

MINISTRY OF FINANCE AND COMPANY AFFAIRS
(Department of Company Affairs)

NOTIFICATION

New Delhi, the 8th October, 2002

G.S.R. 689(E).— In exercise of the powers conferred by sub-section (1) of section 642, read with clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 (1 of 1956), the Central Government hereby makes the following rules, namely:-

1. **Short title and commencement** - (1) These rules may be called the Cost Accounting Records (Telecommunications) Rules, 2002.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. **Application** - These rules shall apply to every company engaged in the processing of any one or more of the telecommunication activities, namely: -

(1) Basic telephony: -

- (a) Telephone access
- (b) Local call
- (c) Subscriber trunk dialing (STD)
- (d) International subscriber dialing (ISD)

(2) Cellular mobile;

(3) Telex;

(4) Telegraphy;

(5) Voice mail /Audiotex service;

(6) Internet operations including gateway service/E-mail;

(7) Packet switched public data network (PSPDN) service;

(8) Wireless in local loop (WILL) service;

(9) Public mobile radio trunk service;

(10) Very Small Aperture Terminal service;

(11) Global mobile personnel communication services;

(12) Leased circuits;

(13) Internet ports ;

(14) National Long Distance Operator;

(15) Internet Telephony;

(16) Radio Paging;

(17) Any other telecommunication service for commercial use.

Provided that these rules shall not apply to a company, -

(a) the aggregate value of the machinery and plant installed wherein, as on the last date of the preceding financial year, does not exceed the limits as specified for a small scale industrial undertaking under the provisions of Industries (Development and Regulation) Act, 1951 (65 of 1951); and

(b) the aggregate value of the turnover made by the company from sale or supply of all its products or activities during the preceding financial year does not exceed ten crore rupees.

3. **Maintenance of records** - (1) Every company to which these rules apply shall, in respect of each of its financial year commencing on or after the commencement of these rules, keep proper books of account relating to the utilisation of materials, labour and other items of cost in so far as they are

applicable to any of the activities referred to in rule 2. The books of accounts, so maintained, shall contain, inter-alia, the particulars specified in Schedule annexed to these rules and Proformae A, B,C and D mentioned in the said Schedule:

Provided that if the said company is engaged in other activities in addition to products referred to in rule 2, the particulars relating to utilisation of materials, labour and other items of cost in so far as they are applicable to such other products or activities shall not be included in the cost of the activities referred to in rule 2.

(2) The books of account referred to in sub-rule (1) shall be kept on a regular basis in such a manner as to make it possible to calculate the cost of each product or activity referred to in rule 2, for every financial year from the particulars entered therein. Every such book of account and the proformae specified in the said Schedule, shall be completed not later than ninety days from the close of the financial year of the company to which it relates.

(3) The statistical and other records shall be maintained in accordance with the provisions of the Schedule to these rules in such a manner as to enable the company to exercise, as far as possible, control over the various operations and costs with a view to achieve optimum economies in cost. These records shall also provide the necessary data required by the Cost Auditor to suitably report on all the points referred to in Cost Audit (Report) Rules, 2001 as amended from time to time.

(4) It shall be the duty of every person, referred to in sub-section (6) and (7) of section 209 of companies Act, 1956 (1 of 1956), to take all reasonable steps to secure compliance by the company with the provisions of sub rules (1), (2) and (3) of this rule in the same manner as he is liable to maintain accounts required under sub-section (1) of section 209 of the said Act.

4. **Penalty** - If a company contravenes the provisions of rule 3, the company and every officer thereof who is in default, including the persons referred to in sub-rule (4) of rule 3 shall be punishable as provided under sub-section (2) of section 642 read with sub-sections (5) and (7) of section 209 of the Companies Act, 1956 (1 of 1956).

SCHEDULE **[see rule 3]**

1. MATERIALS AND SUPPLIES:

(1) The proper records shall be maintained showing all receipts, issues and balances both in quantities and values of each item of materials. stores and supplies such as cables, poles, telephone instrument, roust box, dropwire, lines and wires etc, used in the maintenance and operation of different activities such as access network, local switching, local transmission, long distance switching, transmission, and international gateway access, referred to in rule 2. These records shall contain such details so as to enable the company to determine the quantity and cost of receipt (including all direct charges up to the location in respect of major materials/supplies), issues and balances in quantity as well as value of each item of all such materials. The basis on which said costs of issue and consumption, for each telecom activity referred to in rule 2, have been calculated shall be indicated in the cost records and followed consistently. In the case of imported materials/supplies proper records of quantity and value shall be maintained for each item showing FOB value, overseas freight, insurance, customs duty, clearing charges, inland freight etc. If both indigenous and imported materials are consumed, the records showing details of percentage mix of the same, have to be maintained for each item.

(2) The proper records shall be maintained showing the receipts, issues and balances both in quantity and value of each item of consumable stores (operation and maintenance stores), small tools and spares required for any of the activities referred to in rule 2. The value shown shall

include all direct charges up to location whenever specifically incurred. In the case of consumable stores, the value of which are not significant, the company may, if so desires, maintain such records for the main group of such items. The value of consumable stores, consumed for the telecom activities shall be charged to the relevant activities/ cost centres.

(3) The proper records shall be maintained showing the quantity and value of wastage, shortages, spoilage, damage, rejections and losses of materials, consumable stores and spares whether in transit, storage, or at any other stage. The method followed for adjusting the above losses as well as the income derived from the disposal of such rejected and waste materials including spoilage, if any, in determining the cost of activities, shall be indicated in the cost records.

(4) The proper records shall also be maintained to indicate the value of materials which have not moved for more than twelve months for effective control of inventory.

(5) Where any credit under Central Value Added Tax (CENVAT) under the Central Excise Act, 1944 (1 of 1944), or any other benefits such as rebates, duty drawbacks or any other similar items of credit are received/receivable on any item of material and/or consumable stores or spares, the cost of such material and/or consumable stores/spares should be shown after adjusting such credit or benefits.

2. SALARIES AND WAGES:

(1) The proper records shall be maintained to show the attendance and earnings of all employees activity-wise on which they are employed. The records shall also indicate the following separately for each such activity:

- (a) piece rate wages (wherever applicable);
- (b) incentive wages, either individually or collectively as production bonus or under any other scheme based on output;
- (c) overtime wages;
- (d) earnings of casual or contractual labour;
- (e) bonus or gratuity, statutory as well as other;
- (f) contribution to superannuation scheme; and
- (g) any other earning of the nature specified in (a) to (f) above.

(2) The records shall be maintained in such a manner as to enable the company to furnish necessary particulars under this head for the different services/ and for different telecom activities in Proforma A, B, C and D of Schedule I annexed to these rules. The records may be maintained to book these expenses activity-wise. Where the employees work in such a manner that it is not possible to identify them with any specific activity, the employees' cost shall be apportioned to various activities on equitable and reasonable basis and applied consistently.

(3) The idle labour cost shall be separately recorded under classified headings indicating the reasons therefor. The method of accounting followed for accounting of idle time payments shall be disclosed in the cost records.

(4) Any wages and salaries allocable to capital works, such as, additions to plant and machinery, buildings or other fixed assets shall be accounted for under the relevant capital heads. Similarly, payments in the nature of deferred revenue expenditure shall be separately recorded under separate classified headings indicating the reasons therefor. The method followed for accounting of such payments in determining the cost of the activity or service shall be on equitable and reasonable basis and applied consistently. The said method shall be disclosed in the cost records also.

(5) The cost of termination benefits payable to the employees shall be recorded under separate head. The method followed for accounting for such costs in determining the cost of each telecommunication activity shall be on equitable and reasonable basis, applied consistently and disclosed separately. Only the termination benefits, say in respect of a voluntary retirement scheme, which are payable in addition to the normal retirement benefits and that are likely to provide benefits in terms of savings in cost in future shall be treated as deferred revenue expenditure over a period not exceeding five years. These costs shall not form part of salaries and wages and shall be shown separately. Such costs shall be excluded from valuation of inventories since these do not result in putting the inventories to their present location and condition.

3. SERVICE DEPARTMENT EXPENSES:

(1) The proper records shall be maintained to indicate expenses incurred in respect of each service department or function like laboratory, welfare measures, transport, dispensary, school, crèche, township etc. These expenses shall be apportioned to telecom activities on equitable and reasonable basis and applied consistently. Where these services are utilized for other products or activities or services of the company also, the basis of apportionment of such expenses to other products or activities or services shall be on equitable and reasonable basis and applied consistently.

(2) Common operation and maintenance cost incurred for a number of activities, shall be apportioned to the product/activity benefiting from these services on reasonable and equitable basis and shall be applied consistently. The basis on which such common operation and maintenance cost are apportioned to different products/activities shall be indicated in the cost records.

4. UTILITIES:

The proper records showing quantity and cost of purchased or self produced utilities such as power, air conditioning required for any of the activities under reference, shall be maintained by the company.

5. REPAIRS AND MAINTENANCE:

(1) The proper records showing the expenditure incurred by the workshop and on repairs and maintenance on various activities shall be maintained. The records shall also indicate the basis of charging the repairs and maintenance expenses to different activities. Where maintenance work is done by direct workers, the wages and salaries of such workers shall be treated as direct expenses of the respective activity. If the services are utilized for other products/activities also, the manner of charging a share to such products/activities shall be on equitable and reasonable basis and applied consistently.

(2) The records shall also indicate the quantity and amount and also the proportion of closing inventory of stores and spare parts representing items which have not moved for over twenty four months.

(3) The expenditure on major repair work from which benefit is likely to accrue for more than one financial year shall be allocated over the period expected to benefit on equitable and reasonable basis and applied consistently. Such costs shall be shown separately and method of accounting along with the basis of allocation of such costs shall also be clearly indicated in cost records.

6. FIXED ASSETS AND DEPRECIATION:

(1) The proper and adequate records shall be maintained for assets used for each of the activities under reference in respect of which depreciation has to be provided for. These records shall inter-alia, indicate the cost of acquisition of asset, date of acquisition and rate of depreciation. The records shall also indicate value of fixed assets under each activity namely local telephone exchange system into customer access network, local switching and local transmission, long distance switching, long distance transmission etc grouped under each telecom activity referred to in rule 2. Where the fixed assets are joint and inseparable, segregation shall be made on the basis of technical estimates. This information shall be maintained in accordance with Proforma A of the Rules.

(2) Also such records as will enable to identify and/or allocate gross fixed assets, accumulated depreciation upto the year and net fixed assets under the heads; land and building, plant and machinery, furniture and fixtures etc. employed for the provision of activities under reference alongwith the method and rate of depreciation shall be maintained. The basis of apportionment of common assets to the activities under reference shall also be indicated. In case of revaluation of assets, the same shall be indicated separately. The basis of allocation of indirect assets to the activities under reference shall be on equitable and reasonable basis and applied consistently.

(3) The basis on which depreciation is calculated and allocated or apportioned to various activities and absorbed shall be clearly indicated in the cost records. If depreciation charged or chargeable to the departments is in excess or lower than the depreciation calculated by applying the rates of depreciation prescribed under the provisions of sub-section (2) of section 205 of the Companies Act, 1956, such amount of excess or lower depreciation shall also be indicated clearly in the cost records. The cost records shall also show the effect of such excess or lower depreciation as the case may be, on the per unit cost of activity. The cumulative depreciation charged in the cost records, against any individual item of asset shall not, however, exceed the original cost of the respective asset.

7. OTHER OVERHEADS:

(1) The Proper records shall be maintained for the activities under reference showing the various items of expenses comprising the other overheads. These expenses shall be analysed, classified and grouped according to functions, namely, operation, maintenance, administration, marketing and distribution for each activity.

(2) Where the company is manufacturing products or providing services, carrying out activities other than the activities under reference, the records shall clearly indicate the basis followed for apportionment of the common overheads including head office expenses of the company to such products, other activities and to telecom activities including capital works. Where certain expenses forming part of overheads can be identified with a particular activity or a product, such expenses shall be first segregated and charged to the relevant activity or product and thereafter the residual expenses under the above categories of overheads shall be apportioned on a reasonable and equitable basis and applied consistently. The overheads chargeable to capital works shall be indicated separately in the cost records. The basis of apportionment or absorption of overheads to the cost centres/activities and products shall be indicated in the cost records. The records shall be maintained in such a manner as to indicate the details of operation, maintenance, administration, marketing and distribution overheads.

8. ROYALTY OR TECHNICAL KNOW-HOW FEE OR LEASING CHARGES OR LICENSING FEE :

(1) The adequate records shall be maintained showing the royalty and/or technical know-how fee including other recurring or non-recurring payments of similar nature if any, made for the activities under reference to collaborators or technology suppliers in terms of agreements entered into with them. Such records shall be kept separately in respect of each such collaborator or supplier.

The basis of charging such amount, including lump sum payment and its treatment shall be indicated in the cost records. The basis on which amortisation of licence fee has been calculated and absorbed shall be mentioned in the records.

(2) In the case of leasing arrangements/licensing fee proper records shall be maintained showing details of terms and conditions, leasing charges or licensing fee paid or payable as well as received or receivable for each telecom activity.

(3) If licence fee is payable on revenue earning basis in addition to lump sum licence fee, proper records shall be maintained indicating the basis of calculation, amount of additional licence fee payable and its allocation to various telecommunication services.

(4) Records relating to Universal Service Organisation shall also be maintained, wherever applicable.

(5) If licence fee and royalty payable for usage of radio spectrum, proper records should be maintained indicating frequency allocation, royalty fee paid, spectrum licence fee and the number of users, where applicable.

9. RESEARCH AND DEVELOPMENT EXPENSES:

(1) The proper records showing the details of expenses, if any, incurred by the company on the research and development work of the products/activities covered under these rules shall be maintained.

(2) The method of charging these expenses to the cost of activities under reference and all other products or activities shall be indicated in the cost records. Where the utility of such research and development work extends over more than one financial year, such expenses shall be treated as deferred revenue expenses and charged to the cost of activities under reference and all other products if any, on equitable and reasonable basis and applied consistently. The detailed criteria on which it has been decided to extend the utility period of these expenses to more than one financial year shall be disclosed in the cost records. The following criteria, which are only indicative and not exhaustive, may be adopted in such cases :

- (i) the activity or product is clearly defined and the costs attributable to the activity or product can be separately identified;
- (ii) the technical feasibility of the activity or product has been demonstrated;
- (iii) the management of the enterprise has indicated its intention to engage in the activity or produce and market or use the product or process;
- (iv) there is a reasonable indication that current and future research and development costs to be incurred on the project together with expected volume of activity, production, administrative and selling costs are likely to be more than covered by related future revenues or benefits; and
- (v) adequate resources exist or are reasonably expected to be available to complete the project and engage in the activity or market the product or process

(3) The expenses incurred by the Research and Development Department for providing technical know-how to outsiders shall be recorded separately and excluded from the cost of activities under reference. The amount recovered for providing technical know-how to outsiders shall also be indicated separately and excluded from the income arising from the marketing of products or activities under reference.

10. INTEREST AND OTHER BORROWING COSTS

The proper records shall be maintained for money borrowed for each project and/or working capital and borrowing costs thereon. The borrowing costs include amortisation of discounts or

premiums relating to borrowings, finance charges in respect of assets acquired under finance leases, exchange difference arising from foreign currency borrowings etc. The amount of borrowing cost shall be allocated or apportioned to the activities covered by these rules and other activities on a reasonable and equitable basis and followed consistently. The basis of further charging of the share of the borrowing cost to the various types of such activities shall also be equitable or reasonable and followed consistently. The basis of such allocation or apportionment shall be spelt out clearly in the cost records. Net borrowing cost incurred on borrowed money or outlays for projects under execution, shall be capitalized for the period upto the date of commencement of commercial activities.

11. EXPENSES ON INTERCONNECTION:

The proper records showing the expenses incurred and revenue received on the interconnection of telecom services provided and received shall be separately maintained indicating the units in terms of time, pulse rate etc. so that the cost of interconnection of services and revenue earned can be determined correctly. Similar cost statement shall also be prepared for international traffic for use of international gateway access for services provided and received and revenue earned thereof.

12. COST STATEMENTS:

(1) The Cost statement showing details of installed capacity of each service (activity wise) and all elements of cost of the current financial year and previous year shall be prepared for each revenue earning unit in relation to the activities under reference in Proformae A, B, C and D. The revenue earning unit means a part or section or geographical location identified by the company for which books of accounts and other records are maintained independently for accounting and administrative convenience and it may be based on grouping or classification of services as referred to in rule 2 above or on the basis of consolidation of streams of revenue and expenditure and/ or assets and liabilities for the presentation of accounts by the company.

(2) The service rendered by one activity which forms input for a subsequent activity shall be valued at cost upto the service.

13. ACTIVITY RECORDS:

The quantitative records of the activities/ services provided in appropriate units of measurement along with proper classification, sub-classification etc. shall be maintained by the company. The records shall be maintained in such a manner that will enable a company to cost and correlate revenues from such classified or sub-classified activities/ services under the main activities as stipulated in rule 2.

14. RECONCILIATION OF COST AND FINANCIAL ACCOUNTS:

(1) The Cost statements shall be reconciled with the financial statements for the financial year specifically indicating the expenses or incomes not considered in the cost records or statements and reasons therefor so as to ensure accuracy and to adjudge the profit of the activity under reference with the overall profit of the company. Variations, if any, shall be clearly indicated and explained.

(2) A costing profit and loss statement showing the total expenses incurred and income received by the company under different heads of accounts and the share applicable to the activities or services shall be prepared and reconciled with the financial statement.

15. ADJUSTMENT OF COST VARIANCES:

Where the company maintains cost records on any basis other than actual such as standard costing, the records shall indicate the procedure followed by the company in working out the cost of the activities and services under such system. The cost variances shall be shown against the separate heads and analysed into material, labour, overheads and further segregated into quantity, price and efficiency variances. The method followed for adjusting the cost variances in determining the actual cost of the activities or services shall be indicated clearly in the cost records. The reasons for the variances shall be duly explained in the cost records/statements.

16. STATISTICAL RECORDS:

(1) The proper records shall be maintained in respect of locations from where activities are carried out or services are rendered. The records shall show the rated capacity, the practical capacity and capacity actually utilised in terms of appropriate unit of accounting for various resources that are employed like infrastructure, installation of equipments, manpower and its utilisation etc. The records shall also be maintained showing efficiency achieved in terms of attending the customer complaints and keeping the resources under operating conditions

(2) The adequate records shall be maintained to enable the company to identify the capital employed, net fixed assets and working capital separately for different activities under reference and other products and activities. Fresh investments on fixed assets that have not contributed to the activities under reference during the year shall be indicated in the cost records. The records shall, in addition, show assets added as replacement and those added for increasing existing capacity.

(3) In the case of new projects for activity under rule 2, proper records shall be maintained indicating the funds raised from different sources, their utilization, stage-wise cost incurred and progress of the project as per the project report. Cost and time over run shall also be analysed with reference to the cost of services/activity and profitability of the company.

17. CAPTIVE USE:

The proper records shall be maintained showing the quantity and cost of telecom services used by the company for self-use and free services provided to employees and others.

18. HUMAN RESOURCES DEVELOPMENT:

Expenditure incurred by the company on the training and development activity of human resources shall be recorded separately.

19. RELATED-PARTY TRANSACTIONS:

(1) In respect of related party transactions or supplies made or services rendered by a company to its holding company or subsidiary or a company termed "related party relationship" as defined below and vice-a-versa, records shall be maintained showing contracts entered into, agreements or understanding reached in respect of:

- (a) purchase and sale of materials, finished products and rejected goods including scraps, etc;
- (b) utilisation of plant facilities and technical know-how;
- (c) supply of utilities and any other services;
- (d) administrative, technical, managerial or any other consultancy services;
- (e) purchase and sale of capital goods including plant and machinery;
- (f) any other payments related to activities or services under reference.

These records shall also indicate the basis followed for arriving at the rates charged or paid for such activities or services so as to enable determination of the reasonableness of such rates in so far as they are in any way related to activity under reference.

- (2) The transactions by the following "related party relationships" shall be covered under sub-rule(1) :-
- (a) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
 - (b) associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture;
 - (c) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
 - (d) key management personnel and relatives of such personnel; and
 - (e) enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

However, the following shall not be deemed as "related party relationships":-

- (a) two companies simply because they have a Director in common, notwithstanding paragraph (d) or (e) above (unless the Director is able to affect the policies of both companies in their mutual dealings);
- (b) a single customer, supplier, franchiser, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence; and
- (c) the parties listed below, in the course of their normal dealings with an enterprise by virtue only of those dealings (although they may circumscribe the freedom of action of the enterprise or participate in its decision-making process);
 - (i) providers of finance;
 - (ii) trade unions;
 - (iii) public utilities;
 - (iv) government departments and government agencies including government sponsored bodies.

Explanation :- for the purpose of these Rules, -

- (a) **"related party relationships"** means parties who are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions;
- (b) **"related party transaction"** means a transfer of resources or obligations between related parties, whether or not a price is charged;
- (c) **"control"** means -
 - (i) ownership, directly or indirectly, of more than one-half of the voting power of an enterprise; or

- (ii) control of the composition of the Board of Directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise; or
 - (iii) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.
- (d) "**significant influence**" means participation in the financial or operating policy decisions of an enterprise, but not control of those policies;
 - (e) "**associate**" means an enterprise in which an investing reporting party has significant influence and which is neither a subsidiary nor a joint venture of that party;
 - (f) "**joint venture**" means a contractual arrangement whereby two or more parties undertake an economic activity, which is subject to joint control;
 - (g) "**joint control**" means the contractually agreed sharing of power to govern the financial and operating policies of an economic activity so as to obtain benefits from it;
 - (h) "**key management personnel**" means those persons who have the authority and responsibility for planning, directing and controlling the activities of the reporting enterprise;
 - (i) "**relative**" – in relation to an individual, means the spouse, son, daughter, brother, sister, father and mother who may be connected by blood relationship;
 - (j) "**holding company**" means a holding company within the meaning of section 4 of the Companies Act, 1956(1 of 1956);
 - (k) "**subsidiary**" means a subsidiary company within the meaning of Section 4 of the Companies Act, 1956(1 of 1956);
 - (l) "**fellow subsidiary**" means a company is said to be a fellow subsidiary of another company if both are subsidiaries of the same holding company;
 - (m) "**state-controlled enterprise**" means an enterprise which is under the control of the Central Government or a State Government.

Proforma 'A'

Name of the company :

Name and address of the Area of Operation or Circle or Secondary Switching Area or District

Headquarters :

Statement showing Activity-wise **Capital Cost of Plant and Machinery or Networking Equipment** relating to Telecommunication activities for the year ended

S No.	Particulars	Gross Block				Depreciation				Net Block	
		Cost as at beginning of the year	Additions /transfers during the year	Deduct-ions/ transfer during the year	Total Cost at the end of the year	As at begin-ning of the year	For the year	On deduc-tions during the year	Total at the end of the year	As at begin-ning of the year	As at the end of the year
A.	Basic Telephony										
1.	(specify)										
2.											
etc.											
B	Cellular Mobile Telephone Services										
1.	(specify)										
2.											
etc.											
C	Other Services, if any										
1.	(specify)										
2.											
etc.											
D	Network Element jointly used in more than one service (specify)										
1											
2											
etc											
E	Grand Total (A+B+C+D)										

- Notes
1. Separate proforma shall be prepared in respect of each Area of Operation or Circle or Secondary Switching Area or District Headquarters .
 2. The proforma may be modified suitably to incorporate unit specific special features, if any, indicating reasons thereof.
 3. Within each area of operation separate proforma may be used for each service and only those network elements are to be taken which are exclusively used for that particular service. All those equipment which are jointly used in more than one service, the requisite details be given against Sr. No. D of this proforma specifying these services.
 4. Details of apportionment of depreciation to respective activity be specified separately in case of Network equipments which are jointly used in more than one service.

Proforma 'B'

Name of the company :

Name and address of the Area of Operation or Circle or Secondary Switching Area or District

Headquarters :

Statement showing the Cost of Operations for the year ended

Serial No.	Particulars	Quantity	Rate	Amount	Cost per unit	
			(Rupees)	(Rupees)	Current Year (Rupees)	Previous Year (Rupees)
A	Operation Cost					
	1) Materials (major items to be specified)					
	2) Employees Cost : (i) Salaries and wages (ii) Others (specify) (iii) Sub total					
	3) Utilities (Specify)					
	4) Stores, Spares and Consumables					
	5) Repairs and Maintenance					
	6) Other direct expenses (Specify)					
	7) Rent, Rates and Taxes					
	8) Depreciation					
	9) Amortisation on the fixed component of license fees					
	10) License Fee paid as Revenue share					
	11) Lease Rent, if any					
	12) Insurance					
	13) Royalty or technical know-how fee					
	14) Other overheads					
	15) Total (1 to 14)					
B	Other Charges or Levies					
	1) Interconnection charges - Port Charges - Leased Line Charges - Other interconnection charges					
	2) Spectrum Royalty					
	3) Spectrum License Fee					
	4) DOT charges, if any					
	5) Other expenses (specify)					

	6) Total (1 to 5)					
C	Administrative Overheads (Specify major heads) (a) (b) etc. Sub total					
D	Cost of Operation (A+B+C)					
E	Apportionment of Cost to various segments/services					
	Segment/Service	Basis of apportionment	Actual Quantity	Equivalent Quantity	Value (Rupees)	
	1) Basic - Local Switching and Transmission 2) National Long Distance 3) International Long Distance 4) Cellular 5) 6) etc. Total					

- Notes 1. Separate proforma shall be prepared in respect of each Area of Operation or Circle or Secondary Switching Area or District Headquarters
2. The proforma may be modified suitably to incorporate unit specific special features, if any, indicating reasons thereof.

Proforma 'C'

Name of the company:

Name and address of the Area of Operation or Circle or Secondary Switching Area or District

Headquarters :

Statement showing the Cost of Service/ Sub-service for the year ended

Quantitative Information

Serial Number	Particulars	Unit	Current Year	Previous year
1.	Equipped Capacity - Subscriber			
2.	Traffic Handling Capacity (in Erlang)			
3.	-Working Lines/subscribers -Working Circuits/Channels/Ports			
4.	Capacity utilisation (%) -In terms of Subscriber. -In terms of traffic handling			
5	Number of Points of Interconnection: 1) Other Basic Operator 2) Cellular Operator 3) National long distance operator 4) International long distance Operator Specify any other (Internet service provider, Radio paging, etc)			
6.	Number of E1 links: 1) Other Basic Operator 2) Cellular Operator 3) National long distance operator 4) International long distance operator 5) Specify any other (Internet service provider, Radio paging, etc)			
7.	Number of Village Public Telephones			
8.	Number of Public call offices -Local -STD or ISD			
9.	Number of metered calls or hours of usage -Charged -free			
10.	Total duration of metered calls or hours of usage.			
11.	Average duration per call (minutes) (For Basic and Cellular)			
12	Average call per direct exchange line or cellular subscriber (For asic and Cellular)			
13.	Telephone Traffic (in minutes) (A) Incoming Traffic from - (i) Public switch telephone network (ii) Wireless in local loop (iii) Mobile			

	(iv) National long distance operator (Intra Circle)			
	(v) National long distance operator (Inter Circle)			
	(vi) International long distance operator			
	(B) Outgoing Traffic to -			
	(i) Public switch telephone network			
	(ii) Wireless in local loop			
	(iii) Mobile			
	(iv) National long distance operator (Intra Circle)			
	(v) National long distance operator (Inter Circle)			
	(vi) International long distance operator			

Cost Information

S. No	Particulars	Quantity	Rate	Amount	Cost per unit	
			(Rupees)	(Rupees)	Current Year (Rupees)	Previous Year (Rupees)
A	Apportioned Cost for the Activity or Service transferred from "Proforma B"					
B	Direct Cost					
	1) Materials (major items to be specified)					
	2) Employees Cost: (i) Salaries and wages (ii) Others (specify) (iii) Sub total					
	3) Utilities (specify)					
	4) Stores, Spares and Consumables					
	5) Repairs and Maintenance					
	6) Other direct expenses, if any					
	7) Rent, Rates and Taxes					
	8) Depreciation					
	9) Amortisation on the fixed component of license fees					
	10) License Fee paid as revenue share					
	11) Lease Rent, if any					
	12) Insurance					
	13) Royalty or technical know-how fee					
	14) Other overheads					

	15) Total (1 to 14)					
C	Other Charges / Levies: 1) Interconnection charges a) Port Charges b) Leased Line Charges c) Other Interconnection Charges 2) Spectrum Royalty 3) Spectrum License Fee 4) Other (please specify) 5) Total (1+2+3+4)					
D	Administrative Overheads (Specify major heads) (a) (b) etc. Sub total					
E	Other Direct Cost (Specify)					
F	Cost of Operation (A+B+C+D+E)					
G	Marketing expenses 1. Salaries and Wages 2. Commission and Discounts etc. 3. Others (specify) 4.Total					
H	Interest and other borrowing cost					
I	Other Cost, if any (Specify)					
J	Total Cost (F+G+H+I)					
Revenue Information						
K	1. Installation Charges					
	2. Activation Charges					
	3. Rental Charges					
	4. Call Charges					
	5. Interconnection Charges a) From related Parties b) From Others					
L	Other Charges (specify)					
M	Revenue Earned (excluding statutory levies, if any)					
N	Margin Per Call (M -J)					
O	Margin Per Minute of Usage					

P	Margin Per Direct exchange line / Channel / Port / Circuit					
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Notes:

1. Separate cost statement shall be prepared for each of the activities or services including value added service indicating the complete details (wherever applicable).
2. The proforma may be modified suitably to incorporate unit specific features, if any, indicating reasons thereof.
3. Interconnection related cost or revenue is to be further segregated and shown under separate heading as Fixed Interconnection Charges or Revenues and Variable Interconnection Charges or Revenue. They are also to be subdivided under charges paid to related companies and others.

PROFORMA 'D'

Name of the company :

Statement showing the **allocation or apportionment** of total expenses or income between activities covered under rule 2 and other activities during the year ending :

Serial Number	Particulars	Total actual expenses	Share applicable to activities covered under rule 2			Share applicable to other activities	Basis of allocation
			Basic telephony	Value added service (specify)	Value added service (specify)		
1.	Materials						
2.	Employee cost						
3.	Utilities						
4.	Stores, Spares and Consumables						
5.	Repairs and maintenance						
6.	Rent, rates and taxes						
7.	Depreciation						
8.	Amortisation on the fixed component of license fees						
9.	Lease charges						
10.	Insurance						
11.	Royalty or technical know-how fee						
12.	Research and development						
13.	Other overheads						
14.	Administrative overhead						
15.	Total (1 to 14)						
16.	Stock adjustment, if any						
17.	Less : Credits, if any						
18.	Borrowing costs						
19.	Marketing expenses						
20.	Add : any other expenses not included in cost						
21.	Less : any other						

	income not considered in cost						
22.	Total cost (excluding statutory levies like service tax, etc.)						
23.	Total revenue earned (excluding statutory levies like service tax, etc.)						
24.	Margin						
25.	Add : Export benefits and incentives, if any						
26.	Total margin						

Notes:-

1. All items of income and expenditure in this Proforma shall be reconciled with the financial accounts for the relevant period/year.
2. The proforma may be modified suitably to incorporate unit specific special features, if any, indicating reasons thereof.

[F.No.52/14/CAB-2001]
RAJIV MEHRISHI, Jt. Secy.