

## 28TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Thursday, the 8th October 1974	8.30 AM

An emergency (28th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Tuesday/Wednesday, the 8th/9th October 1974 at 8.30 A.M. in the Board Room of the Corporation at Karachi.

The following Directors were present:

1. Mr. Riaz Ahmed Naik      Chairman
2. Mr. S.F. Alam
3. Mr. Samee-ul-Hasan
4. Mr. M.S. Janjua
5. Mr. D.M. Quraishi
6. Mr. P. Sequeira
7. Mr. S.A. Walajahi

Leave of absence was granted to Mr. A.A. Toor who was away on leave and to Mr. M. Zulqarnain who was in hospital.

Mr. Nisar Hussain, AGM(Admn.) and Mr. M. Sadiq Khan, Secretary-Board, were also present.

Most of the Directors present observed that due to short notice of the meeting they had not had time to go through the accounts and balance sheet. They requested for time to study the accounts to enable them to make any useful contribution to the discussion. It was accordingly decided to adjourn the meeting till 8.30 A.M. Wednesday, the 9th October 1974 in order to allow time to the Directors to go through the accounts and Auditors' report.

The meeting then adjourned to meet again on Wednesday, the 9th October 1974 at 8.30 A.M.

WEDNESDAY, THE 9TH OCTOBER 1974:

The meeting reassembled on Wednesday, the 9th October 1974 at 8.30 A.M.

The following Directors were present:

1. Mr. Riaz Ahmed Naik      Chairman
2. Mr. S.F. Alam
3. Mr. Samee-ul-Hasan
4. Mr. M.S. Janjua
5. Mr. D.M. Quraishi
6. Mr. P. Sequeira
7. Mr. S.A. Walajahi

Mr. M. Sadiq Khan, Secretary-Board was also present.

The following business was transacted:

ITEM I: CONFIRMATION OF THE MINUTES OF THE 27TH BOARD MEETING HELD ON 5TH/6TH AUGUST 1974 AT KARACHI.

Owing to shortage of time, since the main purpose of the emergency meeting was to consider and approve the Corporation's accounts, consideration of minutes of the 27th Board

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meeting was deferred till the next meeting when they would be considered along with the minutes of the emergency meeting.

**ITEM II: TO CONSIDER AND APPROVE THE BALANCE SHEET AND ACCOUNTS OF THE CORPORATION FOR THE PERIOD 1ST NOVEMBER 1972 TO 31ST DECEMBER 1973:**

The first Balance Sheet and Accounts of the Corporation for the 14th months period from 1st November 1972 to 31st December 1973 were taken up for consideration.

The Board approved the balance sheet and accounts for the period 1.11.72 to 31.12.73 together with Auditors' Report thereon and passed the following resolution to this effect:

RESOLUTION

"RESOLVED THAT

1. Pending final determination of the amounts realisable, the following provisions be made in the accounts for the period from 1st November 1972 to 31st December 1973 in respect of balances transferred to the Corporation on 1st November 1972 which in the Board's opinion are doubtful of recovery.
  - a) Provision for loans on mortgages Rs. 37,42,868
  - b) Provision for House Property. Rs. 15,73,422
  - c) Provision for Bad & doubtful debts. Rs. 1,22,49,919  
(in addition to Rs. 28,47,858 carried from last period)
2. A provision of Rs. 13,72,419 for Staff Gratuity be made in addition to Rs. 8,37,133 carried from last period.
3. Pending final determination of the Corporation's tax liability, a provision of Rs. 45 lacs be made in the accounts of the Corporation for the period from 1st November 1972 to 31st December 1973 in respect of the Corporation's tax liability.
4. In addition to the provision of Rs. 2,89,40,937 on account of the fall in market value of quoted investments as on 1st November 1972, which has been deducted from the opening life fund, a further provision of Rs. 1,32,46,810 be made in the accounts of the Corporation for depreciation in the value of quoted investments for the period 1st November 1972 to 31st December 1973.

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5. A sum of Rs.56 lacs be charged to Revenue Account on account of compensation payable under Article 39 of Life Insurance (Nationalization) Order 1972, and the balance of compensation payable be written off over a further period of 9 years.
  6. The first accounts of the Corporation incorporating the said provisions and charges for the period from 1st November 1972 to 31st December 1973 initialled by M/s A.F. Ferguson & Co., M/s Ford, Rhodes, Robson, Morrow, Chartered Accountants and signed by the Chief Accountant placed before the Board be and are hereby approved and the Chairman and Directors present may affix their signatures thereon. It was resolved further that a copy of the approved accounts be forwarded to the Federal Government after full signature of the Auditors.
  7. Since Mr. P. Sequeira had certain points on the accounts, he be given leave to submit a note to be incorporated as part of the minutes and his signatures were subject to the said note.
  8. Mr. A.A. Toor being away on leave and Mr. M.Zulqarnain being on sick leave may sign the accounts and balance sheet at the earliest opportunity.
  9. Resolved further that M/s A.F. Ferguson & Co. and M/s Ford, Rhodes, Robson, Morrow Chartered Accountants be appointed as Auditors for the purposes of Returns which the Corporation is required to submit to the British Deptt. of Trade at a fee to be agreed upon by the Chairman."
3. Following the passing of the above Resolution by the Board, the Balance Sheet, Revenue Account along with the certificates thereto, the Note to the Accounts and Form 'AA' were duly signed by the Chairman and Directors present.

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The meeting then adjourned with a vote of thanks to the Chair.

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Note of Mr. P. Sequeira in terms of clause 7  
of resolution under Item II of this meeting.

"My reservations/observations expressed at the emergency meeting held on 9.10.1974, prior to signing the Accounts, is reproduced in this note, with the approval of the Board.

1. With the permission of the Chair, I informed the Board of my interest as a shareholder of ILACO and of the written permission granted to me by the LIMB to formulate and process ILACO's claim for compensation under Article 39 of the Life Insurance (Nationalisation) Order 1972, on the

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condition that I do not participate in discussions or vote in the Board in any matter relative thereto. Consequently, I have at all times refrained absolutely from concerning myself in any way as Director of the Corporation with any such matters relating to ILACO, or for that matter any other insurer, except to the extent of responding personally to an inquiry in February this year from the former Chairman in relation to 556 ILACO Shares purchased from the Enemy Property Management Board. In this context I inquired of the amount of Rs.1,03,880 shown under the head of "Sundry Debtors" by erstwhile ILACO since 1970. I was informed that as advised by the Auditors, Messrs A.F. Ferguson & Co., the said sum of Rs.1,03,880 had been transferred to "Investments". This transfer in my opinion is inconsistent with the records/factual position as on the date of Nationalisation i.e. 18.3.1972:-

- 1.(a) The amount of Rs.1,03,880/- is an asset/debt due from the ILACO Shareholders to the erstwhile Company and duly shown in their audited balance sheet for the year ended 31.12.1970 under "Sundry Debtors" and adopted by the erstwhile Company at their Annual General Meeting held on 29.11.1971. The said asset/debt stood duly transferred to and vested in the Trustee and thereafter with the Corporation together with all documents, records etc., relative thereto.
- (b) The note of Messrs. A.F. Ferguson, Auditors read to the meeting merely spoke of the transfer of the sum of Rs.1,03,880/- to the Principal Office but neither as shares nor investments.
- (c) The observations made by me in (a) & (b) above are in fact confirmed by the certificate of the six auditors in their report clause (6) which states "We have verified the investments by actual inspection or by certificates from the bankers of the Corporation.....etc", inasmuch as the share certificates in respect of the said 556 shares were not with the Corporation or their bankers. Any other view in this regard would be inconsistent with clause (6) of the Auditors report.

2. The qualification in Clause (5) of the Auditors Report appears to be redundant in the context of note 2 appended to the Accounts which states "certain Bank Balances transferred as Assets were not reconciled". For better presentation and consistent with the other clauses, Clause (5) should have read "we have verified.....production of certificates, subject to note 2". The amount of Rs.38,04,222 could then have been shown in note 2 appended to the Accounts.

In this connection, it may be mentioned that the unreconciled balances relate to the pre-Nationalisation period of the erstwhile EFU resulting from embezzlements in Rawalpindi Zone and incorrect maintenance of Accounts

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in the Karachi Zone necessitating re-writing of books of accounts, re-verification and re-drawing of reconciliations going back to 1969, which work is to be completed and reconciled as at 31.12.1974. A certificate was furnished by 'C' Beema Unit that all entries in the books of accounts from 18.3.1972 to 31.12.1973 had been duly checked with bank statements and found to be in order. Moreover, a provision of Rs.6 lakhs had been made by the Unit for doubtful assets due to pre-Nationalisation Unreconciled Bank Balances, and this amount has presumably been accounted for in the provision of Rs.2,04,14,067 in note 2 appended to the Accounts relating to all 3 Units and the Principal Office.

Subject to the above note and with the approval of the Board for which I am grateful, I have signed the Accounts as it was explained that they were in their final form and urgently required by the Ministry and all Directors were to sign.

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*Kiarahmad*  
Chairman

*Confirmed*  
*Kiarahmad*  
*19/2/75*

*JRH*  
*27/6/75*

CHAIRMAN'S  
INITIALS