

# MULTAN ELECTRIC POWER COMPANY

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Office of  
The Company Secretary

No. 990-1015 /Company Secy

Dated: 10-5-16

1. Mr. Ahsan Rashid,  
Hafeez Ghee & General Mills (Pvt) Ltd  
Near By-Pass Chowk, Bahawalpur Road Multan
2. Engr: Fazalullah Durrani  
Chief Executive Officer,  
MEPCO Multan.
3. Mr. Muhammad Anwer Sheikh,  
Joint Secretary (CF-II), Govt of Pakistan  
Finance Division Islamabad.
4. Khawaja Muhammad Azam,  
15-16 Ground Floor Muhammad Arcade,  
LMQ Road, Multan.
5. Mr. Muneer Ahmed,  
Rahim Bux Group of Industries,  
61-Sadique Centre, Abdali Road, Multan
6. Muhammad Anees Khawaja,  
PO Box No. 28 Mehr Manzil  
Lohari Gate Multan.
7. Mian Zahid Pervaiz Marral,  
14- Altaf Town Tariq Road Multan.
8. Mr. Rehman Naseem,  
House No.59/3 Abdali Road, Multan.
9. Mr. Rajan Sultan Pirzada,  
House No.257 Tipu Shaheed Road,  
Modle Town-A Bahawalpur.
10. Mr. Khalid Masood Khan,  
10-Green Lane, Zakaria Town  
Bosan Road, Multan.

Sub:-: **MINUTES OF 111<sup>th</sup> BOD MEETING.**

Enclosed please find herewith Minutes of 111<sup>th</sup> BOD Meeting held on **27.04.2016 (Wednesday)** in the office of MEPCO Conference Room, Khanewal Road Multan, for information and necessary action please.

DA/as above

DA/as above

  
**COMPANY SECRETARY**

Copy to

1. Finance Director, MEPCO Ltd Multan.
2. HR/Admn: Director MEPCO Ltd Multan.
3. Staff Officer, MEPCO HQ Multan.
4. General Manager/ Tech: Dir: MEPCO Ltd Multan.
5. General Manager (Op) Distn: MEPCO HQ Multan.
6. General Manager (CS) MEPCO Ltd Multan .
7. Chief Engineer (T&G) MEPCO Ltd Multan
8. Chief Engineer (Development) HQ Multan
9. Chief Engineer (Planning) HQ Multan.
10. DG (IS) MEPCO HQ Multan.
11. Manager (Security) / Transport MEPCO Multan.
12. Manager Internal Audit, MEPCO HQ Multan.
13. Manager (L&L), MEPCO HQ Multan
14. Dy: Manager Intelligence MEPCO HQ Multan.
15. Dy: Manager (Public Relations) MEPCO HQ Multan.

## **MULTAN ELECTRIC POWER COMPANY**

**MINUTES OF 111<sup>th</sup> MEPCO B.O.D. MEETING, HELD ON 27.04.2016 (WEDNESDAY)  
AT 03:00 PM IN MEPCO CONFERENCE ROOM KHANEWAL ROAD MULTAN**

Present;

1. Mr. Ahsan Rasheed	Chairman
2. Mr. Fazalullah Durani	Director/CEO
3. Mr. Rehman Naseem	Director
4. Khawaja Muhammad Azam	Director
5. Mr. Zahid Pervez Marral	Director
6. Mr. Khalid Masood Khan	Director
7. Mr. Rajan Sultan Pirzada	Director
8. Muhammad Anees Khawaja	Director
9. Engr. Sajid Yaqoob	Company Secretary

**Following MEPCO officers attended the Meeting on call.**

- Mr. Muhammad Naeem Ullah, HR & Admn Director
- Mr. Imtiaz Ahmed Jigri, Finance Director.
- Ch. Muhammad Akram, CE (P&E)
- Mr. Mehmood Ahmed Khan CE (CSD)
- Mr. Malik Imtiaz Ahmed, Manager (Commercial)
- Mr. Naimatullah Qureshi, Manager (MM)
- Malik Ameer Abbas Samtia, Manager (Legal & Labor)

The Chairman welcomed and acknowledged the presence of all BOD Members. The Quorum was in order and the Meeting started with recitation from the Holy Quran by Khalid Masood Khan. The Company Secretary intimated the Board about the "Leave of Absence" of Mr. Muneer Ahmed & Muhammad Anwar Sheikh Honorable Members of MEPCO Board. The Board, after due consideration, granted the leave of absence to the Honorable Members. The following agenda items were presented and the Board was informed that individual sponsors have followed necessary Rules and Regulations for presentation of the Agenda points to the Board and necessary certificates where ever applicable have been obtained. The discussions and the decisions of the meeting are narrated as under:-

**AGENDA ITEM NO.1**

**To consider and confirm Minutes of previous Board Meeting.**

The Company Secretary presented the Minutes of 110<sup>th</sup> Board Meeting, held 22.03.2016. The Members pointed out that Minutes regarding Agenda Item No. i & ii are not properly recorded. The Board instructed to amend the minutes as " The Board referred the above agenda item to concerned formation for more detailed/relevant information" and therefore, advised the Company Secretary to issue revised minutes accordingly. With these instructions, the Board confirmed the Minutes of 110<sup>th</sup> Board Meeting.

**AGENDA ITEM NO.2**

**Compliance of directives of 110<sup>th</sup> Board Meeting, held on 22.03.2016 and any other issue arising thereafter.**

- a) The Legal Opinion regarding request of M/s ATLAS Cables has been received from Director Legal was presented to the Board. The concluding Para of the Opinion is reproduced here as under:-

"In the light of para wise comments submitted by Chief Engineer Development (PMU) MEPCO Multan, the clarification regarding amendment in LC solicited by Finance Department & earlier approval accorded by the MEPCO in 105<sup>th</sup> BOD meeting dated: 05.09.2015 (circulated on 18.09.2015), undersigned is of the opinion that Department has got the financial benefit in shape of forfeiting of performance guarantee amounting to Rs. 12,353,557/- & the contract has already been cancelled on account of breach of terms & conditions of contract, which has attained finality. Furthermore, M/S Atlas Cables preferred appeal on 28.12.2015 against the decision of MEPCO BOD dated 05.09.2015, which should have been preferred within 30 days.



In view of the above, at this stage, interference in the earlier decision dated 05.09.2015 taken by the Hon,able MEPCO BOD will not be justified, as department has accrued financial benefit in the light of that decision. Furthermore, once a contract has been cancelled on account of breach of terms and conditions cannot be revived. However, there is no legal bar for execution of a fresh contract between the same parties, on the same terms and conditions, if both are voluntarily agreed to do so.”

The CEO also endorsed the legal opinion of Director Legal. Rest of the Members after detailed deliberation did not agree with the Legal Opinion and opined that at the time of taking of decision in 105<sup>th</sup> BOD meeting wherein approval for cancelation of contract and forfeiture of Performance Guarantee was granted, it was hidden that delay in amendment in the LC was on part of MEPCO, so, the Contractor cannot be penalized for this act. As far as, the matter regarding late submission of appeal is concerned, the firm had submitted its appeal many times to the concerned Directorate. Keeping in view the above narrated facts, the Board unanimously resolved to review its already taken decision and instructed the Chief Engineer (Dev) that cancelled contract with the firm be restored, ban imposed upon the firm be lifted and forfeited Performance Guarantee be returned to the firm. However, LD Charges if any be imposed to the Contractor.

- b) Muhammad Anees Khawaja, Chairman USAID Projects Review Committee apprised the Board about the progress of implementation of ERP in Company. He informed the Board that a meeting was conducted with the Convener ERP Implementation Team, departmental heads of HR, Finance and MM, team leaders from these departments and technical resources hired from USAID team. It has been decided in the meeting that Company would take 100% ownership of ERP by 15 July, 2016. He briefed the Board about the necessary instructions passed on the Management. The Board appreciated the efforts and dedication of Muhammad Anees Khawaja for implementation of ERP. The Board reiterated its stance and emphasized that any hindrance be tackled to implement ERP in Company and instructed the CEO to provide all the logistics and remove all bottlenecks being faced by the ERP Implementation Team. The Board after detailed discussion appointed the Finance Director as overall in charge of ERP Implementation Program in place of Mian Ansar Mehmood and instructed FD that USAID Team hired be given weekly task and their progress be ensured within the given task. The Board further instructed the HR & Admin Director and FD to propose an ERP Setup and put up the case to the HR Committee for necessary recruitments which may be required for effective establishment of ERP Setup. The progress in this regard was instructed to be presented in next Board Meeting. .

### **AGENDA ITEM NO.3**

#### **To consider and confirm the Circular Resolution No. 04/2016 dated 18.04.2016**

The agenda was presented by Chief Engineer (P&E). The Board was apprised that matter for the purchase of 500 No. 200 kva Transformers @ Rs. 442500/- per unit amounting to Rs. 221.250 Million (excluding 17% GST) against Tender No.104, on urgent basis was presented to the Members of the Board. After considering the matter, the Board passed the below detailed Circular Resolution.

“**Resolved that** approval be and is hereby accorded for the purchase of 500 No. 200 kva Transformers @ Rs. 442500/- per unit amounting to Rs. 221.250 Million (excluding 17% GST) against Tender No.104 Lot-1 from M/s Pak Electron Ltd Lahore, being the lowest bidder”.

The Board was requested to confirm the above Circular Resolution.

#### **Decision**

The Board unanimously resolved that the above Circular Resolution be and is hereby confirmed.

### **AGENDA ITEM NO.4**

#### **To consider and confirm the Circular Resolution No. 05/2016 dated 18.04.2016**

The agenda was presented by Chief Engineer (P&E). The Board was informed that matter regarding 01 year contract for reclamation of regular damaged distribution transformers (T. No. 96), on urgent basis was presented to the Members of the Board. After considering the matter, the Board passed the below detailed Circular Resolution.

“**Resolved that** approval be and is hereby accorded for award of 01 year reclamation contract or till the reclamation of 800 Nos damaged transformers whichever comes earlier from the tender lowest firms i.e. M/S Swat Industry for 25,100 & 200 kva Transformers & M/S Transwave for 50 kva Transformers, on the following rates including Transportation Charges up to Regional Store Multan.

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Name of Firm	Capacity	Per Unit Reclamation Charges on Works Basis ( Excluding Taxes)			Two way Transportation Charges		
		Reclamation Rates without tube Replacement	Reclamation Rates with tube Replacement	Rate Per Elliptical Tube Replacement	R/S Multan	R/S Sahiwal	F/S R. Y.K
M/S Swat Industry	25-kva	51000	58500	225	800	200	2000
	50-kva	-	-	-	-	-	-
	100-kva	93000	108000	300	1500	500	3000
	200-kva	143000	158000	350	1500	500	3000
M/S Transwave	50-kva	58000	69250	250	2000	2000	100

The capacity & quantity of damaged transformers will be as per actual receipt from field formations. The elliptical tube replacement cost will be applicable where tube of transformers tank are damaged. The tentative cost would be amounting to Rs 70.160 Million (Excluding GST).”

The Board had further instructed that for extension of the contract beyond one year, if so required, detail of work completed with certificate of satisfactory performance from relevant MEPCO department and further time period needed be placed before the BOD in due course for consideration. The Board was requested to confirm the above Circular Resolution along with instructions passed on by the Board.

#### **Decision**

The Board unanimously resolved that the above Circular Resolution be and is hereby confirmed along with instructions passed on by the Board.

#### **AGENDA ITEM NO.5**

**To consider and accord approval for the following matters relating to Procurement Committee.**

- i. **Approval for issuance of purchase order for 3rd year production to M/s NAMCO Associates (Pvt) Ltd Lahore for manufacturing and supply of Spun Hollow PC Poles at PC Pole Plant Jahanian District Khanewal**

The agenda was presented by Chief Engineer (P&E). The Board was informed that Project Director (Const:) MEPCO vide Endst: No.21994-96 dated 01.01.2016 has intimated the tentative requirement of Poles for F.Y 2016-17 to upkeep the distribution system and to electrify villages, new housing schemes etc. Manager MM MEPCO vide letter No.24452-55/MMM dated 14.12.2015 has submitted the demand of Spun Poles for Pak MDG's and Deposit Works of Motorway. The detail is as under:-

Type of Poles	Demand by Manager (MM) for F.Y 2015-16	Tentative demand by PD (Const:) for F.Y 2016-17	Total (Nos)
LT 31' PC Spun Hollow Pole	7770	42000	49770
HT36' PC Spun Hollow Pole	1728	35250	36978
HT 40' PC Spun Hollow Pole	-	2100	2100
HT 45' PC Spun Hollow Pole	-	3400	3400

The Manager MM MEPCO has intimated on 14.03.2016, the stock balance of poles, hence requirement of poles is as under:-

PC Spun Hollow Poles	Requirement for F.Y 15-16 & F.Y 16-17 (Nos)	Stock Balance (Nos)	Ongoing P.O's (Nos)	Total (stock balance + ongoing P.O's (Nos)	Qty to be procured (Nos)	Qty to be procured from MEPCO owned PC Pole Plant Lodhran (Nos)	Net Qty to be procured from other plants (Nos)
(1)	(2)	(3)	(4)	(3+4) = (5)	(2-5) = (6)	(7)	(6-7) = (8)
LT 31'	49770	0	4500	4500	45270	7000	38270
HT36'	36978	7473	0	7473	29505	7000	22505
HT 40'	2100	1363	0	1363	737	300	437
HT 45'	3400	2192	0	2192	1208	300	908

The following firms have contract agreements for 03-years productions with MEPCO and 3<sup>rd</sup> year purchase orders are due.

Sr. #	Name of firm	Status
i.	M/s NAMCO Associates (Pvt) Ltd, Lahore PC Pole Plant Jahanian.	2 <sup>nd</sup> year supply completed in November, 2015
ii.	M/s Nimbus Engineering Corporation (Pvt) Ltd Lahore PC Pole Plant Sakhi Sarwar (D.G Khan)	600-Nos. LT-31' Poles are remaining against 2 <sup>nd</sup> year P.O

M/s Nimbus Engineering Lahore has failed to complete the supply of 2<sup>nd</sup> year purchase order and 600-No. LT-31' Poles are still remaining despite of several reminders to complete the purchase order,



hence 3<sup>rd</sup> year purchase order cannot be processed before completion of total supply. M/s NAMCO Associates Lahore has successfully completed supply of 2<sup>nd</sup> year and purchase order of 3<sup>rd</sup> year is due. The firm has requested vide letter No. NAMCO/CP/JAH/15/23 dated 04.12.2015 & No. NAMCO/PCP/JAH/16/05 dated 01.02.2016 for issuance of 3<sup>rd</sup> year purchase order for production of Spun Hollow PC Poles at PC Pole Plant Jahanian District Khanewal. According to contract clause-5(v) "Rates for 3<sup>rd</sup> & 2<sup>nd</sup> year for procurement of spun hollow PC poles will be the lower of the following two":-

- Open tender rates approved by MEPCO.
- Rates worked out through MEPCO price adjustment / escalation formula over 1<sup>st</sup> year's firm rates. For the purpose of calculation of escalation the basic rates will be 15-days before opening of tender date of approved 1<sup>st</sup> year's firm rates and will be 28 days before the date of supply order for 2<sup>nd</sup> & 3<sup>rd</sup> year of purchase.

The rates already given to the firms for manufacturing and supply of Spun Hollow PC Poles are still the rates approved by MEPCO, as no fresh tenders were called nor approved by MEPCO BOD during that period. According to the contract agreement, the rates worked out through price adjustment / escalation formula. The comparison of rates already given & worked out through price adjustment formula are as under and shows that escalated rates are found lowest, except HT 40' Spun Poles, hence the lowest rates are applicable for 3<sup>rd</sup> year production at PC Pole Plant Jahanian.

Sr. #	Type of Pole	Unit	Open Tender Rates approved by MEPCO (Rs)	Rates as per MEPCO Price Adjustment / Escalation formula (Rs)
1	LT Spun 31'	Each	10,365.00	<b>10,257.00</b>
2	HT Spun 36'	Each	15,008.00	<b>14,586.00</b>
3	HT Spun 40'	Each	<b>22,100.00</b>	23,483.00
4	HT Spun 45'	Each	28,800.00	<b>28,719.00</b>

Keeping in view the acute requirement of Spun Hollow PC Poles as stated above and contractual obligations of MEPCO, following quantities are proposed to be procured from said firm for 3<sup>rd</sup> year production at above mentioned lowest rates.

Name of Firm	Size of Poles	Quantity (Nos)	Unit rate (ex-works basis) (Rs)	Total value (Rs)
M/s NAMCO Associates Lahore, PC Pole Plant Jahanian District Khanewal. For 3 <sup>rd</sup> year production.	LT Spun 31'	15000	10,257/-	153,855,000.00
	HT Spun 36'	12000	14,586/-	175,032,000.00
	HT Spun 40'	200	22,100/-	4,420,000.00
	HT Spun 45'	600	28,719/-	17,231,400.00
Sub Total =				350,538,400.00
GST @ 17% =				59,591,528.00
Total =				410,129,928.00
				410.130 Million

The Board was further apprised that Procurement Committee has also recommended the case to the Board for its approval. The Board was requested to accord its approval for issuance of purchase order for 3<sup>rd</sup> year production to M/s NAMCO Associates (Pvt) Ltd Lahore, PC Pole Plant Jahanian District Khanewal as per rates & quantities mentioned in table above amounting to Rs.410.130 Million including 17% GST for manufacturing & supply of Spun Hollow PC Poles to MEPCO as per agreement.

#### **Decision**

Considering recommendations of the Procurement Committee, it is understood that the entire bidding/procurement process conformed to PPRA Rules, and therefore, the Board accorded its approval for issuance of purchase order for 3<sup>rd</sup> year production to M/s NAMCO Associates (Pvt) Ltd Lahore, PC Pole Plant Jahanian District Khanewal as per rates & quantities mentioned in table above amounting to Rs.410.130 Million including 17% GST for manufacturing & supply of Spun Hollow PC Poles to MEPCO as per agreement.

#### **ii. Approval for procurement of transformer oil Qty 100,000 Liters against Tender No. 123 dated 08.03.2016.**

The agenda was presented by Chief Engineer (P&E). The Board was intimated that the tender inquiry regarding procurement of following Reclamation Workshop Items was floated to meet the additional demand of Reclamation workshop Multan for the F.Y 2015.-2016 after obtaining approval from

Competent Authority. The present tender was opened on scheduled date and by the tender opening committee. Only One (01) Firm purchased the tender documents and participated in the tender opening process and quoted per litre rates on FCS basis without GST, detail as below:

Sr No	Name of Firm	Transformer Oil Bulk Supply
1	M/s Oil Industries	77.50

The rate Comparison of previous Purchase rate is as under:-

Present Tender Rate	MEPCO 05/2015	FESCO 10/2015	PWF Lhr 08/2014	GEPCO 7/2014
77.50	98.50 (Bulk Supply)	101.19 (With Drum)	142.36 (Bulk Supply)	132.22 (With Drums)
	-21.31			

The rates of Transformer Oil are based upon the price of Lube Base Oil (65 NHV1) of Attock Petroleum (Ex-National Refinery) on price adjustment basis wherein other charges remains constant and oil price will be adjusted on the basis of Base Oil price at the time of offer of inspection by the firm. The rate break up is as under:-

	Present Mepco Tender rate dt 8.03.2016	Previous Mepco Tender Rate dt 13.08.2015
Quoted Price	77.50	95.50
Base Oil Price	41.50	59.50
Other Charges' Including blending, Labour and Transportation etc	36	36

The Tender Technical/Commercial Evaluation Committee has already vetted the case for procurement of above item. The Board was further apprised that Procurement Committee has also recommended the case to the Board for its approval. The Board was requested to accord its approval for procurement of 100000 Litres Transformer Oil amounting to Rs. 7.750 Million @ Rs. 77.50 per Litre excluding GST (depending upon Base Oil price 65 NHVI of M/S Attock Petroleum (Ex National Refinery)).

#### **Decision**

Considering recommendations of the Procurement/Evaluation Committee it is understood that the entire bidding/procurement process conformed to PPRRA Rules, and therefore, the Board accorded its approval for procurement of 100000 Litres Transformer Oil amounting to Rs. 7.750 Million @ Rs. 77.50 per Litre Excluding GST (depending upon Base Oil price 65 NHVI of M/S Attock Petroleum Ex National Refinery).

#### **iii. Approval for procurement of T&P items against Tender No 69 dated 11.11.2015**

The agenda was presented by Chief Engineer (P&E). The Board was apprised that a tender notice for procurement of T&P Items was floated in widely circulated in news papers after obtaining approval of Competent Authority. Tender opening Committee opened the tender on specified date & time. Six firms purchased the tender documents, participated in the tender, and quoted their tender rates on FCS basis without GST.

Name of Firm	Safety Belt 2000 Nos	Screw Driver 6" 400 Nos	Screw Driver 8" 400 Nos	Safety Boots 3000 Pairs	Bolt Cutter 200 Nos
M/S W.S & Co.	1150/-	-	-	-	-
M/S Lifting Equip	-	-	-	-	3193/-
M/S Service Shoes	-	-	-	2850/-	-
M/S Globe Traders	-	-	-	2260/- Hush Puppies	-
M/S MIB & Co	-	165/-	195/-	-	-
M/S Al-Madad	1150/-	130/-	140/-	-	2700/-

The rate Comparison of previous Purchase rate is as under.

	Safety Belt	Screw Driver 6"	Screw Driver 8"	Safety Boots	Bolt Cutter
Present tender: Rate	1150/-	130/-	140/-	2260/-	2700
Previous DISCOs Rates	1090/- 03/15 Mepco 1090/- 2/15 Qesco	120/- 5/2015 GEPCO	-	2450/- 09/14 Mepco 2450/- 02/15 Qesco	2297/- 06/2014 MEPCO
% INC / DEC	5.50	8.33	-	-7.75	17.54

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The Senior Engineer (Safety) MEPCO has recommended purchasing the above T&P Items, rate of item No 5, i.e Bolt Cutter is 17.54 % increase from previous purchase rate. The 1<sup>st</sup> Lowest firm M/S Globe Trader Brand Name (Hush Puppies) of Item No 4 i.e. Safety Boots has entered in MEPCO tender first time. The quoted price of this firm is 26.10 % lower than the rate of M/S Service Shoes. M/S Service shoes increases their prices of Safety Boots up to 147% during last 08 year. However, the lowest firm M/S Globe Trader has not valid Prototype approval of C.E (D&S) Lahore. Tender Technical / Commercial Evaluation Committee has vetted the case for Procurement of following T&P Items. Safety Boots is selected from tender lowest firm i.e M/S Globe Traders (Hush Puppies) due to less offered rates as compared to the rate of Service Shoes. However, M/S Globe Trader will be bound to obtain Prototype approval from C.E (D&S) Lahore before supply of material as per WAPDA approved Specifications. The Board was further intimated that Procurement Committee has also recommended the case to the Board for its approval. The Board was requested to accord its approval for procurement of following T&P items from Tender Lowest Firms. The Procurement Cost would be amounting to Rs.9.188 Million (Excl. Taxes).

Description	Qty	Rate	Name of Tender Lowest Firm
Safety Belt	2000 Nos	1150	AL-Madad / W.S &Co
Screw Driver 6"	400 Nos	130	AL-Madad
Screw Driver 8"	400 Nos	140	AL-Madad
Safety Boots	3000 pairs	2260	Globe Traders

#### **Decision**

Considering recommendations of the Procurement/Evaluation Committee, it is understood that the entire bidding/procurement process conformed to PPRRA Rules, and therefore, the Board accorded its approval for purchase of T&P Items against Tender No. 69 dated 11.11.2015 as tabulated above amounting to Rs. 9.188 Million (Excluding GST), wherein Safety Boots will be purchased from tender lowest firm M/S Globe Traders 1<sup>st</sup> time participated in MEPCO tender. However, M/S Globe Trader will be bound to obtain Prototype approval from C.E (D&S) Lahore before supply of material as per WAPDA approved Specifications.

#### **iv. Approval for Renewal of power purchase agreement for purchase of up to 08-MW Bagasse Based Power from M/S Thal Industries Corporation Ltd (Layyah Sugar Mills) Karor Road Layyah for crushing season 2016-17, w.e.f 06-02-2016 to 05-02-2017.**

The agenda was presented by Convener Power Purchase Committee MEPCO. The Board was apprised that MEPCO has been purchasing 08MW bagasse based power from M/s Thal Industries Corporation Limited (TICL) Layyah Sugar Mills Karor Road Layyah under CPP policy framework on take & pay basis. An amended Power Purchase Agreement (PPA) was signed on 11.12.2015 which was effective from 06.02.2015 to 05.02.2016 in the light of decision passed by NEPRA Authority in the matter of SUO MOTO review proceedings initiated by NEPRA for revision / modification of fuel cost component indexation mechanism vide NEPRA letter No. NEPRA/R-89/15337 dated 24.11.2014. NEPRA has declared fuel cost component for crushing season 2014-15 as Rs.7.82/KWH. As per NEPRA decision regarding fuel cost component indexation, the Authority will declare fuel cost component rate every year on 1<sup>st</sup> of October. NEPRA has already been requested to communicate the fuel cost component for the crushing season 2015-16. Reply of NEPRA is still awaited. Power Producer vide letter No. Nil dated 09.03.2016 requested to renew / extend the PPA for crushing season 2016-17 (w.e.f. 06.02.2016 to 05.02.2017). The MEPCO PPC has unanimously recommended the case for extension of PPA with M/s TICL for purchase of 08MW bagasse based power for crushing season 2016-17 (w.e.f. 06.02.2016 to 05.02.2017) on take & pay basis subject to the determination of tariff by NEPRA. Unit rate for crushing season 2014-15 was Rs. 7.82/KWH. The Board was further informed that Procurement Committee has also recommended the case to the Board for its approval. The Board was requested to accord its approval for purchasing the 08 MW bagasse based power from M/s Thal Industries Corporation Limited (Layyah Sugar Mills) Karor Road Layyah for crushing season 2016-17 (w.e.f. 06.02.2016 to 05.02.2017) for a period of one year at the unit rate to be approved by NEPRA (NEPRA approved rate for crushing season 2014-15 was Rs. 7.82/KWH). The Board was further informed that metering will be carried out at 132KV MEPCO Grid Station Layyah.

#### **Decision.**

Considering recommendations of the Procurement/Power Purchase Committee, it is understood that the entire process conformed to departmental SOPs/rules and regulations, and therefore, the Board accorded its approval for purchasing the 08 MW bagasse based power from M/s Thal Industries

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Corporation Limited (Layyah Sugar Mills) Karor Road Layyah for crushing season 2016-17 (w.e.f. 06.02.2016 to 05.02.2017) for a period of one year at the unit rate to be approved by NEPRA (NEPRA approved rate for crushing season 2014-15 was Rs. 7.82/KWH). The metering will be carried out at 132KV MEPCO Grid Station Layyah.

**v. Approval for procurement of Disc Insulators Financed under MEPCO's Own Resources against Tender No. PMU-MEPCO-47-2015 (Lot-IV).**

The agenda was presented by Chief Engineer (Development) MEPCO. The Board was apprised that as per annual requirement for ongoing works of GSC procurement of the below mentioned material is being carried out through National Competitive Bidding. Status of the under procurement material is given as under:-

Item Description	Store Balance	Annual Requirement		Net to be procured
		GSC	Total with 20% additional qty	
Disc Insulators 100-KN	29014	32992	39590	11,000
Disc Insulators 80-KN	32845	40625	48750	16,000
Fog Type Disc Insulators 100-KN	--	290	350	350

Tender No. PMU-MEPCO-47-2015 (Lot-IV) for procurement of above mentioned material required by GSC formation was opened by the standing Tender Opening Committee. Only single bidder participated in this lot. The offered rate is tabulated below:- (Quoted Bid Prices for LOT-IV)

Sr. No.	Name of Bidders	Quoted Bid Price (FCS) Without GST & SED	Relative Price Expressed in %Age
1	M/s Emco Industries, Lahore	28,899,650	100

The bid was sent to MEPCO Evaluation Committee for evaluation. According to committee M/s Emco Industries, Lahore has been declared evaluated responsive bidder and recommended for award of the contract. The office of CE (Dev) also agrees with the recommendation of committee. So, it was therefore suggested that contract may be awarded to single evaluated responsive bidder i.e. M/s Emco Industries, Lahore at FCS Bid Price i.e. PKR 28,899,650.

The rate comparison with TESCO Previous Purchase rate is as under:-

Sr. No.	Description of Material	Qty.	Per Unit FCS Rate offered by M/s Emco, Lahore	TESCO Previous P.O. dt: 15.02.16
1	Disc Insulators 100-KN	11,000	1,060	1698
2	Disc Insulators 80-KN	16,000	990	1700
3	Fog Type Disc Insulators 100-KN	350	3,999	--

The approval for procurement worth this amount falls under the competency of Chief Executive Officer MEPCO but due to participation of only single bidder the approval is to be obtained from next higher authority i.e. MEPCO Board of Directors as per NTDC Book of Financial Power-2007 Section-IV Clause -2 for placing LOI / P.O. in favor of M/s Emco Industries, Lahore. The Board was further informed that Procurement Committee has also recommended the case to the Board for its approval. The Board was requested to accord its approval for issuance of LOI/P.O in favor of M/s Emco Industries, Lahore amounting to Rs. 28,899,650/- (Without GST & SED) for procurement of Disc Insulators Financed under MEPCO's own resources against Tender No. PMU-MEPCO-47-2015 (Lot-IV).

**Decision**

Considering recommendations of the Procurement/Evaluation Committee, it is understood that the entire bidding/procurement process conformed to PPRA Rules, and therefore, the Board accorded its approval for issuance of LOI/P.O in favor of M/s Emco Industries, Lahore amounting to Rs. 28,899,650/- (Without GST & SED) for procurement of Disc Insulators Financed under MEPCO's own resources against Tender No. PMU-MEPCO-47-2015 (Lot-IV).

**vi. Approval for Construction of XEN/RO Office Complex at 132 KV Grid station Karor Pacca.**

The agenda was presented by the Chief Engineer (P&E). The Board was informed that new operation Division Karor Pacca started its functioning w.e.f 01.07.2015 in rented building and S.E (OP) MEPCO Circle Bahawal Pur vide letter No.1591-92 dated 30.07.2015 has intimated that sufficient space is available at 132 KV Grid Station Karor Pacca for construction of Multi Storey Building to accommodate the XEN/ RO office. Sub Engineer (Civil) visited the site and found that 02-No. Old Quarters are existing at proposed site. The condition of these old Quarters is much deteriorated.

*W*



Dismantling of these quarters is essential for construction of Multi Storey Building. The estimate amounting to Rs.2,41,54,110/- as per WCSR-2013 (Zone-3) was framed to cover the probable cost of work. The case was presented for approval to the procurement committee of BOD MEPCO and Committee in its meeting held on 14.03.2016 vide agenda item No.4 instructed the Chief Engineer (P&E) "to review the construction of XEN/RO office at Karor Pacca ensuring that the office building and parking of the offices should be enough to meet with the future requirement". In compliance, the site has been revisited by Manager (Civil) and alternate location on the Sub Divisional Offices side is being proposed with provision of sufficient parking space as well as future extension. At this location all the Operation offices will have independent boundary and approach at 132 KV Grid Station Karor Pacca. According to new location plan the estimated cost has been decreased to Rs.2,04,01,710/-. The Board was requested to accord its approval for execution of work and calling tenders, besides admin approval to the estimate amounting to Rs.2,04,01,710/- for construction of XEN/RO Office at 132 KV Grid Station Karor Pacca.

#### **Decision**

Considering recommendations of the Procurement Committee, it is understood that the entire bidding/procurement process conformed to PPRA Rules, and therefore, the Board accorded its approval for execution of work and calling tenders, besides admin approval to the estimate amounting to Rs.2,04,01,710/- for construction of XEN/RO Office at 132 KV Grid Station Karor Pacca.

#### **AGENDA ITEM NO.6**

##### **To consider and accord approval for the following matters relating to HR Committee**

##### **i. Approval for creation of post of Chief Internal Auditor (BPS-20).**

The agenda was presented by HR & Admn Director. The Board was apprised that as per directions of Audit Committee of MEPCO BOD, post of Manager (Internal Audit) was advertised and interview was held on 11.02.2016. Due to non availability of suitable candidate, the Departmental Selection Committee (DSC) / MEPCO BOD desired to re-advertise the post of Chief Internal Auditor. Accordingly, MEPCO has advertised the post of Chief Internal Auditor on 15.02.2016 with the following age and qualification, Age: 35 to 50 years as on closing date, Qualification and experience: "Associate Member of Institute of Chartered Accountants of Pakistan (ICAP) with 05 years post qualification experience in relevant field." and Pay Package: Rs.250,000 to Rs.350,000 (negotiable). As per Securities & Exchange Commission of Pakistan (SECP) Notification dated 08.03.2013, there shall be an internal audit function in every Public Sector Company and Chief Internal Auditor will be the head of internal audit function. At present, the post of Chief Internal Auditor is not sanctioned in MEPCO. There is only one post of Chief Internal Auditor at PEPCO level which is also normally filled through promotion. The seniority of Manager (Internal Audit) is also maintained at PEPCO level. Out of 09 applications received by NTS, 04 Nos. candidates were eligible for the post of Chief Internal Auditor. NTS has conducted written test and only one candidate has qualified for interview. The HR & Admin Director has requested Ministry of Water & Power, Islamabad to issue NOC / permission for recruitment of Chief Internal Auditor (BPS-20). In response to above letter, Ministry of Water & Power, has desired to provide the existing internal audit mechanism along with grade wide sanctioned strength of MEPCO and justification for the advertisement of the post Chief Internal Auditor prior to obtaining NOC from Federal Govt. in light of recruitment policy dated 22.10.2014. In view of above, following is suggested:-

- i. The post of Chief Internal Auditor is not a sanctioned post, which may be sanctioned. The recruitment of Chief Internal Auditor may be made by obtaining prior NOC / permission from Federal Govt. through Ministry of Water & Power.
- ii. Ministry of Water and Power may be requested to provide the officer on deputation in MEPCO for the post of Chief Internal Auditor for a period of 02 years.
- iii. As only one candidate has passed the written test, therefore, interviews may be postponed till NOC / permission from Ministry of Water & Power.

Keeping in view the requirement of Securities & Exchange Commission of Pakistan and importance of the post of the Chief Internal Auditor, the Board was requested to accord approval for creation the post of Chief Internal Auditor (BPS-20), and also grant approval on the above 03 proposals.

#### **Decision**

The Board accorded its approval for creation the post of Chief Internal Auditor (BPS-20), as per SECP requirement.

## AGENDA ITEM NO.7

### To consider and accord approval for the following matters relating to Audit Committee

#### i. Approval for Insurance of newly purchased vehicles.

The agenda was presented by HR & Admn Director MEPCO. The Board was informed that below mentioned 23 No. vehicles may be got Insured after adopting one of the following options:-

Sr. No.	No. Vehicles	Type of Vehicle	Model	Remarks
a	01	Toyota Fortuner	2015	Newly purchased
b	01	Toyota D/Cabin	2015	Newly purchased
c	01	Toyota Corolla Xli	2015	Newly purchased
d	11	Toyota Pickups	2015	Newly purchased
e	03	Hino Coasters	2015	Newly purchased
f	02	Suzuki Cultus	2015	Being purchased
g	04	Toyota Pickups	2014	Gifted by US Aid

As per WAPDA Transport Rules Edition-2007, all new vehicles will be insured comprehensively through Government owned/ National Insurance Corporation Limited for the first two years. Therefore Quotations/Bids were called through advertisement in National News Papers, however National Insurance Corporation Limited did not submit its quotations/Bids. The following options are available to select a suitable Insurance Company.

#### **Option-I.**

Askari General Insurance Company Limited has offered comprehensive Motor Private Car Insurance at 2.35% without Tracker (inclusive of Government charges and Taxes).Rs.1,346,221/- The Tracker is installed for Insured period at cost of (Rs.16000/-one time only) + 2.35% Rs.1,714,221/-. The rating of Company is "A +"

#### **Option-II.**

United Insurance Company of Pakistan Limited has offered comprehensive Motor Private Car Insurance without Tracker at 2.40% Rs.1,374,864/- & with Tracker at 3.40 Rs.1,947,724. The rating of Company is "A +".

#### **Option-III.**

UBL Insurers has offered comprehensive Motor Private Car Insurance without Tracker at 2.8% Rs.1,604,008/- (inclusive of Government charges and Taxes). The rating of Company is "A +"

#### **Option-IV.**

The Crescent Star Insurance Company Limited has offered comprehensive Motor Private Car Insurance at without Tracker at 1.85% Rs.1,059,790/- with Tracker 2.30% Rs.1,317,578/- (inclusive of Government charges and Taxes. (copy at F/E). The rating of Company is "A".

#### **Option-V.**

SPI Insurance Company Limited has offered comprehensive Motor Private Car Insurance without Tracker at 2.40% Rs.1,374,864/- (inclusive of Government charges and Taxes). with Tracker at 3.40%. Rs.1,947,724/- The rating of Company is "A -".

#### **Option-VI.**

Shaheen Insurance Company Limited has offered comprehensive Motor Private Car Insurance without Tracker at 1.95%. Rs.1,117,077/- (inclusive of Government charges and Taxes).. The rating of Company is "A "

#### **Option-VII.**

Asia Insurance Company Limited has offered comprehensive Motor Private Car Insurance without Tracker at 2.25%. Rs.1,288,935/- (inclusive of Government charges and Taxes). With Tracker 3.15%-Rs.1,804,509/-. The rating of Company is "A ".

The scrutiny/purchase committee of MEPCO HQ recommended (option I) M/S Askari General Insurance Company Limited for insurance of above mentioned MEPCO vehicles, subject to approval of MEPCO BOD for waive off the WAPDA Transport Rules 2007 regarding National Insurance Corporation Limited and on the basis of following:-

- A + Rating
- Minimum insurance premium (without Tracker) 2.35% Rs.1,346,221/-
- Minimum insurance premium with Tracker (Rs. 16000/- unit tracker cost one time only) + 2.35% Rs.1,714,221/-
- Taxes are included in quoted rate.

The Board was further intimated that the case was presented to the Audit Committee with the request to recommend the case to the Board to accord its approval for Insurance of below mentioned 23

vehicles from Askari General Insurance Company Limited instead of above mentioned Insurance Companies and waiving the WAPDA Tpt Rules 2007 (regarding NICL) at the cost of Rs. 1,714,221/- with Tracker as under:-

Sr. No.	Type of Vehicle	No. of Vehicles (Nos.)	Unit price of Vehicles (Rs.)	Total Price of Vehicles (Rs.)	Insurance premium with tracker (Rs.)
a	Toyota Fortuner	01	5129000	5129000	136,532
b	Toyota D/Cabin	01	3442000	3442000	96,887
c	Toyota Corolla Xli	01	1645000	1645000	54,658
d	Toyota Pickups	11	1910000	21010000	669,735
e	Hino Coasters	03	5400000	16200000	428,700
f	Suzuki Cultus	02	1160000	2320000	86,520
g	Toyota Pickups	04	1885000	7540000	241,190
<b>Total:-</b>		<b>23</b>	<b>20571000</b>	<b>57286000</b>	<b>1,714,221</b>

The Committee observed that insurance at 2.35% without Tracker (inclusive of Government charges and Taxes) quoted by M/S Askari General Insurance Company Limited is on higher side and instructed the HR & Admn Director to scrap off the Tender & re-advertise the same. Upon the suggestions of the Members, the Committee further instructed the Finance Director to carry out the detailed study and submit a proposal for insurance of Distribution Assets of the Company from reputed Insurance Companies including NICL in next Audit Committee Meeting. The Board was requested to consider the matter in the light of recommendations and instructions of the Audit Committee.

#### **Decision**

The Board instructed the HR & Admin Director to scrap off the Tender being the quoted rates on higher side and re-advertise the same. The Board also instructed the Finance Director to comply with the instructions by the Committee as narrated above.

#### **ii. Approval for writ off an amount of Rs. 5,460,400/- in Draft Para No.672/2013-14 based on Para No.02 13.10 of AR 2013-2014 on account of Project Director (GSC) MEPCO Multan.**

The agenda was presented by Chief Engineer (Development). The Board was apprised that the work for Tower Foundation, Erection of Tower, Stringing, Testing & Commissioning of 132 KV Transmission Line Lal Sohanra-Karor Pacca was awarded to M/S Al-Khurrum Associated Multan vide office work order No.4817-18 dated 17.01.2012, during execution of the work, it was observed that Location No. 23 & 24 are falling in River (Satluj) flow area. In view of the changed situation, it was found appropriate to construct Pile Foundation at the said locations. Therefore, the matter was referred to Chief Engineer Design (NTDC) Lahore, for review of design and Chief Engineer NYDC, approved the revised profile against Location No. 23 & 24, vide his letter No. 633-35 dated 24.01.2013. The project activities at site were on going and due to pressure for completion of the project by donor agencies, it was not practicable to float fresh tender for the said two locations. Moreover, it was apprehended that Tendering process, would take sufficient time to push the execution of the activity in summer season during, flood months which may delay in completion of Transmission Line. The Board was further informed that the case was presented to the Audit Committee with the request to recommend the case to the Board to accord its Ex-Post Facto approval for awarding additional work to M/S Al-Khurrum Associate Multan for Rs. 5,460,400/- which is 45% of the original cost and extension in time of Eleven Months for settlement of the Draft Para No. 672/2013-14. Upon the query of the Members, the Committee was apprised that a separate inquiry is being conducted to fix the responsibility for not getting approval from the Competent Authority in time. The Committee recommended the case to Board for its approval subject to provision of the Inquiry Report in next Audit Committee Meeting. The Board was requested to consider the case.

#### **Decision**

Considering recommendations of the Audit Committee, it is understood that the entire process conformed to departmental SOPs/Rules and regulations, and therefore, the Board accorded its Ex-Post



Facto approval for awarding additional work to M/S Al-Khurram Associate Multan for Rs. 5,460,400/- which is 45% of the original cost and extension in time of Eleven Months for settlement of the Draft Para No. 672/2013-14 subject to provision of the Inquiry Report in next Audit Committee Meeting.

**iii. Approval for un-audited Half Yearly Accounts ended 31<sup>st</sup> Dec, 2015**

The agenda was presented by Finance Director. The Board was apprised that MEPCO's half yearly Accounts, for the period from July, 2015 to December, 2015, have been completed and are required to be approved by Audit & Finance Committee and thereafter by BOD. The Board was further intimated that Audit Committee has also recommended the case to the Board for its approval of unaudited half yearly interim Accounts of the Company for the period from July, 2015 to December, 2015. The salient features of Profit & Loss Account is given below:-


i.	Electricity Sales.	69,451 Million
ii.	Cost of Electricity.	57,661 Million
iii.	Gross Profit/(Loss).	11,790 Million
iv.	Operating Cost.	6,795 Million
v.	Depreciation.	1,689 Million
vi.	Fin: Charges.	540 Million
vii.	Total Operating Exp.	9,024 Million
viii.	Total Operating/(Loss).	2,766 Million
ix.	Other Income.	1,285 Million
x.	Profit/(Loss) for the period from July, 2015 to December 2015.	4,051 Million

The Board was further informed that Audit Committee has also recommended the case to the Board for its approval. the Board was requested to accord its approval of unaudited half yearly interim Accounts of the Company for the period from July, 2015 to December, 2015.

**Decision**

Considering recommendations of the Audit Committee, the Board accorded its approval of unaudited half yearly interim Accounts of the Company for the period from July, 2015 to December, 2015.

The Meeting ended with thanks to and from the Chair.

  
(Engr: Sajid Yaqoob)  
Company Secretary MEPCO