

COMMENTS
ON
Draft
**THE TELECOMMUNICATION (BROADCASTING AND
CABLE) SERVICES
INTERCONNECTION (ADDRESSABLE SYSTEMS)
(SEVENTH AMENDMENT)
REGULATIONS, 2025**

Dated 22.09.2025

BY

SITI NETWORKS LIMITED



Date : 14th October 2025

To,

Dr. Deepali Sharma

Advisor (B&CS),

Ms. Sapna Sharma,

Joint Advisor (B&CS),

Telecom Regulatory Authority of India (TRAI)

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Subject: Comments on behalf of SITI Networks Limited (“SITI”) on the DRAFT “Telecommunication (Broadcasting And Cable) Services Interconnection (Addressable Systems) (Seventh Amendment) Regulations, 2025 (“ Draft VII Amendment”).

Respected Madams,

We extend our gratitude to the Authority for considering the pending matters pertaining to audit and for issuing the Draft VII Amendment to the Regulations in this respect. We further acknowledge with thanks the opportunity granted to us to submit our comments on the Draft VII Amendment in respect of the captioned subject.

This Draft VII Amendment is a commendable attempt and constructive step whereby it is anticipated to address and resolve several persistent issues arising between broadcasters and DPOs. It is also expected to rationalize and streamline the audit process along with matters incidental thereto, thereby substantially mitigating the incidence of disputes amongst service providers.

In the foregoing context, we now proceed to respectfully place on record our detailed views and comments on the specific issues raised in the Draft VII Amendment.

(A) Regulation 15 (1)

Issue 1. Second Proviso of Regulation 15 (1) of Draft VII Amendment is reproduced as below : -

“Provided further that the distributor shall inform the broadcaster, with whom it has entered into an interconnection agreement, at least thirty days in advance, the schedule of audit and the name of the auditor.”

OUR Suggestion :

- The intimation to broadcaster should be given 7 days instead of 30 days. Normally, after appointment of auditor the audit is started within 7 days, and if DPO has to give 30 days’ notice then the DPO has to wait for 30 days to start the audit. It is therefore suggested that the intimation time should be 7 days and not 30 days.

Issue 2. Third Proviso of Regulation 15 (1) of Draft VII Amendment is reproduced as below:-

“Provided also that the broadcaster may depute one representative to attend the audit and share inputs of the broadcaster for verification during the audit process and the distributor shall permit such representative to attend the audit.”

OUR Suggestion :

- We recommend that, prior to the commencement of the audit process, Broadcasters provide their written inputs for the Auditors’ consideration. This will ensure that a meaningful and constructive discussion can take place when the Broadcasters’ representatives attend the audit.
- The Broadcasters’ representative should be deputed within one week of the commencement of the audit, so as to ensure that the audit proceedings are undertaken with minimal inconvenience and in conformity with the true intent and spirit of the consultative process.
- He should be visiting before commencement of audit to inform the Auditor/Distributor the concerns of Broadcasters and should not be allowed to attend the audit or remain present during the audit process.

Issue 2. Fourth Proviso of Regulation 15 (1) of Draft VII Amendment is reproduced as below:-

“Provided also that it shall be optional for distributors of television channels, whose active number of subscribers, on the last day of the preceding financial year, do not exceed thirty thousand, to get the audit conducted under this regulation:.”

OUR Suggestions :

Before reverting on this issue, it is pertinent to note that the principle of law, does not discriminate individuals on the basis of their financial status. If a person of limited resources or less income is held guilty of an offence and a person of affluence is found guilty of the same offence, the punishment prescribed under the law remains uniform and non-discriminatory. With the same analogy, all Distribution Platform Operators (DPOs) ought to be subjected to the mandate of audit, irrespective of the size of their subscriber base or the extent of their capital.

Selective imposition of audit obligations on some DPOs, while exempting others, is likely to create regulatory uncertainty, chaos and operational imbalance. Non-conducting of audit by certain DPOs may result in unauthorized distribution of services and deliberate non-disclosure of the actual subscriber base. In view of this the purpose of introducing the Audit provision would be defeated as it would create a big loophole in the system, this would not only deviate from the principle of transparency but also frustrate the very objective of digitization.

Such exemptions could also encourage practices leading to increased piracy and the proliferation of fixed-fee arrangements, which are contrary to the spirit of fair market operations.

We apprehend that a further concern to the possibility that that some of the larger DPOs may exploit this regulatory gap by obtaining multiple licenses and artificially segmenting their operations so as to fall within the category of “smaller DPOs,” thereby circumventing the audit requirement altogether.

Though conducting the audit is not very expensive affair, it is a matter of intent. Presuming that the package rate being offered to subscriber is Rs. 250/- per month per subscriber, out of which 80 % goes to Broadcaster and from balance 20% is retained by the smaller DPO means with a subscriber base of 30,000 subscribers, the smaller MSO is earning Rs. 50 per subscriber per month and 50% of it shared with LCO, leaving Rs. 25/- per month per subscriber with MSO which means 7.50 lacs per month and Rs. 90 lacs in any year. This is in addition to the NCF Fee. With such amount of earning, spending a lac of rupees on single audit is not unreasonable and very much affordable.

Despite that, if smaller DPO still not willing, a provision for charging lesser fee from such smaller DPOs may be introduced like a legal aid is given to the poor people by the Court in any legal proceedings.

Any exemption from the mandate under Clause 15(1) will inevitably lead to underreporting, unauthorized distribution, and consequent revenue loss, thereby adversely impacting all stakeholders, including the Government exchequer.

Moreover, it is not clarified how the subscriber base of 30,000 is arrived at. The criteria of arriving at 30,000 is not mentioned in the Explanatory Memorandum of the Draft Bill. It may even consider shorter subscriber base such as 10,000 subscribers also. Further it appears that submissions made by us in response to the consultation papers are not considered and the Draft Bill contains the provisions which are not in consonance with the proposed provisions as mentioned in previous consultation paper issued in this respect.

We, therefore, are of the opinion that there should not be different regulations for different DPOs on the basis of size or financial parameters. The regulatory framework should be uniformly applicable to all DPOs, as any carve-out in favour of smaller entities will only foster disparity, encourage non-compliance, and also increase the cases of non-compliance of the Regulation with an adverse bearing on the industry as a whole.

(B) Regulation 15 (2)

Issue 1. Sub clause (a) to Regulation 15 (2) is reproduced as below:

(a) In case a broadcaster has received the audit report by the due date of 30th September under sub-regulation (1) and finds discrepancy in such audit report, it may point out the same, in writing, to the distributor of television channel from whom the audit report has been received, citing specific observations with evidence against audit report, within thirty days of receipt of audit report, and may provide a copy of the observations with evidence to the concerned auditor:

OUR Suggestion :

- Regulation 15(2) have been proposed to be modified, and the purpose of submission for modification in the said regulation was “unfettered right of Broadcaster to conduct the audit”. This unfettered right has been leading to lots of dispute.

- In view of above we propose that the cause of special audit by broadcaster should not be open ended, otherwise it would create to the same existing situation, which would again be creating lot of disputes.
- We suggest that the right of special audit should **arise only if there is deviation in number of subscribers as declared by DPO in their monthly report** and the number mentioned in the Auditors' Report.
- In view of the above we suggest a minor modification as follows:

In case a broadcaster has received the audit report by the due date of 30th September under sub-regulation (1) and finds discrepancy in such audit report **related to number of subscribers**, it may point out the same, in writing, to the distributor.

(C) Schedule III “(F) Infrastructure sharing cases : -

1. SMS and CAS should have capability to meet all the requirements prescribed in this schedule for each distributor. Further, separate instances should be created for each distributor using shared SMS/CAS and the data between two or more distributors must be segregated in such a manner that entity wise reconciliation should be possible to be carried out between SMS and CAS.
2. The requirement in respect of watermarking for insertion of network logo for all pay channels at only encoder end shall be applicable for infrastructure provider. The infrastructure seeker shall provide network logo through STB/middleware. However, preferably only two logos, that is, of only broadcaster and last mile distributor shall be visible at customer end.”

(D) Schedule X of the principal regulations,“(G) Infrastructure sharing cases-

1. SMS and DRM should have capability to meet all the requirements prescribed in this schedule for each distributor. Further, separate instances should be created for each distributor using shared SMS/DRM and the data between two or more distributors must be segregated in such a manner that entity wise reconciliation should be possible to be carried out between SMS and DRM.
- 2.The requirement in respect of watermarking for insertion of network logo for all pay channels at only encoder end shall be applicable for infrastructure

provider. The infrastructure seeker shall provide network logo through STB/middleware. However, preferably only two logos, that is, of only broadcaster and last mile distributor shall be visible at customer end.”

OUR REPLY :

In our opinion, mandating encoder-level logo insertion is not recommended due to its negative impact on customer experience and incurring a huge cost on DPO. This approach creates a complex and confusing scenario by automatically pushing a second service provider logo to the Set-Top Box (STB).

It is submitted that any logo inserted through encoder would automatically go to STB.

As inserting logo through encoder will push these logos to STBs automatically which will result in showing two logos (one from the infrastructure service provider who is inserting logo from encoder and second from the infrastructure receiver whose logo would go through his STB).

In such a case the subscriber shall be viewing two logos one of the infrastructure service providers and one of the infrastructure receivers. This will not only complicate the scenario but also have additional cost. Beside intricacies, this will irritate the viewers also, as he will see THREE Logos (one of broadcaster, and two of service providers beside running of messages and scroll),

So far as the issue of piracy is concerned, the same can also be addressed by DPO triggered Fingerprint. By such Fingerprinting broadcaster shall be able to identify the Infrastructure Provider using Broadcaster triggered Fingerprint This can still serve the purpose in the following way in case someone is able to alter/ mask the watermark logo:

We therefore suggest that Encoder Level Logo Insertion should not be mandated and only STB Level Logo insertion can serve the purpose of Infrastructure sharing needs and Anti-Piracy requirements

- Insertion of two logos will not only lead to complexities and complications but also irritate and disturb the subscriber viewing experience. This would mean that the subscriber will be watching three logo (i) one from the Infra Service Provider, (ii) other from the Infra Service receiver and (iii) From the Broadcaster. This will be in addition to the forced messages or scroll to be run by the DPOIs.
- This will not only deteriorate the customer viewing experience but also confuse him that who is the real service provider.
- The purpose of controlling the piracy can be tackled by the flashing of FP at Broadcaster level and STB level
- In addition, DPOs have to incur heavy financial burden for incorporating/introducing the system of insertion of logo through Encoder.

In view of above, it is suggested that watermark logo should be inserted only through STBs

(E) Other Issue :

- We suggest that there should be some responsibility or liability be imposed on the Auditors also for deficiencies in their reports.

It is respectfully further submitted that the remaining provisions of the Draft are recognized as appropriate and are acceptable in principle to us.

We humbly request the Hon'ble Authority to kindly take into consideration the foregoing recommendations.

We further express our sincere gratitude for the opportunity extended to us to submit our comments and reiterate our continued cooperation and support to the Authority in all respects.

Thanking You

Yours Sincerely

for Siti Networks Limited

Girish Buttan