



GUIDELINES FOR THE SUBMISSION OF PROPOSALS RELATING TO THE OPERATIONS AND SERVICE PROVISIONING FOR TELECOMMUNICATIONS AND RELATED VALUE-ADDED SERVICES

1. INFORMATION TO BE PROVIDED IN APPLICATIONS

1.1 Vision

Bhutan's vision is to provide affordable, accessible and equitable info-communications services to all Bhutanese people. The applications shall outline their own vision and how this will contribute towards the fruition of Bhutan's vision.

1.2 Organizational structure/financial capability and strength

The applicant shall provide information on:

- (a) The nature and structure of the applicant (for consortium members or single entity) in terms of whether:
 - (i) It has any subsidiary or associated companies and joint ventures;
 - (ii) it is a private or public entity; and
 - (iii) if public, details of public listings;
- (b) The corporate and shareholding structure of the applicant clearly indicating the ultimate ownership, both direct and indirect;
- (c) Details of the compositions of the Board of Directors and management structure;
- (d) Details of principle contractors;
- (e) Applicants should submit where relevant, the following documents:
 - (i) Photocopies of the company's incorporation documentation under the Bhutan Companies Act, including certified copies of the Company's Memorandum and Articles of Association;
 - (ii) authorized, issued and paid-up capital and relevant certificates indicating the amounts and;
 - (iii) banker's confirmation of deposits and/or available credit facilities;
- (f) Budgeted projections of the applicant for the next three years (i.e., profit and loss accounts, balance sheets and cash flow statements); and
- (g) A schedule of financial debts, obligations and contingents liabilities of the applicant for the next three years.

The applicants shall provide its business, financial and funding plans of its proposed investment for the first five years of operation, including:

- (a) Detailed business plans, including the profit and loss accounts, balance sheets and cash flow statements. The profit and loss accounts, balance sheets and cash flow statements shall be prepared in accordance with requirement of Bhutan's Companies Act and Internationally Accepted Accounting Standards. All assumptions used (e.g. asset depreciation policies, subscriber projections, annual increase/decrease in operating expenditure) shall be clearly explained;
- (b) Financial ratios including return on assets, return on equity, operating profit margin, net profit margin, current ratio, quick ratio and debt equity ration. The formula used in computing each ratio should also be provided;
- (c) Forecasts of the internal rate of return, net present value and payback period of the investment. In addition, the net present value at 10 % and corresponding payback period shall be computed. The rate of return normally required by the applicant for capital invested shall be provided (i.e., the hurdle rate);
- (d) A detailed plan of all capital expenditure and working capital requirements for the fist 5 years of operation;
- (e) Detail of the proposed financing plan, including:
 - (i) The proposed sources of funds and the amounts from each source;
 - (ii) Timing of funding initiatives and injection of funds;
 - (iii) Planned repayment terms and schedule for loans;
 - (iv) Credit facilities available; and
 - (v) Provisions made for contingent sources of funds.
- (f) Sensitivity test on the business plan. By changing the assumptions used, the sensitivity analysis should show the impact of changes on the:
 - (i) Profit and loss account, balance sheet and cash flow statements;
 - (ii) Financial ratios including return on assets, operating profit margin, net profit margin, current ratio, quick ratio and debt-equity ratio;
 - (iii) Internal rate of return, net present value and payback period for the investment;
 - (iv) Capital expenditure and working capital plans; and
 - (v) Financing and funding plans.

1.3 Technical plan and capability

The applicant shall provide information on the following:

(a) Network Configuration:

Refer to the overall infrastructure and the components of the networks to enable the provision of the services. The description will include, where relevant the network management capabilities, routing plan, transmission plan, signaling plan and diversity plans.

(b) Network Coverage:

The planned locations and technical details of stations, exchanges, radio base station sites and other equipment to be installed and frequency spectrum to be used.

(c) Network Coverage, Capacity and Improvement:

The planned geographical coverage of the network upon launch of services and the network capacity expansion plans for the first 5 years of operation; and commitments for improvements to infrastructure facilities for the next 5 years.

(d) Network Interconnection:

Technical proposals for interconnections with the Bhutan Telecom Limited's network and others, including directory enquiry system operated by existing operators (including signaling, transmission and synchronization requirements), covering the interconnection configuration, point of interconnection interface requirements and diversity arrangements.

(e) Network Code of Practice, Security and Protection:

(i) Network performance with an indication of the minimum standards; and
(ii) Details of network security, IT/system security and physical network protection.

(f) Network technologies:

Technologies employed for the systems to deliver services with the rationale for the choice of technologies selected.

The applicant shall also:

- (a) Submit a broad network rollout plan and its strategy to implement the network rollout plan; and
- (b) Demonstrate its technical experience and capability in the relevant technical areas and/or access to such technical expertise and experience, including managerial expertise.

1.4 Any other relevant information

The applicant may submit any information not specified above which is considered supportive of his/her/their application.

Apply to:

**The Director General
Bhutan Information, Communications and Media Authority
Post Box # 1072
Thimphu: Bhutan**