

THE HIGH COURT OF SINDH, KARACHI
[COMPANY BENCH]

J.C.M. No. 06 of 1990

In the matter of the Companies Act, 2017

And

M/s. Ali International, an unregistered company in liquidation

Official Liquidator : Dr. Chaudhry Wasim Iqbal, Official Assignee.

Objector : Through Syed Fazal-ur-Rehman, Advocate.

SECP : Through Mr. Kehan Khan, Advocate.

Date of hearing : 13-10-2025

Date of Announcement : 23-02-2026

ORDER

Adnan Iqbal Chaudhry J. - This order answers Reference No. 07/2025 made by the Official Liquidator, and with it, CMA No. 560/2024 and CMA No. 3565/2025.

2. This petition was filed on 15.02.1990 for the winding-up of 'M/s. Ali International' (Respondent No.1), which was a partnership firm of more than seven persons, hence an "unregistered company" within the meaning of section 443 of the erstwhile Companies Ordinance, 1984 (presently, section 427 of the Companies Act, 2017). Per section 444 of said Ordinance (presently, section 428 of the Act), an unregistered company could be wound-up by applying the provisions of the Ordinance.

3. The petition was brought by a creditor, who alleged that Ali International and its partners had swindled the public after enticing them to make investments. For defrauding the public, the FIA had also registered an FIR against the partners of Ali International. Before this Court, the Respondents 2 and 3, as partners of Ali International, conceded that the firm was unable to repay its investors. Thus, a

winding-up order was passed on 02.12.1990. The Official Assignee acts as the Official Liquidator.

4. In 1990, the managing partner of Ali International, namely Mr. Muhammad Ali (Respondent No.3), filed statement of affairs under section 328 of the Ordinance. He listed House No. A-483, Block H, North Nazimabad, Karachi [**subject property**] as one of the properties purchased by him from the money of the firm's investors (held under sale deed dated 21.01.1988). Right thereafter, one Muhammad Anwar filed objections with the Official Liquidator against the inclusion of the subject property, contending that he had purchased the same from Muhammad Ali for lawful consideration. The Official Liquidator's inquiry into the matter remained pending due to Muhammad Ali's absence, who, it seems, had been arrested in the meantime by the FIA conducting its own criminal investigation. When Muhammad Ali reappeared before the Official Liquidator, the Court passed order dated 24.03.1999 asking the Official Liquidator to complete his inquiry into the ownership of the subject property after recording the evidence of Muhammad Ali and of the FIA officer who had investigated the aforesaid FIR. It seems that such order was passed under section 351(1) of the Ordinance. However, Muhammad Ali disappeared once again, this time, it seems, due to ill health and shifting to Lahore. In 2010, the objector Muhammad Anwar also passed away.

5. The matter was revived by the legal heirs of Muhammad Anwar by moving CMA No. 560/2024 for a direction to the FIA to issue an NOC in respect of the subject property. Apparently, the subject property is also freezed by the FIA. On 05.05.2025, Muhammad Ali reappeared before this Court. His evidence was recorded by the Official Liquidator and he was also cross-examined by counsel for the objectors.

6. The case of the objectors is that (late) Muhammad Anwar was *bonafide* purchaser of the subject property, which was transferred to him by Abdul Aziz as the registered Attorney of Muhammad Ali. In

that regard, they produced photocopy of a registered Power of Attorney dated 28.04.1988 executed by Muhammad Ali in favor of Abdul Aziz, and photocopy of registered sale deed dated 01.02.1989 executed by Abdul Aziz in favor of Muhammad Anwar. On the other hand, Muhammad Ali denies having executed said power of attorney in favor of Abdul Aziz or having received any sale consideration for the subject property. He deposed that the subject property was purchased by him from investor funds; that his signature on the Power of Attorney dated 28.04.1988 is forged, the original of which has never been produced by the objectors; that Abdul Aziz was an employee who was allowed to reside at the subject property; however, he colluded with (late) Muhammad Anwar, a contractor of the firm, to transfer the property to the latter by forging said power of attorney.

7. Based on the aforesaid evidence, the Official Liquidator has made Reference No. 07/2025, praying that in exercise of powers under section 329 of the Companies Act (previously section 351 of the Ordinance), the subject property be declared the property of M/s. Ali International; or, alternatively, the Official Liquidator be permitted to file a suit against the objectors *inter alia* for cancellation of fraudulent documents. By CMA No. 3565/2025, Muhammad Ali makes a similar prayer.

8. I'm afraid that the nature of declaration prayed by the Official Liquidator cannot be issued under section 326 of the Companies Act. A perusal of that section shows that while the Company Court can summon and record evidence of a person known or suspected to have in his possession any property or document of the company, the order said Court can eventually pass on such evidence is restricted by sub-sections (5) and (6) to the scenario where the person examined 'admits' that he is indebted to the company or is in possession of property of the company. These provisions of section 326 of the Companies Act read:

“(5) If, on his examination, any officer or person so summoned admits that he is indebted to the company, the Court may order him to pay to the provisional manager or, as the case may be, the liquidator, at such time and in such manner as the Court may direct, the amount in which he is indebted, or any part thereof, either in full discharge of the whole amount or not, as the Court thinks fit, with or without costs of the examination.

(6) If, on his examination, any such officer or person admits that he has in his possession any property belonging to the company, the Court may order him to deliver to the provisional manager or, as the case may be, the liquidator that property or any part thereof, at such time, in such manner and on such terms as the Court may direct.”

9. In this case, the objectors do not admit that the subject property is of Ali International. Consequently, no order can be passed under sub-section (6) of section 326 of the Companies Act for taking possession of subject property from the objectors. Sub-section (5) is not relevant here. In any case, the stated provisions do not provide remedy for cancellation of documents held adverse to Ali International.

10. In view of the foregoing, the alternative prayer made by the Official Liquidator for filing a suit is allowed, provided he is satisfied upon legal opinion that such suit would not be time-barred. Reference No. 07/2025 and CMA No. 3565/2025 are answered accordingly. However, CMA No. 560/2024 is dismissed as the Company Court does not have jurisdiction to issue such direction to the FIA.

JUDGE

Karachi:
Signed on: 21-02-2026

Announced by: