

MULTAN ELECTRIC POWER COMPANY

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Office of
The Company Secretary

No. 3061-82/Company Secy

Dated: 10-12-2016.

1. Mr. Rajan Sultan Pirzada,
House No.257 Tipu Shaheed Road,
Modle Town-A Bahawalpur
2. Engr: Masood Salahuddin
Chief Executive Officer,
MEPCO Multan.
3. Muhammad Anwer Sheikh,
Joint Secretary (CF-II), Govt of Pakistan
Finance Division Islamabad
4. Mr. Zafar Abbas,
Joint Secretary (Transmission)
Room No. 235, Block A-Pak Secretariat
Ministry of Water & Power
Islamabad.
5. Mr. Khalid Masood Khan,
10-Green Lane, Zakaria Town
Bosan Road, Multan.
6. Khawaja Muhammad Azam,
15-16 Ground Floor Muhammad Arcade,
LMQ Road, Multan.
7. Mian Zahid Pervaiz Marral,
14- Altaf Town Tariq Road Multan.
8. Mian Shahid Iqbal
Rehman Villa Bohar Gate, Bahawalpur
9. Mr. Asad Rehman Gillani
Secretary Energy, Govt of Punjab
Energy Department, Lahore

Sub:-: MINUTES OF 119TH BOD MEETING HELD ON 30.11.2016.

Enclosed please find herewith Minutes of 119th BOD Meeting held on 30.11.2016 (Wednesday) soon after Audit Committee Meeting 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. General Manager (CS) 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. Manager (Security) / Transport MEPCO Multan.
11. Manager Internal Audit, MEPCO HQ Multan.
12. Dy: Manager Intelligence MEPCO HQ Multan.
13. Dy: Manager (Public Relations) MEPCO HQ Multan.

} For information & necessary action.



MULTAN ELECTRIC POWER COMPANY

MINUTES OF 119th MEPCO B.O.D. MEETING, HELD ON 30.11.2016 (WEDNESDAY) SOON AFTEER AUDIT COMMITTEE MEETING IN MEPCO CONFERENCE ROOM KHANEWAL ROAD MULTAN

Present;

1. Mr. Rajan Sultan Pirzada	Chairman
2. Mr. Masood Salahuddin	CEO/Director
3. Mr. Zafar Abbas Director	Director (Through Video Link)
4. Muhammad Anwar Sheikh	Director (Through Video Link)
5. Mr. Khalid Masood Khan	Director
6. Khawaja Muhammad Azam	Director
7. Mian Zahid Pervez Marral	Director
8. Mian Shahid Iqbal	Director
9. Mr. Asad Rehman Gillani	Director (Through Video Link)
10. Engr. Sajid Yaqoob	Company Secretary

The Quorum was in order and the Meeting started with recitation from the Holy Quran by Mr. Khalid Masood Khan.

AGENDA ITEM NO.1

To consider and confirm Minutes of 118th BOD Meeting held on 08.11.2016

The Company Secretary presented the Minutes of 118th Board Meeting, held on 08.11.2016. The Board confirmed the Minutes of last Board Meeting.

AGENDA ITEM NO.2

Compliance of directives of 118th BOD Meeting held on 08.11.2016, and any other issue arising thereafter.

- a) The Chairman HR Committee apprised the Board that the HR Committee during its meeting held on 21-11-2016 considered the 24 No. received applications for the post of Chief Executive Officer MEPCO and short listed the applications as per criteria laid down in the published advertisement. The Committee after thorough scrutiny short listed 16 No. applications for further process. The working paper for the short listing of the candidates was dully signed by the Members of the Committee. The Board approved the short listed process and unanimously resolved the interview process be carried out. The Date for conducting of preliminary interviews of the short listed candidates was fixed on 18-12-2016 at 12:00 p.m.
- b) The Chairman Audit Committee apprised the Board that as per approval of MEPCO BOD in its 117th BOD meeting dated 08-10-2016, Expression of Interest for hiring of external Auditors of the Company for the financial year 2016-17 (EOI) was published in daily news papers. On receiving of EOIs, Request for Proposal was called from the Chartered Accountant Firms on the recommendations of Audit Committee. Request for Proposal was sent to the chartered Accountant Firms for submission of their Proposal. In response to the following Chartered Accountant Firms have submitted their RFP.
1. RSM Avais Hyder Liaquat Nauman, Chartered Accountants.
 2. Riaz Ahmed & Company, Chartered Accountants.
 3. Anjum Asim Shahid Rahman, Chartered Accountants.
 4. Naveed Zafar Ashfaq Jaffery & Co, Chartered Accountants.
 5. Deloitte Yousuf Adil, Chartered Accountants.

The sealed Proposals were opened in the presence of the representatives of all Chartered Accountants Firms. The Comparative statement dully signed by the representatives was prepared. The Members opined that a technical evaluation of the firms is required to be conducted to ensure quality of Audit. The Committee desired that 70% weightage be given to the technical evaluation and 30% weightage be given to the financial bids of the firms. The Committee formulated a Committee for technical evaluation which will give its recommendations for the Chartered Accountant Firm on basis of technical and financial evaluation for acting as External Auditor of

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the Company for the Financial Year 2016-17. The Committee after thorough deliberation presented its report vide which M/s Riaz Ahmed & Company, Chartered Accountants got highest marks in the technical and financial evaluation. Therefore, the Committee recommended M/s Riaz Ahmed & Company, Chartered Accountants to the Board for giving its recommendation the Share Holders for appointment as External Auditor of the Company for Financial Year 2016-17 for an Audit Fee of Rs.825,000/- and out of Pocket expenses Rs. 175,000/- exclusive of 5% PST. On the recommendations of Audit Committee, the Board recommended the Share Holders for appointment of M/s Riaz Ahmed & Company, Chartered Accountants as External Auditor of the Company for Financial Year 2016-17 for an Audit Fee of Rs.825,000/- and out of Pocket expenses Rs. 175,000/- exclusive of 5% PST.

- c) The Chairman HR Committee intimated the Board that as per instructions of the Board an evaluation of the qualification/experience of the officers working as Finance Director, Company Secretary and Manager (Internal Audit) was carried out with prescribed qualification as per Public Sector Companies (Corporate Governance) Rules, 2013. After detailed deliberation and discussion, the Committee recommends the Board to accord its approval for advertisement of the posts of Company Secretary and Manager (IA) as per qualification and experience criteria laid down in Public Sector Companies (Corporate Governance) Rules, 2013. The Chairman Audit Committee further apprised the Board that upon the instructions of the Audit Committee, the Finance Director and HR & Admin Director have jointly given options for filling the position of Manager Internal Audit. The Audit Committee has recommended following options for Board's approval.
- i. Auditor General of Pakistan may be approached through Ministry of Water and Power for lending the services of a suitable Director Audit (BPS-19) to MEPCO on deputation basis.
 - ii. Till maturity of arrangements, to be approved by Auditor General of Pakistan, Mr. Irfan Ullah, Deputy Manager Accounts may be posted as Manager (IA) on current charge basis (Qualification of Mr. Irfan Ullah is B.Com with ACMA Inter).

However, the post of Chief Internal Auditor as per requirements of Public Sector Companies (Corporate Governance) Rules, 2013 be advertised in the light of the Ministry's directions. Keeping in view the recommendations of HR and Audit Committee, the Board instructed the HR & Admin Director to take necessary action for exercising above mentioned options so that Directorate of Internal Audit is strengthened in best interest of Company. The Board further instructed the HR & Admin Director to advertise the posts of Company Secretary and Chief Internal Auditor per qualification and experience criteria laid down in Public Sector Companies (Corporate Governance) Rules, 2013.

- d) The Chairman Nomination Committee apprised the Board that the Committee during its meeting held on 21-11-2016 has proposed that HR Committee excluding CEO should carry out the interview process of the short listed candidates for the post of Chief Executive Officer MEPCO, however, Muhammad Anwar Sheikh be opted as Member of the HR Committee for this interview process. The Board approved the recommendations of the Nomination Committee, however, also resolved that HR Committee should also benefit from the expertise of Mr. Asad Rehman Gillani as Member of the Committee as well for this interviews process. The Board further desired that the Committee should after a detailed interview of the 16 No. shortlisted candidates by the HR Committee recommend five applicants in preferential order, to the Board for further selection.
- e) The Finance Director apprised the Board about the progress of capitalization of work-in-progress, loan to CPPA out of security deposits and account of USAID provided grants, aids and equipments. After detailed discussion and deliberation the Board observed/instructed as follows:-
1. The Board observed that the progress of capitalization of work-in-progress is alarming and the issue needs to be addressed on war footing basis. The Board instructed the PD (Construction) to pursue the works involved at sub divisional level and submit its progress to the Finance Director being the Convener of the Committee constituted to look after the progress of capitalization of work-in-progress. The Board further instructed the Finance Director to submit the progress in every Audit Committee and the Board Meetings.
 2. Regarding loan to CPPA out of security deposits, the Board instructed the Finance Director to ensure that no amount is transferred to CPPA out of Security Deposits in future.

3. The Board instructed the Finance Director to ensure proper account of USAID provided grants, aids and equipments after physical verification of stores/sites and progress thus achieved was instructed to be presented in next Board Meeting.
- f) The Board deferred the matter regarding action taken against the officers/officials involved in wrong billing of TMA DG Khan to next meeting.

AGENDA ITEM NO.3

i. Approval for Engagement of Tax Consultants for Income Tax/Sales Tax Compliance and Advisory Services for Tax year 2017 (FY 2016-17).

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 21-11-2016. The Committee was apprised that Consequent upon 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 pending at different assessment /appellate For a are categorized as under:-

- i- Cases Decided in favor of MEPCO.
- ii- Cases pursued effectively and Final Outcome Expected in favor of MEPCO.
- iii- Cases Decided Against MEPCO and Pending at various 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. Last arrangement for FY 2015-16 was approved @ Rs.140,000/- p.m. by Chief Executive Officer, MEPCO in terms of Section-VII Clause 7.2(d) & (c) Book of Financial Powers. Now M/s Deloitte have demanded Rs.165,000/- per month for FY 2016-17 but have voluntarily reduced to Rs.160,000/- per month. Whereas, the services arrangement of M/s Deloitte for FY 2015-16 stands expired on 30th June, 2016, it was proposed that the same arrangement may please be approved @ Rs.160,000/- per month for further period of one year i.e. 1st July, 2016 to 30th June, 2017. The Committee recommended that the performance of the firm from July, 2015 to November, 2016 be presented to the Board and the process for engagement of Tax Consultants for F.Y 2017-18 may be completed before 30th June, 2017.

Decision

After due deliberation the Board accorded its approval for extension of Tax Consultancy agreement with M/s Deloitte for further one year i.e. 1st July, 2016 to 30th June, 2017 for professional fee @ Rs. 160,000/- per month. The Board further desired that the performance of the firm from July, 2015 to November, 2016 be presented by the Tax Consultant to the Board in next BoD meeting and the process for engagement of Tax Consultants for F.Y 2017-18 may be completed before 30th June, 2017.

AGENDA ITEM NO.4

Approval for Formulation of Safety Committee of the Board and adoption of SOP for minimizing of number of accidents of General Public/Line Staff/Animal on Distribution System.

The agenda was presented by Chief Engineer (O&M). The Board was informed that M. D. PEPCO vide letter No MD (PEPCO/ GM(C&M)/ safety cell/554-67 dated 13.10.2016, has conveyed the SOP for implementation in all DISCOs regarding accidents of General Public and Line Staff on the Distribution network. The Board is requested to adopt above mentioned SOP and in order to monitor the progress of MEPCO on maintenance of safety standards. A committee comprising of BOD Members may please be formulated so that increasing trend of fatal and non fatal accidents of line Staff and the Public may be reduced. The Board was requested to accord its approval for adoption of above mentioned SOP and formulation of Safety Committee of the Board comprising upon Members nominated by BOD. The Board agreed with the proposal and expressed its concern that it is a matter of serious concern and the matter needs to be dealt with utmost seriousness and it must be ensured that safety rules and procedures are being implemented in true letter and spirit. Mr. Zafar Abbas opined that in order to motivate and create willingness amongst the employees to abide by the SOPs regarding safety measure, the speeches of motivational speakers be arranged. The Company should start the activity of declaring the "Employee of the Month" and his picture should be displayed at prominent place at Head Quarter level so that the employees are encouraged to perform their duties in accordance with the laid down procedures. The Board agreed with the proposal of Honorable Member and instructed the HR & Admin Director to develop such mechanism and present it to the Board for its approval after vetting of the HR Committee of the Board.

Decision

With above mentioned instructions, the Board accorded its approval for adoption of above mentioned SOP and decided that Risk Management Committee of the Board already constituted will also be the Safety Committee of the Board.

AGENDA ITEM NO.5

Any other points with the permission of Chair.

i. To consider and approve the Statement of Compliance with Public Sector Companies Corporate Governance Rules-2013.

The agenda was presented by Company Secretary. The Board was informed that Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules-2013 has been prepared by the Company and reviewed by the Auditors, which is required to be Published in Company's Annual Report for the year ended 30, June-2016. The Rules requires the Company to place the statement of compliance before the Audit Committee and upon the recommendations of the Audit Committee place before the Board of Directors for their review and approval. The statement was required to be signed by the Chief Executive of the Company jointly with the Chairman of Board or in case of his absence, with any of the independent non executive director. The Board was requested to consider and approve the statement of Compliance with Public Sector Companies (Corporate Governance) Rules-2013.

Decision

On the recommendations of Audit Committee approval on statement of Compliance with Public Sector Companies (Corporate Governance) Rules-2013 of MEPCO Board be & is hereby accorded.

ii. Approval for recruitment of bill distributors (B.D).

The Board referred the case to the HR Committee for its recommendations.

iii. Approval for activation of 06 No. posts for ERP implementation in MEPCO as per PEPCO IT organogram for DISCOs.

The Board referred the case to the HR Committee for its recommendations.

iv. Other Decisions/Approval.

- a) Upon the request of Chairman Legal Committee, the Board accorded its approval for inclusion of Muhammad Anwer Sheikh as Member of Legal Committee of the Board.
- b) Upon the proposal of the Members, the Board resolved that Nomination Committee of the Board will also act as Customer Services Committee of the Board.

Meeting ended with thanks to and from the Chair.


(Engr. Sajid Yaqoob)
Company Secretary MEPCO