

SITI Cable has come a long way since the launch of its cable TV operations in 1994. Today, the company is a leading multi-system operator (MSO), providing an array of services including analog TV, digital TV, broadband and local TV channels. Further, the company's network has the technical capability to offer value-added services (VAS) such as video-on-demand.

Current status

SITI's cable TV services are available in more than 387 cities across the country and its cable TV subscriber base as of end-March 2017 stood at around 13.2 million. It has deployed more than 35,000 km of optic fibre cable (OFC) and coaxial cable networks to connect its local cable operators (LCOs). Over 10 per cent of SITI's OFC network is underground while the rest is overhead. The LCOs have also upgraded their networks from long-haul coaxial (trunk lines) to OFC, and have deployed over 100,000 km of OFC. However, connectivity to subscriber homes still remains on coaxial cables only.

The company leverages the high-bandwidth capability of its OFC network to offer high speed internet to households. SITI's subscribers can also access the internet on their television sets through internet-enabled set-top boxes. Its broadband subscriber base as of end-March 2017 stood at 0.23 million while the broadband home passes (the potential number of premises to which SITI has the capability to connect in a service area) were around 1.61 million.

On the financial front, the company reported revenues of Rs 12,208 million during the year-ended March 2017, up by about 4.5 per cent from Rs 11,691.56 million in the previous year. The growth was driven in part by the broadband services segment, which reported a doubling of revenues from Rs 486 million during the year ended March 2016 to Rs 970 million during the year ended March 2017. Meanwhile, the company widened its consolidated net loss from Rs 412.91 million to Rs 1,792.31 million during the same period.

Operational bottlenecks

Like other cable broadband providers in the market, SITI faces several operational challenges. Key among these is the difficulty in obtaining right-of-way (RoW) permissions for the deployment of overhead OFC. As per Anil Kumar Malhotra, chief operating officer, SITI Cable, the process of getting RoW approvals and no-objection certificates is very cumbersome and varies from state to state. In addition, significant investments are needed for laying underground infrastructure to the last mile. Also, the existing infrastructure gets damaged due to unplanned civil works by different authorities. Moreover, in rural areas, the return on OFC deployment is extremely low compared to the cost incurred.

Malhotra feels that the lack of infrastructure status has impeded the growth of the industry. "Getting loans or long-term investments is extremely difficult. All the investments are done by MSOs with their own in-house arrangements," he says.

Another issue is that the government has not permitted infrastructure sharing in the cable TV sector despite recommendations by the Telecom Regulatory Authority of India (TRAI) in this regard. The licence conditions under the digital addressable system mandate that cable operators have to install their own infrastructure and cannot share this with their competitors or other service providers.

The government has also not accepted TRAI's recommendation of exempting cable operators providing broadband services from paying a portion of their adjusted gross revenues from their video services. According to Malhotra, the regulator's recommendation should be accepted at the earliest since cable operators have a minuscule number of broadband subscribers although their TV subscriber base is large.

Growth plans

SITI Cable has elaborate plans for service and network expansion. The company is looking to offer a greater number of VAS such as security surveillance in the future. It is also planning to launch fibre-to-the-home (FTTH) broadband services, the pilot for which is ongoing in Noida, Uttar Pradesh. Over the long term, the company plans to offer internet services only through FTTH and DOCSIS 2.0 and DOCSIS 3.0. While the company feels that its broadband segment will be impacted due to the proliferation of 4G and 5G services, it is confident that it will remain a major player owing to its competitively priced offerings. Further, SITI Cable feels that its large

network of LCOs will give it an edge over other internet service providers in terms of outreach.

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