

**MINUTES OF 8TH MEETING OF THE EXECUTIVE COMMITTEE OF
NBFI & MODARABA ASSOCIATION OF PAKISTAN HELD ON 15TH MARCH 2011
AT 3:30 P.M. AT THE ASSOCIATION'S SECRETARIAT, KARACHI**

Present:-

1. Mr. Basheer A. Chowdry, Chairman
2. Mr. Murtaza Ahmed Ali, Vice Chairman
3. Mr. Farrukh S. Ansari, Member
4. Mr. Abdus Samad Khan, Member
5. Mr. S. Zaheer Mehdi, Member
6. Mrs. Arjumand A. Qazi, Member
7. Mr. Khaqan Hasnain Ibrahim, Member
8. Mr. Abdul Ghaffar Umer, Member
9. Mr. Zulfiqar Ali, Member
10. Mr. Amjad Iqbal, Member
11. Mr. Muhammad Samiullah, Secretary General

Leave of absence granted:

1. Mr. Muhammad Adil Ghaffar, Member

The Secretary General confirmed that the quorum being complete the requirements to convene the meeting were duly met. Mr. Basheer A. Chowdry took the chair and called the meeting in order. The meeting started with the recitation of Holy Quran by Mr. Muhammad Samiullah.

Mr. Chowdry welcomed the Members in the Executive Committee meeting of the Association. He specially thanked Mr. Khaqan Hasnain Ibrahim, Chief Executive First Punjab Modaraba, who has come to attend this meeting from Lahore.

The meeting followed the agenda:-

1. Confirmation of Minutes of 7th EC Meeting held on January 06, 2011:

Mr. Basheer Chowdry invited the members to offer their comments on the minutes of the meeting. Since there were no comments, the minutes were approved proposed by Mr. Abdus Samad Khan and seconded by Mr. Murtaza Ahmed Ali.

2. Matters arising out of the proceedings of last meeting:

The Secretary General informed the Committee that the following issues were to be finalized subsequent to the last meeting:-

a. Draft Vision & Mission Statement of the Association:

The draft "Vision and Mission" Statement prepared by Mr. Abdul Samad Khan and amendment therein by Mr. Khaqan Hasnain Ibrahim was discussed in the

last meeting and it was decided that the Vision and Mission Statement will further be improved. The matter was again discussed and the Committee approved the above draft hence adopted.

b. **Plan for Renovation of Office Premises:**

A meeting for finalising the plan for renovation of office premises could not be held due to various reasons. However, it was decided that to finalise the same a meeting to be held on Friday the 18th March 2011 at 3:30 p.m. in the office of the Association. All the concerned members confirmed the said meeting.

c. **Development of Website:**

The Secretary General informed the Committee that he contacted the Web Developer who developed and designed the website of MUFAP and discussed the designing of website of the Association. Initially they showed their interest but subsequently excused to do the job due to their pre-occupation. However, on our request Mr. Amjad Iqbal referred their Web designer Mr. Aamir, who developed and designed the website of ORIX Leasing Pakistan Limited for developing and designing the website of the Association. The Secretary General had a meeting with the said web designer who subsequently submitted a quotation of Rs.85,000/- for developing and designing a Dynamic Website. The Committee approved the quotation and advised the Secretary General to get the work done at the earliest possible time.

d. **Payment to M/s Mohsin Tayebaly & Co.:**

The Secretary General informed the Committee that an amount of Rs.250,000/- was paid to M/s Mohsin Tayebaly & Co. as their professional fee for the services rendered by them in connection with the establishment of the new Association as decided in the last EC. Mr. Irfan Tayebaly did not accept this amount and demanded payment of Rs.500,000/- as full and final settlement.

Mr. Basheer Chowdry, Chairman discussed the matter with Mr. Irfan and finally it was agreed to pay to them Rs.400,000/- as full and final settlement of their dues. The remaining amount of Rs.150,000/- has already been paid to M/s Mohsin Tayebaly & Co. as the matter was considerably delayed. The Chairman asked the members to confirm the said payment. The Committee unanimously approved the payment of Rs.400,000/- to M/s Mohsin Tayebaly as full and final settlement of their fee for their professional services.

e. **Appointment Letter to Shariah Advisor:**

It was decided in the last meeting that Mufti Abdul Sattar Laghari, Shariah Advisor appointed on the panel of Modaraba Association of Pakistan on 1st April 2008 at a remuneration of Rs.100,000/- per annum payable on quarterly basis, should be issued an appointment letter from NBFI & Modaraba Association of Pakistan as Modaraba Association of Pakistan has been merged with and into NBFI & Modaraba Association of Pakistan.

The Secretary General informed the Committee that Mufti Saheb has requested to enhance his remuneration as he is completing three years on

31st March 2011. The Committee approved to enhance his remuneration from Rs.100,000/- to Rs.125,000/- per annum payable on quarterly basis.

The Secretary General further informed that Mufti Saheb is also rendering various services to the members for which separate schedule of charges was approved by the Executive Committee in its 121st meeting held on 10th September 2008. Extracts of the said meeting attached for the ready reference of the members. Mufti Saheb has also requested to enhance these charges. On a query the Secretary General informed the Committee that MAP was getting a share of 20% from the charges being paid to Mufti Saheb by the members. The matter was discussed in detail and finally it was resolved that the charges will remain the same, however, share of 20% of the Association will be discontinued and Mufti Saheb will get the full amount being charged to the members for their professional services.

f. **Membership of PICG:**

The Secretary General informed that MAP and LAP have paid annual subscription of PICG upto June 2010 and the annual subscription for the year July 2010 to June 2011 (payable in advance) has not been paid as the new Association in the name of NBF & Modaraba Association of Pakistan has been established and MAP and LAP are being wound up voluntarily, which is at the final stage.

When we approached PICG for the membership of the NBF & Modaraba Association of Pakistan, they sent an invoice of Rs.67, 500/- as detailed below:

Application fee (non-refundable)	Rs.05,000/-
Admission Fee	Rs.50,000/-
Annual fee for half year i.e. Jan to June, 2011	<u>Rs.12,500/-</u>
	Total <u>Rs.67,500/-</u>

The Committee approved the payment of Rs.67,500/- to PICG being the membership of NBF & Modaraba Association of Pakistan.

The Chairman further informed that he had a discussion with Mr. Sajid Siddiqui, Company Secretary, PICG who informed that annual subscriptions of MAP and LAP for the year 2010-11 are outstanding. Since membership to the new Association is being given from January 01, 2011 the membership fee for the period July to December, 2010 are to be paid by MAP and LAP to regularize the membership. It was decided by the Committee to pay the membership for the half year from 1st July, 2010 to 31st December, 2010 from the MAP and LAP accounts respectively. The Chairman advised the Secretary General to make the payments to PICG and resolve the issue.

It was pointed out that PICG is not giving any discount to the members of the Association in the fee charged by them for the courses being conducted by them for the Directors. The Chairman said that he will discuss the matter with the Chief Executive of PICG and try to get the discount of atleast 20% on the fee charged by them for the various programs.

3. Launching Ceremony of Year Book – 2010 on 24th March 2011:

The Secretary General informed the Committee that all arrangements have been made to launch the first year book of NBF & Modaraba Association of Pakistan on 24th March 2011. The ceremony has been arranged at Pearl Continental Hotel, Shalimar Hall, and it will start at 12.30 p.m. Mr. Muhammad Ali, Chairman, SECP has kindly accepted our invitation to preside over the event. Mr. Asif Jalal Bhatti, Executive Director, Mr. Hasnat Ahmed, Registrar Modaraba, Mr. Nasir Askar, Director, NBFC and Mr. Shahid Nasim, Executive Director, SECP have also been invited to grace the occasion. In addition all the members of the Association have been sent letters requesting them to attend the ceremony.

It was also decided in the meeting that the Chief Executives may bring along with them a Director or Senior Colleague to attend the launching ceremony. The Secretary General was advised to send separate letters in this regard.

4. To finalise the agenda for meeting with the Chairman, SECP & other Officials on 24th March 2011:

The Chairman informed the Committee that prior to the launching ceremony, a meeting of the Executive Committee with Mr. Muhammad Ali, Chairman, SECP and other officials has been arranged to discuss issues of Leasing and Modaraba sectors at 10:00 a.m. at the Karachi office of SECP.

Mr. Basheer Chowdry elaborated that in the said meeting only specific and macro issues will be taken up with the Chairman, SECP. A detailed discussion took place and it was suggested that a presentation be made before the Chairman covering the functional challenges being faced by the NBF Sector and measures to be taken for the survival of the sector. For the purpose a meeting of the members of the Executive Committee shall be arranged on 17th March 2011 at 3.00 p.m. and all the EC members were invited to attend the meeting, if they desire, and give their input so that an impressive and specific presentation be made before the Chairman, SECP.

5. To finalise the agenda for 1st meeting of FPCCI Standing Committee on SMEs:

The Chairman invited Mrs. Arjumand A. Qazi to explain the salient features of the FPCCI Standing Committee on SMEs. Mr. Arjumand said that since Commercial Banks are not providing facilities to SMEs, it is an opportunity for the members of NBF Sector to cater the market. She said that Senator Haji Ghulam Ali has formed this Committee and authorized to select experienced persons to include in the Committee. The focus of the Committee shall encompass strengthening of SMEs, of which, regular access to finance has remained a crucial aspect.

She informed that the date of the first meeting will be finalized on return of the Senator Haji Ghulam Ali from abroad, and will be informed to the members accordingly.

The agenda for the first meeting of the FPCCI Standing Committee on SMEs prepared by Mrs. Arjumand Qazi was discussed and it was emphasized that all the members should participate by giving their input on the subject matter. The members assured that they will participate in the said meeting and play their due role in strengthening the SME sector.

6. Workshop on “Overview of Asset & Liability Products:

The Secretary General informed that on our request Mufti Abdul Sattar Laghari, Shariah Advisor prepared a presentation on “Overview of Asset & Liability Products”. Mr. Abdul Ghaffar Umer said that it has been planned to arrange a half day workshop on the above topic. The workshop shall consist of two sessions. In the first session an overview of the asset and liability products will be covered while in the second session a product will be discussed.

On a query from Mr. Zulfiqar Ali, the Secretary General informed that the workshop will be conducted by Mufti Abdul Sattar Laghari and that the workshop will be arranged in the Associations’ Board Room. Mr. Zulfiqar suggested that there should be two speakers. The introductory session may be conducted by Mufti Saheb whereas the product should be taken by some other speaker. Mr. Abdul Ghaffar Umer suggested the name of Mr. Omer Mustafa Ansari.

The Chairman advised the Secretary General to make necessary arrangements for holding the said workshop in the first week of April, 2011. The Secretary General noted the same for compliance.

7. Restructuring of Criteria for Best Performance Awards:

The Secretary General informed the Committee that Mr. Abdul Ghaffar Umer has suggested few amendments in the criteria for selection of best performing Modarabas. Mr. Murtaza Ahmed Ali said that he has also suggested few amendments in the criteria which have not yet been discussed.

The Chairman said that since NBF & Modaraba Association of Pakistan includes Modarabas, Leasing and Investment Banks an in-depth study is required to finalise the criteria for Best Performance Awards. For the purpose a Sub-Committee was constituted comprising of the following:

1. Mr. Murtaza Ahmed Ali
2. Mr. Arjumand A. Minai
3. Mr. Abdul Samad Khan
4. Mr. Abdul Ghaffar Umer

8. Development in the Islamic Modes of Financing:

It has been noticed with great pleasure that most of the members are working on adopting Islamic modes of financing and trying to introduce new products. The Secretary General informed that:

- a. ORIX Leasing Pakistan Limited is opening an Islamic window and planning to enter into the Islamic modes of financing. For the purpose the Association has arranged meetings of ORIX Pakistan Limited with the Shariah Advisor Mufti Abdul Sattar Laghari to discuss various issues for opening an Islamic Window.
- b. First Al-Noor Modaraba has submitted suggestions/amendments in the model agreements approved by the Religious Boards for Modarabas at SECP. The said suggestions / amendments have been forwarded to the Shariah Advisor for his expert opinion.

- c. First Punjab Modaraba has sought opinion from the Shariah Advisor for financing Ethanol Producers. The Secretary General got an opinion from the Shariah Advisor and sent it to First Punjab Modaraba.

The Chairman said that it is very encouraging that the members are taking keen interest in the development of the Islamic modes of financing.

9. Winding up Accounts of MAP & LAP – Tax refund of LAP:

Mr. Zulfiqar Ali informed the Committee the all formalities have been completed to wind up MAP and LAP except winding up accounts which are delayed due to the finalization of the tax refund of LAP. Our Tax Advisor Shekha Mufti are following up the matter with Tax Authorities. Due to transfer and postings of the officials at Tax Department, the matter is still pending. However, he assured that as soon as tax refund of LAP is finalized, the winding up accounts would be prepared and submitted to SECP for final action at their end.

The Chairman advised that the matter is considerably delayed and it should be finalized at the earliest possible time.

10. Staff of LAP and MAP and their Salaries and other benefits to be transferred to the new Association NBFI & Modaraba Association of Pakistan:

The Secretary General informed the Committee that presently the staff strength of the NBFI & Modaraba Association of Pakistan is 5 who were previously employees of LAP and MAP. Since LAP and MAP are being wound up voluntarily consequent upon the establishment of NBFI & Modaraba Association, the entire staffs of LAP and MAP have become the employees of the new Association. The Salaries and other benefits as admissible will remain the same.

On an enquiry, the Secretary General informed that all the expenses including salaries and other fringe benefits of the staff are being paid through the NBFI & Modaraba Association of Pakistan and no transaction is being made through the accounts of MAP and LAP except winding up expenses.

It was pointed out that Research and Development work is not being done at Association's level and even sometimes action on some important issues are delayed. The Chairman emphasized that steps towards creation of a Research & Development Department is very essential to make the Association useful in a number of segments i.e. development of a Web site, research work, innovation of new products etc. For the purpose he proposed to hire a MBA to establish Research & Development Department. He sought the support of the members to make the Association an active body of NBFI Sector.

There being no other business to be transacted, the meeting ended with a vote of thanks to the Chair.

**(Muhammad Samiullah)
Secretary General**