



3<sup>rd</sup> July 2013

By E-Mail / BY Fax No: 011 - 23220442

To

Mr. Wasi Ahmad  
Advisor (B & CS)  
Telecom Regulatory Authority of India,  
Mahanagar Doorsanchar Bhawan,  
Jawahar Lal Nehru Marg,  
New Delhi - 110 002.

Respected Sir,

We refer to the draft notification circulated by the Authority on the 4<sup>th</sup> of June 2013 proposing amendments to the Telecommunications (Broadcasting and Cable) Services (Fourth) (Addressable Systems) Tariff Order 2010.

We submit herewith our concerns on the same, especially to the twin conditions proposed.

The computation of the twin conditions is a cause of concern because it assumes that all platforms buy content on fixed fee basis only and then they do the packaging as they wish for their subscribers which includes setting the price per channel.

Basically, this assumption makes the twin conditions an unviable business proposition as whilst you propose to offer consumers the choice of lower a la carte, there is no relook at the cost of content to the platform.

As you are aware, major aggregators have moved to a Cost Per STB (CPS) basis during the tariff negotiations in the DAS regime which also comes with strings attached. Under such conditions, what will be their methodology of calculating CPS is unknown and an unknown factor for distributors like us.

If they are to insist on us paying RIO rates for subscribers who opt for a la carte option, business becomes unviable for us as we have also to provide for the 35% LCO revenue share.

Below we have listed a case where a consumer goes for only a few a la carte channels in addition to the mandated Doordarshan channels. The computation takes into account the existing declared a la carte pricing and also the new a la carte pricing if we are to adhere to the new twin conditions.

Hathway Cable & Datacom Limited

"Rahejas", 4th Floor, Corner of Main Avenue & V. P. Road, Santacruz(W), Mumbai - 400 054.  
Tel.: 91-22-2600 1306, 6678 9800 Fax : 91-22-2600 1307 Website : www.hathway.com

No of chnls	Channels	RIO	current MRP	new MRP
1	Star Plus	7.87	13	15
2	Zee TV	5.83	13	11
3	Star Gold	7.42	11	10
4	Z Cinema	5.83	11	10
5	Cartoon N/w	5.62	11	7
6	Nat Geog	2.58	9	5
7	NDTV india	3.37	4	4
8	Z News	3.37	7	4
		41.89	79	66
9	Sony	8.99	13	15
10	SAB	6.17	9	8
11	Set Max	7.64	11	10
12	aaj Tak	3.15	4	4
13	Discovery	6.74	9	5
		32.69	46	42
14	Colors	8.99	13	15
15	Disney	4	9	7
16	IBN 7	3.15	4	4
		16.14	26	26
26	10 FTA of choice	0	30	30
	TOTAL excldg taxes		181	164
	35% LCO revenue share		63.35	57.4
	Broadcasters on RIO		90.72	90.72
	<b>MSO retains</b>		<b>26.93</b>	<b>15.88</b>

In the above case, will Media Pro agree to charge us on the negotiated CPS rate of Rs. 35/- for the whole bouquet or will they insist on RIO since the viewer will not be opting for most of their channels which has impact on fewer eyeballs for their other channels which may lead to loss of advertising revenue.

With all investments in the digital infrastructure being borne by MSOs, these kind of margins offered make business totally unviable if a majority of subscribers start opting likewise.

We hence request the Authority to do a rethink before issuing this notification and bring about a revamp of all Broadcaster prices for a digital regime which has no linkage to old analog rules and regulations.

Thanking You,  
Yours Faithfully,  
**For Hathway Cable & Datacom Limited**

  
**Bhavik Palan**  
**Executive Vice President – Legal & Regulatory**

Jul. 03 2013 03:10PM

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