



## **HYDERABAD ELECTRIC SUPPLY COMPANY**

OFFICE OF THE COMPANY SECRETARY  
HESCO HYDERABAD

No.HESCO/C.S/Min-120th BOD/1745-63

11<sup>th</sup> July, 2016

1. **Secretary**, Ministry of Water & Power GOP Islamabad.
2. **Mr. Nazar Hussain Mahar**, Chairman BOD HESCO.
3. **Prof. Dr. Muhammad Aslam Uqaili**, Director BOD HESCO.
4. **Qazi Shahid Pervez**, Director BOD HESCO
5. **Mr. Shafique Ahmed Mehasar**, Director BOD HESCO.
6. **Mr. Waqas Anwar Qureshi**, Director BOD HESCO.
7. **Mr. Mahfooz Ahmed Bhatti**, Director BOD HESCO
8. **Mr. Tassaduq Hussain**, Director BOD HESCO.
9. **Mr. Mehmood Nawaz Shah**, Director BOD HESCO.
10. **Mr. Akhtar Ali Randhawa**, Director BOD / CEO HESCO.

Subject: **MINUTES OF 120<sup>TH</sup> BOD OF HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED**

The Minutes of 120<sup>th</sup> BOD Meeting of Hyderabad Electric Supply Company Limited held on 02<sup>nd</sup> July, 2016 at 11:00 a.m 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.

  
(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. Master File.

## **MINUTES OF 120<sup>TH</sup> BOD MEETING HESCO HYDERABAD**

Meeting of the 120<sup>th</sup> BOD HESCO was held on Saturday, the 02<sup>nd</sup> July 2016 at 11:00 am in the Committee Room, HESCO Power Wing Colony Hussainabad Hyderabad. List of participants is attached at (**Annexure-I**).

The meeting started with the recitation of verses from the Holy Qura'an. The Chairman welcomed all the Board of Directors and informed that this meeting is called specially to discuss HESCO budget for next year & tariff petition as decided in 119<sup>th</sup> BOD meeting along with review of reform activities. He invited CEO to give policy statements on challenges and achievements during last year and the objectives and targets for next year. Qazi Shahid Pervaiz sahib suggested that before presenting the budget, management should brief the Board about their long term and short-term plan and objectives so that Board could prepare result-based strategy for the management to improve company performance. Board endorsed the suggestion given by Honorable Director Qazi sahib and suggested the management to put-up comprehensive plan on theft, losses, recovery, continuity of supply and other development works so that Board can set the targets and timeline. Board further suggested segregating the losses of all areas and putting-up a comprehensive plan to reduce the losses especially technical one for the year 2016-17.

### **Agenda-1     CONFIRMATION OF MINUTES OF 119<sup>th</sup> BOD MEETING**

Moved:        Prof. Dr. Muhammad Aslam Uqaili

Seconded:    Waqas Anwar Qureshi

**Resolved:**   HESCO Board of Directors confirmed the 119<sup>th</sup> BOD minutes of its meeting held on Saturday, the 04<sup>th</sup> June 2016 as a true and correct record of proceedings.

### **Agenda-2     PROGRESS ON DECISIONS MADE IN BOARD OF DIRECTOR'S MEETINGS**

Board reviewed the implementation status of following decisions:



## **UPDATE STATUS ON ABC CABLE**

Board was informed by the Convenor of Procurement Committee that in last committee meeting agenda item regarding ABC cabling was discussed and procurement committee recommended for approval of the Board. The Board made it clear that decision regarding cancellation of the contract was made earlier along with imposition of the penalty on contractor. However for related procurement to continue work the management must submit case before procurement committee. Board after discussion again directed the Management to ensure 100% execution of ABC cabling in Latifabad as well as Qasimabad Sub Divisions and left over job orders by 31<sup>st</sup> December 2016 and suggested HR Committee with Procurement Committee to give approval to hire 16 nos. persons preferably already trained or as per need on daily wages for specific period and provide needed financial and technical support for the proposed project to complete the remaining work. The Board again reiterated that assignment of ABC cabling of the all feeders must be completed by 31<sup>st</sup> December 2016 and monthly progress must be regularly presented in the Board.

## **PROGRESS ON AMR METERING AND NON-METERED CONNECTIONS**

Management informed that for completion of AMR project in Qasimabad Sub Division about 7000 single phase AMR meters, 2000 three phase AMR meters & 50 CT Operated AMR meters are required for which tender for procurement of AMR meters has been published in daily newspapers on 23<sup>rd</sup> June, 2016. The pre-bide meeting will be held on 13<sup>th</sup> July 2016.

The Board was very disappointed by slow progress in the matter despite the fact that this issue has been discussed in every meeting of the BOD since a longtime and urged the management to give priority to this important project to do away with theft and corruption being encountered in normal meters. The Board again directed the management to expedite the progress and sufficient provision must be placed in the budget for the financial year 2016-2017 for completing the process of AMR meters for all Industrial, Agricultural, Commercial and major Government connections. The Management should create a special team of the senior dedicated officers to timely



complete the process and all funding requirement for equipment as well as required human resource to be made from the budget of 2016-17.

The Board also reminded that process of the procurement of meters for non metered connections must be expedited and to break the monopoly of the suppliers international tender may be floated and major international companies may also be contacted and invited to attend the tender. The Board regretted that process of retendering is very slow and it must be expedited. The Board also directed that in future monthly status and progress of non-metered connections must be presented in each Board meeting.

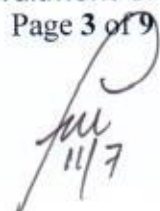
### **PROGRESS ON SCANNING OF METERS AND ITS ACCURACY**

The progress of 72% presented by management was found not yet satisfactory. Board again directed to expedite the scanning and achieve 100% accuracy target next month. The Board desired that there has been good progress in this account in other discos but progress of Hesco need to be significantly improved. Board suggested that meter readers should not work under command of SDO operations to ensure that Meter Readers don't manipulate data on the direction of SDO to achieve the line losses target. Board suggested that Meter readers must be brought under separate neutral hierarchy like Monitoring wing and must be separated from Sub divisional officer and their complete staff should not have to work under his command. Management should workout the plan and put up in the next Board meeting.

The Board further reminded earlier decision to collect cell numbers of all consumers through meter readers but progress in the matter is very slow. In future progress of collection of cell numbers would also be discussed along with scanning progress.

### **PROGRESS ON DIGITIZATION OF 11 KV FEEDERS**

Board again directed CEO HESCO to provide all kind of support to team to achieve the target as per agreed date of 31<sup>st</sup> December 2016. Management assured to provide all financial, human resource and required T&P to the team to achieve the task. HR Committee informed that committee has recommended for the recruitment of





staff to complete task. Board suggested for immediately hiring the staff as approved by the HR Committee subject to condition that all hiring to be daily based and would be exclusively for this assignment till 31<sup>st</sup> December 2016. The Board further decided that all budgetary needs of the assignment to be made from the 2016-17 budget of the company. Board further suggested to focus on areas where the line losses are too high and their progress on monthly basis be shared with Board Directors on regular basis. Board further suggested the staff of digitization of feeders to calculate the losses of 11 kV feeders and prepare proposals to management to curtail technical losses.

**Bench Mark:** Board Noted Progress of 186 feeders (6585 km) on 02.07.2016.

Agenda-3     **Tariff Petition Regarding Consumer End Tariff FY 2016-17 (Including O&M Budget)**

Management presented tariff petition for the year 2016-17 on which Board discussed every point in detail. Board appreciated that management has prepared budget and tariff petition on time as compared to last year.

During discussion on T&D losses, Board was informed that HESCO management have carried out 3<sup>rd</sup> party evaluation of technical losses on which Tariff petition is to be filed. Board suggested that CEO may come up with a comprehensive plan to reduce technical as well as administrative losses to meet the NEPRA target.

Following observations were given by the Board:

- 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.
- Board further directed that a plan must be prepared by the Management to cut down the expenses on short fall of around 13 billions rupees if proposals of the company are not accepted by the Nepra.

- **CONSUMER END TARIFF FOR FY 2016-17**

Board after detailed discussion approved following Tariff for FY 2016-17.

Description	Tariff Petition FY 2016-17
Average PP Unadjusted (Rs./Kwh)	9.20
T&D Losses (%age)	25.29
Average PP Adjusted (Rs./Kwh)	12.31
Distribution Margin (Rs./Kwh)	5.65
Average Sale Rate (Rs./Kwh)	17.96

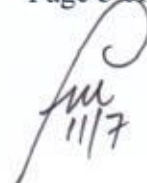
Subject to above observations the Board

**“RESOLVED that,** Tariff Petition of Hyderabad Electric Supply Company Limited (HESCO) for determination of Consumer-End Tariff for FY 2016-17, be is hereby principally approved.

**“FUTHER RESOLVED that,** Chief Executive Officer, HESCO is hereby authorized to file and present Tariff Petition for FY 2016-17, 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 2016-17**

Board after detailed discussion of agenda and subject to adjustment of above provisions of funds for AMR meters, non metered connections, ABC cables, digitization of feeders and provisional of two additional Grid stations at new Sabzi Mandi and near river bund Hyderabad and other reform interventions including ERP and up gradation of computer center as a priority after salaries, maintenance and other essential expenses and scrutiny and approval of each provision including provision of 20 million rupees just for photo copying by a special committee of BOD consisting of the Risk, Procurement and Human resource committees of the Board approved the Budget. The above-cited committee to complete the assignment before next meeting of the BOD, scheduled to be held on 16<sup>th</sup> July 2016 so that decisions of the special committee,





and pending decisions of the HR Committee as well as procurement committees are approved in next meeting of the BOD. The BOD further suggested following,

- That proper short and long term strategy be developed to improve health of the company in coming years as in the past most of time and energies of management were spent in fire fighting resultantly no substantial reform work including ERP and AMR meters etc was undertaken despite desire of the BOD during last year.
- HESCO's first priority should be to maintain continuity of supply for which Management should present targets for next year to reduce interruptions and faults.
- Board suggested that civil works should be drastically reduced and only very essential necessary civil works be included after the approval of the special Board committee on Budget 2016-17 along with Risk Committee.
- The PSDP proposed for the next financial year 2016-17 may be re-examined by the Special committee of the BOD to realign the same to address the currently over burdened areas to provide relief to public as well as improve profitability of the company.
- The project of AMR meters for Industry, Agriculture, bulk suppliers, commercial and major Government and local bodies connections be given priority and assignment must be completed by December 2016 preferably and due funds for equipment and human resource as well as training be provided in the budget 2016-17
- The provision for normal meters for non-metered connections may also be made to ensure that all such connections are regulated in due course of the time.
- While discussion of overloading feeders and transformers and future demand of electricity in Hyderabad, Commissioner Hyderabad on the request of management, agreed to extend full support for purchase of piece of Land for new Grid Stations at the bank of river near Latifabad and Sabzi Mandi. The

management may also lookout other new initiatives like GIS while planning for new grid stations. It was also suggested that the Management should apply for the lands in relevant areas to the Assistant Commissioner of the beat for the purpose of construction of new Grid Stations of Latifabad and Sabzi Mandi under intimation to Commissioner Hyderabad who will coordinate about the same.

- The Director of the company and Commissioner Hyderabad assured that Civil administration to provide security and support to remove the encroachments from the entry passage of the Phulleli Grid Station so that up gradation work may be immediately carried out which is held up due to encroachment affecting smooth and better service delivery to citizens of the Hyderabad.
- Board suggested to allocate funds in the budget for the FY 2016-17 for Bonus / Reward for good performers and whistle blowers on the reporting of theft and corruption in the system.
- Management should publish list of all defaulters through advertisements in leading two newspapers in Sindhi and Urdu to expedite recovery of arrears amount, it could also be used as evidence in court of law. The Board also emphasized that cases of big defaulters must be followed with NAB but small defaulters of RS. 100,000 or less must not be referred to NAB and management should try at its own to recover the amount from small defaulters.
- BOD directed CEO to instruct HESCO Officers / Official to properly attend their official telephone / cellphone and provide guidance to their valuable consumers instantly. Contact number of concerned Officers should be published in the electricity Bill, website and newspaper as well. The Complaint Centers should work round the clock during and after EID holidays. The HR Committee of the BOD to ensure that a very top class modern public facilitation system in Board is properly placed and all necessary human and financial resources must be provided to properly activate the facility at the earliest.
- The management was again reminded to develop the App for use in mobile phones to facilitate the consumers and develop proper SOP and online system






urgently to ensure that timely action is taken to address the issues like breakdown of transformers etc and those who fail to address public grievances in given time line must be proceeded.

- The BOD regretted inaction on provision of ERP system despite repeated directives and desired that Manager (MIS) should provide requirement of funds for ERP system and updating the Computer wing to modern lines including provision for adequate servers for billing and AMR metering and updating operating system to current technology which should also be included in this budget. The adequate MIS staff like developers must be immediately hired after concurrence of HR Committee and only those staff to be retained in Computer section, which meets the qualifications and merit.
- Adequate budget may be kept for media campaign to reach out the consumers and public.
- Board suggested that third party monitoring and evaluation of all civil works and other procurements to be undertaken through a firm or institution and sufficient provision must be provided in the budget 2016-17 for this purpose.
- The Board directed that adequate fool proof arrangements be made to handle rain emergency and flood situation and consumers may be provided information to ensure safety during rains and floods.

Being no additional agenda Board meeting was ended with vote of thanks to chair and from the chair. The next Board meeting is fixed on 16<sup>th</sup> July 2016.

On behalf of  
BOD HESCO

  
(FAHEEMULLAH MEMON)  
COMPANY SECRETARY

**LIST OF PARTICIPANTS ATTENDED THE 120<sup>th</sup> BOARD MEETING**  
**DATED 02.07.2016 AT 11:00 am**

<b>Present</b>		
1.	Mr. Nazar Hussain Mahar	(In Chair)
2.	Prof. Dr. Muhammad Aslam Uqaili	Director
3.	Qazi Shahid Pervez	Director
4.	Mr. Waqas Anwar Qureshi	Director
5.	Mr. Tassaduq Hussain	Director (through video link)
6.	Mr. Akhtar Ali Randhawa	Director / CEO HESCO
<b>Leave of Absence</b>		
7.	Mr. Mehfooz Ahmed Bhatti	Director
8.	Mr. Shafique Ahmed Mahesar	Director
9.	Mr. Mehmood Nawaz Shah	Director
<b>Company Secretary</b>		
10.	Mr. Faheemullah Memon	Company Secretary
<b>By Invitation</b>		
11.	Mr. Saeed Ahmed Dawach	Chief Commercial Officer HESCO
12.	Syed Imran Ali Askari	HR & Admn Director HESCO
13.	Lt. Cdr (R) Nadeem Akhtar	Finance Director HESCO
14.	Mr. Muhammad Akhtar Qureshi	Chief Engineer (PMU) HESCO
15.	Mr. Mehmood Ali Kaimkhani	Manager (Commercial) HESCO
16.	Mr. Pervaiz Afzal	Manager (Planning)

