

**(By Email)**

19<sup>th</sup> February, 2018

To,

**Mr. S.K. Singhal, Advisor (B&CS),**  
Telecom Regulatory Authority of India  
MahanagarDoorsancharBhawan  
Jawahar Lal Nehru Marg,  
New Delhi – 110002

**Sub:GTPL Hathway Limited's counter comments on the Consultation Paper on empanelment of Auditors for Digital Addressable Systems**

Sir,

We thank the Authority for providing us with the opportunity to share our counter comments on the issue of Empanelment of Auditors for Digital Addressable Systems.

We hereby provide our counter comments on some of the stakeholder(s) comments raised in the Consultation Paper as under:

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

**A1:** We disagree with comments of few of the stakeholder(s) that broadcaster's representative should accompany the empanelled auditors in order to avoid undue influence/misinformation by the operators.

In this regard, we wish to state that the key objective behind "Empanelment of Auditors" is to have a transparent system that will ensure quality audit and auditor's independence. Broadcaster's representative(s) accompanying the auditor would defeat the very purpose of their empanelment and would also raise question(s) on the independent nature of the empanelled auditors.

Hence, it is strongly recommended that the empanelled auditors must act as an independent body free from any linkages/influences in the value chain. This will ensure transparency and build trust among the stakeholders.

**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?**

**AND**

**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?**

**A4 & A5:** We disagree with stakeholder(s) comments with regard to the eligibility criteria (for instance 5 years with 50 audits).

In this regard, we wish to highlight the fact that currently there are approximately 1500 distribution platforms, operational throughout India. Setting such high standards (i.e. including a mixed parameter of 5 years and 50 audits) as eligibility criterion would be inappropriate as this will result in the industry being left with limited number of auditors to conduct audit of various distribution platforms across India. Further, due to limited strength of auditors and focus on distribution platforms with large subscriber base, small operators will go unchecked.

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

**A8:** We do not agree to the proposals made by the stakeholder(s) to decide the fee of the auditors. Fee structure of the auditors based on the area of operation will be too vague and unreasonable. Moreover, the power to decide the audit fee payable should not be with the auditor/firm/agency conducting the audit. Such a system would be inappropriate as it would give bargaining power to the auditors, which may affect their efficiency and quality of report. Therefore, as suggested in our comments, we reiterate that the fee of the auditor should be decided by TRAI based upon the subscriber base of the distribution platform to ensure an unbiased approach to the audit.

**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?**

**A11:** We disagree with one of the stakeholder(s) comment, suggesting that the time period for completion of audit work should be left at the option of auditor/firm/agencies.

For instance, if the auditors/firms/agencies are allowed to decide the time period, they will act as per their convenience and may take long period for completion of audit work, which will thereby affect the business of the distributors. Therefore, TRAI must determine a maximum time period for completion of the audit work.

**Q. 14 Any Suggestion relating the audit framework.**

**A14:** It has been suggested by one of the stakeholders that there should be a centralized database repository and reporting system facility. We disagree with this suggestion as it will raise security concerns for the data of distribution platform(s). Further, the statistics/figures required for audit should only be shared with the concerned interested party.

Additionally, we wish to state that in order to promote government's vision of ease of doing business and also to avoid any trust gap between broadcasters and distributors, there is a need to make the entire process of audit transparent and efficient. This may be achieved in the following manner:

1. Creating a single window portal comprising of all the empanelled auditors.
2. The auditors should be divided based upon their geographical location and their ability to cater to a specific subscriber base (should be determined by TRAI).
3. On application for audit by concerned party, the allocation of auditor(s) should be on a random basis (provided that a certain auditor should not conduct audit of the same distributor more than once during a 5 year period).

The purpose behind the creation of such portal is to eliminate interference from the stakeholders to the maximum extent possible and thereby achieve TRAI's objective of impartiality/independence of auditors.