

Date: 15th January 2013

To

Mr. Wasi Ahmad,

Advisor (B&CS), Telecom Regulatory Authority of India,

Mahanagar Doorsanchar Bhawan, Jawahar Lal Nehru

Marg, New Delhi – 110002,

(Tel No.011-23237922, Fax No.011-23220442)

“Without Prejudice”

Subject: Response to Telecom Regulatory Authority of India consultation paper dated 20th December 2012, on issues related to amendments to the Interconnection Regulations applicable for Digital Addressable Cable TV Systems & Tariff Order applicable for Addressable Systems.

Dear Sir,

We, Kable First India Private Limited, operating as MSO in the city of Bangalore, Taverekere and Haveri, write with reference to the aforementioned Consultation Paper issued by TRAI on issues related to amendments to the Interconnection Regulations applicable for Digital Addressable Cable TV Systems & Tariff Order applicable for Addressable Systems.

We herewith submit the following response to the consultation paper:

- 1. Whether the following proviso should be introduced in the clause 3(2) of the Interconnection Regulations for DAS and the clause 3(5) of Interconnection Regulation for DAS should be deleted.**
“provided that the provisions of this sub-regulation shall not apply in the case of a Multi-System Operator, who seeks signals of a particular TV channel from a broadcaster, while at the same time demanding carriage fee for carrying that channel on its distribution platform.”
If no, the reasons thereof..

We do not have any Comments in this regard.

- 2. (a) Whether there is a need to specify certain minimum channel carrying capacity for the MSO's in the Interconnection Regulations for DAS.**
(b) If yes, what should be the different categories (example cities/town/rural area) of areas for which minimum channel carrying capacity should be prescribed and what would the capacity for each category.

We submit that the minimum number of channels to be carried by the cable operator should not be fixed/ mandated by TRAI. As TRAI would be aware, market forces play significant role in the matter of carrying capacity of the MSO. Hence, the same is not required to be regulated. It is our submission that in each city, subscribers will have a choice of channels through DTH and competing MSOs. There is no need to put up an artificial number of channels, especially since such increase will lead to further financial strain on the MSOs during the DAS implementation

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phases. Further, it is submitted that no such regulation is applicable for DTH Operators. Hence, it would be beneficial for the customers if the regulations create a level playing field that allows healthy competition among the service providers, and provide better services to customers.

3. Whether there is a need for regulating the placement fee in all the Digital Addressable Systems. If so, how it should be regulated. The stakeholders are requested to submit their comments with justifications.

It is submitted that the placement fees should be left to the market forces to decide. Further, it is submitted that no such regulation is applicable for DTH Operators. Hence, as requested previously, the regulations should create a level playing field that allows the service providers to compete.

4. Twin conditions at retail level

To address the concerns of stakeholders, the Authority has proposed following twin conditions for linkage of a-la-carte rates of pay channels forming a part of bouquet(s) and the rates of bouquet(s).

Proposed twin conditions:

The stakeholders are requested to offer their comments on the following twin conditions, to prevent perverse a-la-carte pricing of the pay channels being offered as part of the bouquet(s).

- a. The ceiling on the a-la-carte rates of pay channels forming part of bouquet(s) which shall not exceed three times the ascribed value# of the pay channel in the bouquet;
- b. The a-la-carte rates of pay channels forming part of bouquet(s) shall not exceed two times the a-la carte rate of the channel offered by the broadcaster at wholesale rates for addressable systems.

#ascribed value of a pay channels in a bouquet is calculated in the following manner:

1. Proportionate Bouquet Rate for pay channels [A]= Bouquet Rate x (Sum of a la carte rate of Pay channels)/(Sum of a la carte rate of Pay channels+ Total no of FTA channels x factor*)

2. Ascribed value of a pay channel in a bouquet = [A] x a-la-carte rate of a pay channel/ (sum of a-la-carte rate of all the pay channels)

*factor=1 if uniform rate of free-to-air channel is less than or equal to Rupees three. The factor = uniform rate of free-to-air channel/ 3, if the uniform rate of free-to- air channel is greater than Rupees three."

The stakeholders are requested offer their comments on the above conditions to prevent perverse a-la-carte pricing of the pay channels being offered as part of the bouquet(s). The stakeholders are also welcome to submit any other formulation that can achieve the same objective, along with its justification.

It is submitted that point (b), would not be acceptable, as it shall make the business unviable. After paying to the broadcasters, a significant amount of revenue will be shared with LCOs. The revenue left with the MSO will not be enough to meet its expenses. Hence it makes the business unviable for the MSO. We suggest that the Point B should state as follows:

“The a-la-carte rates of pay channels forming part of bouquet(s) shall not exceed four times the a-la carte rate of the channel offered by the broadcaster at wholesale rates for addressable systems”

MINIMUM SUBSCRIPTION PERIOD

5. The stakeholders are requested to offer the comments, if any, on the proposed deletion of the word ‘pay’ in clause 6 and 6(2) of the principal tariff order dated 21.07.2010.

We do not have any Comments in this regard.

6. **FREEDOM TO CHOOSE THE CHANNEL (S) ON A-LA-CARTE AND/ OR BOUQUET(S)**

“It shall be open to the subscriber of the addressable systems to subscribe to any bouquet(s) or any bouquet(s) and any channel(s) (pay or free to air) or only free to air channels or only pay channels or pay channels and free to air channels”

The stakeholders are requested to offer their comments, if any, on the proposed inclusion of the above mentioned provision after sub-clause 6(4) in the tariff order dated 21.07.2010, as amended.

We submit that the subscriber can have the freedom to choose on A-La-Carte and/or Bouquet but with a condition that the subscriber has to subscribe minimum number of ten pay channels if A La Carte option is to be exercised. This is required to ensure minimum ARPU.

7. **Offerings of Bouquet(s) of channels which require special Set Top Boxes (STBs) such as High Definition Television (HDTV) or Three Dimensional Television (3D TV) channels etc. Whether the channels that require special type of STB be offered only on a-la-carte basis or as part of separate bouquets that consists of only those channels that require a particular type of specialised STB.**

Since the channels are available on Standard Definition basis also, subscriber interest will not be adversely impacted if MSO offers HD channels only on bouquet basis.

Thanking You,

Yours Sincerely,
For Kable First India Private Limited.



Authorized Signatory