

IN THE HIGH COURT OF SINDH, KARACHI

Constitutional Petition No.D-4458 of 2025

[M/s Darul Aman Co-operative Housing Society versus The Province of Sindh and others]

Before:

Justice Muhammad Karim Khan Agha

Justice Adnan-ul-Karim Memon

M/s Zia-ul-Haq Makhdoom and Malik Altaf Hussain, advocates for the petitioner.
Mr. Zohaib Zulfiqar Sarki and Kahlil Ahmed Siddiqui, advocates for respondent No.4.

Mr. Mr. Muhammad Vawda, advocate for respondent No.4 as well as Intervener.

Mrs. Saima Imdad Mangi, Assistant Advocate General Sindh.

Mr. Muhammad Imran, Legal Officer, Mr. Abdul Wajid Shaikh, Registrar Cooperative Societies Sindh, Syed Hasnain Shah, Deputy Registrar Cooperative Societies (Legal & Technical).

Dates of hearing & Order: 30.09.2025

ORDER

Muhammad Karim Khan Agha, J. Through this petition, the petitioner seeks the following relief(s):-

- a) Declare that the tenure of the incumbent management/Managing Committee of Karachi Cooperative Housing Societies Union Limited (KTISUI) has admittedly come to an end, and therefore they are neither entitled nor authorized in law to continue holding office and/or to supervise the forthcoming elections of KCTISUL.
- b) Direct the Registrar to assume control and management of Karachi Co-operative Housing Societies Union Limited (KCHSUL), to initiate and supervise the election process, strictly in accordance with the scheme enunciated in the Sindh Co-operative Societies Act, 2020, ensuring that every member society is afforded a fair and equal opportunity to nominate, contest, and participate in the said election Further direct that the entire electoral exercise shall be conducted transparently and concluded within a period of ninety (90) days, so as to uphold the principles of fairness, equal representation, and good governance.
- c) Permanently and pending disposal of the main petition, restrain the incumbent management of Karachi Co-operative Housing Societies Union Limited (KCHSUL) from dealing with any financial matters, including withdrawing any amount and/or monies from the bank accounts of KCHSUL, without prior approval of the Registrar.

2. The Petitioner claims to be a bona fide member of the Karachi Co-operative Housing Societies Union Limited (KCHSUL), and seeks this Court's intervention because the incumbent management is unlawfully retaining control, using their position to subvert the democratic electoral process and shield themselves from accountability for massive financial embezzlement.

3. The petitioners primarily present two main submissions against the current management of KCHSUL. They submit that the current management's four-year

term has expired under the Sindh Co-operative Societies Act, 2020, and KCHSUL's bylaws, meaning they no longer possess legal authority to hold office or oversee elections. They also assert that permitting the expired, incumbent management to conduct new elections amounts to a serious violation of fairness and transparency, effectively turning the process into an "eyewash" intended only to maintain their illegal control. It is urged that the management has demonstrated malicious intent by arbitrarily rejecting nominations from member societies to disenfranchise opposing members; calling a Special General Meeting as a "stratagem" to manipulate the election, control nominations, and predetermine the outcome; suppressing membership lists and denying access to meeting minutes to create an opaque electoral process; and granting the current management access to KCHSUL's treasury, which would compromise the election's integrity by enabling them to illegitimately fund their own campaigns and create an unfair advantage. They emphasize that an audit (2005-2021) revealed that over Rs. 1.193 billion was embezzled from KCHSUL through fake and fraudulent transactions, with office-bearers withdrawing funds to acquire properties both nationally and internationally. Despite this evidence, the management has engaged in a systematic cover-up, obstructing investigations by the Enquiries and Anti-Corruption Establishment. The incumbent management has filed a civil suit to recover the embezzled funds, with the Managing Director swearing under oath about the financial crimes. However, several accused individuals remain part of the management committee, demonstrating blatant disregard for the law and breaching their fiduciary duty to protect those who allegedly looted the Union's resources. They emphasized that the Registrar of Co-operative Societies has failed to fulfill his statutory duty to ensure transparency and halt these violations, emboldening the management.

4. The petitioner's counsel demands the immediate removal of the current KCHSUL management and the appointment of the Registrar to oversee elections and finances. He added that the management's continued control is unlawful and unconstitutional based on three key issues, massive corruption, as they are charged with Rs. 1.193 billion in embezzlement and actively shielding the accused, breaching their fiduciary duty; illegal usurpation, since their legal tenure has expired, making their continued holding of office illegal and all subsequent acts void, and they are abusing the legal process to delay accountability; and flawed elections, because they cannot be trusted to hold free and fair elections due to their corruption and expired term. Furthermore, the electoral college is fundamentally invalid because several constituent societies have not held their own internal elections, which makes any resulting election void from the start. The counsel concludes that the Registrar and/or any other person must be appointed to conduct a proper audit and to hold a free, fair, and impartial election of the respondent-KCHSU.

5. The counsel for Respondent No. 4 (KCHSUL) demands the petition be dismissed, arguing it's premature, misconceived, and filed in bad faith. He argued that the management's term does not expire until February 2026, giving the petitioner no cause for action. Furthermore, the matter belongs in the Sindh Cooperative Societies Court, not this court. He next submitted that the allegations of Rs. 1.193 billion in corruption are baseless, as the audited accounts are clear. The election is being conducted transparently and in full compliance with the bye-laws. Nominations were only rejected for failing to meet criteria (Bye-Laws 8-10), and societies were given time to resubmit. The petitioner is acting in collusion with the Registrar (Respondent No. 2), proven by the petitioner's suspicious possession of unopened official letters. The Registrar's inquiry report illegally prays for control of the society. The petitioner's prayer for the Registrar to take control, a practice the Court has already deprecated. The respondent counsel concludes the petition's sole aim is to illegally dislodge the current management and jeopardize the legitimate election process.

6. The Learned Assistant Advocate General (AAG) submitted that KCHSUL primarily banks with Bank Al-Baraka. Initially, banks provided no information, but Bank Al-Baraka later reported three transactions totaling Rs. 1,987,096/- after the Court's order (dated September 12, 2025). The Registrar repeatedly wrote to Respondent No. 4 (KCHSUL) to submit financial transaction proposals for approval, as required by the Court's order. No proposals have been received from KCHSUL to date. The reported financial transactions were made without obtaining the mandatory prior approval from the Registrar.

7. We have heard learned counsel for the parties and considered the record.

8. After arguing the matter at some length, both the contesting parties agreed in the terms that the Secretary, Cooperative Department, Government of Sindh, be appointed as a receiver to oversee all of the Society's financial obligations and manage day-to-day expenditures, including employee salaries, until a new management is elected within three months. He shall not undertake any major transactions such as allotment of plots. The proposal seems reasonable and is acceded to. However, he may seek the assistance of any of the officials for the smooth conduct of the election except the Registrar. The elections for the Society's management must be conducted expeditiously, within three months. The Secretary is directed to adjudicate contentious membership matters for allottees and determine their voting rights according to the Society's bylaws after receiving their objections, if any. The current management must hand over all required documentation to the Secretary within seven days of this order to facilitate the financial administration. The Secretary must compile the final list of members within two weeks. Once the membership list is finalized, the Secretary must

conduct the election of the society within three months. The Registrar of Cooperative Societies/ the present management of the society, is prohibited from issuing any Order that could impede the smooth conduct of the elections. A conclusive report on the Society's electoral culmination/ election is to be submitted to this Court under the Societies Act 2020 for further orders. In the light of alleged financial irregularities a copy of this order shall be sent to Chairman ACE who shall carryout an inquiry into any allegation of financial impropriety expeditiously and proceed in accordance with law.

The Petition is hereby disposed of in the aforesaid terms.

HEAD OF CONST. BENCHES

JUDGE