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TELECOM REGULATORY AUTHORITY OF INDIA

NOTIFICATION

New Delhi, the 10th June 2016

F.No.16-02/2015-F&EA: In exercise of the powers conferred by section 36, read with sub-clause (i) of clause (b) of sub-section (1), of section 11 of the Telecom Regulatory Authority of India Act, 1997 (24 of 1997), the Telecom Regulatory Authority of India hereby makes the following regulations, namely:-

The Reporting System on Accounting Separation Regulations, 2016 (5 of 2016)

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CHAPTER I
PRELIMINARY

1. Short title, commencement and application: - (i) These regulations may be called the Reporting System on Accounting Separation Regulations, 2016.

(ii) They shall come into force from the date of their publication in the official Gazette.

(iii) These regulations shall apply to all service providers having aggregate turnover of not less than ₹ one hundred crore, during the accounting year for which report is required to be submitted under these regulations, starting from the accounting year ending on the 31st March 2016, from operations under the licences issued under section 4 of the Indian Telegraph Act, 1885 (13 of 1885).

2. Definitions:- In these regulations, unless the context otherwise requires,

(a) "accounting separation statement" means report furnished in Proforma specified in Schedule III to these regulations;

(b) "accounting year" means the financial year defined under sub-section (41) of section 2 of the Companies Act, 2013 (18 of 2013);

(c) "Act" means the Telecom Regulatory Authority of India Act, 1997 (24 of 1997);

(d) "annual financial statement" means financial statements prepared under section 128 of the Companies Act, 2013;

(e) "Authority" means the Telecom Regulatory Authority of India established under sub-section (1) of section 3 of the Act;

(f) "Broadband" or "Broadband service" means a data connection that is able to support

	interactive services including Internet access and has the capability of the minimum download speed of 512 kbps or higher speed, as may be decided by the licensor, to an individual subscriber from the point of presence (POP) of the service provider intending to provide Broadband service.
(g)	"cable landing station" means the location, (i) at which the international submarine cable capacity is connectable to the backhaul circuit; (ii) at which International submarine cables are available on shore, for accessing international submarine cable capacity; and such location includes buildings containing the onshore end of the submarine cable and equipment for connecting to backhaul circuits;
(h)	"co-location charges" means the charges payable by a service provider for using facilities including land, building space, apparatus and plants, environmental services, security, site maintenance, power, electrical installations, cables, transformers, fire detection, fire fighting systems and back-up power for the purpose of interconnection including installation of collocation equipments i.e. switches, racks and cages, cross-connects and other cabling at the premises owned by another service provider;
(i)	"cost centre" means the support function or department of a company or a network element for which cost is incurred;
(j)	"financial capital maintenance" is a methodology of recognising profit after taking account of holding gain or loss arising as a result of Replacement Cost Accounting;
(k)	"historical cost accounting" means a system of accounting where assets, liabilities, costs and revenues are recorded at the value when the transaction was made and where assets are valued and depreciated according to their cost at the time of purchase or acquisition;
(l)	"holding gain or loss" means gain or loss arising out of change in the replacement cost of an asset while the asset is still being held at the historical cost and is computed as under:- Holding Gain or Loss= NBV_{t-1} X (GRCt /HC) - NBV_{t-1} X (GRC_{t-1} /HC) Where, NBV_{t-1} = Written down value of an asset at historical cost at the beginning of year t, GRCt = Gross replacement cost of an asset at the end of year t, HC = Historical cost of an asset at the time of its purchase
(m)	"Internet service" means all type of Internet access or Internet content services as provided in the licence;
(n)	"licence" means a licence granted or having effect as if granted under section 4 of the Indian Telegraph Act, 1885 (13 of 1885) or the provisions of the Indian Wireless Telegraphy Act,

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	1933 (17 of 1933);
(o)	"manual" means manual referred to in regulation 3;
(p)	"Meet Me Room" means a place where telecom service providers connect their equipment;
(q)	"modern equivalent asset" means the current value of available asset with the same level of capacity and functionality as that of the original asset;
(r)	"off-net call" means a call other than on-net call ;
(s)	"on-net call" means a call which originates and terminates in the network of the same service provider within same licensed service area;
(t)	"pass through charges" means the charges excluded from gross revenue to arrive at adjusted gross revenue for the purpose of levying licence fee as provided under the licence agreement of the service provider;
(u)	"profit centre" means a service or a product offered by a service provider to which revenue and cost can be traced to calculate profit from that activity;
(v)	"regulations" means the Reporting System on Accounting Separation Regulations, 2016;
(w)	"related party" has the meaning assigned to it in the Accounting Standard on Related Party Disclosures (AS 18) issued by the Institute of Chartered Accountants of India and also includes transactions within a company involving separate licensed activities;
(x)	"related party transaction" means a transfer of resources or obligations between related parties whether a price is charged or not;
(y)	"replacement cost accounting" means system of accounting where value of an asset is entered in the financial statement at the price which is required to be paid if same or equivalent asset is purchased or acquired;
(z)	"report" mean financial and non-financial accounting separation reports furnished by service providers under regulation 4;
(za)	"retail revenue" means revenue earned by the service provider from the sale of products and services directly to the end consumer;
(zb)	"service provider" means the Government as a service provider and includes a licensee;
(zc)	"supplementary depreciation" means the difference between depreciation on historical cost and depreciation on replacement cost of an asset;
(zd)	"transit carriage charge" means charge for carriage of intra-circle traffic handed over from Cellular Mobile Networks to Fixed Network at Level II Trunk Automatic Exchange (TAX) of Long Distance Charging Area for terminating in Short Distance Charging Area of the same Long Distance Charging Area;

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(ze) "Value Added Services" means services which are offered to add value to the core services, the core services being voice calls, voice or non-voice messages and data transmission;

(zf) "wholesale interconnection" means a transaction for which revenue is received from other service providers for carrying or terminating calls or messages or for providing interconnection facilities;

(zg) "wholesale revenue" means revenue realised from the sale of products and services other than to end consumers;

(zh) all other words and expressions used in these regulations but not defined, and defined in the Act and the rules and other regulations made there under, shall have the meanings respectively assigned to them in the Act or the rules or other regulations, as the case may be.

CHAPTER II
MANUAL & REPORTS

3. Manual: (1) Every service provider shall, for the purpose of implementing the accounting and reporting practices specified under these regulations, furnish to the Authority within ninety days from the date of commencement of these regulations, a manual containing policies, principles, methodologies and procedures for accounting and cost allocation:

Provided that a service provider, to whom the provisions of these regulations do not apply on the date of its commencement, shall, within ninety days from the end of accounting year in which the provisions of these regulations become applicable to him, furnish to the Authority a manual containing policies, principles, methodologies and procedures for accounting and cost allocation.

(2) The manual shall contain the following items, namely: -

(a) the details of the organisational structure of the service provider;

(b) a list of all the entities within the group operating in the telecom service sector and relationship of the service provider with such entities;

(c) the details of the financial accounting system adopted by the service provider including policies relating to capitalisation, depreciation, advance receipts of revenue, security deposits, provision for bad and doubtful debts etc.;

(d) the details of products, services, network elements and licensed service areas which shall be treated as separate segments for preparing Accounting Separation Statements;

(e) the description of accounting policies for allocation and apportionment of revenue, cost, assets and liabilities;

(f) the details of the accounting system followed for recording and generation of the accounting separation information and reports which shall include list of cost

and profit centres, linkages of financial heads to cost and profit centres;

(g) the description of studies, surveys and model employed in cost apportionment and cost allocation process;

(h) the definition of terms used in the manual; and

(i) the procedure adopted for maintenance and updation of the manual.

(3) Any change in the manual and reasons thereof shall be furnished by the service provider along with reports.

4. Reports:- (1) Every service provider shall furnish to the Authority, separately for each licensed service area and in consolidated form for all licensed service areas in case of access services, the following reports, namely: -

(a) financial reports containing: -

(i) the profit and loss statement in Proforma A of Schedule III in respect of each service specified in Schedule I;

(ii) the profit and loss statement in Proforma B of Schedule III; in respect of each product specified in Schedule I;

(iii) the network element wise cost sheet in Proforma C of Schedule III containing network element wise cost and its allocation to various products, based on the list of network elements of various services contained in Schedule II;

(iv) the cost sheet of support functions and departments in Proforma D of Schedule III and its allocation to products and network elements;

(v) the statement in Proforma E of Schedule III containing category wise fixed assets and depreciation thereon;

(vi) the capital employed statement in Proforma F of Schedule III for the services provided by the service provider;

(vii) the statement in Proforma G of Schedule III allocating capital employed for each service with respect to the products contained in Schedule I;

(viii) the statement in Proforma H of Schedule III on related party information on gross revenue for the products specified in Proforma H.

(b) non-financial reports containing the statement in Proforma J of Schedule III for services mentioned in Schedule I comprising non-financial information relating to subscribers, network usage and network capacity.

(2) The reports, referred to in sub-regulation (1), shall be furnished by the service provider;

(a) every accounting year, based on the historical cost accounting for all the services specified in Schedule I; and

(b) beginning from the accounting year ending on the 31st March, 2017 and every second year thereafter based on the replacement cost accounting, for the following services,

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namely: -

(i) Access service (Wireless);
(ii) Access service (Wireline);
(iii) National Long Distance service ;
(iv) International Long Distance service

Provided that there shall be no obligation on a service provider to furnish the reports based on the replacement cost accounting for three accounting years from the date of issue of licence;

Provided further that the service provider, referred to in first proviso, shall, immediately after the end of period of three years from the date of issue of license/authorisation, furnish the reports based on replacement cost accounting at the time interval and for the services as provided in sub-clause (b).

(3) Every service provider shall reconcile the profit and loss statement, referred to in sub-clause (i) of clause (a) of sub-regulation (1), prepared on the basis of historical cost with the audited annual financial statement prepared under section 128 of the Companies Act, 2013 and furnish the reconciliation statement in Proforma I of Schedule III.

(4) Every service provider shall, while preparing reports based on the Replacement cost accounting -

(i) follow financial capital maintenance methodology;

(ii) limit cost adjustment to the fixed assets;

(iii) ignore replacement cost of assets having life of less than three years;

(iv) take cost of modern equivalent asset, when existing asset is not available due to change in technology or old asset is replaced by modern equivalent asset;

(v) indicate holding gain or loss and supplementary depreciation; and

(vi) indicate the change in operating expenditure when an old asset is replaced by a modern equivalent asset.

(5) Every service provider shall furnish alongwith the reports, the relevant portion of the manual containing description of accounting policies for allocation and apportionment of revenue, cost, assets and liabilities and the basis of cost allocation and apportionment employed.

5. Submission of Reports - (1) Every report referred in regulation 4 and duly audited by the Auditor as referred in regulation 7, shall be submitted by the service provider within seven months of the end of the accounting year, at the head office of the Authority at New Delhi;

Provided that the Authority may by direction specify any other method including on-line submission of reports.

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(2) If accounting year of a service provider exceeds fifteen calendar months, such service provider shall submit the reports in two parts – one part comprising report of twelve months and the second part comprising of remaining period.

6. Consequences for failure of the service provider to submit reports or furnishing of false report– (1) If any service provider contravenes the provisions of regulation 5, it shall without prejudice to the terms and conditions of its licence or the provisions of the Act or rules or regulations or orders made, or, directions issued, there under, be liable to pay an amount, by way of financial disincentive, not exceeding ₹ five lakh and in case the contravention continues beyond fifteen days from the last date of submission of the report, the service provider shall be liable to pay an additional amount not exceeding ₹ fifty thousand for every day of delay after fifteen days, during which the default continues, as the Authority may, by order, direct.

Provided that if a service provider contravenes the provisions of regulation 5 in the consecutive years and failed to submit reports by the due date, he shall be liable to pay as an amount, by way of financial disincentive, not exceeding, ₹ ten lakh for each contravention and in case the default continues beyond fifteen days from the last date of submission of the report, the service provider shall be liable to pay an additional amount not exceeding ₹ one lakh for every day of delay after fifteen days during which the default continues, as the Authority may, by order direct.

(2) If the report furnished by the service provider under regulation 5 is false and which such service provider knows or believes to be false or does not believe to be true, or omits any material fact knowing it to be material, it shall, without prejudice to the terms and conditions of its licence, or the provisions of the Act or rules or regulations or order made, or, direction issued there under, be liable to pay an amount, by way of financial disincentive, not exceeding ₹ ten lakh, as the Authority may, by order, direct.

(3) No order for payment of any amount by way of financial disincentive shall be made by the Authority unless the service provider has been given a reasonable opportunity of representing against the contravention of the regulations observed by the Authority.

7. Audit – (1) Every service provider shall appoint an auditor, qualified for appointment as an auditor under section 141 or 148 of the Companies Act, 2013, to audit the reports prepared by the service provider under regulation 4 of these regulations and obtain the report of the audit from the auditor in the format specified in Schedule IV.

(2) The reports prepared by the service provider under regulation 4 shall be adopted by its Board of Directors and shall be signed by the authorized signatory before submitting the same to auditor appointed under sub-regulation (1).

(3) The reports prepared by the service provider under regulation 4 and the audit report,

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referred to in sub-regulation (1), shall be signed by the auditor or, if a firm is appointed as an auditor, by a partner of the firm.
(4) The service provider shall furnish to the Authority the audited reports alongwith report of the auditor referred to in sub-regulation (1) and soft copy in MS Excel format of the reports referred in regulation 4.
CHAPTER III **MISCELLANEOUS**
8. Repeal and saving – (1) The Reporting System on Accounting Separation Regulations, 2012 (7 of 2012) are hereby repealed.
(2) Notwithstanding such repeal, anything done or any action taken under the said regulations shall be deemed to have been done or taken under the corresponding provisions of these regulations;
9. Interpretation – In case of any doubt regarding interpretation of any of the provisions of these regulations, the clarification of the Authority shall be final and binding.

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SCHEDULE I

Name of Telecom Service	Licensed Service Area of Operation	Product/ Components
(1)	(2)	(3)
(I) Access service - Wireless (II) Access service – Wireline	Licensed Service Area i.e. Telecom Circle	a) Rental / Activation / One time / Recharge fees b) Voice Calls (i.e. by own subscribers in home service area): 1) Local 2) STD 3) ISD c) Non-voice: Short Messaging Service (SMS)/ Multimedia Messaging Service (MMS) d) Value Added Services e) Out Roaming (i.e. by own subscribers outside home service area): (i) National (ii) International f) Data g) Leased circuit h) Sharing/Leasing of Towers i) Wholesale (Interconnection): (i) Termination Voice call (ii) Termination SMS/ MMS (iii) Port charges including Co-Location (iv) Transit Carriage Charges (v) Access Charges (Calling Cards) (vi) In-Roaming (vii) Intra Circle Roaming (viii) Other interconnect charges j) Any other product (please specify name of each product separately)
(III) Internet service	Licensed Service Area	a) Internet – Broadband b) Internet – Narrowband c) Internet Telephony d) Internet Protocol (IP) TV e) Internet Content f) Webhosting and Web-collocation g) Dark Fiber h) Any other product (please specify name of each product separately)
(IV) National Long Distance service	All India	(a) Voice (i) Carriage Services (ii) Calling Cards

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		(b) Leased Circuits: (i) Domestic Dedicated Leased Circuit (ii) Managed Data Services (VPN/ CUG) (c) Dark Fiber (d) Any other product (please specify name of each product separately)
(V) International Long Distance service	All India	(a) Voice (i) Carriage Services (ii) Calling Cards (b) Leased Circuit: (i) International Private Leased Circuit (IPLC) (ii) Managed Data Services (VPN/ CUG) (c) Cable Landing Station (i) Collocation; (ii) Access facilitation (d) Dark Fiber (e) Any other product (please specify name of each product separately)
(VI) Mobile Number Portability service (MNP)	All India	No product sub-classification
(VII) Very Small Aperture Terminal service (VSAT)	All India	No product sub-classification

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SCHEDULE II

Sl No.	Name of Telecom Service	Network Elements
(1)	(2)	(3)
(I)	Access service– Wireless	**(a) CORE NETWORK:** (Mobile services Switching Centre (MSC)/ Gateway Mobile services Switching Centre (GMSC), MSC-Server/ Virtual MSC, Media Gateway (MGW)/ Gateway Media Gateway (GMGW), Visitor location register (VLR), Serving GPRS Support Node (SGSN), Gateway GPRS Support Node (GGSN), EIR (Equipment Identity Register), HLR (Home Location Register), AUC (Authentication Centre), Transponder, Signalling gateway, Others) **(b) RADIO ACCESS NETWORK:** (Node B (RAN-Radio Access Network), BTS (Base Transceiver Station), RNC (Radio Network Controller), BSC (Base Station Controller), Others) **(c) TRANSMISSION MEDIA / EQUIPMENTS** (Transmission Media Between the Network Element i.e.OFC/Cable/Microwave, Transmission equipments, Others) **(d) OTHER NETWORK ELEMENTS:** (SMSC (Short Message Service Centre), MMSC (Multimedia Messaging Service Centre), HSS (Home Subscriber server), Application servers for Value added service, NMS (Network Management System), Billing servers, IUC servers/ ICB Server (Interconnect Billing Server), IN Servers, LIS (Lawful Interception Server), Facilitation for MNP, Tower and Associated Infrastructure, Others)
(II)	Access service - Wireline	(a) Equipment at Subscriber's end – POTS, ISDN, PABX, VPT Equipment etc. (b) Access Media between Local Switches & Subscriber's end – Copper loop/ Optical Fiber etc. (c) Local Switches – Local switch (including NGN and IP), Remote Switching Unit, Remote Logical Unit etc. (d) Tandem/TAX switches (e) Media Gateway (MGW) (f) Transmission Media / Equipments (g) Other (please specify)
(III)	Internet service	(a) Customer Premises Equipments (CPE) (b) Access Media (Copper Loop/Optical/Fiber, Cables/Wireless network etc. (c) DSLAM

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		(d) Router (EDGE/ PE/ CORE) (e) MuX/ Switches (f) Transmission media/systems between networking elements (g) Dedicated Servers (h) Fiber (i) Other (please specify)
(IV)	National Long Distance service	(a) Switches (including NGN and IP) (b) Media Gateway (MGW) (c) Transmission Media and Equipment (d) Fiber (e) Other (please specify)
(V)	International Long Distance service	(a) Switches (including NGN and IP) (b) Media Gateway (MGW) (c) Transmission –Domestic (d) Transmission –International (e) Transmission line from Cable Landing Station to Meet Me Room (MMR) (f) Network Equipment at Meet Me Room (MMR) in Cable Landing Station (g) Fiber (h) Other (please specify)
(VI)	Mobile Number Portability service (MNP)	(a) Server (b) Router/Switch (c) Transmission Media (d) Gateway (e) Other (please specify)
(VII)	Very Small Aperture Terminal service (VSAT)	(a) Space Segment Transponder (b) Ground Segment (c) Other (please specify)

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SCHEDULE III

LIST OF PROFORMAE		
Sl No.	**Proforma**	**Description of the Proforma**
1	Proforma A	Profit and Loss Statement – Service
2	Proforma B	Profit and Loss Statement – Product
3	Proforma C	Cost Sheet – Network Elements
4	Proforma D	Cost Sheet – Support Functions/Departments
5	Proforma E	Statement of Gross Block, Depreciation and Net Block – Service
6	Proforma F	Capital Employed Statement- Service
7	Proforma G	Capital Employed Statement: Allocation to Products
8	Proforma H	Statement of Related Party Transactions (Revenue)
9	Proforma I	Reconciliation Statement (covering all services and area of operations) with Audited Financial Statements.
10	Proforma J	Statement of Non financial information for each telecom service

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SCHEDULE III

Proforma A

PROFIT & LOSS STATEMENT – SERVICE

Name of The Company :
Name of Service:
Licensed Service Area of Operation :
Period :
Cost Base: Historical cost accounting / Replacement cost accounting

(₹ in Lakh)

S No.	Particulars	Current Year	Previous Year
1	**REVENUE**		
1.1	REVENUES (NET OF SERVICE TAX) :		
1.2	Less: Pass through Charges:		
1.2.1	*To Access Service Providers*		
1.2.2	*To NLD Service Providers*		
1.2.3	*To ILD Service Providers*		
1.2.4	*Others (please specify)*		
1.3	*Revenue(net of Pass through)*		
2	**COSTS:**		
2.1	**Employees cost:**		
2.1.1	Salaries and wages		
2.1.2	Contribution to provident fund and other funds		
2.1.3	Staff welfare		
2.1.4	Training and recruitment		
2.1.5	Others (please specify)		
	Sub total		
2.2	**Administration cost:**		
2.2.1	Rent (Other than Network Element Equipments and Cell sites)		
2.2.2	Rates and taxes		
2.2.3	Insurance charges (Other than Network Element Equipments)		
2.2.4	Communication costs		
2.2.5	Electricity		
2.2.6	Travel and conveyance expenses		
2.2.7	Legal and professional charges		
2.2.8	Printing and stationery		
2.2.9	Audit fees		
2.2.10	Outsourcing Charges		
2.2.11	Porting Charges for MNP		
2.2.12	Others (please specify)		
	Sub total		
2.3	**Sales and Marketing cost:**		
2.3.1	Advertisement and business promotion expenses		

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2.3.2	Sales commission		
2.3.3	Provision for bad and doubtful debts		
2.3.4	Bad debts write off		
2.3.5	Outsourcing (Billing Services and Customer Care Services)		
2.3.6	Others (please specify)		
	Sub total		
2.4	**Maintenance cost:**		
2.4.1	Annual maintenance charges		
2.4.2	Network Consumables		
2.4.3	Repairs and maintenance:		
2.4.3.1	Buildings		
2.4.3.2	Plant and machinery		
2.4.3.3	Others		
2.4.4	Outsourcing Charges for Maintenance activities		
2.4.5	Others (please specify)		
	Sub total		
2.5	**Government charges:**		
2.5.1	License fee		
2.5.2	License fee penalty, if any		
2.5.3	WPC charges:		
2.5.3.1	Radio Spectrum Charges		
2.5.3.2	Microwave Charges		
2.5.4	Others (please specify)		
	Sub total		
2.6	**Network operating Cost:**		
2.6.1	Leased Circuits and Gateway Charges		
2.6.2	Royalty for technical knowhow fees		
2.6.3	Rent (Network Element Equipments and Cell sites)		
2.6.4	Power and fuel		
2.6.5	Interconnection:		
2.6.5.1	Port charges		
2.6.5.2	Others (please specify)		
2.6.6	Passive Infrastructure Charges:		
2.6.7	Insurance Charges (Network Element Equipments)		
2.6.8	Outsourcing Charges for Network Element Equipments		
2.6.9	Others (please specify)		
	Sub-total		
2.7	**Depreciation and Amortisation:**		
2.7.1	Depreciation on Network Elements		
2.7.2	Amortisation of One time entry fees/license fees		
2.7.3	Amortisation of spectrum auction money		
2.7.4	Depreciation/amortisation on Others (please specify)		
	Sub-total		
2.8	**Other cost:**		
2.8.1	Loss on sale of fixed assets(net)		
2.8.2	Corporate office expenses		
2.8.3	Others (please specify)		

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	Sub-total		
2.9	**Finance charges** *(Refer Note 1)*		
2.9.1	Bank charges		
2.9.2	Others (please specify)		
	Sub-total		
2.10	**TOTAL COST**		
3	**Profit & Loss Before Interest and Tax**		
4	**Replacement Cost Adjustment *(Refer Note 2)***		
4.1	Holding gain/Loss		
4.2	Supplementary Depreciation		
4.3	Change in Operating Cost due to replacement of assets		
4.4	Total adjustment		
5	**Profit & Loss Before Interest and Tax**		
6	**Total Capital Employed**		
7	**Return on Capital Employed (%)**		
8	**Return on turnover (%)**		

Notes:

1. Excluding interest on loans/borrowed funds
2. Relevant for reporting on the basis of replacement cost accounting. No requirement to fill previous year's figures in reports based on replacement cost accounting.
3. This Proforma shall be prepared separately for each service prescribed in Schedule I to Regulation

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Proforma B
PROFIT & LOSS STATEMENT - PRODUCT

Name of The Company :
Name of Service:
Licensed Service Area of Operation :
Period :
Cost Base: Historical cost accounting / Replacement cost accounting

(₹ in Lakh)

S No.	Particulars	Product Type *(See Note 1)*				Total
		Product A	**Product B**	**Product C**	**Product.....**	
1	**REVENUE**					
1.1	REVENUES (NET OF SERVICE TAX)					
1.2	Less: Pass through Charges					
1.2.1	*To Access Service Providers*					
1.2.2	*To NLD Service Providers*					
1.2.3	*To ILD Service Providers*					
1.2.4	*Others (please specify)*					
1.3	*Revenue(net of Pass through)*					
	COSTS:					
2	**PRODUCT DIRECT COST**					
2.1	**Employee cost**					
2.1.1	Salaries and wages					
2.1.2	Contribution to provident fund and other funds					
2.1.3	Staff welfare					
2.1.4	Training and recruitment					
2.1.5	Others (please specify)					
	Sub total					
2.2	**Administration cost**					
2.2.1	Rent (Other than Network Element Equipments and Cell sites)					
2.2.2	Rates and taxes					
2.2.3	Insurance charges (Other than Network Element Equipments)					
2.2.4	Communication costs					
2.2.5	Electricity					
2.2.6	Travel and conveyance expenses					
2.2.7	Legal and professional charges					
2.2.8	Printing and stationery					
2.2.9	Audit fees					
2.2.10	Outsourcing Charges					
2.2.11	Porting Charges for MNP					
2.2.12	Others (please specify)					
	Sub total					

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2.3	**Sales and Marketing cost**					
2.3.1	Advertisement and business promotion expenses					
2.3.2	Sales commission					
2.3.3	Provision for bad and doubtful debts					
2.3.4	Bad debts write off					
2.3.5	Outsourcing (Billing Services and Customer Care Services)					
2.3.6	Others (please specify)					
	Sub total					
2.4	**Maintenance cost**					
2.4.1	Annual maintenance charges					
2.4.2	Network Consumables					
2.4.3	Repairs and maintenance:					
2.4.3.1	Buildings					
2.4.3.2	Plant and machinery					
2.4.3.3	Others					
2.4.4	Outsourcing Charges for Maintenance activities					
2.4.5	Others (please specify)					
	Sub total					
2.5	**Government charges**					
2.5.1	License fee					
2.5.2	License fee penalty, if any					
2.5.3	WPC charges:					
2.5.3.1	Radio Spectrum Charges					
2.5.3.2	Microwave Charges					
2.5.4	Others (please specify)					
	Sub total					
2.6	**Network operating Cost:**					
2.6.1	Leased Circuits and Gateway Charges					
2.6.2	Royalty for technical knowhow fees					
2.6.3	Rent (Network Element Equipments and Cell sites)					
2.6.4	Power and fuel					
2.6.5	Interconnection:					
2.6.5.1	Port charges					
2.6.5.2	Others (please specify)					
2.6.6	Passive Infrastructure Charges:					
2.6.7	Insurance Charges (Network Element Equipments)					
2.6.8	Outsourcing Charges for Network Element Equipments					
2.6.9	Others (please specify)					
	Sub-total					
2.7	**Depreciation and Amortisation:**					
2.7.1	Depreciation on Network Elements					
2.7.2	Amortisation of One time entry fees/license fees					

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2.7.3	Amortisation of spectrum auction money					
2.7.4	Depreciation/amortisation on Others (please specify)					
	Sub-total					
2.8	**Other cost**					
2.8.1	Loss on sale of fixed assets(net)					
2.8.2	Corporate office expenses					
2.8.3	Others (please specify)					
	Sub-total					
2.9	**Finance charges *(Refer Note 2)***					
2.9.1	Bank charges					
2.9.2	Others (please specify)					
	Sub-total					
	TOTAL DIRECT COST (I)					
3	**NETWORK ELEMENT COST *(refer note 3)*:**					
3.1	Network element 1					
3.2	Network element 2					
3.3	Network element 3					
3.4	Network element 4					
3.5	Network Element……					
	Total NETWORK ELEMENT COST (II)					
4	**SUPPORT FUNCTION / DEPARTMENT COST *(refer note 4):***					
	TOTAL SUPPORT FUNCTIONS/DEPARTMENT COST (III)					
5	**TOTAL COST (I+II+III)**					
6	**Profit & Loss Before Interest and Tax**					
7	**Replacement Cost Adjustment *(refer note 5)***					
7.1	Holding gain/Loss					
7.2	Supplementary Depreciation					
7.3	Change in Operating Cost due to replacement of assets					
7.4	Total adjustment					
8	**Profit & Loss Before Interest and Tax**					

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9	**Total Capital Employed**					
10	**Return on Capital Employed (%)**					
11	**Return on turnover (%)**					

Notes:
1. This sheet is to be prepared for each relevant Product as prescribed in Schedule I to Regulation
2. Excluding interest on loans/borrowed funds
3. As transferred from Proforma C
4. As transferred/apportioned from Proforma D
5. Replacement cost adjustment is to be used when report is made on the basis of replacement cost accounting.

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Proforma C
COST SHEET: NETWORK ELEMENTS

Name of The Company :
Name of Service:
Licensed Service Area of Operation :
Period :
Cost Base: Historical cost accounting / Replacement cost accounting

(₹ in Lakh)

S No.	Particulars	Network Element 1	Network Element 2	Network Element....	Total
	COSTS:				
1	**NETWORK DIRECT COST**				
1.1	**Employee cost**				
1.1.1	Salaries and wages				
1.1.2	Contribution to provident fund and other funds				
1.1.3	Staff welfare				
1.1.4	Training and recruitment				
1.1.5	Others (please specify)				
	Sub total				
1.2	**Administration cost**				
1.2.1	Rent (Other than Network Element Equipments and Cell sites)				
1.2.2	Rates and taxes				
1.2.3	Insurance charges (Other than Network Element Equipments)				
1.2.4	Communication costs				
1.2.5	Electricity				
1.2.6	Travel and conveyance expenses				
1.2.7	Legal and professional charges				
1.2.8	Printing and stationery				
1.2.9	Audit fees				
1.2.10	Outsourcing Charges				
1.2.11	Porting Charges for MNP				
1.2.12	Others (please specify)				
	Sub total				
1.3	**Sales and Marketing cost**				
1.3.1	Advertisement and business promotion expenses				
1.3.2	Sales commission				
1.3.3	Provision for bad and doubtful debts				
1.3.4	Bad debts write off				
1.3.5	Outsourcing (Billing Services and Customer Care Services)				
1.3.6	Others (please specify)				
	Sub total				

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1.4	**Maintenance cost**				
1.4.1	Annual maintenance charges				
1.4.2	Network Consumables				
1.4.3	Repairs and maintenance				
1.4.3.1	Buildings				
1.4.3.2	Plant and machinery				
1.4.3.3	Others				
1.4.4	Outsourcing Charges for Maintenance activities				
1.4.5	Others (please specify)				
	Sub total				
1.5	**Government charges**				
1.5.1	License fee				
1.5.2	License fee penalty, if any				
1.5.3	WPC charges:				
1.5.3.1	Radio Spectrum Charges				
1.5.3.2	Microwave Charges				
1.5.4	Others (please specify)				
	Sub total				
1.6	**Network operating Cost**				
1.6.1	Leased Circuits and Gateway Charges				
1.6.2	Royalty for technical knowhow fees				
1.6.3	Rent (Network Element Equipments and Cell sites)				
1.6.4	Power and fuel				
1.6.5	Interconnection:				
1.6.5.1	Port charges				
1.6.5.2	Others (please specify)				
1.6.6	Passive Infrastructure Charges:				
1.6.7	Insurance Charges (Network Element Equipments)				
1.6.8	Outsourcing Charges for Network Element Equipments				
1.6.9	Others (please specify)				
	Sub-total				
1.7	**Depreciation and Amortisation:**				
1.7.1	Depreciation on Network Elements				
1.7.2	Amortisation of One time entry fees/license fees				
1.7.3	Amortisation of spectrum auction money				
1.7.4	Depreciation/amortisation on Others (please specify)				
	Sub-total				
1.8	**Other cost**				
1.8.1	Loss on sale of fixed assets(net)				

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1.8.2	Corporate office expenses				
1.8.3	Others (please specify)				
	Sub-total				
1.9	**Finance charges** *(Refer Note 1)*				
1.9.1	Bank charges				
1.9.2	Others (please specify)				
	Sub-total				
	TOTAL COST				
1.10	**Replacement Cost Adjustment (Refer Note 2)**				
1.10.1	Holding gain/Loss				
1.10.2	Supplementary Depreciation				
1.10.3	Change in Operating Cost due to replacement of assets				
1.10.4	Total adjustment				
	TOTAL NETWORK DIRECT COST (I)				
2	**COST TRANSFERRED FROM SUPPORT FUNCTION / DEPARTMENT**				
2.1	**Dept 1**				
2.2	**Dept 2**				
2.3	**Dept 3**				
2.4	**Dept……..**				
	TOTAL SUPPORT FUNCTIONS/DEPARTMENT COST (II)				
3	**TOTAL NETWORK COST (I+II)**				

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ALLOCATION OF NETWORK ELEMENTS COST TO PRODUCTS

Particulars	Product A	Product B	Product C	Product….	Total
Network Element 1					
Network Element2					
Network Element…….					
Total					

Notes:

1 Excluding interest on loans / borrowed funds

2 Replacement cost adjustment is to be used when report is made on the basis of replacement cost accounting.

3 In case there is any Joint network element with any other service, the cost of the same will be split and shown under the respective service wise cost sheet.

4 The list of network elements is provided in Schedule II to Regulation. The service provider should use this list. In case any network element is not relevant, the same may be shown as Nil.

Proforma D

COST SHEET: SUPPORT FUNCTIONS/DEPARTMENTS

Name of The Company :
Name of Service:
Licensed Service Area of Operation :
Period :
Cost Base: Historical cost accounting / Replacement cost accounting

(₹ in lakh)

S No.	Particulars	Deptt 1	Deptt 2	Deptt 3	Deptt 4	Deptt 5	Others	Total
	COSTS							
1.1	**Employee cost**							
1.1.1	Salaries and wages							
1.1.2	Contribution to provident fund and other funds							
1.1.3	Staff welfare							
1.1.4	Training and recruitment							
1.1.5	Others (please specify)							
	Sub total							
1.2	**Administration cost**							
1.2.1	Rent (Other than Network Element Equipments and Cell sites)							
1.2.2	Rates and taxes							
1.2.3	Insurance charges (Other than Network Element Equipments)							
1.2.4	Communication costs							
1.2.5	Electricity							
1.2.6	Travel and conveyance expenses							
1.2.7	Legal and professional charges							
1.2.8	Printing and stationery							
1.2.9	Audit fees							
1.2.10	Outsourcing Charges							
1.2.11	Porting Charges for MNP							
1.2.12	Others (please specify)							
	Sub total							
1.3	**Sales and marketing cost**							
1.3.1	Advertisement and business promotion expenses							
1.3.2	Sales commission							
1.3.3	Provision for bad and doubtful debts							
1.3.4	Bad debts write off							
1.3.5	Outsourcing (Billing Services and Customer Care Services)							
1.3.6	Others (please specify)							
	Sub total							

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1.4	**Maintenance cost**							
1.4.1	Annual maintenance charges							
1.4.2	Network Consumables							
1.4.3	Repairs and maintenance:							
1.4.3.1	Buildings							
1.4.3.2	Plant and machinery							
1.4.3.3	Others							
1.4.4	Outsourcing Charges for Maintenance activities							
1.4.5	Others (please specify)							
	Sub total							
1.5	**Government charges**							
1.5.1	License fee							
1.5.2	License fee penalty, if any							
1.5.3	WPC charges:							
1.5.3.1	Radio Spectrum Charges							
1.5.3.2	Microwave Charges							
1.5.4	Others (please specify)							
	Sub total							
1.6	**Network operating Cost**							
1.6.1	Leased Circuits and Gateway Charges							
1.6.2	Royalty for technical knowhow fees							
1.6.3	Rent (Network Element Equipments and Cell sites)							
1.6.4	Power and fuel							
1.6.5	Interconnection:							
1.6.5.1	Port charges							
1.6.5.2	Others (please specify)							
1.6.6	Passive Infrastructure Charges:							
1.6.7	Insurance Charges (Network Element Equipments)							
1.6.8	Outsourcing Charges for Network Element Equipments							
1.6.9	Others (please specify)							
	Sub-total							
1.7	**Depreciation and Amortisation:**							
1.7.1	Depreciation on Network Elements							
1.7.2	Amortisation of One time entry fees/license fees							
1.7.3	Amortisation of spectrum auction money							
1.7.4	Depreciation/amortisation on Others (please specify)							
	Sub-total							

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1.8	**Other cost**							
1.8.1	Loss on sale of fixed assets(net)							
1.8.2	Corporate office							
1.8.3	Others (please specify)							
	Sub-total							
1.9	**Finance charges** *(Refer note 1)*							
1.9.1	Bank charges							
1.9.2	Others (please specify)							
	Sub-total							
	TOTAL COST							
1.10	**Replacement Cost Adjustment (Refer Note 2)**							
1.10.1	Holding gain/Loss							
1.10.2	Supplementary Depreciation							
1.10.3	Change in Operating Cost due to replacement of assets							
1.10.4	Total adjustment							
	TOTAL COST - SUPPORT FUNCTIONS/DEPARTMENTS							

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Notes:

1 Excluding interest on loans/borrowed funds

2 Replacement cost adjustment is to be used when report is made on the basis of Replacement cost accounting.

3 The indicative List of departments is provided below.

SL No.	List of Departments
1.	Human Resource/Personnel
2.	Administration
3.	Repairs and Maintenance
4.	Information Technology/EDP
5.	Legal and Regulatory
6.	Finance & Accounts
7.	Corporate/Circle Office
8.	Other Departments

ALLOCATION OF COST OF SUPPORT FUNCTION/DEPARTMENT TO PRODUCT / NETWORK ELEMENTS

(₹ in Lakh)

Departments	**Deptt 1**	**Deptt 2**	**Deptt 3**	**Deptt 4**	**Deptt 5**	**Others**	**Total**
Allocation to Products							
Product A							
Product B							
Product C							
Product D							
Product E							
Product							
Allocation to Network Elements							
Network Element 1							
Network Element 2							
Network Element 3							
Network Element 4							
Network Element 5							
Network Element.....							
Total							

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Proforma E

STATEMENT OF GROSS BLOCK, DEPRECIATION AND NET BLOCK - SERVICE

Name of The Company :
Name of Service:
Licensed Service Area of Operation :
Period :
Cost Base: Historical cost accounting / Replacement cost accounting

Gross Block/Depreciation/Net Block **(₹ in Lakh)**

Particulars	Tangible Assets								Intangible Assets					Total
	Land	Building	Plant and machinery	Computers	Office equipment	Furniture and fixtures	Vehicles	Others	Right to use spectrum/ Auction Money for Spectrum	License Fee/ One Time Entry Fee	Band width	Patents / Technical know how	Others	
NETWORK ELEMENTS (refer note 1)														

Sub Total (A)														
SUPPORT FUNCTIONS/ DEPARTMENTS/ OTHERS (refer note 2)														

Sub Total (B)														
TOTAL (A+B)														

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Notes:

1. As prescribed in Schedule II to regulations. This includes common network elements as well as network elements directly identifiable/attributable to product (s).
2. This includes fixed assets (other than network elements) directly identifiable/ attributable to product (s)
3. Separate Forms for Fixed Asset (Gross Block/ Net Block) and Accumulated Depreciation.
4. Form should specifically mention whether it is prepared on historical cost basis or replacement cost.
5. A statement indicating rate of depreciation charged during the reporting period on various fixed assets will be annexed to Proforma E.
6. Information in above format under each category should be inclusive of value of impaired assets.

Proforma F

CAPITAL EMPLOYED STATEMENT- SERVICE

Name of The Company :
Name of Service:
Licensed Service Area of Operation:
Period :
Cost Base: Historical cost accounting / Replacement cost accounting

(₹ in Lakh)

Particulars	**Current Year**			**Previous Year**	
	Components of Capital Employed	**Adjustment for replacement cost of Assets (refer note 2)**	**Total**	**Components of Capital Employed**	**Total**
Fixed Assets (Gross Book Value)					
Less: Accumulated Depreciation					
NET BOOK VALUE OF FIXED ASSETS (I)					
CAPITAL WORK IN PROGRESS:					
Right to use spectrum/Auction Money for Spectrum					
License Fee/ One Time Entry Fee					
Others					
Total CAPITAL WORK IN PROGRESS (II)					
CURRENT ASSETS:					
Current investments					
Trade Receivables					
Inventories					
Cash and cash equivalents					
Short Term Loans and advances					
Others (please specify)					
Sub total					
CURRENT LIABILITIES:					
Short term borrowings					
Trade Payables					
Short term provisions					
Other (please specify)					
Sub total					
NET WORKING CAPITAL *i.e. Current Assets Less Current Liabilities* **(III)**					

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TOTAL CAPITAL EMPLOYED (I + II+ III)					
Weighted Average Cost of Capital i.e. WACC (in %) (refer note 3)					

Notes:

1. Capital Employed is the closing capital employed at the end of the Accounting period.
2. Replacement cost adjustment and net replacement cost is relevant for reports prepared on the basis of replacement cost accounting. No requirement to fill previous year's figures in reports based on replacement cost accounting.
3. WACC is pre tax Weighted Average Cost of Capital. Statement of computation of pre tax WACC should be attached.

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Proforma G

CAPITAL EMPLOYED STATEMENT: ALLOCATION TO PRODUCTS

Name of The Company :
Name of Service:
Licensed Service Area of Operation :
Period :
Cost Base: Historical cost accounting / Replacement cost accounting

(₹ in Lakh)

Products	**Current Year**	**Previous Year**
	Allocation of Capital Employed (As per Proforma F) to different products	**Allocation of Capital Employed (As per Proforma F) to different products**
Product A		
Product B		
Product C		
Product D		
Product E		
Product F		
Products…..		
TOTAL		

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Notes:

1. Capital Employed is the closing capital employed at the end of the accounting period.
2. Replacement cost adjustment and net replacement cost is relevant for reports prepared on the basis of replacement cost accounting. No requirement to fill previous year's figures in reports based on replacement cost accounting.

Proforma H

STATEMENT OF RELATED PARTY TRANSACTIONS (REVENUE)

Name of The Company :

Name of Service:

Licensed Service Area of Operation:

Period :

Cost Base: Historical cost accounting

GROSS REVENUE

Particulars		**Sale (Gross Revenue) - within Group/Company (refer note 1)**								
		Product A (refer note 5)			**Product B**			**Product...**		
		Related Party 1 (refer note 2)	Related Party 2	Related Party...	Related Party 1	Related Party 2	Related Party...	Related Party 1	Related Party 2	Related Party...
At maximum rate per unit charged	Rate Per Unit (₹)									
	Unit (refer note 3)									
	Gross Revenue (₹ in Lakh)									
At lowest rate per unit charged	Rate Per Unit (₹)									
	Unit (refer note 3)									
	Gross Revenue (₹ in Lakh)									
Total Gross Revenue (sum of revenue at all rates)	Volume (refer note 4)									
	Gross Revenue (₹ in Lakh)									
	Average Gross Revenue per unit (₹)									

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Note:

1. Group means the parties defined as "Related Party" in the Regulation. Separate information to be provided for each company separately covered under the definition of related party and also includes inter telecom service transactions with in a company.

2. Please mention name of related party (in case of other entity) or name of telecom license in case of inter service transaction.

3. Minutes of Usage, number of messages, number of towers etc.

4. Total unit transacted with related party.

5. Related party information on gross revenue in above Proforma shall be given for the following products under different telecom services:

Name of Telecom Service	Product
(I) Access Service - Wireless (II) Access Service – Wireline	(i) Wholesale (Interconnection): Termination Voice call Charges (other than international calls) (ii) Wholesale (Interconnection): International Termination Charges – Voice calls (iii) Wholesale (Interconnection): Termination SMS (iv) Wholesale (Interconnection): Port charges including Co-Location (v) Wholesale (Interconnection): Access Charges (Calling Cards) (vi) Wholesale (Interconnection) In-Roaming (vii) Sharing of Towers (viii) Leasing of Towers
(III) Internet Service	(i) Dark Fiber
(IV) National Long Distance Service	(i) Voice: Carriage Services (ii) Dark Fiber
(V) International Long Distance Service	(i) Voice: Carriage Services (ii) Cable Landing Station: Collocation (iii) Cable Landing Station: Access facilitation (iv) Dark Fiber

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Proforma I

RECONCILIATION STATEMENT (COVERING ALL SERVICES AND AREA OF OPERATION) WITH AUDITED FINANCIAL STATEMENTS

Name of The Company :
Name of Service: Consolidated for all telecom services
Licensed Service Area of Operation: Service provider as a whole (at entity level) covering all telecom services
Period :
Cost Base: Historical cost accounting

(₹ in Lakh)

Sl No.	Particulars	Telecom Services *(refer Note 1)*							Inter Service /inter LSA Adjustment (if any)	Total of Services (net of inter service/ inter LSA adjustment)	Other than telecom services as prescribed in Schedule I to Regulation (refer note 2)	Total as per Audited Annual Financial Statements
		Access Service – Wireless	Access Service - Wireline	Internet Service	National Long Distance Service	International Long Distance Service	Mobile Number Portability	Very Small Aperture Terminal Service				
1	**Revenue:**											
1.1	Revenue (net of service tax)											
1.2	Less: pass through charges											
1.3	Revenue (net of Pass through)											
2	**Costs:**											
2.1	Employees Cost											
2.2	Administration Cost											
2.3	Sales and marketing Cost											
2.4	Maintenance Cost											
2.5	Government Charges											
2.6	Network operating Cost											
2.7	Depreciation and											

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	Amortisation											
2.8	Others Cost (please specify)											
2.9	Finance Charges *(refer note 3)*											
	TOTAL COST											
3	**Profit before Interest and Tax (PBIT)**											
4	**Capital Employed**											

Note:

1 For Telecom services, revenues, costs and capital employed should be in agreement with Proforma A of that particular service.
2 A separate list shall be annexed with this Proforma for individual item / head of account having value more than ₹ 10 crore.
3 Excluding interest on loans /borrowed funds

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PROFORMA J

STATEMENT OF NON-FINANCIAL INFORMATION FOR EACH TELECOM SERVICE

(A) Statement of Non-Financial Information for ACCESS SERVICE – WIRELESS					
I. Basic Information					
Information as of (date)					
1.1 Name of License					
1.2 License No. and date of issue/migration					
1.3 Licensed Service Area					
1.4 License Period					
1.5 Date of commencement of commercial service					
II. Subscriber Details					
2.1 Number of Subscribers (in lakh)	Opening		Closing		
(a) Urban					
(b) Rural					
Total					
2.2 Number of Internet Subscribers (in lakh):					
III. Traffic Details					
3.1 Usage:	On Net		Off Net		Total
	Originating	Terminating	Originating	Terminating	
(a) Voice Minutes of Usage (in lakh)					
(b) Non-voice Messages-SMS/MMS (in lakh)					
3.2 Data Usage (in MB) (in lakh):					
3.3 Total bandwidth (Mbps) sold through leased circuits:					
3.4 Transmission Capacity Details	Length in Route Kilometer				
(A) OFC:					
- Owned					
- Leased In					
(B) Microwave:					
- Owned					
- Leased In					
(C) Satellite					

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IV. Towers Details				
Particulars	Number of Towers			Average Tenancy Ratio
	Owned	Leased		
		Exclusive	Shared	
Ground Base Tower (GBT)				
Roof Top Tower (RTT)				
Roof Top Pole (RTP)				

V. Details of Spectrum Allotted	
Spectrum Band (frequency)	Spectrum Allotted (in MHz)
(a) ……	
(b) …….	
Note: Information shall be given for the last day of financial year being reported.	

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(B) Statement of Non-Financial Information for ACCESS SERVICE – WIRELINE		
I. Basic Information		
Information as of (date)		
1.1 Name of License		
1.2 License No. and date of issue/migration		
1.3 Service Area licensed		
1.4 License Period		
1.5 Date of commencement of commercial service		
II. Subscriber Details		
2.1 Details of Direct Exchange Lines (Subscribers) (in lakh)	Opening	Closing
(a) Urban		
(b) Rural		
Total		
2.2 Number of Internet subscribers (in lakh):		
(a) Internet – Broadband		
(b) Internet – Narrowband		
III. Traffic Details		
3.1 Transmission Capacity Details:	Length in Route Kilometre	
(A) OFC:		
- Owned		
- Leased In		

(B) Microwave:					
- Owned					
- Leased In					
(C) Satellite					
3.2 Usage:	On Net		Off Net		Total
	Originating	Terminating	Originating	Terminating	
(a) Voice Minutes of Usage (in lakh)					
3.3 Data Usage (in MB):					
(a) Internet – Broadband					
(b) Internet – Narrowband					
3.4 Total bandwidth (Mbps) sold through leased circuits:					
3.5 Total length (Km): -					
(a) Local Loop Copper					
(b) Fiber					

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(C) Statement of Non-Financial Information for INTERNET SERVICE	
I. Basic Information	
Information as of (date)	
1.1 Name of License	
1.2 License No. and date of issue/migration	
1.3 License Category (please indicate whether A, B or C)/Licensed Area	
1.4 License Period	
1.5 Date of commencement of commercial service	
II. Subscriber Details	
2.1 Number of subscribers (in lakh):	
(a) Internet – Broadband	
(b) Internet – Narrowband	
(c) IP TV	
III. Network Information	
3.1 Capacity details:	
(a) Total owned capacity (bandwidth in Mbps)	

(b) Capacity Leased in (bandwidth in Mbps)	
(c) Capacity Leased out (bandwidth in Mbps)	
3.2 International Internet Bandwidth:	
3.3 Data Usage (in MB):	
(a) Internet – Broadband	
(b) Internet – Narrowband	
IV. Details of Spectrum Allotted	
Spectrum Band (frequency)	Spectrum Allotted (in MHz)
(a) ……	
(b) …….	
Note: Information shall be given for the last day of financial year being reported.	
V. Dark Fibre Transmission Media Details	
(a) Total Number of Route Kilometers of OFC	
(b) Number of Route Kilometers sold/leased out	

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(D) Statement of Non-Financial Information for NATIONAL LONG DISTANCE SERVICE	
I. Basic Information	
Information as of (date)	
1.1 Name of License	
1.2 License No. and date of issue/migration	
1.3 License Period	
1.4 Date of Commencement of commercial service	
II. Traffic Details	
2.1 Details of Transmission Capacity available	Length in Route Kilometre
(A) OFC:	
(a) Owned	
(b) Leased In	
(B) Microwave:	
(a) Owned	
(b) Leased In	
(C) Satellite	

2.2 Voice Usage Minutes:	Minutes collected	Minutes handed over
- NLD Voice minutes carried including carried minutes of Calling Cards (in lakh):		
2.3 Calling Cards Minutes:	Minutes generated from Access Subscribers	
	Wireless	Wireline
- Voice Minutes (calling card) (in lakh)		
2.4 Managed Data Service (VPN/ CUG) (total bandwidth)		
2.5 Total bandwidth (Mbps) sold through leased circuits		
III. Dark Fibre Transmission Media Details		
3.1 Total Number of Route Kilometers of OFC		
3.2 Number of Route Kilometers sold/leased out		

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(E) Statement of Non-Financial Information for INTERNATIONAL LONG DISTANCE SERVICE				
I. Basic Information				
Information as of (date)				
1.1 Name of License				
1.2 License No. and date of issue/migration				
1.3 License Period				
1.4 Date of Commencement of commercial service				
II. Traffic Details				
2.1 Details of Transmission Capacity (in Mbps) available	Capacity Utilisation			
	Capacity Sold-Retail	Capacity Sold-Leased Out	Captive Consumption	Total
(a) Capacity Owned				
(b) Capacity leased in				
Total Capacity				
2.2 Voice Usage Minutes:	Transit Minutes	Inbound Minutes handed over	Outbound Minutes collected	
- ILD Voice minutes carried including carried minutes of Calling Cards (in lakh):				

2.3 Calling Cards Minutes:	Minutes generated from Access Subscribers	
	Wireless	Wireline
- Voice Minutes (calling card) (in lakh)		
2.4 Managed Data Service (VPN/ CUG) (total bandwidth)		
2.5 Total bandwidth (Mbps) sold through leased circuits		

III. Cable Landing Station Capacity Details				
3.1 Number of Cable Landing Stations:				
3.2 Number of submarine cables landing at the Cable Landing Stations:				
3.3 Capacity Utilisation (in Mbps)	Capacity Sold-Retail	Capacity Sold-Leased Out	Captive Consumption	Total
(a) Capacity Owned				
(b) Capacity Leased in				
Total Capacity				
3.4 Number of ILDO/ISP to whom landing facility provided:				
3.5 Number of ILDO/ISP to whom access facility provided:				
3.6 Number of ILDO/ISP to whom co-location provided:				
Note: Information in respect of 3.4, 3.5 & 3.6 shall be given for the last day of accounting year being reported.				
IV. Dark Fibre Transmission Media Details				
4.1 Total Number of Route Kilometers of OFC				
4.2 Number of Route Kilometers sold/leased out				

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(F) Statement of Non-Financial Information for MOBILE NUMBER PORTABILITY	
I. Basic Information	
Information as of (date)	
1.1 Name of License	
1.2 License No. and date of issue	
1.3 Date of Commencement of commercial service	
II. Porting Details	
2.1 Number of porting requests	
2.2 Number of porting actual	

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(G) Statement of Non-Financial Information for VSAT SERVICE	
I. Basic Information	
Information as of (date)	
1.1 Name of License	
1.2 License No. and date of issue	
1.3 Date of Commencement of commercial service	
II. Subscribers/Capacity details	
2.1 Number of Subscribers (in lakh):	
(a) Individual	
(b) (i) Closed User Group	
(b) (ii) Number of VSAT terminals in Closed User Group	
III. Details of Spectrum Allotted	
Spectrum Band	Spectrum Allotted (in MHz)
(a) ……	
(b) …….	
Note: Information shall be given for the last day of financial year being reported.	

SCHEDULE-IV

FORM OF AUDIT REPORT ON THE ACCOUNTING SEPARATION REPORT

I/We,.....having been appointed as the Auditor(s) under the requirements laid down in the Reporting System on Accounting Separation Regulation, 2016 (here in after referred to as the Regulation) issued by Telecom Regulatory Authority of India (here in after referred to as the Authority) by ..... (mention name of the Company) having its registered office at ..... (mention registered office address of the company) (here in after referred to as the Company), have audited the attached Accounting Separation Reports covering.....(mention name of service/ licensed service area) for the year ended ..... (mention the accounting year) of the Company.

2. The Company is responsible for preparation of the Accounting Separation Reports and these have been approved by the Board of Directors of the Company. My/ Our responsibility is to audit the Accounting Separation Reports in accordance with the Regulation and generally accepted auditing standards in India.

3. Further to my/our comments/observations given in the enclosed Annexure (Annexure is required in case there are comments/observations on Accounting Separation Reports), I/We report that:

(a) I / we have received all the information and explanations, which to the best of my/our knowledge and belief were necessary for the purpose of my/our audit.

(b) In my / our opinion proper books of account have been kept by the Company so far as appears from my / our examination of those books to enable the preparation of complete and proper Accounting Separation Reports in accordance with the Regulation.

(c) The Accounting Separation Reports for the year ended ..... are in agreement with the books of accounts and have been properly drawn up in accordance with the Regulation and the methods and basis laid down in the Manual of the Company prescribed under the Regulation.

(d) In my/our opinion, and to the best of my/our information and according to the explanations given to me/us, the Accounting Separation Reports for the year ended..... give the information required by the Regulation in the manner so required and give a true and fair view in conformity with the framework as per the Regulation.

4 I/ We also report that all changes to the Manual prescribed under Regulation that materially affect the Accounting Separation Reports for the year ended .....have been filed with the Authority by the Company.

Dated :

Place :

Signature

Name of Proprietor/Partner
Membership No.
Name of the Firm with Stamp (Seal)

-sd-
(Sudhir Gupta)
Secretary

Note ------ Explanatory Memorandum annexed to these regulations explains the objects and reasons for review on the Reporting System on Accounting Separation Regulations, 2012 issued vide Notification 16-07/2010-FA dated 10th April 2012 and need for revised Reporting System on Accounting Separation Regulations, 2016.

Explanatory Memorandum

1. The Telecom Regulatory Authority of India (TRAI) (hereinafter referred to as "Authority") has been established under the Telecom Regulatory Authority of India Act 1997 to regulate telecommunication services and matters connected therewith. One of the main objectives of the Authority is to provide a fair and transparent policy environment to promote a level playing field and facilitate fair competition. In pursuit of this objective and to carry out its functions effectively and efficiently, the Authority needs financial and non financial information which is used for regulatory decision making/analysis. The Audited Annual Financial Statements i.e. Profit & Loss Account and Balance Sheet of a telecom service provider (TSP) provides only aggregated information of the company as a whole whereas for regulatory purposes, licensed service area (LSA)-wise, Service-wise and Product-wise disaggregated information is required, which can only be facilitated/provided by the Accounting Separation Reports.

2. The disaggregated financial information provided by Accounting Separation Reports is required for regulatory purposes such as analysing costs, revenues; capital employed in major areas of an operator's business, measuring financial performance, and profitability of various products and services. It also helps in identifying cross subsidisation practices, predatory pricing and anti-competitive behaviour of the TSPs.

3. Further, the Accounting Separation Reports of the TSPs are very significant from the regulatory perspective in the multi operator, multi service environment and are being used by the Authority for different regulatory exercises such as determination of Interconnection Usage Charges (IUC) for Voice & SMS, carriage charges, valuation of spectrum and fixation of Roaming charges, Domestic Leased Charges & International Private Leased Circuit Charges besides inter-operator comparison of costs, revenues and investments etc.

4. In pursuit of the above purpose, the Authority had issued the "Reporting System on Accounting Separation Regulation, 2004" on 23rd February, 2004 (hereinafter referred to as ASR, 2004), which was subsequently amended vide 1st amendment dated 24th May 2004, 2nd amendment dated 30th September 2004, 3rd amendment dated 4th March 2005 and 4th amendment dated 27th March 2006.

   Subsequent to the implementation of ASR 2004, many developments took place in the telecom sector that had an impact on the information that the Authority needed as well as on the manner in which such information was to be furnished by the service providers. In order to address these above requirements and changes, the Authority has notified "The Reporting System on Accounting Separation Regulations, 2012" on 10th April 2012 by repealing "The Reporting System on Accounting Separation Regulation, 2004". An amendment to this regulation was also issued on 15th October, 2012 wherein clause for levying financial disincentives on the service providers was introduced for non-compliance of the provisions of the regulations.

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5. The prevailing "The Reporting System on Accounting Separation Regulations, 2012" (hereinafter referred to as "ASR, 2012") was notified four years back. During the course of submission of reports under ASR 2012, many TSPs pointed out various difficulties/ concerns with regard to the reporting requirements under ASR, 2012, mainly related to applicability criteria, addition and deletion of certain products/network elements, periodicity of submission of reports based on Replacement Cost Accounting etc. The Authority also at the same time felt the need to review the ASR 2012 in view of the following:

- Review (addition or deletion) in the list of telecom services specified in ASR, 2012;
- Re-categorization/ addition/ deletion of the products/ network elements under specified telecom services;
- Review of Proformae of financial information;
- Review of Proforma 'J' of ASR 2012 (non-financial information) for inclusion of more non-financial information required for regulatory exercises and decision making;
- Bringing uniformity in reporting period for submission of reports based on Replacement Cost Accounting;
- Updation of definitions and sections of applicable Acts/Rules quoted in the ASR 2012; and
- To bring uniformity and rationalise the basis of allocation/apportionment for revenue, costs and assets across all the TSPs.

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6. In order to review the ASR, 2012, the comments/ views of stakeholders were invited through notice dated 1st April 2015 (i.e. at pre consultation stage). Based on comments received, meetings with TSPs and deliberations thereon, the Authority have prepared the draft "Reporting System on Accounting Separation Regulations, 2016" (hereinafter referred to as "draft Regulations, 2016"). The draft Regulations 2016 was uploaded on the TRAI's website by the Authority on 22nd February 2016 to seek comments/views of the stakeholders. The last date of submission of comments was 14th March 2016 which was subsequently extended to 28th March 2016. Comments received from stakeholders were uploaded on TRAI's website on 31st March 2016. Based on the comments/suggestions received from stakeholders and further deliberations thereon, the Authority has finalised "The Reporting System on Accounting Separation Regulations, 2016" (hereinafter referred to as ASR 2016).

7. ASR 2012 was applicable to all service providers having aggregate turnover of not less than ₹ one hundred (100) crore, during the accounting year (for which report is required to be submitted) from operations under the telecom license issued to them under section 4 of Indian Telegraph Act, 1885. During consultation, one stakeholder stated that Regulation should be made applicable only to incumbent/significant market player (SMP) and not to non-integrated/standalone service providers in line with international best practices for accounting separation regulation. One stakeholder opined that threshold limit for the turnover should be reviewed upward to ₹ 1000 crore and above. Another stakeholder suggested threshold limit of ₹ 2000 crore. Few

stakeholders suggested that level of segregation mandated under ASR 2016 is vast and since the charges regulated by TRAI (termination of calls/messages, roaming etc.) are same for all LSAs, LSA wise reports may be withdrawn. Another stakeholder commented that considering the changes proposed in the revised Regulation, it should be made applicable w.e.f. accounting year ended March 2017.

8. The comments have been examined in the light of Indian telecom scenario where several large TSPs exist together, each holding comparable market share. Some of the TSPs are integrated player offering access services as well as other telecom services. Some Access TSPs hold significant market share in some LSAs whereas in other LSAs, significant market share of market is captured by another set of TSPs. At the same time some standalone TSP providing single telecom service have captured significant market share in the area/services in which they are operating. In Indian telecom service sector where a service/LSA has on an average at least 6 to 8 TSPs, the Authority in order to meet its regulatory objectives needs information which is representative of the market. The Authority is of the view that present turnover criteria of ₹100 crore facilitates in collection of representative data from a range of medium to large TSPs. Therefore, the Authority decides to continue in ASR 2016 with the existing limit of aggregate turnover of ₹100 crore or more.

9. The level of accounting separation depends upon the assessment of the market by the respective regulatory authority. In India, current licensing regime in access service is based on LSA specific assignment (and spectrum allotment in wireless service is also on LSA basis) and tariffs are also operated LSA wise. Collection of information on an aggregate basis for the whole country will not be able to capture varying/unique nature of operations and trade in different LSAs. Each LSA has its own market structure as well as dynamics which may not be similar to other LSAs. Therefore, the Authority is of the view that submission of accounting separation reports at LSA level in Access service continues to be very relevant. For other specified telecom services in the ASR 2016, submission of reports are at an all India level.

10. Regarding applicability of ASR 2016 from the accounting year ended March 2017, it is noted that ASR 2016 does not deviate much from ASR 2012 in terms of reporting formats/requirements, list of services/products/network elements etc. In fact, reporting requirement has been simplified in ASR 2016 and list of products/network elements/telecom services have been rationalised/reduced with an objective to collect relevant and meaningful information/data. Thus the Authority is of the view that ASR 2016 to be implemented from the date of notification and all the reports subsequent to notification shall be submitted in accordance with the provisions of ASR 2016.

11. During the consultation process, two stakeholders were of the view that timeline of submission of reports should be extended. One stakeholder suggested extension of two months in last date of submission of reports; another suggested extension of six months. These stakeholders submitted that preparation of accounting separation reports and audit thereof is a time consuming process and coincides with the other regulatory/legal filings

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such as finalisation of annual financial statements, quarterly board meeting, AGM etc. Another set of stakeholders have favoured for online submission of reports like XBRL/PDF.

12. The Authority has noted the suggestions made by the stakeholders. However, extension in timeline of submission by two or six months will make the information of less importance and of little use for regulatory exercise in view of the time gap involved. In an ideal situation, any decision making body would like to have information as current as possible. But in view of linkage of accounting separation reports with annual financial statements, the time of six months was prescribed in ASR for submission of reports. However, to cover other administrative requirements, regulatory filings etc., the Authority has decided to extend the time for submission of reports from six months of the end of the accounting year to seven months of the end of the accounting year for which reports are to be submitted.

13. At present, there is no system of online submission of accounting separation reports by TSPs. However, in view of large volume of information to be filed under ASR and with an objective to obtain and compilation of reports in a timely manner, online submission of reports is a preferred way. The Authority will look into this aspect and modalities for online submission of accounting separation reports.

14. During consultation process, many stakeholders were of the view that there is no need for adoption of accounting separation reports by the Board of Directors of the Company as the accounting separation reports are prepared and based on the audited annual accounts duly adopted by the Board of Directors. Further ASR also mandates reconciliation of accounting separation reports with the audited annual accounts of the company. One of the stakeholder commented that since cost audit has become mandatory, the purpose of TRAI making its own rules (regulation) appears to be not in the interest of any service provider. Another stakeholder suggested that there should be sync between ASR guidelines as issued by the TRAI and Cost Audit Rules as issued by Ministry of Corporate Affairs as the data being used for preparation of both reports is inter changeable.

15. Requirement of adoption of accounting separation reports by Board of Directors was introduced in the ASR 2012. The provision was introduced in view of the role and responsibility of the Board of Directors under the principles of good corporate governance and global practice in this regard. As regards to cost audit prescribed by the Ministry of Corporate Affairs, the Authority noted that though the information called through both the rules/regulation appears to be similar to a great extent, requirements and objectives of cost audit and accounting separation reports are quite different. Accounting separation reports are designed by the Authority to collect detailed and segregated information/data of different services and products for discharging its regulatory obligations and responsibilities. In view of foregoing discussion, the Authority has retained the separate reporting under ASR 2016 and provision on the adoption of accounting separation reports by the Board of Directors of the Company.

16. Many stakeholders have favoured for discontinuation of accounting separation reports based on replacement cost accounting (RCA). They have represented that reports based on

RCA are needed only for purpose of tariff setting which is presently under forbearance. Further there are practical difficulties in preparation of reports based on RCA like non availability of current quotes from vendor/assets deployed are no longer available in the market/vendor may have exited the business etc. Further preparation of reports based on RCA is a time consuming and costly exercise. One stakeholder submitted that post implementation of Indian Accounting Standards (IND AS) by Ministry of Corporate Affairs w.e.f 1st April 2016, companies having net worth of more than ₹500 crore have to value capital assets at current or fair value. This will make reports based on RCA redundant and unwarranted. Few stakeholders are of the view that in case reports based on RCA cannot be dispensed with, then its periodicity for submission should be changed from at every two years to every three or five years.

17. The comments received from stakeholders regarding reports based on RCA have been examined. It is seen that the TSPs have cited practical difficulties in valuation and additional resources required for preparing reports based on RCA. However, the rationale for introducing the concept of replacement cost accounting in ASRs lies in the fact that with replacement costs, in a competitive environment, service providers would compete on the basis of current costs. Reports based on RCA offer significant insights and benefits to regulators in discharge of its regulatory works/objectives. ASR 2016 has prescribed replacement cost adjustments limited to fixed assets with indication of its implications in the form of holding gain/loss, supplementary depreciation and change in operational expenditure as result of replacement of an old asset by modern equivalents assets. The ASR based on such RCA is prescribed for access and long distance service providers every alternate year. Any upward change in frequency of submission of reports based on RCA will make the reported information/data redundant in view of the time gap involved. The Authority also noted that Ministry of Corporate Affairs has implemented IND AS w.e.f. 1st April 2016 but in a phased manner based on criterion linked to net worth/listing in any stock exchange in India and therefore, shall not be applicable to all the TSPs with immediate effect. Therefore, the Authority is of the view that submission of reports based on RCA will continue.

18. A new licensee is exempted from submission of reports based on RCA for the first three accounting years from the date of issue of license. This provision (in ASR 2004 as well as ASR 2012) has resulted in different reporting periods amongst the TSPs providing same service and in Access service, in different LSAs of same TSP. The non-availability of reports based on RCA across all the TSPs in all the LSAs/services in the same year is hindering in utilizing these reports and for carrying out any meaningful analysis/comparison of these reports. In order to overcome the problem of non-uniformity in submission of accounting separation reports based on RCA by the TSPs, it has been decided that accounting year 2015-16 under the ASR 2016 will be a zero year for submitting the accounting separation reports based on RCA. All the TSPs shall submit the reports based on RCA under regulation 4(2)(b) of ASR 2016 beginning from

the accounting year 2016-17 and every second year thereafter i.e. for the years 2018-19, 2020-21 and so on. In case of new licensee, if the fourth year happens to be the year in which reports based on replacement cost accounting are not required to be submitted as per periodicity prescribed in regulation 4(2)(b), such TSP would be required to submit reports in accordance with the time schedule as prescribed in the said regulation. In case any licensee converts its existing license into unified license or obtain the new license on expiry of old license, ASR 2016 shall be applicable to such licensee at par with existing licensee.

19. During the consultation process some stakeholders have commented on list of telecom services and products specified in the draft Regulations 2016. Some stakeholders have favoured for merging of Access service (full mobility) and Access service (WLL) as both services are offered from same network and have similar costs. Two of the TSPs have opined that BWA services should not be made as an independent product under the Access service. They have argued that no justification has been given in the draft Regulations 2016 on inclusion of BWA services as a product in Access service. One of the stakeholder has opined that all spectrum bands will be interchangeably used to provide mobile broadband services and there should not be a requirement to report separate financials for 2300 MHz band. Another stakeholder suggested that BWA services using 2300 MHz band should be classified as a separate service with full mobility in order to identify any cross subsidization practices, predatory pricing and anti-competitive behaviour of TSP.

20. The Authority has examined the comments received from stakeholders. As regards to merging of Access service (full mobility) and Access service (WLL), it has been noted that Access service (WLL), a limited mobility service has demonstrated a declining trend in past couple of years. Its market share in wireless segment in terms of revenue as well subscribers has gone down considerably. Further with change in spectrum allotment process which allot spectrum through auction and availability of option of liberalisation of administratively allotted spectrum, the concept of usage of a particular spectrum band for deploying specified technology has lost its relevance. Since both sub-service are part of wireless segment, the Authority is of the view that Access service (full mobility) and Access service (WLL) to be merged as Access service (Wireless). Further under the present system (spectrum allotment through auction), the spectrum allotted is of liberalised nature and its usage is not restricted to any particular technology. The Authority also noted that DoT in a recent reference back dated 1st April 2016 on TRAI's Recommendations dated 27th January 2016 on valuation and reserve price of spectrum, had intended for henceforth adoption of uniform SUC rate with prospective effect for all spectrum bands acquired through auction. After considering all these facts, the Authority is of the view that reporting for BWA services as a separate product under Access service may not be mandated.

21. Under some licence agreements, there are certain services which are separate and distinct from each other and serve different market segments e.g. (i) in ILD license, distinct services of cable landing station (CLS) and carriage of international voice

minutes/data is provided, & (ii) in Access service license, voice/SMS/data services to subscribers and infrastructure services (towers) to other TSPs is provided. The Authority with the objective to have information on distinct profitability and performance of such services given under a license, mandated filing of separate reporting under ASR, 2012 e.g., in ILD license, separate reports for CLS and ILD, in Access service (Full Mobility), separate reports for tower business and full mobility operations etc. It has been observed that these separate services do not generate significant revenue and serve a limited segment, thereby not justifying separate reporting. In ASR 2016 tower service, cable landing service and dark fibre service have been merged in respective principle licensed services. However, at the same time, the need of having the distinct information on these services cannot be overlooked, if one has to undertake/assess the profitability and performance of these bifurcated services. Therefore, to continue with their separate identity, these merged services have been kept as separate product (with separate identified network elements) in the principal services in which they have been merged for e.g. Dark Fibre service has been merged with ISP, NLD and ILD service, Tower business service with Access Service and CLS have been merged with ILD.

22. During the consultation process, some stakeholders favoured simplification of product list. One stakeholder submitted that bifurcation of revenue into local, STD and ISD in Access service should not be mandated as there are no separate bifurcation/reports available for segregating local, STD and ISD voice revenue and development of such reports will put extra strain on the system. Two stakeholders opined against the recognition of rental/activation fees/one time fees as product in Access service. They submitted that these are only revenue streams and not products. Two other stakeholders argued for continuation of separate reporting of products in Access service under prepaid and postpaid segment. It has been submitted that prepaid and postpaid products are two variants of billing, addressing different segments of telecom consumers having different subscriber base and different types of strategies, tariff rates and direct costs are associated with these segments. Some stakeholders have advocated for inclusion of intra-circle roaming charges (being wholesale revenue in nature) as a separate product in Access service. Two service providers submitted that since in-roaming charges in Access service are bilateral and on mutually agreed terms, it should not be part of wholesale interconnection. One stakeholder stated that MNP should not be recognised as separate telecom service in view of insignificant revenue from this service.

23. The comments received from stakeholders have been examined. The basic principle behind the proposed list of products is the revenue generation from the offered services or significance of the offered service from point view of regulatory exercises/analysis. Major heads of revenue have been recognised as product under respective telecom service. Inroaming charges and intra circle roaming charges accordingly have been identified as

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separate products under the Access service. It has been noted that bifurcation of voice revenue into local, STD and ISD category is basic classification in the segment and is consistently followed by the TSPs. Further quarterly revenue and license fee statement filed with Licensor (DoT) also mandate the segregated reporting of voice revenue into local, STD and ISD. Separate information on local, STD and ISD calls have been introduced as they have different revenue and cost structures due to different tariff and network resources utilisation. It is also noted that rental, activation, one time fees are payments for assurance of services to the consumer that enable him to remain active/remain connected on the network for a specified time frame, make free calls and so on, and therefore collectively qualify as a separate product. It is further noted that pre-paid and post-paid segment in Access service are treated alike in the regulatory exercises and in wireline segment, all subscribers belong to post-paid segment. Thus the Authority is of the view that separate reporting under prepaid and postpaid is not required under the ASR 2016. As regards to MNP service, it is clarified that separate reports for MNP service are to be filed by TSPs who had obtained MNP license from the DoT.

24. During the consultation process, one stakeholder commented that Proforma 'C' should be revised to capture department wise cost instead of network element wise cost. Few stakeholders argued for removal of Proforma 'D' (on support functions/department cost sheet). They represented that Proforma 'D' increases complexities without significantly serving any useful purpose. Some stakeholders submitted that in Proforma 'F', part of long term loan to be repaid during the current year, should not be treated as current liabilities which will have effect on the capital employed also.

25. The comments received from stakeholders have been examined. The objective behind the Proforma 'C' was to assess the cost of different network elements deployed in the telecom business and operations. The network element stands for one of major cost in the telecom service sector and cost break-up of the same is an essential input for detailed analysis/examination in many regulatory exercises. As regards to Proforma 'D', its removal of Proforma 'D' will have straight effect on direct cost of products and network elements. Further Proforma 'D' give information of cost of support functions/departments and its apportionment to products and network elements making availability of cost separately into direct and indirect. As regards to Proforma 'F', it is stated that with an objective to bring uniformity with financial accounts and to incorporate the changes made in Companies Act, 2013 (particularly in current assets and current liabilities), necessary changes have been made in different Proformae including Proforma 'F'.

26. Many stakeholders have submitted that requirement of minimum and maximum rate charged for each product in Proforma 'H' (on related party transactions) would not be feasible to comply. They have submitted that collection of information at this level is not possible. They further suggested that instead of per unit rate, details on gross revenue may be mandated. One stakeholder opined for removal of Proforma 'H'.

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27. The comments received from stakeholders have been examined. The Authority has noted that presently retail tariff is under forbearance (except roaming and rural wireline) in Indian telecom service sector. However, many items of tariff between a TSP to another TSP (mainly wholesale interconnection charges) are regulated by the Authority. Reporting requirements on related party information in Proforma H under ASR 2016 has been rationalised to collect limited and relevant information on inter TSP revenue transactions for analysis and examination. Accordingly, Proforma H in ASR 2016 has been simplified with revenue information only on those products where service provider as well as service recipient both are TSPs. Further related party information has been restricted to Access service (wireless & wireline), Internet service, NLD service and ILD service for limited specified products.

28. During consultation process two stakeholders submitted comments that Proforma J on collection of non-financial information should be deleted as it is not relevant to ASR. One stakeholder submitted that in Access service (wireline) requirement of details of DEL should be omitted. Another stakeholder commented that reporting requirement of subscribers in urban and rural should be removed. Some stakeholders commented that it is difficult to provide number of subscribers using internet out of total subscribers.

29. The stakeholders comments have been examined. Proforma J contains the limited non financial information on the respective service which are related and vital for any meaningful analysis and examination of the financial information submitted through other proformae under ASR 2016. As regards to other comments, it has been noted that these information are gathered under the existing reporting requirements to TRAI and thus will not put extra efforts/strain on the system.

30. Two stakeholders argued for removal of clause on financial disincentive that can be levied on TSP for delayed submission of reports or submission of false reports under the ASR 2016 as accounting separation reports is only a different representation of the already filed audited financial statements.

31. The financial disincentive clause was introduced to enhance the compliance level in order to ensure timely submission of complete and correct reports to the Authority. Accounting Separation Reports are required for various regulatory functions and therefore their timely receipt is of paramount importance. Delay in receipt of the information or receipt of incorrect information will have adverse affect on the performance of regulatory functions. Therefore, the Authority is of the view to continue with clause of financial disincentive in ASR 2016.

32. For the purpose of ASR 2016, 'service specific licence' and 'service specific authorisation' under Unified license shall be taken same for all practical purposes.

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