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Ref. No. F-132/ASR/2012
31st January 2012

Telecom Regulatory Authority of India
Mahanagar Doorsanchar Bhawan
Jawahar Lal Nehru Marg
(Old Minto Road)
New Delhi – 110002

Kind Attn.: **Ms. Anuradha Mitra**
Pr. Advisor (FA & IFA)

Subject: **Draft "The Reporting System on Accounting Separation Regulations 2012" – Views/Suggestions regarding.**

Dear Sir,

This is in reference to your letter no. 16-07/2010-FA (Vol.III) dated 17th January, 2012 on the captioned subject.

We wish to inform you that in the earlier representation to TRAI vide our letter no. F-132/ASR/2011 dated 11th July 2011, it was submitted that the present accounting separation activity attempts capturing of cost details at individual circle level and further at individual product level. Since the Authority has stopped regulating most of the retail tariffs, a detailed accounting separation, like the existing one, has lost its relevance. Instead a more simplified approach should be adopted. The draft one has actually added more products adding to complexity. Some observations are given below:

a) Products have Rentals and Voice as separate components that can be clubbed and the requirement of offnet / onnet can be clubbed.

b) SMS and MMS can be clubbed.

c) Wholesale termination can be clubbed.

d) Data products under NLD may not be relevant.

e) Data Product under ILD may not be relevant.

f) Wholesale revenue break up into outside group and within group and retail may not be relevant.

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g) Replacement Cost accounting for Fixed Assets, that is currently required every alternate year along with Historical cost accounting, does not have much relevance in the scenario when most of the retail tariffs are under forbearance. Regulation of IUC termination charges also does not have any relevance to Fixed Asset cost whether on replacement cost basis or Historical cost basis.

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h) Clarification required for Network elements (Schedule II) as to whether value is required to report at broad level i.e Core Network, Radio Access Network etc or further detailed breakup under these elements are required?

   Detailed breakup at sub network element will make this exercise complicated, hence suggested to capture it at broad element level for reporting.

i) In draft accounting separation reporting there is provision for adoption of audited ASR's by Board of Directors of the company. The same is not recommended, as ASR reporting is being done based on audited Financial Statement of account, which is duly adopted by Board of Directors. This will also affect timelines as these need to be presented to Board for Approval.

j) Since Cost Accounting Rules & Reporting requires mandatory reporting of cost records which is in line with TRAI ASR formats, it is suggested to have uniformity in the Proforma's to avoid duplication in the work.

Apart from the above, we feel that an interactive discussion with individual service providers shall be useful for both to appreciate each others' points of view.

Thanking you and assuring you of our best attention always.

Yours sincerely,

Anand Dalal
Senior Vice President – Corporate Regulatory Affairs
Tata Teleservices Limited
And
Authorized Signatory
Tata Teleservices (Maharashtra) Limited