

**MINUTES OF THE 72ND MEETING OF THE BOARD OF TRUSTEES
HELD ON 10.03.2005 AT EOBI HEAD OFFICE, KARACHI.**

The 72nd meeting of the Board of Trustees of EOBI was held at 10:00 a.m. on 10.03.2005 at EOBI Head Office, Karachi to consider the following agenda:-

| Item No. | Subject |
|-----------------|---|
| 01. | To Confirm the Minutes of 71 st Meeting of the Board. |
| 02. | To Review Progress on the Decisions taken by the Board in its 71 st Meeting. |
| 03. | To Review Performance of the Institution. Minutes of 94 th -97 th Meeting of Investment Committee. |
| 04. | To consider the detailed report of the Institution in respect of Audit Committee's Observations. |
| 05. | To consider Report of HRD Committee. |
| 06. | To grant approval for increase in Minimum Pension. |
| 07. | To approve additional fund for EOBI Employees Loans. |
| | Any Other Items |
| 01. | To consider Progress Statement on Goals/Targets, Monitoring & Evaluation Report. |
| 02. | To consider progress on Divestment of ULCL. |
| 03. | To consider the Restructuring of Real Estate Department. |
| 04. | To consider the report on Outsourcing of Fund Management Operation. |
| 05. | To consider purchase of plots for Field Offices at Faisalabad Textile City, Faisalabad, Sunder Industrial Estate, Lahore and Gawadar. |
| 06. | Appointment of Auditors for the Year 2004-05. |
| 07. | Regularization Of Contract Employees: |
| 08. | Confirmation Of Minutes Of 95 th , 96 th And 97 th Meetings Of The Investment Committee. |
| 09. | Retirement Of Chairman EOBI. |

2. The meeting was presided over by Malik Asif Hayat, President Board of Trustees/ Secretary, Labour and Manpower. Following attended the meeting: -

- | | |
|--|------------------|
| 1. Malik Asif Hayat Secretary Labour and Manpower. | President |
| 2. Mr. Muhammad Shafi Malik Chairman, EOBI. | Member |
| 3. Mr. Akhtar Jamil Khan FA/DG (F&I) EOBI. | Member |
| 4. Mr. M. Jumman J. Jamro Financial Adviser. | Member |

| | |
|--|----------------------|
| 5. Mr. Fazale Qader Joint Secretary Industries Division | Member |
| 6. Major(R) Shahnawaz Badar, Secretary Labour, Punjab. | Member |
| 7. Mr. Nasar Hayat Secretary Labour Sindh | <i>Member</i> |
| 8. Syed Mahmood Javed Secretary Labour, Balochistan | Member |
| 9. Mr. Noor-Ud-Din F. Daud Employers' Representative NWFP | Member |
| 10. Mr. Nazim F. Haji Employers' Representative, Sindh | Member |
| 11. Sardar Ali Ahmed Jomezai Employers' Representative Balochistan | Member |
| 12. Mr. Muhammad Zaman Employees' Representative NWFP | Member |
| 13. Mr. Abdul Aziz Abbasi Employees' Representative, Sindh | Member |
| 14. Ch. Zaheer Ahmed Taj Employees' Representative, Punjab | Member |
| 15. Mr. Sultan Muhammad Employees' Representative, Balochistan | Member |
| 16. Chaudhry Muhammad Anwar Head Actuary M/o Finance | Co-opt Member |
| 17. Mushtaq Ahmed Sammo | Secretary BOT |

3. **Mr. Farooq Ahmed Awan**, Investment Adviser/DG(Investment) EOBI also attended the meeting. **Mr. Ahsan Akhtar Malik**, Joint Secretary (LW), **Mr. Danish K. Monno**, Employers' Representative Punjab and **Mr. Badshah Gul Wazir**, Secretary Labour NWFP could not attend the meeting due to their official pre-occupations.

4. **The meeting commenced with recitation from Holy Quran by Mr. Nooruddin F. Daud.** The President welcomed the participants and asked the Chairman EOBI to conduct further proceedings. The Chairman said that it was a matter of great pleasure and satisfaction for him to retire after putting in almost three years of service as Chairman of one of the biggest charitable institutions. He thanked the President and Members of BOT for their valuable contribution and continuous

support during his tenure. The approval of Institutional Strategy and subsequent journey on the road to excellence would not have been possible without their dedicated and selfless efforts. He said that by the Grace of Almighty, the joint efforts had turned around the Institution and pulled it out of the worst crisis faced consequent upon repo deal scam which brought to light the mal-administration, inefficiency and corruption due to lack of fair and transparent system & procedures. The reforms introduced by the management under guidance of this Board had been widely acknowledged by national and international experts. The image of the Institution had considerably improved. He enumerated following major ingredients of a good pension system: -

- I. Financial Viability;
- II. System and Processes based on principles of fairness and best practices;
- III. Delivery of Quality Service;
- IV. Updated Information Technology and Communication Channel;
- V. Public Confidence; and
- VI. Ideal Human Resource Management.

5. The Chairman said that this Board could have the satisfaction that all that could be done to revive financial viability, improve system & procedures, ensure delivery of quality service, provide updated information technology, build public confidence and human resource development, had been done. He recalled that he had joined the Institution on 2nd May 2002 at Islamabad and came to Head Office on 10 May, 2002, when 59th meeting of the Board was scheduled after 09 days. Despite Presidents suggestion to postpone the meeting to give new Chairman time for preparation he insisted to hold as per schedule. Now it is 72nd meeting, which means 15 meetings including one Emergent Meeting had been held in less than three years as against 58 meetings in 26 years. Since his joining in less than three years; similarly 44 meetings of the Investment Committee had been held commencing from 54th to 97th meeting. It had been a great learning experience for him. The Board could look back with satisfaction that contribution

collection had increased from Rs.1.6 billion in June 2001 to Rs.2.6 billion in June 2004. The assets of the Institution had increased from 32.8 billion in June 2001 to 89.66 billion in February 2005. The return on equity for three consecutive years had remained above 40%. The annual income from investment for the year 2003-04 exceeded Rs.12 billion. During first 08 months of the current financial year, the Institution had earned Rs.9.59 billion as against 7.5 billion in the preceding year in spite of the challenging scenario of low interest rate and limited investment opportunities. He mentioned some of the issues which he proposed to raise in his meeting with the Honorable Prime Minister on 16th of March 2005 and requested the members to suggest any other issue or proposal for further improvement of EOBI which they consider worth mentioning in aforesaid meeting.

6. Once again thanking the members of the Board for their cooperation and support, he took up agenda item-wise as under:-

Item No.1

To Confirm the Minutes of 71st Meeting of the Board.

7. The Chairman pointed out that the former Financial Advisor Mr. Abdur Rauf Malik suggested a few amendments in the Minutes of 71st BOT meeting, details are annexed as Annexure-1. He further mentioned some of the typographical mistakes in the minutes of 71st BOT Meeting. At para 6(1) of the minutes (Item No.3) the word 'land' may be substituted by the word "state land". The name appearing as "Hanif Tayabaly" under the head "Sale of ULCL" may be replaced with "Irfan Tayabaly". At page-6, para-3, the letters 'ADG' may be substituted by 'ADB'. **There being no other objection on the minutes, the Board unanimously approved the minutes of 71st meeting of the BOT.**

Item No.2

To Review Progress on the Decisions taken by the Board in its 71st Meeting.

8. The Chairman explained that compliance of all decisions of the Board taken in its 71st meeting had been made and reported under this item in the working paper. Elaborating the progress on Certification of ISO-9000, he said that following six consultants had submitted their Expression of Interest (EoI): -

- I. Qualities System Management Consultants.
- II. Vision Consulting Ltd.
- III. Pathfinder Consulting (Pvt) Limited.
- IV. Quality concerns.
- V. Pakistan Institute of Quality Control.
- VI. Quest Consultants.

The (EoI) were being evaluated by the concerned committee.

9. **The members of the Board expressed their satisfaction on implementation of the decisions of the 71st meeting of the Board of Trustees.**

Item No.3

To Review Performance of the Institution. Minutes of 94th-97th Meeting of Investment Committee.

10. The comparative operational performance reflecting registration, collection of contribution, disposal of claims was explained with the help of following table:-

TABLE-I

(Operational Performance)

| Activity | 2003-04 (upto February-04 | 2004-05 (upto February-05 | Change % |
|---|--------------------------------------|--------------------------------------|-----------------|
| Registration of Employers | 1,504 | 674 | -55% |
| Registration of Employees | 101,006 | 68,145 | -33% |
| Collection of Contribution (million) | 1690.59 | 1622.06 | -04% |
| Disposal of Claims | 11,418 | 10,630 | -07% |

11. The Chairman explained that the number of Registration of employers had declined as compared to the immediately preceding year partly on account of attaining optimum level after registration of most of the employers through Map Survey and partly on account of the fact that no target for registration had been fixed to avoid fictitious registration. The pre-conditions for submission of complete particulars of Insured Persons (IPs) had been prescribed for registration to ensure simultaneous completion of record for successful implementation of Accrual Accounting System. According to the Field Officers, they had identified registerable units but could not register on account of non-submission of particulars of employees in form PR-02/PR-02A, due to reluctance of employers to provide complete particulars of their employees.

12. Giving details about comparative collection for the first eight months, he submitted that in the preceding year extra-ordinary recoveries out of arrears of PRTC (Rs.179.17 million), OGDC (18.02 million) etc. totaling to Rs.197.19 million had been made. After adjustment of arrears, the collection in the current year upto February 2005 had increased by 10%. He said that efforts for recovery from public sector companies were being made. In the case of Karachi Transport KTC, the provincial government had promised to make payment. He thanked Mr. Nasar Hayat, Secretary Labour Sindh for his support in the meeting convened by Governor Sindh. Similar efforts in respect of other defaulting establishments of public sector institutions were under way.

13. Responding to a question about ghost pensioners the Chairman EOBI explained that the Institution had already decided that a bouquet shall be presented to the pensioners on their 100th birth day with dual purpose. The measure was appreciated and it was proposed that the age limit should be gradually reduced from 100 to 80 years.

14. Mr. M. Jumman J. Jamro made the following observation:

1. That observation in respect of the Minutes of 71st BOT Meeting made by the former FA (Labour & Manpower) have not been incorporated. The same need to be incorporated in the minutes.
2. That "Pending claim cases with opening balance along with the backlog status is required to be provided to the members of BOT as well as in future.
3. That "Period of intern-ship should be for 3-6 months with no extensions at all.

Mr. Muhammad Hanif, officiating DDG(B&C) with the assistance of charts explained to him the current reporting of claims and their disposal.

15. The performance of Investment Department was explained with the help of following comparative tables:-

Table-II
(Composition of Investment Portfolio)

| Nature of Investment | Amount (Rs. In million) | %age |
|-----------------------------|-------------------------------------|----------------|
| Government Securities | 78,564.687 | 87.622% |
| Other Securities | 7,207.482 | 8.038% |
| Equity | 3,891.455 | 4.340% |
| Total | 89,663.624 | 100.00% |

- The Institution following the policy of diversification has succeeded in reducing investment in Government Securities from 93.85% to 87.622% in February 2005. Proportion of equity in the portfolio has grown from 1.8% to 4.340%.

Table-III
(Investment Income)

| Description | June 2003 | June 2004 | %age Increase/ Decrease | February 2005 |
|-----------------------|-------------------|-------------------|------------------------------------|--------------------------|
| Government Securities | 9,773,666 | 10,908.184 | 11.61% | 8,571.293 |
| Others | 196.577 | 114.385 | -41.81% | 87.758 |
| Equities | 364.241 | 1,055.912 | 189.90% | 923.317 |
| Total | 10,334.484 | 12,078.481 | 16.88% | 9591.368 |

- The **investment income** has increased from **Rs.10.334 billion in June 2003** to **Rs.12.078 billion in June 2004** showing **16.88%** increase.
- During **eight months** of the year 2004-05, the Institution has earned investment income of Rs.9591.368 million.

Table-IV
(Equity Income)

| Equity Income | 09-March 2005 |
|---------------------------|----------------------|
| Capital Gain Realized | 1,032.581 |
| Dividend Income | 230.568 |
| Total Income (Realized) | 1,263.149 |
| Capital Gain (Unrealized) | 943.365 |
| Total Income | 2,526.299 |
| Return on Equity | 50.71% |

- The equity income upto 9th March 2005 amounted to Rs.2.526 billion yielding return on equity of 50.71%.

16. On a query by Mr. M. Anwar Chaudhry, the Chairman explained that return on equity during the year and in the immediately preceding year had remained above 40%. The Actuary suggested that the return on portfolio may be calculated by average of the opening and closing balance. The DG(Investment) explained that the yield was being calculated on the basis of moving average of the Fund in accordance with international practice on which the Actuary was convinced and agreed that the mode of reporting being accurate should be continued.

17. After detailed discussion on performance of the Institution the ways and means for increasing registration and record building, following decisions were taken:-

- I. That targets for registration may be fixed on the basis of quantitative data collected by the ME&T Department in respect of each Region

- and continuous monitoring & inspection of new registrations should be made to ensure registration of genuine cases alongwith their IPs.
- II. That reporting pattern of collection should be improved to reveal the collection out of arrears, current demand and regular collection under accrual accounting system.
 - III. The claims disposal report should indicate the opening claims; the addition; the disposal and the closing balance.
 - IV. The record building efforts should be accelerated and system should be perfected to ensure automatic collection of contribution without botheration to the compliant employers.
 - V. That reporting and monitoring system of pensioners should be improved to eliminate possibility of existence of ghost pensioners. The ageing reports of pensioners above 80, 90 & 100 years of age may be put to verification in a decent manner to find out facts without harassment to the genuine pensioners. Chairman EOBI explained that the Institution had already decided that a bouquet may be presented to the pensioners on their 100th birth day which shall have dual purpose of verification and goodwill gesture.

Item No.4

To consider the detailed report of the Institution in respect of Auditor's Observations:

18. The Chairman explained that the Institution had submitted a detailed reply to the auditors who in their response had agreed on most of the issues that the Institution had correctly identified the reasons for the discrepancies and was correctly taking measures in the form of Accrual Accounting System. Mr. Fazle Qader pointed out that auditors had not agreed to all the replies given by the Institution and had indicated in their response that they would like to undertake verification. The Chairman explained that after perusal of the Institution's reply in which full facts relevant to the issues were explained, they expressed their desire to verify facts in their forthcoming visit. They had accepted the fact highlighted by the Institution that measures taken to remedy the deficiencies were accurate and the progress was satisfactory. However, complete elimination of discrepancies

shall require perfect operation of the Accrual Accounting System, possible only after complete record building. The process is likely to take time. He informed that the auditors had accepted the Institution's point of view and had therefore approved and signed the Annual Accounts.

19. **After the discussion, the Board expressed its satisfaction on compliance and implementation of audit observations.**

Item No.5
TO CONSIDER REPORT OF HRD COMMITTEE.

20. The Chairman briefly explained the background and successive decisions in respect of Human Resource Development Committee. The report had been prepared and circulated to all members in compliance of decision of the Board in its 71st meeting. The HRD Committee discussed the report and submitted its recommendation on 12.02.2005. The DG(F&A)/FA EOBI/Convener of the Committee explained various issues discussed in the meeting of the Committee and requested that the Committee's decisions regarding recruitment of Probationary Officers, induction of interneers and appointment of HR Consultant may be approved. He emphasized that the following proposals made by the Committee needed Board's approval to meet the deficiency of manpower due to attrition which was adversely affecting the efficiency of operation:-

- (i) The Committee recommended that the number of interneers may be increased from 19 to 25 at a stipend of Rs.8000/- per month.
- (ii) Permission for recruitment of 25 Probationary Officers may be given for recruitment as Assistant Directors.
- (iii) An H. R. Consultant may be appointed.

21. The Chairman expressed his reservations on the ratio of promotion & direct recruitment to the post of Assistant Director proposed by the Committee by

changing the proportion from 75:25 to 95:05. The Chairman also supported the induction of existing seven internees on the ground that their induction had been approved in the 67th Board meeting. According to him the Board being competent to exercise all powers under Section 6 of the EOB Act-1976, decision of the Board was as good as rules made by it. He informed that the existing internees were recruited on merit by observing the full recruitment process; i.e. conduct of, online examination by M/s. Tech Limited and interviews by the respective Selection Committee. Mr. Jumman Jamro said that the Service Regulations, 1980 framed under section 45 of EOB Act, 1976 do not provide the rules for induction of internees, therefore induction, if any of the internees, was not appropriate. The Chairman referring to Section 45 of the Act, further explained that framing of service rules had not been specifically mentioned in section 45 of the EOB Act. However, the Service Regulations could be framed under general power of the Board. Perusal of service regulation reveals that the rules regarding prescription of qualification and recruitment procedure had been framed under Regulation-10 by the Board. He stressed that the Board's decisions regarding prescription of qualification and procedure of recruitment issued from time to time were implemented through office orders, which were adhered to accordingly. The Secretary of BOT showed the amendments made by the Board in the prescription of qualification for various posts in compliance with the Board's decisions to match job specifications with job descriptions. In respect of internees, he also referred Establishment Division's O.M. No.3/11/2002-R.II dated 12.04.2002 which lays down the following parameters:-

- (i) "The aim of the programme shall be to afford an opportunity of on-the-job training/internship to the qualified youth besides sharpening their skills for possible future employment;
- (ii) Such an engagement shall be purely temporary and on contractual basis and for such a period as the organization concerned may need;
- (iii) After completion training/internship etc. the organization concerned shall be free to offer regular appointment or to terminate contract;

- (iv) The organization concerned taking into account the resource availability will determine the compensation package/stipend etc. for trainees/internees etc. during their contractual engagement.
- (v) The organization concerned shall launch this programme from 15th April 2002 and publish prominent advertisement(s) through national & regional papers and electronic media."

22. In the light of above citations, he submitted that the Board in 67th and 69th meetings had allowed induction of existing internees through respective selection committee against existing vacancies. The decisions of 67th BOT meeting held on 17-01-2004 at Karachi are reproduced below:-

- "i. That management may absorb these internees by relaxing the condition of quota and other procedural requirements but the quota requirement may be fulfilled within reasonable period.**
- ii. In future, induction must be made on the basis of quota so that internees can be absorbed accordingly."**

23. The decisions of 69th Board meeting held on 30-6-2004 are reproduced below:-

"After detailed discussion and on the basis of suggestions by honorable members of BOT the following decisions were taken:-

- I. Recruitment of officers may be made on need basis but not later than three years so that reasonable number of officers are selected, trained and placed in all regions. The induction should be strictly based on merit through objective tests conducted by institutions like IBA in all provincial capitals keeping in view the provincial quota. Final interview may be conducted by the Departmental Selection Committee before submission of recommendations to the competent Authority alongwith result of tests and interviews.
- II. To attract young MBAs for the post of ADs, the prescribed additional qualification of LLB shall be relaxed.
- III. The officers shall be on probation in Grade-7 for two years. After initial training at IBA for nine months, on-the-job training for three months shall be imparted and Post-Graduate Diploma in Social Insurance by IBA be awarded before posting in respective regions as Assistant Directors. The officers shall execute bond to serve the

- Institution for a minimum period of five years after completion of training, otherwise liable to pay the amount of Training expenditures.
- IV. The channel of promotion to Grade-6 for Superintendents and Private Secretaries may be kept open. After promotion these officers may be imparted appropriate entry-level training in reputable institutions like NIPA/IBA. Their promotion to the next grade may be made on the basis of result of professional departmental examination to be conducted by an independent Institution.
 - V. The existing Executive Officers may be promoted to Grade-7 after passing a semester course on Financial Accounting/Business Communication and management equivalent to MBA level course from one of the accredited universities. In case they do not pass the course in two years, they may be superseded by qualified juniors.
 - VI. The existing internees may be appointed after the posts are advertised and they compete with other persons for posts in Grade-7 through respective Selection Committee against the existing vacancies for direct recruitment.**
 - VII. The facility for subsidizing course fee for qualification improvement in Management studies/MBA may also be extended to other officers and staff members.
 - VIII. The existing quota of promotion and direct recruitment in AD's grade may be slashed by 10% each to provide 20% quota for promotion on selection basis."

24. A prolonged discussion was held on the purpose, intention and nature of the internees programme launched by government of Pakistan under Establishment Divisions O.M. No.3/11/2002-R.II dated 12.04.2002. The Chairman submitted that for the Institution, the guiding principle had been laid down in the aforesaid and the Institution had acted accordingly. However, the Board was competent to take decisions in the light of aforesaid O.M. of the Federal Government laying down the policy for recruitment of internees according to the need of the Institution. After detailed discussion, the following decisions were taken:-

- I. The Institution will provide Department-wise details of requirement of internees.

- II. Details of qualifications specific to the requirement (department wise) of the internees should be furnished.
- III. The period of internship should be clearly mentioned and no request for induction/appointment in the department will be allowed.
- VI. The internship shall not entitle them for induction.

25. The recruitment of Assistant Directors under the Probationary Officers' Scheme already approved by the Board in its 70th meeting was endorsed subject to the following modifications in the Rules/Procedure:-

- I. That the probationary period shall be extended to three years.
- II. That the probationers shall execute a bond to serve the Institution at least for five years or pay the bond money.

26. Agreeing to the Chairman's proposals supported by many other members, **the Board decided to maintain existing ratio of promotion vs. direct recruitment as 75:25.**

27. **It was decided that keeping in view the various reforms being introduced in the form of automation, streamlining of system & procedure, introduction of accrual accounting, manpower needs and their qualifications & skills shall be determined and a comprehensive restructuring of the Institution shall be undertaken to cope with the new requirements of modern and progressive institution.**

28. **The proposal of the HR Committee for appointment of HR Consultant for restructuring and determination of manpower requirement in new automated environment was approved.**

29. **Mr. Nazim F. Haji, Employers' Representative Sindh was unanimously approved as head/convener of the Restructuring**

Committee who may prepare the TOR & indicate the members of the committee for approval of the president of the Board within 15 days.

Item No.6

To grant approval for Increase in Minimum Pension:

30. The President explained the three alternatives and mentioned the following queries:-

- (i) The Actuary's proposal raises the employers' contribution from Rs.150 to Rs.300 and employees' contribution from Rs.20 to Rs.50 but increases the pension only to Rs.1000 per month. Under the existing system, the maximum formula pension comes to Rs.1740/- per month whereas under the new system, it will be Rs.1350.
- (ii) The previous Actuarial Valuation Report was based on the fund amount of Rs.32.8 billion whereas the Institution's fund had reached Rs.89.663 in February 2005.
- (iii) The above facts revealed that increase in minimum pension is disproportionate to increase in contribution.

31. The Chairman explained that the queries of the honourable Secretary had already been referred to the author of alternatives/proposals i.e M/s. Akhtar & Hassan Actuary (Pvt) Limited and also to Mr. M. Anwar Chaudhry, Head Actuary. Mr. Anwar Chaudhry explained that he was in touch with M/s. Akhtar & Hassan (Pvt) Limited and had asked them to review tables in the light of above observations. They shall produce the revised proposals agreed to by both the Actuaries.

32. **After discussion, it was decided that Mr. M. Anwar Chaudhry on the basis of his consultation with M/s. Akhtar & Hassan shall submit a proposal based on consensus of the two actuaries within 20 days.**

Item No.7:**To approve Additional Fund for EOBI Employees' Loans:**

33. The Chairman explained that the Board had restricted the advancement of loans to the amount of annual recovery of loans during the year to complete the cycle. However, during the preceding years additional amount of Rs.7 million in each year was allowed to supplement the amount of recoveries and meet the pending claims. The employees were paying mark up of 10% per annum and the loan was secured. In response to the query, it was clarified that the loan to employees was shown separately in annual accounts and was not a part of the investment portfolio.

34. **After detailed discussion, it was decided that the Institution shall present the amounts of annual allocation for loans by parallel organizations and work out ratio per employee so that the some ratio/numbers may be applied for determination of Annual Allocation under this head and the rate of return being trust money.**

ANY OTHER ITEMS:**Item No.1:****To consider progress statement on Goals & Targets, Monitoring & Evaluation Report:**

35. The Board was apprised about the Targets/Goals as fixed by the Prime Minister and the current status of achievement.

ANY OTHER ITEMS:**Item No.2:****To consider progress on Divestment of ULCL:**

36. The Chairman explained that the Consultant M/s. AMZ were appointed for transparent divestment of 51% shares of ULCL obtained as a result of plea bargain in the repo deal scam through NAB. After observing the detailed procedure including audit, legal diligence, advertisement in the press, opening of databank, holding pre-bid conference, following four parties submitted their Expression of Interest:-

- I. M/s Crescent Leasing Corporation Limited
- II. M/s Sardar M. Ashraf D. Baloch Pvt. Limited
- III. M/s Jhangir Siddiqui Capital Markets Pvt. Limited
- IV. M/s First Dawood Investment Bank Limited

37. On 04.03.2005, the following two bids were received:-

- I. M/s. Cres-Lease Rs.9.5 per share
- II. M/s. Sardar D. Baloch Rs.5.0 per share

The current book value of the share was Rs.7.30 and the value was eroding on account of stoppage of fresh leases due to divestment process. In view of this, negotiations were held by Mr. Ikram (Consultant) with Mr. Javed Kalia, CEO of M/s. Cres-Lease who agreed to raise the bid to Rs.9.75 subject to the condition that the subordinate loan of Rs.50 million extended by EOBI to ULCL to meet the capital requirement of 200 million for three years shall not be withdrawn.

38. Mr. Farooq Ahmed Awan, explained that Mr. M. Ikram Mian in the last Investment Committee Meeting held on 05.03.2005 had explained the background and suggested that M/s. Cres Lease being reputed company had given a good offer and in order to avoid further deterioration in value of shares of ULCL, the offer may be accepted. The Chairman pointed out that the value being less than Rs.167 million assessed after due diligence by M/s. Gohar Anwar, Chartered Accountants appointed by the NAB, it was not possible for the Institution to accept

the lower valuation without involvement of NAB in the divestment process. The Investment Committee decided that negotiations may be held by a Committee comprising of Mr. Nazim F. Haji, Mr. Akhtar Jamil Khan, Mr. Farooq A. Awan and the Consultant with Mr. Javed Kalia, CEO M/s. Cres-Lease. The NAB may also be informed about the bid process and its results.

39. The Committee could not hold negotiations on account of non-availability of Mr. Javed Kalia. The Consultant had, therefore, been requested to bring Mr. Javed Kalia to discuss the issue with the Board. Mr. Taimoor of M/s. AMZ and Mr. Javed Kalia attended the Board meeting and both of them explained the position. After detailed discussion, the following decisions were taken:-

- I. That the following Committee Members may negotiate a reasonable price i.e. Rs.11.18 or as close per share as possible:-
 1. Mr. Nazim F. Haji
 2. Mr. Farooq A. Awan.
 3. Consultant AMZ
 4. Representative of NAB.
 5. Mr. M. Jumman J. Jamro (FA Labour)
- II. The Committee may expeditiously take a decision in greater interest of EOBI to avoid further deterioration.

ANY OTHER ITEMS:

Item No.3:

Restructuring of Real Estate Department:

40. The DG(Investment) apprised the Board about the proposed restructuring of the Real Estate Department and presented a road map to achieve the objectives of the Real Estate Investment as expounded in the Institutional Strategy. The President BOT was of the view that Real Estate Real Estate Department in its present form was simply incapable of achieving the objectives of 10% investment in Real Estate before June 30th 2005 as it neither had the capacity nor the skill

base & operational acumen. The BOT Members also were unanimous in their view that EOBI requires a structure aligned with the investment objectives.

41. The President BOT emphasized that the proposed structure should be efficient/lean and it should be a market driven goal oriented organization. Thus it was decided that:-

- (i) Real Estate Investment & Management Company be set up immediately with a paid up capital of Rs.100 million. The company would be incorporated under the Companies Ordinance. The present members of the Investment Committee would comprise of the Board of Directors whereas the President BOT will be the Chairman Board of Directors.
- (ii) The company after incorporation would enter into agency agreement with the EOBI and Fund to manage & develop its real estate portfolio.
- (iii) A consultant would be engaged to draw up Articles – Memorandum & get the necessary approval from SECP immediately.

Any Other

Item No.4

TO CONSIDER THE REPORT ON OUTSOURCING OF FUND MANAGEMENT OPERATION:

41. In compliance of the decision of 71st BOT Meeting (item 12), a comprehensive presentation was made by DG(Investment). In presentation, he explained the salient features of the proposed organizational structure of Fund Management. The President BOT, while fully appreciating the structure stressed that it was essential to segregate the Fund Management Structure from the rest of EOBI so that activities in this specialized area do not suffer in order to ensure sustainable returns. The President BOT agreed with the Chairman that human resource deficiencies in the fund management area should be met at the earliest and compensation structure should be in line with market realities. While underscoring the need for market-based salaries, he stressed that appointments

will be made on contractual basis and package will be fully monetized. After detailed deliberation, the following decisions were taken:-

- I. The Investment Committee was reconstituted with immediate effect and Employers' Representative from Sindh, Mr. Nazim F. Haji was nominated as convener of the Investment Committee with following members:-
 - a) Chairman EOBI.
 - b) Secretary Labour, Sindh.
 - c) Employees' Representative Sindh on Board.
 - d) DG(F&A), EOBI.
 - e) Investment Adviser
 - f) ADG(Investment) EOBI – Secretary.

This would ensure transparency & adoption of global best practice in light of ISSA guidelines.

- II. The Investment Department was renamed as Investment Fund and DG(Investment)/Investment Adviser was re-designated as Investment Adviser. The Investment Adviser & Investment Fund would report to the BOT & Investment Committee. The back office operation would continue to be performed in the present manner until further orders.
- III. The necessary amendment in Operational Manual and delegation of powers would be made to facilitate the new arrangement.
- IV. All other officers in the Investment Fund would be re-designated as following:-
 - a) ADG as GM.
 - b) ADs/EOs as Managers.

The salaries would be contingent upon option to be exercised by existing EOBI employees working in Investment Fund.

**Any Other
Item No.5**

TO CONSIDER PURCHASE OF PLOTS FOR FIELD OFFICES AT FAISALABAD TEXTILE CITY, SUNDER INDUSTRIAL ESTATE, LAHORE AND GAWADAR.

42. The Chairman explained that Institution may purchase at Faisalabad Textile City, Faisalabad, Sunder Industrial Estate Lahore and Gawadar for opening its Field Offices and for commercial purpose as well. After detailed discussion, the Board decided as follows:-

The purchase of plots in Sunder Industrial Estate, Lahore and Textile City, Faisalabad for establishing field offices and commercial buildings was approved purely on the pattern of government allotments in other Industrial Estates.

Any Other

Item No.6

Appointment of Auditors for the Year 2004-05.

43. The Chairman explained that the Auditors had completed the audit and submitted audited accounts alongwith report in December 2004, which was approved by the Board in 71st meeting on 20.12.2004.

44. Under policy guidelines issued by the Auditor General, the auditors normally continue for a period of five years. Since M/s. M. Yusaf Adil Salim & Company, Chartered Accountants had been auditing accounts of the Institution from Financial Year 2001-02 onwards, they were eligible for re-appointment. Accordingly, the Institution had appointed them to audit the accounts and EOB Pension Fund established w.e.f. 01.07.2004 under EOBI (Employees Pension & Gratuity) Regulations for the year 2004-05. The Auditors had given their consent on the following amount of their professional fee:-

| | | |
|------|-----------------------------|-------------|
| I. | Annual Accounts for 2004-05 | Rs.550,000 |
| II. | Out of pocket expenses | On actuals. |
| III. | EOBI Pension Fund | Rs. 30,000 |

45. The issue was discussed and most of the members expressed their appreciation of the work done by the Auditors and recommended their re-appointment. **After discussion, the re-appointment of the Auditors,**

M/s.Yusaf, Adil Salim & Co., was approved at following fees:

| | | |
|---------------|-----------------------------------|----------------------|
| I. | Annual Accounts for 2004-05 | Rs.400,000 |
| II. | Out of pocket expenses @10% | Rs. 40,000 (maximum) |
| III. | Charges for visit outside Karachi | Rs. 40,000 (maximum) |
| IV. | EOBI Pension Fund | Rs. 20,000 |
| Total: | | Rs.5,00,000 |

ANY OTHER ITEMS:**Item No.7:****REGULARIZATION OF CONTRACT EMPLOYEES:**

46. The Chairman explained that Board in its 59th Meeting held on 21.05.2002 imposed restriction of future recruitment till determination of manpower requirement. However, it allowed appointment on contract basis. The following appointments had been made from time to time. The BOT in its 71st meeting had allowed extension of one year but in certain cases even said date had expired:-

| S. No | Per. No. | Name | Designation | Grade | Date of Appointment / Joining | Date of Expiry of Contract Period | Place of Posting |
|----------------------|----------|--------------------|----------------------|-------|-------------------------------|-----------------------------------|------------------|
| OFFICERS | | | | | | | |
| 1. | 922645 | Mushtaq A. Sammo | Secretary Board | 10 | 21/05/2003 | 20/05/2005 | Board Sectt: |
| 2 | 922781 | Nadeem Iqbal | Jr. Engineer (Elect) | 8 | 08/11/2002 | 07/11/2004 | Z.O Peshwar |
| 3 | 922316 | Ms. Attiya Jeffery | Data Entry Officer | -do- | 30/08/2002 | 29/08/2004 | R.O Islamabad |
| 4 | 922338 | Abdus Salam | Data Entry Officer | -do- | 09/012/2002 | 08/12/2004 | R.O Sargodha |
| 5 | 922554 | Farid ullah Khan | Data Entry Officer | -do- | 04/03/2003 | 03/03/2005 | R.O Quetta |
| 6 | 922690 | Bhari Rawan | Data Entry Officer | -do- | 02/04/2003 | 01/04/2005 | R.O Gilgit |
| 7 | 922372 | S. Sajid Iqbal | Executive Officer | -do- | 25/11/2002 | 24/11/2004 | R.O Bahawalpur |
| 8 | 922361 | Noman Ali Hakim | Executive Officer | -do- | 25/11/2002 | 24/11/2004 | H.O F&A Deptt |
| 9 | 922418 | Ehsan Ahmed | Executive Officer | -do- | 25/11/2002 | 24/11/2004 | R.O Sheikhpura |
| STAFF MEMBERS | | | | | | | |
| 10 | 922496 | Shahbaz Khan | Private Secretary | 5 | 19/02/2003 | 18/02/2005 | Board Sectt |
| 11 | 922430 | Iftikhar M. Naqvi | Private Secretary | -do- | 10/02/2003 | 09/02/2005 | B&C Department |

| | | | | | | | |
|----|--------|--------------------|------------------------------|------|------------|------------|-------------------|
| 12 | 922441 | Ihsanullah Qazi | Private Secretary | -do- | 10/02/2003 | 09/02/2005 | B&C Department |
| 13 | 922474 | Muhammad Rashid | Personal Assistant | 4 | 19/02/2003 | 18/02/2005 | ME&T Department |
| 14 | 922485 | M. Tahir Katpar | Personal Assistant | -do- | 19/02/2003 | 18/02/2005 | Recon. Department |
| 15 | 922463 | Nizamuddin Solangi | Personal Assistant | -do- | 17/02/2003 | 16/02/2005 | Audit Department |
| 16 | 922452 | Muhammad Sohaib | Personal Assistant | -do- | 17/02/2003 | 16/02/2005 | HR Department |
| 17 | 922565 | Junaid Akhter | Personal Assistant | -do- | 10/02/2003 | 09/02/2005 | R.O Sheikhpura |
| 18 | 922509 | Rab Dino S. Memon | Personal Assistant | -do- | 27/02/2003 | 26/02/2005 | B&C Department |
| 19 | 922459 | Mst. Nayyer Jehan | Assistant (Employees Quota) | 3 | 08/02/2003 | 07/02/2005 | HR Department |
| 20 | 922543 | Mst. Gulshan Ara | Assistant (Employees Quota) | -do- | 04/03/2003 | 03/03/2005 | HR Department |
| 21 | 922383 | Aslam Baloch | Assistant | -do- | 07/11/2002 | 06/11/2004 | Z.O Quetta |
| 22 | 922394 | Abdul Haleem | Assistant | -do- | 07/11/2002 | 06/11/2004 | R.O Quetta |
| 23 | 922350 | M. Munawar Ali | Naib Qasid (Employees Quota) | 1 | 03/12/2002 | 02/12/2004 | F.O Larkana |

47. The Chairman proposed that the services of the officers and staff may be regularized. **After detailed discussion, it was decided that the contract period may be extended by another one year in respect of above employees from the date of expiry of contract period of each employee.**

ANY OTHER ITEMS:

Item No.8:

CONFIRMATION OF MINUTES OF 95TH, 96TH AND 97TH MEETINGS OF THE INVESTMENT COMMITTEE:

48. The Minutes of the Investment Committee's 95th, 96th & 97th meetings were put up for the approval of BOT. The Chairman invited the members to present their views. The members BOT fully agreed with decisions of the Investment Committee and hence these were ratified.

ANY OTHER ITEMS:

Item No.9:

RETIREMENT OF CHAIRMAN EOBI:

49. Mr. Nazim F. Haji with permission of the President BOT drew attention of the Board members that Mr. Muhammad Shafi Malik, the outgoing Chairman may be allowed all such retirement benefits which had been allowed to the previous Chairmen in 49th & 50th Meeting of the Board subject to the conditions that the chairman holds the post for a period of two years.

The Board fully endorsing to the proposal unanimously approved grant of all retirement/post retirement benefits to the outgoing Chairman EOBI Mr. Muhammad Shafi Malik as allowed to previous retired Chairmen of EOBI.

50. Ch. Zaheer Ahmed Taj while appreciating the hard work of the Chairman said that three years tenure of the Chairman in EOBI was the most effective, progressive period. He said that it was difficult to find such examples in government departments. Endorsing the above remarks, Mr. Nooruddin F. Daud put forward following Resolution which was unanimously adopted by the entire Board:-

"Resolution

The Board of Trustees of the Institution appreciates the contributions of Mr. Muhammad Shafi Malik as Chairman for revival of the credibility, viability and restoration of the image of the Institution. He took over as the Chief Executive at a juncture when the Institution was at the brink of collapse under the shadow of embezzlement of a huge amount and the morale of the officers and staff was at the lowest ebb. He worked with devotion and zeal to document the process of the Institution and served as a trailblazer and opened up new avenues to radically transform the Institution. He always advocated and practiced transparency and his decisions were always fair. His performance has been appreciated not only by national professionals but international experts too admired his reforms by saying that much could be done within the existing framework is being done. Under his

leadership the Institution was able to make a comprehensive turnaround. The Board of Trustees places on record its appreciation for his invaluable contribution to the Institution.”

51. The Chairman thanked all the members and said that all achievements had been possible with the cooperation and selfless commitment of this august Board.

52. The President appreciated the efforts of the Chairman and said that he made outstanding achievements and brought the Institution to the current stage where it was all set to achieve the destination on the path of excellence. He wished him a happy and prosperous long life.

53. There being no other item, the meeting ended with a vote of thanks to the Chair.

No.EOBI/BOT(72nd/2005-
Dated: March 16, 2005.

The Deputy Secretary (LW),
Ministry of Labour, Manpower and
Overseas Pakistanis,
Government of Pakistan,
ISLAMABAD.

Sub: **APPROVAL OF THE MINUTES OF 72nd MEETING OF BOT.**

Dear Sir,

Enclosed are draft minutes of the 72nd Meeting of EOBI Board of Trustees held on 10.03.2005 at EOBI Head Office, Karachi for perusal/approval of the President BOT/Secretary, Labour, Manpower & Overseas Pakistan. The approved minutes may kindly be sent to this office for further necessary action.

Regards,

Yours sincerely,

(Muhammad Hanif)

Encl: as above.