



MULTAN ELECTRIC POWER COMPANY

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Office of
The Company Secretary

No. 9972-94/Company Secy

Dated: 19-10-17.

1. Mr. Khalid Masood Khan,
10-Green Lane, Zakaria Town
Bosan Road, Multan.
2. Engr: Muhammad Akram Chaudhry
Chief Executive Officer,
MEPCO Multan.
3. Mr. Zaffar Abbas
Joint Secretary (Transmission),
Room No. 235 Ministry of Water & Power,
Islamabad.
4. Muhammad Anwer Sheikh,
Joint Secretary (CF-II), Govt of Pakistan
Finance Division Islamabad.
5. Khawaja Muhammad Azam,
15-16 Ground Floor Muhammad Arcade,
LMQ Road, Multan.
6. Mian Zahid Pervaiz Marral,
14- Altaf Town Tariq Road Multan.
7. Mian Shahid Iqbal
Rehman Villa Bohar Gate, Bahawalpur
8. Mr. Asad Rehman Gillani
Secretary Energy, Govt of Punjab
8th Floor, EFU Building
Energy Department, Lahore.

Sub:-: MINUTES OF 128th BOD MEETING.

Enclosed please find herewith Minutes of 128th BOD Meeting held on **06-10-2017 (Friday)** at 12:00 Hrs in **MEPCO Conference Room Khanewal Road Multan** for information and necessary action please.

DA/as above


COMPANY SECRETARY

Copy to:-

1. Finance Director, MEPCO Ltd Multan.
2. HR/Admn: Director MEPCO Ltd Multan.
3. General Manager/ Tech: Dir: 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. DG (IS) MEPCO HQ Multan.
10. Project Director Construction MEPCO HQ Multan.
11. Manager (Security) / Transport MEPCO Multan.
12. Manager Internal Audit, MEPCO HQ Multan.
13. Manager (L&L) MEPCO HQ, Multan.
14. Manager (MM) MEPCO HQ Multan.
15. Dy: Manager (Public Relations) MEPCO HQ Multan.

For information & necessary action.

MULTAN ELECTRIC POWER COMPANY

MINUTES OF 128TH MEPCO B.O.D. MEETING, HELD ON 06.10.2017 (FRIDAY) AT 12:00

NOON IN THE CONFERENCE ROOM MEPCO MULTAN

1. Mr. Khalid Masood Khan	Chairman (Through Video Link)
2. Muhamad Akram Ch:	CEO/Director
3. Mr. Zafar Abbas	Director (Through Video Link)
4. Muhammad Anwer Sheikh	Director (Through Video Link)
5. Khawaja Muhammad Azam	Director
6. Mian. Zahid Pervez Marral	Director (Through Video Link)
7. Mian Shahid Iqbal	Director
8. Mr. Asad Rehman Gillani	Director (Through Video Link)
9. Mr. Imtiaz Ahmed Jigri,	Finance Director
10. Mr. Liaqat Ali Panwar	Representative, M/s Riaz Ahmad & Company
11. Engr. Sajid Yaqoob	Company Secretary

The Quorum was in order and the Meeting started with recitation from the Holy Quran and due permission from the chair. The Board, after due consideration, granted the leave of absence to the honorable Member.

AGENDA ITEM NO.1

To consider and confirm Minutes of 126th BOD Meeting held on 10.09.2017

The Company Secretary presented the Minutes of 126th Board Meeting, held on 10.09.2017. The Board confirmed the Minutes of 126th Board Meeting.

AGENDA ITEM NO.2

To consider and accord approval for the following matter relating to Audit Committee.

i. Approval of the Financial Statement for the year ended 30th June, 2017.

The Agenda was presented by Finance Director. The Board was apprised the case was presented to the Audit Committee in its meeting held on 06.10.2017. The Committee was apprised that Financial Statements for the year ended 30th June 2017 prepared by the management have been duly audited by the Company's Auditors: M/s Riaz Ahmad & Company, Chartered Accountants. During the Financial Year 2016-17, MEPCO has registered sale of electric power Rs.138.685 Billion and cost of power purchased is Rs.140.019 Billion which has resulted into a gross loss of Rs.1.334 Billion and after accounting for operating expenses overall loss of Rs.17.935 Billion has been recorded. The Audit Report together with Financials comprising Balance Sheet, Profit & Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity along with explanatory notes and B/L (Board Letter), as received from the Auditors seeking approval for the following:-

1. Specific approval for the following salient transactions incorporated in the books of account:

Fixed capital expenditure:	11,416,409,015
Impairment of capital work-in-progress:	26,640,605
Provision for staff retirement benefits:	4,930,382,596
Re-measurement of staff retirement benefits:	11,466,417,658
Trade debits written off against provision for doubtful debts:	182,309,698
Amortization of deferred credits:	2,213,528,610
2. Specific approval of correction of prior period error regarding settlement on account of credit notes received from CPPA as stated in Note 24.2 to the financial statements.

3. Specific approval for adoption of new accounting policies by the Company as stated in Notes 2.11, 2.14 and 2.19 to the financial statements.

The Committee was also apprised that The Audit Committee was requested to recommend the case to the Board for its approval. The Board was apprised that the Committee recommended the case to the Board for its approval. The Board was requested to accord its approval for the Financial Statements of the Company for the year ended 30th June, 2017 along with accompanying explanatory notes including the salient transactions narrated above.

Decision.

Considering the request of Finance Director & recommendations of Audit Committee, the Board accorded its approval for Financial Statements of the Company for the year ended 30th June, 2017 along with accompanying explanatory notes including;

1. Specific approval for the following salient transactions incorporated in the books of account:

Fixed capital expenditure:	11,416,409,015
Impairment of capital work-in-progress:	26,640,605
Provision for staff retirement benefits:	4,930,382,596
Re-measurement of staff retirement benefits:	11,466,417,658
Trade debits written off against provision for doubtful debts:	182,309,698
Amortization of deferred credits:	2,213,528,610

2. Specific approval of correction of prior period error regarding settlement on account of credit notes received from CPPA as stated in Note 24.2 to the financial statements.
3. Specific approval for adoption of new accounting policies by the Company as stated in Notes 2.11, 2.14 and 2.19 to the financial statements.

The Board authorized the CEO and Chairman Audit Committee to sign the financial statements.

ii. Approval for recommending the appointment of M/s Riaz Ahmad & Company, Chartered Accountants as MEPCO External Auditors for FY 2017-18.

The Agenda was presented by Finance Director. The Board was apprised that the case was presented to the Audit Committee in its meeting held on 06.10.2017. The Committee was apprised that M/s Riaz Ahmad & Company, Chartered Accountants, were appointed as Company's External Auditors in the year 2016 in 18th AGM held on 30th November, 2016. As such they have satisfactorily conducted audit of annual Accounts for the FY 2016-17. Accordingly, they have further tendered their consent to act as Company's External Auditors for the FY 2017-18 as well. The Audit Committee was requested to recommend the case to the Board for its approval. The Board was apprised that the Committee recommended the case to the Board for its approval. The Board was requested to recommend the shareholders for appointment of M/s Riaz Ahmad & Company, Chartered Accountants as Company's External Auditors for the FY 2017-18 at the already approved remuneration of Rs.1.000 (Million) and other terms and conditions.

Decision

Considering the request of Finance Director & recommendations of Audit Committee, the Board recommended the shareholders for appointment of M/s Riaz Ahmad & Company, Chartered Accountants as Company's External Auditors for the FY 2017-18 at the already approved remuneration of Rs.1.000 (Million) and other terms and conditions.

iii. Engagement of Tax Consultants for Income Tax/Sales Tax Compliance and Advisory Services for Tax year 2018 (FY 2017-18).

The Agenda was presented by Finance Director. The Board was intimated that the case was presented to the Audit Committee in its meeting held on 06.10.2017. The Committee was apprised that since determination of independent tariff of MEPCO, a series of Income Tax and GST related issues are being

faced from time to time. At present, Withholding/Sales Tax Issues of MEPCO involving Rs.44,587 (M) pending at different assessment/appellate fora. To handle the said tax matters, a professional firm M/s Deloitte has been working with MEPCO as Tax Consultant on yearly basis since 2013. During last FY 2016-17, the firm was engaged @ Rs.160,000/- p.m. with the approval of MEPCO BOD vide Agenda Item No.3 of its 119th Meeting held on 30/11/2016. Whereas, the term of services engagement of M/s Deloitte for FY 2016-17 has been expired on 30th June 2017, M/s Deloitte have quoted Rs.200,000/- for FY 2017-18 being professional fee package plus out of pocket expenses at actual. However, instead of 25%, increase @ 10% (approximately) on account of inflation factor seems to be reasonable particularly owing to ongoing complexities of tax matters coupled with enhanced scope of work involved due to addition of the cases relating to Provincial Sales Tax on Services. Accordingly, it was proposed that M/s Deloitte may be engaged as Tax Consultants for professional fee @ Rs.175,000/- per month plus out of pocket expenses at actual basis for further period of one year i.e. 1st July, 2017 to 30th June, 2018. Performance of M/s Deloitte has been observed satisfactory in advisory and compliance services during the F.Y 2016-17. The Audit Committee was requested to recommend the case to the Board for its approval. The Board was apprised that the Committee has recommended the case to the Board for its approval. The Board was requested to accord its approval for extension of Tax Consultancy agreement with M/s Deloitte for further one year i.e. 1st July, 2017 to 30th June, 2018 for professional fee @ Rs. 175,000/- per month.

Decision.

Considering the request of Finance Director & recommendations of Audit Committee, the Board accorded its approval for extension of Tax Consultancy agreement with M/s Deloitte for further one year i.e. 1st July, 2017 to 30th June, 2018 for professional fee @ Rs. 175,000/- per month.

The above approval is based on following confirmation by the management.

1. The working paper represents true facts of subject case.
2. Any Misstatement of the facts and figures in the working paper would make MEPCO Management liable for the consequence.

iv. Approval to write off amount to the tune of Rs. 27,91,358 instead of Rs .55,86,914/- on account of shortage of material in respect of Mr. Ghulam Dastagir LFM-1(Late).

The Agenda was presented by Project Director (Const). The Board was intimated that the case was presented to the Audit Committee in its meeting held on 06.10.2017. The Committee was apprised that in the course of audit of 2nd Const. Sub-Division MEPCO Sahiwal by D.G. Audit / Internal Audit an amount to the tune of Rs.7,207,776/-was spotlighted on account of misappropriation of material, excess expenditure, un-necessary drawl of material& non-returning of dismantled material etc., consisting of 08 No. Audit Paras against Mr. Ghulam Dastagir LFM-1.Eventually, those Audit Paras were converted into Draft Paras. Subsequently an amount of Rs.1258470/- against which anticipated record was traced out &produced to D.G. Audit for verification.01 No. Para worth Rs.5,62,100/-got verified by D.G. Audit WAPDA Lahore while verification of remaining 01 No. Para involving Rs.6,96,370/- is still awaited. The rest of the amount to the tune of Rs.5949306/- relating to the deceased has been recommended to be written off by the Enquiry Committee constituted vide CEO MEPCO O/O No.18/845-48/CE/M(ADMN)/Conf.-2472/D dt: 15.01.2016 (Annex-A) with the remarks that there is no other alternate but to write off the outstanding amount against the deceased as the relevant record is not traceable due to death of the ex-official. It is therefore, defensible on humanitarian grounds. Due to hectic efforts made by RRE Division MEPCO Sahiwal, an amount to the tune of Rs.3,62,392/- got verified by D.G. Audit Lahore on production of relevant record. The detail of actions taken by the MEPCO Management time to time for the settlement of pending Paras against the officials was also intimated to the Committee. The Committee was further apprised that an amount to the tune of Rs. 27,95,556/- on

account of excess of material has been settled down by according the ex-post facto sanction with the approval of competent authority. In the mean while the official expired. The balance outstanding material on part of the deceased official amounting to Rs.27,91,358/- was recommended to be written off on humanitarian grounds as the official has since been expired. The Audit Committee was requested to recommend the case to the Board for its approval subject to verification from the D.G Audit. The Board was apprised that the Committee recommended the case to the Board for its approval. The Board was requested to accord its approval for write off of an amount of Rs.27,91,358/-pending against the deceased official subject to verification from D.G Audit. The Board discussed the issue at length and after due deliberation, the Board instructed the Finance Director to coordinate with Manager Internal Audit for preparation of a detailed report of the outstanding Audit Paras along with reasons for non settlement of these paras and present the same to the Audit Committee for its consideration.

Decision.

Considering the request of Project Director (Construction) & recommendations of Audit Committee, the Board accorded its approval for write off of an amount of Rs.27,91,358/-pending against the expired official subject to verification from D.G Audit. The Board instructed the Finance Director to coordinate with Manager Internal Audit for preparation of a detailed report of the outstanding Audit Paras along with reasons for non settlement of these paras and present the same to the Audit Committee for its consideration.

The above approval is based on following confirmation by the management.

1. The working paper represents true facts of subject case.
2. Any Misstatement of the facts and figures in the working paper would make MEPCO Management liable for the consequence.

v. To fix the date of Annual General Meeting.

The Agenda was presented by Company Secretary MEPCO. The Board was apprised that in accordance with the Section 132 (1) of the Company's Act 2017, the Annual General Meeting of the Company is to be held within a period 120 days following the close of its Financial year. The Board is requested to fix the date of the next Annual General Meeting of the Company.

Decision.

The Board resolved that the date of next Annual General Meeting of the Company be and is hereby fixed on 28th October, 2017.

3. Any other points with permission of the chair.

i. Approval for load Management arrangements regarding monitoring of load by MEPCO for Al-Hamd corporation (Pvt) Ltd, D.G Khan & Ahmed Hassan Textile Mill, Chowk Sarwar Shaheed under Tariff B-4.

The agenda was presented by Chief Engineer (P&E). The Board was apprised that Al-Hamd Corporation (Pvt) Ltd. & Ahmed Hassan Textile Mills are permanent consumers of MEPCO with sanctioned Load of 10,970 kW & 7500 kW under Tariff B-4. At present both the connections are being fed through a T-Off connection from 132 kV T/Lines without any control of these independent grid stations at MEPCO end. The profile /plan tabling of both feeders through T-Off arrangement had been accorded Technical approval by Manager (Design T/L) NTDC Lahore, office of Chief Engineer (Design) NTDC, WAPDA House Lahore, accordingly. Later on in the light of M.D. PEPCO's directions to monitor and implement the load managements schedule accordingly an independent arrangement by installing separate independent 132 kV breaker for subject cited connections under tariff B-4 was suggested. BOD MEPCO accorded approval in its 104th meeting held on 16-07-2015 for implementing load management on said Grid Stations as well as to issue Demand Notices amounting to Rs. 101 Million to Al-Hamd Corporation & Rs. 30.117 Million to Ahmed Hassan Textile Mill for construction of independent 132 kV Transmission

Lines from 132 kV nearby Grid Stations. Demand notices were served upon the said consumers, which however, even after regular follow-ups through this office have not been paid by the consumers so far. Moreover, the consumers have submitted that said demand notices are patently unjustified and unwarranted as they are already being fully and comprehensively controlled and monitored, in all respects by MEPCO Power Control Center, the latest version of Smart GSM metering system is further installed in their premises as a counter check which is fully functional and under direct exclusive control of MEPCO. Their Management has further requested that said demand notices may please be withdrawn ab-initio. The transmission lines if necessary may be constructed by MEPCO's own sources. Also during audit inspection of accounts of Chief Executive Officer MEPCO, Multan for 2015-16, Audit Para PDP No. 1428/2016-17 was formulated to get the decision of BOD implemented expeditiously. The Board is requested to consider the matter. During the course of discussion, the Board desired to present the outcome of internal departmental inquiry and FIA case.

Decision

Considering the request of C.E (P&E), the Board directed to withdraw the issued Demand Notices No. 711 & 710 upon Al-Hamd Corporation (Pvt.) Ltd. & Ahmed Hassan Textile Mills as they are being fully controlled & monitored by Smart GSM Metering System installed by MEPCO at their premises whose real time data is available at MEPCO Power Control Centre and in order to settle the Audit PDP No.1428/2016-17 as formulated during Audit Inspection 2015-16. The Board further desired to present the final outcome of internal Departmental inquiry and FIA case.

The Meeting ended with thanks to and from the Chair.


(Engr. Sajid Yaqoob)
Company Secretary MEPCO