



# भारतीय दूरसंचार विनियामक प्राधिकरण

महानगर दूरसंचार भवन, जवाहर लाल नेहरू मार्ग,  
(पुराना मिनटो रोड), नई दिल्ली-110002

## TELECOM REGULATORY AUTHORITY OF INDIA

Mahanagar Doorsanchar Bhawan, Jawahar Lal Nehru Marg,  
(Old Minto Road), New Delhi-110002  
Fax : 91-11-23213294

No. 16-07/2010-FA

Dated: 16<sup>th</sup> January, 2012

To,

All stakeholders

**Subject: Draft 'The Reporting System on Accounting Separation Regulations, 2012' – Views/ suggestions regarding.**

1. Telecom Regulatory Authority of India (Authority) had issued the "The Reporting System on Accounting Separation Regulation, 2004" on 23<sup>rd</sup> February 2004 mandating the submission of audited Accounting Separation Reports from service providers having an aggregate turnover of rupees twenty five (25) crore or more during the preceding financial year. These Reports provide useful information on revenues, costs, returns and capital employed in major areas of a service provider's business which enables the Authority to address anti-competitive behaviour, discrimination and predatory pricing concerns and to facilitate fair competition.
2. The existing system of accounting separation was devised nearly a decade ago, at a time when regulatory reporting requirements were at a nascent stage and the development of the telecom service sector had just begun. Since the implementation of the Regulation in 2004, many developments have taken place in the telecom service sector. Such developments would have an impact on the information that the Authority requires as well as on the manner in which such information is to be furnished by the service providers.
3. Movement towards digital convergence and rapid technological change has been altering the competitive landscape of the telecom sector. Boundaries distinguishing services have blurred. A range of new products and services have emerged. The conventional categorization of services into Mobile, Basic etc. is being increasingly replaced by revised listings with focus on Data and Value Added Services (VAS).
4. Business models of service providers have also changed over time. Vertically integrated telecom service providers provide retail telecom services and products as well as wholesale services within the same jurisdiction with substantial concentration of market power. Capital Expenditure (CAPEX) and Operating Expenditure (OPEX) structures of service providers have altered with the adoption of new business paradigms with increased outsourcing. New and more complex forms of upstream and downstream market relationships have emerged.
5. A number of regulatory and policy changes have also influenced the sector. Dual technology unified access licenses have been issued. Allocation of 2G spectrum to new players and auction of 3G spectrum have impacted business models and revenue streams of



service providers. Regulatory focus is also shifting to new areas such as broadband, data and value added services. On the accounting front, a transition to new converged accounting standards (IFRS/ IND AS) is in progress.

6. Events in the telecom sector having outpaced some of the provisions of the 2004 Regulation, several issues were being faced in the utilization of ASR information by the TRAI. Service providers, during discussions over ASR submissions, have similarly indicated that the provisions, schedules and formats in the 2004 Regulation require review.

7. At present, there is no system of submission of ASR data/information on-line by service providers. Of late, with increase in the number of service providers, a very large volume of information is being received by the regulator through the ASR. There are 8 to 12 telecom access service providers in each circle and a large number of reports are filed by the service providers to TRAI. To obtain and use ASR data in a timely fashion, a need has been felt for its on-line submission and processing, thereby also reducing the regulatory cost. For this purpose, ASR formats need to be standardized.

8. Considering all these aspects, a need was felt to initiate a review of "The Reporting System on Accounting Separation Regulation, 2004". The purpose of the review is to bring in an up-dated, rationalized and standardized reporting system which covers the requirements of current times and which would have validity for the foreseeable future also.

9. In order to review the Regulation, the comments / views of service providers and Associations on the aspects expected to be covered during the review process were invited through TRAI's website and through individual letter sent to major service providers and Associations vide letter no. 16-07/2010-FA dated 24<sup>th</sup> June 2011. Comments/ views of the service providers/ their associations were sought on the existing accounting principles and methods and the impact of IFRS / IND-AS, the contents and formats of the existing ASR, standardization of the formats for on-line data submission, the frequency of reporting requirement, and issues connected with auditing and accountability in the submission of ASR.

10. Comments and views have been received from a number of service providers and Associations. In the light of these comments, interaction/discussions with service providers/ Associations, experience in usage of ASR data, international practices, the objectives of ASR and current requirements, the TRAI has reviewed the existing 'The Reporting System on Accounting Separation Regulation, 2004', and prepared a draft of 'The Reporting System on Accounting Separation Regulations, 2012'.

11. The salient features of the draft 'The Reporting System on Accounting Separation Regulations, 2012' are as follows:

11.1 The ASR would be applicable to those service providers whose aggregate turnover during the immediately preceding financial year from operations under all telecom license(s) issued to them under Section 4 of the Indian Telegraph Act 1885, is Rs 100 crore or more, so that undue burden is not placed on small service providers with small turnovers.

11.2 Technology, innovation and consumer demand have driven far reaching changes in the last decade in the type of services and products provided. There has been enhancement of data services, innovative product offerings by service providers on a common platform, growth of broadband, opening of new markets/ offering of new products in the international bandwidth segment, MNP, infrastructure service provision, hiving off of tower businesses etc. Some services have virtually disappeared from the market while new services have emerged. Regulatory focus has also been drawn in recent times to sub services / products within services, data and VAS, necessitating the collection of more detailed information regarding the same. To capture these changes, the classification of services and products has been revised and the revised classification is in Schedule I to these Regulations. To capture also the changes in technology and mode of delivery, the classification of the network elements that



underlie these services has also been revised, and the revised classification is in Schedule II to these Regulations.

11.3 Circle/geographical area wise accounting separation reporting for Wireless and Wire-line services is retained as Access licenses are granted service area-wise and tariffs are also operated service area-wise. The existing provisions for submission of accounting separation reports on replacement cost accounting every alternate year for access and long distance services continues.

11.4 Efforts have accordingly been made to rationalize the reporting formats and to restrict the reporting requirement to relevant information only. Keeping in mind the various suggestions from service providers for simplification/ rationalization of the formats prescribed in the 2004 Regulation and also drawing from the TRAI's experience in implementation of the ASR, modifications have been made in the formats with the objective of reducing duplication, removing redundancy of information and achieving greater transparency in disclosure, without disturbing the integrity of the prescribed system of cost allocation. The revised formats are at Schedule III to these Regulations. The major changes are discussed below:

- i. The number of formats to be submitted have been reduced and rationalized by merging some of the formats prescribed in the 2004 Regulation:
  - Proforma A and C have been merged into one format- (Proforma B- Profit and Loss Statement – Product)
  - Old Proforma B is now modified as Proforma A (Profit and Loss Statement-Service)
  - Proforma D, E and F have been merged into one format-(Proforma C – Cost Sheet- Network Elements)
  - Reconciliation of P&L Account (Proforma J) and Capital Employed (Proforma- K) with the annual audited accounts will now be done at company level covering all the services in a single format- (Proforma I- Reconciliation Statement)
- ii. The contents / preparation of the formats have been simplified wherever possible:
  - Reporting of costs into direct / directly attributable, indirectly attributable, un-attributable under network element and product has been done away with.
  - The concept of working out the return on capital employed and adding it to the cost of network and subsequently adjusting it back to work out the cost of products has been done away with.
  - The information required in the non-financial information formats has been significantly reduced and limited to certain data depicting capacity/usage, subscriber base, MOU, company's licence information/ details.
- iii. New formats have been added for reporting the following:
  - Formats for showing cost of support functions and its allocation / apportionment to the products / network elements, as this was an information reporting gap in the 2004 Regulation. (Proforma D- Cost Sheet Support Functions/ Departments).
  - Format for showing product wise capital employed as the same was an information gap. (Proforma G- Capital Employed- Allocation to Products).But Proforma H has been removed in lieu of this format.
  - Format for reporting related party transactions. (Proforma H- Statement of Related Party Transactions)
- iv. Other changes made in the formats include the following:
  - Revenue shall be reported with break up into wholesale (outside group), wholesale (within group)/company, and retail.
  - The cost heads have been revised to take into account changing business models and phenomena in the industry (depiction of cost of outsourcing, cost of passive infrastructure sharing, amortisation of 3G entry fee etc.)
  - Pass through elements will have to be separately identified.



- The brief basis of the allocation/ apportionment made of the support functions/ net-work elements cost/ capital employed shall be indicated in the relevant formats (Proforma D- Cost Sheet Support Functions/Depts; Proforma C- Cost Sheet- Network Elements; Proforma G- Capital Employed- Allocation to Products) for ready reference. This will ensure that the method followed by the service provider in preparation of ASR reports is same as outlined by them in their Accounting Separation Manual.

11.5 A minor modification has been made in regulation 5(4) of the draft Regulation requiring the service providers to enclose every year a copy of the relevant portion of their manual containing (i) a description of accounting policies for allocation and apportionment of revenue, cost, assets and liabilities and (ii) the basis of cost allocation and apportionment, along with audited ASR to be filed with the Authority under regulation 4.

11.6 To reduce the regulatory burden on service providers, avoid delay and provide flexibility in compilation and analysis of ASR data, efforts are also being made by TRAI to bring in a system of on-line report submission. Service providers/ Associations have welcomed the move for on-line submission of ASR data. An essential pre-requisite for on-line submission is standardization of definitions for products, services and network elements and of the structure of formats for submission of information. The revised classifications for services/products and network elements laid down in Schedules I and II respectively of these Regulations, and the revised formats laid down in Schedule III of these Regulations will help to provide the required level of standardization/uniformity across service providers in the submission of information. While submitting the ASR, service providers will be required to map their services, products, network elements, support functions etc. to those prescribed under these Regulations. Till the on-line system is actually available, soft copy of the ASR will continue to be submitted by the service providers, in addition to hard copy. To assess the performance of new accounting separation statements, service providers would be expected to provide the data for the last accounting year (2010-11) in soft copy in revised Proformae as prescribed in Schedule-III to the draft Regulations

11.7 There is no change in the existing frequency of reporting requirement.

11.8 The existing auditing requirements for the ASR continue. Further, in order to achieve comprehensiveness and maintain uniformity in the auditing of ASR of different service providers by auditors, a standardized certificate has been prescribed through which the auditor would express his opinion on the ASR. The standardized Audit Certificate is at Schedule IV of these Regulations.

11.9 There is a provision for adoption of audited ASRs by the Board of Directors of the company.

12 A copy of the draft Regulations are uploaded under 'Consultation Papers' tab of TRAI's website inviting views/ suggestions of all the stakeholders. The view/suggestions on these Regulations may be forwarded to the undersigned **latest by 31<sup>st</sup> January 2012.**

Yours sincerely,



**(Anuradha Mitra)**  
**Pr. Advisor (FA&IFA)**

Fax: +91-11-23235249  
Email: [traifadiv@gmail.com](mailto:traifadiv@gmail.com)

# TELECOM REGULATORY AUTHORITY OF INDIA

## NOTIFICATION

New Delhi, the .....2012

No.\_\_\_\_\_: 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, 2012**  
(\_\_ of 2012)

<b>CHAPTER I</b> <b>PRELIMINARY</b>
<b>1. Short title, commencement and application:</b> - (1) These regulations may be called the Reporting System on Accounting Separation Regulations, 2012.
(2) They shall come into force from the date of their publication in the Official Gazette.
(3) These regulations shall apply to all service providers having aggregate turnover of not less than rupees one hundred crore, during the accounting year for which report is required to be submitted under these regulations, from operations under the telecom license(s) issued to them under section 4 of the Indian Telegraph Act 1885.
<b>2. Definitions:</b> - In these regulations, unless the context otherwise requires, -
(i) "Act" means the Telecom Regulatory Authority of India Act, 1997 (24 of 1997);
(ii) "Accounting Separation Statement" means statement prepared in proforma specified in Schedule III to these regulations;
(iii) "Annual Financial Statement" means financial statement prepared under section 211 of the Companies Act, 1956

<p>(iv) "Authority" means the Telecom Regulatory Authority of India established under sub-section (1) of section 3 of the Act;</p>
<p>(v) "Broadband" or "Broadband Service" means a data connection, --</p> <p>(a) which is always on and is able to support interactive services including Internet access;</p> <p>(b) which has the capability of the minimum download speed of two hundred fifty six kilobits per second or such minimum download speed, as may be specified by the licensor, from time to time, to an individual subscriber from the point of presence of the service provider intending to provide Broadband service where a multiple of such individual Broadband connections are aggregated and the subscriber is able to access these interactive services including the Internet through the said point of presence;</p> <p>(c) in which the interactive services shall exclude any services for which a separate licence is specifically required (such as real-time voice transmission) except to the extent permitted, or, as may be permitted, under Internet service provider's licence with internet telephony, and which shall include such services or download speed or features, as may be specified from time to, by the licensor;</p>
<p>(vi) "Cable Landing station" means a location,</p> <p>(a) at which the international submarine cable capacity is connectable to the backhaul circuit;</p> <p>(b) 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;</p>
<p>(vii) "Cost centre" means the support function or department of a company or a network element for which costs are incurred;</p>
<p>(viii) "Co-location charges" means the charges payable by the eligible Indian International Telecommunication Entity based on the type of facilities used, for the purpose of housing the equipment of such eligible Indian</p>

International Telecommunication Entity, at the premises of owner of cable landing station which provides the access to its cable landing station, and such charges include charges for providing space, power supply, accessing physical facilities, operation and maintenance of co-location site for the said purpose;
(ix) "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;
(x) "geographical area" is a service area, which is treated as separate segment for purpose of preparing reports under regulation 4;
(xi) "Historical Cost Accounting" means a system of accounting where assets, liabilities, costs and revenues are recorded at the value when the transactions were incurred and where assets are valued and depreciated according to their cost at the time of purchase;
(xii) "Holding gain or loss" means gain or loss when the replacement cost of an asset changes while the asset is still being held at the Historical Cost and is computed as under:- $\text{Holding Gain or Loss} = \text{NBVt} - 1 \times (\text{GRCt} / \text{HCA}) - \text{NBVt-1} \times (\text{GRCt-1} / \text{HCA})$ Where, NBVt-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, HCA = Cost of an asset at the time of its purchase;
(xiii) "Manual" means manual referred to in regulation 3 of these regulations;
(xiv) "Modern Equivalent Asset" means the current value of available asset with the same level of capacity and functionality as that of the original asset;
(xv) "Internet Service" means all type of Internet access or Internet content services as provided in the license;
(xvi) "Off-net call" means a call which terminates in the network of the service provider other than the originating service provider;

(xvii) "On-net call" means a call which originates and terminates in the network of the same service provider;
(xviii) "Pass through charges" means: (a) PSTN related call charges paid to other telecommunication service providers within India and; (b) roaming revenue passed on to other telecommunication service providers;
(xix) "Profit Centre" means a service or a product offered by a service provider to which revenues and cost can be traced so that profits can be ascribed to that activity;
(xx) "Related party" means parties who are considered to be related, if at any time during the reporting period one party has the ability to control the other party, or exercise significant influence over such party in making financial or operating decisions;
(xxi) "Related party transaction" means a transfer of resources or obligations between related parties whether or not a price is charged;
(xxii) "Regulations" means the Reporting System on Accounting Separation Regulations, 2012;
(xxiii) "Replacement Cost Accounting" means system of accounting where assets are carried in the financial statement at the amount of cash or cash equivalents that would have to be paid if the same or an equivalent asset are acquired currently;
(xxiv) "Reports" mean Accounting Separation statements, both financial and non-financial, prepared by service providers under regulation 4;
(xxv) "Retail Revenue" mean revenue earned from the sale of products and services directly to the end consumer;
(xxvi) "service provider" means the Government as a service provider and includes a licensee;
(xxvii) "Supplementary depreciation" means depreciation for an asset under replacement cost accounting less its depreciation under historical cost accounting;
(xxviii) "Transit Carriage Charge" means charge for carrying the cellular mobile call from Long Distance Charging Area to Short Distance Charging Area.
(xxix) "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 facsimile transmission.

(xxx) "Wholesale interconnection" means a product for which revenue is received from other service providers for carrying or terminating calls or messages or for providing other interconnection facilities;

(xxxi) "Wholesale Revenue" mean revenue realised from the sale of products and services other than to end consumers;

(xxxii) all other words and expressions used in these regulations but not defined, and defined in the Act and the rules and other regulations made thereunder, 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, in order to execute and implement the accounting and reporting practices specified under these regulations, prepare a manual containing policies, principles, methodologies and procedures for accounting and cost allocation and file with the Authority a copy of the Manual within one month from the date of commencement of these regulations.

(2) In particular, and without prejudice to the generality of the provision of sub-regulation (1), such manual shall contain the following items, namely: -

- (a) an overview of the organisational structure of the service provider;
- (b) a list of the entities in the telecom sector within the group and relationship of the service provider with other group companies and related parties in terms of interconnection, common resources etc.;
- (c) an overview of the financial accounting system which may include policies relating to capitalisation, depreciation, advance receipts of revenue, security deposits, provision for bad and doubtful debts etc.;
- (d) description of the treatment of related party transactions, allocation

- of shared services and allocation of jointly used assets;
- (e) products, services, network elements and geographical areas which shall be treated as separate segments for preparing Accounting Separation Statements;
- (f) description of accounting policies for allocation and apportionment of revenue, cost, assets and liabilities;
- (g) 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;
- (h) description of studies, surveys and model employed in cost apportionment and allocation process;
- (i) definition of terms used in the manual; and
- (j) procedure for maintenance and updating manual

(3) Every service provider shall furnish to the Authority within one month all changes in the manual, along with reasons for such changes;

**4. Reports -** (1) Every service provider shall prepare the following financial reports and non-financial reports, geographical area wise as well as consolidated report for all geographical areas, namely: -

**(a) financial reports: -**

- (i) profit and loss statement in proforma 'A' of Schedule III to these regulations for each service as specified in Schedule-I to these regulations provided by the service provider;
- (ii) profit and loss statement in proforma 'B' of Schedule III to these regulations, of each product mentioned in Schedule I to these regulations against the services provided by the service provider;
- (iii) network element wise cost sheet in proforma 'C' of Schedule III to these regulations indicating network element wise cost and its allocation to various products, basis of allocation and cost per unit

of usage based on the list of network elements of various services contained in Schedule II to these regulations;

(iv) “support functions and departments” cost sheet in proforma ‘D’ to Schedule II of these regulations and its allocation to products and network elements;

(v) capital employed statement in proforma ‘F’ to Schedule III of these regulations for the services provided by the service provider;

(vi) statement in proforma ‘G’ to Schedule III to these regulations showing allocation of capital employed for a service to the products as contained in Schedule I to these regulations;

(vii) statement in proforma ‘E’ to Schedule III to these regulations showing category wise fixed assets and depreciation thereon;

(viii) statement in proforma ‘H’ to Schedule III of these regulations showing related party information on revenue and cost;

**(b) non-financial reports:-**

statement in proforma ‘J’ to Schedule III of these regulations for services mentioned in Schedule I to these regulations comprising non-financial information relating to subscribers, network usage and network capacity.

(2) Every service provider shall prepare financial reports and non-financial reports referred to in sub-regulation (1): -

(a) every accounting year based on Historical Cost Accounting for all the services specified in Schedule-I to these regulations ; and

(b) every second accounting year based on Replacement Cost Accounting for the following services specified in Schedule-I to these regulations: -



- i. Access Service – Wireless (Full Mobility)
- ii. Access Service – Wireless (WLL)
- iii. Access Service – Wireline
- iv. National Long Distance Service
- v. International Long Distance Service

Provided that if less than three years have elapsed since issue of the license to service provider for providing a particular service, the financial reports based on replacement cost accounting need not be prepared for that service.

(3) Every service provider shall-

- (a) reconcile the profit and loss statement referred to in sub-clause (i) of clause (a) of sub-regulation (1) and capital employed statement, referred to in sub-clause (iv) of clause (a) of sub-regulation (1) prepared on the basis of the Historical Cost Accounting with the audited Annual Financial Statement prepared under section 211 of the Companies Act, 1956; and
- (b) prepare in Proforma "I" of Schedule III to these Regulations a reconciliation statement covering all services and its geographical areas of operation.

(4) Every service provider shall prepare financial reports referred to in sub-regulation (1) on the basis of replacement cost accounting by-

- (i) following financial capital maintenance methodology;
- (ii) limiting cost adjustment to the fixed assets;
- (iii) ignoring replacement cost adjustment for assets having life of less than three years;
- (iv) taking 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) indicating holding gain or loss and supplementary depreciation;
- (vi) indicating the change in operating expenditure when an old asset is replaced by a modern equivalent asset.

<p><b>5. Periodicity of submission of report -</b> (1) Every service provider shall submit to the Authority within six months of the end of accounting year: -</p> <ul style="list-style-type: none"><li>(a) yearly audited reports based on the Historical Cost Accounting; and</li><li>(b) every second accounting year, reports based on Replacement Cost Accounting</li></ul>
<p>(2) The reports referred to in sub-regulation (1) shall be submitted in hard copy and in soft copy in MS Excel format along with its formula and linkage;</p> <p>Provided that the Authority may by direction specify any other method including method of on-line submission of report.</p>
<p>(3) The reporting period shall be same as followed by the company for preparation of the annual financial accounts under sub section (4) of section 210 of the Companies Act, 1956.</p> <p>Provided that, if reporting period exceeds fifteen calendar months, the service provider shall submit the reports in two parts – one part comprising report of twelve month and the second part comprising of balance period.</p>
<p>(4) Every report submitted to the Authority under sub-regulation (1) shall be accompanied by 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.</p>
<p><b>6. Audit –</b></p> <p>(1) Every service provider shall appoint an auditor qualified for appointment as an auditor under section 224 or 233B of the Companies Act, 1956 to audit the reports prepared by the service provider under regulation 4 of these regulations and obtain a certificate from the auditor in the proforma specified in Schedule IV to these regulations.</p>
<p>(2) The audited report and the certificate referred to in sub regulation 1</p>

<p>shall be signed by the auditor or a partner of the firm, if a firm is appointed as auditor.</p>
<p>(3) The report and certificate referred to in sub regulation 1 shall be adopted by the Board of Directors of the company and audited reports shall be signed by the authorized signatory before furnishing to the Authority under these regulations.</p>
<p style="text-align:center"><b>CHAPTER III</b> <b>MISCELLANEOUS</b></p>
<p><b>7. Repeal and saving</b> – (1) The Reporting System on Accounting Separation Regulation, 2004 (4 of 2004) is hereby repealed.</p>
<p>(2) Notwithstanding such repeal anything done or any action taken under the said regulation shall be deemed to have been done or taken under the corresponding provisions of these regulations;</p>
<p><b>8. Interpretation</b> – 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.</p>

( Secretary )



## Schedule I

Name of Telecom Service	Geographical Area of Operation	Product/ Components
(1)	(2)	(3)
(I) Access Service - Wireless (Full Mobility) (II) Access Service - WLL (III) Access Service - Wireline	Telecom Circle	Following products/ components shall be considered separately for <b>postpaid and prepaid subscribers</b> : - (a) Rental/ Activation/ One time fees (b) Calls: (i) Voice 1) Off Net 2) On Net (ii) Video 1) Off Net 2) On Net (c) Messages: 1) Short Messaging Service 2) Multimedia Messaging Service (d) Value Added Services (e) Roaming: (i) National (ii) International (f) Data: (i) 2G services (ii) 3G services (g) Leased circuit (h) Wholesale (Interconnection): (i) Termination Voice call (ii) Termination Video call (iii) Termination SMS/ MMS (iv) Port charges including Co-Location (v) Transit Carriage Charges (vi) Other interconnect charges (i) Other (please specify)
(IV) Internet Service	All India	(a) Internet – Broadband (b) Internet – Narrowband (c) Internet Telephony (d) Internet Protocol TV (e) Other (please specify)
(V) National Long Distance Service	All India	(a) Voice (b) Data: (i) Domestic Leased Circuit (DLC) (ii) Other Data Products (c) Other (please specify)
(VI) International Long Distance Service	All India	(a) Voice (b) Data: a. International Private Leased Circuit (IPLC) b. Other Data Products (c) Other (please specify)

<b>Other Telecom Services :</b>		
(VII) Tower Business	All India	(a) Ground Base Tower (GBT) (b) Roof Top Tower (RTT) (c) Roof Top Pole (RTP) (d) Other (please specify)
(VIII) Dark Fibre	All India	No product sub-classification
(IX) Cable Landing Station	All India	No product sub-classification
(X) Mobile Number Portability (MNP)	All India	No product sub-classification
(XI) Very Small Aperture Terminal Service (VSAT)	All India	No product sub-classification

## Schedule II

SI No.	Name of Telecom Service	Network Elements
(1)	(2)	(3)
<p>(I)</p> <p>(II)</p>	<p>Access Service Wireless – Full Mobility</p> <p>Access Service Wireless – WLL</p>	<p><b>(a) CORE NETWORK:</b></p> <ul style="list-style-type: none"> <li>(i) Mobile services Switching Centre (MSC)/ Gateway Mobile services Switching Centre (GMSC)</li> <li>(ii) MSC-Server/ Virtual MSC</li> <li>(iii) Media Gateway (MGW)/ Gateway Media Gateway (GMGW)</li> <li>(iv) Visitor location register (VLR)</li> <li>(v) Serving GPRS Support Node (SGSN)</li> <li>(vi) Gateway GPRS Support Node (GGSN)</li> <li>(vii) EIR (Equipment Identity Register)</li> <li>(viii) HLR (Home Location Register)</li> <li>(ix) AUC (Authentication Centre)</li> <li>(x) Transponder</li> <li>(xi) Signalling gateway</li> </ul> <p><b>(b) RADIO ACCESS NETWORK:</b></p> <ul style="list-style-type: none"> <li>(i) Node B (RAN-Radio Access Network)</li> <li>(ii) BTS (Base Transceiver Station)</li> <li>(iii) RNC (Radio Network Controller)</li> <li>(iv) BSC (Base Station Controller)</li> </ul> <p><b>(c) TRANSMISSION MEDIA / EQUIPMENTS</b></p> <ul style="list-style-type: none"> <li>(i) Transmission Media Between the Network Element i.e. OFC/Cable/Microwave</li> <li>(ii) Transmission equipments</li> </ul> <p><b>(d) OTHER NETWORK ELEMENTS:</b></p> <ul style="list-style-type: none"> <li>(i) SMSC (Short Message Service Centre)</li> <li>(ii) MMSC (Multimedia Messaging Service Centre)</li> <li>(iii) HSS (Home Subscriber server)</li> <li>(iv) Application servers for Value added service</li> <li>(v) NMS (Network Management System)</li> <li>(vi) Billing servers</li> <li>(vii) IUC servers/ ICB Server (Interconnect Billing Server)</li> <li>(viii) IN Servers</li> <li>(ix) LIS (Lawful Interception Server)</li> <li>(x) Facilitation for MNP</li> </ul>



<b>(III)</b>	Access Service Wireline	<ul style="list-style-type: none"> <li>(a) Equipment at Subscriber's end – POTS, ISDN, PABX, VPT Equipment etc.</li> <li>(b) Access Media between Local Switches &amp; Subscriber's end - Copper loop/ Optical Fibre etc.</li> <li>(c) Local Switches - Local switch (including NGN and IP), Remote Switching Unit, Remote Logical Unit etc.</li> <li>(d) Tandem/TAX switches</li> <li>(e) Media Gateway (MGW)</li> <li>(f) Transmission Media / Equipments</li> </ul>
<b>(IV)</b>	Internet Service	<ul style="list-style-type: none"> <li>(a) Customer Premises Equipments (CPE)</li> <li>(b) Access Media (Copper Loop/Optical/Fibre, Cables/Wireless network etc.</li> <li>(c) DSLAM</li> <li>(d) Router (EDGE/ PE/ CORE)</li> <li>(e) MuX/ Switches</li> <li>(f) Transmission media/systems between networking elements</li> <li>(g) Dedicated Servers</li> <li>(h) Other (please specify)</li> </ul>
<b>(V)</b>	National Long Distance Service	<ul style="list-style-type: none"> <li>(a) Switches (including NGN and IP)</li> <li>(b) Media Gateway (MGW)</li> <li>(c) Transmission Media and Equipment</li> <li>(d) Other (please specify)</li> </ul>
<b>(VI)</b>	International Long Distance Service	<ul style="list-style-type: none"> <li>(a) Switches (including NGN and IP)</li> <li>(b) Media Gateway (MGW)</li> <li>(c) Transmission –Domestic</li> <li>(d) Transmission –International</li> <li>(e) Other (please specify)</li> </ul>
	<b>Other Telecom Services:</b>	
<b>(VII)</b>	Tower Business	<ul style="list-style-type: none"> <li>(a) Tower</li> <li>(b) Associated Infrastructure</li> <li>(c) Other (please specify)</li> </ul>
<b>(VIII)</b>	Dark Fiber	<ul style="list-style-type: none"> <li>(a) Fibre</li> <li>(b) Other (please specify)</li> </ul>

<b>(IX)</b>	Cable Landing Station	<ul style="list-style-type: none"> <li>(a) Transmission line from Cable Landing Station to Meet Me Room (MMR)</li> <li>(b) Network Equipment at Meet Me Room (MMR)</li> <li>(c) Other (please specify)</li> </ul>
<b>(X)</b>	Mobile Number Portability (MNP)	<ul style="list-style-type: none"> <li>(a) Server</li> <li>(b) Router/Switch</li> <li>(c) Transmission Media</li> <li>(d) Gateway</li> <li>(e) Other (please specify)</li> </ul>
<b>(XI)</b>	Very Small Aperture Terminal Service (VSAT)	<ul style="list-style-type: none"> <li>(a) Space Segment Transponder</li> <li>(b) Ground Segment</li> <li>(c) Other (please specify)</li> </ul>

**SCHEDULE III**

**LIST OF PROFORMAE**

<b>Sl No.</b>	<b>Proforma</b>	<b>Description of the Proforma</b>
1	Proforma A	Profit and Loss Statement - Service
2	Proforma B	Profit and Loss Statement - Product
3	Proforma C	Cost Sheet - Network Element
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
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 service

**SCHEDULE III**  
**Proforma A**  
**PROFIT & LOSS STATEMENT - SERVICE**

**Name of The Company :**

**Name of Service:**

**Geographical Area of Operation :**

**Period :**

**Cost Base:** Historical Cost Accounting / Replacement Cost Accounting

		Rs in Lakh	
S No.	Particulars	Current Year	Previous Year
<b>1</b>	<b>REVENUES (NET OF SERVICE TAX) (See Note 1):</b>		
<b>1.1</b>	<b>Wholesale Revenue</b>		
1.1.1	Sale - Outside Group*		
1.1.2	Sale - Within Group/ Company		
<b>1.2</b>	<b>Retail Revenue</b>		
	<b>Total</b>		
1.3	Less: Pass through Charges:		
1.3.1	To Access Service Providers		
1.3.2	To NLD Operators		
1.3.3	To ILD Operators		
1.3.4	Others (please specify)		
<b>1.4</b>	<b>Revenue(net off Pass through)</b>		
<b>2</b>	<b>COSTS</b>		
<b>2.1</b>	<b>Employee cost:</b>		
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)		
	<b>Sub total</b>		
<b>2.2</b>	<b>Administration cost:</b>		
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)		
	<b>Sub total</b>		
<b>2.3</b>	<b>Sales and Marketing cost:</b>		
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)		
	<b>Sub total</b>		
<b>2.4</b>	<b>Maintenance cost:</b>		
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)		
	<b>Sub total</b>		

S No.	Particulars	Current Year	Previous Year
<b>2.5</b>	<b>Government charges:</b>		
2.5.1	License fee		
2.5.2	License fee penalty, if any		
2.5.3	Expenses on amortisation ( one time entry fee for 3G services)		
2.5.4	Expenses on amortisation (license fee etc.)		
2.5.5	WPC charges:		
2.5.5.1	-Radio Spectrum Charges		
2.5.5.2	- Microwave Charges		
2.5.6	Others (please specify)		
	<b>Sub total</b>		
<b>2.6</b>	<b>Network operating Cost:</b>		
2.6.1	Leased Circuits and Gateway Charges		
2.6.2	Royalty for technical know how 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		
2.6.6	Passive Infrastructure Charges		
2.6.6.1	- paid within group/ company		
2.6.6.2	- paid outside group		
2.6.7	Insurance Charges (Network Element Equipments)		
2.6.8	Outsourcing Charges for Network Element Equipments		
2.6.9	Others (please specify)		
	<b>Sub-total</b>		
<b>2.7</b>	<b>Depreciation:</b>		
2.7.1	- Building		
2.7.2	- Plant and machinery		
2.7.3	- Others (please specify)		
	<b>Sub-total</b>		
<b>2.8</b>	<b>Other cost</b>		
2.8.1	Loss on sale of fixed assets(net)		
2.8.2	Corporate office		
2.8.3	Others (please specify)		
	<b>Sub-total</b>		
<b>2.9</b>	<b>Finance charges</b>		
2.9.1	Bank charges		
2.9.2	Others (please specify)		
	<b>Sub-total</b>		
	<b>Total Cost</b>		
	<b>Profit &amp; Loss Before Interest and Tax</b>		
2.10	Replacement Cost Adjustment (Refer Note 2)		
2.10.1	Holding gain/Loss		
2.10.2	Supplementary Depreciation		
2.10.3	Change in Operating Cost due to replacement of assets		
2.10.4	Total adjustment		
	<b>Total Capital employed</b>		
	<b>Return on Capital Employed (%)</b>		
	<b>Return on turnover (%)</b>		

\* Group mean the parties defined as "Related Party" in the Regulation

Notes:

- 1 This Proforma shall be prepared for each service separately as prescribed in Schedule I to Regulation
- 2 Relevant for reporting on the basis of Replacement Cost Accounting.

**Proforma B**  
**PROFIT & LOSS STATEMENT - Product**

Name of The Company :

Name of Service:

Geographical Area of Operation :

Period :

Cost Base: Historical Cost Accounting / Replacement Cost Accounting

Rs in Lakh

S No.	Particulars	Product Type (See Note 1)				Total
		Product A	Product B	Product C	Product.....	
<b>1</b>	<b>REVENUES (NET OF SERVICE TAX)</b>					
<b>1.1</b>	<b>Wholesale Revenue</b>					
1.1.1	Sale - Outside Group*					
1.1.2	Sale - Within Group/ Company					
<b>1.2</b>	<b>Retail Revenue</b>					
	<b>Total Revenue</b>					
1.3	Less: Pass through Charges					
1.3.1	To Access Service Providers					
1.3.2	To NLD Operators					
1.3.3	To ILD Operators					
1.3.4	Others (please specify)					
1.4	Revenue(net off Pass through)					
	<b>COSTS</b>					
<b>2</b>	<b>PRODUCT DIRECT COST</b>					
<b>2.1</b>	<b>Employee cost</b>					
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)					
	<b>Sub total</b>					
<b>2.2</b>	<b>Administration cost</b>					
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					
2.2.11	Others (please specify)					
	<b>Sub total</b>					
<b>2.3</b>	<b>Sales and Marketing cost</b>					
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)					
	<b>Sub total</b>					



	Product A	Product B	Product C	Product.....	Total
<b>2.4 Maintenance cost</b>					
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)					
<b>Sub total</b>					
<b>2.5 Government charges</b>					
2.5.1 License fee					
2.5.2 License fee penalty, if any					
2.5.3 Expenses on amortisation ( one time entry fee for 3G services)					
2.5.4 Expenses on amortisation (license fee etc.)					
2.5.5 WPC charges					
2.5.5.1 - Radio Spectrum Charges					
2.5.5.2 - Microwave Charges					
2.5.6 Others (please specify)					
<b>Sub total</b>					
<b>2.6 Depreciation</b>					
2.6.1 - Building					
2.6.2 - Plant and machinery					
2.6.3 - Others (please specify)					
<b>Sub-total</b>					
<b>Total Direct Cost (I)</b>					
<b>3 NET WORK COST:</b>					
3.1 Network element 1					
3.2 Network element 2					
3.3 Network element 3					
3.4 Network element 4					
3.5 Network Element.....					
<b>Total Network Cost (II)</b>					
<b>4 SUPPORT FUNCTION / DEPARTMENT COST</b>					
<b>Total Support Function (III)</b>					
<b>5 Total Cost (I+II+III)</b>					
<b>6 Profit &amp; Loss Before Interest and Tax</b>					
<b>7 Replacement Cost Adjustment (refer note 2)</b>					
7.1 Holding gain/Loss					
7.2 Supplementary Depreciation					
7.3 Change in Operating Cost due to replacement of assets					
7.4 Total adjustment					
<b>Total Capital employed</b>					
<b>Return on Capital Employed (%)</b>					
<b>Return on turnover (%)</b>					

\* Group mean the parties defined as "Related Party" in the Regulation

Notes:

- 1 This sheet is to be prepared for each relevant Product as prescribed in Schedule I to Regulation
- 2 Replacement cost adjustment is to be used when report is made on the basis of Replacement Cost Accounting.
- 3 The cost heads shown under Direct Cost are to be filled in as relevant. The Nil figure to be shown in the line items which are not relevant

**Proforma C**  
**COST SHEET: NETWORK ELEMENT**

Name of The Company :

Name of Service:

Geographical Area of Operation :

Period :

Cost Base: Historical Cost Accounting / Replacement Cost Accounting

Rs in Lakh

S No.	Particulars	Network Element 1	Network Element 2	Network Element.....	Total
	<b>COSTS</b>				
<b>1</b>	<b>NETWORK DIRECT COST</b>				
<b>1.1</b>	<b>Employee cost</b>				
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)				
	<b>Sub total</b>				
<b>1.2</b>	<b>Administration cost</b>				
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	Others (please specify)				
	<b>Sub total</b>				
<b>1.3</b>	<b>Maintenance cost</b>				
1.3.1	Annual maintenance charges				
1.3.2	Network Consumables				
1.3.3	Repairs and maintenance				
1.3.3.1	- Buildings				
1.3.3.2	- Plant and machinery				
1.3.3.3	- Others (please specify)				
1.3.4	Outsourcing Charges for Maintenance activities				
1.3.5	Others (please specify)				
	<b>Sub total</b>				
<b>1.4</b>	<b>Network operating Cost</b>				
1.4.1	Leased Circuits and Gateway Charges				
1.4.2	Royalty for technical know how fees				
1.4.3	Rent (Network Element Equipments and Cell sites)				
1.4.4	Power and fuel				
1.4.5	Interconnection:				
1.4.5.1	-Port charges				
1.4.5.2	-Others (please specify)				
1.4.6	Passive Infrastructure Charges:				
1.4.6.1	- paid within group/ company				
1.4.6.2	- paid outside group				
1.4.7	Insurance Charges (Network Element Equipments)				
1.4.8	Outsourcing Charges for Network Element Equipments				
1.4.9	Others (please specify)				
	<b>Sub-total</b>				
<b>1.5</b>	<b>Depreciation</b>				
1.5.1	- Building				
1.5.2	- Plant and machinery				
1.5.3	- Others (please specify)				
	<b>Sub-total</b>				
	<b>Total Cost</b>				
<b>1.6</b>	<b>Replacement Cost Adjustment (Refer Note 2)</b>				
1.6.1	Holding gain/Loss				
1.6.2	Supplementary Depreciation				
1.6.3	Change in Operating Cost due to replacement of assets				
1.6.4	Total adjustment				
	<b>Total Network Cost (I)</b>				

2	COST TRANSFERRED FROM SUPPORT FUNCTION / DEPARTMENT				
2.1	Dept 1				
2.2	Dept 2				
2.3	Dept 3				
2.4	Dept.....				
	Total Support Function Cost (II)				
3	Total Cost (I+II)				
	COMPUTATION OF AVERAGE PER UNIT COST OF NETWORK ELEMENT				
	Total Usage (As relevant - No of subscribers / MoU / bandwidth etc.)				
	Average Cost per Unit				

**ALLOCATION OF COST OF NETWORK COST TO PRODUCT**

Particulars	Basis of Allocation	Product 1	Product 2	Product 3	Product....	Total
Network Element 1						
Network Element2						
Network Element.....						
<b>Total</b>						

Notes:

- 1 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.
- 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.

**Proforma D**  
**COST SHEET: SUPPORT FUNCTIONS/DEPARTMENT**

Name of The Company :

Name of Service:

Geographical Area of Operation :

Period :

Cost Base: Historical Cost Accounting / Replacement Cost Accounting

Rs in lakh

S No.	Particulars	Deptt 1	Deptt 2	Deptt 3	Deptt 4	Deptt 5	Others	Total
	<b>COSTS</b>							
	<b>1 Employee cost</b>							
1.1	Salaries and wages							
1.2	Contribution to provident fund and other funds							
1.3	Staff welfare							
1.4	Training and recruitment							
1.5	Others (please specify)							
	<b>Sub total</b>							
	<b>2 Administration cost</b>							
2.1	Rent (Other than Network Element Equipments and Cell sites)							
2.2	Rates and taxes							
2.3	Insurance charges (Other than Network Element Equipments)							
2.4	Communication costs							
2.5	Electricity							
2.6	Travel and conveyance expenses							
2.7	Legal and professional charges							
2.8	Printing and stationery							
2.9	Audit fees							
2.10	Outsourcing Charges							
2.11	Others (please specify)							
	<b>Sub total</b>							
	<b>3 Sales and marketing cost</b>							
3.1	Advertisement and business promotion expenses							
3.2	Sales commission							
3.3	Provision for bad and doubtful debts							
3.4	Bad debts write off							
3.5	Outsourcing (Billing Services and Customer Care Services)							
3.6	Others (please specify)							
	<b>Sub total</b>							
	<b>4 Maintenance cost</b>							
4.1	Annual maintenance charges							
4.2	Network Consumables							
4.3	Repairs and maintenance							
4.3.1	- Buildings							
4.3.2	- Plant and machinery							
4.3.3	- Others (please specify)							
4.4	Outsourcing Charges for Maintenance activities							
4.5	Others (please specify)							
	<b>Sub total</b>							
	<b>5 Depreciation</b>							
5.1	- Building							
5.2	- Plant and machinery							
5.3	- Others (please specify)							
	<b>Sub-total</b>							
	<b>6 Other cost</b>							
6.1	Loss on sale of fixed assets(net)							
6.2	Corporate office							
6.3	Others (please specify)							
	<b>Sub-total</b>							
	<b>7 Finance charges</b>							
7.1	Bank charges							
7.2	Others (please specify)							
	<b>Sub-total</b>							

<b>8</b>	<b>Total Cost</b>							
<b>9</b>	Replacement Cost Adjustment (Refer Note 2)							
9.1	Holding gain/Loss							
9.2	Supplementary Depreciation							
9.3	Change in Operating Cost due to replacement of assets							
9.4	Total adjustment							
	<b>Total Cost</b>							

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

(Rs Lakh)

Departments	Deptt 1	Deptt 2	Deptt 3	Deptt 4	Deptt 5	Others	Total
<b>Allocation to Products</b>							
Product 1							
Product 2							
Product 3							
Product 4							
Product 5							
Product .....							
Other Products							
<b>Allocation to Network Elements</b>							
Network Element 1							
Network Element 2							
Network Element 3							
Network Element 4							
Network Element 5							
Network Element.....							
<b>Total</b>							

- 1 The common cost of the Corporate / regions shall be allocated at the circles
- 2 Replacement cost adjustment is to be used when report is made on the basis of Replacement Cost Accounting.
- 3 The indicative List of department is provided below.

**BASIS OF APPORTIONMENT**

List of Departments	Basis of Apportionment*
<b>Marketing</b>	
Billing	
Customer Care	
Call Centre	
Credit Control	
Sales and marketing	
Others	
<b>Network Operations &amp; Maintenance</b>	
Network Management	
Network Maintenance	
Others	
<b>General Administration</b>	
F&A	
HR	
IT / EDP	
Legal / regulatory	
Materials	
Corporate Office	
Others	
<b>Other Departments.....</b>	

\* such as No. of subscribers/ no. of Bills / budgeted usage / No. of employees / Area / Fixed Assets base etc.

**Proforma E**  
**STATEMENT OF GROSS BLOCK, DEPRECIATION AND NET BLOCK - SERVICE**

Name of The Company :  
 Name of Service:  
 Geographical Area of Operation :  
 Period :  
 Cost Base: Historical Cost Accounting / Replacement Cost Accounting

**PROFORMA D: FORMAT FOR FIXED ASSET/ DEPRECIATION STATEMENT**

	Gross Block/Depreciation/Net Block										(Rs lakh)
	Land	Building	Plant and machinery	Computers	Office equipment	Furniture and fixtures	Vehicles	License	Patents / Technical know how	Total	
<b>NETWORK ELEMENTS</b> <small>(See Note 1)</small>											
---											
---											
---											
<b>Sub Total (A)</b>											
<b>PRODUCTS</b>											
---											
---											
---											
<b>Subtotal ( B)</b>											
<b>SUPPORT FUNCTION</b>											
---											
---											
<b>Sub Total ( c)</b>											
<b>Total (a+b+c)</b>											

Notes:

- 1 Details are to be given for each of sub element prescribed under different Network Elements in Schedule II
- 2 Separate Forms for Fixed Asset ( Gross Block/ Net Block) and Depreciation.
- 3 Form should specifically mention whether it is prepared on Historical cost basis or replacement cost
- 4 A statement indicating Rate of Depreciation charged during the reporting period on various Fixed Assets will be annexed to proforma E



**Proforma F**  
**CAPITAL EMPLOYED STATEMENT- SERVICE**

Name of The Company :

Name of Service:

Geographical Area of Operation :

Period :

Cost Base: Historical Cost Accounting / Replacement Cost Accounting

Particulars	Current Year				Previous Year			
	Network Elements	Other	Adjustment for replacement cost of Assets (refer note 2)	Total/ Net Replacement Cost (refer note 2)	Network Elements	Other	Adjustment for replacement cost of Assets (refer note 2)	Total/ Net Replacement Cost (refer note 2)
<b>FIXED ASSETS - Gross Book Value</b>								
<b>Tangible Assets</b>								
Land								
Building								
Plant and machinery								
Computers								
Office equipment								
Furniture and fixtures								
Vehicles								
<b>Intangible Assets</b>								
License								
Patents / technical know how								
<b>Total Fixed Assets</b>								
<b>Less: Accumulated Depreciation</b>								
<b>Net Book Value of Fixed Assets (I)</b>								
<b>Capital Work in progress (II)</b>								
<b>CURRENT ASSETS</b>								
Inventories								
Cash and bank balance								
Debtors								
Loans and advances								
Others								
<b>Sub total</b>								
<b>CURRENT LIABILITIES</b>								
Trade Payables								
Provisions								
Security deposits								
Advance rentals								
Other (please specify)								
<b>Sub total</b>								
<b>Net Working Capital (III)</b>								
<b>TOTAL CAPITAL EMPLOYED (I + II+ III)</b>								

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.

**Proforma G**  
**CAPITAL EMPLOYED STATEMENT: ALLOCATION TO PRODUCTS**

**Name of The Company :**

**Name of Service:**

**Geographical Area of Operation :**

**Period :**

**Cost Base:** Historical Cost Accounting / Replacement Cost Accounting

**Rs in Lakh**

Products	Current Year				Previous Year			
	Network Elements	Other	Adjustment for replacement cost of Assets (refer note 2)	Total/ Net Replacement Cost (refer note 2)	Network Elements	Other	Adjustment for replacement cost of Assets (refer note 2)	Total/ Net Replacement Cost (refer note 2)
Product A								
Product B								
Product C								
Product D								
Product E								
Product F								
Other Products...								
<b>Total</b>								

Notes:

1. The capital employed for network elements may be allocated to the individual network elements in the ratio of fixed assets for the respective network elements. The attribution of capital employed on network elements to the products would be similar to the method of allocation / apportionment of network element cost to products (i.e. based on usage).
2. The capital employed for 'Others' shall be directly attributable to the product wherever directly identifiable. The balance may be apportioned using general allocator such as revenue, cost etc as considered appropriate.
3. Capital Employed is the closing capital employed at the end of the Accounting period.
4. Replacement cost Adjustment and Net Replacement Cost is relevant for reports prepared on the basis of Replacement Cost Accounting.

**Proforma H**  
**STATEMENT OF RELATED PARTY TRANSACTIONS**

**Name of The Company :**

**Name of Service:**

**Geographical Area of Operation :**

**Period :**

**Cost Base:** Historical Cost Accounting

**I. REVENUE**

	Unit of Measurement	Sale - Outside Group*			Sale - Within Group/ Company		
		Volume	Revenue (Rs Lakhs)	Per Unit (Rs)	Volume	Revenue (Rs Lakhs)	Per Unit (Rs)
Product A							
Product B							
Product C							
Product D							
Product E							
Product F							
Other Products...							
<b>Total</b>							

\* Group mean the parties defined as "Related Party" in the Regulation

**II. Information on Cost of Infrastructure Sharing**

**a. Infrastructure provider Company within Group**

- Description of Infrastructure Shared

- Total Cost incurred

**b. Infrastructure provider Company Outside Group**

- Description of Infrastructure Shared

- Total Cost incurred

**III. Information on revenue from Infrastructure Sharing**

**a. Infrastructure provided within Group Company**

- Description of Infrastructure Shared

- Total Cost incurred

**b. Infrastructure provided Outside Group Company**

- Description of Infrastructure Shared

- Total Revenue earned

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

**Name of The Company :**

**Name of Service:**

**Geographical Area of Operation :** Service provider as a whole covering all telecom services

**Period :**

**Cost Base:** Historical Cost Accounting

(Rs. in Lakh)

S No.	Particulars	Telecom Services											Inter Service Adjustme nt	Total of Services (net of inter service adjustment)	Other than licensed/regi stered telecom services	Reconcilia tion	Total as per Audited Annual Accounts
		Access Service - Wireless (Full Mobility)	Access Service - Wireless (WLL)	Access Service - Wireline	Internet Service	National Long Distance Service	International Long Distance Service	Tower Business	Dark Fiber	Cable Landing Station	Mobile Number Portabnlity	Very Small Aperture Terminal Service					
<b>1</b>	<b>Revenue</b>																
1.1	Revenue (net of service tax)																
1.2	Less: pass through																
1.3	Net Revenue																
<b>2</b>	<b>Expenses</b>																
2.1	Employee Cost																
2.2	Administration Cost																
2.3	Sales and marketing Cost																
2.4	Network operating Cost																
2.5	Depreciation																
2.6	Others (please specify)																
	<b>Sub Total</b>																
<b>3</b>	<b>Profit before Interest and Tax (PBIT)</b>																
<b>4</b>	<b>Profit after Tax (PAT)</b>																
<b>5</b>	<b>Capital employed</b>																

Note:

- 1 A separate list shall be annexed with this Proforma for individual item / head of account having value more than Rs 10 crores
- 2 Head is not to be filled at each service level. Reconciliation may be done for consolidated PBIT of all services with PAT of the Company.

**PROFORMA J**

**NON FINANCIAL REPORT**

**(A) Statement of Non-Financial Information for Wireless Service (provide separate for Full Mobility and WLL)**

**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 (Please mention number of subscribers at the beginning and end of the year)

	Opening	Closing
Pre-Paid		
Post Paid		
Total Subscribers		

**III. Traffic Details**

- 3.1 Usage - Minutes/Numbers (in lakh)

	On Net	Off Net Originating	Off Net Terminating	Total
(A) Voice (MoU)				
(B) Video (MoU)				
(C) SMS (Nos.)				
(D) MMS (Nos.)				

- 3.2 Data Usage (in MB):

- (a) 2G
- (b) 3G and above

- 3.3 Total bandwidth (Mbps) sold through leased circuits:

3.4 Transmission Capacity Details

	Length in Route Kilometer
<b>OFC:</b>	
- Owned	
- Leased In	
<b>Microwave:</b>	
- Owned	
- Leased In	
<b>Satellite</b>	

3.5 Number of Towers:

	Owned	Leased
Ground Base Tower (GBT)		
Roof Top Tower (RTT)		
Roof Top Pole (RTP)		



## **(B) Statement of Non-Financial Information for Wireline Service**

### **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 DELs

	Total Capacity of DELs	Number of Subscribers
Urban		
Rural		
Total		

### **III. Traffic Details**

#### 3.1 Transmission Capacity Details:

	Length in Route Kilometer
<b>OFC:</b>	
- Owned	
- Leased In	
<b>Microwave:</b>	
- Owned	
- Leased In	
<b>Satellite</b>	

#### 3.2 Minutes of usage/ Numbers (in lakh):

	On Net	Off Net Originating	Off Net Terminating	Total
(A) Voice (MoU)				
(B) Video (MoU)				
(C) SMS (Nos.)				
(D) MMS (Nos.)				

#### 3.3 Data Usage (in MB):

#### 3.4 Total bandwidth (Mbps) sold through leased circuits:

## **(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:
  - (a) Internet Broadband
  - (b) Internet (Other than Broadband)
  - (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:

## **(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 Kilometer
<b>OFC:</b>	
(a) Owned	
(b) Leased In	
<b>Microwave:</b>	
(a) Owned	
(b) Leased In	
<b>Satellite</b>	

2.2 Voice Usage Minutes (carriage) (in lakh):

2.3 Data Usage (in MB):

2.4 Total bandwidth (Mbps) sold through leased circuits:

**(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

Particulars	Capacity Utilisation			Total
	Capacity Sold-Retail	Capacity Sold-Leased Out	Captive Consumption	
Capacity Owned				
Capacity leased in				
Total Capacity				

2.2 Voice Usage Minutes (ILD) (in lakh):

- (a) Incoming
- (b) Outgoing

2.3 Data Usage (ILD) (in MB):

2.4 Total bandwidth (Mbps) sold through leased circuits:

**(F) Statement of Non-Financial Information for Tower Business Service****I. Basic Information**

Information as of (date)

- 1.1 Name of License/Registration
- 1.2 License/Registration No. and date of issue
- 1.3 Date of Commencement of commercial service

**II. Towers Details**

- 2.1 Number of Towers

Particulars	Ground Base Tower (GBT)	Roof Top Tower (RTT)	Roof Top Pole (RTP)
Number of Towers			
Average Tenancy Ratio			

**(G) Statement of Non-Financial Information for Dark Fibre Service**

**I. Basic Information**

Information as of (date)

- 1.1 Name of License/Registration
- 1.2 License/Registration No. and date of issue
- 1.3 Date of Commencement of commercial service

**II. Transmission Media Details**

- 2.1 Total Number of Route Kilometers of OFC
- 2.2 Number of Route Kilometers sold/leased out

**(H) Statement of Non-Financial Information for Cable Landing 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 service

**II. Capacity Details**

- 2.1 Number of Cable Landing Stations:
- 2.2 Number of submarine cables landing at the CLS:
- 2.3 Capacity Utilisation:

				(in Mbps)
Particulars	Capacity Sold-	Capacity Sold-	Captive	Total

	Retail	- Leased Out	Consumption	
Capacity Owned				
Capacity Leased in				
Total Capacity				

2.4 Number of ILDO/ISP to whom landing facility provided:

2.5 Number of ILDO/ISP to whom access facility provided:

2.6 Number of ILDO/ISP to whom co-location provided:

### **(I) 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 request received:

### **(J) 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:

- (a) Individual
- (b) Closed User Group

## SCHEDULE-IV

### FORM OF AUDIT CERTIFICATE ON THE ACCOUNTING SEPERATION REPORT

I/We,.....having been appointed as the Auditor(s) under the requirements laid down in the Reporting System on Accounting Separation Regulation, 2012 (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/geographical area)for the year ended ..... (mention the financial 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 Regulations and generally accepted auditing standards in India.

3 Further to my/our comments/observations given in the enclosed Annexure (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 in compliance of Cost Accounting Standards issued by Institute of Costs and Works Accountants of India and Generally Accepted Cost Accounting Principles 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 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 for the year ended..... .

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 :

Signature

Place :

Name of Proprietor/Partner

Membership No.

Name of the Firm with Stamp (Seal)