



## DIGITAL CABLE OPERATOR ASSOCIATION MUMBAI

Regd. No. : MUM / 1527 / 2012 / G.B.B.S.D.

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5<sup>th</sup> June 2022

Shri Anil Kumar Bhardwaj

Advisor (B & CS)

TRAI

New Delhi

Shri Bharadwaji,

We are submitting our responses to your Consultation Paper on issues Related to the Nee Regulatory Framework for Broadcasting and Cable Services dated 7<sup>th</sup> May 2022.

Before we get further let us see how NTO has progressed and its impact on different stakeholders.

- There has been a price hike to consumers due to the revised pricing of channels
- Broadcasting Companies could no longer dictate commercial terms during renewal of contracts
- Overnight the MSOs have turned profitable since content cost was recovered in addition to fixed costs from LCOs
- All LCOs have been forced to make pre paid payments to MSOs to activate packs/channels.
- Concept of NCF blamed for high prices by Broadcasters
- Unfair share of revenue by way of Interconnect Regulations has hurt LCOs the most, since the Regulator never conducted any exercise on revenue sharing, but choose to rely on an archaic BST revenue share that was never used in practise.

- Overnight transition has permitted MSOs to dictate terms to LCOs and accept their version of revenue share as no negotiation ever took place before or after implementation
- Talks of return of CPS deals disguised to meet all Regulations with new pricing

One of the key roles of this Regulation was to bring about a level playing field for all stakeholders for delivery of Broadcast TV channels irrespective of the distribution technology. But a key change in technology due to low data rates has led to the proliferation of OTT and the same is yet to come under regulations.

We have consistently raised the issue that Live TV Channels through satellite can be only downloaded by MSOs/DTH/IPTV or HITS operators as per MIB downlinking regulations. Yet each OTT platform clearly flouts this and we have seen that Broadcasters have resorted to legal means to stall even queries raised by the Regulator. We reiterate that our objection remains to the showing of LIVE TV on OTT without following these same Regulations on pricing and customer choice.

We hear that Jio is testing Live TV on its STB and this service is being tested amongst its employees. Indications received from some sources say that all customer options to choose ala carte. Will the Regulator treat this as IPTV or will some loophole be exploited by JIO ?

Please go through this article by India Today which shows how OTT Apps can be used view LIVE TV without a cable/DTH connection.  
<https://www.indiatoday.in/technology/tech-tips/story/here-s-how-to-watch-jiotv-on-any-television-and-laptop-to-enjoy-live-tv-1895493-2022-01-03>

Similarly lots of You Tube videos also available. Is asking for a level playing field from the Regulator a big task? Is JIO TV App receiving Broadcast TV signals as a MSO/IPTV provider?



The purpose of the CTNA 2011 saying consumer benefit will happen due to choice of a la carte selection was a noble cause but is meant for a different era when there was no OTT and Broadcasters were able to dictate terms to Distribution Companies to do business. Regulation clearly follows change of technology and inspite of many(including us) demanding Regulation on OTT, we see no progress being made on this.

**Our replies to the Questions raised in the CP are listed below :**

Q1. Price regulation has now run its course since 2019 when NTO was first implemented. After selling additional NCF as a good revenue source for LCOs, the Regulator has backtracked on this due to pressure from Broadcasters. **Since that time see how much inflation has taken a toll. Yet prices remain frozen for this industry which is not an considered as an Essential Service Provider.** You have depicted a drop in numbers of DTH as well as MSO subscriber numbers, which is a recognised fact. This is mainly on account of growth of OTT and cheap internet access. Based on Figures 4 & 5 we seek a clarification of the figures shown. *Does the Revenue drop in numbers for Broadcasters include revenues from their OTT business?* Don't advts also appear on OTT platforms ? OTT platforms are priced to consumers but we know that Telcos are known to bundle the same with their services. Hence it is never sold at card rates as published on the OTT platforms. Is this subscription revenue included in these charts depicted ? For a Distribution network like cable operators the number of customers lost has far greater impact on revenues and business sustainability.

As far as pricing of channels goes we have stand by our previous suggestions that there should be different price caps for SD and HD say. Our recommendations are that SD channels can be priced at maximum Rs.14 pm and HD @Rs.22 pm . India is perhaps the only country to our mind where after and upgrade to HD, Broadcasters continue to run SD versions of their channels. We fail to understand why a Broadcaster would want their content to be seen in inferior resolution when same content is also being given in HD.

	SD	HD
5% inflation	12	19
2020	12.6	19.95
2021	13.23	20.9475
2022	13.8915	21.994875

Q2/3/4. If one goes by the offtake of packs, the general trend is that a small pack consisting of all Hindi & regional channels excluding Sports other than Cricket and English, a full SD pack consisting of all channels and a third a HD package with all channels are the most hot selling ones.

So far we have seen that the overwhelming majority of the customers have opted for DPO/Broadcaster packs and maybe only 5% of the customers have opted for a la carte. Hence we are of the view that whatever options that the Regulator opts for to promoting a la carte, it will not have the desired effect as consumers make the final choices. A question to ask is why on OTT, all the content of a Broadcaster is available? Can a customer choose only one series to watch on OTT or a single movie? What should be the price of that series/movie if it is sold as a la carte? If customer behaviour is to buy the entire pack and use only a limited portion of that, why should we have so many Regulations on TV channels? There are many consumers who only watch Live Sports on OTT and an occasional movie/series, but has anyone even complained that I do not use the rest and the charge for it should be substantially lower. The reverse is also the case for other customers not interested in sports. Hence in our view a lighter approach is necessary in view of changing consumer behaviour.

Q6. Cable and DTH are two very different legs of distribution having their own cost structures. **As shown in your CP on Market Structure/Competition of Cable TV dtd 25.10.21 Table 2.3, 97.64% of all MSOs distribute their signals through LCO owned networks, barring Asianet in Kerala where the LCO distribution chain is 54.45%.**



Yet Distribution Fee is being mandated to be shared. Distribution cost is meant towards the cost of collection from subscribers as per your Explanatory Memorandum to the Interconnect Regulations (the distribution fee is required to be paid by broadcaster to the distributor to compensate the distributor for his efforts put in place for collection of amount for pay channels from subscribers, its accounting and payment of the same to the broadcaster). This cost is entirely borne by LCOs who have now to prepay MSO in their wallets to do transactions in the SMS. If wallet balance is zero no new activation or renewal takes place. During the first Covid Lockdown, Associations had made appeals to the Regulators (emails attached in Annexure) and MSOs to issue some form of credit to LCOs to tide this period. But things were stonewalled.

Finally LCOs had to take the burden on their head and kept the MSOs and Broadcasters revenues going, bearing losses from some consumers who went to their hometowns not informing LCOs to shut their STBs. Please justify why this Distribution Fee should be shared with MSOs who get all their payments upfront and get default system credit as they have to pay Broadcaster well after a month or two. In a system driven environment where is the justification for sharing this revenue with MSOs. **MSOs like Hathway and Den have since a year started charging LCOs for recovery of Payment Gateway Fees also, so they no longer bear that expense also.**

**Kindly justify why LCOs should share Distribution Fee of 20% with MSOs when they do all the legwork, employ staff for bill collections and the bear all risk of bad debts. What is the role of MSO in collecting mandated Distribution Fee ?** Do MSOs share any of the additional incentives of upto 15% received from Broadcasters with LCOs? Is anything from that even shared ? Small MSOs in fact offer better terms to LCOs rather than the largest National MSOs. An amendment in the Interconnect Regulations is required immediately.

In our opinion, the total of Distribution Fee should be mandated to 35% with 25% being shared with LCOs and 10% being retained by MSOs. This is on the condition that NCF limits will be remain as specified at 130 and 160 for <200 channels/>200 channels.

If you choose **not** to mandate 35% as Distribution Fee, the NCF should be revised at Rs.150 for upto 200 channels and Rs.185 for more than 200 FTA channels which factors in 5% inflation since these rates were announced by the Regulator in 2019. After all as Broadcasters demand growth in revenues we too would like to see that our revenues grow as they have been only going downhill. In either case sharing of 20% Distribution Fee with MSO is totally unjustified. **A revision in the ceiling of NCF of Rs.130 has been recommended by all Stakeholders in the discussion of 23.12.2021. However, the Authority has chosen to side step and not even put it up for consultation.**

In the previous consultation most LCO associations as well as some others have opined that full NCF should be retained by LCOs as that is what forms 90% of revenues of the LCOs and they have no other sources of revenues unlike other stakeholders.

The revenue Share of NCF by MSOs should also be capped at a flat fee of Rs.40/- p STB as experience shows that other sources of revenue differ from MSO to MSO and can be manipulated and are not shared with LCOs. **For LCOs the sole revenue source remains NCF and Distribution Fee and nothing else as per your Regulations.**

- Q7. [i] Inspite of the data put up by yourself that over 97.64% of MSO business is conducted by LCOs, you have never involved a single LCO Association in any meeting on NTO. A glance of the composition of the Stakeholders for the meeting held on 23.12.21 shows that DTH is represented by one person through its Association, **Cable TV is represented by 4 of the top 10 national MSOs, with 3 of them who belong to the same owner.** Is this a fair review conducted by people who have less than 3% customer contact ? Why is not even one LCO Association called when these things get discussed? When MSOs have very little idea of the



ground issues, and as mentioned before are raking in moolah thanks to control over the SMS system. the Authority gets a very lopsided viewpoint based on their opinions alone. It seems that we are never given any audience and left to fight in Courts.

Q7[ii]

As per the interconnect Agreements between MSO & LCO the roles and responsibilities are clearly spelt out. It is the responsibility of the LCO to raise customer bills and to do the collection from customers.

This raises questions about how can you assign the task of letting a MSO decide what should be the amount of NCF that the LCO can charge. **The MSO can only prescribe the upper limit on its website. It is the prerogative of the LCO to give discounts to customers on NCF as final invoice is raised by LCO. Same is the case with DPO package prices. They must include the full NCF and leave it to the LCO to offer discounts to their customers. What a MSO charges in its primary cannot become the default for LCO customers.**

Q7[iii]

You have mentioned that the NCF multi TV and long term subscription have been implemented. **Let us remind you that our writ petition no is 547 of 2020 is still pending in the Mumbai High Court and this matter is subjudice.** Just because MSOs have given a self declaration that they have complied does this mean this is actually been implemented. If however the same was actually implemented, can MSOs show us why they continue to charge LCOs revenue share on NCF as before and earn extra revenues ? **Can they show how the same even been implemented even in their primary Points ? Why is NCF of 160 not even implemented in their SMS in that case.**

Overall it is easy for a MSO to issue a compliance letter as the additional income TV income is very small for them and makes little impact to them. But this has a big impact on LCO revenues and unless a fair share of revenue is given to LCOs this dispute will linger.

Q7[iv] Since the entire country has been brought under same regulations, we wonder why a leading MSO like Hathway & DEN charges Maharashtra LCOs higher rates than other States. Around a year back they dropped prices of DPO packs but not in Maharashtra. Is this not discrimination being committed by Hathway/DEN in Maharashtra? We are sharing an **Annexure** on this and are ready to discuss all prove all our contentions with more data, if you give us a face to face meeting.

Not only is that the case with Hathway/DEN, but their prices are almost double that what other MSOs charge in the same city. If an LCO has to pay that much extra to the MSO, surely the customer prices will be higher. The entire Broadcaster cost of the package is fully recovered from LCOs, plus share of NCF and Distribution costs for that package. Not a single rupee earned from placement and marketing fees has gone to reducing the DPO pack cost. Pl go through attached notice sent through our Advocates to Hathway on 24.7.2019. Kindly refer to the **Annexure** also.

We hope this Consultation Paper will help the industry grow and not allow only a few to prosper.

Thanking you.

For TEAM DCOAM



Authorised Signatory



## Annexure to CP reply dated 5<sup>th</sup> June 2022 by DCOAM

To illustrate our points on issues raised by LCOs in the Consultation Paper by TRAI on Issues Related to New Regulatory Framework for Broadcasting & Cable Services dated 7.5.2022, we list below various screenshots to support our contention.

### 1. HATHWAY NORTH LCO Package pricing to LCOs

**New Plan**

Plan Payterm : ☒ 30 Days

Type : ☐ Basic ☒ Hathway Bouquet ☐ Broadcaster Bouquet ☐ A-La-Carte ☐ All

an Details Selected Channels Count : 0 Total

Search By :

Plan Name	BASE Price	LCO Price	BC Price	SD Count	HD Count	Selected
HW NORTH SILVER 30d	199	99	36.48	182	0	<input type="checkbox"/>
HW NORTH GOLD 30d	299	176	116.48	251	0	<input type="checkbox"/>
HW NORTH GOLD BENGALI 30d	399	268	196.48	194	0	<input type="checkbox"/>
HW NORTH SILVER BENGALI 30d	299	184.30	116.48	245	0	<input type="checkbox"/>
HW NORTH SILVER MALAYALAM 30d	236	134	66.08	176	0	<input type="checkbox"/>
HW NORTH GOLD PLUS HD 30d	399	263	196.48	226	28	<input type="checkbox"/>
HW NORTH PLATINUM PLUS HD 30d	499	346	276.48	238	50	<input type="checkbox"/>
HW NORTH GOLD 180d	1794	1056	698.88	251	0	<input type="checkbox"/>
HW NORTH GOLD 90d	897	528	349.44	251	0	<input type="checkbox"/>

## 2. HATHWAY NORTH LCO Package pricing to LCOs

New Plan


Plan Payterm : ☒ 30 Days

Type : ☐ Basic ☒ Hathway Bouquet ☐ Broadcaster Bouquet ☐ A-La-Carte ☐ All

n Details Selected Channels Count : 0 Total : 0.00/-

Search By :

HW NORTH SILVER 30d	199	99	36.48	182	0	<input type="checkbox"/>
HW NORTH GOLD 30d	299	176	116.48	251	0	<input type="checkbox"/>
HW NORTH GOLD BENGALI 30d	399	268	196.48	194	0	<input type="checkbox"/>
HW NORTH SILVER BENGALI 30d	299	184.30	116.48	245	0	<input type="checkbox"/>
HW NORTH SILVER MALAYALAM 30d	236	134	66.08	176	0	<input type="checkbox"/>
HW NORTH GOLD PLUS HD 30d	399	263	196.48	226	28	<input type="checkbox"/>
HW NORTH PLATINUM PLUS HD 30d	499	346	276.48	238	50	<input type="checkbox"/>
HW NORTH GOLD 180d	1794	1056	698.88	251	0	<input type="checkbox"/>
HW NORTH GOLD 90d	897	528	349.44	251	0	<input type="checkbox"/>
HW NORTH PLATINUM 30d	375	239	177.28	281	0	<input type="checkbox"/>



## 3. HATHWAY MAHARASHTRA LCO Package pricing to LCOs – Silver Value consists of all Hindi/Marathi & Sports (Hindi)



**hathway@ CONNECT**  
MUNAFEWALI PARTNERSHIP

**hathway@**  
Where lives connect

**Home**  
**Pack Management**

Search By \* ☒ VC/Mac ID/VM/JVM ☐ Account No [Redacted] **Search**

**Customer Details** **Main TV** **Addon1**

VC/Mac ID [Redacted] STB/Mac ID [Redacted]

Action Required: **Deactivate** **Terminate** **Retrack** **Manage Expired Plans** **Align Date** **SWAP STB** **Quick Pay SMS Link** **Customer Receipt** **ALL Cancel**

Plan Details: **Auto Renew** **Add Plan** ☐ All Renewal

**Hathway Bouquet**

Plan Name	SD	HD	Total	BASE Price	BC Share	LCO Price	Valid Upto	Auto Renew	Renew	Status	Action
MH SUPER VALUE 30d	179	0	179	324.51	136.88	215.36	22-JAN-21	Off	<input type="checkbox"/>	Active	

\* Taxes extra **Reset**

4. HATHWAY MAHARASHTRA LCO Package pricing to LCOs –  
Royal Value Plus consists of ALL Hindi/Marathi/English & Sports

**hathway@ CONNECT**  
MUNAFEWALI PARTNERSHIP

**hathway@**  
Where lives connect

**Home**  
**Pack Management**

Distributor Name: [Redacted] User: [Redacted] Available Balance: [Redacted]

Search By \* ☒ VC/Mac ID/VM/JVM ☐ Account No [Redacted] **Search**

**Customer Details** **Main TV** **Addon1**

VC/Mac ID [Redacted] STB/Mac ID [Redacted]

Action Required: **Deactivate** **Terminate** **Retrack** **Manage Expired Plans** **Align Date** **SWAP STB** **Quick Pay SMS Link** **Customer Receipt** **ALL Cancel**

Plan Details: **Auto Renew** **Add Plan** ☐ All Renewal

**Hathway Bouquet**

Plan Name	SD	HD	Total	BASE Price	BC Share	LCO Price	Valid Upto	Auto Renew	Renew	Status	Action
MH ROYAL VALUE PLUS 30d	225	0	225	530.99	245.44	346.9	04-JAN-21	On	<input type="checkbox"/>	Active	

5. HATHWAY MAHARASHTRA LCO Package pricing to LCOs –  
Supreme Value HD consists of ALL Hindi/Marathi/English & Sports in HD

Home

Pack Management

VIDEO

Search By

☒ VC/Mac ID/VM/JVM
 ☐ Account No

Search

Customer Details

Main TV

Addon1

VC/Mac ID

STB/Mac ID

Action Required

Deactivate

Terminate

Retrack

Align Date

SWAP STB

Quick Pay SMS Link

Customer Receipt

ALL Cancel

Plan Details :

Auto Renew

Add Plan

☐ All Renewal

Hathway Bouquet

Plan Name	SD	HD	Total	BASE Price	BC Share	LCO Price	Valid Upto	Auto Renew	Renew	Status	Action
MH SUPREME VALUE HD 30d	67	62	229	699.03	399.52	509.95	06-JAN-21	On	<input type="checkbox"/>	Active	

## 6. Seven Star MSO LCO portal screenshot

Activation Date: \*

2022-04-07

Filter :

Records Found:29

#	BouqueCode	Rate	BType	Minimum ActivationDate	NoOFMonths	ExpiryDate	ExpiryDaysLeft
1	SS SD PLUS SS01	150.00	SD	2022-04-08	<input type="text"/>	<input type="text"/>	1
2	SS HD PLUS SS02	250.00	SD	2022-04-07	<input type="text"/>	<input type="text"/>	0
3	7Star Aamchi Mumbai Plus 7S33	186.44	SD	2022-04-07	<input type="text"/>	<input type="text"/>	0
4	7Star Bengali + Hindi Base Pack 7S27	155.20	SD	2022-04-07	<input type="text"/>	<input type="text"/>	0
5	7Star Base Sports Pack 7S10	208.80	SD	2022-04-07	<input type="text"/>	<input type="text"/>	0
6	7STAR VALUE PACK	10.00	SD	2022-04-07	<input type="text"/>	<input type="text"/>	0

GST is extra

Changes made by GTPL in pricing since Jan 21 (PPT emailed)

Pl compare with what an LCO has to pay to Hathway/Den.



## Gujarati / Hindi Packages

(Including Taxes)



Existing Rates				New Packages			
Package	Customer MRP	LCO Payout	LCO Margin	Package	Customer MRP	LCO Payout	LCO Margin
Prime	210	110	100	Prime	Discontinued		
Power	250	118	132	Power	Discontinued		
Popular	NEW PACK			Popular	260	135	125
Power Lite	285	145	140	Power Lite	Discontinued		
Power Plus	350	201	149	Power Plus	330	179 ↓	151
Royal	435	263	172	Royal	399	210 ↓	189
Power HD	450	273	177	Power HD	399	210 ↓	189
Royal HD	550	373	177	Royal HD	449	249 ↓	200



Note : Rates are for 1 Months Validity.



NCF portrayed on Incable Website & Tata Play is clear that NCF is additional.



PARTNER DESK

CUSTOMER LOGIN

DIGITAL SERVICES

OTT

CONSUMERS

SUBSCRIBERS

CONTACT

FILMY GAANE

IBAADAT

SUNFLOWER  
KIDS

ZEE  
CLASSIC

NXT  
HOLLYWOOD  
ACTION  
MOVIES

SONY  
PAL

colors  
rishtey  
COLORS  
RISHTEY

STAR  
UTSAV

ZEE  
ANMOL

VISSA  
TV

ISHARA  
TV

TOTAL CHANNELS: 137

\*NCF will be applied basis number of channels selected by the subscriber as per the TRAI regulation. Additional NCF may be applicable. Please contact your Digital Cable Service Provider for details. Pack Price is exclusive of taxes. FTA Channel Availability based on Operator Head-end. Pricing of all "pay" channels included in this pack (either as a complete "bouquet" or "a-la-carte") is as per the MRP or "Maximum Retail Price" published by the broadcasters.



**TATA PLAY**
Home
Watch

Recharge
Get Help

Malayalam Regional TV Binge Combo ⓘ  
₹ 529.00/month  
✓ Best Of Entertainment, Movies, News  
✓ SD Channel Count 11  
Network Capacity Fee extra as applicable

Hindi TV Netflix Basic Combo ⓘ  
₹ 539.00/month  
✓ Best Of News, Entertainment, Kids, Movies, Knowledge & Lifestyle  
✓ SD Channel Count 78  
Network Capacity Fee extra as applicable

Malayalam Regional TV HD Binge Combo ⓘ  
₹ 549.00/month  
✓ Best Of Entertainment, Movies, News  
✓ HD Channel Count 3  
✓ SD Channel Count 8  
Network Capacity Fee extra as applicable

Telugu Regional TV HD Netflix Basic Combo ⓘ  
₹ 549.00/month  
✓ Best Of News, Entertainment, Movies  
✓ HD Channel Count 7  
✓ SD Channel Count 13

Tamil Regional TV Binge Combo ⓘ  
₹ 569.00/month  
✓ Best Of Entertainment, Movies, News  
✓ SD Channel Count 26

Kannada Regional TV Binge Combo ⓘ  
₹ 569.00/month  
✓ Best Of Entertainment, Movies, News  
✓ SD Channel Count 13

## Recovery of Payment Gateway Charges from LCOs by MSOs.

**CONNECT**  
MUNAFEWALI PARTNERSHIP

Home

LCO :

LCO Detail

LCO Code  
Name  
Address  
Mobile No.  
Email  
Current  
Balance

With effect from August 1st 2020, following PG (Payment Gateway) charges would be applicable on Wallet Top-up. (\*excluding GST)

Payment Type	PayU (Charges)
JIO MONEY	1.75%
PhonePe	1.75%
AmazonPay	1.75%
OLA Money	1.75%
Paytm	1.75%
AMEX Cards	2.80%
Diners	2.25%
YESW	1.80%
PAYZAPP	1.85%
FREECHARGE	1.85%

Confirm
Cancel

# RAHUL SOMAN

Advocate, High Court, Bombay

26<sup>th</sup> June 2019

To

Hathway Digital Pvt. Ltd.,  
805/806, 8<sup>th</sup> Floor, Windsor,  
Off CST Road, Kalina,  
Santacruz (East),  
Mumbai - 400 098,

Sub: Model Interconnection Agreement to be executed  
between MSO and LCO

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Dear Sir,

I am concerned for the Digital Cable Operators' Association of Mumbai, which is an association of Local Cable Operators ("LCO") (hereinafter referred to as "**my Client**"), who have placed in my hands emails dated 17.6.2019 and 25.6.2019 addressed by you, with instructions to address to you as under:

1. My Client is an association of local cable operators providing services in Mumbai.
2. Some of the members of my Client are in receipt of your email dated 17.06.2019 attaching thereto (i) model interconnection agreement, (ii) letter of undertaking and (iii) acknowledgement by LCO. Vide the said email, you have called upon members of my Client to sign and stamp each page of the model





interconnection agreement and visit your "Kamala office" for submission of the signed model interconnection agreement before 30.06.2019. My Client has also been informed that post 30.6.2019, the model interconnection agreement will be available and accepted digitally on "Hathway connect portal".

3. In reply to your email dated 17.6.2019, my client addressed an email dated 18.6.2019 pointing out that the model interconnection agreement shared by you vide your email dated 17.06.2019 is not in accordance with the model interconnection agreement provided for under Schedule V of the Regulations. My Client has not received any reply to email dated 18.6.2019 till date.
4. My Client has thereafter received an email dated 25.6.2019 reminding my client to sign the Model Interconnection Agreement, with no consideration of the grievances raised by my Client in their email dated 18.06.2019.
5. At the outset, my Client has conducted enquiries with cable operators operating within the same city and are very surprised that not a single operator in the Western Suburbs have received any intimation in respect of the subject. Many cable operators have claimed that they have never signed any agreement in the past. Whereas the first interconnect agreement has been signed by Operators in South Mumbai along with MCOF (Maharashtra Cable Owners Federation) in 2016.
6. I, on behalf of my Client, have to bring to your notice that the Model Interconnection Agreement is provided for under Regulation 12 of the Telecommunication (Broadcasting and Cable) Services Interconnection (addressable systems)

Regulations 2017 (No.1 of 2017) ("**the Regulations/the said Regulations**"), Clause 3 whereof reads as under:

*"12. Interconnection agreement between Distributor of Television channels and local cable operator –*

*.....*

*(3) Every multi-system operator shall, within 30 days of receipt of written request from a local cable operator, enter into a Model Interconnection Agreement with such local cable operator for providing signals of television channels on lines of the model interconnection agreement as set out in the Schedule V by mutually agreeing on the clauses 10, 11 and 12 of the said agreement:*

*Provided that the multi-system operator and the local cable operator, without altering or deleting any clause of the model interconnection agreement may add, through mutual agreement, clauses to the model Interconnection Agreement however such addition shall have not the effect of diluting any of the clauses as laid down in the model interconnection agreement:*

*Provided further that in case the multi-system operator fails and the local cable operator fail to enter into interconnection agreement the multi-system operator and the local cable operator shall enter into the standard interconnection agreement as specified in the Schedule VI.*

7. Further, you are aware that clauses (4) and (5) of the Regulation 12 of the said Regulations lay down that the interconnection agreement executed between the multi-system operator and the local cable operator shall be in writing and that a copy of such agreement must be made available to the local cable operator



within a period of 15 days from the date of execution of the agreement.

8. You are aware that any deviance from the model interconnection agreement as provided for in Schedule V of the said Regulations, must be with mutual agreement of the MSO and LCO and no unilateral modification or variance can be carried out by the MSO or the LCO.
9. Despite my Client bringing to your notice the existence of certain differences between the model interconnection agreement forwarded to certain members of my Client vide your email dated 17.06.2019, and the model interconnection agreement provided for under Schedule V of the said Regulations, and despite my Client suggesting scheduling a meeting for discussion of the terms of the model interconnection agreement, you have blatantly ignored the same and vide your email dated 25.06.2019, you have once again reminded my Client to sign the model interconnection agreement.
10. You are aware that upon receipt of written request from a local cable operator, the multi-system operator is duty bound to execute model interconnection agreement and such model interconnection agreement must contain no deviation from the model interconnection agreement provided for under Schedule V of the said Regulations, insofar as the said deviations are not agreed upon and consented to by the MSO and LCO.
11. You have also informed my Client that the model interconnection agreement is to be digitally signed and a copy of the same will be available on your portal, which is once again in blatant disregard to the provisions of the regulations, which require the physical agreement, as executed, to be supplied to



my Client (LCO). Moreover, executing a digital agreement which is one sided and containing unilateral changes as per your whims and wishes is against the spirit of the law and is totally unlawful. Forcing the members of my Client to accept the conditions by blocking access to the Hathway Connect portal is unlawful and my Client and its members reserve their rights to alternate remedies, as they may deem fit, and as they may be advised.

12. In effect, my Client is being forced to sign and execute an interconnection agreement with you, which is supposed to be a mutual agreement, without my Client even being afforded the opportunity to incorporate into the agreement certain covenants which my Client desires to be included. The model interconnection agreement which has been forwarded to my Client by you contains various inconsistencies with the model interconnection agreement as provided for in Schedule V of the said Regulations, and as such, the terming of the same by you as a "model interconnection agreement" is misleading.
13. My Client and your organisation have shared a healthy business relationship over the past but post the implementation of the new Tariff Order, your approach has become hostile and unapproachable, and such continued disregard towards protection of my Client's rights is forcing many of the members of my Clients to seek services from other MSOs. It is my Client's earnest belief that the differences between the members of my Client and you in respect of the contents of the interconnection agreement can be worked out after having appropriate discussions regarding the same. My clients will be forwarding to you their comments on your Model Interconnect Agreement by 30.06.2019.

14. In view of the above, I on behalf of the members of my Client, have to request you to schedule a meeting at our earliest possible mutual convenience, to decide and agree upon the contents of the model interconnection agreement before the same is executed by my Client. You are also requested to provide to the members of my Client copies of the interconnection agreement(s) executed in September, 2018, since a copy of the same has not been supplied to the members of my Client till date. Also my Client would like to remind you that the law does not discriminate between Operators and hence you are requested to implement this across all your networks at the same time.

Thanking you,  
Yours truly,



Rahul Soman  
Advocate

Copy to TRAI, for information.



# RAHUL SOMAN

Advocate, High Court, Bombay

o/c

24<sup>th</sup> July 2019

To

Hathway Digital Pvt. Ltd.,  
805/806, 8<sup>th</sup> Floor, Windsor  
Off CST Road, Kalina  
Santacruz (East)  
Mumbai - 400 098

Sub: Packaging and Pricing of Distributor Bouquets

Dear Sirs,

I am concerned for my Clients, the Digital Cable Operators' Association of Mumbai and the Pune Cable Operators' Association, which are Associations of Local Cable Operators (LCO). My Clients are associations of LCOs taking the cable TV signals from your Headends for the past many years and they have placed in my hands emails dated 20.3.2019 and 17.6.2019 and other correspondence exchanged between your representatives and the members of my Clients, with instructions to address you as under:

1. My Clients are Associations of Local Cable Operators providing services in Mumbai and Pune region.
2. You may note that since the implementation of the Tariff Order, the members of my Clients have constantly made requests calling upon you to hold joint meetings to discuss the method and manner of migration onto the Tariff Order and to discuss the terms of the interconnection agreements. However, no response was forthcoming on your part to my Clients' members' requests to hold joint meetings. My Clients instruct me to inform



*Pravara*  
24/7/19

W



you that due to your lackadaisical approach, the various members of my Clients have lost several customers as it was impossible for the LCOs to cope with the large number of customer requests and to explain to each of the customers the nuances of the NCF & channel choice and other changes which have been introduced through the implementation of the new Tariff Order. In addition to that, your systems were unable to cope up with the highly increased number of transactions per STB that were required due to individual choices emanating from each customer.

3. Several of the customers of the members of my Clients have reported great difficulty and hardship in migrating to the new regime on account of lack of support and clarity and lack of any training on your part. Barely had the first month got over, my Clients say that they have faced severe hardship at the time of renewing their channel and bouquet choices, despite them maintaining positive account balances in the wallets and most LCOs not having collected money from subscribers. At that time some LCOs had suggested that some simpler packs be created combining the popular Broadcaster packs so as to enable LCOs easily activate or reconnect connections.

4. My Clients through their Advocate, addressed a letter dated 26.6.2019 calling upon you to schedule a meeting to decide and agree upon the contents of the Model Interconnection Agreement, and also called upon you to consider the suggested changes put forth by my Clients through its members.

5. In the month of March, you had introduced some new packages and unilaterally decided the margins you would provide to my Clients members on such packages. Since my Clients were facing issues and difficulty in renewal of packs, some of the members of my Clients started to activate the



distributor packs instead Broadcaster packs, so as to reduce instances of renewal failures.

6. Since the time of the implementation of the Tariff Order, you denied the members of my Clients access to your SMS (OBRM) to all LCOs. You have only provided access through a portal known as Hathway Connect. However, you are aware that this portal does not provide detailed history of each STB especially the details of the channels availed by a customer. Upon request, you added an expired Plan option but that provides data of only the previous month and no more.

7. My Clients call upon you to immediately provide access to the history of each STB by giving viewing rights of OBRM or making the history available in the Hathway Connect portal. This will enable the members of my Clients to have a more complete record of the channel preference and details of each customer.

8. During the period of these packages introduction, some of the members of my Clients, during certain joint interactions at some of your depots, were clearly informed that the pricing of these packs would not be made public and though the cost for the pack was reduced, the LCO could continue to charge their customers as per the Tariff Regulations. In fact, the members of my Clients were encouraged to activate your distributor bouquets as you had added the FTA packs also in these packages so as to enable you to generate placement and carriage income.

9. On or around 20.03.2019, some of the members of my Clients received an email from you attaching a list of new packs, being distributor bouquets, with LCO top-up and LCO share.



10. Upon considering the LCO top-up and LCO share indicated by you as being payable for each pack, it appears that there exists an inconsistency between the manner and stipulations of revenue sharing agreed between you and the members of my client, which you have only decided unilaterally. It has also come to my Clients' members' notice that there are certain breaches and violations of the mandatory provisions of the Telecommunication (Broadcasting & Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2017 ("**Tariff Order**").

11. The Network Capacity Fee ("**NCF**") for the first 100 channels as decided by yourself unilaterally is to be shared between the LCO and MSO in the proportion of 60 : 40. You have further indicated that the NCF for the next 3 slabs of 25 channels (for channel nos. 101 to 175) each will be allocated to the LCO alone. You had also indicated that the NCF for the 5<sup>th</sup> slab of 25 channels (Channel no. 176 to 200) onwards will be shared between the LCO and MSO, once again in the ratio of 60 : 40. This is not what the LCOs are agreeable to.

12. In your email dated 20.3.2019, along with which you have attached a list of new packs introduced by you as Distributor Bouquets, it can be seen that the LCO share indicated by you is not in accordance with the commercial terms unilaterally set by you and the members of my Client. For an illustrative purpose, we may consider the pack "MH SUPER VALUE 30d" ("**Super Value Pack**"). You have proposed to offer the said Super Value Pack as the Distributor Bouquet at an MRP of Rs.325/-. A cursory glance at the contents and composition of the Supreme Value Pack indicates that you have caused to include pay channels as well as Free-To-Air Channels ("**FTA Channels**") in the same Distributor Bouquet. This is in clear contravention of the fourth proviso of Clause 4(4) of the Tariff Order.



13. Further, the Super Value Pack appears to be in contravention of the second proviso of Clause 4(4) of the Tariff Order, which clearly provides that the distributor retail price of a distributor bouquet shall not be less than 85% of the sum of the distributor prices per month of the a-la-carte channels and the bouquets forming a part of such a distributor bouquet.

14. Under the second proviso of Clause 7(1) of the Tariff Order, the distributor is required to report to the TRAI any change in the composition of any bouquet, which has not been done by you. The members of my Clients insist that the same is required to be followed. The members of my Clients are required to be informed 15 days in advance of any change in package composition or introduction of new packages. You are called upon to also indicate the revenue share calculated by you, and ensure that the revenue share of the members of my Clients are not compromised or prejudiced, before you declare the MRP for these packages

15. A perusal of the packages and distributor bouquets circulated by you indicates that there has been an unauthorised deduction in the revenue share of the LCOs. The share of the LCO and the MSO for your distributor bouquet Super Value Pack, if calculated as per the your own unilaterally decided commercial terms would be as under:

Super Value @325/- pm	Ch Counts	Costs	MSO	LCO	Broadcaster
Total content costs	81	167.75	16.78	16.78	134.20
NCF 1 (100+ FTA channels)	100	130	52	78	
NCF 2	25	20	0	20	
NCF 3	25	20	0	20	
NCF 4	25	20	0	20	
NCF 5	25	20	8	12	
TOTAL WITHOUT GST		377.75	76.78	166.78	134.2
GST		68.00	13.82	30.02	24.16
<b>TOTAL CUSTOMER BILL</b>		<b>446</b>	<b>91</b>	<b>197</b>	<b>159</b>



16. However, as per your email dated 20.03.2019, it appears that the revenue share of the LCO for the Super Value Pack is only Rs. 109.20, as opposed to Rs. 197 that should have been payable to the LCO. This is the tariff structure made applicable by you, should be restricted to only your primary customers, but is now also being communicated to the direct customers of my Clients' members. My Clients state that any deduction / discount on price of a bouquet offered by you shall not be at the cost of the members of my Clients, i.e. the LCOs. It is observed that you have offered the Super Value Pack to customers at a price of Rs. 325 per month, which implies a discount of Rs. 121 per month. Out of the same, there appears to be an arbitrary deduction of Rs. 88 from the share of the LCO margin, without the consent of the LCOs.

17. Almost three fourth (73%) of the discounts offered to the customer comes from the LCO margin, whereas the balance 27% could be either from your earnings from Broadcaster incentive or placement revenues or a reduction in your NCF revenue share. My Clients instruct me to state that in case you offer any discounts on the MRP of the distributor bouquets, the same must not be at the cost of the LCO margins and you are called upon to ensure that the revenue share of the LCOs is not affected in any manner due to any unauthorised deductions and discounts offered by you on the distributor bouquets.

18. In the past few weeks, it has come to the notice of the members of my Clients that you have started to contact the customers of members of my Clients via telephone, SMS and on screen messages for renewals and are asking customers to provide their mobile numbers. Moreover, you have started publishing these prices on your website and also to customers, which is causing grievous harm to my Clients' members' revenues and causes disputes between LCOs and their customers during collections.



19. The said deduction is unexplained and is clearly contradictory to the terms and conditions unilaterally decided by you for the members of my Clients. You have also failed and neglected to respond to my Clients' request for a joint meeting to discuss the issues relating to the model interconnection agreement.

20. The huge discounts offered by you to the customers has made it financially unviable for the members of my Clients to carry on business. You are aware that the members of my Clients, i.e. the LCOs, are the owners of the network and it must be left to the discretion of the LCOs as to how much discount they wish to offer and to which customer.

21. This working shown of Super Value Pack is merely an example of the package cost break up. This needs to be carried out for each and every Distributor Pack that you have created in your system.

22. You are hereby called upon to explain the manner in which the LCO share on your distributor bouquets have been deducted by you and also provide to my Clients a detailed statement of breakup of the revenue share payable to the LCOs on each of your distributor bouquets within a period of 15 days from the receipt of this notice.

23. You are further once again requested to schedule a joint meeting with the members of my Clients to arrive at the revised terms and conditions of the Model Interconnection Agreement and the discuss the revenue share and other terms thereof.

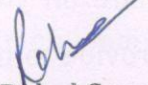
24. You are called upon to forthwith revise the tariff structure of your distributor bouquets or in any event, to ensure that no loss is occasioned to

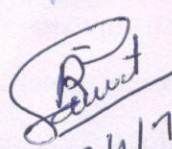


the members of my Clients on account of any discounts being offered by you to the customers/subscribers.

25. If you insist that the price set by you has only to be followed and passed on to customers, then you are called upon to reset the Hathway Connect Portal amounts payable by the LCO to you for all your distributor packages in such a manner so as to ensure that no loss is occasioned to the LCOs and that payout to the LCO remains as per the terms unilaterally decided by you or is further enhanced from the placement/ carriage fees or Broadcaster incentives. After all my clients do not have any alternate sources of revenue, other than subscription fees received from customers. Please note that failure on your part to comply with the contents of this notice, my Clients and its members will be constrained to initiate such legal proceedings against you, as they may be advised, which shall be at your sole risk as to the costs and the consequences thereof.

Yours truly,

  
Rahul Soman  
Advocate

Received  
  
24/7/19







**GTPL Hathway Limited**

**Gujarati / Hindi Packages**

**Effective from : 15<sup>th</sup> Jan. 2021**



# Gujarati / Hindi Packages

(Including Taxes)



NEW  
PACK

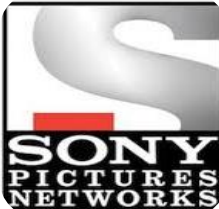


POPULAR

Customer MRP

₹ 260/-

LCO Payout

₹ 135/-

	STAR PLUS STAR BHARAT STAR GOLD 2	STAR UTSAV STAR UTSAV MOVIES STAR SPORTS FIRST
	SAB SET	MAX 2 SONY WAH
	ZEE TV & TV & PICTURES ZEE ANMOL	BIG MAGIC ANMOL CINEMA ZEE NEWS OTHERS (6)
	COLORS COLORS GUJARATI COLORS RISHTEY MTV	MTV BEATS RISHTEY CINEPLEX CNBC AWAAZ OTHERS (11)
	AAJ TAK TEZ	DISCOVERY CHANNEL OTHERS (3)





**POWER PLUS**

Customer MRP

~~₹ 350/-~~

Now at, **₹ 330/-**

LCO Payout

~~₹ 201/-~~

**₹ 179/-**

✓ No Change in Package Composition

✓ Decrease in LCO Payout by ₹ 22/-



**ROYAL**

Customer MRP

~~₹ 435/-~~

Now at, **₹ 399/-**

LCO Payout

~~₹ 263/-~~

**₹ 210/-**

✓ Upgraded ZEE Bouquet

✗ ~~Family pack Hindi~~ – ₹ 39 + Taxes

✓ All-in-One pack – ₹ 59 + Taxes

✓ Decrease in LCO Payout by ₹ 53/-



## POWER HD

### Customer MRP

~~₹ 450/-~~

Now at, **₹ 399/-**

### LCO Payout

~~₹ 273/-~~

**₹ 210/-**

✓ No Change in Package Composition

✓ Decrease in LCO Payout by ₹ 63/-





**ROYAL HD**

**Customer MRP**

~~₹ 550/-~~

Now at, **₹ 449/-**

**LCO Payout**

~~₹ 373/-~~

**₹ 249/-**

✓ **Upgraded ZEE Bouquet**

- ✗ ~~Family pack Hindi HD~~ – ₹ 60 + Taxes
- ✓ All-in-One pack HD – ₹ 85 + Taxes

✓ **Decrease in LCO Payout by ₹ 124/-**



- ✓ Existing pack will continue till package expiry date.
- ✓ Not Available for Future Renewal / New Sales
- ✓ Plan change requests to be performed by LCOs.
- ✓ LCOs need to change package before expiry date to perform Auto-renewal.
- ✓ No impact on Advance renewal



# Gujarati / Hindi Packages

(Including Taxes)

## Existing Rates

Package	Customer MRP	LCO Payout	LCO Margin
Prime	210	110	100
Power	250	118	132
Popular	NEW PACK		
Power Lite	285	145	140
Power Plus	350	201	149
Royal	435	263	172
Power HD	450	273	177
Royal HD	550	373	177

## New Packages

Package	Customer MRP	LCO Payout	LCO Margin
Prime	Discontinued		
Power	Discontinued		
Popular	260	135	125
Power Lite	Discontinued		
Power Plus	330	179 ↓	151
Royal	399	210 ↓	189
Power HD	399	210 ↓	189
Royal HD	449	249 ↓	200

Note : Rates are for 1 Months Validity.





## Schemes



# 1) Early Renewal Discount

(Including Taxes)

**Applicability**

❑ Discount scheme applicable for all LCOs when renewal is processed **On/Before** Expiry.

**Example:**

Package Name	LCO Payout : <u>After</u> Expiry	LCO Payout : <u>On / Before</u> Expiry	Additional Earnings to LCO
Popular	135	133	02
Power Plus	179	176	03
Royal	210	205	05
Power HD	210	205	05
Royal HD	249	242	07

AOP / A-La-Carte

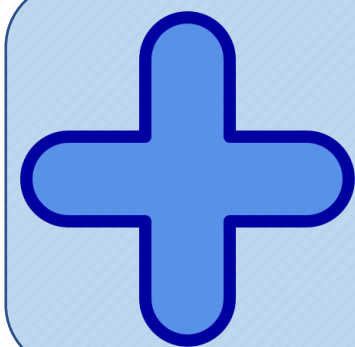
₹ 41.3 + 87% of Broadcaster  
Bouquet / A-La-Carte Cost

**1%** Discount on LCO Payout

- ❑ Not Applicable on Quarterly, Sixer & Annual Schemes.
- ❑ Not available for Commercial Customer



## 2) Super 24



**Additional Bonus**  
**₹ 4/-**  
**per Subscriber**

### Scheme

- ☐ Liner Achievement of 95% or more for the particular month.
- ☐ Renewal of 95% or more subscribers up to first 24 Hours of End date.
- ☐ Bonus of ₹ 4/- **per subscriber** as Cash-back in next month.
- ☐ Bonus will be paid on Subscribers from particular month's Renewal Liner.

### Renewals up to first 24 Hours

- ☐ Subscriber renewed up to 24 hours of End date
- ☐ E.g. for End date of 10-Aug-20, Incentive will be applicable if renewed on or before 11-Aug-20

### Other

- ☐ **All other Schemes / Incentive will be applicable** along with '**Super 24**'.  
i.e. No change in applicability of other schemes (Early Renewal incentive etc)





# Illustrative LCO Benefit per Subscriber

Package	Early Bird discount (₹)		SUPER 24 (₹)		Total Incentive (₹)
Popular	02	+	04	=	06
Power Plus	03		04		07
Royal	05		04		09
Power HD	05		04		09
Royal HD	07		04		11





## Quarterly Scheme





## Quarterly Scheme

**POWER PLUS**

3 Months  
@  
**₹ 513/-**

Per Month  
~~₹ 179/-~~  
**₹ 171/-**

**ROYAL**

3 Months  
@  
**₹ 594/-**

Per Month  
~~₹ 210/-~~  
**₹ 198/-**

- 1) No Credit in Case of Disconnection / Suspension.
- 2) No other Schemes / Incentive will be applicable along with Current Scheme.

□ Amount are Rounded off in Rupees wherever applicable.



## Quarterly HD Scheme

### POWER HD

3 Months

@

**₹ 594/-**

Per Month

~~₹ 210/-~~

**₹ 198/-**

### ROYAL HD

3 Months

@

**₹ 696/-**

Per Month

~~₹ 249/-~~

**₹ 232/-**

- 1) No Credit in Case of Disconnection / Suspension.
- 2) No other Schemes / Incentive will be applicable along with Current Scheme.

❑ Amount are Rounded off in Rupees wherever applicable.





# Illustrative LCO Benefit : Quarterly Scheme

(Including Taxes)

Package	Std. LCO Payout	Scheme LCO Payout	Scheme Benefit
Popular	405	390	15
Power Plus	537	513	24
Royal	630	594	36
Power HD	630	594	36
Royal HD	747	696	51

1) No Credit in Case of Disconnection / Suspension.  
2) No other Schemes / Incentive will be applicable along with Current Scheme.

Amount are Rounded off in Rupees wherever applicable.



## Sixer Scheme





## Sixer Scheme

**POWER PLUS**

6 Months  
@  
**₹ 999/-**

Per Month  
~~₹ 179/-~~  
**₹ 166/-**

**ROYAL**

6 Months  
@  
**₹ 1,128/-**

Per Month  
~~₹ 210/-~~  
**₹ 188/-**

- 1) Disconnection / Suspension credit as per current Policy.
- 2) No other Schemes / Incentive will be applicable along with Current Scheme.

❑ Amount are Rounded off in Rupees wherever applicable.



## Sixer HD Scheme

**POWER HD**

6 Months  
@  
**₹ 1,128/-**

Per Month  
~~₹ 210/-~~  
**₹ 188/-**

**ROYAL HD**

6 Months  
@  
**₹ 1,320/-**

Per Month  
~~₹ 249/-~~  
**₹ 220/-**

- 1) Disconnection / Suspension credit as per current Policy.
- 2) No other Schemes / Incentive will be applicable along with Current Scheme.

□ Amount are Rounded off in Rupees wherever applicable.





# Illustrative LCO Benefit : Sixer Scheme

(Including Taxes)

Package	Std. LCO Payout	Scheme LCO Payout	Scheme Benefit
Popular	810	762	48
Power Plus	1,074	999	75
Royal	1,260	1,128	132
Power HD	1,260	1,128	132
Royal HD	1,494	1,320	174

1) Disconnection / Suspension credit as per current Policy.  
2) No other Schemes / Incentive will be applicable along with Current Scheme.

Amount are Rounded off in Rupees wherever applicable.





## Annual Scheme



## Annual Scheme

**POWER PLUS**

12 Months  
@  
**₹ 1,920/-**

Per Month  
~~₹ 179/-~~  
**₹ 160/-**

**ROYAL**

**17% Discount**

12 Months  
@  
**₹ 2,100/-**

Per Month  
~~₹ 210/-~~  
**₹ 175/-**

- 1) Disconnection / Suspension credit as per current Policy.
- 2) No other Schemes / Incentive will be applicable along with Current Scheme.

□ Amount are Rounded off in Rupees wherever applicable.



## Annual HD Scheme

**17% Discount**

**POWER HD**

12 Months  
@  
**₹ 2,100/-**

Per Month  
~~₹ 210/-~~  
**₹ 175/-**

**20% Discount**

**ROYAL HD**

12 Months  
@  
**₹ 2,400/-**

Per Month  
~~₹ 249/-~~  
**₹ 200/-**

- 1) Disconnection / Suspension credit as per current Policy.
- 2) No other Schemes / Incentive will be applicable along with Current Scheme.

□ Amount are Rounded off in Rupees wherever applicable.





# Illustrative LCO Benefit : Annual Scheme

(Including Taxes)

Package	Std. LCO Payout	Scheme LCO Payout	Scheme Benefit
Popular	1,620	1,476	144
Power Plus	2,148	1,920	228
Royal	2,520	2,100	420
Power HD	2,520	2,100	420
Royal HD	2,988	2,400	588





THANK YOU

