



HYDERABAD ELECTRIC SUPPLY COMPANY

OFFICE OF THE COMPANY SECRETARY

HESCO HYDERABAD

No.HESCO/C.S/Min-125th BOD meet:/317-36

13th December, 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. Asad Ullah**, Director BOD / CEO HESCO.

Subject: **MINUTES OF 125th BOD OF HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED**

The minutes of 125th BOD meeting of Hyderabad Electric Supply Company Limited held on 25th November, 2016 at 03:30 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
BOD HESCO HYDERABAD

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. Manager (IS) HESCO Hyderabad.
9. Master File.

MINUTES OF 125TH BOD MEETING HESCO HYDERABAD

Meeting of the 125th BOD HESCO was held on Friday, the 25th November, 2016 at 3.30 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 of verses from Holy Qura'an. The Chairman extended warm welcome to the participants of the meeting. The Board took serious notice of the fact that no implementation status of earlier decisions was presented. Board directed that in future implementation status shall be regularly given as first item on agenda after confirmation of minutes.

Board showed their concern over following issues:

- BOD emphasized to devise a mechanism / SOP of charging detection bills and to identify wrong detections / overbilling charged to the consumers and strictly directed that charging of illegal detection bills to consumers be stopped immediately and those involved in this illegal racket be proceeded.

Decision

Detection bills must not be charged illegally and responsible officers must be taken to task. In case tax is paid on illegal and wrong detection bill it would be recovered from the salary of the responsible person. Board also directed to take up matter with FBR/SRB regarding refund of the amount where no collection was made but tax was paid at source to taxation authorities.

PROGRESS ON DIGITIZATION, ABC CABLING AND AMR METERS

- The Board was informed that good progress is being done in Digitizing and work to be completed in time. While in ABC cabling

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tenders have been opened and good results are expected after 28.11.2016. In case of AMR meters also bids have been received and good progress is expected.

Decision

The Board appreciated progress in all above cited areas and desired that management should give attention to all these activities and keep Board posted on progress in the matter.

PURSUANCE OF COURT CASES

- BOD showed serious concern on the performance of Legal Directorate HESCO in connection with pursuance of serious / important legal cases of HESCO, owing to which organization has to face embarrassing situation resultantly interim orders are being passed by the courts.
- Additional Director General (L&L) HESCO was directed to place list of important and pending cases alongwith one page briefing of each case and submitted in HR Committee and BOD meeting.
- It was decided to hire Senior and experienced Lawyer to challenge the interim orders passed by the courts before Apex Court and next Appellate Court.
- Urgent applications be filed and cases be fixed for hearing.
- Serious nature cases must be pursued by Admn & HR Director and CEO HESCO.
- It was observed that proceedings of disciplinary action against the delinquents are not being initiated properly by the competent authority and lacunas are being left behind, resultantly accused taking the advantage of lacuna get relief through Court of law,


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therefore, while deciding disciplinary case, self spoken / specific order be passed narrating the details of allegations / offences, reply of accused, documentary evidence etc mentioning the reasons for imposition of penalty be written in the final order.

Decision

Court cases must be strictly followed and working of legal team must be improved. Spoken orders must be passed in all disciplinary cases.

CENTRALIZED CUSTOMER FACILITATION CENTER

- BOD noticed that despite being a public utility company the grievances of the consumers are not being properly looked into seriously and stressed that genuine grievances (i.e. complaint of wrong billing, over billing, detection bills etc) of the common people must be addressed through a proper system. It was pointed out that Complaint Centers at Sub Division / Districts / Division level are not properly working, staff deployed at the complaint centers is not responding properly as a result the consumers are facing difficulties to get their complaints redressed. Therefore, there is need to improve and restructure the entire system to redress the consumer's complaints, dialing of 118 at company level should be centralized and all complaints be responded and monitored through 118 facilitation center through Dash Board and other means from Hyderabad.

Decision

The centralized arrangement for Customer Facilitation Department based on comprehensive system must be put in one place within one month and all counters at customer centers already established in Sub Divisions, Divisions and

Circle level etc would be linked with Centralized Customer Facilitation Department to redress the complaints of the consumers received at the Customer Service Centers and through Federal Complaint Center (FFC) from its entry / registered to disposal Each complaint at consumer end be properly monitored and resolved in proper time line (to be fixed by the management for all actions) through Dash Board and other means.

ESTABLISHMENT OF Customer FACILITATION DEPARTMENT

- It was decided to establish a Customer Facilitation Department in HESCO to look after only the public complaints and its redressal. Board advised that such plan be prepared and CEO must place an officer of Chief Engineer Rank who would be Incharge of the department as well as above cited centralized Customer Facilitation Center and progress be submitted regularly in each BOD meeting by the Incharge of the department.

Decision

A separate Customer Facilitation Department must be established in the Company by internal arrangement of the staff within 30 days who would manage the Centralized Customer Facilitation Center and report to Board directly. All necessary support in terms of equipment, furniture and human resources to be provided by the CEO on urgent basis.

ERP CONSULTANT

- It was informed that 05 No. firms had participated for ERP Consultancy, out of which only one firm has technically qualified others were disqualified due to negative cash flow. The financial bidding was opened on 25.11.2016. It was informed that financial bid

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for consultancy services is Rs.49.00 million. The BOD suggested the management to get the rates of consultancy charges from other DISCOs i.e. FESCO IESCO & LESCO etc so that the rates could be compared and decision be taken accordingly.

Decision

It was agreed that the Procurement Committee meeting should be fixed on next Friday i.e. 02.12.2016 to consider the matter and Incharge of PITC may be called for briefing to the Procurement Committee.

Agenda-1 **CONFIRMATION OF MINUTES OF 124TH BOD MEETING HESCO**

Decision HESCO Board of Directors confirmed the 124th BOD minutes of its meeting held on Saturday, the 12th November, 2016 as a true and correct record of proceedings.

Agenda-2 **APPROVAL OF ANNUAL ACCOUNTS OF THE COMPANY FOR THE FINANCIAL YEAR 2015-16 ALONGWITH DIRECTOR'S REPORT AND AUDITOR'S REPORT**

The Finance Director HESCO given briefing through salient feature of the annual accounts for the FY 2015-16 and highlighted financial review as under:

- During the period under review surprisingly sales amount decreased by 15.4% as compared to previous year whereas, sales volume decreased by 6.98% to 3,739.17 million units as compared to 4,019.56 million units for the last year. The management clarified that this has happened due to considerable reduction in detection billing, removal of transformers from high loss making areas and increase in load shedding timing.

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- Average sales price has been reduced by 9.02% to Rs. 10.08 per unit as compared to Rs. 11.09 per unit for the last year.
- Average power purchase price reduced by 12.3% to Rs. 8.41 per unit as compared to Rs. 9.59 per unit for the last year.
- The operating expenses excluding depreciation have been decreased by 0.29%.
- T&D losses have been reduced by 0.65% to 26.46% as compared to 27.11% for the last year.
- The loss of Rs. 27 billion is mainly due to charging of provision for doubtful debts amounting to Rs. 15 billion and gross loss of Rs. 5 billion including financial loss attributed to the T&D losses in excess of those approved by NEPRA amounting to Rs. 2.7 billion. Operating expenses and depreciation amounting to Rs. 9 billion is charged to Profit and Loss account as against Other Income of Rs. 1.8 billion, thus contributing to loss due of non-availability of gross profit to absorb these expenses.
- The amount of provision for doubtful debts has considerably increased from Rs. 3.2 billion during FY 2014-15 to 15.3 billion during FY 2015-16 due to write-off amounting to Rs. 4.9 billion and a margin to cover the agreed write-off amounting to Rs. 23 billion during FY 2016-17. If this extra ordinary situation had not occurred, the loss of Company would have remained around Rs. 15 billion during FY 2015-16 as against Rs. 19.75 billion during FY 2014-15.

Performance of Recovery Position

Rupees in Million

Financial Year	Billing	Cash Recovery	Cash Shortfall	% Recovery
2015-16	49,009	34,731	14,278	70.86%
2014-15	45,714	34,606	11,108	75.70%

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- Cash shortfall during FY 2015-16 increased mainly due to less recovery of upto Rs. 2 billion from Government of Sindh. During FY 2014-15 Government of Sindh paid Rs. 9 billion whereas, during FY 2015-16 only Rs. 7 billion was paid against outstanding amount.

Decision

The Board showed its displeasure and unhappiness over the results of the last year despite all efforts for reforms and improvement. The Board made it clear that the results are outcome of hesitance on part of management to go for reforms with the result that important posts of CFO, IT Expert and Incharge Internal Audit are still vacant . No AMR meter has been added nor important works of Digitization of Feeders and ABC cabling has been completed. Nor any robust campaign has been lodged to weed out corrupt and inefficient elements from the Company. Illegal connections even in urban centers are still widely prevalent and hardly any systematic effort has been made to remove them despite the fact that Divisional Commissioners are the Directors of the Board. Board warned the new CEO to immediately act on above cited matters otherwise company would continuously sink into deep crisis.

QUALIFICATIONS OF AUDITOR

- Finance Director HESCO further presented the qualifications raised by the auditors on the annual account. Board was informed that this year one qualification regarding non-capitalization of reported completed works have been shifted to Board letter due to considerable reduction in amount. Moreover, 04 No. audit observations in Board letter of FY 2014-15 relating to (i) Further Tax Extra Tax, (ii) Bank Reconciliations, (iii) PPRA Rules, 2004 and (iv)

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Implementation of Policies and Procedures Manual have been removed, thus long outstanding unsettled matters have been reconciled and cleared.

The remaining three qualifications tabled by the Finance Director are as under:

1. PHYSICAL VERIFICATION OF HESCO's FIXED ASSETS

Finance Director informed the Board that as per directions of BOD, Fixed Assets Register Division-wise / Circle-wise have been prepared by the committees constituted at Circle level with the associated member of Finance Director office. Accordingly, the same was also presented in the Risk Management Committee of BOD on 12th November 2016. Further, the TOR for physical verification from independent valuer have been prepared by Finance Directorate and submitted to Risk Management Committee for review and recommendation for approval from BOD. However, Risk Management Committee advised to get the TOR technically vetted from professional valuer as well. Accordingly, these TOR were forwarded to Company Auditors for getting technically vetted from professional valuer and the same were technically vetted by M/s Sadaruddin & Co. the same were presented to the BOD.

Decision

Directors of BOD highly appreciated the work done by Finance Directorate on documentation of the assets and directed to resubmit the vetted TORs to Risk Management Committee for approval of BOD.

2. SETTLEMENT OF ACCOUNTS WITH SEPCO

Finance Director briefed regarding long outstanding work in progress since 2009 as at the time of creation of SEPCO the works amounting to Rs. 1,367 million were pertaining to SEPCO jurisdiction, out of which Rs. 147 million

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have been accepted and remaining Rs. 1,220 million are still pending with the Project Director Construction (SEPCO) for completion of A-90 and acceptance of debit note raised by HESCO.

Decision

Board requested Mr. Mehfooz Ahmed Bhatti, Director BOD HESCO who is also Director of BOD SEPCO for settlement of the long outstanding issue, who assured to take-up the matter with SEPCO management for its settlement.

3. DOUBTFUL DEBTS

Finance Director explained the increase in doubtful debts and highlighted the reasons for increase from Rs. 3,263 million to Rs. 15,322 million. Mr. Mehmood Nawaz Shah, Convenor of Audit Committee highlighted the seriousness on the increase in provision and urged the management to reduce the outstanding debtors / receivable and hectic efforts be made for recovery and submit the recovery plan to the BOD. He further desired that outcome of recovery be intimated to BOD on monthly basis. Board directed management to reduce burden of doubtful debts and written-off amount against the disowned connections of Sindh Government be intimated alongwith Circle wise list of disowned connections to the Board alongwith the names of responsible officers / officials who have made bogus billing and appropriate action be taken against the delinquents.

Audit Committee apprised the Board that the written-off amount to the Sindh Government also includes tax which has already been paid by HESCO, furthermore, as the bills are issued every month, the tax due to FBR on the invoice is paid by HESCO forthwith. Those bills are not converted into revenues, as some of them are detection bills, which are reversed going forward, and then some amount lands in account receivables. In lieu of this the Board directed the management, that it is not sustainable for HESCO to

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pay huge amount of tax with getting revenues of the same. Therefore, unverified and unjustified bills in any shape should be stopped forthwith. The defaulters should be pursued properly and plan submitted to the Board in next meeting on account receivable from private consumers. The Board also wanted to know in the next meeting that all current bills of Government connections are being paid in full.

Decision

- a) Board strictly directed the management to submit details of the amount which were never recovered in last five years from the public as well as private consumers but taxes on which have been paid to FBR and Government of Sindh. It was further directed to take up the matter with FBR and Government of Sindh for refund of the amount and progress submitted to BOD in next meeting.
- b) Sindh Govt. disowned connections be immediately disconnected and if any resident / occupant requests for reconnection, new connection be allotted against Demand Note as private consumer within shortest possible time. In any case, disowned connections must not be continued.

➤ DIFFERENCE OF MODULES OF TARIFF SUBSIDY CLAIM AND CONSUMER BILLING

Finance Director stressed that the detection billing be streamlined as due to unauthorised detection, huge amount of subsidy claim amounting to Rs. 15 Billion is unverified by Ministry of Water & Power and funds are not released. The Board directed the management to take notice of this as the non-integration of software module is causing a loss to the company. The Board further advised the Chief Executive Officer to take-up the matter of unverified subsidy claim for settlement of differences through integration of both

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modules (for tariff differential subsidy and consumer billing). The Board also directed management to seek support of Mr. Tassaduq Hussain Board Director to get this important matter settled.

Decision

The Board regretted that the same issue was discussed last year too and management was given instructions to follow up the matter but case was not properly followed causing huge losses to company on account of subsidy from the Government. The Board further directed that regular report in this matter must be presented to each future meeting of the Board.

➤ CHANGE OF POLICY IN TRANSFER OF LAND TO DISCOs

Company Auditor pointed out that WAPDA has communicated the decision of Cabinet Committee on Privatization and has restricted for transfer of title of land to DISCOs. He stressed that if land is not transferred in the name of HESCO, the assets of HESCO will be restated as well as deposit of shares will also be restated and will affect the balance sheet of the Company.

Decision

Board directed that matter may be taken up with Ministry of Water & Power and all legal options may be explored to protect the interest of the company.

➤ STRENGTHENING OF INTERNAL AUDIT

Company Auditor pointed out that any external auditor has to partially rely on the working of internal auditor; however, the internal audit department of HESCO is quite weak and is more than one year behind the schedule. The management informed that hiring of the Head of Internal Audit is in process and headhunting company is being appointed.

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Decision

BOD acknowledged the need to strengthen the internal audit. Due to this weakness and capacity issues, the BOD asked the management to explore possibility of internal audit being conducted by the third-party by outsourcing the functions of the internal audit to ensure timely information and transparency.

➤ TRAINING OF BOARD DIRECTORS

The auditors pointed out that according to the code of Corporate Governance for Public Sector Enterprises, HESCO should arrange for the training of Board Directors.

Decision

Board agreed and suggested the management to arrange for training of Directors at Karachi and Hyderabad, if so possible at the earliest.

➤ APPROVAL OF THE AUDITED ACCOUNTS OF THE COMPANY FOR THE YEAR 2015-2016

Decision

- a) "Resolved that, the Company's audited financial statements for the year ended June 30, 2016 are hereby approved alongwith Director's Report and Auditors' Report and that Mr. Mehmood Nawaz Shah, Director BOD and Chief Executive Officer, Mr. Asad Ullah, are hereby authorized to sign the said statements."

The Board reviewed the specific approvals required by auditors and after review of the transactions, passed the following resolution;

b) **“Resolved that,** following specific approval requested by the external auditors, M/s Riaz Ahmed and Company, Chartered Accountants, be and are hereby approved”.

	Rupees
▪ Cost of additions – Property and equipment	2,588,065,559
▪ Cost of additions – Capital work-in-progress	4,269,847,642
▪ Transfer from Capital work-in-progress to SEPCO	176,912,032
▪ Amortization of deferred credit	674,402,483
▪ Employees retirement benefits – charge for the year:	
▪ Profit and loss account	2,833,159,738
▪ Other comprehensive income	(2,691,963,794)
▪ Term deposit receipts purchased	100,000,000
▪ Term deposit receipts matured	500,000,000
▪ Provision for doubtful debts made during the year	15,321,961,860
▪ Provision written off during the year	4,966,606,812

Related parties transactions (disclosed in Note 30 to the enclosed financial statements and Note 27.1 to the financial statements)

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Ex-Agenda1 **RATIFICATION / FORMAL ADOPTION OF PEPCO's OFFICE MEMORANDUMS REGARDING ENHANCEMENT OF PAY SCALES**

The Board was informed that PEPCO Authority vide office Memorandums mentioned against each has enhanced the Pay Scales of under mentioned categories upto the following extent by amending the relevant Service Rules:

A. GRANT OF BPS-17 TO SENIOR SUPERINTENDENT BPS-16 VIDE O.M NO. GM(HR)HRD/A-332/3746-70 DATED 18.10.2016 ON THE ANALOGY OF GOP'S O.M DATED 10.09.2014 WITH IMMEDIATE EFFECT AS UNDER:

- i. *One time grant of BPS-17 to all Senior Superintendents working in BPS-16 irrespective of their length of service and without getting it placed before DPC/Promotion Board/Selection Board.*
- ii. *In future three (03) years satisfactory service as Senior Superintendent BPS-16 may be prescribed for grant of BPS-17 to them as well as exercising through DPC/Promotion Board/Selection Board.*

The grant of higher time scale is subject to following terms and conditions:

- i. *The recruitment rules, nomenclature / tier of the posts and seniority of the Senior Superintendents shall remain intact.*
- ii. *In future, the grant of higher time scale will be subject to fitness of candidates and recommendations of the relevant DPC/Promotion Board/Selection Board.*
- iii. *On grant of higher scale pay will be fixed at the next above stage in BPS-17 and no premature increment is admissible.*

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iv. On grant of higher time scale there shall be no change in the entitlement / admissibility of rental ceiling / House Rent Allowance / Medical Allowance

B. UP-GRADATION OF POSTS OF REMAINING CATEGORIES OF DRAWING STAFF VIDE O.M NO. GM(HR)HRD/A-332/3858-82 DATED 18.10.2016 WHO WERE PREVIOUSLY ALLOWED JUST ONE STEP UP-GRADATION VIDE O/O DATED 04.12.2010 TO BRING THEM AT PAR WITH OTHER CATEGORIES OF DRAWING STAFF.

Sr. No.	Nomenclature of Post	Existing BPS	Up-graded BPS
1	Circle Head Draftsman / (Draftsman Grade-A)	14	15
2	Divisional Head Draftsman / Draftsman (Grade-B)	13	14
3	Draftsman / ADM	12	13

The relevant service rule stand amended with immediate effect to the above effect.

C. GRANT OF UP-GRADATION OF PAY SCALES OF AUDIT CADRE EMPLOYEES – AMENDMENT IN AUDIT SERVICE RULES, 1982 VIDE DG (HR) PEPCO O.M NO. GM(HR)HRD/A-332/3616-40 DATED 10.10.2016 WITH IMMEDIATE EFFECT AS UNDER:

(a) Existing incumbents

Sr. No.	Designation	Existing Pay Scale	Up-graded Pay Scale	Remarks
1	Audit Assistant	14	15	The existing incumbents are granted BPS-16 as one time dispensation.

(b) Criteria for promotion / appointments in future

Sr. No.	Designation & BPS	Additional condition for promotion / initial appointment
1	Audit Assistant (BPS-15)	6 Weeks Basic IT Training Course (including MS Office) conducted by NITB / TEVTA / Institutions affiliated with / recognized by Board of Technical Education / Higher Education Commission.

The relevant service rules stand amended with immediate effect to the above effect.

D. GRANT OF UP-GRADATION OF PAY SCALES OF ACCOUNTS CADRE EMPLOYEES – AMENDMENT IN ACCOUNTS SERVICE RULES, 1966 VIDE DG (HR) PEPKO O.M NO. GM(HR) HRD/A-332/3562-90 DATED 10.10.2016 WITH IMMEDIATE EFFECT AS UNDER:

(a) Existing incumbents

Sr. No.	Designation	Existing Pay Scale	Up-graded Pay Scale	Remarks
1	Accounts Assistant	14	15	The existing incumbents are granted BPS-16 as one time dispensation.

(b) Criteria for promotion / appointments in future

Sr. No.	Designation & BPS	Additional condition for promotion / initial appointment
1	Accounts Assistant (BPS-15)	6 Weeks Basic IT Training Course (including MS Office) conducted by NITB / TEVTA / Institutions affiliated with / recognized by Board of Technical Education / Higher Education Commission.

The relevant service rules stand amended with immediate effect to the above effect.

E. GRANT OF UP-GRADATION OF PAY SCALES OF COMMERCIAL CADRE EMPLOYEES VIDE DG (HR) PEPKO O.M NO. GM(HR) HRD/A-332/3591-3615 DATED 10.10.2016 WITH IMMEDIATE EFFECT AS UNDER:

(a) Existing incumbents

Sr. No.	Designation	Existing Pay Scale	Up-graded Pay Scale	Remarks
1	Commercial Superintendent	15	--	The existing incumbents are granted BPS-16 as one time dispensation.
2	Commercial Assistant	14	15	

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(b) Criteria for promotion / appointments in future

Sr. No.	Designation & BPS	Additional condition for promotion / initial appointment
1	Commercial Assistant (BPS-15)	6 Weeks Basic IT Training Course (including MS Office) conducted by NITB / TEVTA / Institutions affiliated with / recognized by Board of Technical Education / Higher Education Commission.

The relevant service rules stand amended with immediate effect to the above effect.

F. UP-GRADATION OF PAY SCALES OF TECHNICAL, LINE & METERING STAFF – AMENDMENT IN SERVICE RULES VIDE DG HR PEPCO OM NO. 3458-84 DATED 03.10.2016 AS UNDER:

Sr. No.	Designation	Existing Pay Scale	Up-graded Pay Scale
1	Lineman-I	9	11
2	Lineman-II	7	9
3	Assistant Lineman	5	7
4	Meter Reader	7	9
5	SSA	7	9
6	ASSA	5	7
7	Bill Distributor	5	7
8	Helper	5	7

2. The officials, if already in the scales of Up-gradation, are allowed two step time scale up-gradation but not surpassing the next promotion scales as one time dispensation.
3. The above said incumbents shall be entitled to annual increment falling due on 1st December 2016 if they were on pay roll as on 31.05.2016.

4. For future Appointments / Promotions / Time Scale Up-gradations will require fulfillment of criteria as laid down in service rules and changes / directions already notified.

The relevant service rules stand amended with immediate effect to the above extent.

G. UP-GRADATION OF MINISTERIAL POSTS – AMENDMENT IN SERVICE RULES VIDE DIRECTOR GENERAL (HR) PEPCO O.M NO. 3494-3520 DATED 05.10.2016 WITH EFFECT FROM 01.07.2016 AS UNDER:

(a) Existing incumbents

Sr. No.	Designation	Existing Pay Scale	Up-graded Pay Scale	Remarks
1	Junior Superintendent	15	--	The existing incumbents are granted BPS-16 as one time dispensation
2	Assistant	14	15	
3	Senior Clerk / Upper Divisional Clerk	9	11	--
4	Junior Clerk / Lower Divisional Clerk	7	9	--

NOTE: The above said incumbents shall be entitled to annual increment falling due on 1st December, 2016 if they were on pay roll as on 31.05.2016.

(b) Criteria for promotion / appointments in future

Sr. No.	Designation & BPS	Additional condition for promotion / initial appointment
1	Assistant (BPS-15)	6 Weeks Basic IT Training Course (including MS Office) conducted by NITB / TEVTA / Institutions affiliated with / recognized by Board of Technical Education / Higher Education Commission.

2	Senior Clerk / Upper Divisional Clerk (BPS-11)	3 Weeks Basic IT Training Course (including MS Office) conducted by NITB / TEVTA / Institutions affiliated with / recognized by Board of Technical Education / Higher Education Commission.
3	Junior Clerk / Lower Divisional Clerk (BPS-9)	

The relevant service rules stand amended with immediate effect to the above effect.

Decision BOD accorded approval for adoption of the above said Office Memorandums in HESCO issued by PEPCO.

Ex-Agenda2 **OPENING OF NEW A/C FOR CONSUMER SECURITY DEPOSIT OR PURCHASE OF TDRs TO RE-COUP SHORTFALL AMOUNT OF Rs. 341(M)**

Finance Director HESCO briefed that there is difference of Rs. 341 (M) between monthly account balance & bank balance. This shortfall occurred due to transfer of Security Deposit amount to WAPDA upto June, 2008. Now, WAPDA has informed that it could not be refund as this amount has been adjusted against receivable / payable. The Audit Committee during meeting held on 7th November, 2016 proposed that a separate profitable bank account may be opened for consumer's Security Deposits so that at least short fall could be recouped. In response 07 top Banks quoted higher rates as per SOP issued by PEPCO vide No. Fin.Consl/PEPCO/142-55 dated 11.06.2010.

Decision BOD accorded approval for opening of separate Bank Account for Consumer's Security Deposits in a profitable account, subject to negotiations with Banks through one Member of Risk Management Committee for which Prof. Dr. Muhammad Aslam Uqaili was nominated.

Ex-Agenda3 **RENEWAL OF STANDBY LETTER OF CREDIT IN FAVOUR OF M/s THATTA POWER (PVT) LTD**

Finance Director HESCO informed that as per clause 1.1 of Power Purchase Agreement between HESCO & M/s Thatta Power (Pvt) Ltd, M/s Thatta Power (Pvt) Ltd has applied for renewal of SBLC of **Rs. 286.708 (M)** for next one year i.e. 15.12.2016 to 14.12.2017 for which National Bank of Pakistan, Fatima Jinnah Road Branch Hyderabad has required a "Fresh Resolution" for renewal of SBLC from HESCO's BOD.

The discussion was held on the legal and financial risk to which HESCO may be exposed and the impact of issuing bank guarantees during current dispute with the company. The Board emphasized the need that the management should fully understand the agreement with the M/s Thatta Power (Pvt) Ltd. The management needs to make a working paper after detailed due diligence and full information to the Board.

Decision After detailed discussion the Board decided that management should submit a comprehensive working paper giving full pros and consequences of any decision in the matter to the procurement committee. As the case of NCPPs is pending in Supreme Court of Pakistan, the BOD advised to get legal opinion from lawyer who is dealing the case of HESCO against NCPPs in Supreme Court & also get opinion from Ministry of Water & Power. It was decided to seek approval of the Board through online Video/Audio conference.

Ex-Agenda4 **RENEWAL OF STANDBY LETTER OF CREDIT IN FAVOR OF M/s OMNI POWER (PVT) LTD**

Finance Director HESCO informed that as per clause 1.1 of Power Purchase Agreement between HESCO & M/s OMNI Power (Pvt) Ltd, M/s OMNI Power (Pvt) Ltd has applied for renewal of SBLC of **Rs. 242 (M)** for next one year i.e. 05.12.2016 to 04.12.2017 for which National Bank of Pakistan, Fatima Jinnah

Road Branch Hyderabad has required a "Fresh Resolution" for renewal of SBLC from HESCO's BOD.

Decision **Board made same decision as in earlier above case of the M/s Thatta Power (PVT) Ltd.**

There being no other business, the meeting closed at 07:00 pm with vote of thanks to chair.

By order of the Board


(FAHEEMULLAH MEMON)
Company Secretary

LIST OF PARTICIPANT WHO ATTENDED THE 125TH BOARD MEETING
DATED 25.11.2016 AT 03:30 HRS

Present		
1.	Mr. Nazar Hussain Mahar	(In Chair)
2.	Prof. Dr. Muhammad Aslam Uqaili	Director
3.	Mr. Asad Ullah	Director / CEO HESCO
4.	Qazi Shahid Pervez	Director
5.	Mr. Mehmood Nawaz Shah	Director
6.	Mr. Mehfooz Ahmed Bhatti	Director (through video link)
7.	Mr. Tassaduq Hussain	Director (through video link)
8.	Mr. Shafique Ahmed Memon	Acting Company Secretary
Leave of Absence		
9.	Mr. Shafique Ahmed Mahesar	On Leave
10.	Mr. Waqas Anwar Qureshi	On Leave
11.	Mr. Faheemullah Memon	On Leave
By Invitation		
12.	Mr. Raham Ali Otho	Chief Operating Officer
13.	Mr. Saeed Ahmed Dawach	Chief Commercial Officer
14.	Syed Imran Ali Askari	HR & Admn Director
15.	Lt. Cdr (R) Nadeem Akhtar	Finance Director
16.	Mr. Mehmood Ali Kaimkhani	Manager (Commercial)
17.	Mr. Jamil Ahmed Kaimkhani	Manager (MIS)
18.	M/s Riaz Ahmed & Company	Auditors

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