

Responses in red

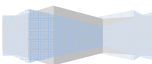
1. Are the figures in Annexure B3 representative for the different genres of broadcasters? If not, what according to you are the correct representative figures? When providing representative figures, please provide figures for the genre, and not of your company.
 - In the absence of relevant data, it would be inappropriate to comment.

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.
 - Same as above.

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.
 - From a practical perspective, subscription revenue contributes just about 30% of the Revenue base. Balance 70% of revenue generation is from CARRIAGE FEE. However, a small percentage of Revenue, about 5%, flows from the Local Channel through Advertisements. Over all the revenue contribution can be apportioned in the ratio of 30:70 for Subscription and Carriage Fee respectively.

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% and carriage contributes to 20%-30% of the total revenues and 10% contributed by other smaller revenue streams like advertisement etc.
 - The Regional players have been able to extract better deals from the Broadcasters on the COSTSIDE by way of being able to keep in check the National Players. As such, it would be wrong to think that Broadcaster Payout in relation to subscription is in the ratio of 4:1. It is not a correct representative of conditions in the market.

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.



- No. 25% as shown in the Annexure B9 is incorrect. Average declaration in the Market of South India (Hyderabad & Bangalore) is around 10-15%.
- As the LCOs do not do any up gradation of their Networks and put the burden on the MSOs, their Operational Expenses are less than 40% of Revenue generated from the Subscriber. The calculation of 14% seems to be wrong. LCO's EBIDTA Margin in the South Indian Market varies between 55-60%.

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.

- Against 15% as per derived calculations, EBIDTA margins are around 35% - 45%.

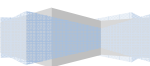
7. What according to you is the average analog monthly cable bill in your state or at an all India level?

- Around Rs. 150- 165 is the average monthly billing that the LCO does.

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

- While under declaration of the Analog subscriber base remains the major factor, the above mentioned issues also characterize the Industry.



9. Are these issues adversely impacting efficiency in the market and leading to market failure?

- As stated above under declaration remains the major issue in the industry on account of which, except the LCO, all other stake holders in the Industry are getting affected.
- Market forces drive factors like Differential Pricing at the retail level (iV), incidence of carriage and placement fee(V), incidence of state and region based monopolies. The same do not impact the industry adversely.

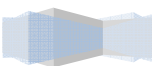
10. Which of the following methodology should be followed to regulate the wholesale tariff in the non-CAS areas and why?

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

- Better transparency can be obtained by regulating this business by the method of Revenue Sharing.

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.

- Revenue should be shared in the ratio of 40: 60 between the MSO and the Broadcaster on the declared subscriber base of the LCO to the MSO.
- A 60 day moving average of the GRP earned by broadcasters should be the base for distribution of Revenue earned by the broadcaster. State wise GRP data can be used to evaluate ratio in each state subject to state wise regional influence.
- TAM reports have been used by Broadcasters for a long time to ascertain Advertising revenue.
- Hence, all stake holders accept the reference data unquestionably as authentic and effective.
- As is the practice in the Telecom, MSOs can be mandated by TRAI for submission of Audited reports so that Subscription Revenue is ascertained.



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

It does not apply.

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 does not apply.

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?

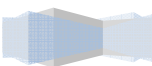
- Advertisement driven channels should not be allowed to share subscription Revenue as entire cost of building infrastructure is borne by the MSO. Channels which are subscription driven should not be allowed to collect revenue from Advertisements. This proposal however, is not workable in a 70% FTA Channels market.

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.

- Pricing will be market driven as suggested in point 11 in the event that the broadcaster payout is linked to subscription revenue.
- Bouquet offerings over a la carte are forced on MSOs in the present situation on account of the aggregators / broadcasters, enjoying undue control and dominance over them.
- A la carte becomes unviable for MSO to adopt as Aggregators / Broadcasters demand an increase in declaration.
- As such, it is necessary that declaration of subscriber base should remain the same in the event of switchover from Bouquet to A la carte.

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

i) Cost Plus



ii) Consultative approach

iii) Affordability linked

iv) Any other method/approach you would like to suggest

- Affordability linked should be the sole criteria.

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

- Three tiered ceiling as discussed in paragraph 5.3.23

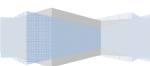
18. In case of retail tariff ceiling, should a ratio between pay and FTA channels or a minimum number of FTA/pay channels be prescribed? If so, what should be the ratio/number?

- Out of 450, 125 are Pay channels which roughly works out to the ratio 30 : 70. As such, retail tariff structuring should be in the same fashion.

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?

- MSOs in South India , where Major market share is held by the Regional Channels, are compelled to subscribe for non performing channels which get bundled in the bouquet with 4/5 in demand channels from broadcasters like Star and Zee. To remedy this situation, it is necessary that the MSO gets a chance to choose the Channels and pay accordingly.
- Forceful dumping of Channels by the broadcasters on the MSOs with new ones in the bouquet must be stopped. Rates should be controlled and revised.
- It would help if TRAI mandates that the Broadcaster provide channels to the MSO on A la carte basis and the subscription base remains the same as declared in the event of a switch to al carte from Bouquet.

20. How can it be ensured that the benefit of a-la-carte provisioning is passed on the subscribers?



- Affordability linked retail pricing will ensure that the benefit of a la carte provisioning will automatically pass on to the subscriber.
- Competitive market forces, coupled with retail tariff ceiling, will 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?

- In my opinion, in the entire country, not a single case can be seen where a la carte has got implemented as the pressure from the broadcaster to increase subscriber base makes it non viable. The entry of 5/6 major MSOs on the national level may have prompted the broadcasters to exploit the competitive scene, but unrealistic demands by them to increase the subscriber base has met with failure.

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

- Market dynamics which differ from city to city, town to town, make it impractical to regulate carriage fee and placement fee. South Indian Channels, Channels like E Tv, Gemini do not pay any Carriage Fee, whereas in other parts of the country, they do.
- As the Fee cannot be the same everywhere, it better be left unregulated.

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?

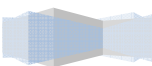
- Market forces should be allowed to determine the FREQUENCY PRICE by way of participation in auction for Frequency as is the practice of Telecom for SPECTRUM auction.

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

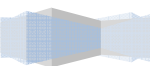
- The doctrine of demand and supply make It non feasible for a cap to be put on carriage and placement fee.

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

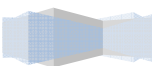
- Indeed, there is.



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?
- Shall refrain from commenting, as info available on commercial subscriber tariff is in adequate.
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.
- Year 2014 should serve as a reasonable Target date for total Digitalization.
31. What is the order of investment required for achieving digitization with addressability, at various stakeholder levels (MSOs, LCOs and Customers)?
- With maximum investment costs to be borne by the MSO, a sum of Rs. 35,000/= crore may be needed for total Cable Digitalization.
 - Cost distribution and absorption by various stake holders can be determined by market condition or regulatory frame work.
 - Broadcasters who stand to gain most by digitalization should also be made to share the expense in some way. Longer the standing of the Channel in the market, higher the contribution could be the criteria.
32. Is there a need to prescribe the technology/standards for digitization, if so, what should be the standard and why?



- For mass market digitalization, technological specifications in practice now should be enough.
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?
- National level MSOs should be facilitated by easy access to Capital.
 - Digitalization is part of infrastructure building and should be treated as such. Benefits accruing to Industry through SEZ policy should be made available to the MSOs for Digitalization.
 - Law should be enacted to prevent the LCO from switching between MSOs to make digitalization more viable.
 - Incentives by way of Tax Holiday for income tax/ Vat/Service tax for at least five years should be provided to MSOs who are converting from analog to digital networks. 125% of Spend allowed to companies for R&D purposes should be allowed to MSOs also as Tax deductible.
34. What is your view on the structure of license where MSO's are licensed and LCOs are franchises or agents of MSOs?
- Non serious players (new MSOs), who disrupt the market, should be kept in check by introduction of net worth criteria for Licensing purpose.
35. What would be the best disclosure scheme that can ensure transparency at all levels?
- Invoicing of customer by MSO
 - Submission of a quarterly statement by all stake holders in a format prescribed by the regulator.
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, 5 DD, 3 National and 2 Regional Channels should be part of the basic service basket.
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?



- Digitalization would require a different skill set and a sizeable work force. Generic training programmes should be conducted by TRAI for all stake holders to ensure effective participation. Fresh and available talent should be harnessed to build and manage a robust digital infrastructure.
- Benefits of digitalization should be publicized through INFORMECIALS run by MSOs and LCOs for the purpose of educating the customer.

