵ www.batelcogroup.com/en/about-us.aspx, accessed June 20, 2012.

³⁶ *Ibid.*

³⁷ "What is 2G Spectrum Scam?," NDTV, May 5, 2011.

³⁸ "What is 2G? What is 2G Scam?," MSN News, February 4, 2012.

INR 4.2 billion (US\$840 million) and INR 6.0 billion (US\$1.2 billion) to Etisalat and Telenor respectively. Both the companies had taken their valuation up to INR 10.0 billion (US\$2 billion) without even having a single subscriber.

SUPREME COURT VERDICT AND ITS IMPACT

Telenor's operations in India were among the most affected by the Supreme Court of India's judgement that quashed the total of 122 licenses awarded in 2008 by Telecom Minister A. Raja.³⁹ The licenses were cancelled on the grounds that the entire allocation was made in an arbitrary and unconstitutional manner. However, the affected companies were allowed to continue their operations until new rules were finalized. The Supreme Court pointed out the basic flaw in the FCFS basis in matters that involved the use of public property. It involved a constituent of chance, thereby leading to intrinsically risky repercussions.

The verdict, though hailed by anti-corruption crusaders, left the investors, vendors and banks upset about their billions of dollars going down the drain. The global telecom operators had followed the governmental policies in force at the time and had set up their operations in India through joint ventures with companies to whom the licenses were already awarded in the controversial sale. The top court ruling ultimately turned out to be a serious attack on lawful investments made by foreign operators in India, notably Norway's Telenor and Russia's Sistema. Expressing disappointment with the decision, Telenor and Sistema approached the Indian government to resolve the licence-related disputes without jeopardizing their investments, citing bilateral treaties.

The Supreme Court's verdict had a multi-level impact that affected all stakeholders involved — customers, banks, incumbents in the telecom sector and the Indian government. The ruling affected nearly 79 million connections; however, with mobile number portability in place, customers had the option to migrate to a different service without having to change their existing numbers. Companies such as Airtel and Vodafone would get the customers of the affected firms; this would in turn lead to consolidation and infrastructure sharing deals. Banks had lent nearly US\$60 billion to players such as Unitech, Etisalat DB, Loop, Datacom and S Tel and, as a consequence, had been exposed to relentless stress.⁴⁰ The embarrassing indictment of government policy could hurt investors' confidence and might deter foreign players from entering Indian operations. Thus, the scam and its proceedings were perceived to hit the Indian business investment outlook and were criticized severely by the international community and global organizations.

MAJOR CASUALTIES

The Supreme Court's order revoking all the 122 licenses that were granted in the scandal-tainted sale led to varied impacts on the players in the telecom industry. Following is a brief survey of the major casualties.

- All the 22 telecom licenses granted to Unitech Wireless stood cancelled as the company had suppressed facts and had submitted false certificates for paid-up capital to cover the fact that it had less share capital than required. Though the operations were not stalled immediately, Unitech

³⁹ "Telenor Threatens to Exit India if Govt Accepts TRAI's Proposals," *The Economic Times*, April 30, 2012.

⁴⁰ "2G scam: Supreme Court Verdict Cancelling 122 Telecom Licences Leaves Foreign Investors Shocked," *The Economic Times*, February 3, 2012.

was given the adequate period of five months to discontinue its operations. Telenor, the majority stakeholder in Uninor, revoked its contract with its Indian partner, Unitech, and brought a claim against it seeking indemnity and compensation for the investment made.

- Batelco, the telecommunications company from Bahrain, declared its agreement to sell its entire investment to its Indian partner Sky City Foundation Ltd, for US\$174.5 million and abandoned its operations in India.⁴¹
- Shahid Balwa and Vinod Goenka, promoters of DB Realty, were sued by their foreign partner, Etisalat of Etisalat-DB Telecom, which accused them of fraud and falsification.

TELENOR'S PERSPECTIVE

The shares of Telenor at the Oslo Stock Exchange in Norway fell on February 2, 2012 as a consequence of the verdict, before moderately moving up later (see Exhibit 4). Following the recommendations of the top court and the recommendations on the 2G spectrum auction by TRAI, Telenor sensed that uncertainty had risen considerably and thus excluded India from its financial outlook for 2012. On one side, Telenor held its Indian partner Unitech liable for breach of warranties related to the cancellation of licenses and sought compensation for its entire investment, guarantees and the damages caused by the Supreme Court order. On the other side, Telenor was all set to write off its investments as a precautionary measure. As an outcome, Telenor's first quarter results in 2012 reported a 79.12 per cent plunge in its net profit due to a US\$682 million write-off from its Indian operations.⁴²

THE ROAD AHEAD FOR TELENOR

India had been a difficult market filled with constant surprises, and the Supreme Court's decision could allow Telenor to quit the Indian market where it had always struggled. Telenor's decision to exit India owing to the decision to revoke the licenses might be a blessing in disguise as investors and analysts were of the opinion that the company needed to close down its operations in India to stop the losses. With TRAI recommending a tenfold higher base price for the revised spectrum auction, Telenor's prospective costs could well exceed its limit, leaving the exit option as the viable choice.⁴³ On the other hand, Telenor Group planned to set up a new Indian company to take operations forward in that country. This move could allow Telenor Group to take up to 74 per cent ownership, allowing the telecom giant to float a new joint venture and continue to focus on its long-term objectives of staying and expanding in India, which was the second largest cellular market in the world by subscribers (as on December 2011).⁴⁴ Now the key question remained: should Telenor try to win back the licenses or should it exit operations in India?

⁴¹ "2G Verdict Claims First Casualty: Bahrain Telco Pulls out of India and Cancels STel Joint Venture," *Mail Online India*, February 8, 2012, www.dailymail.co.uk/indiahome/indianews/article-2098454/2G-verdict-claims-casualty-Bahrain-telco-pulls-india-cancels-STel-joint-venture.html, accessed on May 19, 2012.

⁴² "Telenor Q1 Net Slumps 79% on India Write-off," *Business Standard*, May 8, 2012.

⁴³ "Hike in 2G Spectrum Prices: Telco Stocks Hammered," *The India Today*, April 25, 2012.

⁴⁴ *Ibid.*

Exhibit 1

TELECOM OPERATORS & THEIR MARKET SHARE IN INDIA (JANUARY 2012)

Telecom Operators	Market Share (Per Cent)
Airtel	20
Reliance	17
Vodafone	16
Idea	12
BSNL + MTNL	11
Tata	9
Aircel	7
Others	8
Total Market Share	100

Source: "Snapshot: Indian Telecom Market," www.telecomcircle.com/2009/06/india-telecom/, accessed June 10, 2012.

Exhibit 2

TELECOM REGIONS FOR WHICH LICENCES WERE GRANTED

NAME OF COMPANY	NUMBER OF LICENCES ISSUED & CANCELLED	REGION FOR WHICH LICENCES WERE GRANTED
Uninor	22	Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, Uttar Pradesh (East), Assam, Bihar, North East, Orissa, Uttar Pradesh (East), West Bengal, Andhra Pradesh, Kerala, Karnataka, Gujarat, Madhya Pradesh, Maharashtra, Kolkata, Delhi, Mumbai and Tamil Nadu (including Chennai)
Sistema Shyam Teleservices Limited (MTS India)	21	Madhya Pradesh, Kerala, Kolkata, Punjab, Uttar Pradesh (East), Uttar Pradesh (West), West Bengal, Andhra Pradesh, Delhi, Haryana, Karnataka, Maharashtra, Orissa, Tamil Nadu (including Chennai), Assam, Jammu & Kashmir, North East, Mumbai, Bihar, Gujarat and Himachal Pradesh
Loop Mobile (Formerly BPL)	21	Bihar, Gujarat, Himachal Pradesh, Kerala, Kolkata, Punjab, Rajasthan, Uttar Pradesh (East), Uttar Pradesh (West), West Bengal, Andhra Pradesh, Delhi, Haryana, Karnataka, Maharashtra, Orissa, Tamil Nadu (including Chennai), Assam, Jammu & Kashmir, Madhya Pradesh and North East
Videocon	21	Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Kolkata, Madhya Pradesh, Maharashtra, North East, Orissa, Rajasthan, Tamil Nadu (including Chennai), Uttar Pradesh (East), Uttar Pradesh (West), West Bengal, Delhi and Mumbai
Etisalat	15	Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu (including Chennai), Uttar Pradesh (East), Uttar Pradesh (West), Delhi, Mumbai Bihar and Madhya Pradesh
IDEA	13	Jammu & Kashmir, Assam, North East, Orissa, Punjab, Karnataka, Kolkata, West Bengal, Tamil Nadu, Delhi, Andhra Pradesh, Haryana and Maharashtra
S Tel	6	Jammu & Kashmir, Assam, North East, Orissa, Bihar and Himachal Pradesh
Tata Teleservices	3	Jammu & Kashmir, Assam and North East

Source: "List of 2G Licences Cancelled by India's Supreme Court," <http://indiatoday.intoday.in/story/2g-scam-licenses-cancelled-by-supreme-court/1/171700.html>, accessed June 18, 2012.

Exhibit 3

TIMELINE OF EVENTS — 2G SPECTRUM SCAM

2G Scam Timeline	
Date	Important Events
May 2007	A. Raja takes over as Telecom minister
Aug 2007	Process of allotment of 2G spectrum licenses initiated by DoT
Nov 22, 2007	Finance Ministry raises concerns over procedure adopted by DoT
Jan 10, 2008	DoT decides to issue licenses on first-come-first-served basis
2009	CVC directs CBI to investigate the irregularities in allocation
Oct 21, 2009	CBI registers a case and files an FIR against "unknown officers of DoT and unknown private persons/companies"
Oct 22, 2009	CBI raids DoT offices
May 6, 2010	Telephone conversation between Raja and political lobbyist Nira Radia is made public by media
Nov 10, 2010	CAG submits report on 2G spectrum to government, stating loss of US\$32 billion to exchequer
Nov 14, 2010	Raja resigns as telecom minister
Nov 25, 2010	Supreme Court ticks off CBI for not questioning Raja
Dec 2, 2010	Government places recorded tapes in the Supreme Court
Feb 2, 2011	Raja, former telecom secretary Siddhartha Behura and Raja's former personal secretary R.K. Chandolia arrested and next day remanded in CBI custody
Feb 24, 2011	CBI tells Delhi Court that Shahid Balwa of DB Realty facilitated transaction to Kalaignar TV
Apr 2, 2011	The CBI files its first charge sheet in the 2G spectrum allocation scam
Apr 25, 2011	CBI files second charge sheet and court issues summons to Kanimozhi, Sharath Kumar and Karim Morani*
May 7, 2011	Court reserves order on Kanimozhi and Sharad Kumar's bail applications
May 14, 2011	Court defers order on their bail pleas for May 20
May 20, 2011	Court rejects bail pleas of Kanimozhi and Sharad Kumar and orders their arrest

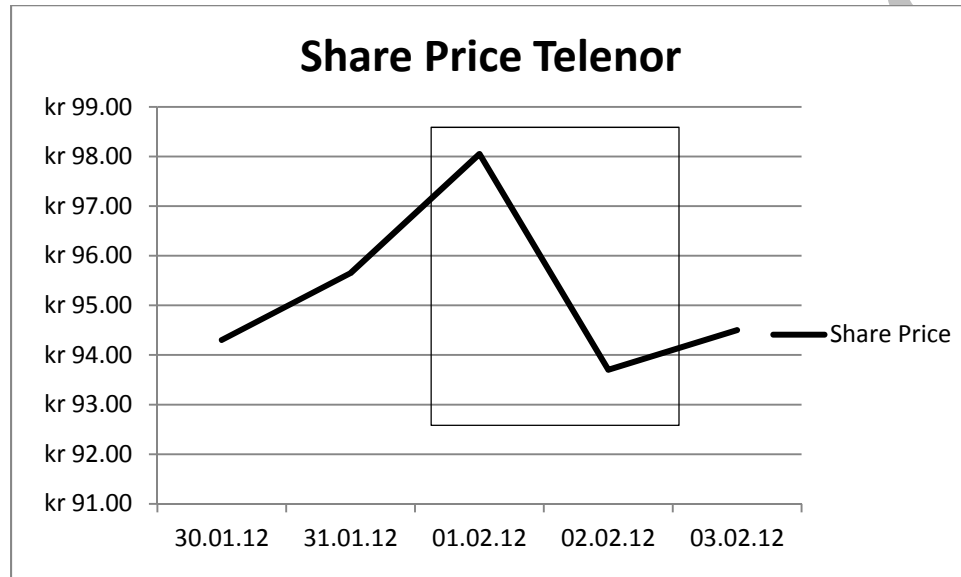
Note: DoT=Department of Telecommunications; CVC = Central Vigilance Commission (addresses issues of government corruption); CBI = Central Bureau of Investigation; FIR = First Information Report; CAG = Controller and Auditor General.

*These people were accused of involvement in the 2G Scam in India: Kanimozhi was a member of parliament representing the state of Tamil Nadu, India in the Rajya Sabha and the daughter of five-time chief minister of Tamil Nadu, M. Karunanidhi. Sharath Kumar was the managing director of Kalaignar TV in Tamil Nadu. Karim Morani was the promoter and director of Cineyug Films.

Source: Timeline 2G Spectrum Case, www.sify.com/news/Timeline-2G-spectrum-case-imagegallery-national-lfluxs1cjgee.html?html=5, accessed July 25, 2012.

Exhibit 4

SHARE PRICE MOVEMENT OF TELENOR



Source: Created by authors from www.oslobors.no/, accessed July 26, 2012.