



VIL/LT/15-16/141

22nd April, 2015

Shri M. P. Tangirala

Advisor (F&EA)

Telecom Regulatory Authority of India

Mahanagar Doorsanchar Bhawan

Jawahar Lal Nehru Marg

New Delhi – 110 002

Sub: Review of "The Reporting System on Accounting System Regulations, 2012 (7 of 2012)" dated 10th April 2012

Ref: Your letter No. 16-02/2015-F&EA dated 1st April 2015

Dear Sir,

At the outset, we welcome Authority's review of the Accounting Separation Regulation (ASR) to enable a more meaningful analysis for all the stakeholders. Accordingly, we offer our following inputs on some of the points raised in your letter:

- **Applicability Criteria and Limit of ASR** – ASR should be applicable to Telecom Service Providers (TSPs) having license under section 4 of the Indian Telegraph Act 1885 (ITA 1885), and ASR should not be extended to infrastructure services/segments (IP1s / tower business, dark fiber etc.) since these activities are not covered u/s 4 of the ITA 1885.
- **Product Categories** - There is a need to re-align various products/components based on their current usage and contribution – e.g. if the revenue of product is >5% of total service revenue, only then it should be deemed a separate product category.
- **Network Elements** – Should be revisited considering the recent changes in network architecture and mix of networks, spectrum and other technological developments.
- **Adoption of ASR Reports by Board** –As the New Companies Act 2013, has envisaged and given lot of responsibilities to the Audit Committee to review statutory accounts/ financial statements; the approval of Audit Committee and audited ASR should be considered, and, the adoption of the ASR by board should be done away with.
- **Basis for allocation and apportionment of common Assets/Costs** - TRAI may prescribe a uniform allocation and apportionment method for non-Plant & Machinery Assets (Land & Building, Furniture & Fixtures, office equipment etc.) that may be used by two or more services, and similarly for current and non-current assets used by two or more than two services.

Vodafone India Limited (CIN-U32200MH1992PLC119108)

7th Floor, DLF Centre, Sansad Marg,

New Delhi - 110 001, India. T +91 11 7171 0766, F +91 11 7171 0767

Regd. Off.: Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013, India

T +91 22 7171 5000, F +91 22 2496 3645, Website: www.vodafone.in

- **A few cost categories under Financial and non-Financial categories** – We recommend that the following categories under respective proformas be done away with:
 - **S. No. 1.6 "Network Operating Cost" under Proforma D of "Support Function/ Department"**– S.No 1.6 may be deleted since Proforma D relates to Support Function Cost and not Product and Network Costs
 - **Proforma B - Wireline Service:** We request to remove the Roaming (National and International) and Non-voice (SMS and MMS) products columns from the Proforma-B, as these products do not generate any revenue for wireline service. Further, the "Prepaid Revenue" segment should also be removed from the report.
- **Format for submission** - ASR reports should be submitted in online form like XBRL with the linked excel files in CD.

We assure Authority to provide additional inputs at the stage of detailed consultation. We hope that our inputs would merit kind consideration of the Authority.

Thanking you.

Yours sincerely

For **Vodafone India Limited**



Manish Gupta

GM – Regulatory Affairs

M: +91.9811919550