Association of Unified Telecom Service Providers of India

AUSPI/12/2016/10

28th March, 2016

Ms. Vinod Kotwal,
Advisor (F&EA),
Telecom Regulatory Authority of India,
3rd Floor, Mahanagar Doorsanchar Bhawan,
Jawaharlal Nehru Marg,
New Delhi - 110002.

Subject: AUSPI's Comments on the Draft "The Reporting System on Accounting Separation Regulations, 2016"

Dear Madam,

We are pleased to enclose our Comments on the Draft "The Reporting System on Accounting Separation Regulations, 2016" for the consideration of the Authority.

Thanking you,

Yours faithfully,

Ashok Sud
Secretary General
Mob: 9312941515

Copy to : Secretary, TRAI

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AUSPI's Comments on TRAI's Draft "The Reporting System on Accounting Separation Regulations, 2016"

1. We request that the requirement of auditing the ASR report and adoption of these reports by the Board of Directors should be discontinued as these reports are based on audited financial accounts and not for payment of taxes and levies (Refer para 7(2) of the draft RSA).

2. The requirement of separating accounts between Full Mobility and WLL should be done away with as these access services are from same network with same costs and termination charges.

3. We believe that the segregation of cost at support function level for costing and pricing is not required as the reporting of costs at a support function level increases complexity and cost for the service provider without significantly serving useful purpose and hence should be discontinued with.

4. We request that reporting of non-financial information (proforma-J) be done away with as it is not relevant to RAS.

5. As most tariffs are under forbearance and few whole sale tariffs like port charges, leased line charges, IUC etc are decided using bottom up cost model, the replacement cost accounts many not be very relevant. TRAI may **consider withdrawing Replacement Cost Accounting.**

6. Reporting of accounting separation should be limited to P&L. Separation of assets and capital employed (vide Proformas E, F & G) is a cumbersome process and does not add much value to the analysis. We, therefore, request that reports relating to assets and capital employed be discontinued.

7. As separation of Opex and Capex cost between elements like MSC/GMSC/MSC-server/Virtual MSC [Proforma C & E) are not

possible, hence it is suggested to be clubbed under one head. Similarly SGSN and GGSN should be clubbed as one.

8. Proforma F does not have separate line item for Non Current Asset and Liabilities. This needs clarification.

9. Related party details in Proforma H should be done away with.

10. Bifurcation of wholesale revenue into so many components (Refer to Guidelines on Draft Accounting Separation Schedule to Annexure-I) is not possible to be clubbed as one under head 'Wholesale Revenue'.

11. Loss on sale of Fixed Assets (Net) (2.8.1 of Proforma A) is part of the cost. Guidelines does not specify regarding **Gain on sale of Fixed Assets (net),** suggest to be part of 'Other Income' in line with Financial statement.

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