



**EMPLOYEES' OLD-AGE BENEFITS'
INSTITUTION**

Ministry of Overseas Pakistanis &
Human Resource Development
Government of Pakistan
Head Office: EOBI House 190/1/B,
Block-2 P.E.C.H.S. Karachi
Phone : 021-34328026

Ref: No. HO/BS/108th Mtng/2014/- 86

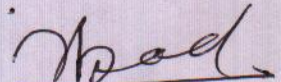
Dated 24th April, 2014

1. FA/DG(F&A)
2. DG(Investment)
3. DG (HR&GAD)
4. DG(Audit)
5. DG (Ops) North
6. DG (Ops) South
7. DDG (IT)
8. DDG (Law)
9. Incharge Reconciliation Department
10. Incharge Publicity Department
11. CEO, PRIMACO

Subject: Implementation on Minutes of 108th Meeting of Board of Trustees.

I am directed to enclose copy of Minutes of 108th Meeting of Board of Trustees, (EOBI) held on 28th April 2014 at Islamabad, respectively, duly approved by President of BOT/Secretary, Ministry of Overseas Pakistanis & Human Resources Development, Islamabad.

2. You are requested to take necessary action on the decisions pertaining to your Department and send compliance report to this Secretariat for onward submission to BOT in its forth coming meeting.
3. If there is no action on part of your Department, a NIL report may be sent.


(Dr. Rahmat Ibad Khan)
Secretary BOT

Encl: As above

Copy for information: -

1. SO to Chairman Secretariat.
2. Master file/Office file.

**Minutes of 108th Meeting of the Board of Trustees, EOBI Held
on 18th April, 2014 at EOBI House, at Islamabad.**

The 108th Meeting of the Board of Trustees of EOBI was held on 18th April, 2014 at 10:00 AM in the Committee Room of Bungalow No. 7 (EOBI House), Street No. 79, Sector G-6/4 Islamabad. Following attended the meeting:

i.	Raja Hasan Abbas, Secretary, Ministry of OPs & HRD.	President
ii.	Mr. Muhammad Ayub Shaikh, Chairman EOBI.	Member
iii.	Mr. Muhammad Asif, Joint Secretary, Ministry of OPs & HRD.	Member
iv.	Mr. Fida Muhammad Khan Financial Adviser, Ministry of OPs & HRD.	Member
v.	Mr. Noor Muhammad Leghari, Secretary, Department of Labour, Sindh.	Member
vi.	Mr. Gul Zeb Khan, Secretary, Department of Labour, KPK.	Member
vii.	Mr. Naseer Ahmad Baloch, Secretary, Department of Labour, Balochistan.	Member
viii.	Choudhary Naseem Iqbal, Employees' Representative, Punjab.	Member
ix.	Dr. Muhammad Yusuf Sarwar, Employers' Representative, KPK.	Member
x.	Mr. Muhammad Iqbal, Employees' Representative, KPK.	Member
xi.	Mr. Sarzameen Afghani, Employees' Representative, Balochistan.	Member
xii.	Dr. Rahmat Ibad Khan	Secretary BOT

2. Following were also present in the meeting to assist the Board in its deliberations:

i.	Mr. Ghulam Muhammad Memon,	FA/DG(F&A)/HR
ii.	Syed Iqbal Haider Zaidi,	DG (Ops-South)
vi.	Mr. Muhammad Ayub Khan,	DG (Audit)
iii.	Dr. Najeeb Ahmad Memon,	DDG (F&A)
iv.	Mr. Abdul Latif Chaudhry	DDG (Law)
v.	Mr. Abdur Rauf Chaudhry,	CEO PRIMACO

3. Meeting started with recitation of verses from Holy Quran. Secretary BOT informed about the sad demise of the father of Mr. Fida Muhammad Khan, Financial Advisor Ministry of OPs & HRD/Member BOT. The Board members offered Fateha and prayed for eternal peace for the departed soul.

4. President of the Board/ Secretary, Ministry of Overseas Pakistanis & Human Resource Development welcomed the participants of the meeting. Thereafter, the Board took up the items from the following agenda for consideration:

Agenda Items for 108 th Meeting of BOT	
01.	a) Confirmation of the minutes of 107 th meeting of Board of Trustees. b) Compliance Report on decisions of 107 th Meeting of Board of Trustees.
02.	Deliberation on the observations of honorable Supreme Court of Pakistan on the decision of 8th Emergent Meeting of BOT to return all the properties at the reserve price (Principal Amount+Markup+Transaction Cost+Additional Expenses, if any).
03.	Legal and procedural issues related to release of funds to PRIMACO for ongoing Development Projects.
04.	Report on mapping exercise pursuant to BOT decision taken in 7 th Emergent meeting.
05.	Review of Decisions of the Investment Committee, Fund Placement Committee and the Investment Department/Institution by the BOT.
06.	Pending equity brokerage claims (F.Y. 2012-2013).
07.	Constitution of Audit Committee of the Board and approval of EOBI (Audit) Regulations, 2013.
08.	Equity Investments – Whether a viable option for EOBI?
09.	Appointment of Investment Advisor as per instructions of Senate Standing Committee.
10.	Any other item with permission of the Chair.


Agenda Item No. 1.

- a). Confirmation of the minutes of 107th meeting of Board of Trustees.
b). Compliance Report on decisions of 107th Meeting of Board of Trustees.

1. a). Confirmation of the minutes of 107th meeting of Board of Trustees.

5. President of the Board directed Secretary BOT to take up the agenda. Dr. Rahmat Ibad Khan, informed that first item on the agenda was regarding confirmation of minutes of 107th meeting of the Board held on 24th February 2014 in the Board Room, EOBI House, Head Office Karachi and meeting of second day was held on 1st March, 2014 at Islamabad. He informed that the minutes were approved by the President of the Board and were accordingly circulated among all members of

the Board vide letter no.HO/BS/107th Mtng/2014-63 dated 5th March 2014 to offer suggestions, if any. Dr. Rahmat Ibad Khan further informed that no suggestion was received from any member of the Board except one member i.e. Chairman, EOBI who has suggested to include the observations /suggestions regarding rationalization of human resource. President of the Board inquired whether his suggestions were about corrections in the minutes or these were to be counted an addendum to the minutes. The Chairman EOBI informed that some of his suggestions were corrections in recording of minutes and some suggestions for additions in approved minutes. Mr. Gul Zeb Khan, Secretary Labour KPK proposed that suggestions made by the Chairman EOBI may be referred to HR Committee of the Board and may be considered by the Board as per recommendations of HR Committee. Mr. Muhammad Ayub Shaikh, Chairman EOBI informed that the suggestions were about new recruitments and could be delayed as the recruitment process had already been initiated. Mr. Muhammad Iqbal, Employees' Representative KPK expressed that to control the administrative expenses, management of the Institution should make efforts to continue with present strength instead of recruitment of additional human resource. Mr. Muhammad Ayub Shaikh Chairman EOBI explained that after rationalization of human resource requirements, the Board has already approved reduction of strength of human resource from 1878 to 1479. He emphasized that now these rationalized 1479 positions were essential posts. Furthermore, due to continuous ban on recruitment, restraining order of the honorable Supreme Court for three years and due to recent termination of 358 illegal employees as a consequence of Honorable Supreme Court's judgment, a wide gap of 659 officers/staff had occurred and the present recruitment was unavoidable. After some discussion Raja Hasan Abbas, President of the Board observed that present approved minutes may be confirmed and the suggestions made by the Chairman EOBI relating to the HR may be considered as separate Ex-agenda item. **The Board agreed with suggestion of the President of the Board and confirmed the approved minutes and discussed the suggestion as Ex-agenda Items.**


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Deputy Secretary
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Ex-agenda Item: Suggestions from Chairman EOBI in Minutes of 107th meeting of the Board regarding HR Policy rationalization.

6. At the outset the President of the Board invited the Chairman, EOBI to come up with his suggestions. Chairman EOBI explained that there were five necessary suggestions which needed immediate attention for smooth continuation of recruitment process. Mr. Naseer Ahmed Baloch, Secretary Labour Balochistan and Mr. Sarzameen Afghani, Employees' Representative, Balochistan expressed that candidates from Balochistan could compete with candidates of other provinces which may deprive the people of Balochistan from jobs as NTS test might be difficult proposition for them. Chairman EOBI however clarified that regional quota shall be ensured and NTS test would determine the best lot within the region. President of the Board stated that apparently a minimum benchmark was not likely to exclude candidates of Balochistan as the educational standard had also improved in Balochistan. The President of the Board also affirmed that irrespective of the number of candidates from different provinces and their aggregate scores, the approved regional quotas will be strictly observed. The Chairman EOBI also informed that age relaxation as per Federal Government Policy had also been proposed to be adopted which will also benefit Balochistan and Sindh Rural candidates.

7. The Board after consideration decided to approve five proposals listed below. The remaining suggestions were approved subject to concurrence of HR Committee which would complete this exercise within next fifteen days:-

Approved Proposals

1) Pre-requisites for the post of KATS Operator

a) Mode of filling the post

100% through direct recruitment mode.

Ghulam Mustafa Wahoc,
Deputy Secretary
Ministry of Overseas Pakistanis &
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b) **Qualification and Experience etc.**

- a. Graduation or equivalent.
- b. Typing Speed of 30 w.p.m.
- c. Computer Literacy and Working Skill to operate Word Processing is must.
- d. Preferably two years' experience of Brokerage House as KATS Operator.

2) **Amendment in EOBI Investment Cadre Regulations-2014.**

Board had approved EOBI Investment Cadre Regulations 2014 in its 107th BOT meeting. The regulation needs following amendments.

- a. **"Regulation-3"** mentioned in Regulation -11 may be corrected as **"Regulation-4"** being a typographical error.

b. **Regulation-5(4)**

Qualification and Experience for the post of Deputy Director, Investment cadre (Fixed Income) may be substituted as under:

3	Deputy Director Fixed Income	MBA (Finance) or equivalent and CFA Minimum 3 years relevant experience in a reputable investment management organization or a bank or a financial institution
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c. **Regulations-5**

It is suggested that qualification for initial recruitment for all posts in Investment Cadre may include words **"or equivalent"** after the words **"MBA (Finance)"** and before the words **"and CFA"**, which may kindly be approved.

3) **Maximum Age for the post of Secretary Board.**

Maximum age limit for the post of Secretary Board is prescribed as 45 years as has been prescribed for other Grade-10 positions.

4) **Procedure for NTS test.**

The Board in continuation to earlier HR rationalization policy which approved 60% and 50% aggregate score in NTS for Officers and Staff positions respectively as a condition for being eligible to apply for job in EOBI also made it mandatory, besides securing aggregate score (60%, 50% respectively) to also obtain minimum 50% and 40% marks in each section of

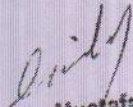
NTS test respectively. As per Operating Manual "0.2.5.2.2", written test is necessary for recruitment. Therefore, after determining eligibility through NTS, all eligible/shortlisted candidates shall be required to appear in a 2nd level written test to be conducted by NTS and the vacancies shall be filled in purely on merit in respective regional quotas. However, a floor shall be set at 45% and 35% for Officers/Staff respectively and if the desired number of vacancies cannot be filled up to this floor level, vacancies shall be re-advertised. Successful candidates as such shall be interviewed to scrutinize the testimonials duly verified by HEC, necessary physical fitness etc. before issuing offer for appointment. After the offer for appointment is issued, the further process of medical tests/police verification etc. shall be carried out before accepting their joining. Interview Committee shall have no marks with them and merit order will remain same as determined in 2nd level test, however, if for the reason of non-verification of degrees/experience or medical fitness etc the candidate is rejected, the next in merit order shall be offered the job.

It was also approved that the advertisement shall be published formally by EOBI/NTS in leading Newspapers to ensure wide publicity.

5) **Adoption of Federal Government Age Relaxation Policy**

5 years general age relaxation as per Federal Government Policy and age relaxation admissible under the Federal Government vide O.M. No. 9/2-8-5 dated 24th June 2010 were also adopted.

8. The other heads under this item require the concurrence of the HR Committee and will be submitted in the next BOT meeting after doing the needful.


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9. While presenting the compliance report before the Board, Chairman EOBI explained that the Statutory Actuarial Valuation has confirmed that the EOB Fund with the current rate of contribution and pension will start depleting from the year 2021 and will end in 2027. The Ministry of OPs & HRD has back referred the proposal with the observation that "Recommendation of BOT is inconsistent with section 21 of EOB Act which makes enhancement of benefits contingent upon actuarial assessment which in this case is negative. In-fact, commitment in Labour Policy 2010 cannot go beyond this legal framework. In practical terms it would entail financial collapse of the Institution".

10. Mr. Muhammad Iqbal, Ch. Naseem Iqbal and Mr. Sarzameen Khan, employee representatives from KP, Punjab and Balochistan requested the Board to enhance pensions to Rs. 5000/- as announced by the Federal Government. They were of the unanimous view that Actuarial valuation was not labour friendly and Board should resolve for the enhancement of Pension on its own. They further insisted that Board should not delay or defer increase in pension for any reason. Replying to this observation Chairman EOBI informed the Board that Actuarial Valuation was conducted being statutory requirement under section 21, of the EOB Act, and that the Board was not competent to enhance the pension on its own, unless recommended by the Actuary to be sustainable. Chaudhary Naseem Iqbal, employees' representative from Punjab, said that there were two possibilities: either the contribution may be enhanced or the Federal Government may provide additional funds for the enhancement of pension. Chairman EOBI informed the Board that contribution couldn't be enhanced, as it required amendment in the EOB Act which could not be done by the parliament as the subject had been devolved to the Provinces under the 18th amendment. Mr. Muhammad Asif, JS OPs & HRD informed that the enhancement of pension is only possible if Federal Government contributed to the EOB Fund starting from Rs. 4 billion this year and going upto Rs. 24 billion in next few years. Mr. Muhammad Iqbal, Employee representative from KPK informed the Board that recently Federal Minister for Finance has announced

that the pensions for old age will be enhanced to Rs. 6000/- in the next budget, hence EOBI must consider raising the pension to Rs. 5000/- at least.

11. President of the Board informed that the Ministry of OPs & HRD will reconsider and send the reference to the Prime Minister's Office very soon for consideration of enhancement of pensions as approved by the Board in its 107th meeting.
12. Chairman EOBI while continuing to inform the participants on implementation status said that performance reward criteria software for the field operations had been developed and would soon be tested and the financial rewards would be given to best performers; similarly the worst performers will also be dealt with appropriately.
13. President observed that the performance criteria must be based on targets allocated to the field officers in advance. It was informed by Chairman EOBI that this had already been addressed in the in-house software developed by EOBI which would clearly reflect time bound deliverables for each officer/office.
14. Board was also informed that a SAARC seminar and exhibition was being held in collaboration with Lahore Chamber of Commerce & Industry at Lahore during this week and EOBI had planned to put up a stall there and it was expected that EOBI would be able to project its positive image. In recent past in a seminar arranged by ICMA, a Performance Excellence award was given to EOBI in recognition of its e-payment system. Ch. Naseem Iqbal, Employee Representative Punjab, proposed that in any future seminar; labour federations may also be invited to participate, which was agreed by the Board.
15. As regards grant of Rs.100 million given by State Bank of Pakistan in Financial Inclusion Challenge Fund (FICF) for G2P, the Chairman EOBI informed the Board that EOBI had initiated various steps to utilize the funds for creating awareness among the public. This fund will also be utilized for identifying the

employers and easy solution for the pensioner's payments as well. Account opening for each pensioner, issuance of ATM Cards and virtual accounts, besides biometric verification, after every six months, are being given priority. President observed that technology is good, but it should be ensured that it was foolproof and user friendly.

16. Ch. Naseem Iqbal suggested that in order to raise the pension; contribution may be enhanced from 6% at present to 9% (7% Employer share and 2 % by Insured Person), however he was informed that any amendment at this moment was not possible as the EOB Act was frozen/non-amendable due to abolition of concurrent list.

17. As regards devolution of the EOBI, the Board was informed that as per decision of the Board in 107th meeting the Ministry of OPs & HRD has already requested the Prime Minister's Office to place the matter before Council of Common Interest (CCI) to resolve the issue.

18. Mr. Sarzameen Afghani Employee representative from Balochistan complained that the Board was paying no heed to the voice raised for welfare of labour class and was ignoring them. He insisted that the pension must be enhanced else he, being the representative of labour, will not be able to face them. He said that in the past Rs. 1 billion was donated for flood affectees from EOB Fund, which may be a noble cause, but should have been avoided from EOBI fund. He further said that previous Board wasted Rs. 35 billion, on purchase of worthless properties, therefore, all the responsible must be taken to task. This amount of fund belonged to the workers and must have been given to them in shape of enhanced pension. Ch. Naseem Iqbal said that EOBI has the perception of corrupt Institution in the public hence its image is needed to be restored/improved, through projection of its good performance especially in last 6-8 months.

19. Mr. Sarzameen asked for the supply of information relating to the number of Regions, Field Offices and the employees working there and the work load of the offices. How many pension and cases are processed in each office monthly, similarly

the collection. Chairman EOBI said that same shall be placed before the next Board meeting.

Agenda Item No. 2

Deliberation on the observations of honorable Supreme Court of Pakistan on the decision of 8th Emergent Meeting of BOT to return all the properties at the reserve price (Principal Amount+Markup+Transaction Cost Additional Expenses, if any).

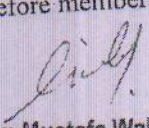
20. At the outset Chairman, EOBI gave a presentation of 18 properties which are subject matter of the suo moto petition no. 35/13. He referred to the back ground of the matter and apprised the Board about the order dated 01.10.2014 of the Supreme Court of Pakistan, which is reproduced as under:-

"It has also been informed that Board has not so far been constituted and the matter is still in progress. We accept his request and adjourn the case for a fortnight, however in the meanwhile learned counsel for the EOBI shall ensure to submit a reply whether EOBI is satisfied with the purchase of properties purchased by the previous management and want to retain the same or to give back the properties to the owners after receiving the consideration amount....."

21. He then further referred to the latest order dated 9.4.2014 of the Honorable Supreme Court of Pakistan:-

"During the proceedings keeping in view the reply submitted on behalf of the opposite parties in respect of all the 18 properties, mentioned in Annexure-B to CMA No. 215/2013, we have called upon the Chairman, EOBI to express his opinion about the acceptability or otherwise of such counter offers. In reply, he requests for two weeks' time so that this matter may be again placed before the Board of Trustees of EOBI for final decision in this regard. In such circumstances, hearing of this petition is adjourned."

22. The Chairman then referred to the letter dated 17.04.2014 of Hafiz S.A. Rehman Senior advocate Supreme Court/the counsel of EOBI in above petition containing the verbal observations of the court on the date of hearing i.e. 09.04.2014. The contents were apprised to the Board which is reproduced as under: - (The copies of the letter were also placed before members for perusal).


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Advice of the Counsel Hafiz S. A. Rehman

"The above noted suo moto petition was fixed for hearing on 9.4.2014 in the supreme court of Pakistan to examine the counter offers made by some of the property owners in response to our CM no. 215/14 in which the reserve price of each property was demanded by EOBI based on the mark-up and other connected expenses incurred by the Institution in these illegal transactions and BoD had decided to return the amount involved. EOBI is insisting rigorously for return of money from the property owners with markup and all other expenses. The Honorable Supreme Court, on the date of hearing, observed that the transactions made by the previous management of EOBI with the owners of private properties can be dealt with by the appropriate competent legal forums, however, as regard the demand of EOBI, it was observed, that it seems exorbitant and EOBI may revisit its earlier decision of demand. Receipt of principal amount may be the prime consideration as offered by the other party, as in the deal, both parties was involved.


The honorable court, further observed that in case, suo moto case is disposed of with some observations, as above, both parties might be entangled into long drawn litigation, resultantly that EOBI may suffer financially more than the amount involved.

Therefore, it might be in the interest of the Institution to decide the issue by re-examining its earlier decision. The Honorable court also invited the Chairman on the rostrum to hear his point of view on the counter offers made by the respondents.

The Chairman submitted before Honorable court and placed the Board's view point and prayed to issue directions to the parties to return the money with markup including all other expenses incurred on these illegal transactions as all the deals were negotiated deals in between two individuals in violation of all rules and principle of fairness and justness. He asserted that as the transactions were without lawful authority and in violation of all applicable rules/ regulations and the sellers were also involved in these illegal transactions as evident from the reports of FIA, therefore, they are legally bound to pay back the whole amount as claimed by the EOBI.

The Honorable court, observed that the previous Management was also a party in all the deals and whatever was done, was in connivance and collusion of the Management, therefore, it is better that the matter be placed before the Board for their re-examination in its forthcoming meeting to make a workable decision avoiding any further litigation.

The decision of the Board will be placed before the Honorable Court for perusal. If both the parties are not agreeable on some formula, the Honorable Court would decide the case accordingly, on the next date of hearing i.e. 28.04.2014."


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23. The Chairman further informed that some of the sellers of the property have made counter offers and apprised the Board about these offers, the salient features of which are as under: - (The copies of the offers/CMA's were also annexed with working paper).

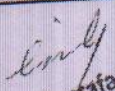
1) Property commonly known as 6-Chatrjee Road, Lahore (CMA No. 215 of 2014)

- a. Claims on account of purchase of vehicles, generators etc. (Rs. 14.55 million) not accepted. EOBI may retain these assets.
- b. 10% of the cost of purchase will be paid up front.
- c. 90% will be paid over a period of 18 - 24 months.
- d. A mark-up equal to KIBOR will be paid on the unpaid amount during the repayment period .
- e. Willing to refund Purchase price (Rs. 250 mln).
- f. Have refused to pay mark up (Rs. 90.63 mln).
- g. Have refused to pay transaction and miscellaneous costs (Rs. 15.8 million).
- h. In lieu of repayment of franchise fee (Rs. 9 million) and working capital (Rs. 6 million), the franchise agreement together with any or all amounts of franchise fee and working capital lying with the franchisor would be assigned in favor of the Answering Respondent and/or the company.

2) Shares of M/s. Faqir Plaza (Pvt.) Limited along with property owned by the Company (CMA No. 215 of 2014)

- a. Willing to refund Purchase Price (Rs. 36 million).
- b. Have refused to pay the Mark up (Rs. 6.6 million).
- c. Have refused to pay the legal/transaction charges (Rs. 0.395 mln).
- d. 10% of the cost of purchase will be paid up front.
- e. 90% will be paid over a period of 18 - 24 months.
- f. A mark-up equal to KIBOR will be paid on the unpaid amount during the repayment period.

3) River Edge Housing Scheme Lahore – 742 Plots (CMA No. 1843 of 2014)


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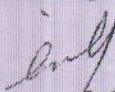
- a. Willing to refund only purchase price (Rs. 1.3 billion) in quarterly installments starting from 30th June 2014 and ending on 31st March 2017.
- b. Willing to pay a markup of 8% with a grace period of one year.
- c. Have Refused to pay the transaction costs (Rs. 52 million).
- d. The applicant will be enabled to market the plots during the period of repayment.
- e. However, the payment obligation will not be dependent on the sale of any number of plots.
- f. In the event of any plot being sold, the amounts received by the EOBI shall be deducted against the payment obligation of the applicant.

4) **Commercial Plots in River Edge Housing Scheme (At Park View Villas) 17 Km, Multan Road, Lahore – 226 Plots.**

- a. Willing to refund only purchase price (Rs. 1.3 billion) in quarterly installments starting from 3^{0th} June 2014 and ending on 3^{1st} March 2017
- b. Willing to pay a mark up of 8% with a grace period of one year
- c. Have Refused to pay the transaction costs (Rs. 113.86 million)
- d. The applicant will be enabled to market the plots during the period of repayment
- e. However, the payment obligation will not be dependent on the sale of any number of plots
- f. In the event of any plot being sold, the amounts received by the EOBI shall be deducted against the payment obligation of the applicant.

5) **Pak Arab Housing Scheme 17 Km Ferozpur Road Lahore**

- a. Willing to refund only purchase price (Rs. 1.15 billion) within a period of 20 months
- b. The amount will be arranged by offering sale of plots in question


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- c. The EOBI shall transfer plots to the applicant or his nominees through duly executed sale deed
- d. In case the whole amount of Rs. 1.15 billion is not recovered during the period of 20 months, the applicant will make the payment of outstanding balance amount through its own sources
- e. The proposal is silent regarding mark up and transaction costs

24. The above sellers have also requested the Honorable Court that they may be relieved of the civil/criminal liability associated with the transactions and criminal proceedings initiated by EOBI/FIA and the FIRs registered against them be quashed.

25. The Chairman, EOBI after referring to counter offers also placed before the Board the calculation of reserve price and its different components; however, the President of the Board desired to prepare a head wise summary of all the properties showing principal amount, markup, transaction cost, miscellaneous expenses and contract termination costs etc separately. The details were prepared during the course of meeting by DG/DDG (F&A) and presented before the Board and all the properties were discussed one by one in detail. The copy of the summary prepared as such is annexed as "A".

26. Thereafter the President invited the comments from members.

27. Mr. Fida Muhammad Khan, Financial Adviser opening the debate pointed out that the observation of the court as indicated in the letter of the counsel of EOBI reflected that the court was not satisfied with the package submitted by EOBI and also observed that if the matter was not resolved amicably, the EOBI might be dragged into an unending civil litigation. He proposed that EOBI might be return the principal amount immediately and unconditionally, whereas mark up may be repaid to EOBI in easy installments. He also expressed that a bird in hand is better than two in the bush. He suggested that for other expenses we may fight a case in the relevant court of law.

28. Mr. Muhammad Iqbal, employees' representative of KPK, Mr. Sarzameen Afghani, employee's representative of Baluchistan and Chaudhry Naseem Iqbal

employees' representative Punjab proposed that EOBI should claim the principal amount along with the markup. They insisted that all those who were involved directly or indirectly in the scam must be dealt with under the civil and criminal laws of the land.

29. Mr. Gulzeb Khan, Secretary labor Government of KPK was of the view that court will decide the matter in toto and we have to propose a complete response on all types of claims. Mr. Naseer Ahmed Blouch, Secretary Labour, Baluchistan said that we must insist on the principal and markup. Mr. Muhammad Asif, JS, Ministry of HRD while taking part in the discussion said that the honorable court was helping EOBI to settle the issue and make up the losses sustained by the Institution so far as possible, therefore the BOT must decide objectively. Mr. Muhammad Yusuf Sarwar, Member Employer's KPK was of the view that claiming original price and markup would mean waiving of other expenses incurred by the Institution, therefore all those responsible for such loss must be taken to task. Mr. Muhammad Asif JS, Ministry of HRD at this point further added that we must be prudent to secure the investment and while considering the observations conveyed by the counsel may decide reasonably. Similarly it was also proposed to seek the opinion of legal advisor to determine the future liability of the BOT members for a softer stance on the recovery of other demands.

30. It was also discussed that in case deals are nullified by the honorable Court the transaction cost (stamp duty, registration fee etc) can be refunded by the respective Federal Provincial /Local Governments if ordered by the honorable court to save the pension fund for poor workers/widows from further losses. Chairman EOBI reminded that what had been conveyed by the counsel were the verbal observations of the honorable Supreme Court and were not the part of written orders.

31. The President of the Board invited Chaudhry Abdul Latif, Dy. Director General (Law) to give his point of view. He said that these observations were conveyed by the counsel and were not the part of the written order, however these observations indicate the thinking of the honorable court and we have to act accordingly. Moreover, he also referred to the observation of the honorable court that

the properties under litigation do not fetch original/actual price in auction or when sold in the market.

32. After threadbare discussion by the participants, the President of the Board was of the view that if we change our stance from the earlier one without sufficient reason that may not be appropriate. We have to re-visit the earlier decision objectively and may request honorable court that we have already placed our point of view and honorable court has better over view and we may have full confidence in the honorable court to adjudicate as appeared just and appropriate.

33. After these remarks of the president BOT and detailed discussion as above all the participants were of the unanimous view and decided as under:

Decision

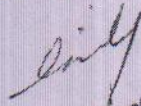
34. In compliance of the order dated 09.04.20104 of Honorable Supreme Court of Pakistan in suo moto petition no.35/2013, the meeting of the Board of Trustees of EOBI was convened to review and re examine the earlier decision of the Board taken in the 8th emergent meeting held on 13.01.2014 regarding reserve price (consisting of principle amount + mark up + transaction cost + additional expenses) of the 18 properties which later on were submitted in the Court vide CMA No.215/2014.

35. The Board after detailed deliberations and exchange of views decided as under:

- I. The Honorable Supreme Court of Pakistan may be requested to return the properties to the sellers for a consideration equal to the cost of purchase and the mark up from the date of release of payments by the EOBI up to the date of receipt of purchase price and mark up by the EOBI from the seller. Mark-up is justified by the fact that the sellers have utilized the money to their financial benefit and EOBI has suffered an opportunity loss.
- II. That Honorable Supreme Court of Pakistan may be requested to direct the Provincial Government / Federal Government and local Governments to refund the transaction cost paid by the EOBI treating the transaction of EOBI as hardship case to minimize the loss suffered by the EOBI fund which is meant for the benefit of poor pensioners.

- III. That Honorable Supreme Court of Pakistan may further be requested that since the contractor who has carried out the development works in case of Sehjpal Property (package No.06 of CMA No.215/314) is the seller himself, where the Institution has spent a sum of Rs.780.039 million, (the cost of improvement /development of property and mobilization advance), therefore the seller should pay back to EOBI alongwith purchase price and markup as the property would return to the seller in improved / developed shape and form. Besides, EOBI may be indemnified of the financial consequences of the termination of contract with contractor himself and consultants.
- IV. In case of Faqir Plaza (package No.4 of CMA NO.215/14), EOBI is in the franchise contract with M/s Hotel One. As proposed by the sellers vide their counter offer in their CMA, the franchise agreement be assigned in favor of the sellers in lieu of refund of purchase price, mark up from the date of release of payments by the EOBI up to the date of receipt of purchase price by the EOBI together with refund of franchise fee (Rs.9 million) and working capital (Rs.6 million). Furthermore EOBI may be indemnified of financial consequences of termination of contract with M/S Hotel One if applicable.
- V. The Board further decided that counter offers by M/S Vision Developers vide CMA no. 1843/2014 in respect of property titled River Edge Housing Scheme (742 plots & 226 plots as contained in package no. 8 & 12 of CMA no. 215/14 respectively) and others are harsh, unfair and intended to further perpetuate and aggravate the losses suffered by the EOBI Fund. The Board submitted that the Honorable Supreme Court of Pakistan may kindly not allow such proposals of sellers which are intended to undermine the process of amicable settlement and ask for un-reasonable terms especially long duration of payment ranging from 2 to 3 years.
- VI. The Honorable Supreme Court of Pakistan may also be requested to consider miscellaneous charges claimed by the EOBI in respect of all properties on account of various expenses (salaries, security guard, maintenance of property and expenses on project planning etc) which were claimed on the proposition that the sellers being party to illegal / non transparent negotiated deals in violation of rules / regulations must make up the loss suffered by EOBI. However, the Board also resolved that Honorable Supreme Court of

Pakistan being final arbiter may decide the matter as deemed just and appropriate and the decision as such would be acceptable to EOBI.



Ghulam Mustafa Wajid
Deputy Secretary
Ministry of Overseas Pakistanis &
Human Resource Development
Government of Pakistan
Islamabad

Agenda Item No. 3.

Legal and procedural issues related to release of funds to PRIMACO for ongoing Development Projects- Deferred

Agenda Item No. 4.

Report on mapping exercise pursuant to BOT decision taken in 7th Emergent meeting- Deferred

Agenda Item No.5 .

Review of Decisions of the Investment Committee, Fund Placement Committee and the Investment Department/Institution by the BOT- Deferred

Agenda Item No. 6.

Pending equity brokerage claims (F.Y. 2012-2013)- Deferred

Agenda Item No.7.

Constitution of Audit Committee of the Board and approval of EOBI (Audit) Regulations, 2013- Deferred


Agenda Item No.8.

Equity Investments – Whether a viable option for EOBI ?- Deferred

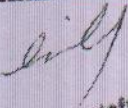
Agenda Item No.9.

Appointment of Investment Advisor as per instructions of Senate Standing Committee- Deferred

36. After the items were differed due to want of time, Mr. Muhammad Ayub Shaikh referred to urgency of remaining agenda Items. The Board proposed that these items may be urgently addressed and after some discussion agreed to hold an emergent meeting of the BOT on 28 April 2014 at 02:00 PM, EOBI House Islamabad.


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37. President of the Board appreciated the valuable contribution of the members of the Board and importance of collective wisdom. The meeting ended with a vote of thanks to President of the Board.


Ghulam Mustafa Wajid
Deputy Secretary
Ministry of Overseas Pakistanis
Human Resource Development
Government of Pakistan
Islamabad

Reserved Price of 18 Properties

Rupees in Million

1	2	3	4	5	6	7	8	9
Sr. No.	Property	Cost of Purchase	Mark up	Transaction Cost	Misc./Others Cost	Contract Termination Cost	Rent Received	Total
1	Sukkur	120.910	37.920	16.344	33.506	0.000	0.000	208.680
2	Malir, Karachi	2023.120	591.190	172.980	0.000	0.000	0.000	2787.290
3	Faqir Plaza 3 Floors	250.000	90.630	15.509	29.836	49.000	0.000	434.975
4	Faqir Plaza Company	36.000	6.600	0.000	0.400	0.000	0.000	43.000
5	Lower Mall Lahore	84.000	28.360	5.040	0.519	0.000	0.000	117.919
6	Mouza Sehjpal, Lahore	1437.000	574.610	116.290	0.000	504.850	0.000	2632.750
7	Eden Housing Lahore	1000.000	229.180	64.073	2.155	0.000	0.000	1295.408
8	River Edge Housing LHR	1300.000	242.680	49.727	2.270	0.000	0.000	1594.677
9	101, Mall Road LHR	790.000	98.580	50.940	0.000	0.000	0.000	939.520
10	Plot 54, Gulberg, LHR	333.000	41.100	22.240	0.000	0.000	0.000	396.340
11	Eden Villas Faisalabad	900.000	106.900	62.900	0.000	0.000	0.000	1069.800
12	River Edge Housing LHR	1300.000	155.940	113.880	0.000	0.000	0.000	1569.820
13	Pak Arab Housing LHR	1150.000	124.470	64.000	0.000	0.000	0.000	1338.470
14	DHA Phase I, Rawalpindi	6825.000	730.340	443.630	2.990	0.000	0.000	8001.960
15	Crown Plaza ISD	1002.000	226.720	91.060	0.000	0.000	-122.220	1197.560
16	DHA Phase ISD	15743.700	4272.110	1023.340	4.150	0.000	0.000	21043.300
17	Talangan Rd, Chakwal	60.450	8.480	3.170	0.690	0.000	0.000	72.790
18	Kalar Kahar, Chakwal	32.000	4.670	3.620	0.000	0.000	0.000	40.290
	Total:-	34387.180	7570.480	2318.743	76.516	553.850	-122.220	44784.549

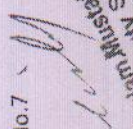
Explanations:

Column No.4 (Markup):

Markup calculated upto 31.12.2013; however as per decision of the BOT it will be charged upto actual date of receipt of payment

Item No.5 / Column No.7

This is net amount after adjusting securities etc. as the amount spent on the project is 780.039 million


 Guliam Mustafa Wajid
 Deputy Secretary
 Government of Punjab
 Finance Department
 Lahore