



Date: 13th May 2010

To:

Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg
New Delhi- 110002.

Sub: Response to Telecom Regulatory Authority of India consultation paper dated 22nd April 2010 on issues for CAS Areas.

Dear Sir,

We write with reference to the aforementioned Consultation Paper issued by TRAI on related issues for CAS Areas.

We herewith submit the following response to the consultation paper:

1. Should there be only two broad tariff regulatory frameworks, one for analogue non-addressable (Non-CAS) and another for digital addressable systems?

We recommend that the regulatory frame works for (Non CAS) Analog with a stipulated time of (maximum period) 24 months and for CAS, Non CAS Digital and IPTV services with a stipulated time of 12 & 16 months, respectively.

2. If yes, should such a framework be same for wholesale and retail.

Framework should be the same for wholesale and retail

3. If no, why it should be different?

Not Applicable

4. Should usage of STB be mandated in CAS notified areas for viewing both FTA and pay channels?

The main objective sought to be achieved through complete digitization with appropriate addressable system in place is to have concrete and reliable subscriber data base, which in



turn will assist and facilitate the output of most other important information pertaining to the growth of this industry. It would be quite obvious that even free to air channels would need to know their subscriber base which need not be linked with subscription revenue alone. Addressable CAS should be provided only through STB for viewing both FTA and pay channels, as this would significantly reduce the litigation mechanism between broadcaster and MSO, in addition to facilitating progressive move of digitization as enunciated in Question No.1 all metros and state capitals should have addressable mandatory CAS in the next 24 months.

5. Which of following method should be used to regulate the tariff ceilings for basic service tier in CAS notified areas?

a. By providing periodic inflation linked adjustment in the present ceiling of Rs.82/- (excluding taxes) per subscriber per month.

b. Forbearance

c. Any other method you may like to suggest

The current pricing ceiling for FTA tariff should be fixed with an inflation link adjustment. We understand that there is a TDSAT ruling limiting basic service tier sharing of 20% with MSO. While at the outset this is a welcome move the sharing of basic service tier should also be left to mutual negotiation in addition to the above sharing.

6. Which of following method should be used to regulate the retail tariff for pay channels in CAS notified areas?

a. By providing periodic inflation linked adjustment in the present ceiling of Rs.5.35/- (excluding taxes) per pay channel per subscriber per month.

b. Single ceiling across all genres. If so, what should be that ceiling?

c. Different ceilings for different genres. In such case what should be the genres and what should be their respective ceilings?

The existing pay channel tariff per month per channel should be retained during the initial 36 months of stabilization in CAF mandated cities. However, the cost per pay channel should be based on popularity of the channel with reference to the bi-annual average TRP rating of that channel. This should be published separately in each state by the regulatory authority.

7. Should a relation between a-la-carte and bouquet price be prescribed to prevent perverse pricing? If, so what should be the relation? Should it be different for broadcaster and MSO?

Broadcasters be mandated to offer their channels on a-la-carte basis only to MSOs/LCOs. Current lopsided ala carte pricing should be annulled and a la carte pricing should be same that of bouquet split declared by the broadcaster to TRAI. This will encourage consumer choice at an affordable cost.

Kailesh



8. How should the retail tariff for advertisement free channels be regulated in CAS notified areas? Should it be different from other pay channels?

The retail tariff for advertisement free channel be based on premium per channel cost as declared by such channels to the regulatory authority on a periodical basis. However, as practiced in advanced countries, only the advertisement-free channels should be allowed to be the pay channel and an advertisement based channel should be classified under FTA category.

9. How should the retail tariff for niche channels which requires specialized STB be regulated in CAS notified areas? Should it be different from other pay channels?

Retail tariff for niche channel requiring specialized STBs should be encouraged to follow free pricing as substantial investments are required to be made in the bandwidth distribution and the CPEs.

10. Should there be any provision of minimum period of subscription for pay channels? If yes, what should be that period?

The Subscriber should be given the choice of content subscription for a minimum period of one month.

11. How should the tariff for supply of STB be regulated?

- Continue with the presence system. If so, should there be any modification?
- Left to the market forces.
- Any other method which you would like to suggest.

We submit that the pricing for STBs should be left to market forces since STBs are offered by different platforms offering customer choice of technology and price. We also recommend that the warranty period on STB to be reworked and the paramount interest of the stake holders are safe guarded.

12. How should the sharing of revenue from pay channels subscription between broadcaster, MSO and LCO be regulated?

- Continue with the present arrangement. If so, should there be any modification?
- Left to the market forces.
- Any other method which you would like to suggest.

The arrangement which is in existence can be continued for a period of 3 years or so with FTA sharing proportion to be fixed as suggested above. After the expiry of 3 years period we may review this with the stake holders at an appropriate time.

Kailasa



13. How should the sharing of revenue for basic service tier between MSO and LCO be regulated?

- a) Left to the market forces.
- b) Any other method which you would like to suggest.

Please refer to our answer to QNo.5. We would once again reiterate the onus of bringing in FTA channels will solely rest with the MSOs, who not only make substantial investments in the headend to bring these channels but also gives the consumers the option of selecting the genre within FTA and pay channels. In view of this the sharing of FTA channels should be made more to MSO and we recommend that atleast it should be on the basis of 50-50 sharing to begin with.

14. Any other related issue, you would like to comment upon or suggest.

World over, analog platform has either been phased out or in the process of being phased out. It is important that Indian market should move towards complete addressable platform at the earliest.

An aggressive roll out of mandatory CAS should be rolled out in the next 24 months in all metros and state capital cities.

Thanking You,
Yours Sincerely,

For Kable First India Private Limited.

Authorized Signatory