TATA Sky

14th October, 2015

Telecom Regulatory Authority of India
Mahanagar Door Sanchar Bhawan
Jawahar Lal Nehru Marg,
(Old Minto Road)
New Delhi – 110002

Subject: Response to the draft Telecommunication (Broadcasting and Cable) Services (Fourth) (Addressable Systems) Tariff (Amendment) order 2015 ('Tariff Order')

Kind Attn: Mr. Sanjeet Singh, Advisor (B&CS)

Dear Sir,

We were expecting an extension on the date for submission of written comments as the proposed Twin Conditions, specified in the above captioned Tariff Order, have a far reaching and negative impact on the DTH Industry.

Further, we remain concerned on the above captioned draft Tariff Order and are constrained to provide comments in brief, as the above mentioned extension has not been granted:

- In our view, the proposed Twin Conditions for a-la-carte pay channel and bouquet pricing will adversely impact customer interests as it will force DTH operators to implement price increases to the bouquet rates offered to consumers.
- The proposed Twin Conditions would also force DTH operators such as Tata Sky, to drastically change the bouquet composition to continue to remain viable and this would inhibit the flexibility of adding new channels, as price would be the primary, determining factor.
- This would invariably result in a bouquet channel composition which is based on the price of the channels, instead of the genre and consumers would miss out on high content value channels, which are currently part of the genre based bouquets.
- We would like to bring to your notice that based on the (i) 6 month price lock-in provided under R. 9 and (ii) the prohibition to change bouquet composition for 6 months from enrolment or for entire duration of subscription to longer duration bouquets under R.9A of the Direct to Home Broadcasting Service (Standards of Quality of Service and Redressal of Grievances) Regulations (**'QoS Regulations'**), such a change to bouquet price and/or composition would not be immediately possible and Tata Sky would have to either absorb further losses for the period mentioned above or risk being in breach of the QoS Regulation.
- Further, the above scenario would repeat every time Broadcasters, individually or collectively, increase RIO rates.
- Factoring in HD channel rates, which are under forbearance at the wholesale level, while applying the proposed Twin Conditions at the retail level, would result in higher prices, which would be a negative proposition to consumers. Thus, retail tariff should also similarly be under forbearance to provide consumers with more genre based choice and affordable bouquet rates.

Please note that Tata Sky, as a DTH operator, already faces a stringent tax regime, high costs which include satellite bandwidth, installations, logistics, content fees, license fees, etc. and the requirement for huge investment over a long period, while positive returns are yet to be seen from the venture. If the proposed

Tata Sky Ltd.
3rd Floor, C-1, Wadia International Centre (Bombay Dyeing), Pandurang Budhkar Marg, Worli, Mumbai – 400025, India.
Tel : +91-22-6613 3000 Fax : +91-22-6613 3030 CIN : U92120MH2001PLC130365

Twin Conditions are implemented then as specified above, the same will not only adversely impact the consumer interests but will also increase Tata Sky's financial liabilities.

In light of the above, we therefore, urge the TRAI to recommend forbearance at the retail tariff level, thus allowing market forces to determine the same.

Yours faithfully,

Harit Nagpal
Managing Director and CEO