

**THE KARACHI COTTON ASSOCIATION**

(The Cotton Exchange, I.I. Chundrigar Road, Karachi)

**EXECUTIVE COMMITTEE MEETING NO. 11 OF 2017-18**

**MINUTES**

A **REGULAR MEETING** of the 86<sup>th</sup> Executive Committee of The Karachi Cotton Association was held in the Board Room of the Association, The Cotton Exchange, I.I. Chundrigar Road, Karachi on **Tuesday, June 26, 2018** at **12:30 hours** to consider the following Agenda:-

**P R E S E N T**

- |     |                              |                     |
|-----|------------------------------|---------------------|
| 01. | Khawaja Tahir Mahmood        | - Chairman          |
| 02. | Mr. Naser Wahab              | - Vice-Chairman     |
| 03. | Mr. Aftab Umer               |                     |
| 04. | Mr. Asif Inam                |                     |
| 05. | Mr. Imran Mabqool            |                     |
| 06. | Mr. Nasir Anwer Barkhurdaria |                     |
| 07. | Mr. Parvez Hassan            |                     |
|     | &                            |                     |
| 08. | Mr. Aftab Alam               | - Secretary General |

The meeting started with the recitation from the **HOLY QURAN**.

**MINUTES (51)**

01. To confirm minutes of the meeting No. 10 of the Executive Committee held on 12-05-2018.

As no objection to the minutes of the meeting No. 10 of the Executive Committee held on 12-05-2018 was received, the same were confirmed by the Executive Committee and signed by Chairman in token of confirmation.

**RENEWAL OF COTTON BROKERS LICENSES**  
**FOR THE YEAR 2018-2019**

02. To extend the date of renewal of Cotton Brokers Licences beyond 30-06-2018.

The Executive Committee was informed that out of 320 Licensed Cotton Brokers, 167 have not yet got their Licenses renewed for the year 2018-19 despite Notices published in DMR dated 11-05-2018, 14-05-2018, 21-05-2018, 28-05-2018 and 14-06-2018 on the above subject.

**RESOLUTION No. 104:** After consideration, the Executive Committee decided to extend the date of renewal of Cotton Brokers Licenses for the year 2018-19 upto 31-08-2018 subject to payment of renewal fee and late surcharge as under:-

<u>S.No.</u>	<u>Renewal Period</u>	<u>Fee Payable</u>	<u>Late Surcharge</u>	<u>Total Payable</u>
01.	01-07-2018 to 14-07-2018	Rs.100/-	Nil	Rs. 100/-
02.	15-07-2018 to 31-07-2018	Rs.100/-	Rs. 500/-	Rs. 600/-
03.	01-08-2018 to 31-08-2018	Rs.100/-	Rs. 1000/-	Rs. 1100/-

**Contd. on page/2**

The Executive Committee directed the Accounts Section to approach the Licensed Cotton Brokers, who have not yet renewed their Brokers Licenses, either on phone or in-writing and advise them to get their licenses renewed upto 31-08-2018 positively, failing which their cases would be placed before the Executive Committee for taking appropriate action.

**KCA'S BUILDING AND FINANCE COMMITTEE**

03. **To approve recommendations of the Building and Finance Committee made by Circulation on 22-06-2018.**

The Executive Committee was informed that the KCA invested an amount of Rs. 43,426,437.60 in Bank Habib Metro Bank University Road Branch, Karachi for a period of six (06) months in Term Deposit on 29.12.2017 @ 6.25% p.a. On maturity of the investment on 29.06.2018, the KCA will have an amount Rs. 44,637,767.51 which includes the principal amount and profit accrued thereon.

The Committee was also informed that in order to Rollover the above referred available funds, various A1+ Rating / Grade Banks were approached to obtain their Rate of Profit being offered by them for investment in Term Deposit Scheme but the response from some of Banks were not received timely. Therefore, the recommendation of the Building and Finance Committee could not be made by Circulation.

**RESOLUTION No. 105:** Keeping in view the position stated above, the Executive Committee authorized the Chairman / Vice-Chairman to invest the funds of amounting to Rs. 44,637,767/- in a suitable A1+ Rating / Grade Bank at his discretion.

**APPOINTMENT OF COMMITTEE TO APPROVE AND SIGN THE ACCOUNTS AND DIRECTORS REPORT/REPORT OF THE EXECUTIVE COMMITTEE**

04. **To appoint a Committee to approve and sign Balance Sheet and Statement of Income & Expenditure Accounts of the Association for the year 2017-18 (ending 30-06-2018) and also the Directors Report/Report of the Executive Committee for the year 2017-18.**

**RESOLUTION No. 106:** The Executive Committee appointed a Committee comprising of the following Members of the Executive Committee to approve and sign Balance Sheet and Statement of Income & Expenditure Accounts of the Association for the year 2017-18 (ending 30-06-2018) and also approve the Directors' Report/Report of the Executive Committee for the year 2017-18:-

- |      |                       |                 |
|------|-----------------------|-----------------|
| i)   | Khawaja Tahir Mahmood | - Chairman      |
| ii)  | Mr. Naser Wahab       | - Vice-Chairman |
| iii) | Mr. Aftab Umar        | - Member E.C.   |
| iv)  | Mr. Ahmed Ebrahim     | - Member E.C.   |
| v)   | Mr. Imran Maqbool     | - Member E.C.   |

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**SUIT NO. 293 OF 2006 IN HIGH COURT OF SINDH AT KARACHI :**

**M/S. THE KARACHI COTTON ASSOCIATION  
VS  
THE CITY DISTRICT GOVERNMENT, KARACHI.**

05. **To pass Resolution and authorize one Member E.C or Ex-Member E.C. or Official to represent the KCA in all legal matters in respect of Suit No. referred to above filed by the KCA against City District Government, Karachi.**

The Committee considered, in detail, the brief of the case dated 25-06-2018 placed by the Secretariat on the above subject.

**RESOLUTION No. 107:** After consideration, the Executive Committee resolved that Mr. Aftab Alam son of Muhammad Aleem, (Secretary General, the KCA) holding CNIC bearing No.42201-0775502-5 be authorized to represent M/s. Karachi Cotton Association (The Company') and fully empowered to sign/and file documents Affidavit in evidence or any other affidavits or any other documents in suit No. 293 of 2006 or other proceeding and to defend any suits, Appeals, Revision Petitions, Review Petition proceedings, Vakalatanama, verify pleadings, Plaints, Applications, swear Affidavit-in-Evidence, Affidavits, Counter Affidavits, Rejoinders, Objection or to execute any other documents etc., to engage Advocate/(s), Solicitors, Pleaders, Counsel, execute power of Attorney, to act and appear whenever and wherever necessary on behalf of the Company i.e. M/s. Karachi Cotton Association., in all Civil Court, higher or of coordinate jurisdiction, criminals, revenue Labour Courts, Income Tax Authorities and Private Companies or any other Courts of competent Jurisdiction at Karachi and take all necessary steps in any matter arising in relation thereto and also give Evidence/Statement on Oath before any Court of Law.

Resolved further that a Certified True Copy of this Resolution be submitted with the relevant Authority/Court.

**RATES COMMITTEE**

06. **To appoint the Rates Committee for the month of July, 2018.**

**RESOLUTION No. 108:** It was decided by the Executive Committee that the existing Rates Committee may continue for the month of July, 2018.

**GRADE AND STAPLE MARGINS**

07. **Recommendations of the Grade and Staple Margins Committee of the KCA as contained in the minutes of its meeting held on 29-05-2018**

**RESOLUTION No. 109:** The Executive Committee noted the recommendations of the Grade and Staple Margins Committee as contained in the minutes of its meeting held on 29-05-2018.

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**COTTON SITUATION**

08. **To discuss the cotton situation.**

The Committee was informed that as per official Report of PCCC, the sowing of Cotton Crop in Punjab had achieved 99.2% of the target showing 11.5% increase over the last year. Whereas the shortage of water had badly affected the sowing of cotton crop in Sindh. Only 64% area had been sown as on 22.6.2018 in Sindh against the target indicating the decrease of 35.6% over previous year. According to available reports over all crop condition in Sindh was not satisfactory due to shortage of water. In Sanghar district of Sindh, pink boll worm was observed in early sown crop. Total sown area of the country was reported at 2.682 million hectares, showing 91.0% achievement against the target and 0.64% increase over the previous year.

**RESOLUTION No. 110:** Noted.

**GRANT OF LEAVE TO THE MEMBERS OF THE EXECUTIVE COMMITTEE**

09. **To grant leave of absence to the Members of the Executive Committee from attending the meeting of the Executive Committee.**

**RESOLUTION No. 111:** The Executive Committee granted leave of absence to Mr. Asif Bashir, Mr. Ahmed Ebrahim, Mr. Amin Hashwani, Dr. Jessu Mal, Mr. Muhammad Adil Osawala, Mr. Shahid Shafiq, Mr. Sajid Haroon, Mr. Zahid Mazhar, Mr. Sohail Wali, Mr. Muhammad Atif Dada, Dr. Khalid Abdullah and Mr. Muhammad Shamim Khan from attending to-day's meeting of the Executive Committee on the intimation received on telephone regarding their pre-occupations on other assignments.

**ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIR**

10. **ATTENDANCE IN THE MEETINGS OF THE EXECUTIVE COMMITTEE OF THE KCA**

The Executive Committee observed / took a very serious note that few members of the Executive Committee were not continuously attending E.C. meetings. Some of the members of the Executive Committee, therefore, suggested that such members, after due notification, be barred from contesting elections of the Executive Committee / Office Bearers of the Association as due to their continuously absence from the meetings of the Executive Committee, quorum problem prevails as well as a full house input was missed on the Agenda Items of important natures.

**RESOLUTION No. 112:** After consideration, the Executive Committee directed the Secretariat to take legal opinion from the Legal Advisors of the KCA on the following points and the legal opinion so received from the legal Advisors of the KCA be placed before the Executive Committee for consideration:-

- i) Whether the KCA can bar absentee members of E.C. under the Articles / By-Laws of the Association to contest elections of the Executive Committee / Office Bearers of the Association. If yes, what procedure / notice would be required to followed in this regard.

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ii) If any E.C Member is granted leave of absence by the E.C. to attend three consecutive meetings on receipt of written application and after availing the leave so granted by the E.C. still he does not turn-up to attend the very next E.C. meeting and does not submit written application to grant further period of leave of absence , what action can be taken by the E.C. against him.

iii) If any E.C. Member becomes absent in three consecutive meetings of the E.C. or more than three meetings of the E.C. without submitting written application, what action can be taken by the E.C. under Articles/By-Laws of the Association.

iv) Any other point/query related to this matter in your opinion.

**11. DESIGNING OF AIR MANAGEMENT SYSTEM ITS SUPPLY, INSTALLATION, COMMISSIONING OF RELATED EQUIPMENTS INCLUDING CERTIFICATION OF LAB. FROM INTERNATIONAL COTTON ASSOCIATION, BREMEN, GERMANY**

Chairman informed the Executive Committee that in response to the Agreement reached between the KCA and M/s. H.K. Shah Enterprise (Pvt.) Limited on 17-05-2018, M/s. H.K. Shah Enterprise (Pvt.) Limited had submitted Mobilization Advance Bond (supposed to be Insurance Guarantee) issued by M/s. Shaheen Insurance Company Ltd.

He also informed that according to the Schedule-4 of the Agreement, “Insurance Guarantee” was required to be submitted from any AA+ rated Insurance Company as listed by PACRA” whereas Insurance Guarantee furnished by M/s. H.K. Shah Enterprise (Pvt.) Limited was from M/s. Shaheen Insurance Company Limited bearing ‘A’ rating only as shown on the website of PACRA. However, the text of the Performance Bond was entirely different from the format / text stated in Schedule-5 of the Agreement.

He further informed that the period to be covered by Insurance Guarantee (i.e. from start of coverage till end of coverage) should be strictly in accordance with the contractual terms. While, the Performance Bond provided by M/s. H.K. Shah Enterprise (Pvt.) Limited was deviating from these..

Chairman stated that in view of the above, M/s. H.K. Shah Enterprise (Pvt.) Limited was advised vide our letter No. KCA-507 dated 11-06-2018 to collect the following original documents set (delivered by their representative in the KCA’s office on 08-06-2018) from the office of KCA urgently and resubmit after necessary rectification:-

- i) **Mobilization Advance Bond No. 2018 /06/115BMADP03997 issued by M/s. Shaheen Insurance Company Limited on 06-01-2018**
- ii) **Counter Guarantee against Bond No. 2018 /06/115BMADP03997 issued by M/s. H.K. Shah Enterprise (Pvt.) Limited on 06-01-2018**
- iii) **Performance Bond No. 2018/06/115BPBDP04001 issued by M/s. Shaheen Insurance Company Limited on 06-01-2018**
- iv) **Invoice No. HK-ADDITION-005 dated 08-06-2018 amounting to Rs.144,804.00**
- v) **Invoice No. HK-Adv-002 dated 08-06-2018 amounting to Rs.1,925,787.00**

As requested vide our letter referred to above, M/s. H.K. Shah Enterprise (Pvt.) Limited collected the above mentioned original documents from the office of the Association on 13-06-2018.

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Chairman informed the Executive Committee that a letter dated 22-06-2018 has now been received from M/s. H.K. Shah Enterprise (Pvt.) Limited informing that the three AA+ rated insurance companies namely M/s. Adamjee Insurance Company Limited, M/s. EFU General Insurance Limited and M/s. Jubilee General Insurance Company Limited had denied them to issue required Certificate for Mobilization Advance and Performance Bond. They had also informed that the only company having name M/s. the United Insurance Company of Pakistan Limited rating AA- is ready to provide their services in this regard.

Chairman further informed that M/s. H.K. Shah Enterprise (Pvt.) Limited had therefore requested to advice in this matter and refer them to any AA+ rated insurance company for our required services. They had also stated that this was purely a third party matter and in such situation M/s. H.K. Shah Enterprise (Pvt.) Limited would not be held responsible in anyway whatsoever.

The Executive Committee expressed its serious concern on receipt of letter dated 22-06-2018 from M/s. H.K. Shah Enterprise (Pvt.) Limited on the above subject and non-completion of necessary formalities / furnishing of Certificate for Mobilization Advance / Insurance Guarantee by M/s. H.K. Shah Enterprise (Pvt.) Limited in term of Agreement dated 17-05-2018.

**RESOLUTION No. 113:** After consideration, the Executive Committee directed that M/s. H.K. Shah Enterprise (Pvt.) Limited be advised, in response to their letter dated 22-06-2018 on the above subject, to provide to the KCA Certificate for Mobilization Advance / Insurance Guarantee and complete other necessary formalities / documents as per Agreement dated 17-05-2018 signed with them by the KCA as, being a Contractor / Supplier, they were fully responsible in this regard.

12 **RENT CASE NO. 633 OF 2017 : THE KARACHI COTTON ASSOCIATION VS M/S. INDUS COTTON GINNERS**

Chairman apprised the Executive Committee that a bill dated 06-06-2018 amounting to Rs. 300,000/- was received from M/s. Mansoor Ahmad Khan & Co., Legal Advisors of the KCA towards professional fee for filing Objection against the Appeal filed by the M/s. Indus Cotton Ginnners and Counter Affidavit to Stay Application U/S 21 (2) of the Sindh Rented Premises Ordinance 1979 in addition to Rs. 300,000/- and Rs. 172,500/- already paid to M/s. Mansoor Ahmad Khan & Co., Legal Advisors of the KCA towards professional fee for filing of Rent Case and Application for Execution of Court Order dated 16-01-2018 in respect of Rent Case No. 633 of 2017 : The Karachi Cotton Association Vs. M/s. Indus Cotton Ginnners.

Chairman also apprised the Executive Committee that the KCA was urgently required to file Objection to the F.R.A. No. 145 of 2018 and Counter Affidavit to stay Application U/S 21 (2) of the Sindh Rented Premises Ordinance 1979, therefore, the recommendation of the Building and Finance Committee was sought via KCA's email dated 13-06-2018 on the following options:-

**Whether we may continue with the existing Lawyer i.e. M/s. Mansoor Ahmad Khan & Co. and pay them their Professional Fee of Rs. 300,000/- to handle the Appeal filed by M/s. Indus Cotton Ginnners.**

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**Hire another Lawyer demanding less/reasonable Professional Fee to handle the Appeal filed by M/s. Indus Cotton Ginners. (It may take some time to hire a new Lawyer and fulfill the requirement of New Vakalatnama / Authority Letter etc. However, the KCA is urgently required to file Objection to F.R.A No. 145 of 2018 and Counter Affidavit to stay Application U/S 21(2) of the Sindh Rented Premises Ordinance 1979.**

In response to our email dated 13-06-2018 following recommendations, were received from three members of the Building and Finance Committee as under:-

**Recommendation from Mr. Zahid Bashir**

“I believe we should continue with our existing lawyers and take the matter to its logical conclusion.”

**Recommendation from Mr. Shahid Shafiq**

“I second Mr. Zahid Bashir, along with a request to Mr. Nasser Wahab to intercede (if he can) with our existing lawyer for a possible fee reduction. Should a fee reduction not be possible, then we should continue as per Mr. Zahid Bashir’s recommendation”.

**Recommendation from Mr. Nadeem Maqbool**

“I agree with the views of Mr. Zahid Bashir and Mr. Shahid Shafiq.”

Rest of the members of the Building and Finance Committee had not sent their recommendations as sought.

**RESOLUTION No. 114:** Keeping in view of the position stated above, the Executive Committee, after thorough consideration, approved the payment of Rs. 300,000/- to M/s. Mansoor Ahmad Khan & Co., Legal Advisors of the KCA towards professional fee for filing Objection against the Appeal filed by the M/s. Indus Cotton Ginners and Counter Affidavit to Stay Application U/S 21 (2) of the Sindh Rented Premises Ordinance 1979

**12. PENDING TASKS OF THE KCA**

Chairman stated that about 90 days out of the tenure of present Executive Committee was left. He also stated that efforts were being made to complete the following pending tasks during last 90 days. Therefore, the pending tasks had been assigned to the officials of the Association as under:-

**KCA 1 Important Urgent:**

Aftab: Joint Resolutions (13 points): Implement.  
Aftab (helped by Hassan) HVI: Installation and making system operational.

**KCA 2 Important:**

Aftab: (EC BR) Renting of Dispensary & Store area.  
Aftab: Meet NBP & give offer for renting.  
Tahir & Aftab: Decide fee with Broker and tell him to find tenant (excluding NBP).  
Abdul Qadir: Scrutise & dispose of wastage from Store.  
Abdul Qadir: Improve cleaning of Building & Washrooms.  
Abdul Qadir: Get roof of 4th floor repaired thro Contractor  
Aftab: Offer of Dining Hall for holding meetings etc: Circulate in DMR & through letters to members.  
Aftab: (EC BR) Increase in broker's license renewal fee from Rs:100 to Rs:1000 per year - initiate procedure.  
Aftab: (EC BR) Renting of Room G-37 & 38 ground floor  
Aftab and Tahir: Meet Brokers Advisory Committee

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**KCA 3 Urgent :**

M Ali : Hold Dinner in any 5 star hotel in honor of Mian Zahid Bashir & Mian Abdullah for their achievement.

Aftab: Finalize & give new dress to lower staff

Aftab: Hire one Assistant.

M.Ali: Make draft SOP for Rate Committee.

Aftab: Court Case 633 of 2017. Follow up

M. Ali: Hold ICA-KCA Training event.

Abdul Qadir : Affix lights in Western Courtyard and facade of building to beautify.

M.Ali: Improve DMR and also make it part of email instead of attachment.

Abdul Qadir : Put up " Display Panel" for KCA Spot Rate etc near lifts on ground floor or at main entrance. Mr. Asif Inam suggested to put-up Display at entrance of Cotton Exchange similar to NASDAQ.

Aftab: Prepare formal job description (JD) for key staff/category of staff. Also finalize KCA Organogram etc.

**KCA 4 Normal**

Hassan: Prepare revised SOP for KCA Hajj Scheme

Aftab: Get KCA Bye Laws amendments approved from DTO.

Hassan (helped by Abdul Qadir: (EC BR) Follow-up on Board's decision re Trading Hall.

Hassan: Put up draft SOP for Bank Deposits based on KPT & KCA Procedures.

Aftab: Give waiver in security amount to new membership applications if sister concern of existing member firm. sister concern means: with common director, common partner or same proprietor - initiate procedure.

Aftab: FPCCI R&D cum Acedemia is doing lot of Research. Can give KCA topics to FPCCI for research.

e.g. Why is Pakistan lagging behind the other cotton countries in terms of Seed, Crop size/ Production, Yield, Quality.

Aftab: Get Notification issued by government that all raw cotton exporters should be members of KCA.

M. Ali: The "Import figures" & "Mill Consumption figures" in our DMR need improvement for getting "real time upto date figures". Do needful

Aftab: Remove wastage from SG Room put in clean neat position then get it renovated.

M. Ali: Get domain www.kca.org and get issued email accounts for KCA Staff on this domain.

Hassan: KCA Tenancy contract. Discuss and resolve the impediments e.g. heavy stamp duty.

Aftab: Hold meeting of KCA Exporters Committee to discuss proposal to make type rolls based on Grade Boxes thro PCSI.

**RESOLUTION No. 115:** Noted.

Thereafter, the meeting ended with a vote of thanks to the Chair.

**(AFTAB ALAM)**

Secretary General

KARACHI: 26-06-2018

**CHAIRMAN**