

Responses in red

1. Are the figures in Annexure B3 representative for the different genres of broadcasters? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the genre, and not of your company.

- Since the relevant Data is not available its unviable to make any sort of observation

2. Are the figures in Annexure B5 representative for aggregators? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company.

- Cannot comment in the absence of relevant data.

3. Are the figures in Annexure B7 representative for the national MSOs? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company.

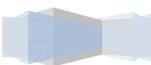
- Practically the contribution from the subscription is more or less 30% where as carriage contribution is approx 70% of the entire revenue generated. A very small revenue may be around 5% is normally generated thru local channels towards the advertisement, but on an average the share looks like 30:70 in favour of Subscription shown in Annexure7.

4. Are the figures in Annexure B7 representative for the regional MSOs? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company.

- No, on the revenue side the subscription contribution is in the range of 60%-70% whereas carriage contributes to 20%-30% of the total revenues and 10% contributed by other smaller revenue streams like advertisement etc.Hence the broadcaster pay out to the subscription ratio of 4:1 is not authentic representative of the market scenario.

5. Are the figures in Annexure B9 representative for the LCOs with > 500 subscribers? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company.

- The average declaration across South Indian Market (Hyderabad and Bangalore) is not more than 10%-15%, against which 25% is incorrect as shown in Annexure B9.



- The operational expancess of the LCO's are very less, as the LCO's do not invest much upgrading the network and put the burden on the MSO's. The total operating expancess for the LCO's may not be more than 40% of the revenue generated thru the consumer, against the calculation of 14%, which looks incorrect. The EBIDTA Margin of the LCO's in south Indian markets varies from 55% to 60%.
6. Are the figures in Annexure B9 representative for the LCOs with =< 500 subscribers? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the category, and not of your company.
- The EBIDTA margins for LCO's are in the range of 35%-40% as against 15% as per derived calculations.
7. What according to you is the average analog monthly cable bill in your state or at an all India level?
- In south Indian markets The Average monthly cable bill is approximately Rs 150-165 .
8. Is the market for cable services in non-CAS characterized by the following issues?
- (i) Under-reporting of the analog cable subscriber base
 - (ii) Lack of transparency in business and transaction models
 - (iii) Differential pricing at the retail level
 - (iv) Incidence of carriage and placement fee
 - (v) Incidence of state and region based monopolies
 - (vi) Frequent disputes and lack of collaboration among stakeholders
- Majorly by under-reporting of the analog cable subscriber base but yes, the industry is characterized by the other above mentioned issues too.
9. Are these issues adversely impacting efficiency in the market and leading to market failure?
- Same As replied in question #8,the under reporting of the analog subscriber base is the major issue in cable TV business by which all the stake holders involved in the business getting badly affected except the LCOs.

- **Factors like, Differential pricing at the retail level, (iv) Incidence of carriage, and placement fee (v) Incidence of state and region based monopolies are driven by market forces and do not have adverse impact on the industry**

10. Which of the following methodology should be followed to regulate the wholesale tariff in the non-CAS areas and why?

- i) Revenue share
- ii) Retail minus
- iii) Cost Plus
- iv) Any other method/approach you would like to suggest

- **Revenue Share probably will be the right solution to regulate this business in more transparent way.**

11. If the revenue share model is used to regulate the wholesale tariff, what should be the prescribed share of each stakeholder? Please provide supporting data.

- **The revenue can be shared between the MSO and the Broadcaster in the ration of 60:40 on the total declared subscriber base by the LCO's to MSO.**
- **The total subscription revenue can be distributed based on the market reach and GRP for at least consecutive 8 weeks**
- **This can be evaluated by Tam report which is treated as a most authentic data in the advertisement business ,the same can applies to make a base for the subscription as well.**

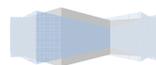
12. If the cost plus model is used to regulate the wholesale tariff, should it be genre wise or channel wise?

it's not applicable

13. Can forbearance be an option to regulate wholesale tariff? If yes, how to ensure that (i) broadcasters do not increase the price of popular channels arbitrarily and (ii) the consumers do not have to pay a higher price.

it's not applicable

14. What is your view on the proposal that the broadcasters recover the content cost from the advertisement revenue and carriage cost from subscription revenue? If the broadcaster is to



receive both, advertisement and subscription revenue, what according to you should be the ratio between the two? Please indicate this ratio at the genre levels?

- Since the cost of entire infrastructure of the MSO to telecast the channels is huge, therefore the channels which are advertisement driven should not be allowed to collect the subscription revenue and the channels which are subscription driven shouldn't be allowed to collect the advertisement revenue. But the same proposal can't work in the market which has 70% FTA channels.

15. What is your view on continuing with the existing system of tariff regulation based on freezing of a-la-carte and bouquet rates as on 1.12.2007; and the rate of new channels based on the similarity principle at wholesale level? You may also suggest modifications, if any, including the periodicity and basis of increase in tariff ceilings.

- **New channel rates should be revised and shouldn't immediately become part of bouquet with the performing channel.**
- **In case the broadcast payout being linked with the subscription revenue, the price would be market driven.**
- **In the event of broadcaster payout being linked to subscription revenue as suggested in point 11, the pricing would be market driven**

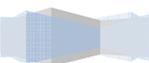
16. Which of the following methodologies should be followed to regulate the retail tariff in non-CAS areas and why?

- Cost Plus
- Consultative approach
- Affordability linked
- Any other method/approach you would like to suggest

- **Should be purely on the Affordability Linked**

17. In case the affordability linked approach is to be used for retail tariff then should the tariff ceilings be prescribed (i) single at national level or (ii) different ceilings at State level or (iii) A tiered ceiling (3 tiers) as discussed in paragraph 5.3.23 or (iv) Any other

- **A tiered ceiling (3 tiers) as discussed in paragraph 5.3.23**



18. In case of retail tariff ceiling, should a ratio between pay and FTA channels or a minimum number of FTA/pay channels be prescribed? If so, what should be the ratio/number?
- The retail tariff ceiling should be structured in same manner as out of 450 channels there are approx 125 pay channels which translate in the ratio of approximately 30:70 in favour of FTA channels.
19. Should the broadcasters be mandated to offer their channels on a-la-carte basis to MSOs/LCOs? If yes, should the existing system continue or should there be any modification to the existing condition associated with it?
- In South Indian market where the major market share is driven by the regional channels it can't be the same with the national broadcasters like Zee or star with the bouquet of the nonperforming channels they bundle with only 4-5 channels as per the market demand. Hence the MSO should get an opportunity to choose the channel and pay accordingly. The MOS's in South India are forced to subscribe those channels which doesn't have any demand from the consumer end.
 - New Channels rates to be revised. And the broadcasters forcing MSO to take new channels along with the bouquets need to be controlled
 - The Broadcaster should be mandated to provide channels on a-la-carte basis to the MSO and upon adoption of a-la-carte, the declaration of subscriber should be remain the same in the event of switch from bouquet to A-la-carte
20. How can it be ensured that the benefit of a-la-carte provisioning is passed on the subscribers?
- With affordability linked retail pricing, the benefit would be automatically be passed to subscribers
 - The retail tariff ceiling along with competitive market forces would ensure that the consumer gets the benefit of a-la-carte provisioning
21. Are the MSOs opting for a-la-carte after it was mandated for the broadcasters to offer their channels on a-la-carte basis by the 8th tariff amendment order dated 4.10.2007. If not, why?
- Due to the competitive pressure with the 5-6 National MSO entering into the market the option is majorly not exercised because of unviable demand of increase in declaration by the Broadcasters. In entire country I m sure that, not a single case of A-La-carte is been implemented is just because of the unviable pressure from the broadcaster to increase the subscriber base.

22. Should the carriage and placement fee be regulated? If yes, how should it be regulated?

- Carriage and placement fee should not be regulated, as this is purely depending upon the market force which varies place to place. In case of South Indian channels like ETV and Gemini, they do not pay any carriage fees in south India where as they pay in other parts of the country.
- It can't be the same everywhere in the country, thus can't be regulated.

23. Should the quantum of carriage and placement fee be linked to some parameters? If so, what are these parameters and how can they be linked?

- As like Telecom industry the frequency should be auctioned, which will allow the market to analyze the cost of the frequency.

24. Can a cap be placed on the quantum of carriage and placement fee? If so, how should the cap be fixed?

- Cap cannot be fixed on the carriage and placement fee as it is based on demand and supply

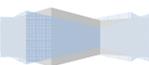
25. Is there a need for a separate definition of commercial subscriber in the tariff order?

- Yes

26. If the commercial subscriber is to be defined in the tariff order, then does the existing definition of 'commercial subscriber' need to be revised? If yes, then what should be the new definition for the commercial subscriber?

- Not much of Information available on the commercial subscriber tariff.

27. In case the commercial subscriber is defined separately, then does the present categorization of identified commercial subscribers, who are not treated at par with the ordinary subscriber for tariff dispensation need to be revised? If yes, how should it be revised?



- Not much of Information available on the commercial subscriber tariff.

28. Should the cable television tariff for these identified commercial subscribers be regulated? If yes, then what is your suggestion for fixing the tariff?

- Not much of Information available on the commercial subscriber tariff.

29. Do you agree that complete digitization with addressability (a box in every household) is the way forward?

- Yes

30. What according to you would be an appropriate date for analog switch off? Please also give the key milestones with time lines.

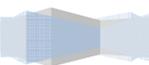
- 2014 – complete Digitization

31. What is the order of investment required for achieving digitization with addressability, at various stakeholder levels (MSOs, LCOs and Customers)?

- A Huge Investment to the tune of Rs 30000 crores to 35,000 Crores is required to achieve cable digitization, where majority of investment is done by the MSO level
- The Broadcasters who would benefit the most due to digitization should also be made to contribute to the digitization by contributing in some manner, may be providing free STB or contributing in subsidizing the STB cost.

32. Is there a need to prescribe the technology/standards for digitization, if so, what should be the standard and why?

- No, current technology specifications are sufficient to support mass market digitization



33. What could be the possible incentives that can be offered to various stakeholders to implement digitization with addressability in the shortest possible time or make a sustainable transition?

- Easy access to capital should be made available to national MSO's
- Digitalization should be treated at par with infrastructure industry and Benefits similar to SEZ policy should be granted to the MSO's for digitalization
- The LCO's shouldn't be allowed to change the feed from one MSO to another MSO as per their convenient ,this will somehow help the MSO to strengthen the base and expect the returns.
- Tax benefit should be allowed to the MSO's for at least 7-10 years depend upon the investment made in digitalization.

34. What is your view on the structure of license where MSO's are licensed and LCOs are franchises or agents of MSOs?

- As like telecom industry the proper license to be provided to the MSO's which shall fix the area to operate the signal to avoid the non serious players in the markets.
- LCO's should be made franchisees and agents for MSO and a No due certificate should be made mandatory for any shifting of LCO from one MSO to another, this will help the MSO's to recover the cost on the infrastructure and digitalization .

35. What would be the best disclosure scheme that can ensure transparency at all levels?

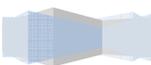
- Invoicing of customer by MSO
- Submission of Quarterly revenue statements in a format prescribed by the regulator by all stake holders

36. Should there be a 'basic service' (group of channels) available to all subscribers? What should constitute the 'basic service' that is available to all subscribers?

- Yes, it can be decided as per the market demand and potential ,which can be mix of Government channels, Regional Channels and few national channels.

37. Do you think there is a need for a communication programme to educate LCOs and customers on digitization and addressability to ensure effective participation? If so, what do you suggest?

- **Complete training to educate the stake holders much on the ground level to understand the need of Digitization would require a different skill set and a sizeable**



work force, generic training programmes should be conducted by TRAI for all the stake holders to ensure effective participation. Existing as well as fresh talent should be trained to build and manage a robust digital infrastructure

- **Broadcasters ,MSO and LCO should help in telecasting the on their channels to educate at customer end about benefits of digitization**

