


Minutes of 106th meeting of the Board of Trustees, EOBI

Held on 11.06.2013 at EOBI Head Office

The 106th meeting of the Board of Trustees of EOBI was held on 11th June, 2013 at 11:00 am in the Board Room of EOBI Head Office 190/1/B, Block – 2, P.E.C.H.S, Nursery, Karachi to consider the following agenda:-

S. No	Agenda Items
01.	Confirmation of the Minutes of 105 th BOT Meeting.
02.	To Consider Compliance/ Implementation on the Decisions taken by the Board in its 105 th BOT Meeting.
03.	To Consider Performance of the Institution; a) Operations Department b) Information Technology c) Investment Department d) PRIMACO
04.	Recommendations of Audit Committee: a) Revised Budget for 2012- 2013 and proposed budget for 2013 – 2014. b) Monetization of vehicles for Deputy Director General and above. c) Perks & Privileges of the member of Board of Trustees.
05	Revision of Conveyance Allowance in line with Increase in Federal Government Allowances.
06	Any Other Item with the permission of the Chair: a) Appointment of External Auditors for the financial year 2012-13. b) To consider and approve up-gradation of staff members. c) To consider and approve grant of pension to survivors of twelve deceased employees of M/s. Ali Enterprises Karachi. d) To Consider the posting of Officers in the field based on their seniority.


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2. The meeting was presided over by the Secretary, Ministry of Human Resource Development (HRD) / President Board of Trustees. The following participants attended the meeting:

S. #	Name	BOT	Designation & Department/ Ministry/ Province
1.	Mr. Abdul Khaliq	President/ Chairman	Federal Secretary, M/o. Human Resource Development
2.	Rao Liaquat Munir,	Member	Financial Adviser, M/o Human Resource Development
3.	Capt. (Rtd) Muhammad Yousuf	Member	Secretary Labour, Punjab
4.	Syed Iqbal Hussain Shah	Member	Employers' Representative, Balochistan
5.	Mr. Habib-ud-Din Junaidi	Member	Employees' Representative, Sindh
6.	Malik Imtiaz Mehfooz	Member	Employees' Representative, Balochistan
7.	Mr. Gul Rehman,	Member	Employees' Representative, KPK.
8.	Syed Nazar Hussain Shah,	Member	Employees' Representative, Punjab.
9.	Malik Zahid Hussain	Member	Employers' Representative, KPK.
10.	Mr. M. Iqbal Dawood Pakwala	Member	Employers' Representative, Sindh.
11.	Mr. Sheraz Siddiqui	Secretary BOT	Director Finance EOBI/ Acting Secretary Board of Trustees

3. Also present:

- i. Mr. Farooq Ahmed Khan, DG (Ops North)
- ii. Mr. Wahid Khursheed Kunwar, Investment Advisor
- iii. Mr. Najam ul Saqib Siddiqi, FA/DG (F&A)
- iv. Mr. Parviz Ahmad Khan, Director General (Audit)
- v. Mr. Javed Iqbal, Director General (HR & GA)
- vi. Syed Iqbal Haider Zaidi, Director General (Ops South)
- vii. Mr. Abdul Rauf Chudhary, CEO PRIMACO
- viii. Mr. Ayaz Ahmed Uqaili, Deputy Director General (IT)
- ix. Mr. Khalid M. Umer, General Manager (REM), PRIMACO
- x. Mr. Yawar Jilani, Managing Director ARCOP (Consultant PRIMACO)
- xi. Mr. Shakil Ahmed, Assistant Director (F & A)

4. Mr. Abid Mahmood, Joint Secretary, Ministry of Human Resource Development, Secretary Labour Sindh, Secretary Labour KPK and Secretary Labour Balochistan could not attend the meeting. Apologies were received from Secretary Labour KPK. The Secretary Labour Balochistan office informed that the Secretary was under transfer and currently no new Secretary had been posted.

MUHAMMAD UMAR
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5. The meeting started with the recitation of the Holy Quran. After recitation, President, BOT welcomed all members of BOT and other officers who were present in the meeting.
6. Mr. Sheraz Siddiqui, Secretary BOT commenced the proceedings with the permission of the President, BOT.
7. The President BOT based on a request from PRIMACO officials gave permission to present the "**Design of Serena Hotel Lahore**" which was not included in the agenda item.
8. Mr. Yawar Jilani, Managing Director ARCOP, gave the briefing about the Design of Serena Hotel Lahore and informed the Board that the Serena Hotel would become the landmark of city of Lahore. He further stated it would be developed as a Five Star Hotel. A detailed presentation regarding design and construction features were given to the BOT members.
9. The President BOT invited views / comments from the members of Board on Serena Hotel Lahore. Mr. Malik Zahid, Employers' Representative KPK observed that the EOBI has purchased most of its investment properties in Punjab and Sindh and no investment was made in KPK and Balochistan. Mr. Malik Imtiaz Mehfooz, Employees' Representative, Balochistan seconded the views of Mr. Malik Zahid and emphasized the need for investment in Balochistan. He specially mentioned investment in thermal power project which EOBI had considered at one stage. Mr. Gul Rehman, Employees' Representative, KPK suggested that different category rooms should be available in Serena Hotel Lahore. He also suggested that a mosque should be constructed in the Building Area. The Secretary Labour Punjab asked the objective of the presentation to the BOT. He was informed by CEO PRIMACO that the presentation was done to update on the progress of the project and to present details of the project to the members of the BOT.
10. The Investment Adviser informed to the Board that the Institution does consider investment in all viable investment opportunities. He informed the BOT members that based on the Employee Representative Balochistan's identification EOBI had bid for a Coal Water Slurry Project in Balochistan and was amongst those bidders that were finalized. However, in the final stages the bid was turned down and the reason given was that EOBI's plans included old boiler technology. The Investment Advisor informed the BOT members that EOBI had proposed they could change the old Boiler

technology, but were informed by the decision making authorities it would delay the process and hence did not finalize EOBI for the venture. It was also pointed out that the project had still not been started after a significant lapse of time.

11. The President, BOT advised to the Institution that next investment in real estate/ value added projects should also consider investments in other provinces like KPK and Balochistan so as to create a perception of equity. The President also informed the BOT members that simply because investments were done in a certain area did not mean that particular province had any right over these as these were all EOBI investments whenever they are disposed off, they would form part of the overall EOBI Fund. He also directed the PRIMACO representatives that the area designated for prayers in the Serena Hotel Lahore should be given the look of a mosque from the inside.
12. The President, BOT also advised to the CEO, PRIMACO that the briefing about Serena Hotel Lahore should be presented in the next BOT Meeting as an agenda item which should contain the necessary details on budget and spending.
13. The President, BOT directed that the Agenda Items should be provided to the members of the Board at least one week before the BOT Meeting. Draft Minutes of BOT Meeting should be sent to the Ministry of Human Resource Development within 07 days from the BOT Meeting and the approved minutes should be circulated within 10 days.

Agenda Item No. 1:

Confirmation of the minutes of 105th BOT meeting

14. The Secretary, BOT informed the Board that the Board secretariat has not received any observations from any member of the Board. The President, BOT invited observations from the members. Mr. Gul Rehman, Employees' Representative, KPK stated that the approved 105th BOT Minutes had been communicated one day before the meeting and he was unable to comment on the items. The FA (HRD) informed the president that he had gone through the meeting minutes and had no further comments about them. The President, BOT asked about the late approval of Revised Budget 2011-12 and Proposed Budget 2012-13. The FA / DG (F&A) has explained that the Institution had sent the Budget Estimates 2011-12 and Proposed Budget 2012-13 for 103rd BOT Meeting held on 23rd August, 2012 but the item was not included in the Agenda Items. Further for a period of six months no meeting of BOT was conducted

due to various reasons. This was the cause for the delay in the budget being brought in front of the Board. The President, BOT advised that such instances should not be repeated and it must be ensured that Budgets are approved by June 30th of each year, prior to the start of the financial year. The BOT unanimously approved that at least one BOT Meeting should be conducted every quarter. **Since, there were no other observations/ suggestions, therefore, the minutes of the 105th meeting were confirmed.**

Agenda Item No. 2:

To consider compliance/implementation on the decisions taken by the Board in its 105th BOT meeting

15. The Board reviewed the progress of the implementation on the decisions of the Board taken in its 105th BOT meeting. The President BOT stated that detailed justifications should be provided in the future instead of simply stating noted/ complied with.
16. The President, BOT also advised that instead of outsourcing of IT Department in-house employees' capacity should be developed and if need be people with relevant skills should be brought in the Institution on deputation from relevant departments like NADRA etc.
17. **The Board expressed its satisfaction on implementation of its decisions by the Institution.**

Agenda Item No. 3

To Consider Performance of the Institution.

- a) Operations Department
 - b) Information Technology
 - c) Investment Department
 - d) PRIMACO
18. Due to paucity of time the performance of the Operations Department, Information Technology and PRIMACO were deferred to be considered by the Board in its next meeting.
19. The Investment Adviser gave a detailed briefing about investments of the Institution in the equity market and real estate. He informed the Board that the EOBI Investment Department had reduced the losses occurred in the equity market from 17 billion to 6 billion. He informed the Board that the gain is due to timely sale and purchase of the shares. He further informed that the Institution had earned a dividend of Rs. 2.3 billion

up to April 2013. He also informed that 60% of the portfolio was invested in fixed income government securities. He further informed the BOT members that due to decreasing interest rates and rebalancing of the portfolio as per BOT decision (50% Fixed Income, 25% Equity & 25% Real Estate) the income from Fixed income will be lower as compared to previous years. However he informed the BOT members that this will be balanced by earnings from the equity market. He informed BOT members that the Institution has rebalanced the equity portfolio by purchasing the high growth shares and had disposed-off shares in certain sectors like banking due to the poor outlook in these sectors. Further, shares which previously could not be disposed-off due to losses were now slowly being divested as they reached better prices. However, the Investment Advisor informed that Rs.27.03 billion were still part of the portfolio which could not be divested due to their current market values being lower than purchased values. Giving the performance of Investments Department since 30 June 2010, he mentioned that at that time the portfolio was in notional loss of Rs. 17.5 billion, which has now been reduced to Rs. 11.3 billion. Additionally, a sum of Rs. 12.1 billion has been earned by way of capital gain. This meant that the Investment in Equity Market is now positive. Presenting the performance of the Equity portfolio for the current financial year, he mentioned that the stuck up portfolio that was in a loss position was Rs. 30.4 billion; therefore, only Rs. 10.8 billion could be rolled over. On that amount, the department earned Rs. 23.6 billion including the change in unrealized market value of Rs. 11.4 billion. This year, Investment Department performed at 218% against the KSE increase of 124%. The Investment Advisor further expressed hope that with the current trends in the equity market this number is likely to increase. The Investment Advisor informed the BOT members that the performance of the Investment Department was actually better than the Karachi Stock Exchange 100 Index which was a great feat to achieve. The BOT members applauded this effort of the Investments Department.

20. The Investment Advisor further expressed hope that with the current trends in the equity market this number is likely to decrease. The Investment Advisor informed the BOT members that the performance of the Investment Department was actually better than the Karachi Stock Exchange 100 Index which was a great feat to achieve. The BOT members applauded this effort of the Investments Department.

21. The Investment Adviser also briefed about the real estate investments of the Institution. The Secretary Labour Punjab inquired about the method of selection of properties to be purchased. The Investment Adviser explained that the Institution had given a series of advertisements in all largely circulated newspapers in Pakistan

announcing EOBI's intention of procuring properties all over Pakistan. Based on these series of advertisement, individuals submit their interest in disposal of their properties to EOBI with an offer price. Once these offers are received the Institution appoints independent evaluators to evaluate each property and provides the Institution with an independent price/ value of the property. This valuation together with the offer is discussed in the Investment Committee meeting and the Investment Committee after deliberations ascertains a fair price for the property under consideration. This price (revised offer) is then communicated to the seller of the property and if there is an agreement the property is procured after completing all legal formalities. The Secretary Labour inquired whether this can be termed as negotiations to which the Investment Advisor explained that no negotiations are done and there is simply an offer from the seller and a counter offer from EOBI. There is no further interaction between the two parties. The Secretary Labour also inquired regarding why competitive bidding was not being done in this procurement. The Investment Advisor explained that due to the nature of real estate, where no two plots have identical value, it was to procure through competitive bidding and this is not a viable option in the case of investment in real estate. Regarding a question on some investment properties in Lahore the Investment Advisor informed that these were prime properties and some bad press against them was initially done but that had political motives. He requested the Secretary Labour Punjab to visit the properties in Lahore and to provide an independent assessment of these EOBI properties. The Secretary Labour asked regarding the process of disposal of properties and whether any properties had yet been disposed off. DG Audit (EOBI) informed that seven (7) properties had been disposed off to date by EOBI. The Investment Advisor informed the BOT members that the process of selling was to give an advertisement in newspapers for auction of the property. He also added the PRIMACO was in the process of setting up a marketing department which would be used to dispose-off properties. The presentation of the Investment Department is enclosed as a part of these minutes.

22. After making significant deliberations with respect to lack of transparency and competitiveness in the procurement process, the President, BOT constituted a Committee to form standard guidelines for the purchase of properties to ensure transparency and competitiveness. This Committee is required to complete the process of formalization of this procedure within six (6) weeks and present to the BOT the guidelines for discussion and finalization. It was also desired that no property be purchased unless transparent procedure is formulated and approved by BOT. The committee comprises the following members.

S. #	Name	Committee Designation	Designation & Department/ Province
1.	Mr. Habib-ud-Din Junaidi	Convener	Employees' Representative, Sindh
2.	Capt. (Rtd) Muhammad Yousuf	Member	Secretary Labour, Punjab
3.	Syed Iqbal Hussain Shah	Member	Employers' Representative, Balochistan
4.	Mr. Pervaiz Ahmed	Member	Director General (Audit)
5.	Mr. Javed Iqbal	Member	Director General (HR & GA) / Investment Advisor

23. The President, BOT also directed that ***"All meeting minutes of sub committees of BOT should be circulated to all Board Members irrespective of the fact whether the member is part of particular Committee or not"***.

24. The President BOT stated on record that the EOBI as an Institution has performed remarkably well. He stated that from inception to date EOBI had collected a contribution of Rs. 85 billion and paid out contribution of Rs. 67 billion. Based on this the excess of contribution over benefits payment was only Rs. 18 billion. However due to the astute performance of the Institution the Rs. 18 billion was now represented by Rs. 238 billion which was a major achievement. However, he emphasized that the transparency of the procurement process must be ensured and competitive procurement be made for optimal benefit to the Institution. Collective decision making should be adopted instead of leaving it to one person discretion.

Agenda Item No. 4(a)

Revised Budget Estimates for Year 2012-13 and Proposed Budget for 2013-14:

25. An Audit Committee Meeting was held on 4th June 2013 to consider the revised budget 2012-13 and proposed budget 2013-14. The Committee in its meeting recommended the Revised Budget 2012-13 and Proposed Budget 2013-14 except the development / capital expenditure and suggested that the Budget estimates may be

MUHAMMAD UMAR
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Government of Pakistan
Islamabad

presented to the Board. The F&A Department presented the Revised Estimates 2012-13 and proposed Budget for 2013-14 which as under:

(Rupees in Millions)

Description	2012-13	2013-14	
	Revised Estimates Approved by Board	Proposed Budget Estimates Approved by Board	
I	INCOME		
a)	Contribution Income	10,940.00	12,568.00
b)	Investment Income		
	Fixed Investment Income	15,295.903	17,226.043
	Equity Investment Income	6,995.000	7,395.000
	Total Investment Income	22,290.903	24,621.043
c)	Other Income		
	i) Rental Income	134.391	140.998
	ii) Misc. Income	11.500	11.900
	Total Other Income	145.891	152.898
	TOTAL INCOME (a+b+c)	33,376.794	37,341.941
II.	EXPENDITURE		
	Non Development Expenditure		
1)	Benefits Payments	14,950.000	15,860.000
2)	Management Expenses		
a)	Human Resource	1,554.796	1,907.164
b)	Other Office Expenses	466.300	601.430
c)	National Calamity Catastrophe	11.950	100.000
	Total Management Expenses	2,033.046	2,608.594
	Total Non Development Expenditure	16,983.046	18,468.594
III	Excess of Income over Revenue Expenditure	16,393.748	18,873.347
IV	Development Expenditure	To be discussed again in Audit Committee and put up for approval by June 30 2013	

26. The President, BOT inquired from the Financial Advisor HRD, if he has any observations/suggestions on the revised Budget 2012-13 and Budget Estimate 2013-14. The Financial Advisor stated that he was in the audit committee and the committee proposed the budget estimates except the development / capital expenditure for which the committee required certain clarifications. Therefore for the capital expenditure both for 2012-2013 and 2013-2014 required another meeting of the Audit Committee. The rest of the budget was in line with the Audit Committee recommendations. The President directed that no expenditure be incurred against development/capital budget until approved by the Audit Committee and BOT.

27. The Board After discussion approved the Revised Budget for the year 2012-13 and proposed Budget 2013-14 except the development / capital expenditure as given in the above table. The President asked for conducting another Audit Committee meeting at the earliest to finalize the Capital Expenditure item prior to June 30, 2013.

Agenda Item No. 4 (b)

Monetization of vehicles for Deputy Director General and above

28. The agenda item was referred to the Audit Committee for a detailed analysis prior to being discussed in the Board.

Agenda Item No. 4 (c)

PERKS AND PRIVILEGES OF THE MEMBERS OF THE BOT

29. An Audit Committee Meeting was held on 4th June 2013 to consider revision of Perks and Privileges of the members of BOT as the last revision was done in 2010. Mr. Iqbal Dawood Pakwala (Employer's representative Sindh) stated that there should not be any increase in the existing rate. However, after detail discussion, the BOT has approved the following enhancement in TA/DA of the BOT members:

Head Of Payment	Existing	Proposed by EOBI	Recommended by Audit Committee	Approved by BOT
Air travel	Economy fare-Actual	Economy fare-Actual	Economy fare-Actual	Economy fare-Actual
Hotel accommodation (Own arrangement)	Maximum Rs.10,000 per night	Maximum Rs.15,000 per night	Maximum Rs.15,000 per night	Maximum Rs.15,000 per night
Hotel accommodation (Hotel stay)	---	---	Actual Single accommodation	Actual Single accommodation
Local transportation (Taxi Fare)	In case of road travel @ Rs.12 per kilometer	In case of road travel @ Rs.20 per kilometer	In case of road travel @ Rs.20 per kilometer	In case of road travel @ Rs.20 per kilometer
Local transportation	Pick and Drop by official transport or Car Rental facility to be arranged by EOBI	Pick and Drop by official transport or Car Rental facility to be arranged by EOBI	Pick and Drop by official transport or Car Rental facility to be arranged by EOBI	Pick and Drop by official transport or Car Rental facility to be arranged by EOBI
Daily allowance	Rs.2,000 per night	Rs.4,000 per night	Rs.5,000 per night	Rs.5,000 per night
Meeting fee	Rs.10,000	Rs.20,000	Rs.15,000	Rs.20,000

Agenda Item No. 5

Revision of Conveyance Allowance in line with Increase in Federal Government Allowances

30. The employees of EOBI are entitled to Conveyance Allowance as per Regulation-9 of EOBI (Employees' Service) Regulations, 1980. The Government of Pakistan increased Conveyance Allowance of Civil Servants of Pakistan (BPS 16 to BPS 19) from Rs.2,480 to Rs.5,000 w.e.f. 1st July, 2012. This increase in conveyance allowance may also be allowed to officers of EOBI (Grade 6 to Grade 9) from Rs.3,000 to Rs.5,000 w.e.f. 1st July, 2012. The Secretary Labour inquired as to why staff was not being considered for the increase. It was informed that the staff conveyance allowance was already in line with the increase of the federal government.
31. After due deliberations, the Board approved the increase in Conveyance Allowance to officers of EOBI (Grade 6 to Grade 9) from Rs. 3,000 to Rs.5,000 w.e.f. 1st July, 2012.

Agenda Item No. 6 (a)

Appointment of External Auditors for the financial year 2012-13.

32. In accordance with Section 19 of the EOB Act 1976, the annual accounts of the Institution have to be audited by the auditors approved by the Federal Government. The financial year 2012-13 will end on 30th June, 2013; therefore, in accordance with Rule-5(4) of the EOBI (Audit & Accounts) Rules 1977, the audited accounts of the Institution have to be submitted to the Board for approval within six months of the end of financial year.
33. The BOT in its 103rd meeting held on 23rd August, 2012 approved the appointment of M/s Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants as statutory auditors for the Institution for 2011-12.
34. Under the policy guidelines of Auditor General of Pakistan (AGP), the auditors normally continue for a period of 5 years. Since M/s Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants have only been Auditors of the Institution for one year they are eligible for re-appointment.


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Ministry of Human Resource Dev
Government of Pakistan
Islamabad

35. After discussion, the Board approved M/s Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants to audit the accounts of the Institution for the financial year 2012-13 at a total fee of Rs.925,000/ (same as last year) - as detailed below:-

S.No.	Particular	Fee Approved by BOT (Rs)
i	EOBI	660,000
	PRIMACO	110,000
iii	EOBI Employees' Pension Fund Trust	30,000
iv	EOBI Employees' Contributory Provident Fund Trust	25,000
v	Sahara Insurance Company Limited	25,000
vi	Out of Pocket Expenses	75,000
	Total	925,000

Agenda Item No. 6 (b)

To consider and approve up-gradation of staff members

36. The Federal Government had placed lower grade government servants in higher grade vide Finance Division (Regulation Wing) OM No. F.6 (4) R-1/2006 dated 29-06-2007.

37. Similarly in EOBI, the posts of clerical staff members in Grade 3 (Typist/ Assistant) may be upgraded to Grade-4 and staff members in Grade 4 (Senior Assistant, Personal Assistant, Telephone Operator, Electrician) may be upgraded in Grade-5.

38. After due deliberations, the Board approved that the posts of clerical staff members in Grade 3 (Typist/ Assistant) may be upgraded to Grade 4 and staff members in Grader 4 (Senior Assistant, Personal Assistant, Telephone Operator, Electrician) may be upgraded to Grade 5 "without any change in the nomenclature of their designations". This decision is only for the purpose of pay and allowances.

MUHAMMAD UMAR
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Islamabad

Agenda Item No. 6 (c)

To consider and approve grant of pension to survivors of twelve deceased employees of M/s. Ali Enterprises Karachi.

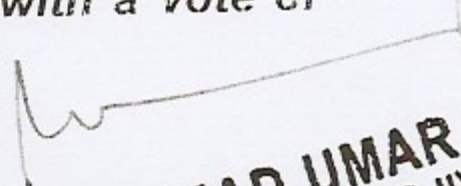
39. Members of the Board pointed out that similar instances existed in Balochistan and Lahore where underage workers had lost their lives in tragic industrial accidents.
40. The Board referred the matter to the Audit Committee of the BOT of EOBI for deliberations and recommendations.

Agenda Item No. 6 (d)

To Consider the posting of Junior Officers at higher post

41. The Board observed that the Junior Officers are posted at higher position in management while the Senior Officers are serving under them. The DG Operations North stated that a uniform policy of senior officers being posted at a specific place would be harmful for the merit as certain junior officers were performing exceptionally well.
42. The President BOT advised to discontinue this practice and Senior Officers must be posted appropriately however a balanced approach regarding this policy needs to be taken to ensure performance is not affected.

There being no other item of the agenda, 106th BOT Meeting ended with a vote of thanks to and from the Chair.


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