

**EMPLOYEES' OLDAGE BENEFITS INSTITUTION,  
BOARD SECRETARIAT, HEAD OFFICE, KARACHI.**

Ref: HO/BS/83<sup>rd</sup> Mtng/App.Min/2009/39


Dated 17-04-2009

All Departmental Heads,  
EOBI, Head Office,  
**Karachi.**

SUBJECT: **APPROVED MINUTES OF 83<sup>rd</sup> BOT MEETINGS.**

Enclosed please find herewith a copy of approved minutes of the 83<sup>rd</sup> BOT Meeting held on 27<sup>th</sup> March, 2009, received from President BOT/Secretary, Ministry of Labour, Manpower & Overseas Pakistanis (Labour & Manpower Division), Islamabad vide letter No. 1(1)/2008-EOBI dated 14-04-2009 for your perusal and record.

2. The compliance report on the decisions of the Board, taken in the above meeting, may please be sent to this secretariat within Seven day after the receipt of this letter.

  
(Mushtaq Ahmed Sammo)  
Secretary BOT, EOBI.

Encl: As above.

c.c.to:

1. SO to Chairman for information.
2. PS to FA/DG(F&A) for information.
3. Office file.
4. Master file.

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As file  
PS  
A 21/4/2009

141-BS  
17/4  
BY UMS

Government of Pakistan  
Ministry of Labour and Manpower

No. 1(1)/2009-EOBI

Islamabad the 14<sup>th</sup> April, 2009

To

The Chairman,  
Employees' Old-Age Benefits Institution,  
Head Office, Karachi.

Subject: APPROVED MINUTES OF 83<sup>RD</sup> BOARD OF TRUSTEES MEETING HELD ON 27.3.2009 AT ISLAMABAD

I am directed to refer to EOBI letter No.HO/BS/83<sup>rd</sup> Mtng/2009/12 dated 01.4.2009 on the above cited subject.

2. Please find enclosed herewith minutes of the 83<sup>rd</sup> Board of Trustees meeting as approved by the President, BOT/ Secretary, Ministry of Labour and Manpower for information and further necessary action.

Encl: As Above

*Mulki*  
(Mukhtar)  
Assistant Chief

~~Secy/BOT~~

Chairman has seen it.  
Please circulate.

Direct. (Bs).

15/4.

**MINUTES OF THE 83RD MEETING OF BOARD OF TRUSTEES OF EOBI HELD ON 27-03-2009 AT ISLAMABAD.**

The 83<sup>rd</sup> meeting of the Board of Trustees of EOBI was held at 10:00 A.M. on 27<sup>th</sup> of March, 2009 in the Committee Room of Ministry of Labour & Manpower, B-Block, Pakistan Secretariat Islamabad, to consider the following agenda.

| S.# | AGENDA ITEMS  |
|-----|---|
| 01. | Briefing on Board and EOBI's Functions.   |
| 02. | To Consider Confirmation Of The Minutes Of 82 <sup>nd</sup> Meeting Of The Board.   |
| 03. | To Consider And Approve The Constitution Of Board's Committees And Nomination Of Members On PRIMACO Board Of Directors.   |
| 04. | To Consider The Minutes Of 14 <sup>th</sup> Audit Committee Meeting Held On 28-01-2009.   |
| 05. | To Consider And Approve The Audited Accounts For The Financial Year 2007-08.  |
| 06. | To Consider And Approve The Appointment Of External Auditors For The Financial Year 2008-09.  |
| 07. | To Consider And Approve Rationalization of H.R. Strength Of Assistant Directors And Executive Officers In View Of Enlarged Scope Of EOB Act, 1976.                    |
| 08. | To Consider And Approve Revision Of Outdoor Medical Limit Of EOBI Employees.  |
| 09. | To Consider And Approve Opening Of New Regional Offices.  |
| 10. | To Consider And Approve Revision/Rationalization Of Targets For The Financial Year 2008-09.   |
| 11. | To Consider And Approve Revision Of Assets Allocation.  |
| 12. | To Consider And Regularize Excess Investments In Equity In 2008-09  |
| 13. | To Consider And Approve Revised Cost Estimates In Respect Of EOBI Commercial Centre, Plot No.190/1/B, PECHS, Nursery, Karachi.  |
| 14. | To Consider And Approve Contract For Deep Excavation & Contiguous Pile Wall With Stressed Anchors For EOBI Hotel And Mix Use Development Project Near Lahore Airport. |
| 15. | To Consider And Approve Purchase Of Land Of 11 ½ Acres At Korangi Road, Near Kalapul, Karachi From Pakistan Railways.   |

**ANY OTHER AGENDA ITEMS**

|    |   |
|----|---|
| 1. | To Consider Waiver Of Outstanding Rent Of Rs.2.733 Million Of Eobi Shopping Mall.                           |
| 2. | To Consider And Approve The Appointment Of Consultants For Investment And Financial Services Company.       |
| 3. | To Consider And Approve The Concept Paper For Purchase Of Intercontinental Hotel, Islamabad.                |
| 4. | To Consider And Approve Grant Of Two Advance Increments To Mr. Fahad Liaquat Syed, Dy. Manager (Investment) |

  
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 Assistant Chief  
 Ministry of Labour & Manpower  
 Government of Pakistan  
 Islamabad

2. Before the meeting could formally start **Syed Khursheed Ahmed Shah, Federal Minister for Labour & Manpower** addressed the newly reconstituted Board of Trustees of EOBI. He while welcoming the new Members of the Board of Trustees of EOBI observed that EOBI is looking after a trust fund which is meant for provision of Old Age Benefits to the worker of registered establishments. He said that EOBI is performing a sacred job and congratulated the members to have been nominated upon Board of Trustees. He said that both Employers and Employees Representatives should use their good offices to extend the registration of employers and employees so that pension benefits are extended to workers. He specially mentioned that the employers should not consider the contribution for EOBI and Social Security as a financial burden or tax, these contributions are for the social protection of the employees and only a satisfied worker can perform his job more efficiently.

3. The Minister while mentioning the current economic conditions of the country and devaluation of Rupee asserted that Board members should share their experience and expertise to guide the Institution in Managing the Investment Fund, to ensure the viability of the fund and the very purpose of providing benefits to registered employee.

4. The Minister emphasized the need of quick decision making and urged the Members to facilitate transparent & efficient decision making. He further emphasized the need to create greater awareness amongst working class about the EOBI scheme, so that the benefits of the scheme are known by the society as a whole and workers specially. He very graciously offered the assistance of his office and the Ministry to all the Members and the Institution for extension of the facility to the workers.

5. The newly appointed members individually thanked the Minister for their nomination on the Board of Trustees and assured him of their full cooperation and assistance to the Board and the Institution.

After the inaugural address of the Minister, Malik Asif Hayat, Federal Secretary, Labour & Manpower presided over the meeting. The following attended the meeting:

- |    |  |               |
|----|--|---------------|
| 1. | Malik Asif Hayat,<br>Secretary, Labour & Manpower            | President BOT |
| 2. | Mr. M. Asadullah Sheikh,<br>Chairman, EOBI.                  | Member        |
| 3. | Mr. Muhammad Iqbal<br>Officiating Joint Secretary (LW).      | Member        |
| 4. | Mr. Wahid Bakhsh Balouch,<br>Secretary, Labour, Blouchistan. | Member        |
| 5. | Mr. Afam Din Bullo,<br>Secretary, Labour, Sindh              | Member        |
| 6. | Mr. Habibuddin Junaidi,<br>Employees' Representative, Sindh  | Member        |
| 7. | Malik Imtiaz Mehfooz   | Member        |

  
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|     |   |        |
|-----|---|--------|
| 8.  | Employees' Representative, Balouchistan<br>Mr. Gul Rehman,      | Member |
| 9.  | Employees' Representative, NWFP<br>Syed Imran Ali Shah,         | Member |
| 10. | Employees' Representative, Punjab<br>Mr. Muhammad Iqbal Dawood, | Member |
| 11. | Employers' Representative, Sindh<br>Syed Iqbal Shah,            | Member |
| 12. | Empoyers' Representative, Balouchstan<br>Malik Zahid Hussain,   | Member |
| 13. | Empoyers' Representative, NWFP<br>Mr. Ijaz Qayum Butt,          | Member |
| 14. | Employers' Representative, Punjab<br>Mr. Mushtaq Ahmed Sammo    | Member |

Secretary, BOT.

7. Mr. Rauf Khan, Secretary Labour, Punjab, Mr. Shah Wali Khan, Secretary Labour, NWFP and Mr. Tahawar Ali, Financial Advisor, Labour & Manpower could not attend the meeting due to pre-official occupations. Mr. Farooq Ahmed Awan, Investment Adviser, Mr. Muhammad Hanif, Ofgt. Director General (Ops), Mr. Abdul Majeed, Acting DG (F&A), Mr. Mukhtar Simon, Assistant Chief, (MOL), Mr. Awais Saeed Mirza, Assistant Director (Investment) and Mr. Wasi Haider, Assistant Director (Investment) attended the meeting to assist the BOT/Chairman.

8. The meeting commenced with recitation from Holy Quran. The Chairman EOBI, while appreciating the performance of all outgoing members of Board of Trustees suggested passing a resolution for their long and valuable association with the Board. A resolution was unanimously passed. **Annexure-I.** Thereafter Secretary BOT commenced the proceeding with the permission of the President BOT, as per agenda.

**AGENDA ITEM NO. 1.**

**BRIEFING ON BOARD AND EOBI FUNCTIONS.**

9. The Director General (Ops) Mr. Mohammad Hanif gave a comprehensive briefing on EOBI elaborating its objectives, functions and achievements.

**AGENDA ITEM NO.2.**

**TO CONSIDER CONFIRMATION OF THE MINUTES OF 82<sup>ND</sup> METING OF THE BOARD.**

10. Secretary BOT informed that minutes of the 82<sup>nd</sup> BOT meeting had already been circulated amongst all outgoing BOT Members. No written objection from

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Ministry of Labour & Manpower  
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Islamabad

any member had been received. The President BOT invited objections from the Members, no one raised any objection in respect of the minutes of 82<sup>nd</sup> BOT meeting. Mr. Alam Din Bullo and Mr. Wahid Bakhsh Balouch, who attended the last meeting proposed confirmation of the minutes. *There being no objection the Board confirmed the minutes of 82<sup>nd</sup> BOT meeting.*

**AGENDA ITEM NO.3.**

**TO CONSIDER AND APPROVE THE CONSTITUTION OF BOARD'S COMMITTEES AND NOMINATION OF MEMBERS ON PRIMACO BOARD OF DIRECTORS.**

11. The Secretary BOT apprised the members about the need and importance of Committees of the Board. He provided details of some important Committees of the Board such as Investment Committee, Audit Committee, HR Committee, Service Appellate Committee under EOB (Employees Services) Regulations and Appellate Committee under EOB Act, 1976. He requested that since the Board has been reconstituted, new members are to be inducted accordingly in the respective Committees on the same lines as made earlier by the Board. He further requested that the Board of Directors PRIMCO may also be nominated on the same lines.

12. *After due deliberations Board decided that members shall submit their proposals to the President Board of Trustees. On the basis of the proposed nomination, the President, BOT may constitute the Committees and notify. The same may be placed before the BOT in its next meeting for information.*

**AGENDA ITEM NO.4.**

**TO CONSIDER THE MINUTES OF 14<sup>TH</sup> AUDIT COMMITTEE MEETING HELD ON 28-01-2009.**

13. The Secretary, BOT informed that the Audit Committee in its meeting held on 28-01-2009 had considered inter-alia the audit observations on the minutes of 122<sup>nd</sup> to 129<sup>th</sup> meetings of the Investment Committee, Audit report for January 2008 to September 2009 and the audited accounts for the Financial Year 2007-2008. The Board after going through the minutes decided as follow:

*(a) Audit observations on minutes of 122<sup>nd</sup> to 129<sup>th</sup> meetings of Investment Committee as per decision of BOT in its 82<sup>nd</sup> meeting.*

(i) The Board approved the recommendations of the Audit Committee that in respect of classification of shares in various categories, two categories may be kept instead of existing three categories i.e. one for "held for Trading" Portfolio & other for "Strategic Investment Portfolio". The

  
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11<sup>th</sup> BOT

Core category may be taken either to "held for Trading or to "Strategic" with approval of Investment Committee for which Investment Department may place the matter before it.

- (ii) As for Audit Committee recommendation regarding re-classification of UBL Shares from Trading Portfolio to Strategic Portfolio and blockage of fund in Bank of Punjab shares to place the Internal Audit views before BOT, *The Board due to shortage of time could not consider the matter and directed that this may be placed before it in the next BOT meeting.*

(b) INTERNAL AUDIT REPORT FROM JANUARY, 2008 TO SEPTEMBER, 2008.

- (i) As for the recommendations of the Audit Committee that the Institution should avoid trading in shares and only invest in shares for long term purposes and for the strategic share transactions, the authorization may be signed jointly by the Convener Investment Committee and the Chairman, *The Board directed that the matter may be placed before the next meeting alongwith the comments of the Investment Adviser in the matter.*

(c) AUDITED ACCOUNTS FOR FINANCIAL YEAR 2007-2008.

- (i) *The Board agreed with the recommendations of the Audit Committee relating to rectification of the items/transactions contained in the working paper and approved the audited accounts of EOBI, PRIMCO and consolidated annual accounts of the Financial Year 2007-2008.*

- (ii) The Board also approved the following recommendations of the Audited Committee made in the course of the discussion on Management Letter of the Auditors on the accounts.

- (a) *The Institution should explore the possibility of outsourcing its regional audit functions to a professional firm of Chartered Accountant in order to strengthen the check and balance system in the contribution collection and pension disbursement functions which are the core activities of the Institution. Mr. Adnan Zama, senior partner of M/s. Ovais Hyder Liaquat Noman, Chartered Accountant, our external auditor who attended the meeting informed that they are internal auditors of PTV.*

  
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- (b) As regards the proposal of the auditors that head of Internal Audit Department should report to the audit committee of the Board instead to the Chairman. *It was agreed that the matter may be placed before the BOT in its next meeting.*
- (c) Auditors' observations regarding reconciliation of contribution collection and pension payment and the difficulties being faced by the Institution in its relationship with NBP, it was agreed that the Institution should immediately explore the possibilities for change of bank for banking services while ensuring that NBP does not take undue advantage of its position. *It was also agreed that an option may be given to the EOBI pensioners to open their accounts in 4 or 5 big banks and furnish their account details to the Institution while submitting the pension claim and the Institution should arrange to transfer their monthly pension to their bank accounts.*
- (d) As regard auditors' observations about the deficiency of the data base system of the Head Office. *It was agreed that full advantage may be taken of the latest I.T. equipment procured by the Institution costing millions of rupees to ensure proper data base.*
- (e) As regards the disaster recovery plan and Business Continuity Plan, *it was agreed that the Institution may immediately take necessary action to develop a disaster recovery plan and Business Continuity Plan.*

**AGENDA ITEM NO.5.**

**TO CONSIDER AND APPROVE THE AUDITED ACCOUNTS FOR THE FINANCIAL YEAR 2007-08.**

14. The Board considered the audited annual accounts for the Financial Year 2007-08 as recommended by the Audit Committee in its 14<sup>th</sup> meeting held on 28-01-2009 as detailed in para 14 below of the following items/transactions as per letter of the Auditors dated 28<sup>th</sup> December, 2008;

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| ITEMS  | AMOUNT (RUPEES IN MILLION) |
|--|----------------------------|
| <b>Fixed Assets</b>  |                            |
| Addition to fixed assets   | 5.490                      |
| Transfer to capital work in progress to investment properties              | 1,440.000                  |
| Disposal of fixed assets   | 10.592                     |
|  |                            |
| <b>Employee Transactions</b>   |                            |
| Amount provided for employees pension                                      | 32.999                     |
| Amount provided for gratuity   | 2.016                      |
| Amount provided for post employment medical care                           | 31.675                     |
| Amount reversed for excess provision made of long term compensated absence | 24.118                     |

15. The Board approved the audited annual accounts for the Financial Year 2007-08 and also ratified the above items/transactions.

**AGENDA ITEM NO.6.**

**TO CONSIDER AND APPROVE THE APPOINTMENT OF EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2008-2009.**

16. The Secretary BOT requested the Acting DG(F&A) to brief the Board on the item. The Acting DG (F&A) informed the Board that as per rules the auditors may continue for a maximum period of five years and their appointments is subject to the concurrence of the Auditor General of Pakistan. Since existing Auditors M/S Awaiz Haider Liquat Nauman Chartered Accountants have been auditors for the Financial Year 2006-07 & 2007-08, they are eligible for re-appointment.

17. In response to Institution letter dated 30-01-2009 to give their consent and their professional charges for the assignment. The auditors confirmed their consent to audit the accounts of the Institution for Rs.863,750 as total charges for Financial Year 2008-09 as against Rs.756,000 for Financial Year 2007-08 which represented 14.2% increase over the preceding year. With a view to keep the increase at about 10% as per existing practice and the advice of the Chairman, the matter was discussed with them and auditors agreed to audit the accounts for Rs.833,750 which represented an increase of 10.3% over the preceding year.

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18. The Board approved the appointment of M/S Awais Haider Lique Nauman Chartered Accountants as Institution's External Auditors for the Financial Year 2008-09 with total charges of Rs.833,750 as detailed below:

| Sr.# | Particulars  | Audit Fee 2008-09 |
|------|--|-------------------|
| a)   | Audit of EOBI Annual Accounts (Consolidated & Separate)  | 600,000           |
| b)   | Charges for visit of Offices outside Karachi.            | 30,000            |
| c)   | Audit of EOBI Pension Fund Trust Accounts                | 25,000            |
| d)   | Audit of EOBI Contributory Provident Fund Trust Accounts | 25,000            |
| e)   | Audit of PRIMACO's Accounts                              | 93,750            |
| f)   | Out of Pocket Expenses                                   | 60,000            |
|      | <b>GRAND TOTAL</b>                                       | <b>833,750</b>    |

**AGENDA ITEM NO.7.**

**TO CONSIDER AND APPROVE RATIONALIZATION OF H.R STRENGTH OF ASSISTANT DIRECTORS AND EXECUTIVE OFFICERS IN VIEW OF ENLARGED SCOPE OF EOB ACT.**

19. Secretary BOT requested Director General (Ops) to brief the Board on the agenda item. Mr. Muhammad Hanif, Director General (Ops) while presenting the brief informed that the restructuring of the Institution was approved by the Board of Trustees in its 82<sup>nd</sup> BOT meeting. The number of posts of Assistant Directors and Executive Officers was also rationalized. Accordingly, the posts of EO's were converted into AD grade leaving only 45 posts in EO grade in Office Cadre. The number of posts in AD grade was allocated to different cadres as under:

|    |              |            |
|----|--------------|------------|
| 1. | Operations   | 164        |
| 2. | Office       | 047        |
| 3. | FAA&I        | 054        |
| 4. | I.T.         | 064        |
| 5. | LAW          | 004        |
|    | <b>TOTAL</b> | <b>333</b> |

20. He further informed that due to extension of scope of the scheme to Employers with Five or more employees, retention of reasonable posts of Executive Officers became essential specially to perform office work and to provide assistance to the Field Officers. The issue was discussed with the Ministry and after due consultations the number of posts of the Executive Officers and Assistant Directors was rationalized to 85 and 293 without disturbing the total number of posts (378) as approved in 82<sup>nd</sup> BOT meeting. He also informed the

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Board that due to decrease in number of posts of AD, the proposal would result in annual saving of Rs.6.72 millions.

21. *The Board after due deliberation approved the proposal with the following allocation of posts. It was also approved that the ratio of promotion versus direct recruitment as provided in EOBI (Employees Service) Regulation 1980, shall be retained as given in annexure-II.*

|               | <u>Executive Officers</u> | <u>Assistant Directors.</u> |
|---------------|---------------------------|-----------------------------|
| 1. Operations | 31                        | 160                         |
| 2. Office     | 38                        | 27                          |
| 3. FAA&I      | 00                        | 54                          |
| 4. I.T.       | 16                        | 48                          |
| 5. LAW        | 00                        | 04                          |
| <b>TOTAL</b>  | <b><u>85</u></b>          | <b><u>293</u></b>           |

**AGENDA ITEM NO.8.**

**TO CONSIDER AND APPROVE REVISION OF  
OUTDOOR MEDICAL LIMIT.**

22. The Secretary BOT informed that Board in its 35<sup>th</sup> meeting held on 8<sup>th</sup> February, 1994 had revised the maximum payment/reimbursement of the cost of medicines in respect of the Officers of the Institution up to 1-1/2 times of the maximum of the relevant Pay Scales. The medical limit for Staff Members was decided through CBA Agreement last signed in May, 2001. Since then Pay Scales had been revised thrice in the year 2005, 2007 & 2008 but the medical ceiling remained unchanged. The Board was therefore requested to consider the following:

- i. OPD medicines limits may be revised @ 1-1/2 times of the maximum of the Pay Scale in which the concerned is serving and / or is retired subject to minimum of Rs.12000 per annum with effect from 01-01-2009.
- ii. The limit may be revised as and when the Pay Scales are revised without reference to Board and the Financial impact may be included in the revised budgetary allocation for the relevant financial year.

23. While going through the above item Mr. Gul Rehman the Employees' Representative NWFP expressed his views that medical requirements of all employees are same and as such limits for various grade as proposed should also be same for all employees. He suggested reviewing the same. The President BOT

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clarified that the limits mentioned in the item are only for OPD medicines limit where as the Hospitalization, Lab Tests, etc., are allowed without any limit.

24. *The Board after due deliberation approved the proposal and allowed OPD medicine limit @ 1-1/2 times of the maximum of respective Pay Scales of employees w.e.f. 01-01-2009 and also agreed to allow the same in future automatically as and when Pay Scales are revised without reference to the Board as per para 22 (i) and (ii).*

**AGENDA ITEM NO.09.**

**TO CONSIDER AND APPROVE OPENDING OF NEW REGIONAL OFFICES.**

25. The Director General (Ops) informed the Board that due to extension of the scope of the EOB Act, 1976, it was inevitable to open the following new Regional and Field Offices to out reach the small establishments and bring them in the ambit of the Act.

- |    |                         |                      |
|----|-------------------------|----------------------|
| 1. | West Wharf (Karachi),   | Category "A" Region. |
| 2. | Karachi Central         | Category "A" Region. |
| 3. | Faisalabad Central.     | Category "A" Region. |
| 4. | Shahdra Lahore.         | Category "B" Region. |
| 5. | Hassanabdal             | Category "B" Region. |
| 6. | Sahiwal                 | Category "B" Region. |
| 7. | Field Office Tandu Adam |                      |

26. Mr. Ijaz Qayum Butt, Employers' Representatives, Punjab opined that Board must realize the practical problems and appreciate the ground realities. He further opined that without having proper Human Resources it would be difficult for the Institution to bring the small establishments into the net of the EOB scheme

27. *The Board after discussing the issue at length approved the proposal with following additional Human Resources.*

| Cadre        | Director  | Dy.Dir    | A.D.      | E.O.      | P.A.      | Asstt.    | Driver    | N.Q.      | Total      |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Operation    | 03        | 06        | 27        | 17        | -         | -         | -         | -         | 53         |
| Office       | --        | --        | 06        | --        | --        | --        | --        | --        | 06         |
| FAA&I        | --        | --        | 06        | --        | --        | --        | --        | --        | 06         |
| Staff        | --        | --        | --        | --        | 06        | 28        | 06        | 13        | 53         |
| <b>Total</b> | <b>03</b> | <b>06</b> | <b>39</b> | <b>17</b> | <b>06</b> | <b>28</b> | <b>06</b> | <b>13</b> | <b>118</b> |

*M. ul-Hasan*  
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**AGENDA ITEM NO.10.**

**TO CONSIDER AND APPROVE REVISION  
/RATIONALIZATION OF TARGETS FOR THE  
FINANCIAL YEAR 2008-2009.**

28. Director General (OPs) informed the Board that the BOT in its 82<sup>nd</sup> BOT meeting allocated the targets of Rs.8, 000 millions to the Institution for the Financial Year 2008-09. He informed the Board that due to the following reasons it had become difficult for the Institution to achieve the target.

1. Power and gas outage.
2. Textile crises.
3. Dwindling export due to global recession.
4. Shut down resulting un employment.
5. Law and Order Situation.
6. Problem in registration of small establishments.

29. He further informed that due to adverse economic conditions it had been extremely difficult for the Institution to register establishments with five to 19 employees and recover the contribution from them. He also informed that Institution had collected Rs.4.8 billion up to 25-03-2009. It was therefore impossible to collect 3.2 billions in the next three months. He requested the Board to reconsider the targets and revise the same as under:-

|                      |                    |
|----------------------|--------------------|
| CURRENT CONTRIBUTION | Rs. 6,900 Millions |
| ARREARS              | Rs. 100 Millions   |
| TOTAL                | Rs 7,000 Millions  |

30. Mr. Habib-Uddin Junaidi, Employees' Representative, Sindh appreciated the efforts of the field officers and suggested that as a principle we must keep our targets high, however, keeping in view the economic conditions and practical problems no adverse action be initiated against the management in case of non achievement of the targets.

31. Mr. Ijaz Qayum Butt, Employers' Representative, Punjab seconded the concerns of the Institution and suggested that targets should be realistic and ground realities must be considered to encourage the Field Officers to achieve the same.

32. *The Board appreciated the concern of the Institution. After due deliberation, it was decided that present targets should not be changed. The proposal to revise the targets should be placed before the Board in its next meeting with details of achievement made by that time.*

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**AGENDA ITEM NO.11.**

**TO CONSIDER AND APPROVE THE REVISION  
OF ASSETS ALLOCATION.**

33. Mr. Farooq Ahmed Awan, the Investment Adviser while presenting the audited funds position at Rs.149.572 billions as on June 30, 2008, informed the Board that BOT in its 81<sup>st</sup> meeting in June 30, 2008, had maintained the approved asset allocation for the year 2007-08 through the year 2008-09:

| Asset Allocation for the year 2008-09 |              |          |             |         |
|---------------------------------------|--------------|----------|-------------|---------|
| Asset Classes                         | Fixed Income | Equities | Real Estate | Total   |
| % of Portfolio                        | 62.50%       | 25.00%   | 12.50%      | 100.00% |

34. He explained that the Institution has had heavy inflows in the year 2008-09 amounting to Rs. 55.882 billion from maturity proceeds of Defence Savings Certificates (DSCs) (out of which Rs.33.362 billion are for the period from March to June 2009) that had annual return of more than 18% p.a. Furthermore, the upcoming maturities of bank TDRs and LESCO Sukuk, total expected liquidity during the remainder of 2008-09 is around Rs.43.166 billion.

35. As per asset allocation and government instructions, the bulk of this liquidity had to be invested in Fixed Income Govt. Securities out of which most attractive option was 3-year Special Savings Certificates by National Savings Scheme carrying a return of 14.40% p.a. As such Rs.30 billion investment has already been made in SSCs in March 2009. However, aside from the illiquid nature NSS instrument where funds have to be kept until maturity, the existing rates may fall before absorbing sizeable portion of available liquidity. Falling interest rates on t-bills and corporate fixed income like TDRs and checking accounts make chances of earning any better risk adjusted return more difficult.

36. In the above circumstances, the Investment Adviser explained that the equity investment can absorb funds quickly in view of the attractive market prices of blue chips. Thus equity investment would not only enable us to average out the cost of equity portfolio but also would provide opportunity to build strategic holdings in these companies and receive dividend income in future. In view of the above reasons, the Investment Adviser requested that the Board may consider enhancing the equity allocation to 27% of funds.

37. Earlier till 30.6.2008, the audited funds were Rs. 149.572 billion, so permission was granted to invest in equity market upto 25%. Now the Board has been apprised that as on 27.3.2009, the assets fund was to be tune of Rs 161.384 billion. So in order to invest excess available liquidity in the equity market, the Board has enhanced the percentage of 25% to 27% of total portfolio to be invested in the equity market.

  
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38. Accordingly the Board after due deliberations approved the revised asset allocation of investment funds for the year 2008-09 as given below:

| Asset Allocation 2008-09 |              |          |             |         |
|--------------------------|--------------|----------|-------------|---------|
|                          | Fixed Income | Equities | Real Estate | Total   |
| % of portfolio           | 60.50%       | 27.00%   | 12.50%      | 100.00% |

39. The Board further approved that:

- i) 98% of the 60.50% allocation for fixed income may be invested in Govt. or Govt. Guaranteed Securities and remaining 2% in corporate fixed income.
- ii) Funds not immediately required for real estate allocation of 12.5% may also be retained in corporate fixed income.
- iii) Equity portfolio be distributed between strategic and non-strategic categories in a ratio of 50%:50% for the year 2008-09 as per previous practice.
- iv) The excess liquidity available for equities may be invested in purchase of "Right Shares".
- v) The asset allocation for the next financial year 2009-10 may be placed for consideration in the next meeting of BOT scheduled to be held in June 2009.

**AGENDA ITEM NO.12.**

**TO CONSIDER AND APPROVE REGULARIZE EXCESS INVESTMENTS IN EQUITY IN 2008-2009.**

40. The Board observed that the excess equity investment upon the instructions of Ministry of Finance in equity market and NITL-EMOF units amounting to Rs.1.326 billion during the months of July & August, 2008 is regularized and it would be covered in the revised 27% equity allocation for the year 2008-09. Thus no further approval was required.

**AGENDA ITEM NO.13.**

**TO CONSIDER AND APPROVE REVISED COST ESTIMATE IN RESPECT OF EOBI COMMERCIAL CENTRE, PLOT NO.190/1/B, PECHS, NURSERY, KARACHI.**

41. CEO, PRIMACO briefed the Board that estimated cost of the above project amounting to Rs.140 million was approved by the Board of Trustees in its 78<sup>th</sup>

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BOT meeting held on 05-06-2007. However, the cost of the project increased by 2.48% due to the following reasons:

- Revision/change in the size of Ground Floor shops.
- Additional separation-wall between EOBI Commercial Centre and adjacent building.
- Additional double height roof-top skeleton for future installation of bill-boards concrete frames and for use of roof-top as restaurant and mosque.
- Dismantling of old sewerage and water distribution lines and laying of new ones at the front and side of plot.
- Additional waterproofing, inside and outside of the building.

42. He further stated that total cost of the project on account of the above alteration increased from Rs.140 million to Rs.143.46 million. The revised cost of Rs.143.4 million has already been recommended for approval in its 18<sup>th</sup> Board of Directors meeting of PRIMACO held on 19-02-2009.

43. *The President BOT directed the Management that since it would be the first completed project undertaken by the PRIMACO, therefore, management should invite all BOT members to witness the inaugural ceremony of the Building. He further directed to complete all arrangements latest by 15<sup>th</sup> May 2009.*

44. The Board of Trustees was requested to approve the revised cost of the project.

45. *The Board of Trustees after detailed discussion accorded approval for revised estimate of Rs.143.46 million instead of Rs.140 million, keeping in view the above mentioned addition/alteration in the project. It was also approved that no further escalations would be considered.*

**AGENDA ITEM NO.14.**

**TO CONSIDER AND APPROVE CONTRACT FOR DEEP EXCAVATION & CONTIGUOUS PILE WASS WITH STRESSED ANCHORS FOR EOBI HOTEL AND MIX USE DEVELOPMENT PROJECT NEAR LAHORE AIRPORT.**

46. The Chairman EOBI, informed that the inauguration ceremony of the hotel project had already been scheduled to be held in the first week of March 2009 but could not be arranged due to the long march and other disturbing activities. He assured the members that insha Allah the same will be announced very soon.

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47 The Board was briefed that BOT in its 80<sup>th</sup> meeting held on November 13, 2007 had, in principle, accorded approval for the Construction of Four Star NOVOTEL Hotel at Lahore at an estimated budget of Rs.4.875 billion. However, the actual approval of the project cost and modalities for placement of funds at the disposal of PRIMACO during construction period of the project would be accorded by the BOT after submission of detailed design and cost estimates prepared by the Consultants and audited by a third party auditor.

48. Accordingly bids were called for Deep Excavation and Contiguous pile wall with stressed anchors through press/PPRA website. The following three technically qualified bidders submitted their bids:-

|       |                                     |                   |
|-------|-------------------------------------|-------------------|
| (i)   | M/s Rockwell Corporation (Pvt) Ltd. | Rs. 166,486,500/- |
| (ii)  | M/s Condrill (Pvt) Ltd.             | Rs. 157,066,350/- |
| (iii) | M/s Deepwell Corporation (Pvt) Ltd. | Rs. 142,114,800/- |

49. In compliance with the above instructions of the Board, Engineers' Estimates for Deep Excavation and contiguous pile wall with stressed anchors prepared by the Consultant M/s Adnan Asdar & Associates were submitted to the third party auditor i.e. M/s Sidat Hyder & Co. who in association with M/s. Mott Macdonald Pakistan carried out third party evaluation/audit and submitted the following position:-

|       |  |                   |
|-------|--|-------------------|
| (i)   | Engineer's Estimate prepared by Consultant<br>M/s Adnan Asdar & Associates | Rs. 170,350,000/- |
| (ii)  | Estimate received from Pre-audit<br>Consultants M/s Sidat Hyder & Co.      | Rs. 162,338,926/- |
| (iii) | Lowest Bid Received from M/s Deepwell<br>Corporation (Pvt) Ltd             | Rs. 142,114,800/- |

50. The bid submitted by M/s Deepwell Corporation amounting to Rs. 142,114,800/- (Rupees One Hundred Forty Two Million One Hundred Fourteen Thousand Eight Hundred Only) was the lowest.

51. The above matter was presented in the 18<sup>th</sup> meeting of PRIMACO Board of Directors held on February 19, 2009, which recommended to award the work to the lowest bidder M/s. Deepwell Corporation on their quoted cost of Rs.142,114,800/- (Rupees One Hundred Forty Two Million One Hundred Fourteen Thousand Eight Hundred Only).

52. The Board of Trustees was therefore, requested to grant the approval for awarding contract to M/s. Deepwell Corporation (Pvt) Ltd on their offer of Rs.142,114,800/- (Rupees One Hundred Forty Two Million One Hundred Fourteen Thousand Eight Hundred Only).

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53. The Board of Trustees after detailed discussion accorded the approval for award of the contract to the lowest and technically qualified bidder M/s Deepwell Corporation on their quoted cost of Rs.142,114,800/- (Rupees One Hundred Forty Two Million One Hundred Fourteen Thousand Eight Hundred Only).

**AGENDA ITEM NO.15.**

**TO CONSIDER AND APPROVE PURCHASE OF LAND OF 11 ½ ACRES AT KORANGI ROAD, NEAR KALAPU, KARACHI FROM PAKISTAN RAILWAYS.**

54. Board was apprised that the purchase of 11.5 Acres of land i.e. 55,612 sq yd situated near Kalapul, Main Korangi Road, Karachi owned by Pakistan Railway. EOBI submitted a bid for the plot on 16-8-2007 @ Rs.101,000 per sq yd as per market value at that time. The Ministry of Railway accepted the bid of Rs.101,000 per sq yd and informed EOBI on 15-09-2008 i.e. after thirteen months of the bidding date. After the receipt of acceptance letter, PRIMACO informed the Railway Authorities that property rates, during the period, had come down by about 20% to 25% in different localities of the city, therefore, now EOBI was ready to purchase the property on the market rate as on 15-9-2008. Mr. Muhammad Kashif Murtaza, the then Secretary/Chairman Pakistan Railways Board requested the Secretary, Ministry of Labour and Manpower for a joint ministerial meeting which was held on 12-01-2009. The meeting was attended by Ministers and Secretaries of both the Ministries.

55. The mater was discussed in detail and the following terms and conditions were agreed subject to the approval of respective Boards.

- i. Price of the plot is re-fixed downwards at Rs.85,00<sup>?</sup>/- per sq. yd thus saving of Rs.889.792 million.
- ii. EOBI shall pay 60% of the lease consideration amount to Railways upon acceptance of revised Letter of intent from Pakistan Railways, of which 40% shall be paid to Government of Sindh as provincial share in the proceeds of Railway land.
- iii. Remaining 40% amount shall be paid by EOBI to Railways at the time of execution of the Lease Deed in favour of EOBI.
- iv. All other terms and conditions of the lease deed shall be the same as agreed in the case of lease of Railway plot to EOBI at I.I. Chundrigar Road, Karachi.

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56. The Board of Trustees was requested that approval may be accorded for purchase of the land at revised rate and terms/conditions agreed by the Ministerial Committee.

57. After detailed discussion the Board of Trustees approved the revised rate of Rs.85,000 per sq yd offered to the Ministry of Railway for purchase of plot and appreciated the efforts of the President BOT and the Management of EOBI for saving Rs.889.792 million of the Institution.

**ANY OTHER AGENDA ITEM**

**AGENDA ITEM NO.1**

**WAIVER OF OUTSTANDING DOUBTFUL RENT OF  
RS.2.733 MILLION OF EOBI SHOPPING MALL.**

58. CEO, PRIMACO briefed the Board of Trustees that since EOBI took over EOBI Shopping Mall, the following tenants were in default for payment of rent. They vacated their shops/offices without intimating EOBI when pressed for payment of rent.

|     |                                |                              |                         |
|-----|--------------------------------|------------------------------|-------------------------|
| 01. | M/s. New Tana Bana Collection. | From Dec, 2000 To Nov 2002   | Rs. 365,736.00          |
| 02. | M/s. Fashion - 2000.           | From Feb, 2001 To Jan, 2003  | Rs. 288,000.00          |
| 03. | M/s. Inran Brothers.           | From Dec, 2000 To Sep, 2002  | Rs. 178,200.00          |
| 04. | M/s. Eazy Wears.               | From July, 2001 To Feb, 2003 | Rs. 117,430.00          |
| 05. | M/s. Inran Yousuf              | From Apr, 2001 To Apr, 2003  | Rs. 88,405.00           |
| 06. | M/s. Iqbal Yousuf              | From Jul, 2002 To Apr, 2004  | Rs. 77,059.00           |
| 07. | M/s. Mac Point                 | From Feb, 2002 To Apr, 2003  | Rs. 75,469.00           |
| 08. | M/s. Valor Jeans               | From Aug, 2003 To Jul, 2004  | Rs. 166,890.00          |
| 09. | M/s. House of Shirts.          | From Jul, 2003 To Jun, 2004  | Rs. 137,193.00          |
| 10. | M/s. Global Vision             | From Aug, 2003 To Oct, 2004  | Rs. 246,385.00          |
| 11. | M/s. Kanan Fashion.            | From Oct, 2001 To Aug, 2003  | Rs. 406,438.00          |
| 12. | M/s. Krazy Kids.               | From Sep, 2001 To Nov, 2002  | Rs. 182,350.00          |
| 13. | M/s. Sky Shop                  | From May, 2002 To Sep, 2003  | Rs. 84,000.00           |
| 14. | M/s. Fashion Wear              | From Nov, 2002 To Jul, 2003  | Rs. 54,000.00           |
| 15. | M/s. Khawaja Mubassir          | From Jan, 2004 To Jan, 2006  | Rs. 265,586.00          |
|     |                                |                              | <b>Rs. 2,733,141.00</b> |

59. He further stated that as per decision of Management, cases were initiated against the defaulters. Some cases were decided in favour of EOBI. After decision of the Court, the owners of the shops were contacted on their available home addresses beside PRIMACO officials also visited their houses personally, but none of the person was available at their addresses given at the time of execution of tenancy agreements.

60. In view of above, the matter was discussed in the DAC meeting held on 27-11-2008. The Director, Commercial Audit and the Secretary, Labour & Manpower directed that instead of incurring further expenses on the cases, the same may be placed before the Board of Trustees for waiver of above mentioned doubtful rent as there was no chance of recovery and directed PRIMACO that the matter might be placed before the Board of Trustees to consider waiver of above outstanding doubtful rent against the tenants whose whereabouts were not traceable. Mr. Ijaz

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Qayum Butt, Employers' Representative Punjab, inquired whether any of the above tenants had approached the Court of Law, against their vacation from the rented premises. He also pointed out that EOBI may lose their stand for recovery of outstanding rent in the Court, if the waiver of the outstanding rent is allowed.

61. *The Board of Trustees after detailed discussion directed CEO PRIMACO to provide details of the efforts taken by the PRIMACO for recovery of the outstanding rent separately in each of the above 15 cases and place the matter before the Board of Trustees in the next meeting for consideration of the waiver/write off of doubtful rent of Rs.2.733 million.*

## AGENDA ITEM NO.2

### APPOINTMENT OF CONSULTANT FOR INVESTMENT & FINANCIAL SERVICES COMPANY

62. Mr. Farooq Ahmed Awan, the Investment Adviser apprised the Board that in the 82<sup>nd</sup> meeting the Board had approved in principle, creation of investment finance service company, a wholly owned subsidiary under SECP-NBFC Rules, whereas, the Board of Trustees in its 82<sup>nd</sup> meeting considered the issue of incorporation of an Investment Finance Services Company under SECP, NBFC Rules under Item No.11. The minutes of 82<sup>nd</sup> meeting item No.11, Para-46 states that *"after due deliberations the President of Board of Trustees advised the Management to send the proposal to the Ministry for further examination"*.

63. The Investment Advisor stated that the creation of this company would provide a corporatized structure for managing the financial assets similar to the management of real estate investment projects by PRIMACO which was also incorporated under SECP NBFC Rules in 2004. Likewise, by corporatizing investment management of its financial assets, the Institution expects enhancement of investment activities to realize new synergies. In order to ensure efficiency and transparency, he requested the Board to authorize the Investment Committee to initiate the selection process of consultant firm, as per PPRA guidelines. The TOR of the Consultant's assignment will inter alia include but not limited to:

- Incorporation of NBFC as a 'public limited company'
- Obtain permission from SECP to establish a NBFC
- Obtain license from SECP to carry on the business of Investment Finance Services
- Obtain Certificate for commencement of business from CRO

64. The President BOT asked the members to express their opinion. The members welcomed the idea of creation of investment and financial services company and hoped that its creation would lead to new synergies in management of EOB fund.

  
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65. Accordingly, the Board approved the appointment of consultant firm with above TOR, through Investment Committee and observing PPRA guidelines for such selection. The selection of consultant by Investment Committee ought to be confirmed from the Board. The selected consultant firm however may commence its assignment of filing relevant papers with SECP and other govt. department for incorporation of IFSC. The Board further authorized the Investment committee to approve necessary payments related to professional and statutory fees and subscription of paid up capital of proposed IFSC as prescribed by the Government of Pakistan.

### AGENDA ITEM NO.3

#### **A CONCEPT PAPER FOR PURCHASE OF INTERCONTINENTAL HOTEL, ISLAMABAD.**

66. The Investment Advisor informed the Board that M/s Escort Group of Companies has submitted a paper for sale of their under construction project i.e. Intercontinental Hotel, G-5, Islamabad.

67. In order to assess the viability of project it was suggested that a multi purpose due-diligence exercise may be carried out comprising of the following components:

- i. Legal
- ii. Financial
- iii. Technical
- iv. Cost estimation.
- v. Commercial feasibility/viability
- vi. Fair market value of the project.

68. As the exercise shall be conducted by a group of different Consultants it was requested that approval for selection of the Consultants may be accorded to carryout the above job and, if approved, the Board of Directors PRIMACO is authorized to select the Consultants and approve the fee to be paid to the Consultants.

67. The Board of Trustees after due deliberation agreed to the proposal in principle and authorized PRIMACO Board of Directors for selection/appointment of the Consultants at a competitive fee after completion of the codal formalities.

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**AGENDA ITEM NO.4**

**GRANT OF TWO INCREMENTS TO DEPUTY  
MANAGER (FIXED INCOME)**

69. The Investment Adviser informed that Mr. Fahad Liaquat Syed, was appointed in the month of November 2007 on 3-years Contract as Deputy Manager Fixed Income on monthly salary of Rs. 45,000/=. The appointment was made against one of the newly created positions of six manager and six deputy manager on new pay scales approved by the Ministry. The incumbent has an MBA (Finance) from USA. It was committed at the time of his appointment that two additional increments would be granted to him subject to approval of BOT. The Investment Adviser, citing the earlier experience where the Institution due to uncompetitive salaries could not retain the human resources, requested the BOT to grant two advance increments to Mr. Fahad Liaquat Syed.

70. *Accordingly, the Board approved grant of two increments of Rs. 4,000 each to Mr. Fahad Liaquat Syed, Deputy Manager, Fixed Income as per terms and conditions of his appointment letter.*

71. *The President BOT while concluding the meeting directed Secretary BOT to arranged holding of BOT meetings after every two months in all provincial capital cities on rotation basis. The next meeting shall be held on the first week of June, 2009.*

72. There being no other business. Meeting ended with the vote of thanks to the Chair.

  
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RESOLUTION

RESOLVED TO PLACE ON RECORD THE APPRECIATION OF THE NEWLY CONSTITUTED BOARD OF TRUSTEES FOR THE VALUABLE SERVICES AND GUIDANCE PROVIDED BY THE OUTGOING MEMBERS OF THE BOARD.

THEIR PRESENCE REMAINED HIGHLY BENEFICIAL TO THE INSTITUTION PARTICULARLY IN VIEW OF THEIR RICH EXPERIENCE AND EXPERTISE IN RESPECTIVE FIELDS, WHICH THEY RENDERED TO THE BOARD AND THE INSTITUTION FROM TIME TO TIME. BESIDES, THEIR DYNAMIC AND SYMPATHETIC ATTITUDE MADE DECISION MAKING PROCESS EASY AND PRODUCTIVE. THEY SUPPORTED THE REFORMS AND RE-STRUCTURING PROCESS IN A MOST PRUDENT MANNER TO REVAMP THE ACTIVITIES OF THE INSTITUTION.

THE BOARD WISHES THEM A VERY HEALTHY, PROSPEROUS AND COMFORTABLE LIFE AND SUCCESS IN OTHER ASSIGNMENTS.

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Ministry of Labour & Manpower  
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