

**Replies to Pre-TVS data gaps - Set 2**

Petition filed by Gigaplex Estate Private Limited for approval of Aggregate Revenue Requirement and Tariff for the Multi-Year Tariff period from FY 2016-17 to FY 2019-20 (Case No. 149 of 2016)

GEPL submits the replies to the data gaps as under:

21. The excel formats re-submitted by GEPL has the monthly sales, etc. (F1 format) are hard entered numbers and hence it is not possible for the Commission to examine the methodology adopted by GEPL to project the same. GEPL should submit the basis of computation of energy sales and other elements in the financial model for all the years of the Control Period.

**GEPL Reply**

The basis and computation of category-wise energy sales for the MYT Control Period have been incorporated in the revised Financial Model, in Sheet F1-B.

22. GEPL should submit the energy sales data for the Control Period in the existing tariff categories (MSEDCL tariff categories which is presently applicable).

**GEPL Reply**

It is respectfully submitted that the energy sales data for the Control Period in the existing tariff categories has already been submitted in Form F1, and the revenue from existing tariff has also been calculated for the existing tariff categories in Form F13.1, F13.2, F13.3 and F13.4.

23. GEPL has submitted details of the income from interest on investment of contingency reserves in its response to data gaps; however, the same has not been included in the revised financial model. The same may be addressed in the revised financial model to be submitted along with the revised Petition.



## GEPL Reply

The interest income from investment of Contingency Reserves has been included under the Non-Tariff Income for the MYT Control Period in the revised Financial Model and the revised MYT Petition.

### 24. The clause 3.4 of the agreement reads as follows:

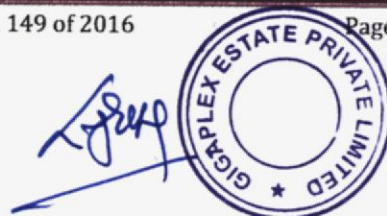
*"3.4 The Company acknowledges that the Staff shall be utilized by the services Provider not only for the purposes of providing Support Services for the Licensee business and all related activities of the Company but also for providing similar services to any other person(s)."*

Pursuant to this Clause, the Service Provider may utilise its staff at multiple locations simultaneously and not dedicatedly for GEPL. GEPL is supposed to pay for the cost of the employees being sourced through the outsourcing contract; however, as per the clause mentioned in the contract referred above, the services of the same employees can be used by the contractor for providing services to parties other than GEPL. In such a scenario, GEPL should clarify how it proposes to ensure that no cost of service provided to parties/persons other than GEPL by the staff of the Service Provider is loaded onto GEPL and also that if such employees are being used by the service provider for some other purpose, then how is GEPL being compensated for the same. GEPL to clarify the understanding of the clause mentioned above.

## GEPL Reply

Clause No. 12 of the Agreement with KRCSPL clearly states that the Agreement is non-exclusive in nature, as reproduced below:

*"It is hereby clarified and agreed between the parties, that the services provider is entitled to render support services to other concerns simultaneously and the company shall not raise any objections in this regard. "*





The Hon'ble Commission will appreciate that the employees on the payroll of KRCSPPL are not exclusively working for GEPL and hence, the methodology of charging GEPL on per unit basis of sales was evolved. If GEPL would have deployed the employees on its own rolls on a full-time basis, the employee costs work out to be quite high as compared to the services cost hired from KRCSPPL, as submitted earlier in the replies to Data Gaps Set 1. The outsourcing model works out to be cheaper precisely because of the part-utilisation of employees, and if KRCSPPL were to deploy resources for GEPL on an exclusive basis, then the charges would also be higher than the present applicable charges mentioned in the Agreement, and the outsourcing model would not be viable. The Hon'ble Commission will appreciate that the present model is evolved for optimisation of employee costs and utilisation of resources.

Further, since the charges are levied on a per unit basis, irrespective of the costs incurred by KRCSPPL, there is no question of either the cost of service provided to parties/persons other than GEPL by the staff of the Service Provider being loaded onto GEPL or of GEPL being compensated for such employees being used by the service provider for some other purpose.

**25. As GEPL has not adopted a competitive bidding process for appointment of contractor for providing employees, GEPL to mention the reasons for the same.**

**GEPL Reply**

It is respectfully submitted that GEPL has not adopted a competitive bidding process for appointment of contractor for providing employees/corporate services. GEPL submits that MBPPL, another IT & ITeS SEZ undertaking Distribution Licensee activities, and promoted by the same promoters, had invited bids from Service Providers vide NIT dated 6 April, 2016. The copy of the NIT and Tender Document are attached as **Annexure I** to this Reply. There was a limited response to the NIT and only two Parties submitted bids, which were also found to be inadequate as both the Parties only considered O&M of the network and did not consider all other support functions such as HR, Accounts, Finance, Audit, IT, Planning, Legal, Banking & Purchase/Procurement, and commercial activities. Such partial offers/bids were rejected by MBPPL.

