

TELECOM REGULATORY AUTHORITY OF INDIA

DRAFT NOTIFICATION

New Delhi, the 22nd February 2016

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 Draft Reporting System on Accounting
Separation Regulations, 2016 (---- of 2016)**

CHAPTER I

PRELIMINARY

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

(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, beginning 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 statement 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, <ul style="list-style-type: none"> (a) at which the international submarine cable capacity is connectable to the backhaul circuit; (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;
(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:- $\text{Holding Gain or Loss} = \text{NBV}_{t-1} \times (\text{GRC}_t / \text{HC}) - \text{NBV}_{t-1} \times (\text{GRC}_{t-1} / \text{HC})$ Where, NBV_{t-1} = Written down value of an asset at historical cost at the beginning of year t, GRC_t = 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, 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 inter telecom service transactions with in company;
(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;

(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 product 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 shall be furnished to the Authority within thirty days of such change along with the reasons thereof.

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 which it is providing 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;

(b) beginning from the accounting year ending on the 31st March, 2017 and thereafter every second year i.e. ending on 31st March

2019, 31st March 2021 and so on, based on the Replacement Cost Accounting, for the following services, namely: -

- i. Access Service (Wireless-full mobility);
- ii. Access Service (Wireless in Local Loop);
- iii. Access Service (Wireline);
- iv. National Long Distance service;
- v. International Long Distance Service

(c) 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; and thereafter such service provider shall furnish the reports based on Replacement Cost Accounting in accordance with schedule prescribed under sub-regulation 2(b).

(3) Every service provider shall reconcile the profit and loss statement, referred to clause (i) 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 covering all services and its licenced service areas of operation.

(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. Submission of report - (1) Every report shall be submitted to the Authority within six months of the end of the accounting year in hard copy and in soft copy in MS Excel format along with its formulae and linkage:

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

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

(3) 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.

6. Consequences for failure of the service provider to submit reports or furnishing of false statement – (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 rupees 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 rupees 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 subsequent year or years, he shall be liable to pay an amount, by way of financial disincentive, not exceeding, rupees ten lakh 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 rupees 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 rupees 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 139 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 audit report 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, 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).

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.

(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. Since 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 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, and 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 service providers.
3. Further, the Accounting Separation Reports of the telecom service providers are very significant from the regulatory perspective in the multi operator, multi service environment and are being used by TRAI for different regulatory exercises such as determination of Interconnection Usage Charges (IUC) for Voice & SMS, carriage charges, valuation of spectrum and fixation of Roaming, DLC & IPLC Charges besides inter operators 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.
5. 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. These developments and changes included emergence of new services, products, change in the business models (CAPEX and OPEX structure) of telecom service providers, spectrum auctions, removal of some insignificant services due to significant decline in the demand and revenue contribution from services such as Global Mobile Personal Communication by Satellite Service (GMPCS), Radio Paging, and Public Mobile Radio Trunking Service (PMRTS).
6. In order to address the 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.
7. The prevailing “The Reporting System on Accounting Separation Regulations, 2012” (hereinafter referred to as “ASR, 2012”) was notified three years back. While submitting the 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.

8. Besides the concerns raised by the TSPs, the Authority also noted that the following important areas also need to be reviewed:
- 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 Proforma 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.
9. In order to review the ASR, 2012, the comments/ views of stakeholders were invited through notice dated 1st April 2015. The last date for submission of comments was 22nd April 2015. Based on the comments/views received from the stakeholders, and subsequent interactions/discussions held with the TSPs/Auditors during June-July 2015, the Authority has prepared the draft “Reporting System on Accounting Separation Regulations, 2016” (hereinafter referred to as “draft Regulations, 2016”) and the major changes as compared to ASR 2012 are as enumerated in the following paras.
10. Under some licence agreements, there are certain services which are separate and distinct from each other and have different market segment to be served e.g. (i) in ILD license, distinct services of cable landing station (CLS) and carriage of international voice minutes 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 an objective to have individual and distinct profitability and performance of such services given under a license, mandated filing of separate reporting under ASR, 2012 for 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. One of the TSP had pointed out that the bifurcation of services provided under one license, should not be mandated for the purpose of reporting as it increases the regulatory burden on TSPs.

11. It has been noted that these separated services do not generate significant revenue and serve a limited segment, thereby not justifying separating reporting. In draft Regulations, 2016 tower service, cable landing service and dark fiber service have been merged in respective principle licensed services. However, at the same time, the need of having this distinct information on these services cannot be overlooked, if one has to undertake/assess the distinct 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 Fiber service has been merged with ISP, NLD and ILD, Tower business service with Access Service and CLS have been merged with ILD. The principles services, which have not been mentioned here, will merge these services as part of other products.
12. The provisions/sections of the Companies Act, 1956 referred in the ASR, 2012 have been substituted with the provisions/sections of the Companies Act, 2013 in the draft Regulations, 2016.

13. Certain definitions of the ASR, 2012 have been changed / modified to incorporate the latest developments in the sector in the draft Regulations, 2016.
14. In order to bring more clarity and comprehensiveness in the reporting and to incorporate the changes made in Companies Act, 2013 particularly in current assets and current liabilities, Proforma for submission of reports have been revised as in Schedule III of draft Regulations 2016.
15. In reporting of Access Services following changes have been made:
 - (i) separate reporting for pre-paid and post-paid segment has been done away with as in the regulatory exercises both the segment are treated alike and in wireline segment, all subscribers belongs to post-paid segment;
 - (ii) there is not much difference in network consumption cost whether minute originated is on-net or off-net minute. At the terminating point, the major difference is mobile termination charge. Instead of bifurcating 'voice calls' into 'off-net' and 'on-net', separate information on local, STD and ISD calls have been introduced which have different revenue and cost structures due to different tariff and network resources utilisation;
 - (iii) reporting for the product 'video calls' has been deleted in view of insignificant contribution to revenue and also in the present scenario, nearly all video calls are made using data consumption and therefore, can be captured in product 'Data'; and
 - (iv) keeping in view the nature of revenue earned from in-roaming, separate column for product 'In-roaming' have been introduced in Access Service.
16. Many of the TSPs had favoured for removal of Proforma H of ASR 2012 which provides financial information on related party transactions. Some stakeholders have submitted that related party details in Proforma H are complex and voluminous requirement. Some stakeholders have

pointed out that to provide information on transactions on related party for each and every product under the different telecom service is a massive exercise and entails additional resource allocation for the purpose. Some stakeholders are of the view that reporting on related party transaction should be simple and easy to follow. Few stakeholders pointed out that related party transactions are disclosed in Annual Report of the Company as well as under Cost Audit compliances. One of stakeholders further pointed out that the transfer pricing (TP) norms prescribed under Income Tax Act is already being followed by the companies which ensures pricing of related party transactions at “arm’s length” followed up with TP audit. The Authority noted that Proforma H of ASR 2012 provides only average rate of products offered to related parties and thus, this information turns out to be informative and not meeting the basic objective. Further, the list of products specified in the draft Regulations 2016 is very extensive and compilation is a voluminous work. After reviewing the stakeholder’s comments, reporting requirements in proforma H has been rationalised to collect more relevant information on related party transaction for analysis and examination.

17. While undertaking regulatory exercise/analysis, it was noticed that some additional authenticated non- financial information was required for cost analysis and other regulatory purposes. Accordingly, more detailed non- financial information with regard to Minutes of Usage, Data Usage, SMS, Bandwidth/ Optical Fiber details, Quantum of Spectrum (in MHz), number of towers etc has been mandated in Proforma J of the draft Regulations, 2016.
18. Under the provisions of ASR, 2012, accounting separation reports based on replacement cost accounting are to be submitted every second year by the TSPs for Access Services (Full Mobility, WLL, and Wireline), NLD service and ILD service. However, the TSP is not required to furnish the reports based on replacement cost for 3 years from the date of issue of

the license. This provision has resulted in different reporting periods amongst the TSPs providing same service and in same Access service, in different LSAs of same TSP. The non-availability of reports based on replacement cost accounting across all the TSPs in the same year is causing an obstacle 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 Replacement Cost Accounting by the TSPs, it has been decided that accounting year 2015-16 under the draft Regulations 2016 will be a zero year for submitting the accounting separation reports based on Replacement Cost Accounting. All the TSPs shall submit the accounting separation reports based on replacement cost accounting under regulation (4)(2)(b) beginning from the accounting year 2016-17 and every second year thereafter i.e. for the years 2018-19, 2020-21 and so on. A new licensee is exempted from submission of reports based on the replacement cost accounting for the first three accounting years from the date of issue of license. In case of such 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, draft Regulations 2016 shall be applicable to such licensee at par with existing licensee.

19. The guidelines on 'The Reporting System on Accounting Separation Regulations, 2016' have also been prepared and are available on the TRAI's website. They provide broad methodology and principles to be followed by TSPs while preparing reports under draft Regulations, 2016.

SCHEDULE I

Name of Telecom Service	Licensed Service Area of Operation	Product/ Components
(1)	(2)	(3)
(I) Access Service - Full Mobility (II) Access Service – WLL (III) 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) BWA services ¹ g) Data h) Leased circuit i) Sharing/Leasing of Towers j) 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) Other interconnect charges k) Any other product (please specify name of each product separately)
(IV) Internet Service	All India	a) Internet – Broadband b) Internet – Narrowband c) Internet Telephony d) Internet Protocol (IP) TV e) Internet Content f) Webhosting and Web-collocation

¹ Includes revenue from rentals, activation charges, airtime, data usage, roaming etc. using 2300 MHz spectrum

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

SCHEDULE II

Sl No.	Name of Telecom Service	Network Elements
(1)	(2)	(3)
<p>(I)</p> <p>(II)</p>	<p>Access Service– Full Mobility</p> <p>Access Service– WLL</p>	<p>(a) CORE NETWORK:</p> <p>(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)</p> <p>(b) RADIO ACCESS NETWORK:</p> <p>(Node B (RAN-Radio Access Network), BTS (Base Transceiver Station), RNC (Radio Network Controller), BSC (Base Station Controller), Others)</p> <p>(c) TRANSMISSION MEDIA / EQUIPMENTS</p> <p>(Transmission Media Between the Network Element i.e. OFC/Cable/Microwave, Transmission equipments, Others)</p> <p>(d) OTHER NETWORK ELEMENTS:</p> <p>(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)</p>
<p>(III)</p>	<p>Access Service Wireline</p>	<p>(a) Equipment at Subscriber’s end – POTS, ISDN, PABX, VPT Equipment etc.</p> <p>(b) Access Media between Local Switches & Subscriber’s end – Copper loop/ Optical Fiber etc.</p> <p>(c) Local Switches – Local switch (including NGN and IP), Remote Switching Unit, Remote Logical Unit etc.</p>

		<ul style="list-style-type: none"> (d) Tandem/TAX switches (e) Media Gateway (MGW) (f) Transmission Media / Equipments (g) Other (please specify)
(IV)	Internet Service	<ul style="list-style-type: none"> (a) Customer Premises Equipments (CPE) (b) Access Media (Copper Loop/Optical/Fiber, Cables/Wireless network etc. (c) DSLAM (d) Router (EDGE/ PE/ CORE) (e) MuX/ Switches (f) Transmission media/systems between networking elements (g) Dedicated Servers (h) Fiber (i) Other (please specify)
(V)	National Long Distance Service	<ul style="list-style-type: none"> (a) Switches (including NGN and IP) (b) Media Gateway (MGW) (c) Transmission Media and Equipment (d) Fiber (e) Other (please specify)
(VI)	International Long Distance Service	<ul style="list-style-type: none"> (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)
(VII)	Mobile Number Portability (MNP)	<ul style="list-style-type: none"> (a) Server (b) Router/Switch (c) Transmission Media (d) Gateway (e) Other (please specify)
(VIII)	Very Small Aperture Terminal Service (VSAT)	<ul style="list-style-type: none"> (a) Space Segment Transponder (b) Ground Segment (c) Other (please specify)

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

**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

(Rs 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 Operators		
1.2.3	To ILD Operators		
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		
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 Building		

2.7.2	Depreciation on Plant and machinery		
2.7.3	Depreciation on Others (please specify)		
2.7.4	Amortisation of one time entry fee for 3G services		
2.7.5	Amortisation of license fee/entry fees etc. (other than 3G)		
	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 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			
	Total Capital Employed		
	Return on Capital Employed (%)		
	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

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

(Rs in Lakh)

S No.	Particulars	Product Type (See Note 1)			Product.....	Total
		Product A	Product B	Product C		
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 Operators					
1.2.3	To ILD Operators					
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					

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 Building					
2.7.2	Depreciation on Plant and machinery					
2.7.3	Depreciation on Others (please specify)					
2.7.4	Amortisation of one time entry fee for 3G services					
2.7.5	Amortisation of license fee/entry fees etc. (other than 3G)					
	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					
	Total Capital Employed					
	Return on Capital Employed (%)					
	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.

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

(Rs 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				
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 Building				
1.7.2	Depreciation on Plant and				

	machinery				
1.7.3	Depreciation on Others (please specify)				
1.7.4	Amortisation of one time entry fee for 3G services				
1.7.5	Amortisation of license fee/ entry fees etc. (other than 3G)				
	Sub-total				
1.8	Other cost				
1.8.1	Loss on sale of fixed assets(net)				
1.8.2	Corporate office expenses				
1.8.3	Others (please specify)				
	Sub-total				
1.9	Finance charges (<i>Refer Note 1</i>)				
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)				

ALLOCATION OF NETWORK ELEMENTS COST TO PRODUCTS

Particulars	Product A	Product B	Product C	Produ ct....	Tota l
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

Rs in lakh

S No.	Particulars	Deptt 1	Dep tt 2	Dep tt 3	Dep tt 4	Dep tt 5	Oth ers	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							
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 Building							
1.7.2	Depreciation on Plant and machinery							

1.7.3	Depreciation on Others (please specify)							
1.7.4	Amortisation of one time entry fee for 3G services							
1.7.5	Amortisation of license fee/ entry fees etc. (other than 3G)							
	Sub-total							
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							

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**

(Rs in Lakh)

Departments	Deptt 1	Deptt 2	Deptt 3	Deptt 4	Deptt 5	Other s	Total
<i>Allocation to Products</i>							
Product A							
Product B							
Product C							
Product D							
Product E							
Product							
<i>Allocation to Network Elements</i>							
Network Element 1							
Network Element 2							
Network Element 3							
Network Element 4							
Network Element 5							
Network Element.....							
Total							

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

(Rs 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	Bandwidth	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)														

Notes:

- As prescribed in Schedule II to regulations. This includes common network elements as well as network elements directly identifiable/attributionable to product (s)
- This includes fixed assets (other than network elements) directly identifiable/ attributionable to product (s)
- Separate Forms for Fixed Asset (Gross Block/ Net Block) and Accumulated Depreciation.
- Form should specifically mention whether it is prepared on Historical cost basis or replacement cost
- A statement indicating Rate of Depreciation charged during the reporting period on various Fixed Assets will be annexed to Proforma E
- 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

(Rs 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: (refer note 3)					

Short term borrowings					
Trade Payables					
Short term provisions					
Other (please specify)					
Sub total					
NET WORKING CAPITAL <i>i.e. Current Assets Less Current Liabilities</i> (III)					
TOTAL CAPITAL EMPLOYED (I + II+ III)					
Weighted Average Cost of Capital i.e. WACC (in %)					

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.

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

(Rs 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		

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:

Geographical 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 (Rs.)									
	Unit (refer note 3)									
	Gross Revenue (Rs. in Lakh)									
At lowest rate per unit charged	Rate Per Unit (Rs.)									
	Unit (refer note 3)									
	Gross Revenue (Rs. in Lakh)									
Total Gross Revenue (sum of revenue at all rates)	Volume (refer note 4)									
	Gross Revenue (Rs. in Lakh)									
	Average Gross Revenue per unit (Rs.)									

Note:

1. Group mean 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/ Components
(I) Access Service - Full Mobility (II) Access Service – WLL (III) 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
(IV) Internet Service	(i) Dark Fiber
(V) National Long Distance Service	(i) Voice: Carriage Services (ii) Dark Fiber
(VI) International Long Distance Service	(i) Voice: Carriage Services (ii) Cable Landing Station: Collocation (iii) Cable Landing Station: Access facilitation (iv) Dark Fiber

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

(Rs 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 - Full Mobility	Access Service - WLL	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												
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 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 Rs 10 crore.
- 3 Excluding interest on loans / borrowed funds

PROFORMA J

STATEMENT OF NON-FINANCIAL INFORMATION FOR EACH TELECOM SERVICE

(A) Statement of Non-Financial Information for Access Service – Full Mobility and WLL (provide information separately for both the services)					
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					
(A) OFC:	Length in Route Kilometer				
- Owned					
- Leased In					
(B) Microwave:					
- Owned					

- Leased In				
(C) Satellite				
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.				

(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					

(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 Fiber Transmission Media Details	
(a) Total Number of Route Kilometers of OFC	
(b) Number of Route Kilometers sold/leased out	

(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 Fiber Transmission Media Details				
3.1 Total Number of Route Kilometers of OFC				
3.2 Number of Route Kilometers sold/leased out				
(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 Fiber Transmission Media Details				
4.1 Total Number of Route Kilometers of OFC				
4.2 Number of Route Kilometers sold/leased out				

(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

(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 endedhave been filed with the Authority by the Company.

Dated :

Signature

Place :

Name of Proprietor/Partner

Membership No.

Name of the Firm with Stamp (Seal)