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HYDERABAD ELECTRIC SUPPLY COMPANY
OFFICE OF THE CHIEF EXECUTIVE OFFICER HESCO HYDERABAD

No. CEO/HESCO/CE(P&E)/DM(SPP)/ 2835-38

Dated: 04-05.2012

✓ The Registrar,
National Power Regulatory Authority (NEPRA),
2ND Floor, OPF Building, G-5/2,
ISLAMABAD

For information & n/a H.

- AD (Z)

Copy to

- DG (Tari fi)

- DD (Lic.)

cc: Chairman

Subject: POWER PROCUREMENT REQUEST OF HESCO IN RESPECT OF M/S FATEH TEXTILE MILLS LIMITED UNDER NEPRA'S INTERIM POWER PROCUREMENT REGULATIONS-2005.

Ref'nce:-
1. S.R.O 265(I)/2005 Notification Dated 16.03.2005.
2. Your office letter No. NEPRA/R/PAR-100/1208-18 Dated 09.02.2012.

HESCO is purchasing 3.4 MW (Gas Based) power from M/s Fateh Textile Mills Limited Site Hyderabad under SPP on take-and-pay basis and hereby request for acquisition of power under IPPR -2005 (Interim Power Procurement Regulation-2005) to regularize the power purchase as per NEPRA Rule. The required documents as mentioned in your above referred letter at Sr. No. 02 are as under:-

- i. Authorization from the Board of Directors to purchase electricity from a generation company through mutual contract.

The Board of Directors (BOD) of HESCO has approved in its 69th BOD meeting held on 30.06.2011 (Annex-A).

- ii. Power of Attorney in favour of the signatory of the PAR to file the PAR with NEPRA for approval (each page of the PAR shall be initialed by the person having authorization of the Board to sign such PAR).

As per requirement of NEPRA the case is submitted with the signature of undersigned and as authorized by HESCO BOD in 69th meeting.

- iii. In case of gas based projects, the approval of the concerned gas supplier to use the gas for electricity generation and sale thereof to the DISCO / TRANSCO.

The required letter from SSGC No. Sales/NOC-PG-1426/11 Dated 19.05.2011 attached (Annex-B).

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The information as per part-II of Power acquisition permission Clause-3 (3) is as under please:-

1.
 - a. The firm's capacity is 3.4 MW
 - b. Type of fuel is Natural Gas.
 - c. HESCO is already purchasing power from M/s Fateh Textile Mills on take-and-pay basis as per power purchase agreement signed on 23.05.2011. HESCO intend to regularize the power purchase as per NEPRA rule.
 - d. The HESCO demand of 3.4 MW met through procurement of power.
 - e. The interconnectivity setup of 11 KV voltages will be sole discretion and responsibility of the power purchaser at its own cost and risk. Cost of synchronization arrangement will be born by the power producer.
2. Information as per Clause-3 (4) of IPPR-2005 is attached on the forms under Schedule-I
3. Copy of Power Purchase agreement between HESCO and M/s Fateh Textile Mills Ltd as per Clause-5 (1) (Power Acquisition Contract) is attached (**Annex-C**).

4. **Tariff**

The Tariff was introduced by CPPA as per NEPRA memo No. NEPRA/R/ LAC-60/7320 Dated 28.04.2008 in which NEPRA allowed DISCOs to directly purchase power less than 50 MW from Captive Power Producers CPPs on mutually agreed Tariff with fixed cost component at Rs. 1.53 / Kwh and reference gas cost component at Rs. 2.89 / Kwh. The fuel cost component is considered as pass through item and it is being adjusted in gas price during the billing cycle according to the formula.

$$GCC \text{ rev} = GP \text{ (rev)} / GP \text{ (ref)} * GCC \text{ (ref)}$$

Where:

GCC rev	=	Gas cost component applicable for billing cycle
GP rev	=	Revised gas price excluding general sales tax applicable for the billing cycle as notified by OGRA
GP ref	=	Reference gas price i.e Rs. 238.38/MMBTU(HHV)
GCC ref	=	Rs. 2.89/Kwh

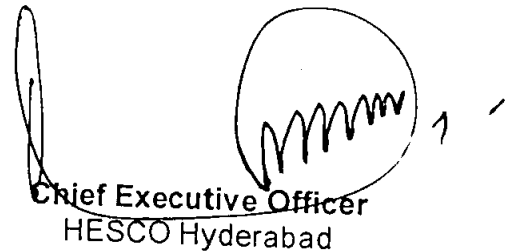
5. HESCO is of the view that Tariff determination is the prerogative of NEPRA in this case, however if NEPRA has no objection on the Tariff, approved by the CPPA for CPPs / SPPs (Small Power Producer) as mentioned above. HESCO can adopt and own the Tariff.

HESCO will appreciate if permission for power acquisition is allowed alongwith endorsement of Tariff adopted by CPPA under SPP policy or Tariff determination be made by NEPRA as the case may be.

D.A/As above.

CC To:-

1. Chief Engineer (P&E) HESCO Hyderabad.
2. General Manager (Technical) HESCO Hyderabad.
3. Finance Director HESCO Hyderabad.
- Master file.



Chief Executive Officer
HESCO Hyderabad



HYDERABAD ELECTRIC SUPPLY COMPANY LTD

(WAPDA OFFICES COMPLEX HUSSAINABAD HYDERABAD)

Tel: 9260256
Fax 9260361
PBX 9260161-9260211

OFFICE OF THE
CHIEF EXECUTIVE OFFICER
HESCO HYDERABAD

NO. CEO/HESCO/CS/Min-69th BOD Meet/

399-423


25 July 2011

1. **Nawab Muhammad Hussain Talpur**
Chairman BOD, B-73, Naseem Nagar-2
Qasimabad, Hyderabad
(Ph: 0301-3627112 / 0345-2177048)
2. **Mr. Muzaffar Ali Abbasi**
Chief Executive Officer
HESCO Hyderabad
3. **Mr. Rafique Dawood**
Chairman, BRR Guardian Modaraba, (Director BOD HESCO)
1500-A, Saima Trade Towers, I. I. Chundrigar Road, Karachi
(Ph: 021-111329663) (021-2271912-3 – Fax)
4. **Haji Muhammad Yaqoob**
(Director BOD HESCO)
Aiwan-e-Tijarat Road Saddar, Hyderabad
(Ph: 022-2784972 / 03002015280) (2784977 Fax)
5. **Mr. Mehmood Nawaz Shah**
(Director BOD HESCO) Bungalow No.1-A
Block-C Unit No.2, Latifabad, Hyderabad
(Ph: 022-3863324 / 03332602962) (022-2783988)
6. **Dr. Asad Sayeed**
Executive Director, Collective for Social Sciences Research (CSSR)
(Director BOD HESCO), 173-1, Block-2 PECHS, Karachi – 75400
(Ph: 021-34551482) (021-34547532–Fax)
7. **Mr. Goharullah**
President, Hyderabad Chamber of Commerce & Industry
(Director BOD HESCO), Aiwan-e-Tijarat Road, Saddar, Hyderabad
Chairman, Fateh Group, A/4, SITE Hyderabad
(Ph: 022-2784973-5 / 3880700 – 022-3880514 Fax)
8. **Mr. Muhammad Zargham Eshaq Khan**
Joint Secretary (Power), (Director BOD HESCO)
Ministry of Water & Power Government of Pakistan, Islamabad
(Ph: 051-9203087 – 051-9214273 Fax)

Subject: MINUTES OF 69TH MEETING OF BOARD OF DIRECTORS OF HESCO HELD ON 30TH JUNE 2011 AT HYDERABAD

Kindly find enclosed Minutes of 69th meeting of Board of Directors of Hyderabad Electric Supply Company Limited held on 30th June 2011, at Hyderabad, duly signed by the Chairman, BOD, for your information, please.

D.A/As above


(MUHAMMAD BACHAL LEGHARI)
COMPANY SECRETARY
HESCO HYDERABAD

Copy to:

1. Chief Technical Officer, HESCO Hyderabad.
2. Chief Operating Officer, HESCO Hyderabad.
3. Chief Commercial Officer, HESCO Hyderabad.
4. Chief Engineer (P&E) HESCO Hyderabad
5. Chief Engineer (Development), HESCO Hyderabad.
6. Admin & HR Director, HESCO Hyderabad.
7. Finance Director, HESCO Hyderabad.
8. Manager (HRM) / (Admin) / (Comm) / (TMS&M) / (MM) / (Civil) / (S&I) / (CM&O) / (Tech) GSC/HESCO Hyderabad
9. Master File

MINUTES OF 69TH BOD MEETING OF HYDERABAD ELECTRIC SUPPLY
COMPANY LIMITED HELD ON 30TH JUNE 2011 AT HYDERABAD

PRESENT

1.	Nawab Muhammad Hussain Talpur	Chairman	in Chair
2.	Mr. Muzaffar Ali Abbasi	Director / CEO	
3.	Mr. Rafique Dawood	Director	
4.	Mr. Goharullah	Director	
5.	Mr. Mehmood Nawaz Shah	Director	
6.	Haji Muhammad Yaqoob	Director	
7.	Mr. Suhail Ahmed Khatian	Director	
		Company Secretary	

Meeting commenced with recitation from Holy Quran. CEO welcomed the Chairman and Members of the Board. Company Secretary informed the Members that Mr. Muhammad Zargham Eshaq Khan has intimated that due to his prior commitments he would not be able to attend the meeting. The Board granted leave of absence to the Honourable Member.

The Chairman observed that Mr. Muhammad Zargham Eshaq Khan has not attended 06 consecutive meetings of the Board so far held since formation of the new BOD of HESCO. He desired to approach Ministry of Water & Power to nominate suitable member in his place who could attend the meetings of the Board

Mr. Rafique Dawood observed whether there will be meeting of the Board on the first Wednesday of the month, as already decided. Haji Muhammad Yaqoob observed that the meetings scheduled for the first Wednesday of the month may also be held. Company Secretary informed that meeting of July 2011 may be skipped to August 2011 and if there is any need of holding BOD meeting in July 2011 the Chairman will be requested for the same. The Board agreed to skip the meeting of July 2011 to August 2011.

Agenda -1 To review and confirm minutes of 67th & 68th BOD meetings held on 04.05.2011 & 08.06.2011 respectively

67th BOD Meeting

It was submitted that minutes of 67th BOD meeting were presented for review and confirmation in 68th BOD meeting held on 08.06.2011, but the Chairman pointed out that his observations regarding complaint of misappropriation by

Mr. Muhammad Ayub Afridi, Additional Manager Transport HESCO and others. The Board, therefore, desired to re-submit the minutes in next BOD. Accordingly the minutes of 67th BOD meeting were submitted after incorporating the observations of Honourable Chairman for review and confirmation.

The Chairman pointed out that his observations have again not been incorporated properly in the minutes. He categorically pointed out that his observations regarding news published in Dawn regarding alleged misappropriation of the then XEN Jacobabad & others have not been included in the minutes. The Company Secretary, therefore, incorporated the desired observations and presented the minutes to the Chairman during the meeting for his perusal and approval.

Mr. Mehmood Nawaz Shah observed that implementation status of the minutes is not being presented with the result that the Board is unaware about implementation of its decisions. The Board therefore, desired to present the implementation status of the minutes of the meeting in future. Mr. Mehmood Nawaz Shah further observed that while signing the PPAs the Company should know impact of such PPAs. He, therefore, suggested that Company should have an in-house Corporate Lawyer who should examine the PPAs and their impact on the Company.

68th BOD Meeting

Minutes of 68th BOD meeting were placed before the Board for review and confirmation. The Board reviewed the minutes and unanimously approved the same.

Agenda -2 To consider and approve acceptance of Rate of Tender No.01 – Construction of XEN / R.O Office, HESCO Qasimabad, Hyderabad

Proposal for acceptance of rate of Tender No.01 – construction of XEN / R.O Offices Qasimabad, Hyderabad, was placed before the Board for approval. It was submitted that since there is no proper accommodation for the newly created offices of XEN Operation and Revenue Officer Qasimabad, Hyderabad, which are presently housed in private bungalows, tenders for construction of these newly created offices were invited from WAPDA approved contractors through national and local newspapers, after fulfilling all the codal formalities. The tenders were published on 28.04.2011 wherein 04 contractors participated in the tenders, which were opened by the Tender Opening Committee on 17.05.2011 and the rates quoted by the contractors who participated in the tenders were as under:-

1. M/S Aziz & Brother Dadu.	11.00% Below
2. M/S Shaikh Dhani Bux Co., Hyd	03.00% Above
3. M/S H.J Enterprises, Hyderabad.	08.00% Above
4. M/S Abdul Majeed Khan	39.90% Above

The rate quoted by M/S Aziz & Brothers Dadu, at 11.0% below the BOQ cost of Rs.15,597,505 and contract price amounting to Rs.13,881,779/-, being lowest was recommended for acceptance and approval of the Board.

On enquiry by the Chairman about number of rooms to be constructed for these offices, the CEO informed that there is standard design approved by WAPDA and the offices are constructed in accordance with that design. On enquiry by Mr. Mehmood Nawaz Shah about per square feet construction cost, Chief Technical Officer informed that the construction cost is Rs.1400/- per square feet in this case.

It was submitted that the Technical Committee of the Board has vetted the proposal and has recommended for approval of the Board.

Decision

The Board considered the proposal and recommendation of Technical Committee of BOD thereon, approved the rate of 11.0% below the BOQ cost of Rs.15,597,505/- and contract price amounting to Rs.13,881,779/- for awarding the work of construction of newly created offices of XEN Operation Division and Revenue Officer Qasimabad, Hyderabad, to M/S Aziz & Brothers, Dadu, being the lowest among the bidders who participated in the tenders opened on 17.05.2011.

Agenda -3 To consider and approve acceptance of Rate of Tender No.04 – Construction of XEN / R.O Office, Badin

Proposal for acceptance of rate of Tender No.04 – construction of XEN / R.O Offices Badin, was placed before the Board for approval. It was submitted that due to non-availability of proper accommodation for the newly created offices of XEN Operation and Revenue Officer Badin, tenders for construction of these newly created offices were invited from WAPDA approved contractors through national and local newspapers, after fulfilling all the codal formalities. The tenders were published on 28.04.2011 wherein 02 contractors out of 27 who purchased the tender, participated in

the tenders, which were opened by the Tender Opening Committee on 17.05.2011 and the rates quoted by the contractors who participated in the tenders were as under:-

- | | |
|--------------------------------------|--------------|
| 1. M/S Bhatti Enterprises, Hyderabad | 3.0% Above |
| 2. M/S Aneel Contractor, Hyderabad | 5.786% Above |

It was submitted that the rate in this case is higher than the rate in case of construction of offices of XEN / R.O Qasimabad because construction of road is also involved in this particular case and that per square feet construction cost comes to Rs.1425/-.

The rate quoted by M/S Bhatti Enterprises Hyderabad, being lowest at 3.0% above the BOQ cost of Rs.15,240,492/- and contract price amounting to Rs.15,697,707/-, was recommended for acceptance and approval of the Board.

Haji Muhammad Yaqoob observed that who will be responsible for quality of work. Mr. Mehmood Nawaz Shah observed that quality of work should be ensured. CEO informed that there is a complete team having a Civil Engineer and Superintending Engineer who supervise and monitor the civil works. Haji Muhammad Yaqoob suggested that there should be a Committee of the Board for supervising the civil works. Chairman suggested that Haji Muhammad Yaqoob may be nominated to check the quality of work on behalf of the Board. The Chairman also suggested that Haji Muhammad Yaqoob may also associate Mr. Mehmood Nawaz Shah or any other member of the Board.

It was submitted that the Technical Committee of the Board has vetted the proposal and has recommended for approval of the Board.

Decision

The Board considered the proposal and recommendation of Technical Committee of BOD thereon, approved the rate of 3.0% above the BOQ cost of Rs.15,240,492/- and contract price amounting to Rs.15,697,707/-, for awarding the work of construction of newly created offices of XEN Operation Division and Revenue Officer Badin, to M/S Bhatti Enterprises Hyderabad, being the lowest among the bidders who participated in the tenders opened on 17.05.2011.

The Board also nominated Haji Muhammad Yaqoob to check quality of the work himself or in association with Mr. Mehmood Nawaz Shah or any other member of the Board.

Agenda-4 To consider and approve acceptance of Rate of Tender No.05 – Construction of XEN / R.O Office Thatta

Proposal for acceptance of rate of Tender No.05 – construction of XEN / R.O Offices Thatta, was placed before the Board for approval. It was submitted that owing to non-availability of proper accommodation for the newly created offices of XEN Operation and Revenue Officer Thatta, tenders for construction of these newly created offices were invited from WAPDA approved contractors through national and local newspapers, after fulfilling all the codal formalities. The tenders were published on 28.04.2011 wherein 04 contractors out of 25 contractors who purchased the tenders, participated in the tenders which were opened by the Tender Opening Committee on 17.05.2011 and the rates quoted by the contractors who participated in the tenders were as under:-

1. M/S Bhatti Enterprises, Hyderabad	6.00% Above
2. M/S Abdul Majeed Khan, Quetta	45.00% Above
3. M/S Muhammad Ali Deepar Larkana	17.00% above
4. M/S Aneel Contractor Hyderabad	4.786% Above

The rate quoted by M/S Aneel Contractor, Hyderabad, being lowest at 4.786% above the BOQ cost of Rs.15,341,907/- and contract price amounting to Rs.16,076,226/-, was recommended for acceptance and approval of the Board. It was submitted that per square feet construction cost in this case comes to Rs.1450/- because of hard area.

It was submitted that the Technical Committee of the Board has vetted the proposal and has recommended for approval of the Board.

Decision.

The Board considered the proposal and recommendation of Technical Committee of BOD thereon, approved the rate of 4.786% above the BOQ cost of Rs.15,341,907/- and contract price amounting to Rs.16,076,226/- for awarding the work of construction of newly created offices of XEN Operation Division and Revenue Officer Thatta, to M/S Aneel Contractor Hyderabad, being the lowest among the bidders who participated in the tenders opened on 17.05.2011.

Agenda-5 To consider and approve regularization of Mr. Imdad Ali, Manager Finance CPC (BPS-18)

Proposal for regularization of Mr. Imdad Ali, Manager Finance (CPC), who was appointed on contract in BPS-18, was placed before the Board, for approval. It was submitted that the officer was appointed on contract in Finance Directorate for two years, which expired on 08.07.2009 and owing to his successful and satisfactory performance his contract was extended up to 08.07.2011. Meanwhile his case was sent to GM (HR) PEPCO duly recommended for regularization, vide letter dated 19.01.2011 in absence of BOD, as it was then suspended, but the PEPCO directed to get it regularized from BOD, as and when it becomes functional. The case for regularization of the officer was, therefore, placed before the Board for approval.

It was submitted that the officer is a qualified Cost and Management Accountant and Associate Member of Institute of Cost & Management Accountants of Pakistan (ICMAP), having done MBA (Finance) and M.A (Economics). Moreover, he is hard worker and capable for the post of Manager Finance (CPC) and regularization of his service will be in the best interest of the Company. On enquiry by the Chairman about age of the officer, Company Secretary, informed that he is 27 years old.

Decision

The Board considered the proposal and recommendation of the management and approved the regularization of Mr. Imdad Ali, Manager Finance (CPC) in BPS-18, in Finance Directorate HESCO, as per usual terms and conditions of the cadre according to organogram of DISCOs.

Agenda-6 To consider and approve allowing 04 No. posts of Upper Technical Subordinates (UTS) (Matriculate) quota to be filled in through UTS (B.E)

Proposal for allowing 04 No. posts of Upper Technical Subordinates (Matriculate) quota for promotion as Junior Engineer to be filled in through promotion of Upper Technical Subordinates, who are B.E, was placed before the Board for approval. It was submitted that according to rules, the posts of Junior Engineers in HESCO are filled in through 70% direct recruitment and 30% through promotion out of eligible Line Superintendents Grade-I (LS-I) / Sub-Station Operators Grade-I (SSO-I) called as Upper Technical Subordinates (UTS). As per rules, 30% quota of promotion is further distributed as under:-

(a)	Grade UTS	5%
(b)	B. Tech UTS	5%
(c)	Diploma Holders UTS	7½%
(d)	Matriculate UTS	12½%

It was further submitted that presently there is no vacant post for promotion as Junior Engineer under B. Tech quota, whereas 01 No. post is vacant under Diploma Quota, 01 No. post is vacant in B.E quota and 17 No. posts are vacant in Matriculate quota. Due to non-availability of candidates fulfilling all requirements of promotion of UTS under Matriculate quota, while there are at least 09 No. UTS possessing the Graduate Degree i.e. B.E (Electrical) are eligible for the promotion. Therefore, the Departmental Promotion Board during its meeting held on 27.05.2010, decided to request BOD to allow at least 25% seats out of 17 seats under Matriculate quota i.e. 04 Nos. to be filled in through promotion of Graduate UTS. The management, therefore, recommended to the Board to approve filling in 04 No. seats of Matriculate UTS quota by promotion of eligible Graduates (BE) UTS who fulfill all the pre-requisites.

Decision

The Board considered the proposal and recommendation of the management and allowed 25% seats i.e. 04 Nos. of UTS under Matriculate quota to be filled in through promotion of Graduate UTS (B.E) as Junior Engineers.

Agenda-7 To consider and approve Reclamation of Distribution Damaged Transformers through Rate Contract with M/S Ajmer Electric Engineering Works (Pvt) Ltd. Hyderabad

Proposal for reclamation of Damaged Distribution Transformers through rate contract with M/S Ajmer Electric Engineering Works (Pvt) Ltd. Hyderabad, was placed before the Board for approval. It was submitted that rate contract for reclamation of 100 KVA and 200 KVA was executed with the above mentioned Firm.

Mr. Goharullah observed that the Board in an earlier meeting has decided to procure new Transformers instead of reclamation of damaged transformers. Mr. Mehmood Nawaz Shah observed whether PPRA Rules have been taken care of. Mr. Goharullah observed that Company cannot run without reclamation of damaged transformers, therefore, he suggested to invite tenders for the same.

Decision

The Board agreed to the suggestion of Mr. Goharullah, Honourable Member of the Board and decided to invite tenders from the approved firms / contractors for reclamation of Damaged Distribution Transformers of respective capacity showing guarantee in the tender and specifying the quantity of such transformers for one year.

Agenda-8 To consider and approve procurement of Construction Equipment (Vehicles) against package No. PEPCO-01-2010, Lot-I, II & III under ADB Loan No.2438-PAK Tranch-I

Proposal for procurement of Construction Equipment (vehicles) under ADB Loan No.2438-PAK for Distribution Enhancement Program Tranch-I, was placed before the Board for approval. It was submitted that PEPCO, acting as Procurement Agent on behalf of Companies, invited sealed bids from eligible bidders for procurement of Construction Equipment and Vehicles in 06 Lots. It was further submitted that as per guidelines of the ADB contracts are to be signed with 08 Distribution Companies separately against their individual share as under:-

Lot	Description of Equipment	Total Quantity (in Nos.)	Share of HESCO
I	90 Tons Low Bed Semi Trailer with Prime Mover	08	01
II	Truck Mounted Cranes i) 120 Tons Truck mounted Cranes ii) 30 Tons Truck mounted Cranes	08 08	01 01
III	Heavy Duty Trucks i) 4 Tons Self Loader Heavy Duty Trucks ii) 12 Tons Heavy Duty Trucks iii) 6 Tons Heavy Duty Trucks	32 08 24	04 01 03
IV	Tractor with Min 80 HP Engine	08	01
V	Community / Off Road Vehicles i) Double Cabin ii) Community Vans	24 08	03 01
VI	110 Tons Hydraulic Press Machines	16	02

It was submitted that tenders were opened on 21.07.2010 and Evaluation Report was completed on 12.10.2007, wherein following bidders were considered as lowest evaluated responsive bidders for each lot, after due consideration of all relevant factors.

Lot-I	M/S Auto Mobile Corporation of Pakistan Karachi
Lot-II	M/S Xuzhou Construction China through M/S Transworld Lahore
Lot-III	M/S Auto Mobile Corporation of Pakistan Karachi
Lot-IV	None
Lot-V	None
Lot-VI	None

Accordingly the case was submitted to ADB who communicated its no objection to award the contract to the lowest evaluated and substantially responsive bidder for Lot-I, II & III.

It was further submitted that since the BOD was not then functional, MD PEPCO had approved the case for issuance of Notification of Award (NOA) to avoid expiry of the bid validity. Accordingly NOAs were issued to M/S Auto Mobile Corporation of Pakistan Karachi, for Lot-I & III and to M/S Xuzhou Construction Machinery Group China, through M/S Transworld Associates Lahore, for Lot-II on 25.02.2011. Moreover the ADB gave time frame for all the DISCOs to sign Contract Agreements before 30.06.2011 keeping in view the loan closing date as 31.12.2011. Accordingly PEPCO convened a meeting of all the Chief Engineers (Development) of DISCOs at Lahore on 24.06.2011, wherein it was decided to sign the Contracts before 30.06.2011 keeping in view the allowed delivery schedule of 180 days. The financial implication of the proposal was worked out at conversion rate of 1 US\$ 85.7 PKR as under:-

<u>Contract Value</u>	<u>Converted into Pak Rs.</u>
Lot-I PKR 5,600,000/- (+ US\$ 122,730	= PKR 16,117,961/-
Lot-III PKR 17,200,000/- (+ US\$ 298,500	= PKR 42,781,450/-
Total of Lot-I & III	= PKR 58,899,411/-
Lot-II US\$ 282,951	= PKR 109,948,900/-
Total of Lot-I, II & III	= PKR 168,848,312/-

CEO informed that Vehicles in Lot-II i.e. Truck Mounted Cranes are not being procured because these are costly and their rates are also higher for which the Company has been asked to justify their rates, whereas contracts for procurement of vehicles in Lot-I & III have been signed on 30.06.2011. On enquiry from Mr. Goharullah

about Manufacturing Company of the Vehicles, CEO informed that vehicles in Lot-I & II are Japanese and in Lot-II are Chinese.

Decision

The Board considered the proposal and ratified / accorded ex-post-facto approval for issuance of Notification of Award (NOA) and signing of Contracts with M/S Auto Mobile Corporation of Pakistan Karachi, for procurement of vehicles as per Lot-I & II mentioned above, amounting to Rs.22,800,000/- (+) US\$ 421,230.

Agenda-9 To consider and approve permanent absorption of Mr. Suhail Ahmed Khatian as Admn & H R Director in HESCO on regular basis with effect from 01.07.2011

The Board discussed the item at length and unanimously and outrightly refused to consider the proposal on the plea that the position of Admn & HR Director in PEPCO and in its all allied entities is a regular cadre position which as per Promotion Policy is to be filled-up by way of promotion from the eligible senior most regular officers of Admn cadre from the respective seniority list. All these officers are working in BPS-19 on the basis of combined seniority list maintained by the PEPCO and they are possessing the services more than 17 years (required for promotion) as Admn & HR Director.

Decision

The BOD HESCO therefore turned down the proposal of permanent absorption in service unanimously and also did not allow / approve further extension even in Contract Service in respect of Mr. Suhail Ahmed Khatian after 30.06.2011.

Agenda-10 To consider and approve ex-post-facto approval for issuance of Letter of Intent (LOI), signing of Power Purchase Agreement (PPA) and Connectivity Report from Technical Committee in respect of:-

- i) M/S Fateh Textile Mills Limited.
- ii) M/S Thatta Cement Company Limited
- iii) M/S Hi-Tech Pipes & Engineering Industries (Pvt) Ltd. Kotri.

It was submitted that M/S Fateh Textile Mills Limited Site Hyderabad, have offered 3.4 MW Surplus Power from its Gas Based Power Plant at Plot No.A-19 Hali Road Site Hyderabad, and the Central Power Purchase Agency (CPPA) has consented

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for the purchase of 3.4 MW Power from M/S Fateh Textile Mills through its Gas Based Power Plant, as SPP.

It was further submitted that M/S Thatta Cement Factory, have also offered 18.8 MW Power as Phase-I from its Gas Based Power Plant located at Makli Ghulamullah Road, District Thatta, and the Central Power Purchase Agency (CPPA) has consented for the purchase of 18.8 MW Power from Thatta Cement Factory, from its Gas Based Power Plant, under N-CPP Policy.

M/S Hi-Tech Pipes & Engineering Industries Site area Kotri, offered 10 MW Power from its Natural Gas based Power Plant located at Kotri adjacent to Kotri Industrial Estate and 132 KV Grid Station Kotri and Central Power Purchase Agency (CPPA) has consented for the purchase of 10 MW Power from M/S Hi-Tech Pipes & Engineering Industries Site area Kotri from its Natural Gas Power Plant under N-CPP Policy..

It was also submitted that Letters of Intent (LOIs) have been issued to M/S Fateh Textile Mills for purchase of 3.4 MW Power at 11 KV level and to M/S Thatta Cement Factory, for purchase of 18.8 MW Power at 132 KV level and the financial implication thereof will be under PSDP 2011-2012. On enquiry by the members about per unit purchase cost, the CEO informed that per unit purchase cost would be Rs.7.445 from Gas Based Power Plant. Mr. Goharullah observed that CEO should be empowered to sign the agreements with SPPs / NCPPs who so ever offer Power at cheaper rate.

It was submitted that the Technical Committee of the Board has vetted the proposals and has recommended to the Board for approval.

Decision

The Board considered the proposals and recommendation thereon of the Technical Committee of the Board and accorded approval for issuance of Letters of Intent (LOI), signing of Power Purchase Agreement (PPA) and Connectivity report from the Technical Committee to M/S Fateh Textile Mills for purchase of 3.4 MW Power from their Gas Based Power Plant located at Plot No.A-19 Site Hyderabad, at 11 KV level, M/S Thatta Cement Factory, for purchase of 18.8 MW Power at 132 KV level, from their Gas Based Power Plant located at Makli Ghulamullah Road, Thatta and M/S Hi-Tech Pipes & Engineering Industries, Site area Kotri, for purchase of 10 MW Power at 11 KV level.

F/K

The Board also authorized CEO to sign Letter of Intent (LOI) and signing of Power Purchase Agreements (PPAs) with M/S Fateh Textile Mills, for purchase of 3.4 MW Power as SPP and under NCPP Policy M/S Thatta Cement Factory for purchase of 18.8 MW Power and 10 MW from M/S Hi-Tech Pipes & Engineering Industries (Pvt) Ltd. Kotri.

Agenda-11 To consider and approve Draft Performance Improvement Partnership Agreement between HESCO and Joint PDIP Implementation Task Force

A Draft Performance Improvement Partnership Agreement between HESCO and Joint PDIP Implementation Task Force under Pakistan-US Energy Partnership, was placed before the Board for approval. It was submitted that Asian Development Bank, World Bank, US-Aid, other USG Agencies and other bilateral donor agencies are working to strengthen and improve the performance of DISCOs including over all Commercial Performance, Reduction of Losses and improved Revenues to achieve level of operability required for future sustainability.

Decision

The Board considered and approved the Draft Performance Improvement Partnership Agreement to be made between Hyderabad Electric Supply Company and Joint PDIP Implementation Task Force under Pakistan-US Energy Partnership, with the advice that CEO should provide Performance Implementation.

SUGGESTIONS OF MR. GOHARULLAH

Mr. Goharullah, as a President of Chamber of Commerce, suggested that there should be Task Force to eliminate theft and the Chamber is there to cooperate in this respect. Haji Muhammad Yaqoob suggested that there should be some good staff from HESCO and some from Chamber of Commerce and all Associations of Trade will cooperate in eradicating the theft. Mr. Goharullah informed that a meeting of Association of Traders was called by the Chamber and they had also agreed with this suggestion. Chairman BOD suggested to nominate 04 persons from HESCO and 04 persons from Chamber in the Task Force. Mr. Rafique Dawood suggested to appreciate proposal of Mr. Goharullah and that the area should be selected where there is massive theft. The Board desired that the Task Force should submit Circle wise report of one month in next BOD meeting.

Haji Muhammad Yaqoob observed that HESCO is going to make new recruitment without informing the Board and whether such staff is required by the Company. The Secretary informed that the staff is required for the newly created offices which have recently been approved by the Board. He further informed that about 490 posts of different categories are vacant in these newly created offices and others. The Chairman pointed out that he has observed surplus staff at Kot Ghulam Muhammad. CEO informed that usually the staff get their posting at the nearest station, while their pay is charged to their original posting some where else. Mr. Goharullah observed that such staff should be directed to report at their original posting. He further suggested to constitute HR Committee of the Board. The Chairman suggested Mr. Goharullah as Convenor of HR Committee and Mr. Mehmood Nawaz Shah, Haji Muhammad Yaqoob and CEO as Members of this Committee.

Decision


The Board appreciating the proposal of Mr. Goharullah and agreeing with his suggestions, decided to make Task Force comprising of 04 trust worthy and honest employees from HESCO and 04 persons from Chamber of Commerce for checking the theft of electricity and eliminating the same, selecting the areas of massive theft. The Board further decided that the Task Force should submit its report Circle wise for one month before the Board, in the next meeting.

The Board also constituted HR Committee comprising of Mr. Goharullah as Convenor and Haji Muhammad Yaqoob Mr. Mehmood Nawaz Shah and CEO HESCO as its Members. The Board, however, advised that the surplus staff in any office should be directed to report at their original place of posting and H.R Committee Meeting regarding HR matters will be convened within a week's time.

In the end the CEO briefed the members with regard to Recovery and Transmission Distribution (T&D) Losses of the Company during 2010-2011 vs 2009-2010. He informed that Private Recovery during the 1st Quarter of 2010-2011 was 74.8% i.e. decrease by (-) 7.7%, while in the 2nd Quarter it was 89.8% with increase of 3.7%. He further informed that Private Recovery for 3rd Quarter of the year up to May 2011 is 88.4% with increase of 3.2%, while the Recovery of SEPCO during 3rd Quarter of the year is 50.6% against 60.7% of the last year i.e. (-) 10.1% decrease. Regarding Private Recovery during June 2011 he informed that hopefully 120% Private Recovery will be achieved.

Regarding T&D Losses, he informed that presently the Losses of the Company are 28% wherein 20% are Technical Losses, whereas Administrative losses are only 8%, which will be addressed and further reduced by December 2011.

There being no other business to be transacted, the meeting ended with vote of thanks to the chair.


(NAWAB MUHAMMAD HUSSAIN TALPUR)
CHAIRMAN
BOARD OF DIRECTORS
HESCO HYDERABAD

F/L

SSG

Sui Southern Gas Company Limited

Sales/NOC-PG-1426/11
May 19, 2011

Mr. Khalid Malik
Sr General Manager
Fateh Textile Mills
Hyderabad

Subject: NOC/Permission to Sell Surplus Power to HESCO from approved
Gas load of 1 MMCFD for Captive Power Generation
Customer No-1981651000 At Fateh Textile Mills Hyderabad, Sindh.

This is with reference to your letter FTML/PD/KM/1257 dated May 11, 2011.

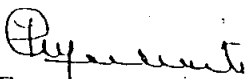
We are pleased to inform that your request to sell surplus power to HESCO from your
approved gas based Captive Power Generation has been approved by the management of
SSGC under Ministry of Petroleum & Natural Resources directives vide their letter No. NGCH-
7(177)/08 dated April 8, 2008:-

NOC is granted subject to following conditions:

1. This NOC will automatically become invalid if NEPRA withdraws its policy of sale of surplus power to HESCO.
2. All other terms and conditions governing Allocation of gas for Captive Power generation will remain same as mention in our letter of our approval.

Assuring you of our best services, we remain.

Yours sincerely,


FAYYAZ MERCHANT
GENERAL MANAGER (SALES)

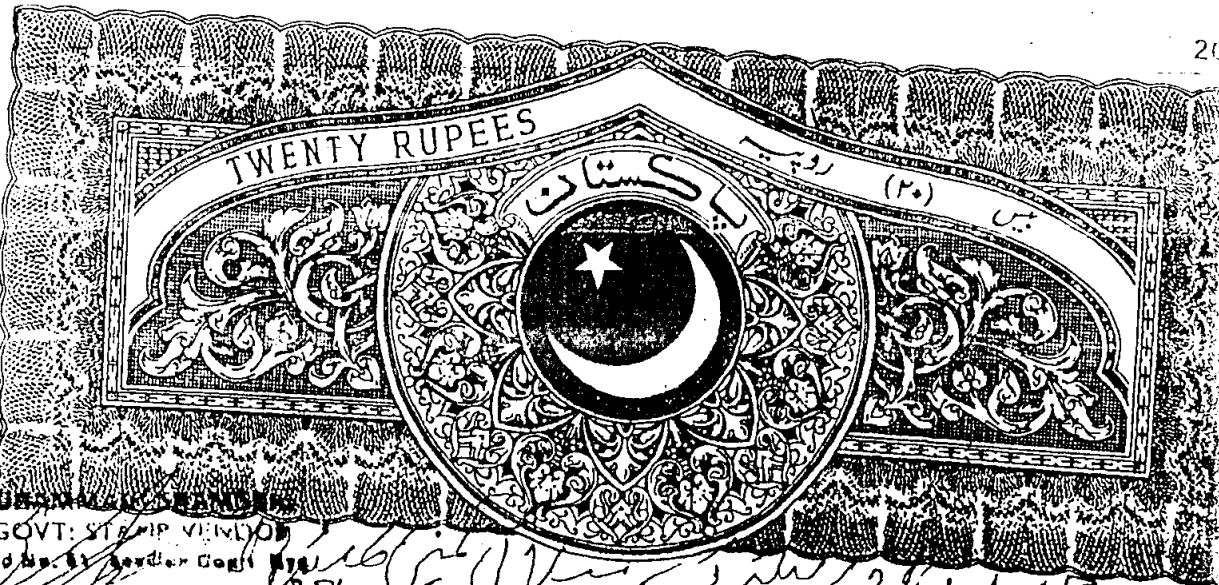
HYDERABAD ELECTRIC SUPPLY COMPANY LTD
HYDERABAD SINDH



POWER PURCHASE AGREEMENT

WITH

M/S FATEH TEXTILE MILLS LIMITED
S.I.T.E HYDERABAD



POWER PURCHASE AGREEMENT

This Power Purchase agreement is made and entered into as of 23rd May 2011 at Hyderabad, Sindh, Pakistan in pursuance of Notification bearing No. GM/CCPA/F-22/1459-72 dated 23-08-2008 and Chief Engineer-II CPPA memo No.CPPA/DT-II/F-143/3960-62 dated 09.05.2011 followed by a corrigendum bearing GM/CCPA/F-48/1952-54 dated 27-09-2008.

BETWEEN

- 1) Hyderabad Electric Supply Company Limited Hyderabad, a public limited Company established under the laws of Pakistan, with its principle office at Hyderabad, Sindh Pakistan and its successors and assigns of the one part, hereinafter called Power Purchaser.

AND

- 2) M/s Fateh Textile Mills Limited, A/4 Site Area Hyderabad a Public Limited Company incorporated under the laws of Pakistan, with its principal, with its principle office at Hyderabad and its permitted successors and permitted assigns of the other part, hereinafter called "Company".

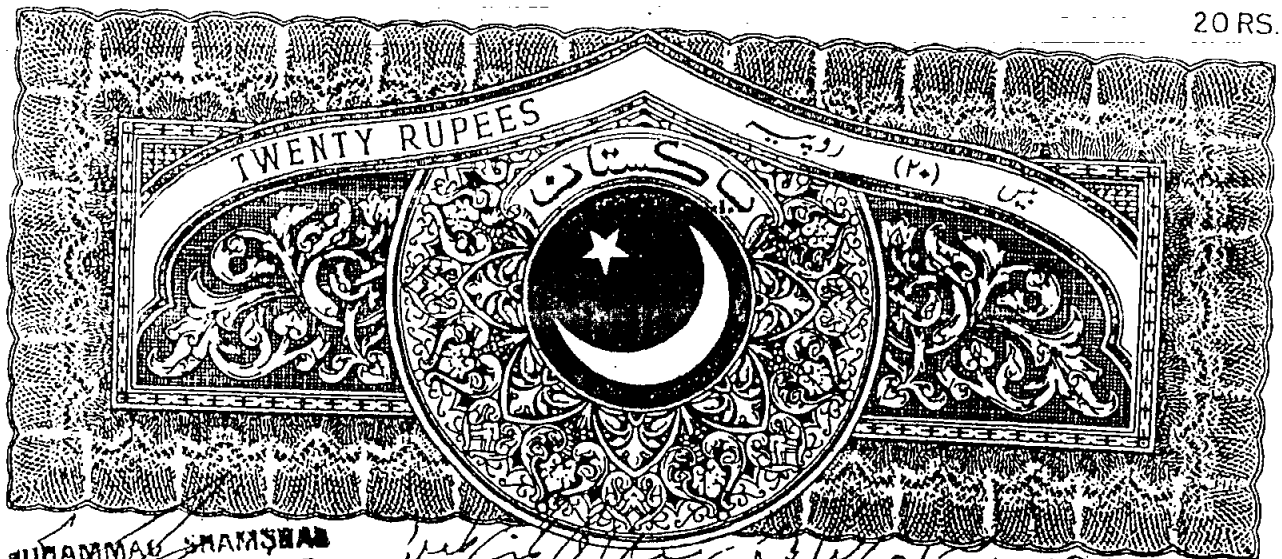
Both the Power Purchase and the company shall hereinafter also be referred to individually as "the Parties"

WHEREAS the company will sell and the Power Purchaser will purchase from the company electrical energy on the terms and conditions set here in forth, pursuant to Generation Licence from issued by NEPRA. Provided, however, if the company has not obtained Generation Licence from NEPRA, it can sell electrical energy to the Power Purchaser from the date of filing an application to NEPRA for grant of Generation Licence.

NOW THEREFORE, in consideration of the mutual benefits to be derived and the representations, warranties, conditions and premises herein contained, and intending to be legally bound, the company and the Power Purchaser hereby agree as follows:

Whenever the following capitalized terms appear in this Agreement, they shall have the meanings stated below:

[Handwritten signatures]



MUHAMMAD SHAMSHAD
GOVT. STAMP VENDOR
Med. No. 81, Hassan Court, Med.
License No. 148, Social Med. No.
Med. No. 235

"Back-up Metering System" All meters and metering devices to be procured, installed and tested by the Power Purchaser. The accuracy class of meters shall be 0.5

"Billing Cycle" (i) The periods starting from 12.00 hours of first day of each month up to 12.00 hours of sixteenth day of each month and (ii) The period starting from 12.00 hours of sixteenth day of each month up to 12.00 hours of first day of the following month.

"Company" M/s Fateh Textile Mills Limited, A/4 Site Area Hyderabad a Public Limited Company incorporated under the laws of Pakistan, with its principal office at Hyderabad and its permitted successors and permitted assigns.

"Fixed Cost Component" The tariff component payable @ Rupees 1.53 per KWh delivered, by the company which includes but not limited to O & M cost tax on income of the Company, insurance cost, return on investment, duties, etc. This component will remain fixed effective from 01.01.2009 vide CPPA notification No. Gm/CPPA/F-22/80-104 dated 05.01.2009 "and / or as advised by CPPA (WAPDA/ PEPCO) for further period" and at par with Fixed Cost Component allowable to other Generation facility (s), already supplying power to distribution companies through bilateral contracts.

"Gas Cost Component" The tariff component Payable @ Pak Rupees 2.89 per Kwh delivered by the Company based on the References Gas Price and as adjusted from time to time for gas price movement only.

"Gas Price":- The price of pipeline quality Gas delivered at the Generation Facility excluding General Sales Tax applicable for the Billing Cycle as notified by OGRA.

"FCC" Stands for Fuel Cost Component.

"GCC" Stands for Gas Cost Component.

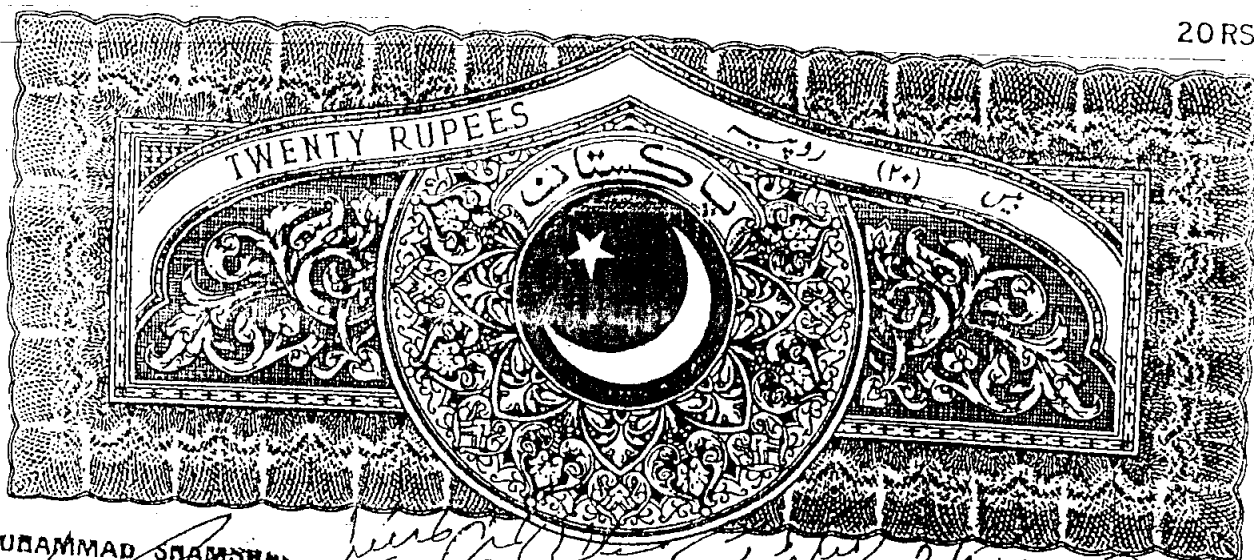
"GP" Means the price of pipeline quality gas notified by OGRA from time to time.

"Generation Facility" Means the Generation Facility or part thereof, located on site having installed capacity up to 3.6 MW gas based and earmarked to deliver electrical energy to the Power Purchaser under this Agreement.

"Generation Licence" The permission granted by NEPRA to the company for generation and supply of electricity to Hyderabad Electric Supply Company Limited Hyderabad].

"Interconnection Point" The physical point(s) where the Generation Facility and the 11Kv system of the Power Purchaser is connected i.e. at the respective outgoing 11Kv feeder breaker of the Generation Facility at which the transfer of the net electrical output occurs through;

027



MUHAMMAD SHAMSHUL
GOVT. STAMP VENDOR

Hyd No. 81 Section Court Hyd
Issued On 14/11/2011 Serial No. 1000
14/11/2011

(a) Independent radial feeder (a) isolated from any other 11Kv system of the Generation Facility;

Or

(b) Synchronization of 11Kv of the Generation Facility with the 11Kv system of the Hyderabad Electric Supply Company Limited, but isolated from any other 11Kv system of the Generation Facility;

"Metering Point" The 11Kv outgoing breaker panel / metering panel installed in the control room of the Generation Facility.

"Metering System" All existing meters and metering devices available at the Metering Point of the Generation Facility of the Company shall be used for recording of electrical energy to be supplied to Power Purchaser. The accuracy class of meters shall be 0.5. The Power Purchaser may check / recalibrate the Metering System at appropriate intervals, at its own cost.

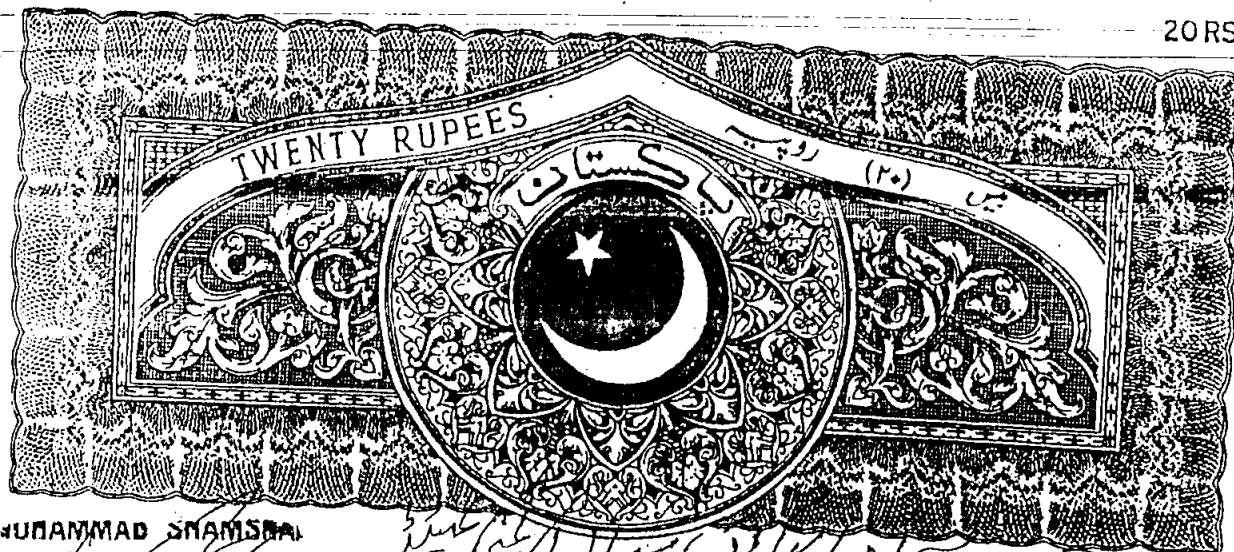
"NEPRA" The National Electric Power Regulatory Authority established by the Regulation, Transmission and Distribution of Electric Power Act 1997(XL of 1977), and any successor or substitute regulatory Agency with authority and jurisdiction over the electricity sector in Pakistan.

"OGRA" Means the Oil and Gas Regulatory Authority of Pakistan.

"Power Purchaser" Hyderabad Electric Supply Company Limited, a public limited Company established under the laws of Pakistan with its principle office at Hyderabad and its successors and assigns.

"Prudent Electrical Practices" The use of equipment, practices or methods, as requires to comply with applicable industry codes, standards, and regulations in Pakistan (i) to protect the grid system, employees, agents, and customers from mal-functions occurring at the Generation Facility, (ii) to protect the Generation Facility and the Company's employees and agents at the Generation Facility and from mal-function occurring on the grid system. Prudent Electrical Practices are not limited to optimum practices, methods or acts to the exclusion of all other, but rather are a spectrum of possible practices, methods and acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability and safety.

"Prudent Utility Practices" – Those practices, methods and procedures conforming to safety and legal requirements which are attained by exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled



MUHAMMAD SHAMSUL
GOVT. STAMP VENDOR

and No. 11 Section 1000

Issued No. 111 Serial No. 111

and No. 111

and experienced generator of electricity in the same or a similar type of undertaking or activity under the same or similar circumstances and conditions to those pertaining in Pakistan and satisfying the health, safety and environmental standards of reputable International electric generation companies. Prudent Utility Practices are not limited to optimum practices, methods or acts to the exclusion of all others, but rather are a spectrum of possible practices methods and acts which could have been expected to accomplish the desired result at reasonable cost consistent with reliability and safety.

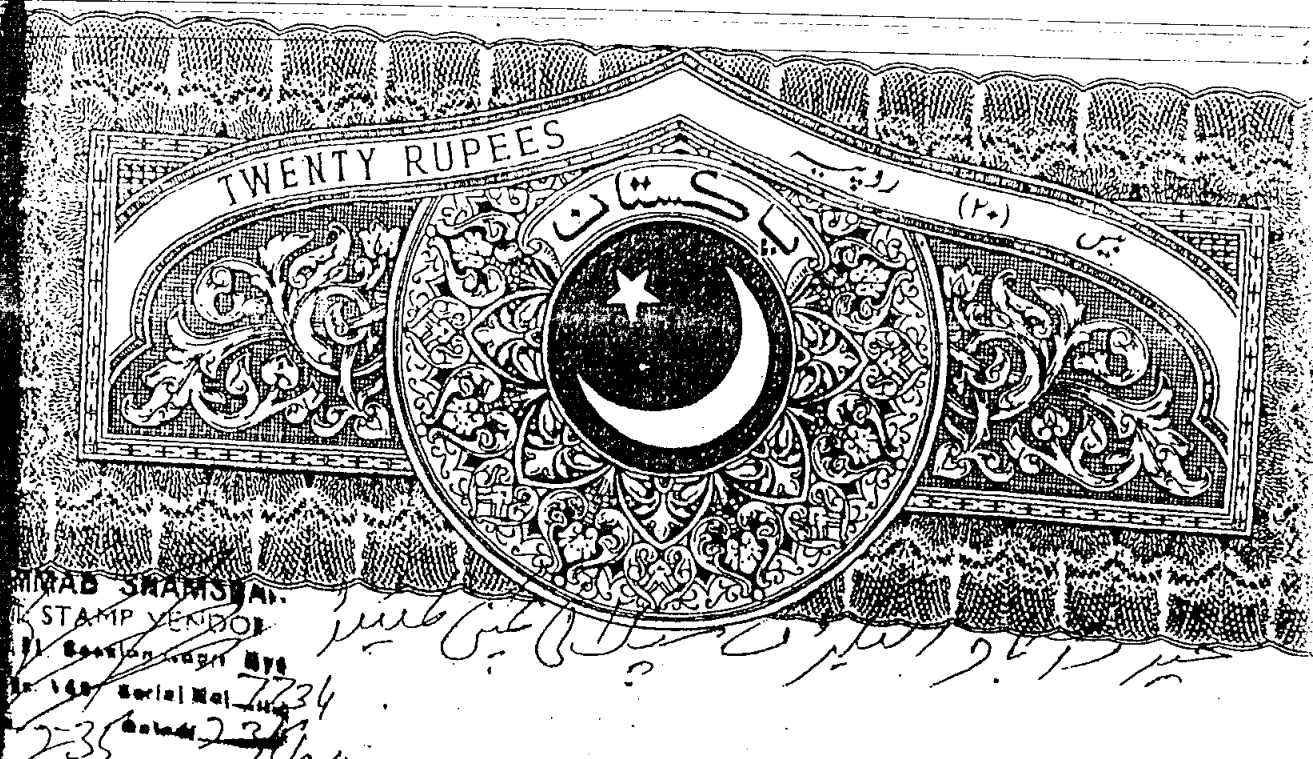
"Reference Gas Price" – The price of the pipeline quality gas i.e Rs.238.38 per MMBTU(HHV) excluding general sales tax(GST).

"Reference Price" – The Reference Price for the purpose of this agreement is Pak Rupees 4.42 per kWh delivered, on 11KV, which consists of Fuel Cost Component i.e Pak rupees 2.89/kWh delivered, Based upon Reference Gas Price, and Fixed Cost Component of Pak Rupees 1.53/kWh delivered, excluding general sales tax (GST). Fuel Cost component is adjustable from time to time as per formula given in clause 'h' of the agreement.

"Take-and-Pay Basis" – Means the basis on which Power purchaser will pay to the Company, the fuel Cost Component and the Fixed Cost Component against the delivered kWh only.

The parties Further Agreed That;

- a) The term of this agreement is **Two years**, from the signing of the agreement which can be extended by mutual consent of the Parties.
- b) The Generation Facility shall not supply electrical energy, produced on fuel other than that agreed between the Parties as agreed on "Gas Based Generation".
- c) The Company shall sell and the Power Purchaser shall purchase the electrical energy at the Reference Price.
- d) The Company will provide up to "3.4" MW of power ON TAKE AND Pay Basis at a voltage of 11KV and at 50 Hz frequency with a tolerance of $\pm 5\%$ in nominal voltage and $\pm 1\%$ in nominal frequency. The quality of electrical energy shall be ensured by the Company through Installation of necessary equipment required as per Prudent Electrical Practices and Prudent Utility Practices.
- e) The Cost of connectivity either on 11KV, 66KV or 132KV will be borne by the Power Purchaser.



- f) The Company shall provide access and facilitate the authorized representative(s) of the power Purchaser to the control room of the power plant to monitor the Metering system and interconnection point relating to power dispatch.
- g) The meter reading will be recorded by Power Purchaser's authorized persons in the presence of the Company's representative as per billing cycle and the company will submit its energy invoice accordingly.
- h) The company will provide documentary evidence, for the rates of the pipeline quality gas as notified by OGRA for WAPDA power stations. The fuel cost Component will be adjusted for any increase or decrease in the Reference Gas Price during the Billing Cycle according to the Formula:

$$GCC (rev) = GP(rev)/GP(ref) * GCC(ref)$$

Where

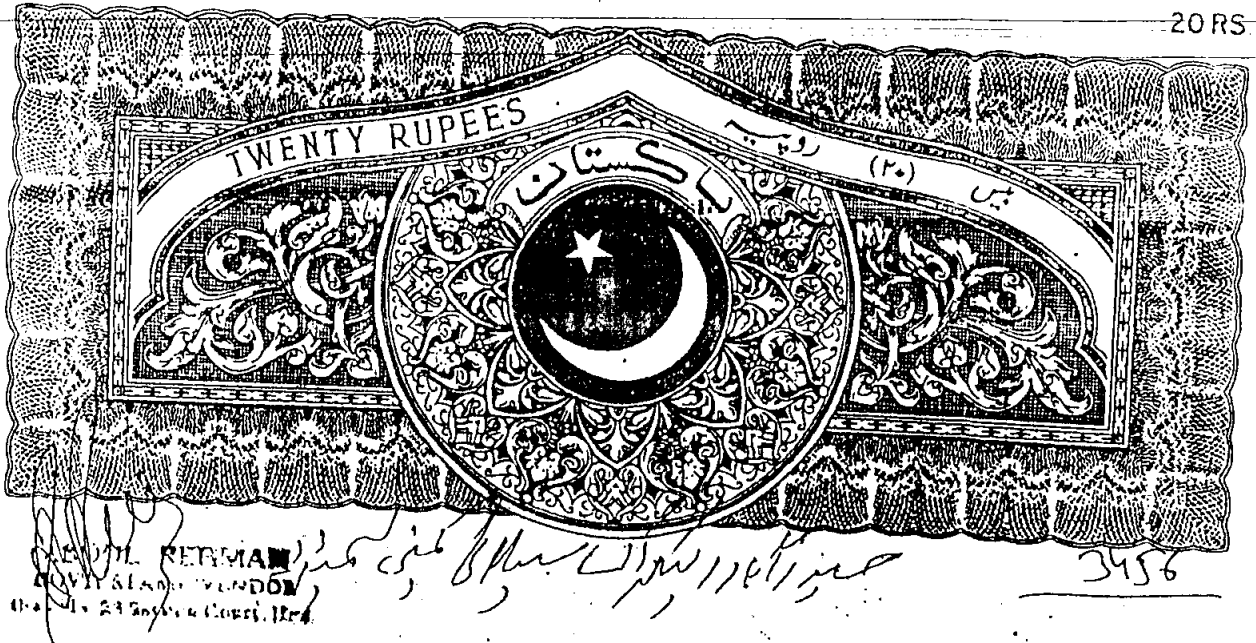
$$GCC(rev) = \text{Gas Cost Component applicable for the Billing Cycle}$$

$$GP(rev) = \text{Revised Gas Price, excluding general sales tax Applicable for the Billing Cycle as notified by OGRA for WAPDA power stations.}$$

$$GP(ref) = \text{Reference Gas Price i.e. Rs.238.38/MMBTU(HHV)}$$

$$GCC(ref) = \text{Rs.2.89/kWh}$$

[Handwritten signature]



- i) The Company will submit one (1) original invoice with three (3) copies to Power Purchaser along with OGRA notification of gas price of the Billing Cycle and meter reading. The Power Purchaser will make payment against each invoice submitted by the Company within 15 working days from the date of receipt of the invoice by the Power Purchaser. If the Power Purchaser fails to make the payment by due date then the Power Purchaser will pay to the Company late payment surcharge @ 1% (One percent), per month. In the event of non-payment by Power Purchaser for two (2) consecutive Billing Cycles, the Company reserves the right to discontinue the power supply.

→ Equivalent to three months billing HESCO will provide stand-by Letter of Credit. If HESCO does not pay the bill to FTML then SBLC will be en-cashed by Fateh Textile Mills Limited (FTML) or SSGCL.

→ That FTML will not supply power to any of its sister concern. However FTML can only supply their electricity to sister concern / other consumers through HESCO Distribution system against payment as per NEPR tariff.

- j) (a) All notices and other communications required or permitted to be given by a Party shall be in writing and either delivered personally or by courier or sent by facsimile to the address or number of the other party specified below:

i) If the power purchaser:

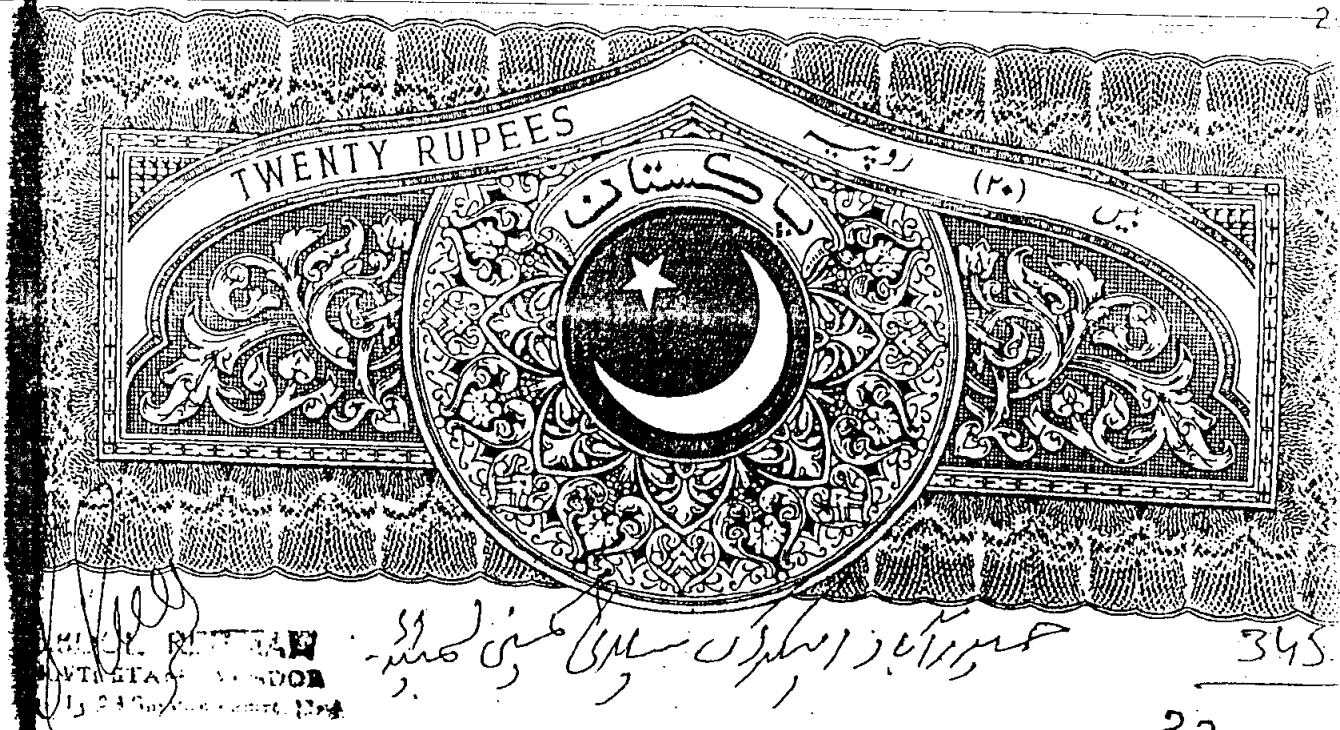
Attention: Chief Executive Officer, HESCO Hyderabad
Facsimile: 022-9260361

With a copy to:

Attention: Chief Engineer (P&E), HESCO Hyderabad
Facsimile: Fax No. 022-9260361

ii) If to the Company

Attention: Chief Executive Officer, M/S Fateh Textile Mills Limited Plot No.A-4, site Hyderabad



With a copy to:

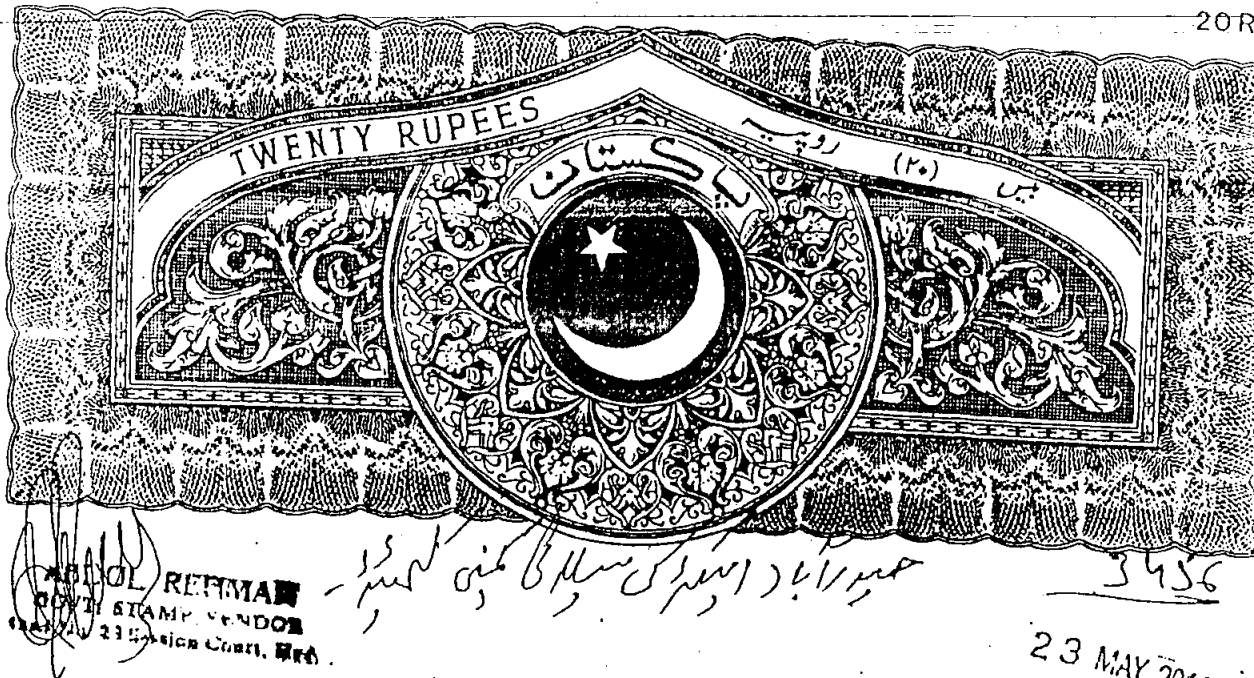
Attention:

General Manager, M/s Fateh Textile Mills Limited Plot No.A-4 S.I.T.E
Hyderabad.

Facsimile:

Fax No.022-3880514

Provide that a party may change the address to which notices are to be sent to it by giving not less than thirty (30) days' prior written notice to the other party.



23 MAY 2011

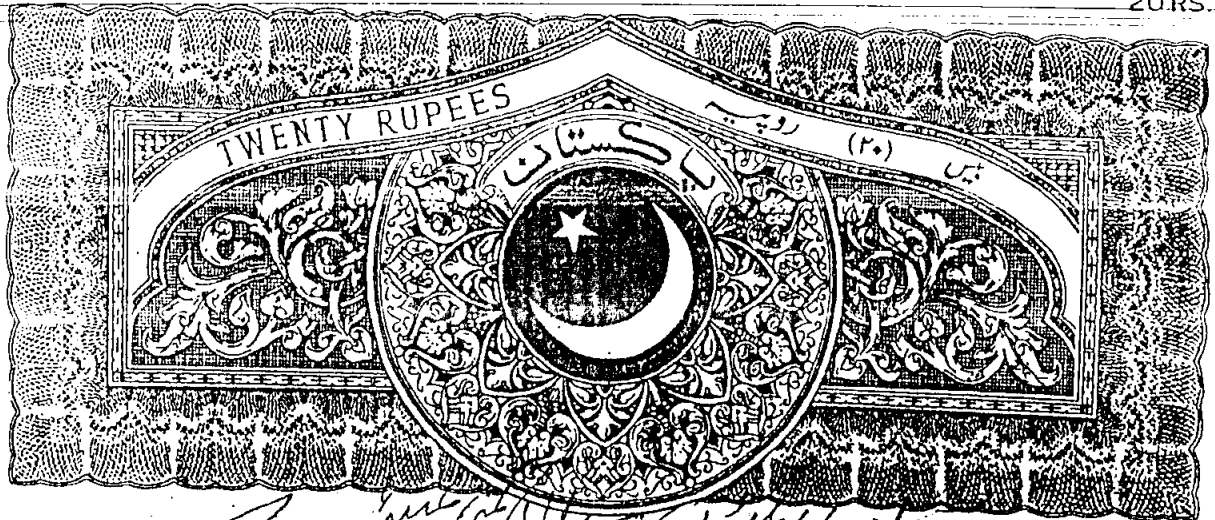
(b) No notice or other communication shall be effective until received or deemed received. Notices or other communication shall be deemed to have been received by the receiving party:

- (i) When delivered if personally delivered;
- (ii) One (1) business day after sending, if sent by courier; or
- (iii) Upon sending if sent by facsimile, subject to conformation of an uninterrupted transmission report and provided that a hard copy is dispatched not later than the following business day to the recipient by courier or personal delivery.

k) The power Purchaser may install the Back-Up Metering System with meters of 0.5 accuracy class in the metering room at Company's premises. Parties agree that, in case of doubt by any Party about the accuracy of Metering System, the recordings of the Back-Up Metering System or any other mutually agreed arrangement may be adopted. In the event of complete or partial damage to the Metering System the same shall be replaced. Such replacement shall be at the sole option of the Power Purchaser and at its expense. One the initial or nay subsequent replacement (s) of the Metering System the Power Purchaser shall have the right to affix seals on the tested and calibrated meters but In the presence of Company's authorized representative.

l) If either of the Metering System(s) differ from the other by an amount greater than one-half of one percent (0.5%), the power Purchaser shall test the accuracy of the metering System and recalibrate the metering System. If the metering System is found to be in order, the Company shall be bound to test and calibrate the Back-Up Metering System to the satisfaction of the Power Purchaser. Either Party shall give prior notice, not less than forty-eight (48) hours to conduct such tests.

m) The Company will provide it's maintenance schedule to the Power Purchaser so as to ensure stable and reliable supply to Power Purchaser's network.



MUHAMMAD SHAMSHAD
GOVT. SECRETARY

Issued No. 235
Serial No. 235
Date 23/5/11

Company will serve at least a 48 hour notice to the Power Purchaser regarding any planned shut down. The Company has right to immediately disconnect the power supply to the power Purchaser in the event of any electrical load shedding of its affiliates, maintenance of engine of affiliate mills, break down of machineries in generation facility and will intimate to Power Purchaser.

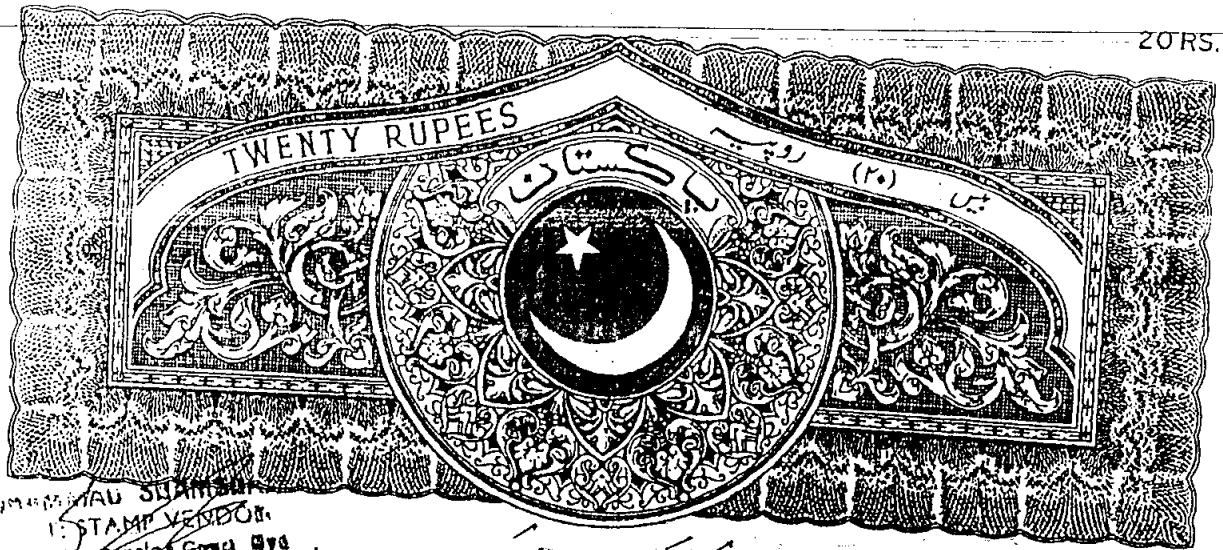
- o) In case of a permanent fault on any feeder, the Company will inform the Power Purchaser immediately and the Company will switch on the Feeder, only after obtaining the clearance certificate from an authorized person nominated by power purchaser.
- p) The Company will immediately inform Power Purchaser about power supply failure due to defect/mal-operation of the Generation facility.
- q) Either party shall be responsible to adopt all safety measures according to the Prudent Electrical Practices on respective sides of the Interconnection Point.
- r) If at all mutually agreed, the total or partial power off-take could be on a higher distribution voltage level other than 11KV. In that case, the parties agree as follows:
 - i. The cost of up-gradation, so incurred by the Company, will be paid back to the Company in five years, through then (10), half yearly equal installments, without mark-up, commencing after one month from the commercial operation date. "As such the assets purchase will be transferred & thus become the asset of HESCO as soon as HESCO receive the claim of amount against such purchase".
 - ii. The connectivity arrangements can be built through one of the following options:

Option-1

Company will manage construction of the up-gradation scheme at its level but with the consultancy services of General Manager Services NTDC.

Option-2

Company will deposit with NTDC/DISCO the estimated amount, prepared by NTDC/DISCO for construction of connectivity arrangements on turn key basis by NTDC/DISCO.



STAMP VENDOR

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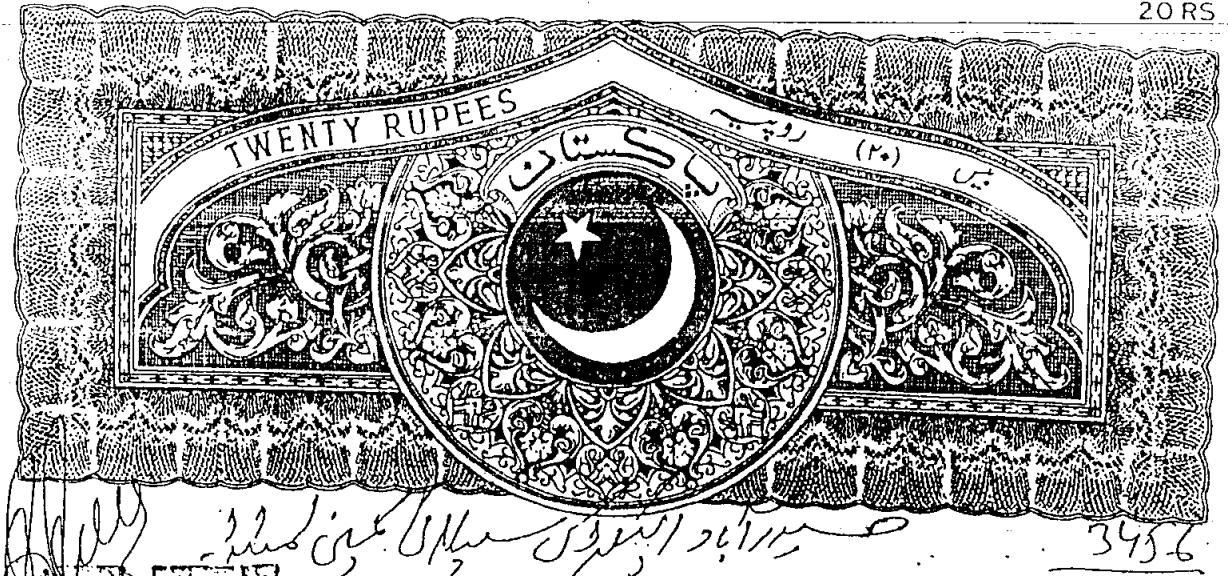
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In case of a premature termination of contract, the remaining cost of up-gradation shall be immediately reimbursable in to and all the up-gradation equipment(s) shall become the property of power Purchaser.

- t) In the event that a dispute arises, the Parties shall attempts in good faith to settle such dispute through their Chief Executive officer (CEOs) by mutual discussion(s) within thirty (30) days after the date that the disputing Party delivers written notice of the dispute to the other party.
- u) The party reporting the existence of a dispute shall give to the other party written notice setting out the material particulars of the dispute in the written notice. Chief Executive Officer (CEOs) of each party shall meet in Hyderabad Sindh, Pakistan to attempt in good faith to resolve the dispute.
- v) In case the dispute is not resolved within thirty (30) day after the date of receipt of notice described in section (t) by the relevant Party (or within such longer period of time as the Parties may agree), any party may initiate arbitration proceedings under the Arbitration act 1940, and the jurisdiction in such cases would be that of the relevant court in Pakistan.
- w) The arbitration shall be conducted in Hyderabad, Sindh Pakistan.
- x) Either Party can terminate this agreement by giving a three-month advance notice. There will be no liability on any party except the payments due to either party prior to termination of the Agreement.
- y) Except as specifically provided elsewhere in this Agreement, the power Purchaser shall indemnify and defend the company, for itself and as trustee for its officers, directors and employees against, and hold the company, its officer, directors and employees harmless from, at all times after the date hereof, any and all losses incurred suffered sustained or required to be paid, directly or indirectly, by, or sought to be imposed upon, the Company.
- z) Except as specifically provided elsewhere in this agreement, the Company shall indemnify and defend the power Purchaser, for itself and as trustee for its officers, directors and employees against, and hold the power Purchaser, its officer,
- aa) Except as specifically provided elsewhere in this agreement, the Company shall indemnify and defend the Power Purchaser, for itself and as trustee for its officers, directors and employee against, and hold the Power Purchaser, its officers, directors and



employees harmless from, at all after the date hereof, any and all loss, incurred, suffered, sustained or required to be paid, directly or indirectly, by, or sought to be imposed upon, the Power Purchaser.

- ab) All permissions, consents required by the company from different agencies such as NEPRA etc. will be arranged through joint efforts of the Company and Power Purchaser. The cost incurred in this regard will be borne by the Company.
- ac) This agreement may be executed in two (2) counterparts and each counterpart will be deemed an original instrument but both the counterparts together will constitute one agreement

IN WITNESS whereof the parties hereto have signed this agreement on the day and year first above written

ON BEHALF OF

ON BEHALF OF

Hyderabad Electric Supply Company
[HESCO], Hyderabad

M/s Fatch Textile Mills Limited
P.No.A-4, Site Hyderabad

Chief Executive Officer
HESCO Hyderabad

Asadullah Barkat
Chief Executive
Authorized by BOD as per
Letter No.FTML/BRC-356/2011
Dated.09.05.2011

WITNESSES
Chief Engineer (P&E)

WITNESSES
Khalid Malik
Sr. General Manager

**WORKING SHEET CIRCUIT-WISE DETAIL OF K.W.H / K.W
RECORDED AT C.D.Ps IN RESPECT OF HESCO HYDERABAD
FOR THE MONTH OF AUGUST-2011**

1 C.D.Ps between H.T.D.C AND HESCO

Name of Grid Station	P/Trf:	K.W.H		K.W	
	T/Line	Import	Export	Import	Export
500 KV DADU	DDN-4	37990000	0	82812	0
500 KV Jamshoro	T-3	45595624	25199	112800	10500
	T-7	44719584	1359648	146030	60820
	T-6 Starling/Aux: Tra: al JPCL	0	1830000	0	12240
220 KV Hala Road Hyderabad Auxiliary	T-1	56220000	0	134240	0
	T-2	59010000	0	134740	0
	T-3	58440000	0	130000	0
	-	0	33498	0	45
220 KV T.M Khan Road Hyderabad Auxiliary	T-1	55160000	0	140000	0
	T-2	66820000	0	130740	0
	-	0	20848	0	28.02

2 Ps between GENCO AND HESCO

Name of Grid Station	P/Trf:	K.W.H		K.W	
	T/Line	Import	Export	Import	Export
Delivery through G.T.P.S Kotri GENCO-I	KTR-9	730000	0	32962	0
	KTR-11	9447000	0	40960	0
	KTR-12	2036000	11000	2736	15
	KTR-13	10411000	739000	17950	7600
	KTR-14	7183000	2023000	10450	14450
	T-1	0	0	0	0
Delivery through Lakhra Power House GENCO-IV	JMS-1	571000	6125000	11500	66000
	JMS-2	498000	5259000	9935	38125
	JMS-3	23013000	0	79875	0

3 C.D.Ps between HESCO and KESC

LOCATION	CIRCUIT	K.W.H		K.W	
Name of Grid Station		Import	Export	Import	Export
132 KV Thatta	132 KV Thatta - Charo	0	0	0	0

4 C.D.Ps between HESCO and SEPCO

LOCATION	CIRCUIT	K.W.H		K.W	
Name of Grid Station		Import	Export	Import	Export
132KV Bhan Saccadabad	BSA-2	300	9727100	2.48	13074
132 KV Kazi Ahmed,	KZA-I	0	5270400	0	7083
Sub-Total 1, 2, 3, 4		477844508	32423693	1217732.5	229980.02

5 C.D.Ps between HESCO and S.P.Ps

Delivery through Haji Ismail Tax: Mill P/H Kotri		1476760	176	0	0
Delivery through Sapphire Tax: Mill P/H Kotri.		2789168	88	0	0
Delivery through Anoud Tax: Mill		7585488	976	0	0
Delivery through ZORLU Wind Power Energy Jhumpir		432000	0	0	0
AGAR Tax: Mill Kotri		1035468	0	0	0

ABSTRACT

	IMPORT	EXPORT	DIFFERENCE
TOTAL K.W.H UNITS	491,163,392	32,424,933	458,738,459
TOTAL MDI	1,217,732	229,980	987,752

DISCO - WISE DEMAND AND DEMAND AT INTER CONNECTION POINT (MW)

Description		HESCO
System Demand (peak) 2006 to 2007	Demand at Inter Connection Point	1231
	Load Shedding	214
	Peak Demand	1445
System Demand (peak) 2007 to 2008	Demand at Inter Connection Point	1229
	Load Shedding	825
	Peak Demand	2054
System Demand (peak) 2008 to 2009	Demand at Inter Connection Point	1503
	Load Shedding	506
	Peak Demand	2009
System Demand (peak) 2009 to 2010	Demand at Inter Connection Point	1446
	Load Shedding	483
	Peak Demand	1929
System Demand (peak) 2010 to 2011	Demand at Inter Connection Point	1398
	Load Shedding	599
	Peak Demand	1997

NOTE: Load shedding (MW) Figures Constitute of "Schedule Load Management + Forced Shedding.

INFORMATION ABOUT GENERATION CAPACITY UNDER PROPOSED PROCUREMENT REQUEST	
M/S FATEH TEXTILE MILLS LIMITED.	
Description	Generator
Capacity MW	4 x 0.9 MW = 3.6 MW
Technology	Waukesha, Gas Fired
Fuel	Natural gas
Weather forms part of least cost plan	No
Availability of Power / Energy	3.4
Year of Commissioning	August 2011
Location	Site Hyderabad
Proposed Grid for interconnection	132 KV Grid Station Ghangra Mori Hyd
Approximate Distance	1.5 KM
Augmentation required in Grid	No
Augmentation required in transmission network	No
Estimated costs of augmentation required in the transmission network	N.A
Steps taken or required for transmission augmentation	N.A
Any other information	The generation facility interconnected with 11 KV Indus Feeder for dispersal of evacuated power from M/s Fateh Textile Mills Limited to 132 KV Grid Station Ghangra Mori Hyderabad to cater Industrial load only.

Summarize: Total Capacity proposed to be procured over the period (MW)

Year-1 ----- 3.4 MW

Year-2 ----- 3.4 MW

- Gas fired
- Indigenous fuel
- Power Procurement would be an economic one and would not adversely affect the transfer price/power purchase of HESCO. Transmission network due to Power Generation of 3.4 MW will not be affected
- Voltage level 11 KV Capacity
- Name of Grid Station: 132 KV Grid Station Ghangra Mori
- Not applicable

PEAK LOAD JANUARY 2011

Demand ----- 851

Area Generation ----- 690

Balance ----- **-161**

HESCO (Hyderabad)

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PEAK LOAD JANUARY 2011
(GENERATION DESPATCH)

Jamshoro ----- 525

Kotri ----- 134

Lakhra ----- 31

HESCO Gen. 690
(Hyderabad)