

# MULTAN ELECTRIC POWER COMPANY

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No. 43841-64 /Company Secy

Office of  
The Company Secretary

Dated: 5-8-20

1. Mr. Akhlaq Ahmad Syed  
House No.162, Street No. 73,  
G-9/3, Islamabad.
2. Engr: Tahir Mahmood  
Chief Executive Officer,  
MEPCO Multan.
3. Mr. Khalid Masood Khan,  
10-Green Lane, Zakaria Town  
Bosan Road, Multan.
4. Mr. Saadullah Khan  
House No.49/1, Street No.1, Phase-2 DHA  
Lahore-54792.
5. Sheikh Fazal Elahi  
President, Multan Chamber of Commerce & Industry  
Shahrah-e-Aiwan-e-Tijarat-o-Sanat,  
Near Kalma Chowk, Multan
6. Mr. Shafiq Ahmad Malik  
Addl.Commissioner (Consolidation)  
Multan.
7. Muhammad Anwer Sheikh,  
Joint Secretary (CF-II), Govt of Pakistan  
Finance Division Islamabad.

**Sub:-MINUTES OF 160<sup>th</sup> BOD MEETING HELD ON 25-07-2020.**

Enclosed please find herewith Minutes of 160<sup>th</sup> BOD Meeting held on 25-07-2020, (Saturday) at 10:00 AM in Board's Meeting Room, MEPCO HQ, Khanewal Road Multan, for information and necessary action please.

DA/as above

  
COMPANY SECRETARY MEPCO

Copy to:-

1. Finance Director, MEPCO Ltd Multan.
2. HR/Admn: Director MEPCO Ltd Multan.
3. General Manager (Tech) MEPCO Ltd Multan.
4. General Manager (Op) Distn: MEPCO HQ Multan.
5. Chief Engineer/CS Director MEPCO Ltd Multan.
6. Chief Engineer (T&G) MEPCO Ltd Multan.
7. Chief Engineer (Development) HQ Multan.
8. Chief Engineer (Planning) HQ Multan.
9. Chief Engineer (O&M) HQ Multan.
10. DG (IS) MEPCO HQ Multan.
11. Project Director Construction MEPCO HQ Multan.
12. Manager (Security) / Transport MEPCO Multan.
13. Manager Internal Audit, MEPCO HQ Multan.
14. Manager (L&L) MEPCO HQ, Multan.
15. Manager (MM) MEPCO HQ Multan.
16. Manager (Civil) MEPCO HQ Multan.
17. Addl: Manager (Public Relations) MEPCO HQ Multan.

For information with the request to provide compliance status on the decisions/directions of the Board meeting within week time positively.

# **MULTAN ELECTRIC POWER COMPANY**

## **MINUTES OF 160<sup>TH</sup> BOD MEETING, HELD ON 25.07.2020 (SATURDAY) AT 10:00 AM IN BOARD'S MEETING ROOM, MEPCO HEAD QUARTER KHANEWAL ROAD MULTAN.**

- |                             |                               |
|-----------------------------|-------------------------------|
| 1. Mr. Akhlaq Ahmad Syed    | Chairman (Through Video Link) |
| 2. Engr. Tahir Mahmood      | Director/CEO                  |
| 3. Muhammad Anwar Sheikh.   | Director (Through Video Link) |
| 4. Mr. Khalid Masood Khan   | Director (Through Video Link) |
| 5. Sheikh Fazal Elahi       | Director (Through Video Link) |
| 6. Mr. Shafique Ahmad Malik | Director (Through Video Link) |
| 7. Mr. Saadullah Khan       | Director (Through Video Link) |
| 8. Mr. Sajid Yaqoob         | Company Secretary             |

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

- |                               |                      |
|-------------------------------|----------------------|
| 1. Mr. Aftab Fazal            | Finance Director     |
| 2. Mr. Nasar Hayat Maken      | D.G (HR & Admin)     |
| 3. Engr. Tariq Mahmood Buttar | General Manager (OP) |
| 4. Syed Ahsan Mohy-ud-din     | General Manager (CS) |

Meeting started under the Chairmanship of Mr. Akhlaq Ahmad Syed. Chairman noted the quorum and declared the meeting to be in order. Proceedings commenced with recitation of Verses from the Holy **Quran** by Mr. Akhlaq Ahmad Syed.

The Members and key management personnel declared that they are not directly or indirectly, concerned/interested in any contract or arrangement being considered in this Board meeting.

*Following agenda items were presented to the Board, the resultant discussions and decisions of the BOD are narrated as under:-*

### **AGENDA ITEM NO. 1**

#### **Leave of absence of Honorable Members of BOD Meeting.**

The Chairman of Board of Directors noted that all the members are available.

### **AGENDA ITEM NO. 2**

#### **To consider and confirm the minutes of the 159<sup>th</sup> BOD Meeting held on 30.06.2020.**

Company Secretary apprised that the Minutes of 159<sup>th</sup> BOD Meeting held on 30.06.2020 dully endorsed by the Chairman BOD were circulated among all Board Members. The Chairman BOD invited the attention of all Members for offering any reservation(s)/comments(s) regarding approval of the minutes.

#### **Resolution**

**160-BOD-R1** There being no objection from the house, **RESOLVED** that the Minutes of 159<sup>th</sup> BOD Meeting held on 30.06.2020 be and is hereby confirmed as true record of the proceedings of the meeting.

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

#### **Compliances on directions of BOD and its Committee meetings.**

#### **Resolution**

**160-BOD-R2** **RESOLVED** that deliberation upon above mentioned agenda is hereby deferred.

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

##### **Briefing upon performance review ending 06.2020.**

Syed Ahsan Mohy-ud-din General Manager (CS) gave a detailed presentation to the Board on the Company's progressive performance ending June, 2020 as compared with same period of financial year 2019.

At very outset, he apprised the Board that T&D line losses during last financial year have been decreased by 0.6%. All the circles have decreased their line losses except Muzaffar Garh Circle. The main reason for increase in line losses in Muzaffar Garh Circle was shifting of PARCO from MEPCO system to LNG. However, there is decrease in line losses of M/Garh Circle excluding the effect of PARCO. While responding to query of members, GM (CS) intimated the Board that line losses target for next financial year has been fixed for 14.75% and line losses target for all lower formations has been set accordingly. The Board desired that action plan along with set targets for lower formations should be shared with Board in next performance review.

While explaining the recovery position, he informed the Board that Company has achieved 94.2% recovery against 99.8 %. This less recovery percentage is mainly due to Government's decision to allow installments for customers due to COVID-19. Considering the effect of COVID-19; recovery position was termed as satisfactory by Board.

Continuing with his briefing, he stated that there are 16021 No. defective meters which need replacement. The aging analysis of defective meters is that 10910 No. are having age 1 month, 4,823 No. are having age 2-3 months and 67 No. are having age 4-6 months. Furthermore, 67,388 new connections are pending. The aging analysis of pending ripe new connections is that 40562 No. are having age 1 month, 24461 No. are having age 2-3 months, 1744 No. are having age 4-6 months and 621 No. having age above 6 months. Upon query of members, GM (CS) intimated the Board that defective meters having age above 1 month have already been replaced during July. Whereas; ripe new connections having age more than 1 month are mainly industrial and tubewell connections which involve installation of Transformers. The members desired that management should exert all efforts for replacement of defective meters and installation of new connection having age more than 1 month.

Finance Director also apprised the Board about invoices received from CPPA and remittances paid to CPPA.

Considering the ongoing COVID-19 pandemic and its adverse impact on all social sectors, Board showed its satisfaction upon overall Company's performance. However, the Chairman observed that presentation lacks the information regarding No. of Distribution Transformers damaged, total number of consumers who made complaints about Voltage, Average duration of load shedding (hrs.), Total Consumer Service Complaints received by DISCO during the year, Fault Rate (faults/km) of distribution system and electrical incident resulting in death or permanent serious injury/disability to the member of staff or public etc. Chairman proposed that all these parameters should also be included in the presentation of Performance Review. All other members unanimously agreed with the proposal.

During the course of discussion, members had detailed debate regarding Board's roles to contribute towards betterment in Company's performance. CEO proposed that monthly performance review should be carried out by the Board on the template which is in practice while giving presentation to Ministry and MD PEPCO. Mr. Saadullah Khan commented that Board should exert its all effort to ensure the sound corporate governance strategy is in place which should provide guidance for achievement of targets of defined KPIs up to lower levels through Chief Executive Officer. The mechanism should also define the performance accountability for at least senior level executives. Good performances should be rewarded and bad performance should be penalized in a way that only

good performers can come up to top level. As of now, while going through the cases of promotion or up gradation, it has been observed that employee with so many penalties during his service has been rated as very good in ACR/PER which means that penalties has minor impact on evaluation of the employee. The members were of considered view that performance targets are fixed during approval of budget, investment and procurement plans etc. however; there is no monitoring and evaluation mechanism which should guarantee the achievement of targets.

After detailed discussion and deliberation, it was agreed that a comprehensive Performance Contract Agreement should be devised and signed with Chief Executive Officer being leader of the organization. The Performance Contract should contain the benchmarks from Budget Targets/Assumptions, NEPRA Performance Indicators, investment procurement plans and Tariff Petitions submitted to NEPRA. The Performance Contract should define the method of monitoring and frequency of evaluation.

Board directed as follows.

**Direction**

**160-BOD-D1 Directed** the GM (CS) to give a presentation to Board every month on analogy of template given to Ministry and PEPCO. However, the presentation should include following performance indicators if not included in that template.

1. Status of Damaged Distribution Transformers.
2. System Average Interruption Frequency Index (SAIFI).
3. System Average Interruption Duration Index (SAIDI).
4. Percentage consumers who were not given new connection in permitted time period.
5. Total number of consumers who made complaints about Voltage.
6. Average duration of load shedding (hrs).
7. Total Consumer Service Complaints received by DISCO during the year.
8. Fault Rate (faults/km) of distribution system.
9. Electrical incident resulting in death or permanent serious injury/disability to the member of staff or public.

**160-BOD-D2 Directed** DG (HR & Admin) to prepare draft of Performance Contract Agreement to be signed with Chief Executive Officer. The Performance Contract should contain the benchmarks from Budget Targets/Assumptions, NEPRA Performance Indicators, investment procurement plans and Tariff Petitions submitted to NEPRA. The Performance Contract Agreement should also define mechanism of monitoring and frequency of evaluation.

**AGENDA ITEM NO. 5**

**Approval for payment of Hardship allowance to employees of MEPCO.**

The agenda was presented by HR& Admin Director apprising the Board that the subjected agenda was presented in 18<sup>th</sup> HR Committee meeting held on 24.07.2020. He apprised the Board that GM (HR) PEPCO WAPDA House, Lahore vide office letter No. 6182-6202/MDP/SWD/50 dated 20.07.2020 has conveyed the approval of Competent Authority for payment of Hardship Allowance equal to one month running basic pay to all employees of PEPCO / DISCOs / PITC on account of circumstances encountered by the employees during Covid-19 period and improved recovery position. Payment of Hardship Allowance will be as per following criteria:-

- a) It will be admissible to all employees (Regular / Contract / Deputation / Daily Wages) working on the payroll of respective company for six months or more on the date of issue of notification.
- b) Daily Wages employees must have originally appointed at least one year back from issuance of order. They would be allowed Hardship Allowance equivalent to minimum of pay scale of their posts.
- c) The employees involved in acts of misconduct viz corruption, theft of electricity, embezzlement, fraud and unethical acts / gross misconduct etc. will not be entitled.

- d) The employees who are under any enquiry / investigation in the department as well as in NAB / FIA etc. will not be eligible. In case of exoneration from the charge, the employee will be entitled for Hardship Allowance.
- e) The employees on extra ordinary leave or on deputation abroad will not be entitled.
- f) An employee penalized (major penalty) under E&D rules during last one year will not be entitled.

Continuing with his briefing, he mentioned the following with the request to allow hardship allowance for the following as under:-

- a) 7 Nos. officers while working in other DISCOs were promoted and posted in MEPCO however; their service in MEPCO is less than six months. Previously, MEPCO BOD has accorded approval through circular resolution No. 05/2019 dated 30.05.2019 for grant of bonus to employees transferred to MEPCO having less than six month stay subject to provision of certificate of previous company from where these employees have been transferred to the affect that these employees have not taken bonus from their last company.
- b) 01 x No. officer has been engaged on lump sum package in MEPCO. It was proposed that he may be allowed Hardship allowance @50% of the lump sum package.

Board was requested to accord approval for following:-

- i. Payment of Hardship Allowance equal to one month running basic pay to all MEPCO Employees as per parameters mentioned in PEPCO letter No. 6182-6202/MDP/SWD/50 dated 20.07.2020 on account of circumstances encountered by the employees during Covid-19 period and improved recovery position i.e. 109.38% as well as Line Losses have been decreased by 0.4% during the month of June-2020. Moreover, during the financial year 2019-2020, 105-MKWH units have been saved (amounting to Rs. 1488 million).
- ii. Hardship Allowance be allowed to employees transferred to MEPCO and having less than six month stay subject to provision of certificate of previous company from where these employees have been transferred to the affect that these employees have not taken Hardship allowance from their previous company.
- iii. Hardship allowance equal to 50% of the lump sum package be allowed to employees engaged on lump sum package.


The Board was informed that HR Committee of the Board also recommended the case for Board's approval. The Board considered the case in detail and after due deliberation resolved as follows.

#### **Resolution**

**160-BOD-R3 RESOLVED** that despite hard working conditions encountered by the employees during Covid-19 period and recognition of improved recovery and line losses position, the Board accorded its approval for payment of Hardship Allowance for following:-

- i. Payment of Hardship Allowance equal to one month running basic pay to all MEPCO Employees as per recommended by PEPCO vide its letter No.6182-6202/MDP/SWD/50 dated 20.07.2020 ensuring compliance to the conditions stated in the referred letter.
- ii. Payment of Hardship Allowance to employees transferred to MEPCO and having less than six month stay will be subject to provision of certificate of their previous company from where they have been transferred to MEPCO that the subject employees have not taken this Hardship allowance from their previous company.
- iii. Payment of Hardship allowance equal to 50% of the lump sum package will be paid to employees engaged on lump sum package.

The resolution is based on the following confirmation by the management of MEPCO.

- a. No material information has been withheld and the working papers represent all facts of the case. 

- b. All legal and codal formalities have been complied with.
- c. There is no conflict of interest of any officer of the MEPCO.
- d. Certified that the case has been checked by the sponsoring officer and is complete in all respects for consideration of Board of Directors, MEPCO.
- e. Concerned official / officer of MEPCO's management would be liable for any omission / misstatement of the facts and figures in the working papers.

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

#### **Approval for advance payment for treatment of brain tumor in favour of Mr. Ghulam Mustafa, HDM-B MEPCO Shah Rukn-e-Alam Division Multan.**

The agenda was presented by HR& Admin Director apprising the Board that the subjected agenda was presented in 17<sup>th</sup> HR Committee meeting held on 12.06.2020. He apprised the Board that Mr. Ghulam Mustafa, HDM-B, MEPCO Shah Rukn-e-Alam Division Multan was diagnosed Brain Tumor. MS WAPDA Hospital Multan referred him to WAPDA Hospital Complex Lahore and was further referred to Nishtar Hospital Multan being complicated case. Specialist of Nishtar Hospital Multan further referred him to Agha Khan Hospital Karachi, where Surgery was recommended with estimated expenditure of Rs.750,000/- Later on, Chemotherapy procedure, radiation, follow up and oral medications were advised with approximate cost of Rs.980,000/-. He, therefore, requested for issuance of advance payment amounting to Rs.750,000/- + 980,000/- for his treatment at Agha Khan Hospital Karachi as the date of operation was fixed on 03.12.2018.

Continuing with his briefing, she stated that payment of advance for cardiac treatment in addition to specialized treatment of kidney/renal transplantation is allowed as per Medical Attendance Rules 1979. However, there is no provision, to grant payment in advance for medical treatment of Neuro Surgery. Keeping in view the critical condition of the patient and availability of treatment only in Agha Khan Hospital Karachi, approval of CEO MEPCO was obtained for treatment of Mr. Ghulam Mustafa, HDM-B by issuing an advance of Rs.750,000/- + 980,000/- in the name of Agha Khan Hospital & Medical College Foundation Karachi subject to ratification / approval of MEPCO BOD in relaxation of WAPDA Medical Attendance Rule 1979. XEN (OP) MEPCO S.R.Alam Division Multan has also intimated that the medical claim amounting to Rs.1,730,000/- has been submitted by the official for adjustment and the same has been forwarded to MS WAPDA Hospital Multan for verification. MS WAPDA Hospital Multan has not verified the bills for want of necessary approval of MEPCO BOD.

It was also informed to the Board that as per recommendations of HR Committee BOD in its 17<sup>th</sup> HR Committee meeting held on 12.06.2020, issued vide agenda item No. 11 (17-HR-R4), MS WAPDA Hospital Multan has verified the medical bills in favour of Mr. Ghulam Mustafa, HDM-B.

In view of above, Board requested to grant Ex-post Facto approval of an advance of Rs.750,000/- + 980,000/- = Rs.1,730,000/- already issued in the name of Agha Khan Hospital & Medical College Foundation Karachi for the treatment of Mr. Ghulam Mustafa, HDM-B, MEPCO Shah Rukn-e-Alam Division Multan in relaxation of Medical Attendance Rule 1979 and as a special case on humanitarian grounds to regularize the matter. The Board was informed that HR Committee of the Board also recommended the case for Board's approval. The Board considered the case in detail and after due deliberation resolved / directed as follows.

#### **Resolution**

**160-BOD-R4 RESOLVED** that considering the request of Director General (HR &Admin), and recommendations of HR Committee of the Board, the Board accorded ex-post facto approval for advance of Rs.750,000/- + 980,000/- = Rs.1,730,000/- already issued in the name of Agha Khan Hospital & Medical College Foundation Karachi for the treatment of Mr. Ghulam Mustafa, HDM-B, MEPCO Shah Rukn-e-Alam Division

Multan in relaxation of Medical Attendance Rule 1979 and as a special case and purely on humanitarian grounds to regularize the matter.

The resolution is based on the following confirmation by the management of MEPCO.

- a. No material information has been withheld and the working papers represent all facts of the case.
- b. All legal and codal formalities have been complied with.
- c. There is no conflict of interest of any officer of the MEPCO.
- d. Certified that the case has been checked by the sponsoring officer and is complete in all respects for consideration of Board of Directors, MEPCO.
- e. Concerned official / officer of MEPCO's management would be liable for any omission / misstatement of the facts and figures in the working papers.

#### **AGENDA ITEM NO. 7**

##### **Approval for disbursement of budget for Director General (IT).**

The agenda was presented by D.G (IS) apprising the Board that the subjected agenda was presented in 9<sup>th</sup> Risk Management Committee meeting held on 14.07.2020. He apprised the Board that case was discussed in the 157th meeting of BOD held on 16.05.2020 against Agenda Item No. 4 (i). BOD directed Finance Director to ensure that approval and disbursement of budget for DG (IT) office is subject to approval of IT policy from Board.

Director General (IS) apprised the Board that IT Policy was discussed in Risk Management Committee in its 9<sup>th</sup> meeting held on 14.07.2020, wherein it was informed to the RMC that due to above mentioned direction to Finance Director, the procurement in process has been stopped. He had requested the Committee to recommend the Board to allow the procurement of material required for operational needs. The Committee acceded the request with the direction to prepare a working paper elaborating all facts to the Board for its approval.

While explaining the operational needs with regards to IT, he stated that the spillover expenditures of F.Y 2019-20 consist of consumables of Heavy-Duty Laser Printers, Ribbons of Line Printers, UPS Batteries, Air Conditioners for MEPCO IT Centers, PCs, Laptops & UPS etc. for different formations, which are essential for timely Printing and dispatch of Bills and allied reports. Moreover, due to increase in temperature day by day, IT equipment installed in IT centers is at high risk. Mobile Phones for Meter Reading are also very essential as the existing Mobile Phones were purchased in 2016 and as per PITC letter No. CEO (PITC)/G-224/5517-18 dated 30.12.2019, "Mobile Phones for better performance and to meet the compatibility requirements with latest software's the mobile phone can be changed after 02 years if requirement arises". Now these Mobile Phones are not giving optimum results as per requirements. Due to gradual increase in No. of Consumers, existing storage is insufficient to execute different processes of billing which may cause the billing hindrance.

Continuing with his briefing he requested the Board to accord its approval for disbursement of budget amounting to Rs. 74.873 (M) in respect of DG (IS) office. Upon query of the Members, It was informed to the Board that spillover CAPEX for FY 2019-2020 was amounting to Rs. 17.136 M which was lapsed due to COVID-19.

Upon query of members, the Finance Director apprised the Board that O& M and capital budget allocated for FY 2019-2020 for DG (IS) was Rs. 274 M and Rs. 100 M respectively, whereas; O& M and capital budget allocated for FY 2020-2021 is Rs. 375 M and Rs. 300 M respectively.

The Chairman commented that decision for stopping the disbursement of budget for DG (IS) office was mainly due to the reason that Board wanted to have clear understanding and knowledge of the initiatives associated with IT Policy and Technological road map of MEPCO before allowing the

management to invest on new initiatives. However, keeping in view the request of management and in order to meet with operational needs of DG (IS), it was proposed that O&M and Capital Budget approved for FY 2019-2020 should be approved, however; over and above than that fixed for FY 2020-2021 should be kept on hold till approval of IT Policy and Technological Road Map. All other members unanimously agreed with the proposal.

The Board resolved as follows.

#### **Resolution**

**160-BOD-R5 RESOLVED** that considering the request of Director General (IS) and recommendations of Risk Management Committee, the approval for allowing the Finance Director to disburse Rs. 274 M for O& M expense and Rs. 100 M for CAPEX out of budget allocated for DG (IS) office for Financial Year 2020-2021 is hereby accorded. However, the disbursement of remaining budget will be subject to approval of IT Policy and Technological Road Map.

The resolution is based on the following confirmation by the management of MEPCO.


- a. No material information has been withheld and the working papers represent all facts of the case.
- b. All legal and codal formalities have been complied with.
- c. There is no conflict of interest of any officer of the MEPCO.
- d. Certified that the case has been checked by the sponsoring officer and is complete in all respects for consideration of Board of Directors, MEPCO.
- e. Concerned official/officer of MEPCO's management would be liable for any omission / misstatement of the facts and figures in the working papers.

#### **AGENDA ITEM NO. 8**

**Approval of issuance of 2nd year purchase order to M/s Unze Trading (Pvt) Ltd Lahore for manufacturing and supply of Spun Hollow PC Poles at MEPCO Owned PC Pole Plant Lodhran.**

The agenda was presented by G.M (OP) apprising the Board that the subjected agenda was presented in 28<sup>th</sup> Procurement Committee meeting held on 14.07.2020. He apprised the Board that BOD MEPCO in its 145<sup>th</sup> meeting held on 29.03.2019 accorded its approval for three (3) year contract for manufacturing & supply of Spun Hollow PC Poles. Accordingly, purchase order of 1<sup>st</sup> year was issued to M/S Unze Trading Pvt. Ltd Lahore.

Responding to query of the members, he explained the performance of firm during 1<sup>st</sup> year P.O. He stated that performance of the firm remained satisfactory. Agreement was signed on 20.05.2019. As per requirement of agreement, the firm had to install additional machinery required for manufacturing of PC poles within 90 days, which was installed by the firm on 28.06.2019 i.e. before expiry of 90 days and physical verification was also made for installed machinery. The delivery schedule was also provided to the firm. The firm started its production on 02.09.2019.

Continuing with his briefing, he intimated that according to the Purchase Order, the firm had to supply 30% of total quantity within 120 days starting from 02.09.2019 and 60% of total quantity in 210 days and supply 100% quantity within 335 days. The firm supplied 4630 poles against delivery scheduled of 4380 poles within 120 days whereas, the firm supplied 8600 poles against delivery scheduled of 8760 poles within 210 days. The manufacturing of less quantity of 100 poles was mainly due to COVID-19 as the firm had communicated that it has to shut down the plant in compliance of instructions of the Government which was accepted by the management. Furthermore, the firm has supplied 14600 poles (100% quantity) on 26.06.2020 before expiry of 335 days which were due on 31-07-2020. 



While explaining the quality check of the poles, he informed the Board that quality of the PC poles was found to be according to specifications as confirmed by joint inspection team of MEPCO and Chief Engineer (QA&I) NTDC, Lahore. Inspection Certificate (IC) issued every month has also been obtained from joint inspection team of MEPCO and Chief Engineer (QA&I) NTDC, Lahore.

Upon query of Chairman, Manager (Civil) confirmed that the firm has not violated any terms and conditions of the contract during the first year period. Moreover, the firm has also confirmed that there is no liability on part of MEPCO as regards to first year contract.

Continuing with his briefing, he stated that now the firm has requested for issuance of 2<sup>nd</sup> year purchase order as per contract agreement. As per purchase order clause-3 (iv) and contract agreement clause SC-2 page-92 "Special Conditions", Quantities of Spun Hollow PC Poles for 2<sup>nd</sup> & 3<sup>rd</sup> year will be as per requirement of MEPCO. In order to meet with the urgent requirement of MEPCO for completion of village electrification targets, tubewell connections, HT/LT proposals and to keep the plant operational, 2<sup>nd</sup> year purchase order is required to be issued at the same rates of 1<sup>st</sup> year purchase order plus price adjustment as per Clause-19.1 of contract agreement Page-40/44 as well as the same terms & conditions of the contract agreement.


Keeping in view the requirement of MEPCO, He requested the Board to accord its approval for issuance of 2<sup>nd</sup> year purchase order for supply of total quantity of 32000 No. poles i.e. 15000-Nos. LT-31' @ Rs.11300/-, 15000-Nos. HT-36' @ Rs.14800/-, 300-Nos. HT-40' @ Rs.23995/- and 2000-Nos. HT-45' @ Rs.27995/-, amounting to Rs.531.986 Million (including 17% GST).

While responding the query of Chairman regarding capacity of plant and consent of the firm with reference to proposed quantity, He informed the Board that the firm has given its consent as "As we have already informed that our production capacity has been increased up to 3000 poles per month. Whatever the order we received, we can meet MEPCO requirement easily". It was also intimated that firm is also ready to enhance its production capacity beyond 3000 poles per month if desired by MEPCO.

GM (OP) also explained the feasibility of the rate of poles being procured from MEPCO owned PC Pole Plant. Board was informed that rate for different poles have increased abnormally in recently opened tenders in MEPCO and other DISCOs. So, the rate at which 2<sup>nd</sup> year purchase order will be issued to the firm is adequate and beneficial for MEPCO. The rate for 2<sup>nd</sup> year will be the same rates of 1<sup>st</sup> year purchase order plus price adjustment as per Clause-19.1 of contract agreement Page-40/44. It was further apprised that the price adjustment for the month of April, May and June, 2020 have been calculated for all kinds of poles and found to be within permissible limit of +5% which also provide justification for proposed rate. He mentioned that in case of open tender, Company is bound to procure the material on quoted lowest rate, whereas, in this case, the company can also benefit if the price is deescalated during any month. The flexibility of rate having reciprocal affect is also an extra advantage if poles are procured from MEPCO owner Pole Plant at proposed rates.

While discussing the legality of enhancement of quantity for 2<sup>nd</sup> year as compared to first year quantity, GM (OP) intimated that it has been mentioned in agreement that "Quantities of Spun Hollow PC Poles for 2<sup>nd</sup> and 3<sup>rd</sup> year will be as per requirement of MEPCO".

Based on management's assertions, management's explanation regarding first year performance of the firm and management's recommendations for the rate on which the purchase order will be issued, the Board agreed with the proposal for procurement of 30000 poles.

The Board also discussed the firm's consent to increase its production capacity beyond 3000 poles per month by adding necessary machinery. After detailed deliberation, members were of considered opinion that MEPCO's interest should be safeguarded and all possible risks should be mitigated to avoid any complexities in future. It was unanimously agreed by the members that if management feel it necessary, an addendum should be added in agreement with mutual consent of the firm and in 

addendum has no legal or financial effect on MEPCO. Furthermore, Board also desired that an additional clause with consultation of legal directorate should be added in agreement with mutual consent of the firm that the firm will be bound to pay the damages to MEPCO in case of default of delivery schedule mentioned in Purchase Order.

During the course of discussion, Chairman invited the attention of members and informed that he has carried out a spadework regarding procurement of poles since formulation of present BOD. It has been observed with grave concern that not a single tender has been awarded to lowest emerged bidder and tender quantity was divided among many firms in order to meet with the requirement of MEPCO. The prime reason for this scenario is the tender clause which allows firms to quote 15% of tendered quantity. Considering the manufacturing capacity of the pole manufacturing firms and urgent requirement of MEPCO at that time, this clause was included in tender documents. However, this clause is being misused by firms and resultantly whole procurement process is at risk. Chairman desired the members to consider the issue and propose a way forward to safeguard the sanctity of whole procurement process.

The members appreciated the study carried by Chairman. The members debated on the issue at length and after due diligence desired that management should give a detailed presentation to Procurement Committee regarding existing procurement policies being practiced for procurement of different kinds of material along with management's suggestions for improvement of the procurement process. Furthermore, performance of the firms for purchase orders issued during the tenure of present BOD for procurement of all categories of transformers, meters, cables and conductors.

The Board resolved/directed as follows.

#### **Resolution**

**160-BOD-R6 RESOLVED** that considering the request of General Manager (OP) and recommendations of Procurement Committee of the Board, approval for issuance of 2<sup>nd</sup> year Purchase Order at the rates of 1<sup>st</sup> year Purchase Order plus price adjustment as per Clause 19.1 of Contract Agreement for supply of 13932-Nos. LT-31' @ Rs.11300/-, 13932-Nos. HT-36' @ Rs.14800/-, 278-Nos. HT-40' @ Rs.23995/- and 1858-Nos. HT-45' @ Rs.27995/-, amounting to Rs. 494.103 Million (including 17% GST) to M/S Unze Trading Pvt. Ltd. Lahore is hereby accorded. However, the management should add an additional clause in agreement with consultation of legal directorate and mutual consent of the firm that the firm will be bound to pay the damages to MEPCO in case of default of delivery schedule mentioned in Purchase Order.

The resolution is based on the following confirmation by the management of MEPCO.

- a. No material information has been withheld and the working paper represents all facts of the case.
- b. All legal and codal formalities have been complied with.
- c. That there is no conflict of interest of any member/Officer of the MEPCO.
- d. MEPCO has complied with the PPRA rules and procedures related to such procurement.
- e. There is no violation of SOPs of MEPCO for environmental and social safeguard.
- f. The procurement will be in accordance with the approved financial budget and procurement plan.
- g. Certified that the case has been checked by the sponsoring officer and is complete in all respect for consideration of Board of Directors, MEPCO.

- h. Any misstatement of the facts and figures in the working paper would make MEPCO management liable for the consequences.

### Direction

**160-BOD-D3 Directed** GM (Technical) to give a detailed presentation to Procurement Committee regarding the procurement process being exercised in MEPCO for procurement of all kinds of material. The presentation should identify grey areas of procurement process and provide suggestions of management for improvement of procurement process.

**160-BOD-D4 Directed** GM (Technical) to give a detailed presentation to Procurement Committee encapsulating the performance of the firms for purchase orders issued during the tenure of present BOD for procurement of all categories of transformers, meters, cables and conductors.

### AGENDA ITEM NO. 9

#### **Approval of 15% repeat order of 1<sup>st</sup> year purchase order for manufacturing and supply of Spun Hollow PC Poles at MEPCO owned PC Pole Plant Lodhran.**

The agenda was presented by G.M (OP) apprising the Board that the subjected agenda was presented in 28<sup>th</sup> Procurement Committee meeting held on 14.07.2020. He apprised the Board that BOD MEPCO in its 145<sup>th</sup> meeting held on 29.03.2019 accorded its approval for three (3) year contract for manufacturing & supply of Spun Hollow PC Poles. Accordingly purchase order of 1<sup>st</sup> year was issued vide letter No.1371-76 dated 02.09.2019 to M/S Unze Trading Pvt. Ltd Lahore. The Performance of the firm during 1st year P.O remained satisfactory.

In accordance with the clause-IB 28.1(i) page-22 of contract agreement, "The employer reserves the right, prior to the execution of the work or during the execution of the work or after the 100% completion of the work till handing over the plant. The quantities can be increased or decreased by 15% at any time (from start of the work till its handing over)". So, to meet with the urgent requirement of MEPCO for completion of village electrification targets, tubewell connections, HT/LT proposals and to keep the plant operational, it was proposed that 15% repeat order should be issued at the rates of 1st year purchase order as well as at the same terms and conditions of contract agreement. The Board was informed that Procurement Committee of the Board also recommended the case for Boards approval.

The Board resolved as follows.

### Resolution


**160-BOD-R7 RESOLVED** that considering the request of General Manager (OP) and recommendations of Procurement Committee of the Board, approval for supply of 15% repeat order of 1<sup>st</sup> year purchase order for supply of 1050-Nos. LT 31' @ Rs.11300/-, 1050-Nos. HT 36' @ Rs.14800/-, 45-Nos. HT-40' @ Rs.23995/- and 45-Nos. HT 45' @ Rs.27995/-, amounting to Rs.34.801 Million (including 17% GST) to M/S Unze Trading Pvt. Ltd. Lahore is hereby accorded.

The resolution is based on the following confirmation by the management of MEPCO.

- a. No material information has been withheld and the working paper represents all facts of the case.
- b. All legal and codal formalities have been complied with.
- c. That there is no conflict of interest of any member/Officer of the MEPCO.
- d. MEPCO has complied with the PPRA rules and procedures related to such procurement.
- e. There is no violation of SOPs of MEPCO for environmental and social safeguard.

- f. The procurement will be in accordance with the approved financial budget and procurement plan.
- g. Certified that the case has been checked by the sponsoring officer and is complete in all respect for consideration of Board of Directors, MEPCO.
- h. Any misstatement of the facts and figures in the working paper would make MEPCO management liable for the consequences.

**The meeting ended with thanks to and from the chair.**



**(Engr. Sajid Raquob)**  
**Company Secretary MEPCO**