

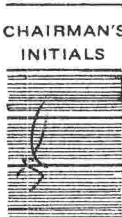
MINUTES OF 231ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME																		
MINUTE BOOK	KARACHI	18 TH DECEMBER, 2012																			
<p style="text-align: center;"><u>CONFIDENTIAL AND RESTRICTED</u></p> <p>The 231st Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Tuesday, 18th December, 2012 at 2.00 p.m. in the Board Room, State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi.</p> <p><u>PRESENT:</u></p> <table><tr><td>1. Mr. Shahid Aziz Siddiqi</td><td>Chairman</td></tr><tr><td>2. Mr. Hussain Lawai</td><td>Director</td></tr><tr><td>3. Mr. Farooq Hadi</td><td>Director</td></tr><tr><td>4. Mr. Wazir Ali Khoja</td><td>Director</td></tr><tr><td>5. Mr. Nihal Anwar</td><td>Director</td></tr><tr><td>6. Mr. Tufail Shaikh</td><td>Director</td></tr><tr><td>7. Mr. Furqan A. Shaikh</td><td>Director</td></tr></table> <p><u>LEAVE OF ABSENCE</u></p> <table><tr><td>1. Mr. Fazal Abbas Maken</td><td>Director</td></tr><tr><td>Mr. Akbarali Hussain</td><td>Secretary Board</td></tr></table> <p>2. The following officers also attended the meeting at the time of presentation and discussion of the Items of their respective Divisions:</p> <ol style="list-style-type: none">1. Mr. Mohsin S. Haqqani, Executive Director(RE/Mkt)2. Mr. Shoaib Mir, Executive Director (IT)3. Ms. Talat Waseem, Executive Director (PHS)4. Mr. Attaullah A. Rasheed, Divisional Head (Investment)/Secretary(REIC)5. Mr. Nasimul Haque, Divisional Head (Real Estate)6. Mr. Faisal Mumtaz, Divisional Head, (Actuarial/PHS) <p>3. The meeting started with recitation of verses from the Holy Quran by Mr. Furqan A. Shaikh, Director.</p> <p>ITEM (1) <u>CONFIRMATION OF MINUTES OF 230th MEETING OF THE BOARD OF DIRECTORS.</u></p> <p>4. The minutes of the 230th meeting of the Board of Directors held on 4th December, 2012 were placed before the Board.</p> <p>5. Mr. Husain Lawai, Director pointed out that in the interest of legal requirements the word seller be mentioned wherever appearing in Item No.8 of the minutes of 230th meeting of the Board of Directors and in the various minutes of the Real Estate and Investment Committee.</p> <p>6. Mr. Husain Lawai, Director proposed and Mr. Wazir Ali Khoja, Director seconded that the minutes of 230th meeting of the Board of Directors be confirmed subject to the above amendments.</p> <p>7. Accordingly, it was resolved as under:-</p> <p><u>RESOLVED:</u></p> <p>"that the Minutes of 230th meeting of Board of Directors held on 4th December, 2012 are confirmed subject to the above amendments."</p>				1. Mr. Shahid Aziz Siddiqi	Chairman	2. Mr. Hussain Lawai	Director	3. Mr. Farooq Hadi	Director	4. Mr. Wazir Ali Khoja	Director	5. Mr. Nihal Anwar	Director	6. Mr. Tufail Shaikh	Director	7. Mr. Furqan A. Shaikh	Director	1. Mr. Fazal Abbas Maken	Director	Mr. Akbarali Hussain	Secretary Board
1. Mr. Shahid Aziz Siddiqi	Chairman																				
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Mr. Akbarali Hussain	Secretary Board																				

Action:
Secretary
(REIC)/
DH(RE)

Action:
Secretary
Boards


CHAIRMAN'S
INITIALS



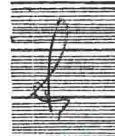
Action:
Secretary
(REIC)/
DH(RE)

Action:
Secretary
Boards

CHAIRMAN'S
INITIALS



MINUTES OF 231ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	18 TH DECEMBER, 2012	
<p>Action: F&A Secretary (BAC)</p>	<p>ITEM (2) IMPLEMENTATION REPORTS ON DECISION TAKEN IN 230TH MEETING OF BOARD HELD ON 4TH DECEMBER, 2012.</p> <p>8. Implementation report of 230th meeting of Board of Directors held on 4th December, 2012 were placed before the Board.</p> <p><u>Approval of quarterly accounts of State Life before submission to SECP</u></p> <p>9. The Board desired that the quarterly accounts of State Life should be presented before the Board after its approval by the Board Audit Committee. The accounts approved by the Board should then be submitted to SECP as is required for listed companies under good corporate governance.</p> <p><u>Purchase of Car Parking Space and Office Space in Building adjacent to State Life Building No.11, Karachi (International Business and Shopping Centre).</u></p> <p>10. ED(RE) informed the Board that the Management as directed by the Board at its 230th meeting, negotiated with the seller as to the amount of down payment and payment schedule in respect of the above project and it was agreed that a down payment of 6% i.e. Rs.76,038,480/- would be paid at the time of signing of the agreement in respect of purchase of 90,522 sq.ft. – total area of 8th and 9th floor of International Business and Shopping Centre at Rs.14,000/- per sq.ft. and the balance amount would be paid in five installments of 22%, 22%, 15%, 20% and 15% of the purchase price on completion of 12th slab, 13th and 14th slab, 15th and 16th slab, on block masonry and plaster and on possession with expected dates of 15th February, 2013, 31st May, 2013, 31st August, 2013, 31st October, 2013 and 30th November, 2013 respectively.</p> <p>11. ED(RE) further informed the Board that the total price of the car parking floor at 6th floor of International Business and Shopping Centre with a covered area of 62,400 sq.ft. at Rs.5,000/- per sq.ft. amounting to Rs.312,000,000 would be paid at the time of signing of the agreement and immediately after physical hand over of the floor.</p> <p>12. The letter dated December 10, 2012 of Seller of the Project in respect of revised payment schedule for purchase of car parking floor and two office floors (8th and 9th floor) was placed before the Board for its review by ED(RE) and Secretary(REIC)/DH(Investment).</p> <p>13. The Board of Directors reviewed the payment schedule which is placed at Appendix-A and suggested that a penalty clause as well as bonus clause for meeting the time line mentioned in the payment schedule be incorporated in the agreement to be signed for purchase of the office floors and car parking floor of the International Business and Shopping Centre, Karachi.</p> <p>14. After deliberations, the Board resolved as under:</p> <p>RESOLVED:</p> <p>"that ED(RE), DH(RE) and DH(Investment) are authorized to get all the legal documents including the land ownership documents, agreement between the owner and the seller of the project, vetted by an independent lawyer before execution and signing of the agreement and payment there against.</p>		
	<p>CHAIRMAN'S INITIALS</p> 		
<p>Action: Real Estate Investment LegalAffairs F&A</p>			

MINUTES OF 231ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	18 TH DECEMBER, 2012	
<p>Action: Real Estate Investment LegalAffairs F&A</p> <p>Action: Secretary (REIC) DH(Inv)</p>	<p>"that penalty clause and bonus clause for meeting the time line mentioned in the payment schedule given above be incorporated in the agreement to be signed for purchase of the office floors and car parking floor of the International Business and Shopping Centre, Karachi."</p> <p><u>Settlement Package of First Dawood Investment Bank</u></p> <p>15. DH(Investment) informed the Board that the approval of the settlement package with First Dawood Investment Bank in respect of amount of Rs. 100 million outstanding against COIs of First Dawood Investment Bank Ltd together with interest thereon at 17% per annum has been communicated to Karachi Centre for Dispute Resolution and a draft agreement to be signed between First Dawood Investment Bank Ltd and State Life has received which has been sent for vetting to Mr.Sultan Allana, Advocate. The agreement after clearance by the State Life Advocate would be finalized and signed between First Dawood Investment Bank Ltd and State Life and filed in the High Court which would issue a decree. The settlement agreement ensures immediate payment of Rs.20 million by First Dawood Investment Bank Ltd on the date of the signing of the agreement.</p> <p>16. Subject to the above, the implementation report was noted by the Board.</p> <p>ITEM (3) FORMAL INQUIRY REPORT TO INVESTIGATE AND BRING THE FACTS ON RECORD AND FIX RESPONSIBILITY ON THE OFFICIALS FOR NOT MAKING ANY PROVISION OF PENSION LIABILITY IN THE ACCOUNTS OF STATE LIFE.</p> <p>17. Executive Director (PHS) presented before the Board, a Formal Inquiry Report for investigation and bringing the facts on record and fix responsibility on the officials for not making any provision of Pension Liability in the Accounts of State Life.</p> <p>Background</p> <p>18. In the year 2001, the Board of Directors introduced a new compensation package for the officers of SLIC by simultaneously introducing the concept of frozen pension and payment of gratuity and provident fund contribution on behalf of Corporation. Till that time, the fringe benefits payable at retirement was governed by the following:</p> <ul style="list-style-type: none"> i. State Life Employees Pension Regulations, 1986 ii. State Life Employees (Pension & Gratuity) Rules, 1984 iii. State Life Employees (General Provident Fund) Regulations, 1975 <p>19. Under the revised structure, employees had to forego their existing pension which was based on the basic salary at the time of their retirement against the revised pay structure. The option was exercised by the majority of the officers. This whole procedure was approved in the 159th meeting of the Board of Directors which was held on 26th January 2001.</p> <p>20. The amendments in the pension framework were later challenged by some retirees in Lahore High Court which gave the decision in their favor in 2009. Subsequently, that decision was also upheld by Supreme Court in their judgment in 2011.</p>		

CHAIRMAN'S INITIALS



MINUTES OF 231ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	18 TH DECEMBER, 2012	
<p>21. In March 2012, the Board of Directors in their 223rd meeting directed the Management to implement the decision of Lahore High Court and make payments to the retired officers on the basis of State Life Employees' Pension Regulations 1986.</p> <p>22. Owing to the financial implications, Board considered it to be a serious lapse and enquired why provision was not made for such financial implications. Consequently, it suggested that an inquiry to be carried out in order to fix the responsibility for such lapse on those who were responsible.</p> <p>Findings:</p> <p>23. As per the directives of Board of Directors dated 24/10/2012, ED (PHS) was appointed as Enquiry Officer to investigate the matter relating to the non-provision of pension liability and to fix the responsibility on the officials for the lapse in this regard.</p> <p>24. To examine the matter, obtaining of records was the first step. As P&GS is the sole custodian of such records, thus it was requested accordingly to provide all the records including the day to day record and relevant note sheets whereby the whole process of pension freezing was initiated and subsequently approved by the Management. However, significant portion of initial data was not available and thus the undersigned had to rely on the portion provided by P&GS Division exclusively relating to the matter of non-provisioning of the financial impact.</p> <p>25. According to the views of the Board, the lapse caused in the whole issue basically points towards the negligence of F&A and Legal Affairs Division in handling such matter. However, as per enquiry officer the role of P&GS Division can also not be ignored thus the preliminary report covers all the three stakeholders, i.e. F&A, P&GS and Legal Affairs Division.</p> <p>26. Under the existing accounting regulations, there is no mandatory requirement on the part of insurer to make provision of cases/law suits that are either pending in the court as well as in progress. This practice is in vogue in all over the life insurance industry. Had it not been the practice, then the insurer had to make all the provisions for such legal suits and resultantly had to announce their bonus after reducing it with such figures. In other words, the profitability of the company would be considered to be dependent on the number of legal cases which the company had it on their books irrespective of their fate. It is also a well-known fact that on average commercial legal cases takes more than 5 years to settle. Thus, in case such provision is allowed in accounts, then the companies had to make provision for such cases for more than 5 years meaning announcement of artificially reduced surplus for their policyholders and then suddenly a rise in surplus in case the suit is decided in the favor of the company. Due to this feature such practice is not covered in the Accounting rules.</p> <p>27. At present, SLIC has more than 1500 legal cases that are in the course of legal pursuit. Adopting a strategy of making provisions means SLIC has to make provisions for such cases for indefinite period till the decision of the court and till that time had to reduce balance of surplus accordingly. In other words, reducing the surplus by such provisions means restricting the policyholders by depriving them from their right share of surplus.</p>			

CHAIRMAN'S
INITIALS

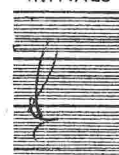

MINUTES OF 231ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	18 TH DECEMBER, 2012	
	<p>28. Another notable thing is the role of statutory auditors who play an important role towards the reporting of contingent liability and subsequently their reserve creation. Generally every year SLIC provides them with the list of their legal suits and cases. However, the statutory auditors have never given an advice in writing to make provision of their cases. Thus, there is also not a basis in Accounts as well as advice from the statutory auditors with regards to the provisioning of such items.</p> <p>29. In view of above, the enquiry officer is compelled to say that in the instant case, the responsibility cannot be fixed either on F&A Division or Legal Affairs Division since there was no concrete policy either approved by the Board or anything that was mentioned in the Accounting regulations which require corporation to make provision for such items. Apart from that the procedure for no-provisioning of such items also never attracted the observation of auditors in the past.</p> <p>30. Board of Directors did not agree with the statement in the inquiry report that under the existing accounting regulations, there is no mandatory requirement on the part of insurer to make provision of cases/law suits that are either pending in the court as well as in progress. This practice is in vogue in all over the life insurance industry. The Board felt that the High Court and Supreme Court had already decided the case and as such the liability arising therefrom should have been provided in the books of account.</p> <p>31. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that the inquiry underway should continue to its logical conclusion identifying those accountable for the above lapse to ensure that there is no repetition in future."</p> <p>ITEM (4) BUSINESS REVIEW OF MARKETING, GROUP & PENSION AND INVESTMENT DIVISIONS FOR THE PERIOD UPTO 30TH NOVEMBER, 2012.</p> <p>32. The business review of Marketing, Group & Pension and Investment Divisions for and upto the period ended on 30th November, 2012 were placed before the Board which was noted.</p> <p>33. ED(G&P) presented before the Board business review of G&P Division for and upto the month of November, 2012 during which G&P Division collected a total premium of Rs.6,515.986 million as against Rs.3,888.778 million for corresponding period of last year showing an increase of 67.56%. The number of new policies sold so far during the year 2012 is 165 as against 157 during the year 2011.</p> <p>34. ED(Marketing) presented before the Board business review of Pakistan Business for and upto the month of November, 2012 during which State Life secured First Year Premium of Rs.9,273,349 million as against Rs.8,021,931 million collected during the corresponding period of 2011 registering an increase of 15.6%.</p>		

Action:
ED(PHS)

Action:
G&P
Marketing
Investment

CHAIRMAN'S
INITIALS



MINUTES OF 231ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	18 TH DECEMBER, 2012	
<p>35. DH(Marketing) informed the Board that the forecast upto the month of November, 2012 was Rs.10,829 million and the Corporation achieved 85.63% of the forecast. Karachi Eastern Zone, Gujranwala, Swat, Mirpur(Azad Kashmir) and Islamabad Zones have achieved 98.96%, 95.96%, 93.02%, 92.56% and 92.02% of the target respectively in respect of First Year Premium</p> <p>36. Gulf Zone has secured first year premium of US\$:3,643,444 for and upto the month of November, 2012 as against US\$:3,128,441 during the corresponding period of 2011 registering an increase of 16%. The second year persistency upto November, 2012 was 55.49% as against 55.89% during the corresponding period of last year. The third and later year persistency for and upto the month of November, 2012 was 84.70% as against 95.73% during the corresponding period of last year.</p> <p>37. DH(Investment) presented before the Board business review of investment portfolio of the Corporation for and upto the month of November, 2012. The book value of investment portfolio net of provision which was Rs.275,389 million as on 31-12-2011 has increased to Rs.311,195 as on November, 2012 showing an increase of Rs.36,085 million and a percentage increase of 13.12%. The investment in Government securities, corporate debts, equities, bank deposits, investment property and loans to policyholders were Rs.234,950 million, Rs.3,343 million, Rs.28,775 million, Rs.17,376 million, Rs.2,930 million and Rs.24,100 million respectively. The investment in government securities constitutes 75.43% of the total portfolio of State Life.</p> <p>38. State Life earned investment income of Rs.31,175 million from Jan 2012 to November 2012 on its investment portfolio as compared to Rs.27,434 million earned during the same period of the previous year. The book value of delisted, unquoted and subsidiary companies are Rs.61,773,377, 1,094,060,820 and Rs.241,610,473 respectively. State Life purchased shares with a book value of Rs.1,989.636 million for the period under review. State Life sold shares with a book value of Rs.360.448 million for Rs.690.735 million realizing capital gain of Rs.330.287 million during this period under review. The capital gain amounting to Rs.47.392 million was realized from the proceeds of NIT EMOF Units, thus making total capital gain of Rs.377.679 million. The book value of quoted equity portfolio stood at Rs.27,377 million while its market value was Rs.63,443 million showing an appreciation of Rs.36,065 million as on November 30, 2012. From January to November, 2012, the Corporation has purchased PIBs worth Rs.61,200 million at a cost of Rs.59,873 million from auction announced by State Bank of Pakistan.</p> <p>39. The Board also directed that State Life Management should look into the possibility of investment in Treasury Bills also in addition to long term PIBs in the wake of falling discount rates which would enable State Life to take advantage of subsequent increase in discount rates in future.</p> <p>40. The Board appreciated the excellent work being done by Marketing, Investment and Group & Pension Divisions resulting in increase in income of State Life for the year 2012.</p> <p>ITEM (5) RETIREMENT OF FIELD PERSONNEL/RELAXATION OF CONDITIONS TO QUALIFY FOR.</p> <p>41. Executive Director (Marketing) presented before the Board, a Memorandum</p>			

CHAIRMAN'S
INITIALS


MINUTES OF 231ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	18 TH DECEMBER, 2012	
	<p>dated 12-12-2012 regarding retirement of field personnel/relaxation of conditions to qualify for.</p> <p>42. The association of field workers is governed under provisions of "13th July 2002 Office Order", as approved by the Board in its 167th meeting held on 13th July 2002.</p> <p>43. According to the Item No.23 of said order, a field worker may apply for retirement if he has fulfilled all the following conditions:</p> <p>i) He has reached the age of 60, and has been a successful field worker with the Corporation for the previous 3 consecutive calendar years if he is retiring as a Sales Representative, or for the previous 6 consecutive calendar years if he is retiring as a Sales Officer, or for the previous 8 consecutive calendar years if he is retiring as Sales Manager. OR He has not reached the age of 60, but has been a successful field worker with the Corporation for the previous 10 consecutive calendar years.</p> <p>ii) If he is a Sales Executive, Senior Sales Representative or Sales Representative, his renewal commission in the immediately preceding calendar year in respect of third and later policy years was at least Rs 5,000/-.</p> <p>If he is a Sales Manager or Sales Officer, his renewal over-riding commission in the immediate preceding calendar year in respect of third and later policy years was at least Rs 3,000/-.</p> <p>iii) He does not wish to do any more new business.</p> <p>iv) Upon retirement if found eligible, the worker is allowed to draw his renewal commissions/over-riding commissions, so long as the amount payable remains at least Rs 1,000/- per annum.</p> <p>44. A discussion was held between management and the field representatives during October 2012. It was notified that most of the senior field workers are adversely affected by the conditions due to their inactivity for any reason, especially on health grounds, in the year preceding the year of applying for retirement.</p> <p>45. In order to facilitate the senior field workers and female field workers, Marketing Division intends to relax the conditions on the following lines, on the requests submitted by field workers from 1st January 2013, onwards:-</p> <p>a) Female field workers will be allowed to apply for retirement after having completed five (5) successful years of association from the date of joining State Life. And</p> <p>b) The field workers having completed atleast 20 years' association from the date of joining will be allowed to be retired on request without any qualifying condition.</p> <p>No additional financial implications are involved.</p> <p>46. The Board is requested to kindly approve sub-Paragraphs a) & b) of Para-4 of the Memorandum.</p>		

CHAIRMAN'S
INITIALS


MINUTES OF 231ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	18 TH DECEMBER, 2012	
<p>47. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that the following recommendation of ED(Marketing) in respect of relaxation of conditions for retirement of field personnel is hereby approved with effect from 1st January, 2013 onwards:-</p> <p>a) Female field workers will be allowed to apply for retirement after having completed five (5) successful years of association from the date of joining State Life. And</p> <p>b) The field workers having completed atleast 20 years' association from the date of joining will be allowed to be retired on request without any qualifying condition."</p> <p>ITEM (6) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</p> <p>(I) POST FACTO APPROVAL OF OUTDOOR PUBLICITY BY M/S. ADVER TOOLS.</p> <p>48. Assistant General Manager(Corporate Communication) presented before the Board, a Memorandum dated 2nd November, 2012 regarding post facto approval of outdoor publicity by M/s. Adver Tools.</p> <p>49. Outdoor advertising is one of the very potent tools for advertising promotions; it can be of any kind of services and consumer goods etc. From time to time; Marketing Division recommends the variety of advertising suggestions, with an intention to get the maximum positive results and to fulfill the corporate business targets.</p> <p>50. M/s. Adver Tools is already on our panel and all the rules and regulations were followed for the selection procedure of this outdoor agency. In awarding the contract to M/s. Adver Tools; all the criterion including the competitive bidding process were followed. The campaign contract was awarded to the owner of the site's right holder and quality lowest bidder.</p> <p>51. As per rules, the Hon. Chairman's financial power is capped at Rs. 5 (five) million. The past financial approval of the proposal by M/s. Adver Tools; was done on an instantaneous grounds, as it was recommended and desired by the Marketing Division to initiate the outdoor advertising campaign. On that urgent need; the competent authority approved that campaign based on justified bidding, the competent authority was empowered to acclaim an amount between 5 to 10 million. The total quarterly cost (for three months) is Rs.6,844,000/- (incl. 16% GST). Corporate Communication Department will need the post facto financial approval of Rs.1,844,000/- from the Board of Directors.</p> <p>52. It is therefore proposed that the outdoor promotions of these four (4) hoardings be approved. The excess amount of Rs.1,844,000/- will be submitted to the Board for ex-post facto approval.</p> <p>53. Accordingly, the Board resolved as under:</p>			

CHAIRMAN'S
INITIALS


MINUTES OF 231ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	18 TH DECEMBER, 2012	

Action:
ED(Mkt)
DH(Mkt)
DH(F&A)
DGM(CCD)

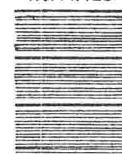
RESOLVED:

"that post facto approval is hereby given to the recommendation of AGM(CCD) at the request of Marketing Division for initiation for outdoor advertising campaign to award contract to M/s. Adver Tools already on the panel of State Life being the owner of the site's right holder and lowest bidder subject to adherence to rules and regulations of the laid down selection procedure of outdoor agency at a total quarterly cost of Rs.6,884,000/- (including 16% GST)."


54. The meeting ended with vote of thanks to the chair.


(CHAIRMAN)

CHAIRMAN'S
INITIALS



MINUTES OF 231ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	18 TH DECEMBER, 2012	
<p style="text-align: center;"><u>Appendix-A</u></p> <p style="text-align: center;">Payment schedule for purchase of car parking floor and two office floors in International Business and Shopping Centre, Karachi.</p> <p>The payment schedule will be as follows:-</p> <p>a) Gross area of 2nd Car Parking Floor at 6th Floor of IBSC. = 62,400 sq.ft.</p> <p>Total price of the Parking Floor of IBSC = Rs.312,000,000 (62,400 x Rs.5000/-) At the time of signing the agreement & Physical handover of The floor.</p> <p>i) Total area of 8th & 9th Office floors of IBSC. = Rs.90,522 sq.ft.</p> <p>ii) Total price of two Office floors of IBSC = Rs.1,267,308,000/- (90,522 x Rs.14000/-)</p> <p>1st payment(6%) = Rs.76,038,480/- At the time of signing of the agreement.</p> <p>2nd payment(22%) = Rs.278,807,760/- On the completion of 12th slab. Expected date 15th February, 2013.</p> <p>3rd payment(22%) = Rs.278,807,760/- On the completion of 13th and 14th slab. Expected date 31st May, 2013.</p> <p>4th payment(15%) = Rs.190,096,200/- On the completion of 15th and 16th slab. Expected date 31st August, 2013.</p> <p>5th payment(20%) = Rs.253,461,600/- On block masonry and plaster. Expected date 31st October, 2013.</p> <p>6th payment(15%) = Rs.190,096,200/- On possession. Expected date 30th November, 2013.</p>			
<p style="text-align: right;">CHAIRMAN'S INITIALS</p> 			

MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

FACTORS	HELD AT	ON	TIME
ITE BOOK	KARACHI	4 TH DECEMBER, 2012	

CONFIDENTIAL AND RESTRICTED

The 230th Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Tuesday, 4th December, 2012 at 11.00 a.m. in the Board Room, State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi.

PRESENT:

- | | |
|----------------------------|----------|
| 1. Mr. Shahid Aziz Siddiqi | Chairman |
| 2. Mr. Hussain Lawai | Director |
| 3. Mr. Farooq Hadi | Director |
| 4. Mr. Wazir Ali Khoja | Director |
| 5. Mr. Nihal Anwar | Director |
| 6. Mr. Tufail Shaikh | Director |
| 7. Mr. Furqan A. Shaikh | Director |

LEAVE OF ABSENCE

- | | |
|--------------------------|-----------------|
| 1. Mr. Fazal Abbas Maken | Director |
| Mr. Akbarali Hussain | Secretary Board |

2. Justice (Retd) Zafar Ahmad Khan Sherwani, Director, Karachi Centre for Dispute Resolution alongwith Mr. Adnan Mufti attended the meeting of the Board of Directors by invitation at the time of discussion of Memorandum on settlement package of First Dawood Investment Bank relating to COIs worth Rs.100 million.

3. The following officers also attended the meeting at the time of presentation and discussion of the Items of their respective Divisions:

1. Mr. Mohsin S. Haqqani, Executive Director(RE)
2. Mr. Abdul Hafeez Shaikh, Executive Director(P&GS)
3. Mr. Shoaib Mir, Executive Director (IT/F&A)
4. Ms. Talat Waseem, Executive Director (PHS)
5. Mr. Attaullah A. Rasheed, Divisional Head (Investment)/Secretary(REIC)
6. Mr. Nasimul Haque, Divisional Head (Real Estate)
7. Mr. Faisal Mumtaz, Divisional Head, (Actuarial/PHS)

4. The meeting started with recitation of verses from the Holy Quran by Mr. Furqan A. Shaikh, Director.

**ITEM (1) CONFIRMATION OF MINUTES OF 229th
MEETING OF THE BOARD OF DIRECTORS.**

5. The minutes of the 229th meeting of the Board of Directors held on 15th October, 2012 were placed before the Board.

6. The Board of Directors directed that every page of the Memorandum including the Annexures should be serially numbered and State Life Insurance Corporation and the name of the individual Director to whom the Memorandum is being sent should be water marked on each page.

Item No.3 of 228th meeting of the Board of Directors – Consideration and approval of minutes of 44th meeting of Board Audit Committee held on 30-04-2012.

Action:
All EDs
All DHs

CHAIRMAN'S
INITIALS




MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	
<p>Action: Secretary Board</p>	<p>7. Line 1 and 2 of Para-5 of the minutes of 229th of the Board of Directors held on 15th October, 2012 should have read as follows:</p> <p>Mr. Husain Lawai pointed out that there is a typographical error in para-12 of the minutes which should be reworded as follows:-</p> <p>8. Mr. Farooq Hadi, Director proposed and Mr. Furqan A. Shaikh, Director seconded that the minutes of 229th meeting of the Board of Directors be confirmed subject to above amendment.</p> <p>9. Accordingly, it was resolved as under:-</p> <p>RESOLVED: "that the Minutes of 229th meeting of Board of Directors held on 15th October, 2012 are confirmed subject to above amendment."</p> <p>ITEM (2) IMPLEMENTATION REPORTS ON DECISION TAKEN IN 229TH MEETING OF BOARD HELD ON 15TH OCTOBER, 2012.</p> <p>10. Implementation report of 229th meeting of Board of Directors held on 15th October, 2012 were placed before the Board which were noted.</p> <p>11. The Chairman informed the Board that the manual of delegation of financial powers would be submitted in the next meeting of the Board of Directors.</p> <p>12. The Board desired that the report of the formal inquiry to fix responsibility of the executives and staff responsible for not making any provision of pension liability in the accounts of State Life to be carried out by Ms. Talat Waseem, ED(PHS) be submitted in the next meeting of the Board. ED(P&GS) Mr. Abdul Hafeez Shaikh was requested by the Board to ensure that P&GS Division provided all the relevant records asked for by ED(PHS) so that the inquiry process can be completed and report finalized.</p> <p>ITEM (3) CONSIDERATION AND APPROVAL OF MINUTES OF 45TH MEETING OF BOARD AUDIT COMMITTEE HELD ON 17-09-2012.</p> <p>13. The minutes of the 45th meeting of Board Audit Committee held on 17th September, 2012 were presented before the Board of Directors for consideration and approval of decisions/recommendations made by the Committee. A copy of the minutes duly signed by the Chairman (BAC) is placed at Annexure-A to the Minutes.</p> <p>14. The Chairman informed the Board that during his tenure of office the yield on investments in UAE has increased from 5.39% in 2008 to 7.24% of the investment portfolio which has increased from US\$:32 million in 2008 to US\$:62 million.</p> <p>15. The Board appreciated the above performance and desired that the possibility of appointment of good investment advisor be looked into and diversification of investment portfolio be examined to avoid concentration of risk in any particular scrip of investment without foregoing the yield on investment.</p>		
	<p>Action: DH(F&A) ED(F&A)</p> <p>Action: DH(P&GS) ED(P&GS) ED(PHS)</p> <p>Action: DH(Inv)</p>		

CHAIRMAN'S
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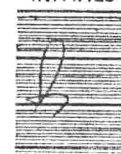

MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	
Action: Secretary (BAC)/ DH(IA&C)	16. Accordingly, the Board resolved as under:		
	RESOLVED: "that the minutes of 45 th meeting of Board Audit Committee held on 17 th September, 2012 together with observations/recommendations are confirmed."		
	ITEM (4) SETTLEMENT PACKAGE OF FIRST DAWOOD INVESTMENT BANK.		
	17. Divisional Head (Investment) presented before the Board, a Memorandum dated 29-11-2012 for consideration and approval of settlement package of First Dawood Investment Bank.		
	18. The Real Estate and Investment Committee's 26 th meeting held on 21 st November 2012 deliberated on revised valuation of the settlement package offered to State Life by FDIBL through KCDR with respect to settle default on redeeming its COIs worth of Rs 100 million along with accrued interest thereon and directed to place its recommendation before Board of Directors for consideration and approval.		
	BACKGROUND		
	19. On request of First Dawood Investment Bank, Investment Committee approved placement of Rs.100 mn in COIs of FDIBL @ 17% p.a. for a period of three months. The bank was rated "A" by PACRA at the time of investment. The funds were placed on 8 th October 2008. On 9 th January 2009, the bank approached with a request to rollover the entire amount i.e. Principal plus accrued interest for another three months at the same rate. The request was approved by Investment Committee subject to meeting following conditions:		
	a- FDIBL will pay the interest accrued from 12 th Oct 2008 to 12 th Jan 2009, immediately.		
	b- Rollover of principal i.e. Rs.100 mn for another three months @ 17% p.a. Effective from 12 th January 2009.		
	c- The total amount, Principal plus interest thereon will be payable on declining balance within the next three months starting from 12 th February 2009.		
	20. A cheque of Rs 4,378,082 was received on 24 th January 2009 from FDIBL as markup on Rs.100 mn accrued from 12 th Oct 2008 to 11 th Jan 2009.		
	21. DH(Investment) mentioned that a request for further rescheduling received from the Bank on 21 st January 2009 was considered and conditionally approved rollover by the Investment Committee in its meeting held on 28 th January 2009 for another six months at the same rate and to be paid in six equal monthly installments including of markup keeping in view liquidity problems faced by the banking industry as a whole and by the Bank in particular. However, on 4 th		
	CHAIRMAN'S INITIALS 		

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INITIALS


MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS


DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	
<p>February 2009, the Bank again requested for fresh rescheduling instead of paying the first installment due on 12th February 2009. While the matter was still under deliberation of Investment Committee, the Bank again approached with a fresh proposal for full and final settlement of loan by offering TFCs of Bunnys Ltd., Pak Hye Oil Ltd., Gharibwal Cement Ltd., and Three Star Hosiery. Investment Committee rejected all the TFCs as none of them were fulfilling investment criteria of the Corporation. Various meetings held between State Life and FDIBL concluded without any positive results. Consequently, Investment Committee in its meeting held on 15th May 2009 decided to initiate legal action against the bank for recovery of loan and accordingly a Court case was filed on 19th December 2009 against the bank. There have been two hearings so far. Statements of both the parties have been recorded. It is to be noted that the FDIBL had categorically accepted its liabilities to State Life for Principal payment of Rs.100 mn and mark up accrued so far @ 17% p.a. The case is to be proceeded for arguments in the next hearing to be held in the month of December 2012.</p> <p>22. DH(Investment) further stated that In an attempt to reach an out of court settlement the Bank approached State Life offering management control in Dawood Family Takaful through sale of =11.5= mn shares of the company valued at Rs.94.270 million alongwith two Directorship in the company coupling with equity injection of Rs.250 million under strategic alliance agreement or =11.5= mn of preferred shares FDIBL or combination of both. However, the Board in its 220th meeting held on 30th May 2011 rejected the proposal and advised for valuation of Dawood Family Takaful. Valuation was carried out by M/s. Riaz & Company, Chartered Accountants, which valued shares of the company in a range of Rs.1.00 to Rs.1.50 per share making the proposition unviable for further consideration. It was also directed by the Board to seek legal opinion on the subject. The legal opinion also was sought from our counsel Mr. Sultan A. Allana through our Legal Affairs Division. The opinion of the Advocate is summarized as under:</p> <ul style="list-style-type: none"> a) State Life has a good/Strong case in its favor. b) After vacation the case will come up for arguments in August or September. c) State Life can recover the amount through Execution Application in case of decision in its favor. For that purpose assets of the bank are to be supplied to the court. <p>23. The Lawyer has not mentioned the legal recourse available for the parties in case they lose the case at the level of High Court. The losing party can file a case in the Supreme Court of Pakistan.</p> <p>24. Considering the possible delay in settlement of dispute through legal means, State Life decided to take another initiative in collaboration with KCDR to reach out of court settlement under the assumptions that a decree from High Court may take a long time and can be challenged in Supreme Court leading to further dragging of case, second that even a decree by the court in favor of State Life stands little chance in recovering the claimed amount due to non-existence of quality assets on the Balance Sheet of the Company. The offer of First Dawood</p>			

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MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS


DIRECTORS	HELD AT	ON	TIME										
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012											
<p>Investment Bank Limited was as follows:</p> <table><tr><td></td><td>(Rs. In Mn)</td></tr><tr><td>Upfront Cash payment</td><td>Rs. 20.00</td></tr><tr><td>Residential Flat at price of</td><td>Rs. 4.50</td></tr><tr><td>Share of Burj Bank (8.4 mn @ Rs 10 each)</td><td>Rs. 84.00</td></tr><tr><td>Total</td><td>Rs. 108.50</td></tr></table>					(Rs. In Mn)	Upfront Cash payment	Rs. 20.00	Residential Flat at price of	Rs. 4.50	Share of Burj Bank (8.4 mn @ Rs 10 each)	Rs. 84.00	Total	Rs. 108.50
	(Rs. In Mn)												
Upfront Cash payment	Rs. 20.00												
Residential Flat at price of	Rs. 4.50												
Share of Burj Bank (8.4 mn @ Rs 10 each)	Rs. 84.00												
Total	Rs. 108.50												
<p>25. The matter was placed before Real Estate and Investment Committee, in its meeting held on 12th August 2012 for consideration. The committee, after due deliberation resolved as under:</p> <p>"To appoint External Auditors for carrying out due diligence of Burj Bank as well as to have their opinions on size of likely provision of Principle and waiving off of Interest Income in the light of International Accounting Standard and State Life's Internal Accounting Policy and subsequently to present the settlement package containing findings and recommendations of auditors a freshly before the Board for reconsideration."</p> <p>26. In compliance to the directive of REIC, State Life appointed M/s. Anjum Asim Shahid Rahman, Chartered Accountants firm to carry out assignment under agreed upon procedures in respect of fair valuation of settlement package – COIs of FDIBL.</p> <p>27. M/s. Anjum Asim Shahid Rahman, Chartered Accountants submitted their report on September 15, 2012, according to which the estimated value of the package appeared as under:</p> <table><tr><td></td><td>(Rs. In Mn)</td></tr><tr><td>Upfront cash payment</td><td>Rs 20.00</td></tr><tr><td>Fair Value of Flat of CP Berar Society</td><td>Rs 4.50</td></tr><tr><td>Shares of Burj Bank (8,400,000 @ 7.925)</td><td>Rs 66.57</td></tr><tr><td>Total Estimated Value</td><td>Rs 91.07</td></tr></table> <p>28. DH(Investment) informed that if the settlement was exercised on proposed valuation than State Life would be required to write off and waived out Rs 61,619,178 and Rs 8,930,00 respectively, totaling to Rs 70,549,178. This will also lead to reversal of provision of Rs 50,000,000 in respect of diminution in value of Investment as the same has already been approved by Board of Directors in the year 2011. Reversal of the provision will increase Profitability of the Corporation by Rs 41,071,721 in the year 2012.</p> <p>29. The observations of REIC that Rs 70.54 million is considerably a large amount and needs bridging before presenting the same to the Board of consideration was communicated to Director KCDR vide our letter 3rd October, 2012.</p> <p>30. A meeting with KCDR was held on 8th November 2012 in their office to deliberation per share breakup value of Burj Bank; which external auditors had worked out Rs 7.925 and Rs 7.94 with and without accounting surplus.</p>					(Rs. In Mn)	Upfront cash payment	Rs 20.00	Fair Value of Flat of CP Berar Society	Rs 4.50	Shares of Burj Bank (8,400,000 @ 7.925)	Rs 66.57	Total Estimated Value	Rs 91.07
	(Rs. In Mn)												
Upfront cash payment	Rs 20.00												
Fair Value of Flat of CP Berar Society	Rs 4.50												
Shares of Burj Bank (8,400,000 @ 7.925)	Rs 66.57												
Total Estimated Value	Rs 91.07												

CHAIRMAN'S INITIALS




CHAIRMAN'S
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MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME														
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012															
<p>31. KCDR referred the two cases [1] Saudi Pak Leasing Company, who have sold their 1,333,333 shares of Burj Bank Limited to KASB Assets Allocation Fund @ 10/- and [2] Allied Bank accepted 13,500,000 Burj Bank Shares at Rs 10/- as part of the settlement of their dues. As a consequence, D.H (F&A) in their letter # DH/F&A/INV/2012 dated 14th November 2012 addressed to M/s. Anjum Asim Shahid Rahman, Chartered Accountants asked to re-examine the valuation of Burj Bank's shares. The Auditors in their Report dated 20th November 2012 have agreed to the revised valuation of Burj Bank shares at Rs 10/- each.</p> <p>32. With the upward revision of value of Burj Bank's shares from Rs 7.925 to Rs 10 per share, the amount of waiver of mark up income reduce to Rs 53.119 million from Rs 61.619 million.</p> <p>33. A provision of Rs 50 million was made in the accounts for the year ended December 31, 2011 with the approval of Board of Directors which will also be written back. Keeping in view the adverse financial conditions of the company in question and since most claimant companies have already settled with FDIBL out of the Court, the Committee recommended to accept the offer which has been received of FDIBL through KCDR.</p> <p>34. In compliance to decision of REIC the matter is place before Board of Directors for the consideration and approval of the settlement package as recommended by Real Estate Investment Committee in its 26th meeting held on 21st November 2012.</p> <p>35. In case, the Board approves the proposed Settlement Package, than State Life wil be required to pursue following procedure:</p> <p>"Legally the approved settlement would be formally reduced in writing at KCDR which will be signed by the competent and nominated persons from both the sides in presence of Mediators in the form of settlement Agreement. Then an application under Order 23 CPC will be filed in the High Court, (where the suit between the parties relating to the dispute is pending) jointly by the parties and their advocates along with the original signed settlement deed for passing a decree in terms of the settlement deed. The court will finally pass an order on the application under Order 23 CPC with the consent of the parties and their advocates accordingly and the suit will be decreed in terms of settlement deed with no order to the costs."</p> <p><u>Recommendation</u></p> <p>36. The matter is placed before Board of Directors for consideration and approval of the settlement package stated as under:</p> <table><tr><td></td><td>(Rs. In Mn)</td></tr><tr><td>Interest received</td><td>Rs. 4.378</td></tr><tr><td>Upfront Cash payment</td><td>Rs. 20.00</td></tr><tr><td>Residential Flat at price of</td><td>Rs. 4.50</td></tr><tr><td>Share of Burj Bank (8.4 mn @ Rs 10 each)</td><td>Rs. 84.00</td></tr><tr><td>Settlement Amount</td><td>Rs. 108.50</td></tr><tr><td>Total</td><td>Rs. 112.878</td></tr></table>					(Rs. In Mn)	Interest received	Rs. 4.378	Upfront Cash payment	Rs. 20.00	Residential Flat at price of	Rs. 4.50	Share of Burj Bank (8.4 mn @ Rs 10 each)	Rs. 84.00	Settlement Amount	Rs. 108.50	Total	Rs. 112.878
	(Rs. In Mn)																
Interest received	Rs. 4.378																
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Residential Flat at price of	Rs. 4.50																
Share of Burj Bank (8.4 mn @ Rs 10 each)	Rs. 84.00																
Settlement Amount	Rs. 108.50																
Total	Rs. 112.878																
<div style="text-align: right;">CHAIRMAN'S INITIALS</div> 																	

MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME														
INUTE BOOK	KARACHI	4 TH DECEMBER, 2012															
	<p>37. The above settlement package is subject to waiver of interest amount Rs. 53.119 million not appearing in the books of accounts of the Corporation. It was further proposed that in future no dealing will be carried out with FDIBL or any of directors of the company.</p> <p>38. Justice (Retd) Zafar Ahmad Khan Sherwani, Director, Karachi Centre for Dispute Resolution alongwith Mr. Adnan Mufti attended the meeting of the Board of Directors and informed them as to the functions of KCDR relating to Mediation process and the implementation of the settlement reached between the parties in dispute. The Board was informed that KCDR is recognized by the Sindh High Court, State Bank of Pakistan and the Law Division and that the compromise settlement reached is legally binding on both the parties. The settlement is signed and decreed in the High Court. The settlement package will ensure immediate deposit of the agreed amount, transfer of shares of Burj Bank and transfer of vacant property voluntary offered by First Dawood Investment Bank.</p> <p>39. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that the recommendation of the Real Estate and Investment Committee on the proposal of DH(Investment) the following settlement package in respect of outstanding COIs of Rs.100 million alongwith accrued interest thereon is hereby approved:-</p> <table><tr><td></td><td>(Rs. In Mn)</td></tr><tr><td>Interest received</td><td>Rs. <u>4.378</u></td></tr><tr><td>Upfront Cash payment</td><td>Rs. 20.00</td></tr><tr><td>Residential Flat at price of</td><td>Rs. 4.50</td></tr><tr><td>Share of Burj Bank (8.4 mn @ Rs 10 each)</td><td><u>Rs. 84.00</u></td></tr><tr><td>Settlement Amount</td><td><u>Rs.108.50</u></td></tr><tr><td>Total</td><td><u>Rs.112.878</u></td></tr></table> <p>"that as recommended by Real Estate and Investment Committee the waiver of outstanding interest income of Rs.53.119 million appearing in the Memorandum records of Investment Division is hereby approved."</p> <p>"that the recommendation of REIC that in future no dealing will be carried out with First Dawood Investment Bank Ltd or any of the Directors of the company is hereby approved."</p> <p>"that the recommendation of DH(Investment) that the provision of Rs.50 million made in the books of account of State Life for the year ended December 31, 2011 be written back is hereby approved."</p> <p>"that the Chairman State Life and DH(Investment) be and are hereby authorized to take all necessary steps and sign all documents pertaining to the implementation and performance of the above approved settlement package received from First Dawood Investment Bank through Karachi Centre for Dispute Resolution(KCDR) in the presence of Mediators and to</p>				(Rs. In Mn)	Interest received	Rs. <u>4.378</u>	Upfront Cash payment	Rs. 20.00	Residential Flat at price of	Rs. 4.50	Share of Burj Bank (8.4 mn @ Rs 10 each)	<u>Rs. 84.00</u>	Settlement Amount	<u>Rs.108.50</u>	Total	<u>Rs.112.878</u>
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Settlement Amount	<u>Rs.108.50</u>																
Total	<u>Rs.112.878</u>																
Action: Secretary (REIC)/ DH(Inv) DH(RE)	<div>CHAIRMAN'S INITIALS</div> 																

MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	

do all others incidental and ancillary acts, things and deeds including affixation of common seal on the agreement."

"that subsequent to signing of the settlement agreement, an application under Order 23 CPC be filed in the High Court, (where the suit between the parties relating to the dispute is pending) jointly by the parties and their advocates along with the original signed settlement deed for passing a decree in terms of the settlement deed. The court will finally pass an order on the application under Order 23 CPC with the consent of the parties and their advocates accordingly and the suit will be decreed in terms of settlement deed with no order as to the costs."

ITEM (5) STATE LIFE FOREIGN PORTFOLIO.

40. The Memorandum of the Divisional Head (Investment) on State Life Foreign Portfolio was circulated to the Members of the Board.

41. DH(Investment) had submitted in his Memorandum that the Board Audit Committee in its 45th meeting held on 17th September 2012 discussed Foreign Portfolio of State Life and suggestions were made which are placed at Flag "A". Item # 5(a)(i) & (ii) are noted for compliance and clarifications are submitted for kind consideration of the Board.

42. State Life is dealing with ABN AMRO Bank UAE as a Fund Manager since 1996 for managing its overseas portfolio in US\$. ABN AMRO with the functional scope bears responsibility of executing the decision of investment committee and acts as custodian for our portfolio. They send custodial report on monthly basis. We also get relevant information based on current market situation from time to time.

43. M/s Sajjad Haider & Co, Chartered Accountants are rendering services as Auditors of Gulf Zone since 1979 and from the inception of State Life operations in the Gulf. Muhammad Nafees, Partner of M/s Sajjad Haider & Co gives second opinion for the task of Investment Advisory services of the Foreign Portfolio. They send quarterly report on our investment portfolio and give their views on its management. We also take their advice while making investment decisions through the Investment Committee. They send quarterly report on portfolio overview on quarterly basis. The composition of portfolio in US\$ as at 30th September 2012 is as under:

Portfolio	Book Value US\$	Market Value US\$
Fixed Deposit (UBL)	13,343,803	13,343,803
Short Term Deposits	1,330,156	1,330,156
Cash In Transit	800,000	800,000
Current Account-UBL	320,819	320,819
Sub Total:-	15,794,778	15,794,778
Non-Discretionary Portfolio		

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MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
UTE BOOK	KARACHI	4 TH DECEMBER, 2012	

Current Account	224,356	224,356
Pak Govt. Bond	37,451,405	35,817,451
Other Bonds and Shares	9,386,522	10,371,407
Sub Total:-	47,062,283	46,413,214
Grand Total:-	62,857,061	62,207,921

44. State Life UAE office prepares books of accounts as per UAE byelaws and sends the trial balance to PO for consolidation purposes. They also intimate Investment Division about any surplus funds available for investment from time to time. Investment Division also advice UAE Office to get viable investment proposals from various banks for the Dirham portfolio which is placed with UBL in three months term deposits.

45. Proposal for Overseas Investments are received by Investment Division who critically analyze and submit viable options to the Investment Committee competent to make decisions. Investment Committee on the basis of the recommendations of Investment Division based on consultation with ABN AMRO Bank and M/S Sajjad Haider & Company Chartered Accountants and study of market dynamics makes decisions which are conveyed to UAE office for settlement.

46. BAC has suggested disinvesting the Pak Euro Bond and limiting the exposure on these bonds up to 25% of the foreign portfolio. UAE Laws governing UAE bond market does not impose any limitation on buying of such securities by nonresident company operating in UAE. Further, there is no investment instrument available in UAE bond market which is yielding return higher or even closer to Pak Euro Bonds. Disinvestment from high yielding instrument will reduce investment income thereby yield on Foreign Portfolio. The reduction of yield will also affect payment to bonuses to UAE policyholders which will result in loss of business in future and may also raise an audit observation.

47. Investment Committee observed that Pakistan Euro bonds are yielding higher return as compared to other bonds available in the market. State Life has to maintain yield of 6% to 7% on its Life Fund to declare bonus to the policy holders of UAE business. State Life has Pak Govt. Bond with a face value of US\$ 43,253,000 with a market value of US\$ 39,671,329. Details of the bonds are as under.

Security	Face value	Market Price	YTM (%)	Market Value (US\$)	Cost Price	YTM (%)	Value at Cost (US\$)
Pak Govt. Bond 06/01/2017	25,508,000	91.289	9.28	23,285,998	89.575	10.39	22,848,791
Pak Govt. Bond 31/03/2016	16,245,000	93.974	9.25	15,266,076	91.369	10.23	14,842,894
Pak Govt. Bond 31/03/2036	1,500,000	74.617	10.89	1,119,255	101.000	7.77	1,515,000
Total	43,253,000			39,671,329			39,206,685

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48. The Board was requested to note that the above investment is yielding high return with the associated country risk which is acceptable being a government

MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	

owned Corporation. When we look at other investment options, we find that other Bonds trading in the market with 'A' rating are yielding very low returns. Details of the bonds are as under.

Security	Market Price	YTM (%)
AEGON NV	110.00	1.24
France Telekom	103.01	1.04
Credit Agricole	102.02	2.56
Sumitomo Mistsui Banking	110.95	2.60
ABN AMRO (BBB rated)	108.00	5.16

49. The 'A' rated bonds in UAE are yielding around 1.00% to 2.60%p.a. Although, ABN AMRO Bond is yielding 5.16% but its rating is BBB. A list of various Government/Supra-national/Regional Agencies is appended.

50. DH(Investment) submitted that the Board may please approve the existing Foreign Investment Strategy which is in line with market realities of high yield returns through Bonds of our own country. The existing system ensures both internal controls and maximum possible return to the Corporation.

51. The above information was noted by the Board.

Action:
DH(Inv)

ITEM (6) POSITION PAPER ON CURRENT STATUS OF AUTOMATION OF STATE LIFE.

52. Project Director(IT) presented before the Board, a Position Paper on current status of implementation of Pre-packaged Software Solution which is placed at Annexure-B to the Minutes.

53. The information given in the Position Paper was noted by the Board with the directive that a time matrix for each activity for implementation of pre packaged software solution be prepared and work completed there against be submitted to the Steering Committee and to the Board of Directors on a monthly basis so that the progress can be monitored which was agreed to by ED(IT).

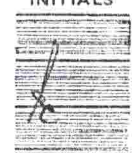
Action:
DH(IT)
ED(IT)

ITEM (7) PROCUREMENT OF BRANDED SERVER, STORAGE SOLUTION.

54. Executive Director (IT) presented before the Board, a Memorandum dated 26th November, 2012 regarding procurement of branded server, storage solution.

55. ED(IT) informed the Board that State Life is in process of technology up-gradation through the implementation of IT Strategy and one of the major components of the said strategy is to "Implementation of Pre-Packaged Software Solution". In order to implement centralized and fully Integrated Information Management System, State Life has to procure following hardware & software licenses:

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MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
UTE BOOK	KARACHI	4 TH DECEMBER, 2012	

S No.	Category – I	Quantity
1.	Branded Servers (IBM/HP/SUN or Equivalent)	04
	Category – II	
2.	Enterprise SAN along with standard SAN Rack	01
3.	Enterprise SAN Switch	02
4.	Enterprise Tape Library	01
	Category – III	
5.	License Software (Relational Database Management Products)	Core Based

56. IT Steering Committee in its 9th meeting held on 25th May 2012 approved in principle to initiate the bidding process and advertise Tender Notice/Request for Proposal (RFP) in press as well as on the SLIC & PPRA's websites to collect bids for the procurement of required hardware. Subsequently, Tender No.6/2012 was published in press on 15th June 2012 and the last date for submission of bids was July 19, 2012.

57. In continuation, technical bids were opened in the meeting of Central procurement Committee (CPC) held on 19th July 2012 at 1500Hrs at 8th Floor, PO. Following firms participated in bidding process for categories as mentioned below:

Sr. No	Company / Firm	Category – I Branded Servers	Category – II Storage Solution	Category – III License Software
1	M/S. InfoTech (Pvt.) Limited	Yes	Yes	Yes
2	M/S. Interactive Group	No	No	Yes
3	M/S. Techaccess	Yes	Yes	Yes
4	M/S. STME	No	Yes	No
5	M/S. CommTel Systems	Yes	Yes	Yes
6	M/S. New Horizon	Yes	Yes	No
7	M/S. Jaffar Brothers	No	No	Yes
8	M/S. Oratech Systems	No	No	Yes


58. Technical Evaluation of collected bids was carried out by Technical Evaluation Committee and meeting of (CPC) was held on Monday 17th September 2012 at 1100Hrs to announce list of qualifying /Non-qualifying bidders and to open financial bids of technically qualified bidders for further processing. The evaluation committee, after detailed working concluded Technical cum Financial evaluation for each category and prepared consolidated evaluation sheets which are enclosed as Annexure – A (03 Pages). In light of detailed working of evaluation committee, the (CPC) recommended that:

- The bid of M/S. Techaccess (Pvt.) Ltd. at the cost of Rs.8,851,960/- as lowest evaluated bid for Category – I (Branded Servers).
- The bid of M/S. New Horizon Computer at the cost of Rs.10,515,478/- as lowest evaluated bid for Category – II (Storage Solution).
- The bid of M/S. Techaccess (Pvt.) Ltd. at the cost of Rs.107,973,202/- as lowest evaluated bid for Category – III (Software Licenses for Oracle Products with Engineered Solution).

CHAIRMAN'S
INITIALS



MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS


DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	
<p>Action: DH(IT) DH(P&GS)</p> <p>Action: DH(IT) DH(P&GS)</p>	<p>59. IT Steering Committee in its 11th meeting held on 2nd November 2012 expressed its satisfaction over procurement process and resolved regarding Purchase of hardware under <u>Category - I</u> (Branded Servers) and <u>Category - II</u> (Storage Solution) vide para-1 (copy of the minutes of meeting enclosed as Annexure - B of the Memorandum as under:</p> <p>"Memorandum may be presented in forthcoming Board of Directors meeting to seek approval of the board to purchase required items under category - I & II"</p> <p>60. In compliance of above the directives of IT Steering Committee subject memorandum has been prepared to seek approval of the Board for the supply of required items under Category - I (Branded Servers) & Category - II (Storage Solution).</p> <p>61. However, for Category - III; the IT Steering Committee resolved that a committee comprises of Divisional Heads of the Operational Divisions may be constituted with précised TORs to evaluate the matter and give their findings within two (02) weeks. If the committee becomes satisfied with the solution offered by Oracle Corporation against quoted value of bid received for required Oracle product with engineered solution then the recommendation of this committee may be submitted to IT Steering Committee for seeking approval to present memorandum for purchase of item under this category in the next BoD meeting.</p> <p>62. Keeping in view the above resolutions of the IT Steering Committee, Board of Directors is requested to consider and approve the purchase of required items under Category - I (Branded Servers) from M/S. Techaccess (Pvt.) Ltd. at the cost of Rs.8,851,960/-(Rupees: Eight million eight hundred fifty one thousand nine hundred and sixty only) as lowest evaluated bid and items under Category - II (Storage Solution) from M/S. New Horizon at the cost of Rs.10,515,478/-(Rupees: Ten million five hundred fifteen thousand four hundred seventy eight only) as lowest evaluated bids.</p> <p>63. ED(IT) informed the Board that the prices quoted for the category-I, category-II and category-III items have been frozen at a US Dollar Pak Rupee parity rate of US\$:1 equal Rs.85.81.</p> <p>64. Accordingly, the Board resolved as under:</p> <p>RESOLVED:</p> <p>"that as recommended by IT Steering Committee on the proposal of IT Division and Central Procurement Committee, the purchase of items under Category-I, 4 Nos. (Branded Servers)(IBM/HP/Sun or equivalent from M/s. Techaccess (Pvt) Ltd at a cost of Rs.8,851,960/- being the lowest evaluated bid of technically qualified bidders is hereby approved."</p> <p>"that as recommended by IT Steering Committee on the proposal of IT Division and Central Procurement Committee, the purchase of items under Category-II (storage solution) comprising of Enterprise SAN alongwith standard SAN Rack(01), Enterprise SAN Switch(02) and Enterprise Tape Library(01) from M/s. New Horizon at a cost of Rs.10,515,478/- being the lowest evaluated bid of technically qualified bidders is hereby approved."</p>		
	<p>CHAIRMAN'S INITIALS</p> 		

MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	
<p>Action: DH(IT) DH(P&GS)</p> <p>"that the bid of M/s. Techaccess (Pvt) Ltd for licensed software (relational data base management products) – (core based- software licenses for oracle products with engineered solution) at a cost of Rs.107,973,202 being the lowest evaluated bid worked out of Central Procurement Committee was approved in principle subject to clearance by the IT Steering Committee on the recommendation of a Committee of Divisional Head of the operating Divisions constituted with précised TORs for evaluation of the matter."</p> <p>ITEM (8) CONSIDERATION AND APPROVAL OF MINUTES OF 26TH MEETING OF REAL ESTATE AND INVESTMENT COMMITTEE HELD ON 21-11-2012.</p> <p>65. Secretary, Real Estate and Investment Committee Mr. Attaullah A. Rasheed presented before the Board the minutes of the 26th meeting of Real Estate and Investment Committee held on 21-11-2012 for consideration and confirmation of minutes and approval of decisions/recommendations made by the Committee. A copy of the above minutes duly signed by the Chairman(REIC) are placed at Annexure-C to the Minutes.</p> <p>66. DH(Investment) Mr. Attaullah A. Rasheed circulated to the Members of the Board a comprehensive report and complete feasibility study based on evaluation report of IDG, Iqbal Nanji and top review by M/s. NESPAK for project evaluation of Plot No.268/2, R.A. Lines, Abdullah Haroon Road, Karachi. Placed at Annexure-D to the Minutes. The report submitted by DH(Investment) mentioned therein the value asked for by M/s. Parthenon – owner of the project, comparison of high, low and average value assessed by the Consultants per sq.ft. and preferred value suggested by Investment Division for car parking at 6th floor and office space at 8th and 9th floor.</p> <p>67. DH(Investment) further mentioned in his report the schedule of payment asked for by the owner M/s. Parthenon. The seller have asked for down payment of the entire cost of car parking possession of which would be immediately handed over to State Life whereas in respect of office space at 8th and 9th floor, 20% of the cost be paid as down payment and the balance amount be paid in 9 monthly equal installment of Rs.112.649 million.</p> <p>68. The pay back period worked out by Investment Division for the office space based on average rental value of Rs.110 per sq.ft. (Rs.100 per sq.ft. provided by Real Estate Division) with rentable area of 75% and assumption of 100% occupancy would be 14.14 years with accounting rate of return of 7.07% and internal rate of return of 9.97% assuming 5% growth in value. The pay back period for the entire offer would be 16.47 years with accounting rate of return of 6.07% and internal rate of return of 9.93%. The Board of Directors pointed out that the pay back period will improve after the usual periodic increase in rental value.</p> <p>69. The Board felt that the proposal was in line with the strategy of investments in Real Estate which are at present far below its percentage of investment portfolio as suggested by Asian Development Bank in its report earlier submitted to the Board.</p>			

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MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	
<p>Action: Secretary (REIC)/ DH(Inv) DH(RE)</p>	<p>70. Accordingly, the Board resolved as under:</p> <p><u>RESOLVED:</u></p> <p>"that the minutes of 26th meeting of Real Estate and Investment Committee held on 21-11-2012 together with observations/recommendations are approved:-</p> <p>i. Feasibility Report of Building adjacent to State Life Building No. 11 – <u>recommendation of REIC.</u></p> <p>"that complete feasibility study of the proposal be made in the light of NESPAK's report and offer given by Parthenon (Pvt) Limited. Pay back period and IRR calculations are to be made with due diligence on engineering, financial and legal aspects.</p> <p>"that payment schedule may be obtained from the company offering the premises (one parking floor and two office floors of building adjacent to Building No. 11) for sale.</p> <p>"that one week's time is given to GM (RE) for complete assessment. Assessment of Rental income from RE Consultants. Survey to be carried out by RED and financial projections be made by Investment Division.</p> <p>"that Investment Division should be provided complete financial information by RED i.e. schedule of payment to be made for acquisition of the property with time period, expected rental income for the next 10 years. Investment Division should submit a comprehensive report based on evaluation techniques such as IRR and payback period."</p> <p><u>Decision of the Board on the recommendation of REIC.</u></p> <p>"that as recommended by REIC on the basis of value assessed by the Consultants, purchase of car parking space at 6th floor at a total cost not exceeding Rs.5000 per sq.ft. (62,400 sq.ft.) was approved and the Chairman State Life, ED(RE), DH(Investment) and DH(Real Estate) be and were hereby authorized to take all necessary steps to execute the agreement in respect of the above purchase."</p> <p>"that as recommended by REIC on the basis of value assessed by the Consultants, the purchase of office space at 8th and 9th floor at a total cost not exceeding Rs.14,000 per sq.ft. (90,522 sq.ft.) was approved in principle and the Chairman State Life, ED(RE), DH(Investment) and DH(Real Estate) were hereby authorized to take all necessary steps to execute the agreement in respect of the above purchase."</p> <p>"that the Management is hereby authorized to negotiate with the sellers as to the amount of down payment and payment schedule in respect of above."</p>		
			<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME										
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012											
Action: DH(Inv)	<p>ii. <u>Review of Financial Dispute with IDBP</u></p> <p>"that as directed by REIC, Investment Division to verify the amount of Rs. 17,004,039/- and confirm whether the offer of IDBP is still valid for settlement of the issue otherwise State Life may continue to pursue the Court case."</p>												
Action: DH(Inv)	<p>iii. <u>Position Note on M/s First Dawood Investment Bank Limited</u></p> <p>"that In view of the up to date auditor's report, REIC referral of the matter to the Board with recommendation for approval of the settlement package offered by FDIBL through KCDR as under is hereby agreed to:"</p> <table><tr><td></td><td>(Rs. In Mn)</td></tr><tr><td>Upfront Cash payment</td><td>Rs. 20.00</td></tr><tr><td>Share of Burj Bank (8.4mn@10/share)</td><td>Rs. 84.00</td></tr><tr><td>Residential Flat at price of</td><td>Rs. 4.50</td></tr><tr><td>Total</td><td>Rs. 108.50</td></tr></table> <p>"that as recommended by REIC, the above settlement package subject to waiver of interest amount Rs. 53.119 million not appearing in the books of accounts of the Corporation is hereby agreed to."</p> <p>"that as recommended by REIC, in future no dealing to be carried out with FDIBL or any of directors of the company is hereby agreed to."</p>				(Rs. In Mn)	Upfront Cash payment	Rs. 20.00	Share of Burj Bank (8.4mn@10/share)	Rs. 84.00	Residential Flat at price of	Rs. 4.50	Total	Rs. 108.50
	(Rs. In Mn)												
Upfront Cash payment	Rs. 20.00												
Share of Burj Bank (8.4mn@10/share)	Rs. 84.00												
Residential Flat at price of	Rs. 4.50												
Total	Rs. 108.50												
Action: DH(RE)	<p>iv. <u>Construction of State Life Building at Sahiwal</u></p> <p>"that as recommended by REIC, approval in principle by the Board of the proposal to construct State Life building at Sahiwal on the plot located at Iqbal Road, Civil Line Sahiwal is hereby given."</p>												
Action: DH(RE)	<p>v. <u>Restart of Construction of Three Building projects approved by the BOD</u></p> <p>"that as recommended by REIC, approval in principle of the proposal of ED(RE) to start construction of three buildings at Rahimyar Khan, Sialkot and Sargodha following all codal formalities is hereby given."</p>												
Action: DH(RE)	<p>vi. <u>Restart of Construction of Three Building projects approved by the BOD</u></p> <p>"that as recommended by REIC, approval in principle of the proposal of ED(RE) to restart construction of three buildings at Rahimyar Khan, Sialkot and Sargodha following all codal formalities is hereby given."</p>												
Action: DH(RE)	<p>vii. <u>Purchase of plot at Swat, Mardan and Quetta</u></p> <p>"that as recommended by REIC, approval in principle of search for land in the three cities i.e Swat, Mardan and Quetta following the observations of rules and procedures is hereby given."</p>												

CHAIRMAN'S INITIALS



CHAIRMAN'S INITIALS



MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	

Action:
DH(RE)

viii. Engagement of Hiring Consultants to rental property of State Life

"that as recommended by REIC on the proposal of DH(RE) that the policy for tenancy consultants should be kept open for all who bring quality tenants acceptable to RED was hereby agreed to DH (RE) was advised to submit comprehensive plan in this regard."

"that efforts for renting of critical buildings such as Hashoo Centre, Mirpurkhas and D.I. Khan should be made on priority basis and action plan should be submitted in the next meeting of REIC."

ix. Change of terms of tenancy for licensee of State Life

Action:
DH(RE)

"that the recommendation of REIC, to advise DH(RE) to put up revised proposal on the issue of change of terms of tenancy for licensee of State Life was agreed to."

ITEM (9) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(I) EXPANSION PLAN OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN.

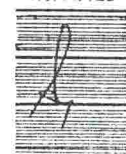
71. Executive Director (Marketing) presented before the Board, a Memorandum dated 3rd December, 2012 regarding expansion plan of State Life Insurance Corporation of Pakistan.

72. The Board of Directors in its 229th meeting held on 15-10-2012 resolved that establishment of full fledged zonal office at Kohat should be made part of the expansion plan of State Life within an overall plan of establishment of new Zones. As a result, a Committee has been constituted to expedite the matter of Kohat within overall plan of establishment of new Zones.

73. The overall plan of establishment of new Zones includes upgradation of following sub-Zonal Offices/Sector Office as full fledged Zones, in addition to Kohat, presently attached with Peshawar Zone:

S#	Area under expansion	Present Status	FYP-2011 of the Area (Rs in Million)	Parent Zone/Region
1	Chakwal	Sub-Zone	130.00	Rawalpindi (North Region)
2	Jhang	Sub-Zone	326.66	Faisalabad (Central Region)
3	Sheikhpura	Sub-Zone	233.30	Lahore Western (Central Region)
4	Kasur	Sub-Zone	208.56	Lahore Central (Central Region)
5	Khanewal	Sub-Zone	137.36	Multan (Multan Region)
6	Narowal	Sub-Zone	266.84	Sialkot (Central Region)
7	Mianwali	Sector Office	67.76	Sargodha (Central Region)
8	Nawabshah	Sub-Zone	58.00	Hyderabad (Southern Region)
9	Dera Ismail Khan	Sub-Zone	49.48	Peshawar (North Region)
10	Hala	Agency Office	4.79	Hyderabad (Southern Region)
11	Kohat	Sector Office	47.38	Peshawar (North Region)

CHAIRMAN'S
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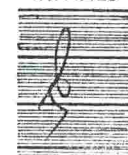


MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	
	<p>74. Existing Zones are operating within the jurisdiction of four Regions, however, establishment of individual life zones at the above areas, may also entail segregation of all resultant zones into more than four Regions. In other words, at least two more Regional Offices will be required, one each at Southern and Central Regions by disintegrating and reforming their jurisdictions. Proposed new Regional Offices would be "Faisalabad Region" and "Hyderabad Region".</p> <p>75. Establishment of full fledged individual life zone requires provision of following services by deployment of well experienced officers and staff which involves considerable manpower strength and corresponding expenditure:</p> <ul style="list-style-type: none"> i) Underwriting (New Business) ii) Policy Holders' Services (Claim payments) iii) Cash Counters (Premium Collection) iv) Commission disbursement to field v) Field Manpower Training vi) Agency Administration vii) F&A (employees' Pay Roll and field disbursements) viii) Personnel & General Services ix) IT (field personnel, employees, policyholders data administration) <p>76. Besides deployment of experienced manpower to operate the above Departments, provision of capital items being essential operational resources also requires substantial one time finance. Difference of rent between existing and new premises of the target areas will be an additional feature of running expenses including maintenance etc. Therefore, annual cost against revenue and capital expenses for a Zonal Office and a Regional Office is roughly estimated to be around Rs 200 Million and Rs 50 Million respectively. It is based on minimum estimation which may rise on actual grounds.</p> <p>77. Marketing Division intends to proceed further for working out feasibility keeping in view business potential and for evaluating appropriate volume of finance for establishment of independent life zones in consultation of F&A Division for financial implications.</p> <p>78. The Board is requested to kindly consider and allow Marketing Division to proceed further and to bring concrete proposals with consultations and advice of F&A Division to upgrade the above areas, as full fledged individual life Zonal Offices.</p> <p>79. Accordingly, the Board resolved as under:</p> <p>RESOLVED:</p> <p>"that decision for overall plan of establishment of new Zones including upgradation of Sub Zonal/Sector Office as full fledged Zone be taken on commercial basis keeping in view business potential and financial implication of such decision."</p> <p>(II) <u>SALE/DISPOSAL OF 3045 OBSOLETE ITEMS – RAWALPINDI ZONE.</u></p> <p>80. Executive Director (P&GS) presented before the Board, a Memorandum dated 3rd December, 2012 regarding sale/disposal of 3045 obsolete item of Rawalpindi Zone.</p>		

Action:
DH(Mkt)
DH(P&GS)

CHAIRMAN'S
INITIALS




MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME																				
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012																					
<p>81. In Rawalpindi Zone, 3045 following obsolete items have been accumulated having total acquisition cost of Rs.49,88,476/- which are at present of no use for the Zone. These items are more than 10 years old, have attained the depreciated value of Rs.1/- each:-</p> <table> <tr> <td>Furniture</td> <td>2048</td> </tr> <tr> <td>Electrical Appliances</td> <td>541</td> </tr> <tr> <td>Stationary/Calculators</td> <td>439</td> </tr> <tr> <td>Mobile/Exchange/Steno Phone</td> <td>6</td> </tr> <tr> <td>Computers</td> <td>11</td> </tr> <tr> <td>Total Items</td> <td><u>3045</u></td> </tr> </table> <p>82. All such items are occupying a large space against which, the Zone is bearing month by month rent resultantly, an undue expense with future effect is being added to other Zonal expenses till junk is removed.</p> <p>83. The Rawalpindi Zone, in line with the Guide Line # 28 of Delegation of Financial Powers has processed and submitted the case for sale/disposal with the following recommendations:-</p> <table> <tr> <td><u>Acquisition Cost</u></td> <td><u>Highest Bid Price</u></td> <td><u>Highest Bidders</u></td> <td><u>Book Value</u></td> </tr> <tr> <td>Rs.49,88,476/-</td> <td>Rs.177,700/-</td> <td>M/s. Munawar & Co</td> <td>Rs.2,971/-</td> </tr> </table> <p>84. In view of the above, the matter is placed before the Board of Directors for approval of disposal of obsolete items for Rs.177,700/- being the highest bid of M/s. Munawar & Co.</p> <p>85. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that as recommended by ED(P&GS) approval is hereby given for disposal of 3045 obsolete items having total acquisition cost of Rs.4,988,476/- and present book value of Rs.2,971/- to the highest bidder M/s. Munawar & Co. at a highest bid price of Rs.177,700/-."</p> <p>(III) ASSISTANCE TO THE GRIEVED FAMILY</p> <p>86. Executive Director (P&GS) presented before the Board, a Memorandum dated 4th December, 2012 for financial assistance to the grievd family of Mr. Muhammad Owais Baig who fell from the 8th floor of State Life Building No.11 which caught fire on 28th November, 2012 and died.</p> <p>87. As a gesture of financial assistance to the aggrieved family the State Life has decided to pay Rs.1.0 million to his father, Mr. Abdul Rasheed Baig.</p> <p>88. It is further proposed that younger brother of late Muhammad Owais Baig may be paid actual expenses for completion of his intermediate education to a maximum of Rs.10,000/- per month. After completion of Intermediate, he will be assisted with actual expenses for completion of his Graduation.</p>				Furniture	2048	Electrical Appliances	541	Stationary/Calculators	439	Mobile/Exchange/Steno Phone	6	Computers	11	Total Items	<u>3045</u>	<u>Acquisition Cost</u>	<u>Highest Bid Price</u>	<u>Highest Bidders</u>	<u>Book Value</u>	Rs.49,88,476/-	Rs.177,700/-	M/s. Munawar & Co	Rs.2,971/-
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Action:
DH(P&GS)
ED(P&GS)

CHAIRMAN'S
INITIALS




Action:
DH(P&GS)
ED(P&GS)

CHAIRMAN'S
INITIALS



MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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<p>Action: DH(P&GS) DH(F&A)</p> <p>Action: DH(P&GS) DH(F&A)</p> <p>Action: DH(RE) ED(RE)</p>	<p>89. The Members of the Board of Directors was requested to regularize the amount paid to the father of deceased Owais Baig and accord approval of education expenses of his brother.</p> <p>90. The Board also considered the request of the family of Late Mr. Muhammad Owais Baig for grant of scholarship to complete education of his younger brother Mr. Muhammad Hamza Baig leading to degree of Bachelor of Business Administration.</p> <p>91. The Chairman informed the Board that inquiry into the incident is being conducted by NESPAK and a report has been received from the Building Incharges based on which remedial action would be initiated. A letter has been written to NICL in respect of insurance claim. A letter would also be written to KESC for better maintenance of its rented space. DH(RE) informed that the hydrants and fire extinguishers are properly working and the fire was stopped from spreading and brought under control by State Life employees.</p> <p>92. Accordingly, the Board resolved as under:</p> <p>RESOLVED:</p> <p>"that as recommended by ED(P&GS) post facto approval is hereby given to payment of financial assistance of Rs. 1 million to Mr, Abdul Rasheed Baig, father of Mr. Muhammad Owais Baig who fell from 8th floor of State Life Building No.11 which caught fire on 28th November, 2012 and died."</p> <p>"that the recommendation of ED(P&GS) for payment of actual expenses upto Rs.250,000 per annum for a period of three years to Mr. Muhammad Hamza Baig, the younger brother of late Mr. Muhammad Owais Baig who died in the fire in State Life Building No.11 on 28th November, 2012, for completion of his education leading to a degree in Bachelor of Business Administration is hereby approved."</p> <p>"that the management of State Life should look into the out sourcing of maintenance of State Life Buildings to private parties and advertisement be given in the newspapers in this regard."</p> <p>93. The meeting ended with vote of thanks to the chair.</p> <p style="text-align: right;"> (CHAIRMAN)</p>	<p>CHAIRMAN'S INITIALS</p> <table border="1"><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> 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Annexure-A

MINUTES OF THE 45TH MEETING OF BOARD AUDIT COMMITTEE HELD ON 17TH SEPTEMBER, 2012 (MONDAY)

The 45th meeting of Board Audit Committee of State Life Insurance Corporation of Pakistan was held on 17th September, 2012 (Monday) at 02:00 P.M. in the Board Room, 3rd Floor, State Life Building No. 9, Dr. Zia-ud-din Ahmed Road, Karachi.

The following members attended the meeting:

Mr. Husain Lawai	Member/Chairman
Mr. Farooq Hadi	Member
Mr. Wazir Ali Khoja	Member
Mr. Nihal Anwar	Member
Mr. Altaf Ahmed Shaikh	Secretary

The Board Audit Committee deliberated upon the following items:

Agenda Item 1: To approve minutes of the 44th BAC meeting & review its compliance.

The minutes of the 44th BAC meeting held on 30th April, 2012 were placed before the Committee and same were unanimously approved.

To review the progress on implementation of BAC decisions.

Tangible Fixed Assets, Coding and Physical Verification & Maintenance of Fixed Assets Registers

It was apprised to the committee that as informed by ED (P&GS), 13 out of 35 offices have maintained the record and completed the exercise as prescribed in law, while for remaining offices Chairman State Life has further directed that P&GS division should issue a reminder duly signed by ED (P&GS) to expedite the task and Regional Chiefs should also be made responsible to complete the task as suggested by statutory auditors on prescribed formats required under Section 230 of the Companies Ordinance 1984 read with Technical Release 6 (TR-6).

BAC directed ED (P&GS) to complete the task till 31st October, 2012

Progress on Sukkur Fraud Case

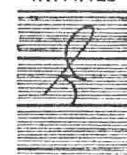
BAC was informed that matter is pending in NAB Accountability court at Hyderabad. The Hon. Court has asked to provide the original cheques. In this connection, the concerned Branch of the Bank was asked and a letter to this effect has already been written to the Bank but the Bank seems reluctant to provide the original cheques. The position has been submitted to the respective court of law and the court has summoned the officials of the Bank to appear before the court.

BAC has noted the latest status and suggested that further progress in this regard may be pursued effectively.

Anti Fraud Program

It was apprised to the BAC that a Committee under Executive Director (P&GS) has been constituted with Divisional Head (F&A) and (IA&C) as members to complete the task and

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the report will be submitted to BAC/BOD in its next meeting.

BAC directed that the draft proposal shall be completed by 30th September, 2012

Revised Chart of Delegation of Financial Powers

ED (F&A) has informed that the matter is at final stage and shall be submitted to BAC/BOD in its next meeting for discussion and approval.

Provision in respect of Ordinary Shares appearing on defaulters' corner

Dealt as Agenda item No.5

Investment Portfolios

Dealt as Agenda item No. 5

I.T./Online processing (reference ERP)

Dealt as Agenda item No. 6

Un-reconciled Subsidiary Balances

BAC has been briefed that after compilation of final data as on 30th June 2012, the position of reconciliation of schedules with General Ledgers of 13 PHS Accounting codes is as follows:

As on	Amount (Million)	Year wise Reduction (%)
31-12-2008	835.29	-----
31-12-2009	557.46	(33.02)
31-12-2010	327.23	(41.51)
31-12-2011	224.76	(31.31)
31-06-2012	177.42	(21.06)
Over all Progress since 2008		(78.76)

Progress on "off policies" having loan balances (Loan exception) is as under:

As on	Policies	Amount (Million)	Year wise Reduction (%)
31-12-2008	20,025	349.1	---
31-12-2009	13,863	147.78	(57.67)
31-12-2010	4,718	75.47	(48.93)
31-12-2011	2,354	48.04	(36.35)
31-06-2012	1,607	34.03	(29.16)
Over all Progress since 2008			(90.25)

BAC has noted the position and directed that aging wise detail of suspense accounts / (un-reconciled subsidiary balances) shall be submitted to BAC in its next meeting.


To Review the Audit Reports of I&A Division for the 2nd, 3rd & 4th Quarters, 2011.

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<p>Dealt as Agenda item No. 7</p> <p>To Review compliance of previous audit objections/reports.</p> <p>It was informed that Chairman State Life has convened a separate meeting for earlier resolution of Audit Paras of Govt. Auditors.</p> <p>BAC desired to know the progress report in writing. ED (F&A) has informed that same will be furnished to BAC in its next meeting.</p> <p>To Review Audit plan for the year 2012</p> <p>Dealt as agenda item No.7.</p> <p>Appointment of Consultant for Preparation of Audit Manual</p> <p>It was apprised to the BAC that as per their directives the tenders / bids called were cancelled. The Chairman BAC called the TOR for perusal and decided to revise the TOR for Audit Manual.</p> <p><u>Agenda item No 2: To examine the accounts of State Life for the 1st & 2nd Quarter, 2012.</u></p> <p>BAC desires to know the reasons for submitting accounts of two quarters together. The Divisional Head F&A informed that after finalization of accounts for the 1st Quarter, no meeting of BAC was held and this is the first meeting that has been convened today. It was directed that henceforth quarterly accounts for every quarter shall be submitted to BAC separately and upon finalization of accounts, the DH (F&A) shall inform the Secretary BAC for holding a meeting of BAC.</p> <p>During the meeting, the BAC directed the DH (F&A) to submit the detailed position of auto premium loan position and detail of outstanding claim position to BAC in its next meeting.</p> <p>BAC reviewed the two quarterly financials of the Corporation from 1st January to 30th June 2012 and noted with satisfaction the performance of the Corporation and decided to recommend to Board of Director to approve the accounts for the half year 2012 of the Corporation.</p> <p><u>Agenda Item No. 3 to review the Audit Report of Government Auditors for the year 2010.</u></p> <p>ED (F&A) has explained the procedure of Govt Audit Paras. He further told that Govt. Audit report 2010 is still to be discussed in DAC and PAC. However, BAC has obtained certain clarifications on objections of Govt Auditors which were explained by the DH (F&A).</p> <p><u>Agenda Item 4. Appointment of Statutory Auditors for Audit of the years 2012.</u></p> <p>BAC has recommended the proposal for appointment of present statutory auditors for Audit of FY: 2012 for Pakistan and UAE to BOD with 10% increase in remuneration for Auditors.</p> <p><u>Agenda Item 5. Position papers on:</u></p> <p>a. <u>Investment portfolios (Local & Foreign)</u></p> <p>The Divisional Head Investment has given a detailed briefing about investment portfolios. He explained the procedure being followed for investment in portfolios. He further informed that total investment portfolio is as under</p>			

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Type of Investments	Investment Portfolio 31.12.2011 (Rs. In million)	%	Investment Portfolio 30.06.2012 (Rs. In million)	%
Govt. Securities	194,451	70.61	218,401	73.90
Corporate debts	3,909	1.42	3,838	1.29
Equities	25,404	9.22	28,592	9.67
Bank deposits	26,111	9.48	18,320	6.19
Investment Property	2,918	1.06	2,909	0.98
Loan to Policy Holders	22,596	8.21	23,571	7.97
TOTAL	275,389	100.00	295,631	100.00

- i. BAC observed that in UAE, the Auditor and investment consultant / advisor is the same i.e. M/s Sajjad Hyder & Co. Chartered Accountants UAE, which appears to be a conflict of interest. DH (Investment) explained that our investment advisor and custodian is M/s ABN AMRO, however in order to counter check the proposal of investment, opinion of investment advisor i.e Mr. Muhammad Nafees of M/s Sajjad Hyder & Co. is also obtained. BAC recommended to Board of Directors to appoint experienced and qualified investment advisor for investment in UAE and review its quality of advice rather than obtaining a second opinion from external auditor of the Corporation on the investment received from its advisor.
- ii. BAC shows concern for investing huge amount in single portfolio i.e Pakistan Euro Bond. DH (Inv) explained that the Bonds in question are yielding between 11% to 12% markup which has increased the portfolio return of UAE. It was therefore recommended by BAC to BOD to gradually decrease the investment in Pakistan Euro Bond in UAE in order to diversify and avoid concentration of risk in one scrip of investment. BAC further recommended that the Corporation should endeavor not to invest more than 25% of investable overseas funds in one category of investment.

b. Ordinary Shares appearing on Defaulters Corners.

BAC examined the matter and it was decided that provision should be made in accounts only for delisted companies.

Agenda Item No. 6 Presentation of I.T Division on Enterprise Resource Planning ERP

ED (IT) gave a detailed presentation to the BAC regarding the latest position on ERP as given follows;

Investment Management System (IPAMS)

Implementation activities after customization & development of user required reports for PIB, Equity & TFC sub-modules have been completed. These sub-modules are also fully operational. Presently, User Division is using these applications in parallel and reconcile transactions with manual system. Formal sign-off for these sub-modules from Investment Division is expected in **December 2012**.

Group Life Administration System (GLAS) Module

The formal Users Trainings (to properly hand-over the GLAS module to functional users) for UAT and parallel Run are underway since **1st week of July 2012**. For the purpose, implementation teams along with designated resources from SHMA (Sidat Hyder Morshed Associates) are deployed in G&P Karachi Zone.

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	<p>This module is in use at pilot site G&P Zone Karachi in parallel to previous systems.</p> <p><u>Individual Life Administration System Module (ILAS)</u></p> <p>The Gap Analysis Document for New Business, Policy Alterations, Re-insurance and Claims Management has been prepared, reviewed & signed-off on June 3, 2011. SHMA started pre-implementation of activities for New Business & Underwriting from December 2011. Testing of functions with real data & Pre-UAT with subject matter specialists for New Business & Underwriting sub-modules was almost complete in August 2012. The activities to provide requisite infrastructure at Karachi South zone are underway. This will facilitate to start UAT, Parallel Run & user training from mid of September 2012 in this zone. SHMA delivered Claims sub-module after customization of gaps in June 2012 for Pre-UAT activities. Presently, Testing of functions with real data & Pre-UAT with subject matter specialists is in process and about to complete.</p> <p><u>General Ledger (GL) Module</u></p> <p>The expected date to start UAT with subject matter specialist for this module is mid of October 2012.</p> <p><u>Human Resources Management module (HRM)</u></p> <p>Due to shortage of resources and focus on implementation of the core business modules, it is planned to initiate pre-implementation activities for the said module from October, 2012.</p> <p><u>Fixed Assets, Procurement & Inventory Management System</u></p> <p>Customization of this module was deferred due to shortage of resources and focus on implementation of the core business modules. Presently, SHMA started working for codification of consumable assets under Fixed Assets sub-module and it is expected that work on procurement & inventory management system will be resumed in November, 2012.</p> <p><u>Real Estate Management System (i-Estate)</u></p> <p>Real Estate Management System is inter-dependent on fixed assets, stock inventory & procurement module; therefore, working on it will also be resume from November, 2012.</p> <p><u>Procurement of Servers, SAN, & License software</u></p> <p>Tendering process in its final stage and expected to be finalized by November 2012.</p> <p><u>Establishment of SLIC Data Centre</u></p> <p>IT steering committee in its 7th meeting held in March, 2011 has approved the establishment of the SLIC Data Centre and work on the subject assignment is in progress and expected to be completed by the end of December, 2012</p> <p>BAC has shown satisfaction over the pace of implementation and suggested timely completion of the various assignments.</p>		

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Agenda Item No. 7 Proposal for Re-structuring of Audit Activities.

It was decided that a meeting of BAC members shall be scheduled immediately with M/S Anjum Asim Shahid Rehman, the external Auditors of State Life Insurance Corporation of Pakistan for seeking their views in this respect.

During meeting with M/s. Anjum Asim Shahid Rehman held on 19th September, 2012, it was decided that orientation session on latest approaches and Scope of Internal Audit shall be conducted at the earliest and afterwards M/s. Anjum Asim Shahid & Rehman shall submit proposal on Audit Manuals/plans and training requirement of IA&C Division.

The meeting ended with the vote of thanks from the chair.

Sd/-

(Husain Lawai)

Chairman, Board Audit Committee

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Annexure-BPosition Paper for the Board of DirectorsImplementation of Pre-Packaged Software Solution

The Board of Directors in its 218th meeting held on March 21, 2011 desired to present updated project progress report on implementation of Pre-Packaged Software Solution in every Board Meeting. In compliance of the board directives, subject position is furnished as under:

1. Financial Status:

Name of Work Package	Implementation of Pre-Packaged Software Solution in State Life
Total Allocated Budget	124.78 (Million Rs.)

Expenditure till to-date				
Sr. No.	Event	Date	Amount Paid (Rs.)	Remarks
1	Contract Signing	23-12-2010	6,045,878/-	
2	Completion of Gap Analysis GLAS Module	02-11-2010	1,652,349/-	
3	Completion of Gap Analysis iLAS Module	28-06-2011	12,461,850/-	
4	Completion of Gap Analysis F & A Module	30-08-2011	1,600,040/-	
Total payments till to-date			21,760,117/-	

Objectives:

Major Objectives are:

Implementation of Pre-packaged Software Solution for Core Businesses & supporting functions comprises over following modules:

- i. (iLAS) - Individual Life Assurance System
- ii. (GLAS) - Group Life Assurance System
- iii. GL - General Ledger
- iv. iPAM - Investment Portfolio Management System
- v. HRMS - Pay Roll, Fixed Assets/Inventory & Procurement System
- vi. i-Estate - Real Estate Management
- vii. SHMA - Actuarial System
- viii. SHMA - Legal System
- ix. SHMA - Audit System

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2. Module-wise implementation status of Pre-packaged Software Solution:

Current Status			
Module	Major Milestones	Work Volume %	Status
iPAMS – Investment Portfolio Administration & Management System	Product Configuration	5	Completed
	Installation of System (As-IS)	5	Completed
	Configuration of Parameters	5	Completed
	Gap Analysis	30	Completed
	Customization/ Incorporation of Additional Features	30	Completed
	Technical Review, Mapping & Generation of Compliance Document/Report	15	Completed
	Training & User Acceptance & Testing (UAT)	10	Completed
		100% Complete	
	Go Live.....!	31 st December 2012	
iLAS – Individual Life Assurance System	Product Configuration	5	Completed
	Installation of System (As-IS)	5	Completed
	Configuration of Parameters	5	Completed
	Gap Analysis	30	Completed
	Customization/ Incorporation of Additional Features	30	Completed
	Technical Review, Mapping & Generation of Compliance Document/Report	15	In Progress
	Training & User Acceptance & Testing (UAT)	10	In Progress
		75% Complete	
	Go Live.....! Expected at pilot site Karachi (Southern) Zone	31 st March 2012	
GLAS – Group Life Assurance System	Product Configuration	5	Completed
	Installation of System (As-IS)	5	Completed
	Configuration of Parameters	5	Completed
	Gap Analysis	30	Completed
	Customization/ Incorporation of Additional Features	30	Completed
	Technical Review, Mapping & Generation of Compliance Document/Report	15	Completed
	Training & User Acceptance & Testing (UAT)	10	In Progress
		90% Complete	
	Go Live.....! Expected at pilot site (G & P) Karachi Zone	31 st January 2012	
GL – General Ledger & Budget	Product Configuration	5	Completed
	Installation of System (As-IS)	5	Completed
	Configuration of Parameters	5	Completed
	Gap Analysis	30	Completed
	Customization/Incorporation of Additional	30	Completed

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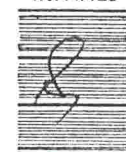
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	Features		
	Technical Review, Mapping & Generation of Compliance Document/Report	15	In Progress
	Training & User Acceptance & Testing (UAT)	10	In Progress
		75% Complete	
	Go Live.....!		
	Summary Level GL at PO Karachi Expected at pilot site Karachi (Southern) Zone	31 st December 2012 1 st March 2013	
HRMS, Pay Roll, Fixed Assets/ Inventory & Procurement System	Product Configuration	5	Completed
	Installation of System (As-IS)	5	Completed
	Configuration of Parameters	5	Completed
	Gap Analysis	30	Completed
	Customization/Incorporation of Additional Features	30	In Progress
	Technical Review, Mapping & Generation of Compliance Document/Report	15	To be completed by 30 th June 2013
	Training & User Acceptance & Testing (UAT)	10	
	Go Live.....!		
i-Estate – Real Estate Management System	Requirement Analysis	30	Completed
	Development & Customization	30	In Progress
	Technical Review, Mapping & Generation of Compliance Document/Report	20	To be completed by 30 th June 2013
	Training & User Acceptance & Testing (UAT)	20	
	Go Live.....!		
SHMA – Actuarial System	Implementation methodology for these minor modules is quite different and will be promulgated after successful implementation of all the above modules	PARKED As per logical work plan, working on these modules will be initiated after complete implementation of all the above modules.	
SHMA – Legal System			
SHMA – Audit System			

- It is worth mentioning here that implementation activities mentioned above are related with Gap Analysis, Product Development/customization and its technical reviews & user validation (UAT). However, deployment strategy and plans for implementation of these modules in various zones are different for each zone depending upon its priority, existing resources and volume of work & data required to migrate.
- Therefore, time line matrix containing list of activities along with time required for its completion for pilot site is prepared and enclosed as Annexure- A. In parallel Data migration strategy & activities along with estimated time required for its completion are also enclosed as Annexure – B.

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3. Deployment of New ICT Infrastructure:**3.1 Preparation of SLIC - Data Centre:**

- Dismantling of existing structure at proposed site was completed.
- Civil works are in progress.
- As per work plan submitted by the vendor, activity is expected to be completed by 25th December 2012.

3.2 Procurement of Branded Servers, Storage Solution and License Software:

- Tender was published in press, SLIC & PPRA's websites on 15th June 2012.
- Bids were collected and technical bids were opened on 19th July 2012.
- Technical evaluation of bids was completed.
- Financial bids were opened in the Central Procurement Committee (CPC) meeting held on 17th September 2012 in presence of representatives of participating bidders.
- Consolidated evaluation (Technical cum Financial) is completed. Process for approval to award contract to lowest evaluated bidders is in progress.

Sd/-
(Muhammad Ali)
Project Director (IT)

Dated: November 26, 2012.


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<p style="text-align: right;"><u>Annexure-C</u></p> <p style="text-align: center;"><u>MINUTES OF 26TH MEETING OF REAL ESTATE AND INVESTMENT COMMITTEE OF THE BOARD HELD ON 21ST NOVEMBER, 2012 AT 3.00 A.M.</u></p> <p>1. 26th Meeting of Real Estate and Investment Committee (REIC) was held on 21st November 2012 at 3.00 pm in the Board Room of State Life Karachi, attended by the following:</p> <table><tr><td>a. Mr. Shahid Aziz Siddiqi</td><td>-</td><td>Chairman</td></tr><tr><td>b. Mr. Hussain Lawai</td><td>-</td><td>Director/Member</td></tr><tr><td>c. Mr. Wazir Ali Khoja</td><td>-</td><td>Director/Member</td></tr><tr><td>d. Mr. Nihal Anwar</td><td>-</td><td>Director/Member</td></tr><tr><td>e. Mr. Mohsin S. Haqqani</td><td>-</td><td>Executive Director(RE)</td></tr><tr><td>f. Mr. Nasimul Haq</td><td>-</td><td>GM(RE) by invitation</td></tr><tr><td>g. Mr. Attaullah A. Rasheed</td><td>-</td><td>GM(Inv)/Secretary (REIC)</td></tr></table> <p>2. After recitation from the Holy Quran, the Chairman welcomed the participants and commenced the proceeding as follows:</p> <p><u>Discussion on Agenda Points</u></p> <p><u>Agenda # 1</u></p> <p><u>Confirmation of minutes of 25th meeting of REIC held on 29th September 2012</u></p> <p>3. Committee deliberated and confirmed the minutes of 25th meeting of REIC held on 29th September 2012.</p> <p><u>Agenda # 2</u></p> <p><u>Implementation report of 25th meeting of REIC</u></p> <p>4. Committee was satisfied with Compliance Report on minutes of 25th REIC meeting.</p> <p><u>Agenda # 3</u></p> <p><u>Feasibility Report of Building No. 11.</u></p> <p>5. ED (RE) briefed about the Nespak's Report. Nespak ruled out any further expansion possibility of Building # 11. As such, to enhance the renting capacity of the said building, it would be necessary to arrange alternates for car parking spaces.</p> <p>6. Parthenon (Pvt) Limited have given revised offer vide their letter dated 15.11.2012 which was discussed in the meeting. Mr. Nasimul Haq informed that he has joined as DH(RE) today, he may be given time to review these proposals and to come up with his findings. ED (RE) informed that the offer is for one parking floor and two office floor which will improve the renting capacity of Building no. 11 adjacent to it.</p> <p>7. Chairman advised that rough rental value in the vicinity of Building no. 11 may be ascertained so that the payback period and IRR may be calculated for the proposal under review.</p>				a. Mr. Shahid Aziz Siddiqi	-	Chairman	b. Mr. Hussain Lawai	-	Director/Member	c. Mr. Wazir Ali Khoja	-	Director/Member	d. Mr. Nihal Anwar	-	Director/Member	e. Mr. Mohsin S. Haqqani	-	Executive Director(RE)	f. Mr. Nasimul Haq	-	GM(RE) by invitation	g. Mr. Attaullah A. Rasheed	-	GM(Inv)/Secretary (REIC)
a. Mr. Shahid Aziz Siddiqi	-	Chairman																						
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<p>8. DH(RE) was assigned the task of ascertaining the ongoing market rents of the area. It was appreciated that rent vary with the age and make of buildings and wherever possible, that may be indicated.</p> <p>9. It was further decided to also ascertain ongoing market rates of buildings – the area and also to see at what rates the buildings were booked at the time of construction.</p> <p>10. DH(RE) suggested that the rentals ascertained by the division may be verified from reputable property consultants as they do not have expertise in this area.</p> <p>11. DH(Inv) explained that for the purpose of calculation and for evaluations on the basis valuation techniques such as: payback period, IRR and NPV, it requires financial data with regard to the investment in the property, the time period during which the sums are to be paid and the inflows through rental incomes. Property escalation rates are to be obtained from SBP web site. Inflation rates are also indicative factor for the property prices increase over the period. It requires careful data collection on the part of RED and on availability of the data, Investment Division can put forward complete financial report to the REIC.</p> <p><u>Resolved:</u></p> <p>12. "Complete feasibility study of the proposal be made in the light of NESPAK's report and offer given by Parthenon (Pvt) Limited. Pay back period and IRR calculations are to be made with due diligence on engineering, financial and legal aspects.</p> <p>13. Payment schedule may be obtained from the company offering the premises (one parking floor and two office floors of building adjacent to building no. 11) for sale.</p> <p>14. One week's time is given to GM (RE) for complete assessment. Assessment of Rental income from RE Consultants. Survey to be carried out by RED and financial projections be made by Investment Division.</p> <p>15. Investment Division should be provided complete financial information by RED i.e. schedule of payment to be made for acquisition of the property with time period, expected rental income for the next 10 years. Investment Division should submit a comprehensive report based on evaluation techniques such as IRR and payback period."</p> <p><u>Agenda # 4</u> <u>Review of Financial Dispute with IDBP</u></p> <p>16. The SLIC had made an equity investment in Investment Corporation of Pakistan (ICP). The total amount invested was reported Rs.21,002,792 at the time of inception. The SLIC held 230,000 shares of ICP at Rs. 100 per share, which was equivalent to 11.5%</p>			

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	<p>of paid up capital of ICP.</p> <p>17. In December 2006, the Board of Director of ICP decided to merge ICP with IDBP. The amalgamation scheme was approved by Government and State Bank of Pakistan.</p> <p>18. On consequent of merger, the entire holding was converted in to monetary value which came as the balance of Rs. 28,403,705 based on the share in net realizable value of assets. The total value of underlying assets held by IDBP for ex-shareholder of ICP was Rs. 246.989 million.</p> <p>19. After the completion of two years time from effective date of amalgamation, the SLIC realized that IDBP had been failed to owner its commitment to pay due share to ex-shareholder of ICP (defunct). In this regards, the SLIC approached IDBP and no response was given. Therefore, in the high gravity of losing share risk, the SLIC filed petition against IDBP and pursue the case into court for due share.</p> <p>20. This is also noticed that in the books of SLIC, the total amount receivable from IDBP is Rs.21,002,792/- as against the offer of IDBP to pay Rs. 17,004,039/-. The acceptance of above offer will require SLIC to make a write off balance of Rs. 3,998,753/- which is to be approved by the Board.</p> <p><u>Resolved:</u></p> <p>21. "Investment Division is directed by REIC to verify the amount of Rs. 17,004,039/- and confirm whether the offer of IDBP is still valid for settlement of the issue otherwise we may continue to pursue the Court case."</p> <p><u>Agenda # 5</u></p> <p><u>Position Note on M/s First Dawood Investment Bank Limited</u></p> <p>22. A meeting with KCDR was held on 8th November 2012 in their office to deliberate per share breakup value of Burj Bank; whereas the external auditors had worked out Rs.7.94 and Rs.7.925 with and without accounting surplus.</p> <p>23. KCDR referred the two cases [1] Saudi Pak Leasing Company, who have sold their 1,333,333 shares of Burj Bank Limited to KASB Assets Allocation Fund @ 10/- and [2] Allied Bank accepted 13,500,000 Burj Bank shares at Rs. 10/- as part of the settlement of their dues. As a consequence, D.H (F&A) in their letter # DH/F&A/INV/2012 dated 14th November 2012 addressed to M/s Anjum Asim Shahid Rahman, Chartered Accountants asked to re-examine the valuation of Burj Bank's shares. The Auditors have sent the Report dated 20th November 2012 which was discussed in the meeting. DH (Inv) explained that the revised valuation of Burj Bank shares at Rs. 10/- each in view of the information supplied by KCDR to the External Auditors brings the following valuation of assets offered by FDIBL through KCDR:</p> <table><tr><td>Upfront Cash payment</td><td>(Rs. In Mn)</td></tr><tr><td>Share of Burj Bank (8.4mn@10/share)</td><td>Rs. 20.00</td></tr><tr><td>Residential Flat at price of</td><td>Rs. 84.00</td></tr><tr><td>Total</td><td>Rs. 4.50</td></tr><tr><td></td><td>Rs.108.50</td></tr></table>			Upfront Cash payment	(Rs. In Mn)	Share of Burj Bank (8.4mn@10/share)	Rs. 20.00	Residential Flat at price of	Rs. 84.00	Total	Rs. 4.50		Rs.108.50
Upfront Cash payment	(Rs. In Mn)												
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Residential Flat at price of	Rs. 84.00												
Total	Rs. 4.50												
	Rs.108.50												


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<p>24. State Life already received Interest payment of Rs. 4.378 million for the period three months from October 10, 2008 to January 12, 2009 on the COI. As per Auditors' revised valuation report, outstanding interest income is Rs. 61.619 million till September 15, 2012 which has not accrued in the books of accounts and in case of acceptance of the offer, the Board has to waive off the amount as follows:</p> <table><tr><td></td><td>(Rs. In Mn)</td></tr><tr><td>Certificate of Investment (COI – FDIBL)</td><td>Rs. 100.000</td></tr><tr><td>Amount of Interest Income as at Sept. 15, 2012</td><td>Rs. <u>65.997</u></td></tr><tr><td>Total amount of Investment and Interest Income as at September 15, 2012</td><td>Rs. 165.997</td></tr><tr><td>Interest income received till to date</td><td>Rs. <u>4.378</u></td></tr><tr><td>Total amount outstanding as at Sept. 15, 2012</td><td>Rs. 161.619</td></tr><tr><td>Amount offered in full & final settlement</td><td>Rs. <u>108.500</u></td></tr><tr><td>Amount of Waiver of interest income</td><td>Rs. <u>53.119</u></td></tr></table>					(Rs. In Mn)	Certificate of Investment (COI – FDIBL)	Rs. 100.000	Amount of Interest Income as at Sept. 15, 2012	Rs. <u>65.997</u>	Total amount of Investment and Interest Income as at September 15, 2012	Rs. 165.997	Interest income received till to date	Rs. <u>4.378</u>	Total amount outstanding as at Sept. 15, 2012	Rs. 161.619	Amount offered in full & final settlement	Rs. <u>108.500</u>	Amount of Waiver of interest income	Rs. <u>53.119</u>
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Amount of Waiver of interest income	Rs. <u>53.119</u>																		
<p>25. A provision of Rs. 50 million was made on December 31, 2012 with the approval of Board of Directors which will also be written back. Keeping in view the adverse financial conditions of the company in question and since most claimant companies have already settled with FDIBL out of the Court, the Committee recommended to accept the offer which has been received of FDIBL through KCDR.</p>																			
<p><u>Resolved:</u></p>																			
<p>26. "In view of the up to date auditor's report REIC referred the matter to the Board with recommendation for approval of the settlement package offered by FDIBL through KCDR as under:</p> <table><tr><td></td><td>(Rs. In Mn)</td></tr><tr><td>Upfront Cash payment</td><td>Rs. 20.00</td></tr><tr><td>Share of Burj Bank (8.4mn@10/share)</td><td>Rs. 84.00</td></tr><tr><td>Residential Flat at price of</td><td>Rs. <u>4.50</u></td></tr><tr><td>Total</td><td>Rs. <u>108.50</u></td></tr></table>					(Rs. In Mn)	Upfront Cash payment	Rs. 20.00	Share of Burj Bank (8.4mn@10/share)	Rs. 84.00	Residential Flat at price of	Rs. <u>4.50</u>	Total	Rs. <u>108.50</u>						
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Residential Flat at price of	Rs. <u>4.50</u>																		
Total	Rs. <u>108.50</u>																		
<p>27. The above settlement package is subject to waiver of interest amount Rs. 53.119 million not appearing in the books of accounts of the Corporation.</p>																			
<p>28. It was further resolved that in future no dealing will be carried out with FDIBL or any of directors of the company."</p>																			
<p><u>Agenda 6 (a):</u></p>																			
<p><u>Construction of State Life Building at Sahiwal</u></p>																			
<p>29. State Life had purchased a plot in 1996 in the Sahiwal City measuring 2900 Sq. yds on Iqbal Road, Civil Lines, Sahiwal. The said plot has been partially encroached on the rear side by the neighbor.</p>																			
<p>30. It is time that Real Estate should construct a Commercial Building comprising of Basement + Ground + 4 Stories as being done in other small cities to house the Zonal</p>																			

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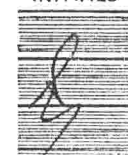
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<p>Office, which will not only enhance the image of State life but also save the Plot from further encroachment.</p> <p><u>Resolved:</u></p> <p>31. "Committee agreed with the proposal to construct State Life building at Sahiwal on the plot located at Iqbal Road, Civil Line Sahiwal and recommended to the Board of Directors for principle approval."</p> <p><u>Agenda 6 (b):</u></p> <p><u>Restart of Construction of Three Building projects approved by the BOD</u></p> <p>32. The Board of Directors in its various meetings had approved the construction of State Life Building Rahimyar Khan, Sialkot and Sargodha. In all three cases the Architect of the project is M/s. NESPAK and M/s. I.D.G are their sub-consultant.</p> <p>33. The salient Feature and present position of work done to date is as follows:</p> <p>I. <u>STATE LIFE BUILDING – RAHIMYA KHAN</u></p> <p>Project approved in Board of Director in meeting #. 199th held on 2nd February 2009.</p> <p>Consultant : M/s. NESPAK</p> <p>i. Area of Plot : 2,077 Sq. yds</p> <p>ii. Covered Area Proposed : 66,000 Sq.Ft.</p> <p>iii. Estimated Cost (As per PCI) : 306 Million</p> <p>iv. Present position : Tender for Civil, Plumbing & Electrical Work</p> <p>II. <u>STATE LIFE BUILDING – SIALKOT</u></p> <p>Project approved in Board of Director in meeting #. 198th held on 14th December 2008.</p> <p>Consultant: M/s. NESPAK Sub-consultant: M/s. I.D.G.</p> <p>i. Area of Plot : 1,845 Sq.yds</p> <p>ii. Covered Area Proposed : 49,000 Sq. Ft.</p> <p>iii. Estimated Cost (As per PCI) : 180 Million</p> <p>iv. Present position : Tender for Civil, Plumbing & Electrical Work ready</p>			

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	
<p>III. <u>STATE LIFE BUILDING – SARGODHA</u></p> <p><i>Project approved in Board of Director in meeting #. 198th held on 14TH December 2008.</i></p> <p><i>Consultant: M/s. NESPAK Sub-consultant: M/s. I.D.G.</i></p> <p><i>i. Area of Plot : 3,255 Sq. yds</i></p> <p><i>ii. Covered Area Proposed : 43,000 Sq. Ft.</i></p> <p><i>iii. Estimated Cost (As per PCI) : 126 Million</i></p> <p><i>iv. Present position : Tender for Civil, Plumbing</i></p> <p style="text-align: right;"><i>& Electrical Works ready</i></p> <p>Resolved:</p> <p>34. "The Committee agreed in principle with the proposal of ED(RE) to start construction of three buildings at Rahimyar Khan, Sialkot and Sargodha following all codal formalities and recommended to the Board for approval."</p> <p>Agenda 6 (c):</p> <p>Purchase of plot at Swat, Mardan and Quetta</p> <p>35. State Life own 88 properties all over Pakistan which comprise of Commercial Buildings, Residential Buildings and Plots.</p> <p>36. The value of these assets has been appreciating with the passage of time over the years. In addition it has been observed that construction of building directly increases the sale of policy as it enhances the confidence of the policy holders.</p> <p>37. In the backdrop of the above, it is high time that State Life should</p> <p style="padding-left: 40px;">Examine purchase of Plots in Swat, Mardan and Quetta.</p> <p>38. Chairman advised ED(RE) to talk to Chief Secretary Balochistan and Corp Commander Balochistan for allotment of plot in Quetta. Chairman also advised to maintain transparency. Concerned Zonal Heads are advised to indentify suitable location and the requirement for their Zonal Offices in the respective cities.</p> <p>Resolved:</p> <p>39. "Committee agreed in principle and advised to search for land in the three cities i.e Swat, Mardan and Quetta. The rules and procedures should be observed."</p> <p>Agenda 6 (d):</p> <p>Engagement of Hiring Consultants to rental property of State Life</p> <p>40. ED(RE) informed that it was decided by the Board of Directors in 214th meeting held</p>			

CHAIRMAN'S
INITIALS


MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	
<p>on 2nd September 2010, prescribed procedure for enlistment of Tenancy Consultants in respect of rentable properties of State Life Insurance Corporation of Pakistan situated in various cities of Pakistan.</p> <p>41. In light of the approval granted by the Board of Directors in its 216th meeting held on 15th December 2010, advertisement was released in the daily newspapers on 19th April 2011 and processed, however by now Nineteen (19) months have passed and the process is not yet been completed as such approval may be granted to start the process again by calling fresh proposals through press advertisement.</p> <p>42. DH (RE) explained that the object is to raise tenancy in our vacant premises; as such the option may be kept open for any interested party who want to act a consultant and bring the tenants. While the screening of tenants is the responsibility of RED.</p> <p><u>Resolved:</u></p> <p>43. "Committee agrees with the views of DH(RE) and decided that the policy for tenancy consultants should be kept open for all who bring quality tenants acceptable to RED and advised DH (RE) to submit comprehensive plan in this regard.</p> <p>44. It was further resolved that efforts for renting of critical buildings such as Hashoo Centre, Mirpurkhas and D.I. Khan should be made on priority basis and action plan should be submitted in the next meeting of REIC."</p> <p><u>Agenda 6 (e):</u> <u>Change of terms of tenancy for licensee of State Life</u></p> <p>45. The 17-residential properties include 11-bungalows, 3-recreational huts and 3-apartments complexes. Most of the residential properties were inherited to SLIC, by virtue of nationalization of life insurance business in 1972. Initially the renting of these units were for all tenants whether employee or not. Later in February 1999, State Life decided to lease out the flats/premises of residential properties to SLIC employees only on licensee agreement basis (annex-II), as corporation was facing hardship of litigation to settle the issues with out-side tenants.</p> <p>46. At present the residential accommodations are being occupied by employees of SLIC or its sister concerned; M/s Alpha, under licensee agreements and the rent is being charged equivalent to the housing allowances of the respective officer.</p> <p>47. RED is maintaining these properties and bearing the expenses of routine maintenance works, security, property tax & administrative expenses etc.</p> <p>48. The gross income & gross expenditure for last year, of residential units under licensee agreements is placed at annexure-11 and summarized as under;</p>			

CHAIRMAN'S
INITIALS


MINUTES OF 230TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4 TH DECEMBER, 2012	

Year	Gross income(Rs.)	Gross expenditure(Rs.)	Net income(Rs.)
2011	Rs.3,999,670/=	Rs.10,179,650/=	(-)Rs.6,179,980/=

49. In light of above following are proposed:

- i. Rent holiday equivalent to 50% of housing allowance may be given to the new licensee on allotment for maintenance, to be done by him.
- ii. All repair & maintenance works (internal, external & common areas), security, janitorial services & misc. expenses may be borne by licensees themselves against a rebate of licensee fees/rent equivalent to 50% of their housing allowance, to keep the premises in good inhabitable condition.
- iii. On vacation, the licensee shall handover the premises in good inhabitable condition; otherwise an amount shall be charged/ recovered from licensee, for repairing/maintenance of the same as calculated by Real Estate Division.
- iv. This shall not apply to;
 - a. State Life House: 70-A, Lalazar, Karachi, as the same is not allotted on licensee basis.
 - b. 66-C/1, Gulberg-III, Lahore; presently in possession of Regional Chief (North), who shall vacate the same on his retirement and shall be rented out commercially.

Resolved:

50. "Committee deliberated the issue and decided to defer this item. DH(RE) is advised to put up revised proposal on this issue."

Sd/-
(Secretary-REIC)

Sd/-
(Chairman)

CHAIRMAN'S
INITIALS

