

**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/16th Emergent. MTNG/2018/- 28

Dated: 25-05-2018

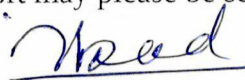
1. Director General (Ops)	South /North
2. Investment Advisor/Director General	Investment Department
3. Director General	(HR&GAD)
4. Financial Advisor/Director General	F & A Department
5. Deputy Director General	Law Department
6. Incharge	IT Department
7. Incharge	Audit Department
8. Incharge	Reconciliation Department
9. Incharge	Publicity Department

Subject: Approved Minutes of 16th Emergent Meeting of Board of Trustees, EOBI Held on Saturday, 28th April, 2018 EOBI House, in Conference Room, Plot No.32-34, Mauve Area, G-10/4 Islamabad.

Enclosed is copy of Minutes of 16th Emergent Meeting of Board of Trustees (BOT), EOBI held on 28th April, 2018 EOBI House, in Conference Room, Plot No.32-34, Mauve Area, G-10/4 Islamabad, duly approved by President of BOT/Secretary, Ministry of Overseas Pakistanis & Human Resource Development, Islamabad.

2. You are requested to take necessary action on the decisions pertaining to your Department and send compliance report on the earliest to this Secretariat for onward submission to BOT in its forthcoming meeting.

3. If there is no action on part of your Department, a NIL report may please be sent.


(Dr. Rahmat Ibad Khan)
Secretary Board

Enclosure: As above.

Copy for Information:

1. Chairman, EOBI.
2. Master/Office file

**MINUTES OF 16th EMERGENT MEETING OF BOARD OF TRUSTEES, EOBI
HELD ON 28-04-2018 AT ISLAMABAD**

The 16th Emergent Meeting of Board of Trustees of EOBI was held on 28.04.2018 at 10:30a.m.at Conference Room, 1st Floor, EOBI House, G-10/4, Islamabad. The Board deliberated on the following agenda:

Sr. #.	Agenda Items
01	Confirmation of Minutes of 118 th Meeting of Board of Trustees held on 16 th March, 2018 at Islamabad.
02.	To Consider Proposals Received from Sellers of EOBI Properties with respect to Suo Moto Case of Supreme Court of Pakistan.
03.	Removal of Minutes of BOT Meeting from Official website of the Institution.
04	Amendment in Regulation No.6 & 7 of EOBI (Loans to Employees) Regulations, 1980 with Regards to Mortgage of Property.
05	Any other Item with permission of the Chair.
	Any other Agenda Item 5(1). Update on advice received from Ministry of Law and Justice, against legal scrutiny of 04 major Projects.
	Any other Agenda Item 5(2). Request for bidding on an RFP floated by Nestle Pakistan Limited i.e. pitching/choosing among three properties as follows:- i. 101, Mall, Lahore. ii. EOBI Mall Property, Moza Sehjpal Lahore. iii. 54, Gulberg Lahore.
	Any other Agenda Item 5 (3) Winding up of M/s Sahara Insurance Company Limited (SICL) Consequent to recommendations of EOBI Investment Committee.
	Any Other Agenda Item 5 (4) i. Approval for Procurement of Services of Contribution Collection Automation Project. ii. Approval for Outsourcing/Hiring Technical IT resources for EOBI IT System.

2. The meeting was attended by following:

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|----|---|-----------|
| 1 | Dr. Muhammad Hashim Popalzai
Secretary, Ministry of OP&HRD | President |
| 2. | Mr. Khaqan Murtaza,
Chairman, EOBI | Member |
| 3. | Mr. Noor Zaman,
Sr. Joint Secretary, Ministry of OP&HRD | Member |

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|-----|--|----------------------|
| 4. | Mr. Muhammad Bilal, Financial Advisor
Ministry of OP&HRD | Member |
| 5. | Mr. Khayyam Hasan,
Secretary, Labor Department, KP | Member |
| 6. | Malik Tahir Jawaid,
Employers' Representative, Punjab | Member |
| 7. | Chaudhary Naseem Iqbal,
Employees' Representative, Punjab | Member |
| 8. | Mr. Shoukat Ali,
Employees' Representative, Sindh | Member |
| 9. | Dr. Muhammad Yousaf Sarwar,
Employers' Representative, KP | Member |
| 10. | Mr. Muhammad Iqbal,
Employees' Representative, KP | Member |
| 11. | Mr. Ghulam Farooq,
Employers' Representative; Balochistan | Member |
| 12. | Mr. Muhammad Ayub | Acting Secretary BOT |

3. Following Members of the Board could not attend the meeting owing to their personal reasons:

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|----|---|--------|
| 1. | Dr. Farah Masood
Secretary, Labour Punjab | Member |
| 2. | Mr. Abdul Rasheed Solangi
Secretary, Labor Sindh | Member |
| 3. | Mr. Shan-ul-Haq,
Secretary, Labor, Balochistan | Member |

4. Mr. Aqeel Ahmed Siddiqui, Director General (Operations), EOBI, Mr. Kashif Ahmed Noor, CEO PRIMACO and Mr. Siddiq Ahmed, Deputy Director (Investment) EOBI were also available to assist the Board in its deliberation.

5. The meeting started with recitation of verses from the Holy Quran by Mr. Khaqan Murtaza, Chairman EOBI. Dr. Muhammad Hashim Popalzai, President of the Board welcomed the participants and thanked for their participation in the emergent Meeting held on a very short notice. The Chairman EOBI informed the President BOT that owing to sick leave of Dr. Rehmat Ibad Khan, Secretary BOT, the role of Secretary BOT for this meeting has been assigned to Mr. Muhammad Ayub, DDG (B&C III), Islamabad
6. Before the initiation of proceedings of the meeting, Mr. Muhammad Iqbal, Employees' Representative KP inquired the reasons of holding the meeting on an off day and its legal status. President BOT responded that the meeting has been scheduled on Saturday to ensure presence of Chairman EOBI who is currently on training. The Board was further informed that the honourable Supreme Court had desired that the meeting may be held on any off day when the Chairman can attend the meeting. CEO PRIMACO added that the meetings of other departments of the Ministry in special circumstances are also scheduled on off day and that there is no bar from any side.
7. At the outset, President of the Board invited Chairman EOBI to brief the participants about the purpose of holding an Emergent Meeting. The Chairman EOBI responded that the purpose of holding the instant meeting is quite similar to that of the last two i.e., 14th & 15th emergent meetings, that is to consider the most recent directions given by the honorable Supreme Court's in the suo moto case of 18 properties. He referred to the decision taken earlier by the Board in its 15th Emergent Meeting held on 5th May, 2017 wherein the Board had decided to retain 05 properties and returning 13 properties to the sellers subject to reimbursement of full cost along-with mark-up.
8. He stated that the Board in the last emergent meeting held consequent to directions of Supreme Court, had reached at the decision after deliberating on valuation figures of each property one by one and considering the pros and cons of each property. The decision by the Board had already been submitted to the Honorable Supreme Court of Pakistan vide Civil Miscellaneous Application (CMA) No. 3939 of 2017. The hearings by honorable Court had incorporated this stance of the Board while the matter has progressed further.

9. He referred the hearing of EOBI Suo Moto case in the Supreme Court of Pakistan held on 05-03-2018 wherein the Court had directed the following as per Para 14 of the Order:

The purchasers (Sellers) shall submit their proposals to the EOBI for settlement through Kh. Haris Ahmed, Sr. ASC. The matter will be processed and if an agreement is reached between the parties, the Court shall be informed accordingly, after approval from the Board."

10. He further informed the Board that in compliance to the directives of the Court, some proposals have been received from previous sellers through Khawaja Haris Ahmed Sr. ASC. He informed the Board that the Supreme Court of Pakistan in its last hearing dated 17-04-2018 has given EOBI six (06) weeks' time to mature the proposals into settlement by the Board of Trustees. Relevant Extract of the decision was shared with the Board as follows:

"Kh. Haris Ahmed, Learned SR. ASC states that some proposals have reached him but he needs little more time to proceed further in the matter. It is expected that the proposals may mature into settlement through the Board of Trustees of EOBI within the next six weeks"

11. He informed the Board that the next hearing of the Court is scheduled on 31-05-2018. In this backdrop, the meeting has been convened to deliberate on each of the proposals received and decide about the timeline to be given to the seller for refund of the amount paid by EOBI along with mark up, so that Institution's stance on the proposals may be submitted before the Court.

12. President of the Board desired to move in the sequence of agenda. Subsequently, the agenda items were taken up for discussion:

Agenda Item No.1	Confirmation of Minutes of 118 th Meeting of Board of Trustees held on 16 th March, 2018 at Islamabad.
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13. Secretary BOT, informed that minutes of 118th meeting of BOT, as approved by President of the Board were circulated amongst all members of the Board vide letter No.HO/BS/118th BOT.MTNG/2018-14 dated: 21/03/2018 for information and observations of worthy members of the Board. He informed that no observation/

Minutes of 16th Emergent BOT Meeting held on 28-04-2018 at Islamabad

suggestion has been received from any of the members. He, therefore, requested the Board to confirm the minutes of 118th meeting of BOT held on 16.03.2018. Before confirmation of the minutes, President of the Board invited comments (if any) from the Members.

14. Malik Tahir Jawaid, Employers Representative Punjab while referring Para 41 at page 13 of the minutes of the last meeting said that issuance of demand notices to defaulting employers with a 50% lump sum statutory increase is unfair to those employers whose default period is less than 25 months. President BOT invited attention of the Chairman EOBI who responded that this statutory increase is as per Section 13 of EOB Act, 1976 read with Rule 4 of EOB (Contribution), Rules 1976. Further, the demand notices issued to the employers are system generated through which statutory increase is levied automatically based on period of default at the rate of 2% per month with the maximum limit of statutory increase under this section as 50%. President of the Board desired Chairman EOBI to look into the matter and resolve the issue according to the provisions of law.

15. Chaudhry Naseem Iqbal, Employees' Representative invited attention of the President BOT to the decision taken in previous meeting and desired to update on their implementation status. Referring decision of the Board at Para 58 of the 118th minutes, he said that a Summary for grant of age relaxation to a BOT Member was to be moved to the Prime Minister Secretariat. Chairman EOBI responded that the condition of age limit has neither been imposed by the EOBI nor by the Ministry rather this condition is according to the decision of Federal Government over which the Institution has no control. The President of BOT, however assured that the matter shall be taken up by the Ministry with the Prime Minister's Office for extension of age beyond 65 years. The President, BOT directed the EOBI to send a reference to this Ministry in order to take up the matter with Prime Minister's Office

16. Mr. Muhammad Iqbal, Employees' Representative KP pointed out that as per decision at Para 12/n of the minutes, a reference to the Cabinet Division (Being Federal Government) on the issue of resignation of Mr. Sarzameen Afghani was to be forwarded. The Chairman EOBI pointed out that the resignation was tendered and subsequently accepted. However, he pointed out that Mr. Afghani was not eligible to be an employee's

representative on the BOT, as he was a registered Contractor/ Employer at Chamlang Mines, a fact which is available in EOBI record. The relevant record shall be shared with the members. In view of the above, there seems to be no need to refer the matter to Cabinet Division as his membership would be against the BOT Act/Rules.

Decision:

17. **The Board unanimously confirmed the minutes of 118th meeting of the Board held on 16th March, 2018 at Committee Room, Ministry of OP&HRD, Islamabad.**


Agenda ItemNo.2	To Consider Proposals Received from Sellers of EOBI Properties with respect to Suo Moto Case of Supreme Court of Pakistan.
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18. President of the Board invited Chairman EOBI to present the proposals received from the sellers on the directives of the Honorable Court. Chairman EOBI informed the Board that 6 proposals have been received by EOBI through its legal Counsel Khawaja Haris Ahmed, Sr. ASC. He apprised the Board that sellers of 5 properties had deposited Pay Orders/Cheques of the principal amount in the Supreme Court during July to September 2013 which were actually lying with the Registrar Supreme Court of Pakistan since then. On the request of EOBI, the Court in its short order dated 05-03-2018, has ordered encashment of the said pay orders the proceeds of which have been deposited in Government profit bearing schemes by the Registrar Supreme Court of Pakistan.

19. This was clarified by the Chairman that the Board is to consider the proposals and to decide the time line to be given to the sellers for refund of amount if EOBI opts to accept their proposals. The decision with regard to return or retention of the property has already been taken by the Board and communicated to the Court. President BOT was of the opinion that the Board's decision to grant timeline to the sellers for deposit of money back to EOBI should be based on sound basis and rationale but the treatment to each seller should be same.

20. President of the Board desired to discuss each proposal one by one. Accordingly, Chairman EOBI invited CEO PRIMACO to present each proposal in brief to the Members.

21. Accordingly, CEO PRIMACO presented the proposals in detail.


Section Officer
Ministry of OP&HRD

i) **PROPOSAL OF PROPERTY AT DHA, PHASE II, ISLAMABAD**

22. CEO PRIMACO briefed the Board that EOBI purchased 321.3 Kanal commercial land for Rs.15.743 Billion in DHA Islamabad in 2012. The Area is split into different sizes of commercial plots. He shared following valuation figures with the Board conducted from time to time:

Property	Sale Agreement dated 18-01-2012	Pre-purchase evaluation by Private Evaluators M/s Dimen Associates	Evaluation by NESPAK – on FIA directions	Value 2015 By Arch-e-Decon on Supreme Court Orders	Value 2015 By Hamid Mukhtar on Supreme Court Orders
DHA, Expressway, Phase II, Islamabad	Rs. 15.743 Billion	16.124 Billion	14.124 Billion	10.041 Billion	15.324 Billion

23. CEO apprised the Board that despite passing of six and half year, the property is still not developed and it may take years before it is fully developed. Chairman EOBI stated that the said land is divided in islands which render negative effect on its market value. He informed that the BOT, based on the above valuations, had taken the decision to return the said property to the seller and had prayed to the Court for ordering refund of actual price paid along with interest.

24. CEO PRIMACO gave details of proposal given by DHA, which was not in line with Supreme Court directives. Key points of the proposal are punched below:

- i) *According to DHA, the plots are ideally located and are situated adjacent to the Islamabad Highway/Expressway.*
- ii) *According to DHA, considering the price of other plots being sold by DHA in the open market, EOBI was in fact sold the property at significantly lower than the prevailing market rates at that time. In support of their claim, they have quoted advertisement dated 26-11-2011 showing the prices advertised by DHA for sale of the plot located at Phase II, Jinnah Boulevard.*
- iii) *Further, DHA has claimed that average rate of commercial plots actually sold in Sector K, M and N of phase II is just over 4 Million per marla and with conservative value of 4 marla the value according to DHA is Rs.22,491 million.*

- iv) *In addition to above, DHA have referred sale transaction of 23 Commercial plots to Al-Shifa Trust. According to DHA, despite the said plots are several kilometers further down the 8 Marla commercial plots owned by EOBI, these have been sold at Rs.5 Million per Marla.*

25. President of the Board desired comments of CEO PRIMACO on the said proposal. CEO PRIMACO said that DHA has not submitted the proposal regarding refund of the money back to EOBI rather they want EOBI to retain the property. Hence, question of timeline for refund is out of context. He further stated that the claims by the seller of selling the property cheaper to EOBI, currently selling the property at a higher price or response of the buyer subsequent to the advertisement published cannot be ascertained due to lack of empirical evidence. He said that claims of the seller can be verified by having an independent valuation exercise which is not feasible due to time constraints. President of the Board added that even if the valuation is done, the reports may be challenged by the seller at later stage. CEO PRIMACO further opined that no business activity in terms of buying and selling of property has been observed; therefore, there is no price discovery and ground realities have not changed. Malik Tahir Jawed, Employers' Representative Punjab was, however, of the view that EOBI may consider to retain this property due to its future potential. President of the Board referred working paper of the agenda which gave the feeling that the Board has been asked to decide return or retention of the property at this stage. The Chairman EOBI clarified that the decision solicited was not in consonance with the spirit of the entire working paper for which we regret.

Decision:

26. **The Board after deliberations observed that the proposal sent by DHA is not according to the directions of Supreme Court of Pakistan. The Board decided that EOBI may request the Honorable Supreme Court of Pakistan to direct DHA for refund of the actual price paid (Rs.15,743 Million) along-with mark up (to be determined by the Court) within six (06) months from the date of next hearing or decision by the Court.**

ii) **PROPOSAL ON PLOT IN DEH MEHRAN, MALIR KARACHI (AIRPORT PROPERTY)**

27. CEO PRIMACO briefed the Board about the property details as follows:

1. Date of Purchase : 25-5-2012
2. Size of Land : 4 Acre (32 Kanal)
3. Type of Land : Commercial
4. Purchase Cost : Rs.2,023 Million

28. He said that the property is landlocked since it has no approach, presently occupied by the encroachers and has multiple ownership claims.

29. CEO PRIMACO presented three (03 alternative proposals received from the previous seller.

Alternative 1: EOB may retain the property

Alternative 2: EOBI may sale the property and gain exorbitant price from the market.

Alternative 3: EOBI may grant them the right to sell the property and revert its title so that Seller may, after selling the property, deposit the requisite amount with EOBI along-with mutually agreed upon interest. The Seller demanded 18 Months' time i.e. till October 2019 for execution of this proposal.

30. The Board asked for the recommendation of CEO PRIMACO on the above proposal to which he replied that since no proof of passage/road has been provided, the timeline is prolonged and multiple ownership claims are there, the proposal is unattractive. He said that the Board had already decided to return the property. He suggested same treatment to the seller and recommended that 6 month time period may also be given in this case for refund of the amount along-with mark up.

31. Further to above, CEO PRIAMCO informed that another proposal from a private party Mrs. Riffat Jabeen Zaib has been received who wants to purchase the plot for consideration of Rs.2020 Million. Besides this, M/s Arcan Services has also claimed that they are the lawful owner of the property for which copy of sale agreement entered into by them in 1995 with Mrs. Mussarat Jabeen w/o Abdul Rehman has been attached.

32. Chairman EOBI was of the considered opinion that no such offer from a private party can be considered as the case is subjudice. Members of the Board endorsed the point of view of the Chairman.

Decision:

33. The Board decided that EOBI may request the Honorable Supreme Court of Pakistan to direct the seller for refund of the actual price paid (Rs.2023 Million) along-with mark up (to be determined by the Court) within six (06) months from the date of next hearing or decision by the Court.

iii) **PROPOSAL ON PROPERTY IN RIVER EDGE HOUSING SCHEME, LAHORE**

34. CEO PRIAMCO informed the Board that commercial and residential plots were purchased in two properties at River Edge Housing Scheme. The purchased plots are allocated in Sectors which do not exist on ground and no amenity such as water, electricity and gas exist, besides, it lacks approval of LDA. Despite passing of six years the property is valued significantly below the price paid by EOBI. He shared decision of 15th emergent meeting of the Board regarding its return to the sellers.

35. The details of proposal of the seller were shared with the Board. According to the Proposal, the seller is willing to pay the purchase price to EOBI along-with 8% rate of interest payable in 3 years (six half yearly installments) starting from October, 2018 till April, 2021. Giving his opinion, CEO PRIMACO observed that the proposal is unattractive both due to rate of interest of 8% & prolonged payback period. The Members agreed to the recommendations of CEO PRIMACO.

Decision:

36. The Board decided that EOBI may request the Honorable Supreme Court of Pakistan to direct the seller for refund of the actual price paid (Rs.2600 Million) along-with mark up (mark up to be decided by the Court) within six (06) months from the date of next hearing or decision by the Court.

iv) **PROPOSAL ON PROPERTY IN PAK ARAB HOUSING SCHEME, LAHORE**

37. CEO informed the Board that the property which is a private housing scheme, was purchased by EOBI in 2013 at a price of 1.15 billion. He shared valuations of the property done from time to time and apprised the Board that it had unanimously decided to return the property to the seller and had claimed the price paid along with interest.

38. CEO PRIMACO shared the details of proposal. According to the Proposal, the sellers has requested 1.5 Year time starting from June 2018 till November 2019 for repayment of the principal on monthly installments of Rs.63,900,000/- along-with interest. The seller has left the decision regarding rate of interest to the Court. The Board members deliberated on the proposal and found the proposal unattractive and desired that uniform treatment should be made with each party and the owner may be given 6 month time to repay the principal and interest thereon.

Decision:

39. The Board decided that EOBI may request the Honorable Supreme Court of Pakistan to direct the seller for refund of the actual price paid (Rs.1150 Million) along-with mark up (to be determined by the Court) within six (06) months from the date of next hearing or decision by the Court.

v) **PROPERTY FAQIR PLAZA (PVT) LIMITED, URDU BAZAR, LAHORE (PROPERTY + COMPANY SHARES)**

40. CEO apprised the Board of the property details:

A. **Faqir Plaza Building (Hotel-One):**

- Size of Land : Hotel (1st-5th Floor) = 46172 sqft
- Purchase Cost : Rs.250 Million

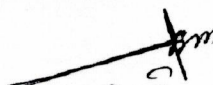
B. **Faqir Plaza Shares:**

Purchase Cost : **Rs.36 Million**

41. Valuation figures of the property were shared with the Board as follows:

Property	Sale Agreement dated 16-11-2011 & 18-01-2013	Pre-purchase evaluation by Private Evaluators	Evaluation by NESPAK – Directed by FIA	Value by Star Tech Consultant in 2015
Faqir Plaza and Company with shares	Rs.250+36 million Rs.286 M	251.75M To 252.2M & 36 Million	253M	Rs.288.65 Million

42. Due to inappropriate location of the Hotel, the business is hardly fetching any financial profit as the clients have problem in approaching the congested area. Owing to


Section Officer
Ministry of Overseas Pakistanis and

consistent follow up and aggressive efforts of PRIMACO, the Hotel operations have reached breakeven. Ch. Nasim Iqbal, Employees' Representative Punjab was, however, of the opinion that EOBI may consider sale of this plot which may fetch better price. Responding to the point, Chairman EOBI said that the Board had earlier decided to return the property to the sellers on the basis of above facts and ground realities have not changed.

Decision:

43. The Board decided that EOBI may request the Honorable Supreme Court of Pakistan to direct the seller for refund of the actual price paid (Rs.286 Million) along-with mark up (to be determined by the Court) within six (06) months from the date of next hearing or decision by the Court.

Agenda Item No. 3	Removal of Minutes of BOT Meeting from Official website of the Institution.
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44. The agenda item was withdrawn

Agenda Item No. 4	Amendment in Regulation No.6 & 7 of EOBI (Loans to Employees) Regulations, 1980 with Regarding to Mortgage of Property.
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45. The DG (F&A) presented the Agenda to the Board. He informed the Board that according to EOBI (Loans to Employees) Regulations, 1980, an employee who has at least 5 years or more confirmed service, is entitled to avail the House Building Loan.

46. The DG (F&A) EOBI, further informed that the Loan is sanctioned to the employees upon submission of Personal Guarantees of two serving regular employees. Further, the Loan amount is fully insured from an insurance Company in case of death. The DG (F&A) requested the Board for amendment in the Loan Regulations so as to waive the condition of Mortgage. President of the Board, invited attention of Mr. Bilal Ahmed, Financial Advisor for his comments. Mr. Bilal Ahmed, FA M/o OP& HRD was of the opinion that mortgage of the property is required under Federal Government rules and the same should be followed by the Institution. Further, value of the property is irrelevant in this regard. Chairman EOBI said that EOBI Regulations are very clear and are in conformity with Federal Government Rules. He recalled that owing to the

difficulties in recovery of loans from terminated employees, circular No. 08/2007 dated 13th August 2007 was issued by him back in 2007 wherein the submission of mortgage deed in favor of EOBI was made mandatory.

Decision:

47. The Board after detailed deliberations decided that the requirement of Mortgage of Property under Regulation 6 & 7 of EOBI (Loans to Employees) Regulations 1980 shall continue to be enforced in line with requirement in Federal Government Rules.

Agenda Item No. 5	Any other Item with permission of the Chair.
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Any other Agenda Item No. 5(1)

Update on advice received from Ministry of Law and Justice, against legal scrutiny of 04 major Projects.

48. Taking up the Agenda, CEO PRIMACO apprised the Board that BOT had directed PRIMACO to arrange legal scrutiny of contracts of 4 major projects through a reputed law firm. Accordingly, M/s Saad Rasool Associates who were appointed as legal consultant, submitted a report wherein he declared the Contracts of all four projects to be ab-initio void due to breach of PPRA Rules.

49. The above report was initially reviewed by the Development Committee of EOBI, a sub Committee of the Board of Trustees. Accordingly the Board in its 117th meeting held on 3rd November 2017 considered its recommendations. The Board of Trustees accepted the fact that moving forward in direction advised by Law Firm may involve litigation and financial implications. Thus in order to safeguard the interest of EOBI, it directed EOBI that the advice of Law and Justice Division may be solicited on the aspects highlighted by the legal consultant in order to decide the way forward of the projects.

50. Accordingly the matter was referred to Ministry of Law and Justice Division, through Ministry of OP & HRD. In response, their opinion has been received and deliberations are required on the points raised by the Division.

51. He shared with the Board the main points of the opinion:

a "At the very outset it is pointed that EOBI being an autonomous body entered into contractual obligations with various contractors for four projects mentioned in paragraph 3 of the referring note. It is imperative to understand that the capacity of contracting parties has to be determined before entering into the contract. Now after lapse of considerable time and execution of contract, the new management of EOBI found some lapses on part of previous administration. It is to be borne in mind that it is EOBI which entered into contract and if there are some procedural or other defects which hit the contract, EOBI has to suffer damages unless the legal capacity of other contracting parties is established irrespective of the fact who is managing EOBI."

b "As regards determination that whether PPRA rules are violated or other malpractices were done, it is to be found out not through examination by a law firm but forensic audit has to be conducted. EOBI may request Auditor General for Pakistan for this exercise."

52. CEO PRIAMCO opined that point (a) and (b) are not in consonance with each other. On one hand Ministry of Law and Justice advises that legal capacity had to be determined prior to entering into contract and due to lapse of time and execution of the contract, EOBI is under obligation of these contracts and in other para, advises us for forensic audit to determine violations of PPRA and malpractices. The opinion doesn't comment regarding the officials that were involved in PPRA violations without any legal capacity or authority as commented by the Law Firm.

53. Law Division has laid emphasis for the same on forensic audit by the Auditor General office. It is pertinent to mention here that Auditor General Pakistan has already conducted Special Commercial Audit and Commercial Audit for EOBI projects in year 2011-2014, 2015-2016 and 2017-2018. The Audit has already pointed out irregularities and malpractices in its Audit Paras regarding the procurement process and PPRA violations in these projects.

54. Chairman EOBI informed President BOT that EOBI had attempted several times for appointment of chartered accountant firm for forensic audit of the project as per

decision of the BOT in 2014. However, no response was received so much so that the top ranking audit firms like KPMG & PWC had regretted to take the assignment in view of the future litigation that may arise out of their findings. President of the Board referred recent meeting of the PAC held on 24-04-2018 wherein the directives for conducting special audit of the 4 projects were given. Accordingly, President of the Board was of the opinion that Auditor General of Pakistan may be requested to conduct special audit of the 4 EOBI projects from forensic perspective as also opined by the Law & Justice Division.

55. CEO Further shared Para 11(c) of the opinion, Ministry of Law and Justice which advised EOBI to determine the following:

"It was further advised that before adopting a legal recourse, proper evaluation of the case from technical point of view determining the stakes of EOBI has to be done. This determination involves, payments made, work done, quantum of damages and cost of completion of projects, in case the previous agreement are not valid."

56. CEO PRIMACO informed the Board that all financial claims can be ascertained only after Arbitration, contingent upon the generation of these claims from contracting parties. He said that the same was also approved by the BOT in its 117th meeting when it directed EOBI to proceed after proper feasibility and approval.

57. President of the Board inquired from CEO PRIMACO the status of Bank Guarantees against mobilization advances and performance Guarantees to which he responded that the Guarantees have been submitted to the banks for encashment, however, restraining order by contractors against such encashment are under trial. He further stated that all Contractors of the projects have submitted section 20 arbitration applications in civil courts which are also under trial. President of the Board desired that the appointment of Arbitrator be speeded up. At this point, Chairman EOBI opined that the appointment of Arbitrators seems not beneficial for EOBI as is evident from the maiden appointment of Arbitrator in case of SAKA to which he had serious reservations.

58. Giving updates on the projects, CEO PRIMACO conveyed to President BOT, the desire of M/s Mughal Pakistan (Pvt.) Limited, Contractor of Hotel Serena, for holding the meeting with EOBI. Accordingly, President of the Board directed that a meeting at the

Site of Hotel Project may be arranged so that an effort to sort out the issues with the contractor and the matter of procurement of Hotel Operator could be discussed.

59. He further informed that M/s STPS and M/s Skyways – Nigro (JV) have sent their communication to terminate the contracts. CEO PRIMACO informed the Board that PRIMACO intends to initiate procurement process for hiring of consultants for preparation of pre-feasibility report in respect of I-8, Islamabad Project and requested the approval of the Board in principal. President of the Board desired that detailed presentation on future plans for I-8 Project may be arranged during next week. With regard to OEC Tower, CEO informed that the Contractor has not de-mobilized the site. The case of encashment of mobilization advance of OEC tower is under active persuasion and efforts are being made to get the possession of the site.

Decision:

60. The Board, after detailed deliberations, decided as follows:

- a) In view of the advice received from the Law and Justice Division, it was decided that office of Auditor General of Pakistan shall be engaged for conducting special audit of the 4 major projects from forensic perspective.
- b) Approved in principal the procurement process for hiring of consultants for preparation of pre-feasibility report in respect of I-8 Project.

Any other Agenda Item No. 5(2)

Request for bidding on an RFP floated by Nestle Pakistan Limited i.e. pitching/choosing among three properties as follows:-

- i. 101, Mall, Lahore.
- ii. EOBI Mall Property, Mouza Sehajpal Lahore.
- iii. 54, Gulberg Lahore.

61. CEO PRIMACO presented the agenda item and informed the Board that an RFP has been floated by Nestle Pakistan for establishment of their Head Office requiring 80,000 sqft of office/carpet space. Nestle Pakistan is considering the options of renting an existing facility (or under construction building) that suit their need or a Build to Suit (BTS) solution i.e. the purpose built building to be constructed to fulfill their requirements.

62. He requested the Board to grant principle approval to PRIMACO to go into

bidding process and submit RFP to Nestle Pakistan for constructing building to their requirements (i.e. BTS). He said that EOBI can offer any of the above three (03) properties for construction of their Head Office at Lahore. CEO PRIMACO shared brief details of each of the three EOBI properties located at Lahore namely:

- a. Plot No.101: Mall Road, Lahore (9.02 Kanal)
- b. Plot No. 54: Residential Property, Main Gulberg Road, Lahore - (12.06 Kanal)
- c. Property at Mouza Sehjpal, DHA Interchange, Ring Road, Lahore - (41Kanal)

Decision:


63. The Board after detailed deliberations granted in principal approval for submission of proposal to Nestle Pakistan for construction of purpose built building and decided that EOBI may offer Property located at 54- Main Gulberg Road, Lahore for the purpose. The approval for engineering and other requirements / formalities / modalities shall be given subsequently.

Any other Agenda Item No.5(2)

Winding up of M/s Sahara Insurance Company Limited (SICL) Consequent to recommendations of EOBI Investment Committee

64. The Board was informed that in its 112th meeting held on 07-04-2016 it had deliberated a way forward for Sahara Insurance Company Limited which was incorporated as wholly owned subsidiary of EOBI in 2012 with a Seed money of Rs.500 Million. It was further informed that SICL has remained non-operational from its very outset. The Board was apprised that in the referred BOT meeting, reasons of company's dysfunction were considered and a Committee was constituted to examine the matter to submit its recommendation to the BOT for deciding the way forward. The Committee held meetings twice but could not submitted final recommendations. Meanwhile SECP's Insurance Division took cognizance of legal shortcomings/lapses on the part of SICL. SECP served the show cause notice upon SICL under Section 305 of the Ordinance.

65. As M/s. SICL is dysfunctional with no Board meetings being held and no staff in place, the Chairman EOBI deputed the officials of EOBI to respond to above notices which have been appearing in show cause hearings till date.


Section Officer
Ministry of Overseas Pakistanis and
Human Resource Development
Islamabad

66. It was further informed that the Board of Trustees of EOBI in its 107th meeting held on 24th Feb 2014 had constituted a board of SICL comprising of 9 Directors on Ex-Officio basis. During the show cause hearings, SECP maintained that insurance, being a specialized business, appointment of directors conforming to the fit and proper criteria was needed under the approval from the Insurance Division of SECP instead of Ex-Officio positions. CEO/Directors must have specific insurance degree and experience as indicated in Insurance Companies (Sound and Prudent Management) Regulations 2012.

67. It was informed to the Board that in view of the fact that Committee constituted by the BOT was not functional, Chairman EOBI decided to take up the matter before the Investment Committee. Accordingly, the Investment Committee deliberated on the issue in its 250th meeting with reference to the SECP notices issued from time to time regarding non-compliance of provisions of relevant rules including notice under section 305. The Board was informed that Section 305 of the Companies Ordinance pertains to compulsory winding up of the company by the court for defaulting in submission of Statutory Reports and Forms to the Registrar.

68. During the meeting, the Investment Committee noticed that SICL is currently not in compliance with legal obligations and allowing it to continue in this fashion in absence of market professionals would tantamount to breach of SECP laws/regulations leading to referral to Court by SECP and forced closure of company by appointing the procedure of official liquidator/assignee. Insurance License of SICL could also not be sold separately as the company and license are legally inseparable. The last remaining outcome was, therefore, dissolution of Company under decision by BOT, EOBI. The Investment Committee after deliberations recommended BOT to consider winding up of SICL in its next meeting.

69. The Chairman, EOBI informed the Board that SICL has failed to fulfill the aim and purposes for which it was founded. Also, SICL as it does not have license of Life Insurance (the very aim for which it was created) rather it had been incorporated as General Insurance Company, would not be able to tap this market unless it could be converted to Life Insurance Company.

70. It was informed to the Board that during the recent SECP hearing held on 28-03-2018, the Commission was considerate enough in suggesting EOBI to adopt

“SECP Easy Exit Regulations” should the BOT decide to finally wind up SICL, which is most cost effective and convenient way of striking off the company’s name from the records of the Registrar SECP. The Board was informed that this will also ensure transfer of funds of SICL in most expeditious matter, back to EOBI.

71. The Board was explained that it will be in the fitness of things to suggest the following steps in line with the recommendation of Investment Committee about winding up of M/s SICL. It was also noted that dysfunctional status of the company soon after its incorporation saved the Institution from any major risk to the funds involved in the company. Resultantly, the funds which are secure and are safely parked in the bank account of the company now need to be repatriated back to the Institution. The Board hence agreed to wind up the company and decided:

Decision:

72. Accordingly, the Board, after deliberations decided as follows:

- i) M/s Sahara Insurance Company Limited (SICL) be wound up by its Board adopting SECP Easy Exit Regulations, 2014.
- ii) The Company to surrender General Insurance License to SECP for converting it into an ordinary Company so that the Insurance Companies (Sound & Prudent Management) Regulations 2012 cease to apply to SICL Board.
- iii) The Existing Board of SICL constituted by BOT in its 107th meeting on ex-officio basis to complete the winding up SECP formalities and pass formal resolution of voluntary dissolution of the Company.
- iv) The Board of SICL to announce the dividend back to its Shareholder (100% EOBI) for smooth remittance of funds to EOBI.
- v) The Board of SICL to take such necessary steps as may be required for completing the winding up assignment including the appointment of a corporate/legal consultant/chartered Accountant, (if any). The Board may also direct the company to pay the outstanding SECP fees/charges, if any, and further incur SECP fees and related expenses for the purpose of dissolution of company out of SICL funds.

Any other Agenda Item No.5 (3) (i)


i) Approval for Procurement of Services of Contribution Collection Automation Project.

73. The DG (Operations) EOBI presented the agenda to the Board and informed that monthly contribution, which is the life line for EOBI, is collected through designated branches of Bank Al-Falah across Pakistan. Employers deposit contribution through challan called PR-03 which may either be computer generated or manually prepared. In majority cases, collection is made manually and therefore, there are challenges being faced by EOBI in reconciliation of contribution thus collected and it has not been able to accurately measure the loss/deficit in contribution collection due to number of reasons.

74. EOBI has planned to shift majority of employers to computer generated challans and to achieve this objective, a robust and an efficient real time computer application is required with minimal or no downtime. This application may be entitled "Contribution Collection Automation Project". The Contribution collection Dashboard included in the application shall enable the senior management to monitor real time progress made, status of different accounts, cash position etc. It will also provide real time payment position to employer and the bank for reconciliation.

75. He shared with the Board advantages of the project. The DG (F&A) requested the Board to either approve supplementary budget of Rs.30 Million or re-appropriate unutilized budget of the same amount from the head of "Software Enhancement" of IT Department for the project and requested that IT department may be allowed to procure services for the Contribution Collection Automation Project as per PPRA rules 2004.

76. Having deliberated the details of the plan, the President of the Board agreed that this project shall ensure more control over the contribution. Mr. Muhammad Bilal, FA M/o OP&HRD, opined that the item should be brought in the revised budget of the current year 2017-18 or in the annual budget 2018-19. Replying to the point, Mr. Aqeel Ahemd Siddiqui, DG (Operations) EOBI said that issue of non-reconciliation of contribution collection has been raised by Commercial Auditors and that the situation warrants an urgent action.


Section Officer
Ministry of Overseas Pakistanis and
Human Resource Development
Islamabad

Decision:

77. The Board, considering the urgency, benefit and importance of the matter, approved in principal to initiate and undertake the procurement process for the project. Subject to the approval by the Audit Committee of BOT, the Board allowed re-appropriation of the savings in the already approved IT budget 2017-18 for commencement of the project on the condition that no additional budget shall be required in that head till 30-06-2018. In case more funds are needed they may be got approved in the next annual budget 2018-19.

Any Other Agenda Item 5 (4) (ii)

ii) Approval for Outsourcing/Hiring Technical IT resources for EOBI IT System.

78. The DG (Operations) briefed the Board regarding present strength of EOBI IT Department. He informed the Board that IT Department of EOBI is facing attritions since 2014 and that the present strength of EOBI IT Department is 15 officers against approved strength of 40 officers. Median age of all officers is 34.89 years. He said that IT department needs fresh blood. Unfortunately, the latest recruitment drive is stalled owing to a stay order. Experience suggests that if own resources are hired, they tend to become loyal and are more beneficial in the long run than temporary workers. But permanent hiring is not possible at the moment.

79. In view of the above, DG (Operations) suggested that the solution to IT problems of EOBI rests in hiring technical resources through HR or Technology firms. He suggested that recruitment may be done through Open Competitive Bidding under PPRA Rules 2004 and required resources may be hired for 3 to 5 years with exit clause such that employment could be terminated by either party on two months' notice. He shared with the Board the requirement of IT department of 5 essential technical resources in the areas of Network and Security, Database, OS & Virtualization and Computer System Application Engineer. He said that one human resource of required qualification & experience in each domain is required. Hence, total HR requirement are 5 personnel. Thus against the 25 posts of IT, IT requests only 5 resources for a period of three years and therefore, it may be allowed.

80. He desired that these resources are required if users of EOBI IT systems are to be provided relief and EOBI IT system are to be upgraded, made more efficient and responsive to ever increasing demands of its users. The DG (F&A) requested the Board to either approve supplementary budget of Rs.12 million or re-appropriate unutilized budget of Rs.11 Million from the head of "Acquiring Cloud Computing Services" of IT Department for the project and requested for approval of the procurement process.

Decision:

81. The Board, after detailed deliberation, approved the procurement process for the project. The Board, subject to the approval of the Audit Committee of BOT, approved re-appropriation out of the saving in already approved IT budget for FY 2017-18 on the condition that no further funds shall be required in the IT head till 30th June 2018. In case more funds are needed they may be got approved in the next annual budget 2018-19.

82. Upon conclusion of discussions on all agenda items, Mr. Muhammad Iqbal, Employees Representative KP with the permission of the Chair desired to present few submissions before the Board. He said that since the constitution of the Board in 2013, the Board is engaged in routine official matters and the welfare issues of the employees are not being given priority. He referred that the recent Federal budget for 2018-19 wherein the government has increased minimum pension to Rs.10,000/-. He showed his concerns that EOBI pension has not been increased accordingly. Further, some SOPs has been formulated by EOBI with regard to disbursement of pension which are creating troubles for the poor pensioners. He further expressed his concerns that survivor pension is not granted to those whose spouse were in receipt of old age grant.

83. Chairman while responding to the points said that Management of EOBI has directed all the Regional Heads to entertain delay condonation by Regional Claim Committees. If the delay is up-to 3 year then Regional Head is the authority and for a delay beyond 3 years RCC is the competent forum. It is therefore not correct to say that delay condonation has been stopped rather the process has been streamlined. As regards increase in rate of EOB pension benefits, President of the Board said that Supreme Court of Pakistan is committed to resolving issues of EOBI pensioners and its directions may be awaited. The President said that decisions regarding increase in pension is to be taken



in the light of the Actuarial Valuation considering the long term viability of the EOB Scheme. Increase in pension would have an adverse effect on EOB Fund as the recent actuarial valuation has highlighted that the Fund shall start depleting in 2021 and shall be exhausted in 2028 even with the existing magnitude of benefits payments. At this point, the President directed Chairman EOBI to circulate the copy of the latest available Actuarial Valuation to the Board members. Further EOBI will give a comprehensive briefing on the issuance of above circular to the member of BOT. The DG (Operations) gave his input that the Institution has already filed CMA No.3265/18 in the Supreme Court of Pakistan in which various workable options are given through which on one hand pension could be enhanced at different higher rates while at the same time shall not compromise assets of the department.

The meeting ended with a vote of thanks from and to the chair.
