

पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड
(भारत सरकार का उद्यम)
POWER GRID CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)



केन्द्रीय कार्यालय : "सौदामिनी" प्लॉट सं. 2, सैक्टर-29, गुडगाँव-122 001, हरियाणा
फोन : 2571700 - 719, फैक्स : 2571760, 2571761 तार 'नेटग्रिड'
Corporate Office : "Saudamini" Plot No. 2, Sector-29, Gurgaon-122 001. Haryana
Tel. : 2571700 - 719, Fax : 2571760, 2571761 Gram : 'NATGRID'

CIN No. L40101DL1989GOI038121

संदर्भ संख्या/Ref. Number

Speed Post

: PGCIL/TEL-FIN/2015-16

Date; 20th April, 2015.

→ Telecom Regulatory Authority of India,
Mahanagar Door Sanchar Bhawan,
Jawahar Lal Nehru Marg, (Old Minto Road),
New Delhi- 110 002.

Kind Attention: Sh. M.P. Tangirala, Advisor (F & EA)

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

Dear Sir,

This is with reference to your Notice reference F.No. 16-02/2012-F&EA dated 1st April 2015. Our comments/views on the aspect related to Accounting Separation Regulations, 2012 (as amended) are given below for your consideration please:

POWERGRID, the 'Central Transmission Utility (CTU) of the Country and a 'Navratna' company operating under Ministry of Power is responsible for planning and coordination of inter-State transmission system.

The company is also providing Telecom services on overhead optic fibre network using Optical Ground Wire (OPGW) on power transmission lines and possess Infrastructure Provider Category-1 (IP-I), Internet Service Provider 'A' (ISP 'A') and National Long Distance Service License (NLD) to provide a variety of Telecom services.

The break-up of POWERGRID's total revenue from operations for the F.Y. 2013-14 is given as under:

1. Revenue from Transmission Business	- Rs. 14,327.59 Crores
2. Revenue from Telecom Business (Excluding Inter division transfer)	- Rs. 276.14 Crores
3. Consultancy Project Management and Supervision	- Rs. 626.55 Crores
Total Revenue from Operations	- Rs. 15,230.28 Crores

The further break-up of License-wise telecom revenue is given as under:

1. NLD	- Rs. 262.76 Crores
2. IP-I	- Rs. 3.46 Crores
3. ISP	- Rs. 1.44 Crores
4. Other (NOFN project)- Non-licensed operation	- Rs. 8.48 Crores
Total Revenue from Telecom Operations	- Rs. 276.14 Crores

From the analysis of the above data, it can be seen that revenue from telecom is 1.81% of the total revenue of POWERGRID. Further, revenue from NLD is 95.15% and revenue from IP-I and ISP is 1.25% and 0.52% respectively of the total revenue from telecom operations.

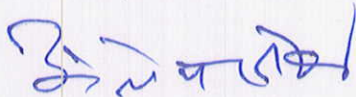
In view of the above, we hereby submit the following suggestions /comments/views on the aspect relating to Accounting Separation Regulations, 2012 (as amended) and request you to review these regulations:

1. Presently, ASR is applicable to all service providers having aggregate turnover of not less than Rs. 100 crores during the accounting year for which report is required to be submitted. From operations under the telecom license(s) issued to them under Section 4 of the Indian Telegraph Act, 1885. We suggest that this threshold limit of Rs. 100 crores be increased to Rs. 1000 crores so that undue burden is not placed on service providers with small turnovers in telecom segment.
2. With respect to auditing & Audit Report, our suggestion is that since as per the TRAI Act, management or officers of the company would be held responsible for any incorrect data submitted to the Authority, we would like to suggest that instead of asking for the auditor's opinion/certificate, if it is certified by the member of the Institute of Chartered Accountant of India (ICAI) or Institute of Cost and Works Accountants of India (ICWAI), whether member is in service/ service in the same company or in practice, the same should be considered as compliance of audit formalities under the proposed regulations. This would help to reduce the cost of the concerned service provider.
3. Requirement of adoption of accounting separation report by Board of Directors of the company be dispensed with in case the revenue from telecom operations is less than 5% of the total revenue of all the operations of the company. In such case, these reports can be certified by any officer of the company authorized by the Board of Directors.

4. As per Regulation on Reports, the authority requires that in addition to the reports prepared based on Historical Cost Accounting, reports prepared based on Replacement Cost Accounting are also required for every second year. It is our experience that such requirements for Replacement Cost Accounting reports are almost always exclusively required only for dominant/SMP operators as arriving at such reports can be extremely costly involving significant resources which increases regulatory cost. We are of the view that only the vertically integrated / SMP operators should be obliged to provide these Replacement Cost Accounting reports. The replacement cost based reporting every alternate year should be dispensed with for vertically non integrated operators.

Thanking you,

Yours Faithfully
For Power Grid Corporation of India Ltd.,



(Ashutosh Sethi)
Dy. General Manager (F&A)