



**VIL Comments to the TRAI's Consultation on Draft
“The Reporting System on Accounting Separation (Amendment)
Regulations, 2025” issued on 16.10.2025**

At the outset, we are thankful to the Authority for giving us this opportunity to provide our comments to the TRAI Consultation Paper on Draft “The Reporting System on Accounting Separation (Amendment) Regulations, 2025” issued on 16.10.2025.

In this regard, we would like to submit our comments as follows, for Authority's kind consideration:

1. Details of amendment

- a. The Draft amendment proposes to put Financial Disincentive (FD) in a slab-wise manner for delayed submission of ASR reports, which leads to increase in FDs on overall basis.
- b. The draft amendment proposes a very stringent FD amount for false reporting i.e. 1% of the turnover.
- c. The draft amendment proposes interest on unpaid FD at 2% above the MCLR of SBI.

2. No reasons provided for Increase in Financial Disincentive

- a. The FD provisions in the ASR Regulation were introduced by the Authority in 2016, to enable adherence of the prescribed timelines for reporting of ASR, which were not defined earlier.
- b. However, in the instant draft ASR amendment under response, there is no specific factual data or analysis which could clearly indicate the reason for increasing the FD for false ASR reporting and for putting interest if FD amount is not paid.
- c. In fact, it should be examined and reasoned that whether there should be any kind of FD on delayed ASR reporting, given that we have been reporting ASR reports timely. In case of VIL, there have been hardly any instances of delayed submission of ASR reports to the TRAI. To that extent, discussion on interest on non-payment of FD would not arise.



- d. Even if the Authority is driven by the fact, that some of the operators may have submitted false reports or have not paid the FD amount, such analysis should be cited in the consultation paper by the Authority.
- e. It would be grossly unfair that for non-compliance (if any) by some service provider, severe additional FD risk of non-compliance is being proposed which would also cause grave impact on those adhering with the ASR regulation.
- f. Besides, there is no clarity on what would constitute false reporting v/s inadvertent/unintentional mistakes, which further accentuates the risk posed by this stringent provision of FD amount of 1% of turnover.
- g. **Considering all above, we strongly urge the TRAI to share detailed analysis as part of its consultation, on the need of such substantial increase in FD amount for false reporting and its advantages/disadvantages to different stakeholders i.e. compliant TSPs and the TSPs who are diligently and repeatedly submitting false reports.**
- h. **Instead, relevance of ASR reporting in present times should be deliberated, for considering its discontinuation.**

3. No reasons provided for imposition of interest on delayed FD payment

- a. No details have been provided in the Explanatory Memorandum about any instances where FD was imposed but, it was not deposited by the concerned service provider.
- b. In absence of any such instances and that too of such an extent that requires imposition of interest, it is improper and unfair to adopt an approach of bringing in interest on each aspect of regulatory compliance where FDs can be imposed.

4. Filing of ASR should be discontinued

- a. The ASR earlier was used by TRAI for different regulatory exercises such as determination of IUC, carriage charges, valuation of spectrum and fixation of roaming charges etc.
- b. The purpose of the ASR Regulation 2016 was to provide the, disaggregated financial information which was required for regulatory purposes such as analysing costs, revenues; capital employed in major areas of an operator's business, measuring financial performance, and profitability of various products and services. It helped in



identifying cross subsidization practices, predatory pricing and anti-competitive behavior of the TSPs.

- c. It is further submitted that the telecom sector is already subject to Companies (Cost Records and Audit) Rules, 2014, read with the telecommunication industry-specific Cost Audit Annexures prescribed under the said Rules, which mandate preparation and filing of detailed costing reports service-wise. The TRAI Accounting Separation Regulations, 2016 also require preparation of segment-wise cost accounting statements.
- d. Hence, the Cost Records & Audit Rules and the ASR are essentially same costing reports derived from the same underlying books of account. In view of the mandatory filing of cost statements under the Companies (Cost Records and Audit) Rules applicable to telecom services, TRAI may rely on such reports prepared under Companies (Cost record and Audit) Rules, 2014 for its regulatory purpose.
- e. The requirement to prepare separate ASR in parallel to submission of Companies (Cost Records and Audit) Rules, 2014, without regulatory necessity are leading to duplication of cost statements, increase compliance burden.
- f. **Hence, in view of the above it is strongly recommended that ASR submissions should be discontinued with and audited reports can be relied upon, wherever needed.**

5. Other areas of ASR Regulation requiring review

- a. In case, ASR Regulation is to continue, we request following operational areas to be examined and addressed during this consultation process itself.
- b. Regulation mandates LSA based filing in physical mode: New methodology needs to be developed for submission of online portal or other Applications using the digital signatures as physical submission which is a time-consuming process. Instead of LSA wise filing, the filing should be done on sample LSA basis.
- c. Involves adoption of ASR by Board of Directors of the Company: ASR is prepared and based on the audited annual accounts duly adopted by Board of Directors. There is no need for a separate adoption by Board of Directors.
- d. Non-cash elements - Incomes (Profit on sale of current investments, Interest income, provisions write backs etc.) and Expenses (interest expense, Forex gain /loss etc.) are not considered in ASR computation: Non-cash elements may be considered in ASR computation in computing product wise profitability.



- e. ASR 2016 mandates preparation of ASR (Historical basis-annually) and (Replacement costs basis-bi-monthly): Replacement Cost Adjustment methodology for ASR filing should be discontinued. There is a need to introduce new methods as per the new technologies and infrastructure to bring the values under the Replacement basis ASRs.
- f. Proforma B of the report involves filing in five segments: Wireless, Wireline, NLD, ILD and ISP: In view of EoDB, threshold should be defined for count of Wireline subscribers and no separate reporting in case the count of Wirelines subscribers is below the defined threshold at company level or license level.
- g. There is no synchronization between ASR 2016 and Schedule III – financial statements framework resulting in various reconciliations at PBIT, PBT, PAT level, resulting in major challenges.
 - i. Statement of Profit and Loss.
 - ii. Definition of Capital employed (excludes borrowings both long term and short-term borrowings and interest accruals).
 - iii. Related party disclosure.
- h. The Schedule III – proformas – It is suggested that Allocation methodology for each heads of costs should be standardized to ensure comparability of information submitted by telecom service providers to TRAI.

6. Regulatory Impact Analysis for Increase in Risks and Costs of Compliances

- a. The introduction of excessively stringent FD amount for false reporting coupled by no clarity on what would constitute false reporting v/s inadvertent/unintentional mistakes, is counterproductive to the objectives of Ease of Doing Business (EoDB) as well as unnecessarily lead to increase in risks of non-compliance unless there are reasonable number of repetitive instances requiring such regulatory intervention.
- b. Hence, it would be prudent to have a detailed Regulatory Impact Assessment for such increase in FD amount for false reporting, with an aim to bring out comparative:
 - i. Advantages in discouraging certain TSPs who have made structural and repetitive instances of false reporting; v/s
 - ii. Disadvantages of increasing risks of non-compliance and uncertainty on other TSPs who are complying with the ASR Regulation.

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