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Ref No: RP/FY 17-18/037/304

Dated: 5th February 2018

Shri Sunil Kumar Singhal,
Advisor (B&CS-II),
Telecom Regulatory Authority of India,
Mahanagar Doorsanchar Bhawan,
Jawahar Lal Nehru Marg,
New Delhi - 110 002.

Subject: Response to TRAI Consultation Paper on "Empanelment of Auditors for Digital Addressable Systems"

Reference: TRAI Consultation paper dated 22nd December, 2017

Dear Sir,

This is with reference to your above mentioned consultation paper. In this regard, please find enclosed our response for your kind consideration

Thanking you,

Yours Sincerely,
For **Bharti Telemedia Ltd**

A handwritten signature in blue ink, appearing to read 'Ravi P. Gandhi', is written over a horizontal line.

Ravi P. Gandhi
Authorized Signatory

Enclosed: As mentioned above

Bharti Telemedia Limited's (BTL) response to TRAI Consultation Paper on 'Empanelment of Auditors for Digital Addressable Systems'

At the outset, we wish to thank the Authority for providing us with the opportunity to submit our response to the consultation paper on 'Empanelment of Auditors for Digital Addressable Systems'. We hope that TRAI will consider our submissions favorably.

Since the last decade, Indian Broadcasting system has matured as an Industry with 1421 MSOs, 6 private DTH operators and 48 pay TV broadcasters operating across the country. Currently, every broadcaster is conducting a technical audit of each distribution platform for their satisfaction, which is leading to multiple audits of the same system and process. Since this system leads to a lot of wastage of resources, time and money, a policy framework of empanelment of auditors was explored in the last Interconnection regulation. The auditors, as selected by the Hon'ble Authority, could conduct technical audits of the distribution platforms and generate audit reports validating that the systems and processes deployed by the distributors are in compliance with the TRAI's regulation.

However, a provision that an audit can be initiated by a broadcaster if they claim that despite a positive report from the empaneled auditor, the addressable system used by the distributor does not meet the specified requirements, will defeat the purpose of setting up this system in the first place. Such provision will enable all broadcasters to re-audit the distribution platforms, which would defeat the purpose of having empaneled auditors and increase the workload of the distribution platforms.

Therefore, we humbly submit that TRAI should review this provision and consider the reports of TRAI's empanelled auditors as final. The broadcasters should not be allowed to re-audit the distribution platforms.

In the above context, we hereby put forth our views on the questions raised by the Authority in this Consultation Paper.

Q1. Do you agree with the scope of technical audit and subscription audit proposed in the consultation paper? Give your suggestions along with justification?

BTL's Response:

We recommend that the technical audit should be conducted once in every three years, as against annually. In the Interconnection Regulations 2017, a rider is already incorporated, which is related to version changes in CAS and SMS system, and states that an audit can be initiated in case of version change.

We submit that the requirements of audit for the items mentioned in the Annexure-IV should be dropped. The distribution platforms are already complying with various provisions of the regulations/orders issued by TRAI. Most of the information or processes, pertaining to distributors such as DTH operators, proposed to be audited in the Annexure-IV, can be easily accessed/obtained in the Public Domain. Thus, bringing these check points under the scope of an audit would not be justified.

Moreover, as an alternate measure, TRAI can seek compliance related artifacts/declaration from operators for ensuring that the operators are complying with these requirements.

On the other hand, if these requirements (in Annexure-IV) are mandated to be audited by empaneled auditors then it would not only lead to the burden of increased cost but would also cause an overhead wastage of Distributors' resources.

Our comments on Annexure-III of the Consultation Paper are as below:

A) Conditional Access System (CAS) and Subscriber Management System (SMS):

2. *The SMS shall be independently capable of generating, recording, and maintaining logs, for the period of at least immediate preceding two consecutive years, corresponding to each command executed in the SMS including but not limited to activation and deactivation commands.*

Our Submission:

We suggest that the requirement of two years should be reduced to 6 months otherwise it will increase the costs incurred.

4. *The distributor of television channels shall validate that the CAS, in use, do not have facility to activate and deactivate a Set Top Box (STB) directly from the CAS terminal. All activation and deactivation of STBs shall be done with the commands of the SMS.*

Our Submission:

All activation and deactivation of STBs are being done with the commands of the SMS only. Only for system testing, test cards are provisioned from CAS.

12. *The SMS should be capable of generating reports at any desired time about:*

v. List of blacklisted STBs in the system

Our Submission:

A clarity is required on point v i.e. List of blacklisted STBs in the system. A definition of blacklisted STBs may be provided by the Hon'ble Authority.

Q2. Is there a need to have separate panel of auditors for conducting technical audit and subscription audit?

BTL's Response:

We believe that there is no need to have a separate panel of auditors for conducting technical and subscription audits. While technical knowhow required for conducting technical audit is different from that of subscription audit, engaging a single firm to conduct both these audits will, however, help in correlating the audit points of CAS and SMS. Therefore, a single audit firm should be engaged to conduct both these audits.

Q3: Should there be a different list of empanelment of auditors based on the model/make of CAS and SMS installed by distributor? Will it be feasible to operate such panel of auditors?

BTL's Response:

The system specifications and nuances for different makes/models of CAS and SMS may differ. However, the check/audit points for CAS and SMS would always be the same for all their models/makes. Therefore, it is suggested to have a common panel of auditors for all the makes/models of CAS and SMS.

Q4: What should be various parameters forming eligibility criteria for seeking proposals from independent auditors (independent from service providers) for empanelment? How would it ensure that such auditors have knowledge of different CAS and SMS systems installed in Indian TV sector?

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Q5: Should the minimum period of experience in conducting the audit be made a deciding parameter in terms of years or minimum number of audits for empanelment of auditor?

BTL's Response:

We agree with the views shared in the Consultation Paper that the auditors should be certified professionals with relevant experience in the field of CAS and SMS implementation.

Q6: Any suggestions on type of documents in support of eligibility and experience?

BTL's Response:

We recommend that TRAI may seek papers related to minimum experience, nature of audit conducted by the audit firm, etc. A minimum criterion in terms of manpower, net worth and turnover of the company, adequate infrastructure, etc. may be prescribed.

Q7: What should be the period of empanelment of auditors?

BTL's Response:

We believe that the period of empanelment of auditors should be at least 3-5 years. Moreover, a sufficient number of auditors should be empaneled, otherwise it may delay the entire process.

Q8: What methodology to decide fee of the auditor would best suit the broadcasting sector and Why?

BTL's Response:

In our view, the best approach would be to let the service provider and the auditor to negotiate the fee between them initially. After 1-2 years, based on the experience, TRAI may review the same.

Q9: How the optimum performance of the auditors can be ensured including maximum permissible time to complete audit? Give your suggestions with justification.

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Q10: What can be the parameters to benchmark performance of the Auditor? What actions can be taken if the performance of an Auditor is below the benchmark?

BTL's Response:

Once an audit is conducted by the empanelled auditors of TRAI for all the distribution platforms, TRAI may review their performance and prescribe various parameters to benchmark the performance appropriately.

Q11: Should there be different time period for completion of audit work for different category of the distributors? If yes what should be the time limits for different category of distributors? If no what should be that time period which is same for all categories of distributors?

BTL's Response:

We believe that the same should be left to the Auditors and the Distribution Platforms. For instance, the period of audit for a cable operator would be different from that of a DTH operator. So, it is better left to be decided by the Auditors and the Distribution Platforms.

Q12: Are the conditions cited sufficient for de-empanelling an auditor? If not what should be the conditions for de-empanelling the auditor?

BTL's Response:

We agree with the views in the Consultation Paper that a provision for de-empanelment of the auditor for non-adherence of terms and conditions may be incorporated to protect the interest of service providers. Malpractices such as disclosure or misuse of confidential

information of distributor, delay in conducting audit, etc. should be considered for the de-empanelment of auditors.

Q13: Comments on re-empanelment if any?

BTL's Response:

We agree that once de-empanelled, an auditor should be re-empaneled after 3-5 years, subject to the fulfilment of the extant terms and conditions of the empanelment and proper justification.

Q14: Any suggestion relating to the audit framework.

BTL's Response:

No Comments