



HYDERABAD ELECTRIC SUPPLY COMPANY

OFFICE OF THE COMPANY SECRETARY
HESCO HYDERABAD

No.HESCO/C.S/Min-114th BOD/ 1313-32

11th January, 2016

1. **Secretary**, Ministry of Water & Power GOP Islamabad.
2. **Mr. Nazar Hussain Mahar**, Chairman BOD HESCO, C-15, Block-4 Clifton Karachi (0302-8299312).
3. **Prof. Dr. Muhammad Aslam Uqaili**, Director BOD HESCO / Vice Chancellor MUET, H/No. A-1 Senior Staff Residence Colony MUET Jamshoro (022-2772273).
4. **Mr. Akhtar Ali Randhawa**, CEO HESCO, WAPDA Offices Complex Hussainabad Hyderabad (022-9260023).
5. **Mr. Mehfooz Ahmed Bhatti**, Director BOD HESCO / Joint Secretary (Dev) Ministry of Water & Power, GOP Islamabad (051-9103876).
6. **Mr. Tassaduq Hussain**, Director BOD HESCO / Deputy Secretary Finance Division (CF.II), H/No. 1742, Street 17 I-10/1, Islamabad (0345-5898856 / 051-9202063).
7. **Syed Asif Hyder Shah**, Director BOD HESCO / Commissioner Hyderabad (0333-2144880 / 022-9200112).
8. **Mr. Shafique Ahmed Mahesar**, Director BOD HESCO / Commissioner Mirpurkhas (0233-9290053-4).
9. **Mr. Waqas Anwar Qureshi**, Director BOD HESCO, House No. 1103-B Shadman Residency, Clifton, Block-2 Karachi (0300-8241126 / 021-35202916).

Subject: **MINUTES OF 114TH BOD MEETING OF HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED**

The Minutes of 114th BOD Meeting of Hyderabad Electric Supply Company Limited held on 19th December, 2015 at 02:00 pm in the Committee Room, HESCO Power Wing Colony, Hussainabad Hyderabad duly approved by the Chairman BOD through e-mail and signed by Company Secretary of BOD HESCO are sent herewith for your information please.

DA/ as above

(FAHEEMULLAH MEMON)
COMPANY SECRETARY

Cc to:

1. Chief Technical Officer, HESCO Hyderabad
2. Chief Engineer (Development) PMU, HESCO Hyderabad.
3. Chief Commercial Officer, HESCO Hyderabad.
4. Chief Operating Officer, HESCO Hyderabad.
5. Chief Engineer (P&E), HESCO Hyderabad.
6. Admn & HR Director, HESCO Hyderabad.
7. Finance Director, HESCO Hyderabad.
8. Chief (Internal Audit) HESCO Hyderabad.
9. Master File.

CHAIRMAN
BOD HESCO, Hyderabad.

MINUTES OF 114TH BOD MEETING HESCO HYDERABAD

Meeting of the 114th BOD HESCO was held on Saturday, the 19th December, 2015 at 02:00 pm in the Committee Room, HESCO Power Wing Colony Hussainabad, Hyderabad. List of participants is attached at (Annexure-I).

The meeting started with the recitation from Holy Qura'an. The Chairman extended warm welcome to the participants of meeting and thanks to all members specially those who came from Islamabad. During his opening remarks, he appreciated the performance of CEO HESCO on recovery side and reiterated the earlier advice by the BODs to CEO to focus on reform side, which is ultimate way to take company out of current crisis. Citing the matter of consumer facilitation to seek trust of consumers' management was again asked to improve the quality of customer services to address genuine problems being faced by them and use technology like SMS messaging to maintain constant liaison and to keep customers up-to-date.

The BODs observed that the budget and application to NEPRA have been presented very late and in future same should be placed before BOD in the month of May of the fiscal year.

PROGRESS ON DECISIONS OF THE 113TH MEETING OF BOARD OF DIRECTORS

- **Zero Load Shedding**

The Board pointed out that the decisions which were previously made are not being implemented in letter and spirit. The Board directed that priority must be given to Board decisions on immediate basis and suggested to apprise the media and public about reforms to get consumers trust. The Chief Operating Officer HESCO, Mr. Umaid Ali Qureshi informed the Board that 11kV feeders which fulfills the criteria as laid down in previous Board meeting are as under.

Sr. No.	Name of Feeder	Name of District
1.	11KV HDA	Hyderabad
2.	11KV Saddar	Hyderabad
3.	11KV Bohri Bazar	Hyderabad
4.	11KV Islampkot	Mithi


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5.	11KV Kunri City-III	Umerkot
6.	11KV Mithi	Mithi
7.	11KV Deeplo	Mithi
8.	11KV Chelar	Mithi
9.	11KV Kunri	Umerkot

BOD decided that the load shedding on above mentioned feeders should not be done. The Board emphasized that this will also have positive impact on the revenues of the company apart from incentivizing consumers. Board desired that after implementing this decision their outcome on revenue increase and response of consumers of above areas be informed to next Board of Directors meeting.

- **AMR Meters**

Management presented the following outcome so far achieved after installation of AMR meters at Qasimabad Sub Division exclusively on 11kv GOR feeder.

No. of Connections	Total Units Consumed in October 2015 (After AMR)	Total Units Consumed in October 2014 (Before AMR)	Difference
193	69525	37788	(+)31737

The Board after reviewing the progress, appreciated the efforts made by HESCO team and desired to expand AMR project in other areas of HESCO like Latifabad, Hirabad and all District Headquarters (HQs) and Taluka HQs in the jurisdiction of HESCO besides all commercial, industrial and agricultural connections and suggested the following.

- Board emphasized the importance of the AMR meters for the sustainability and future of the company, therefore it is important for the Management to develop a strategic plan for AMR meters and ABC cables so that there is gradual expansion. The Board recommended to the Management to start by large consumers of HESCO, including tube wells and Government connections for which adequate amount be included in next year Budget

and Board may be briefed on time line of replacement of meters with costs and requirement of additional human resource and equipment during next meeting.

- A proper mechanism be adopted to monitor the AMR data. The HESCO should directly get and store the data instead of getting it through Lahore and proper mechanism be developed for analysis of data and safe storage of data in HESCO owned servers.
- A full-fledged AMR Department be developed at HESCO for which relevant technical staff be appointed or hired from other organization and necessary equipment, tools and furniture too may be procured and Officers having education and training in smart metering may be identified and employed.
- The remaining AMR meters immediately be procured to complete operation Sub Division Qasimabad for which Management assured timeline to complete project up to 31st January, 2016.
- It was also stressed that proper workshop must be developed for repair and maintenance of AMR meters and necessary staff be trained for this purpose on priority basis
- Focal person be appointed or nominated who would work on AMR meter reforms and remain in touch with Board and Management for real reform of the company.
- Board also suggested to the Management to look and learn from the success of AMR in other distribution companies like Multan and the way they are taking advantage of it.

Mr. Mahmood Nawaz Shah Head of the Audit Committee of the Board pointed out the absence of Chief Internal Auditor and Deputy Chief Auditor in HESCO,

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Signature
CHAIRMAN
BOD HESCO, Hyderabad.

Signature

after discussion the decision was made that the qualified Chief Internal Auditor with appropriate experience and qualification be appointed on urgent basis.

BOD also directed to increase the level of customer care and their satisfaction for which different sources of communication be used like SMS, email and WhatsApp. It was regrettably noticed that despite of repeated directions by the BODs no proper redressal system has been established to handle the genuine grievance of consumers particularly poor consumers who have gone to media on issue of Detection bills as virtually no mechanism exists in HESCO to respond and provide relief to them. It was decided that efficient one window Central Complaint Redressal Cell of exclusively HESCO be developed on priority basis to facilitate the consumers and its disposal be intimated to the BOD members through e-mail. Board also suggested studying complaint mechanism of HESCO during next meeting of the BODs.

The Board also took serious note of complaints regarding Detection bills from Tando Allahyar and Qasimabad and advised the management to avoid this illegal practice and consumers must not be burdened with detection bills as a general policy. This be only allowed on basis of due evidence. The Board desired that from next BOD meeting onward the beat wise report of detection cases and amount must be presented before Board.

Board suggested that a comprehensive reward, punishment policy for HESCO staff be prepared regarding recovery and losses etc and may be presented to Board in next meeting along with list of good and bad performers for the year 2015.

An incentive policy may also be prepared and presented to BOD during next meeting for whistle blowers from public or within company on the reporting of theft of electricity or corruption etc.

AGENDA-1 CONFIRMATION OF MINUTES OF 113TH BOD MEETING HELD ON 28TH NOVEMBER 2015

Company Secretary made a motion for confirmation of minutes of 113th Board meeting subject to clarification on doubtful debts. Board after hearing the contention of Auditor and Management on doubtful debts wherein they stated that


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indicating old arrears of more than three years as doubtful is requirement of accounting procedure but this continue to be recoverable amount. Based on this clarification Mr. Mahmood Nawaz Shah proposed the minutes and Mr. Mehfooz Ahmed Bhatti seconded for confirmation of minutes. Board of Directors decided the following:

Resolved that Board of Directors confirmed the minutes of 113th BOD meeting held on Saturday, the 28th November, 2015 circulated vide letter no HESCO/C.S/MIN-113TH BOD/1276-93 dated 16th December, 2015 as a true and correct record of proceedings, excepts the wording "*(the BOD decided that final decision in doubtful debts to be taken after hearing Auditor and CEO in next meeting of BOD)*" under Agenda Accounts-1.

Company Secretary was instructed to amend decisions accordingly.

Decision of BOD for Agenda-HR-4 be raised for correction in next meeting of BODs at time of confirmation of minutes.

AGENDA-2 TARIFF PETITION, OPERATION & MAINTENANCE (O&M) AND CAPITAL BUDGET FOR FY 2015-16

TARIFF PETITION

Management presented tariff petition for the year 2015-16 on which Board discussed every point in detail. Board pointed out that tariff petition is delayed for more than six months to which Finance Director HESCO informed the reasons and assured that in future no such delay will be made and it would be presented to BOD by May of each year for approval.

During discussion on T&D losses, Board suggested that 3rd party evaluation of technical losses be finalized immediately. A comprehensive plan to reduce technical as well as administrative losses be prepared to meet the NEPRA target. Chief Executive Officer HESCO ensured that 3rd party evaluation of technical losses will be finalized with approval of NEPRA with in next two months.

Following observations were given by the Board:


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- The tariff petition should be realistic. The losses which are being asked by the Management were not approved by NEPRA last year and therefore will be a challenge to get them approved this time too.
- System of HESCO is old and scattered therefore requires O&M expenditure which should be reflected in the Tariff formula.
- The actuary expenditure which is being incurred by HESCO is a hangover which is not being allowed by NEPRA, which will translate into non recovery through the revenues. Management must therefore formulate a plan for the actuary payments, which are increasing every year and adding to the losses.
- This year by the time NEPRA approves tariff, the year will pass. It is therefore important that Management works towards efficient tariff for the next year. The current tariff structure is neither sustainable nor palatable.

Subject to above observations the Board

"RESOLVED that, Tariff Petition of Hyderabad Electric Supply Company Limited (HESCO) for determination of Consumer-End Tariff for FY 2015-16, be is hereby approved."

"FUTHER RESOLVED that, Chief Executive Officer, HESCO is hereby authorized to file and present Tariff Petition for FY 2015-16, to attend hearing on it and to file Review for Leave for Motion (if necessary) before NEPRA on behalf of Hyderabad Electric Supply Company Limited (HESCO)."

(O&M) AND CAPITAL BUDGET FOR FY 2015-16

Management presented Operation and Maintenance and Capital budget for FY 2015-16. Board pointed out the delay of presenting budget on which Finance Director HESCO assured that in future no delay will be made and next year budget of the HESCO to be presented by month of MAY every year. After detailed discussion Board decided the following.

- The full budget should be presented to the Board for approval.

Approved

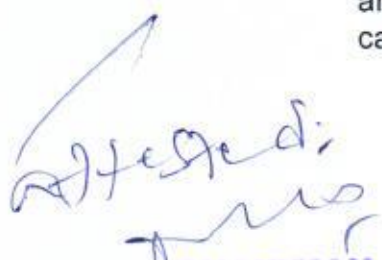
 CHAIRMAN
 BOD HESCO, Hyderabad

for

- Actual budget, revised budget etc always be presented on Budget format in future.
- AMR Meters and entire reform areas be included in budget plan. For system improvement and reform of company, Board provided at least Rs. 1.5 billion in budget plan of 2015-16 for ELR program. With the caveat that management will present a plan for AMR and reforms in the next meeting.
- Provision for ERP module be included in next budget plan. It was also decided that Request for proposal may be published urgently in leading newspapers on ERP Systems and modules and proposals received may be presented in Risk Management Committee to improve overall efficiency of the system. Management was emphasized to give due priority and attention to this assignment to improve the system in HESCO.
- Adequate budget may be kept for publicity and media campaign to reach out the stakeholders and consumers.
- Subject to above provisions Mr. Mahmood Nawaz Shah and Mr. Shafique Ahmed Mahesar sahibs stated that the budget for the current fiscal year has been recommended by the Risk Management Committee and it is important to get this approved by the Board.

Board after detailed discussion of agenda and subject to adjustment of above provisions of funds for AMR meters, ABC cables and other reform interventions including ERP as a priority after salaries, maintenance and other essential expenses approved the following Budget.

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|---------------------------|-------------------|--|
| • Salaries and Benefits | = Rs.7275 Million | |
| • Maintenance expenditure | = Rs.1026 Million | |
| • TA expenses | = Rs. 288 Million | |
| • Vehicle expenses | = Rs. 278 Million | |
| • Other expenses | = Rs. 275 Million | |
| • DOP Budget | = Rs. 460 Million | |
| • ELR Budget | = Rs.1500 Million | (including AMR Project, re-conductoring of Coastal area and Arial bundled cabling) |

Agreed:

CHAIRMAN
 BOD HESCO, Hyderabad.

for

- STG Budget = Rs. 2475 Million (Own Sources = Rs. 800 Million and ADB = Rs. 2000 Million)

The Board desired that true position of head wise actual amount may be presented to board during next meeting after adjusting above cited amount for reforms. The Board also suggested to Procure only one vehicle for CEO/HQ instead of two cars proposed in budget.

Board further approved that off road vehicles (29 vehicles at present) may be disposed off and 29 Nos. new vehicles may be purchased from the amount of sale of scrap. (The list of vehicles to be disposed off is attached at **Annex II-A** & the list of vehicles to be purchased in place of disposed off vehicles is attached at **Annex II-B**). It was also decided that while allocating the new vehicles areas and officers showing 100% recovery and less losses must be given priority. During discussion on vehicle plan for HESCO, Board excluded Buses from proposal and suggested to prepare separate plan for community services through private outsourcing. It was also agreed that a communication / transport policy for HESCO be prepared and presented to BOD by 15th March, 2016.

Board further suggested that recommendations of Risk Management Committee meeting may also be followed in letter and spirit.

The issue of grant of 154 days extension in earned leave w.e.f 14.1.2013 to 16.6.2013 in respect of Mr. Javed Ahmed Siddique, Assistant Manager HESCO could not be considered due to shortage of time, the same to be placed before next meeting of the BODs.


There being no other business, the meeting closed at 06.00 pm


(FAHEEMULLAH MEMON)
Company Secretary


CHAIRMAN
BOD HESCO, Hyderabad.

LIST OF VEHICLES TO BE DISPOSED OFF

Sr. No.	Registration No.	Make & Type	Model	Allocated to	On / Off Road	Status	Approx. value in (Rs.)
1	LHJ-7592	Daihatsu Jeep	1983	A.E (M) Hyd (SS&T Div. GSO Hyd)	Off Road	Poor	120,000
2	676-179	Toyota Hiace	1978	Pool	Off Road	Returned to Store	170,000
3	GA-5089	Isuzu Truck	1986	Opr Circle-I	Off Road	Returned to Store	300,000
4	GA-4009	Toyota Jeep	1983	SDO Thatta	Off Road	Poor	200,000
5	GA-2039	Toyota L/C Jeep	1984	T&I Division (parked at P&I Division)	Off Road	Poor	200,000
6	333-747	Toyota Pickup	1985	Parked at S/D Society N/Shah	Off Road	Poor	180,000
7	959-009	Toyota Pickup	1989	SDO Peretabad	Off Road	Poor	180,000
8	957-383	Toyota S/C Pickup	1989	SDO Sujawal	Off Road	Poor	170,000
9	676-633	Toyota Pickup	1989	Parked at Sub Division Sakrand	Off Road	Poor	150,000
10	GA-5024	Mazda S/C Pickup	1990	A.E (T&G) Thatta, GSO	Off Road	Poor	20,000
11	GA-8002	Bedford Bus	1983	Community duty Kotri Div. Circle-II	Off Road	Average	400,000
12	500-752	Mazda Bus	1986	Community duty S.Town S/Divn, Circle-I	Off Road	Poor	200,000
13	676-037	Mazda Mini Truck	1980	Parked at Sub Division Sakrand, N/Shah	Off Road	Average	200,000
14	951-703	Bedford Truck	1974	Pool	Off Road	Fair and Uneconomical	350,000
15	AP-0003	Bedford Truck	1976	Parked in Circle Office Nawabshah	Off Road	Poor	300,000
16	953-230	Isuzu Truck	1977	Field duty TL Sub Division-I (Parked at N.Shah), GSC	Off Road	Poor	350,000

Attested.

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17	954-384	Bedford Truck	1979	Parked at A type Store GSO NTDC Kotri, GSC	Off Road	Poor	350,000
18	SR-3197	Bedford Truck	1980	SDO Tando Adam-I, N/Shah	Off Road	Poor	350,000
19	956-906	Bedford Truck	1982	Parked at Camp Office Opp. Regional Store Hyd, PD Const.	Off Road	Poor	350,000
20	GA-7036	Bedford Water Tanker	1982	P.D Office (parked at Civil Division), GSC	Off Road	Poor	400,000
21	969-540	Hino Truck	1983	A.E (M) N/Shah, GSO	Off Road	Poor	350,000
Sr. No.	Registration No.	Make & Type	Model	Allocated to	On / Off Road	Status	Appro. value in (Rs.)
22	AH-0027	Mitsubishi Truck	1988	S.P.Chakkar S/Divn, N/Shah.	Off Road	Poor	350,000
23	Un-registered	Mercedes Unimouge Crane	1982	LS-II CSD-I, PD Const.	Off Road	Average	500,000
24	CKD Crane	20 Tons	1983	Parked at Hala Road Camp	Off Road	Average	800,000
25	958-589	Nissan Crane	1986	LS-II CSD-I, PD Const.	Off Road	Average	600,000
26	GA-9024	Isuzu Cargo Crane	1986	M.M.Shah S/D, (Parked in Hali road S/D), Circle-I	Off Road	Average	450,000
27	950-143	Grove Crane 15 Tons	1971	P.D Office	Off Road	Poor	500,000
28	GA-7003	MesseyForgosin Tractor	1985	Construction Division-I	Off Road	Poor	100,000
29	953-682	Fiat Tractor	1982	SDO T/L Sub Division-II	Off Road	Poor	100,000
					Total Rs.		8,690,000

Agreed

CHAIRMAN
 BOD HESCO, Hyderabad.

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VEHICLES PURCHASES IN PLACE OF DISPOSED OFF VEHICLES

Sr. No.	Make & Type	Nos. of Vehicles	Price of each vehicle	Amount Rs.(M)
1	Jeeps 1000cc to 1300cc	3	2,293,000	6.88
2	Single Cabin Pickups	5	1,919,000	9.60
3	Trucks	5	1,500,000	7.50
4	Vans / Haices	1	3,878,632	3.87
Sub Total		14		27.85
<u>B- Purchase of new vehicles under process for existing offices</u>				
5	Toyota Altis Grande 1.8	1	2,306,000	2.30
6	Toyota Corolla Car GLI 1300cc	1	1,494,871	1.49
7	Car Cultus 1000cc	2	883,761	1.76
8	Crane mounted 2 to 3 Ton, Truck	7	5,500,000	38.50
9	Toyota, Hiace Van	3	3,878,632	11.63
10	Ambulance (Hiace) Van with accessories	1	4,578,632	4.59
Sub Total		15		60.27
Total		29		88.15
Less: Amount of Disposed Off Vehicle				8.69
Net Total				79.43

27/8/2018

CHAIRMAN
 BOD HESCO, Hyderabad.

for

LIST OF PARTICIPANT WHO ATTENDED THE BOARD OF DIRECTORS MEETING**DATED 19.12.2015 AT 02:00 PM****Present**

- | | | |
|----|----------------------------|----------------------|
| 1. | Mr. Nazar Hussain Mahar | (In Chair) |
| 2. | Mr. Mahmood Nawaz Shah | Director |
| 3. | Mr. Shafique Ahmed Mehasar | Director |
| 4. | Mr. Waqas Anwar Qureshi | Director |
| 5. | Mr. Mehfooz Ahmed Bhatti | Director |
| 6. | Mr. Tassaduq Hussain | Director |
| 7. | Mr. Akhtar Ali Randhawa | Director / CEO HESCO |

Leave of Absence

- | | | |
|----|---------------------------------|----------|
| 8. | Prof. Dr. Muhammad Aslam Uqaili | Director |
| 9. | Syed Asif Hyder Shah | Director |

Company Secretary

- | | | |
|-----|-----------------------|-------------------|
| 10. | Mr. Faheemullah Memon | Company Secretary |
|-----|-----------------------|-------------------|

Auditor

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|-----|--------------------------|--------------------------|
| 11. | Mr. Hamid Jaan (Partner) | M/s Riaz Ahmed & Company |
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By Invitation

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|-----|---------------------------|--------------------------------|
| 12. | Mr. Umaid Ali Qureshi | Chief Operating Officer HESCO |
| 13. | Mr. Saeed Ahmed Dawach | Chief Commercial Officer HESCO |
| 14. | Mr. Imtiaz Ahmed Kalhoro | Chief Engineer (P&E) HESCO |
| 15. | Lt. Cdr (R) Nadeem Akhtar | Finance Director HESCO |
| 16. | Mr. Mehmood Ali Kaimkhani | Manager (Commercial) HESCO |
| 17. | Mr. Muhammad Ayub Afridi | Manager (HRM) HESCO |


(FAHEEMULLAH MEMON)
 Company Secretary


CHAIRMAN
 BOD HESCO, Hyderabad.