

THE KARACHI COTTON ASSOCIATION

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

EXECUTIVE COMMITTEE MEETING NO. 03 OF 2016-17

MINUTES

A **REGULAR MEETING** of the 85th 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, November 22, 2016** at **12:30 hours** to consider the following Agenda:-

P R E S E N T

01. Mr. Mohammad Atif Dada -Chairman
02. Mr. Rizwan Iqbal Umer -Vice-Chairman
03. Mr. Aftab Umar
04. Mr. Asif Inam
05. Mr. Jahangir Moghul
06. Mr. Nasir Anwer Barkurdaria
07. Mr. Rehan Shoukat
08. Mr. Parvez Hassan
09. Mr. Shahid Shafiq
10. Mr. Sajid Haroon
11. Mr. Sohail Wali
12. Mr. Zahid Mazhar
13. Khawaja Tahir Mahmood
&
14. Mr. Aftab Alam -Secretary General

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

AGENDA

MINUTES (51)

01. **To confirm minutes of the meeting No. 02 of the Executive Committee held on 25-10-2016.**

As no objection to the minutes of the meeting No. 02 of the Executive Committee held on 25-10-2016 was received, the same were confirmed by the Executive Committee and signed by Chairman in token of confirmation.

**PROVISION TO REFUND OF SECURITY DEPOSIT OF THE
EX-PLINTH-HOLDERS OF TCP KORANGI GODOWNS**

02. **Recommendations of the Committee, constituted by the Executive Committee vide its Resolution No. 182 dated 27-09-2016, as contained in the minutes of its meeting to be held on 18-11-2016, for approval.**

Chairman stated that in the meeting of the Committee, constituted by the Executive Committee vide its Resolution No. 182 dated 27-09-2016, held on 18-11-2016 considered the matter relating to refund of the Security Deposit of Ex-Plinth-holders of TCP's Korangi Godowns as some of the ex-plinth-holders were approaching the KCA since a considerable time for refund of their Security Deposits.

He also informed that after consideration, the Committee recommended to convene a meeting of the ex-plinth-holders of TCP's Korangi Godowns to seek their consents on this subject for its consideration so that the Committee could formulate its recommendation on the subject under discussion for consideration and approval of the Executive Committee.

Giving briefing on the case referred to above, Chairman stated that in pursuance of Memorandum of Understanding (MOU) dated 12-09-2005 reached between the KCA and Ministry of Commerce, Government of Pakistan, Islamabad, the TCP, vide Tenancy Agreement dated 01-11-2005 signed between the KCA and TCP, leased-out Open Storage Space, measuring 267,775 sq. ft. consisting of Plinth Nos. 51 to 68 (Total 18 Plinths) to the KCA. Subsequently, the said plinths were sub-leased by the KCA to its members for storage of cotton, he added.

He also stated that after the second fire incident occurred on 16-03-2013 (on Plinth Nos. 51 to 59) in the TCP's Korangi Godowns, the insurance companies had refused to give insurance cover to the plinth-holders. Keeping in view of this situation, the plinth-holders were left with no option except to vacate their plinths and handover the same to the KCA.

He further stated that keeping in view of the position stated above, the KCA surrendered an Open Storage Space, measuring 267,775 sq. ft. consisting of Plinth Nos. 51 to 68 (Total 18 Plinths) to the TCP w.e.f. 31-10-2013 (A/N) despite the fact that the TCP was insisting to get the 18 damaged plinths repaired by the KCA before surrendering the same to them.

Chairman apprised the Executive Committee that in order to assess the damages to the plinths and look after the repair and maintenance work of the damaged plinths, TCP, in pursuance of the decision taken in the meeting held at the KCA on 20-01-2014 between the representatives of the KCA and TCP's Management, constituted a Committee comprising of (i) Mr. Barkat Ali Jokhio, DGM, Korangi Godowns, TCP (Convener), (ii) Mr. Shabbar Zaidi, Deputy Manager (REM), TCP, (iii) Khawaja M. Zubair, the then Chairman, the KCA and (iv) Syed Mohammad Sameer, the then Vice-Chairman, the KCA.

The Committee referred to above held a meeting on 11-02-2014 at the office of DGM, TCP, Korangi Godowns, conducted survey of the plinths of TCP's Korangi Godowns and identified only 11 plinths which required repair / minor repair, he added.

Chairman also apprised the Executive Committee that in the meeting held on 26-11-2014 in the office of the TCP between the officials of the TCP and Khawaja M. Zubair, the then Chairman, the officials of the TCP attending the meeting referred to above were agreed to forward the KCA estimates for repair of 09 open plinths (Plinth Nos. 51 to 59) of the TCP's Korangi Godowns on which fire incident was occurred on 16-03-2013 as mentioned in the relevant Inquiry Report.

He further apprised that lately, the TCP vide their letter dated 15-12-2014 requested the KCA to arrange payment of Rs. 21,998,190/- towards rehabilitation work of 18 plinths at TCP's Korangi Godowns. The meeting of the plinths-holders were called to discuss this claim of the TCP and seek their consents in this regard. However, the plinth-holders were of the views that the KCA might handle this matter with the TCP instead of on individual basis by the plinth-holders. The last letter in respect of payment of claim was received from the TCP on 26-06-2015 and thereafter, no further development is made in this regard, he added.

The Executive Committee was informed that Mr. Sohail Naseem, Former Chairman, the KCA and Karachi Warehousing Group suggested that the KCA should refund the Security Deposit to the concerned ex-plinth-holders of TCP's Korangi Godowns after obtaining Indemnity Bond / Bank Guarantee from them.

Mr. Parvez Hassan stated that the KCA should convene a consultative meeting of the ex-plinth-holders of TCP's Korangi Godowns.

Replying to a query raised by Mr. Zahid Mazhar, Secretary General informed that TCP leased-out Open Storage Space, measuring 267,775 sq. ft. consisting of Plinth Nos. 51 to 68 (Total 18 Plinths) to the KCA the Tenancy Agreement in this regard was signed between the KCA and TCP on 01-11-2005. Subsequently, the said plinths were sub-leased by the KCA to its members for storage of cotton, he added.

Mr. Zahid Mazhar stated that in such a situation, the KCA should not take any decision in this regard on the advice of the concerned ex-plinth-holders as the KCA was responsible to settle the claim with the TCP.

He suggested that the KCA should consult with its legal advisors to seek their legal opinion on the above subject and / or request them to prepare a suitable reply for submission to the TCP, in case such a situation arises. Mr. Shahid Shafiq supported the above mentioned suggestion of Mr. Zahid Mazhar

Mr. Aftab Umer was of the view that instead of convening a meeting of ex-plinth-holders of TCP's Korangi Godowns, letters be sent to them informing that without settling the claim of the TCP, it would not be possible for the KCA to refund the Security Deposits.

RESOLUTION No. 24: After consideration, the Executive Committee did not agree to refund the Security Deposit of the ex-plinth-holders of the TCP's Korangi Godowns without settling the claim referred to above of the TCP. The Executive Committee directed to inform the ex-plinth-holders of TCP's Korangi Godowns, in-writing, that their Security Deposits under discussion could not be refunded by the KCA till the claim of the TCP was settled.

The Executive Committee directed the Secretariat to consult with the Legal Advisors of the KCA to seek their legal opinion on the above subject and request them to prepare a draft of suitable reply of the KCA on the above subject for submission to the TCP, if needed.

BUILDING AND FINANCE COMMITTEE

03. **Recommendations of the Building and Finance Committee of the KCA as contained in the minutes of its meeting to be held on 21-11-2016, for approval.**

Chairman informed the Committee that the Building and Finance Committee in its meeting held on 21-11-2016 made following recommendations for approval of the Executive Committee:-

i) **INSTALLATION OF NEW LIFT IN THE COTTON EXCHANGE**

Chairman informed the Executive Committee that BA/MO Note dated 07-11-2016 on the above subject was considered, in detail, by the Building and Finance Committee and after consideration, the Committee recommended as under:-

“After consideration, the Building and Finance Committee recommended, in principle to install new Lift/Elevator in the Cotton Exchange and desired that the matter referred to above be again placed before the Committee with complete details / technical specifications so that the specific brand Lift/ Elevator shall be recommended by the Committee to install in the Cotton Exchange”.

Mr. Parvez Hassan was of the views that a new spacious Lift/Elevator should be installed in the Cotton Exchange Building at other suitable location, if possible.

RESOLUTION NO. 25: After consideration, the Executive Committee referred back the case to the Building and Finance Committee for reconsideration and desired that complete details / technical specifications of new Lift / Elevator, a provision to install new spacious Lift/Elevator in the Cotton Exchange Building instead of new small Lift/Elevator (for 04 Passengers) and financial position of the Association should be considered by the Committee while formulating its recommendations on the above subject for consideration of the Executive Committee.

ii) **REPLACEMENT OF STEEL WIRE HOISTING ROPES OF FALCONI LIFT NOS. 1 AND 2 AT THE COTTON EXCHANGE.**

Chairman informed the Executive Committee that BA/MO Note dated 28-06-2016 on the above subject was considered, in detail, by the Building and Finance Committee and after consideration, the Committee recommended as under:-

“After consideration, the Committee recommended to replace the Steel Wire Hoisting Ropes of both the Falconi Lifts installed in the Cotton Exchange as early as possible at a total cost of Rs. 60,000/- and an advance of 70% of total amount be paid to M/s. Hi-Tech Elevators as requested by them in their quotation dated 04-06-2016.

The Committee also recommended to install Alarms and Emergency Lights in both the Falconi Lifts and authorized the Chairman to approve necessary expenditures to be incurred in this regard at his discretion”.

RESOLUTION NO. 26: Keeping in view of the deteriorated condition of Steel Wire Hoisting Ropes of both the Falconi Lifts, the Executive Committee approved the above referred recommendation of the Building and Finance Committee.

iii) **PROVISION TO CONSTRUCT AN ADDITIONAL UNDERGROUND WATER TANK OF 15000 GALLONS IN THE COTTON EXCHANGE**

Chairman informed the Executive Committee that BA/MO Note dated 23-09-2016 on the above subject was considered, in detail, by the Building and Finance Committee and after consideration, the Committee recommended as under:-

“After consideration, the Committee recommended to authorize Chairman / Vice-Chairman to negotiate / approve the estimates for construction of an additional underground water tank of 15000 gallons in the Cotton Exchange, conduct interview of the Contractors before assigning the job to them and hire a Structural Engineer, if necessary, in this regard.”

Mr. Parvez Hassan and some of other members of the Executive Committee were of the views that an additional underground water tank of at-least 25,000 gallons should be constructed in the Cotton Exchange Building, if feasible.

Mr. Zahid Mazhar expressed his concern on non-submission of complete details of the subject matter. He was of the view that information relating to daily consumption of water in the Cotton Exchange and financial position of the Association should be placed before the Executive Committee for consideration.

RESOLUTION NO. 27: After consideration, the Executive Committee referred back the case to the Building and Finance Committee for reconsideration and desired that the feasibility of construction of an additional underground water tank of capacity of at-least 25,000 gallons, financial position of the Association and data on daily consumption of water in the Cotton Exchange should be considered by the Committee while formulating its recommendations on the above subject for consideration of the Executive Committee.

iv) **PROVISION TO SET-UP COTTON CLUB IN THE OFFICE OF THE KCA**

Chairman informed the Executive Committee that BA/MO Note dated 21-09-2016 on the above subject was considered, in detail, by the Building and Finance Committee and after consideration, the Committee recommended as under:-

“After considering the advantages and disadvantages of the said proposal, the Committee did not recommend to set-up the proposed Cotton Club in the KCA”.

As desired by the Executive Committee, Chairman briefly explained the advantages and disadvantages of the Cotton Club, if set-up in the office of the Association.

Khawaja Tahir Mahmood highlighted the advantages of the Cotton Club proposed to be set-up in the office of the Association.

Supporting the proposal, Mr. Rehan Shoukat stated that it should be set-up in the office of the KCA to provide a common place for the peoples concerned with the Cotton Trade so that they may get-together and discuss matters relating to the cotton industry.

RESOLUTION NO. 28: After consideration, the Executive Committee approved the above referred recommendation of the Building and Finance Committee.

v) **BEAUTIFICATION OF COURTYARD / OPEN AREA ON GROUND FLOOR (WESTERN SIDE) OF THE COTTON EXCHANGE (PHASE-II)**

Chairman informed the Executive Committee that BA/MO Note dated 07-11-2016 on the above subject was considered, in detail, by the Building and Finance Committee and after consideration, the Committee recommended as under:-

“After consideration, the Committee recommended to defer the matter for consideration at a later stage.

Chairman informed the Executive Committee that the Building and Finance Committee, while considering the subject matter, desired that at-least one more quotation on the above be obtained for consideration of the Committee.

RESOLUTION NO. 29: After consideration, the Executive Committee approved the above referred recommendation of the Building and Finance Committee and desired that at-least one more quotation on the above be obtained for consideration as desired by the Building and Finance Committee.

vi) **BRIEF ON REPAIRING / REPLACEMENT OF R.C.C BEAMS, SLABS OF THE ROOF OF THE COTTON EXCHANGE**

Chairman informed the Executive Committee that BA/MO Note dated 07-11-2016 on the above subject was considered, in detail, by the Building and Finance Committee and after consideration, the Committee recommended as under:-

“After consideration, the Committee recommended to defer the matter for consideration at a later stage”.

RESOLUTION NO. 30: After consideration, the Executive Committee approved the above referred recommendation of the Building and Finance Committee and desired that Chairman alongwith some senior members of the Association may hold a meeting with the concerned tenant, who was not prepared to vacate their office due to some reasons, in order to resolve the matter.

vii) **SUPPLY OF UNIFORMS, SHOES AND ALLIED ACCESSORIES TO
THE SECURITY GUARDS / MESSENGERS / LIFT OPERATORS OF THE KCA**

The Executive Committee was informed that the Building and Finance Committee in its meeting held on 21-11-2016 considered a statement dated 07-11-2016 showing expenditure to be incurred in supplying of Uniforms, Shoes and allied accessories to the Lower Grade Staff of KCA and after consideration, the Committee recommended as under:-

“After consideration, the Committee recommended to approve a total sum of Rs. 72,000/- for supply of 32 Uniforms, 16 pairs of Shoes, 16 Caps and 16 Belts to the Lower Grade Staff of the KCA.”

RESOLUTION NO. 31: After consideration, the Executive Committee approved the above referred recommendation of the Building and Finance Committee.

viii) **PROPOSAL TO INSTALL BALUSTRADES AT THE ENTRANCE
OF THE COTTON EXCHANGE**

Chairman informed the Executive Committee that BA/MO Note dated 10-08-2016 on the above subject was considered, in detail, by the Building and Finance Committee and after consideration, the Committee recommended as under:-

“After consideration, the Committee did not approve the proposal to install Balustrades at the entrance of the Cotton Exchange”.

RESOLUTION NO. 32: After consideration, the Executive Committee authorized Chairman / Vice-Chairman to take appropriate decision / action regarding the proposal to install balustrades at the entrance of the Cotton Exchange.

ix) **REQUEST OF JANITORIAL CONTRACTOR FOR INCREASE
IN CONTRACTUAL AMOUNT**

Chairman informed the Executive Committee that BA/MO Note dated 07-11-2016 on the above subject was considered, in detail, by the Building and Finance Committee and after consideration, the Committee recommended as under:-

“After consideration, the Committee authorized Chairman / Vice-Chairman to appoint New Janitorial Contractor and fix their Contract money to provide Janitorial services in the Cotton Exchange in place of M/s. Ideal Enterprises”.

RESOLUTION NO.33: After consideration, the Executive Committee authorized Chairman / Vice-Chairman either to appoint a new Janitorial Contractor or retain existing Janitorial Contractor at a increased Contract money at his discretion.

x) **PAYMENT OF RENT BY THE EX-COTTON BROKER OF THE KCA**

Chairman informed the Executive Committee that Accounts Officer Note dated 24-09-2016 on the above subject was considered, in detail, by the Building and Finance Committee and after consideration, the Committee recommended as under:-

“ After consideration, the Committee recommended to authorize the Secretary General, the KCA to deal with the case referred to above on the lines indicated by the Committee”.

RESOLUTION NO.34: After consideration, the Executive Committee approved the above referred recommendation of the Building and Finance Committee.

**NOMINATION ON THE EXECUTIVE COMMITTEE OF
THE KARACHI COTTON ASSOCIATION**

04. (a) **Letter dated 07-11-2016 received from Finance Division (External Finance Wing), Government of Pakistan, Islamabad informing that Mrs. Naheed Ishaq, Deputy Secretary (EF-Program) has been nominated as Member on the Executive Committee of the KCA for the year 2016-17, for information.**

Chairman informed the Executive Committee that the Finance Division (External Finance Wing), Government of Pakistan, Islamabad vide their letter dated 07-11-2016 had informed that Mrs. Naheed Ishaq, Deputy Secretary (EF-Program) had been nominated as representative of Finance Division (External Finance Wing), Government of Pakistan on the Executive Committee of the KCA for the year 2016-17.

RESOLUTION No. 35: The Executive Committee welcomed the nomination of Mrs. Naheed Ishaq, Deputy Secretary (EF-Program), Finance Division (External Finance Wing), Government of Pakistan as Member on the Executive Committee of the KCA for the year 2016-17.

- (b) **Letter dated 11-11-2016 received from the Ministry of Commerce, Government of Pakistan, Islamabad informing that Director, Textile & Clothing Division, TDAP, (Mr. Abdul Karim Memon) has been nominated as Member on the Executive Committee of the KCA for the year 2016-17 for information.**

Chairman informed the Executive Committee that the Ministry of Commerce, Government of Pakistan, Islamabad vide their letter dated 11-11-2016 had informed that Mr. Abdul Karim Memon, Director, Textile & Clothing Division, TDAP had been nominated as representative of Ministry of Commerce, Government of Pakistan on the Executive Committee of the KCA for the year 2016-17.

RESOLUTION No. 36: The Executive Committee welcomed the nomination of Mr. Abdul Karim Memon, Director, Textile & Clothing Division, TDAP, Ministry of Commerce, Government of Pakistan as Member on the Executive Committee of the KCA for the year 2016-17.

RATES COMMITTEE

05. **To appoint the Rates Committee for the month of December, 2016.**

RESOLUTION No. 37: It was decided by the Executive Committee that the existing Rates Committee may continue for the month of December, 2016.

GRADE AND STAPLE MARGINS

06. **Recommendations of the Grade and Staple Margins Committee of the KCA as contained in the minutes of its meetings held on 28-10-2016 and 14-11-2016, for information.**

RESOLUTION No. 38: The Executive Committee noted the recommendations of the Grade and Staple Margins Committee as contained in the minutes of its meetings held on 28-10-2016 and 14-11-2016.

COTTON SITUATION

07. **To discuss the cotton situation.**

Mr. Nasir Anwer Barkurdaria stated that the current cotton crop would be around 11.00-11.50 million bales.

Mr. Zahid Mazhar stated that large No. of textile mills were closed due to reasons well known by all of us. He stated that the future of the textile industry was not looking good.

Mr. Zahid Mazhar was of the view that without taking remedial measures by the Government, the textile industry could not be survived. He expressed his concern regarding delay in announcing the Textile Package by the Government.

Mr. Sajid Haroon stated that the local textile industry was in crisis, especially the spinning sector due to high cost of doing business and other reasons. He also stated that due to delay in shipments of cotton from India, the local cotton prices could be increased considerably in the coming days.

Mr. Asif Inam stated that local consumption of cotton in 2016-17 would be around 14.0 million bales. He also stated that local cotton yarn was saleable if the Government was abolished duty on imported cotton.

RESOLUTION No. 39: Noted.

GRANT OF LEAVE TO THE MEMBERS OF THE EXECUTIVE COMMITTEE

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

RESOLUTION No. 40: The Executive Committee granted leave of absence to Mr. Humayun Zafar and Mr. Nadeem Maqbool from attending to-day's meeting of the Executive Committee on written request from them.

The Executive Committee also granted leave of absence to Mr. Wahid S. Balagamwala from attending to-day's meeting of the Executive Committee on the intimation received on telephone regarding his pre-occupations on other assignments.

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

(AFTAB ALAM)
Secretary General
KARACHI: 22-11-2016

CHAIRMAN
