

IN THE HIGH COURT OF SINDH AT KARACHI

PRESENT:

Mr. Justice Arshad Hussain Khan
Mr. Justice Amjad Ali Sahito

High Court Appeal No.35 of 2024

Appellant : Atique Sultan Raja S/o Sultan Ahmed
Nasim Raja through Malik Altaf Hussain,
Advocate

Respondents : The Federation of Pakistan & others
through Mr. Khalid Javed, Advocate
representing Respondents No.3 to 5
alongwith Mr. .MunawarJuna, Advocate

Date of Hearing : 31.03.2026

Date of Judgment: 06.04.2026

J U D G M E N T

Amjad Ali Sahito, J. This High Court Appeal, instituted under Section 15 of the Code of Civil Procedure (Amendment) Ordinance, 1980, read with Section 3 of the Law Reforms Ordinance, 1972, is directed against the order dated 19.12.2023, whereby CMA No.15454/2023 (filed under Order XXXIX Rules 1 & 2 read with Section 151, CPC) was dismissed, CMA No.15876/2023 (filed under Order VII Rule 11, CPC) was allowed, and consequently, the plaint was rejected by the learned Single Bench of this Court.

2. Succinctly stated, the facts leading to the instant lis are that the appellant, Atique Sultan Raja (hereinafter referred to as the “Appellant”), instituted a suit seeking declaration, permanent injunction, and mandatory injunction, inter alia, asserting that he was appointed as Director (Human Resources) by the Chairman, Pakistan Shipping Corporation (hereinafter referred to as the “Corporation/Respondents”), pursuant to an advertisement dated 13.09.2020, after fulfilling all requisite formalities. It was contended that, during the course of his tenure, he was directed to initiate the recruitment process for the

post of Manager (HR), for which he proposed eligibility criteria comprising a Master's degree with a maximum age limit of 45 years. However, Respondent No.3 allegedly instructed him to revise the said criteria to a Bachelor's degree with an enhanced upper age limit of 50 years, purportedly to accommodate certain favored candidates. The Appellant claims to have resisted such alterations, which, according to him, resulted in strained relations with the management.

3. It was further alleged that the Respondents, with the ulterior motive of removing the Appellant, engineered adverse circumstances culminating in a decision by the Board of Directors to abolish his post. Consequently, vide communications dated 02.10.2023 and 05.10.2023, the Appellant was directed to proceed on leave in lieu of notice, and subsequently, his services were terminated with effect from 01.11.2023. Thereafter, the Appellant instituted the aforementioned suit, seeking, inter alia, a declaration that the impugned actions were illegal and without lawful authority, a declaration of his status as a permanent employee, and a restraint against the Respondents from giving effect to the impugned actions. However, the said suit came to be rejected by the learned Single Bench of this Court. Hence, the present High Court Appeal.

4. Learned counsel for the appellant contended that the learned Single Judge erred in allowing the application filed under Order VII Rule 11 CPC at early stage without considering averments contained in the plaint. It is contended that the plaint discloses a valid cause of action, particularly on account of specific allegations of mala fide, victimization and misuse of authority, which give rise to triable issues requiring evidence. Learned counsel further contended that a question whether the appellant was a contractual or permanent employee is a mixed question of law and fact, which could not have been decided summarily. It is also contended that the Respondents' Corporation, being a public sector entity, is subject to constitutional limitations, and its actions must conform to

principles of fairness and non-arbitrariness. Learned counsel contended that the abolition of the appellant's post was not bona fide but a tactic to remove him from service, which required determination after trial. It is further contended that the bar under Section 42 of the Specific Relief Act was wrongly applied, as the suit was maintainable in cases involving mala fide and lack of lawful authority. Lastly, he has contended that the learned Single Judge failed to consider the implications of the State-owned Enterprises (Governance and Operations) Act, 2023, which necessitated detailed examination and could not have been decided at the threshold. In support of his contention, he has relied upon the cases reported as Bolan Beverages (Pvt.) Limited vs. Pepsico Inc. and 4 others (PLD 2004 Supreme Court 860), Muhammad Shafi vs. Muhammad Asghar and others (PLD 2004 Supreme Court 875), Khalid Mehmood vs. Chief Secretary, Government of Punjab and others [2013 PLC (C.S.) 786], Qari Yar Muhammad vs. Anjuman-e-Islamia (1987 SCMR 1776), Shahzada Muhammad Umar Beg vs. Sultan Mahmood Khan and another (PLD 1970 Supreme Court 139) and Islamic Republic of Pakistan through Secretary, Establishment Division, Islamabad and others vs. Muhammad Zaman Khan and others (1997 SCMR 1508).

5. Conversely, learned counsel for the Respondents No.3 to 5 while supporting the impugned Order contended that the appellant was a contractual employee and that his relationship with the Respondents' Corporation was governed by the principles of master and servant. He further argued that in the absence of statutory service rules, no declaratory or injunctive relief could be granted, and the only remedy available, if any, was a claim for damages. Lastly, he prays that the instant High Court Appeal may be dismissed.

6. We have heard the learned counsel for the parties and have minutely perused the material available on record with their able assistance.

7. Upon a perusal of the record, it transpires that the Respondent Corporation is not governed by any statutory service rules; consequently, the relationship between the Appellant and the Respondents is that of master and servant. The Appellant was appointed pursuant to a duly published advertisement dated 13.09.2020 against the post of Executive Director on a purely contractual basis, as is unequivocally reflected in the letter of appointment. The terms and conditions of engagement expressly stipulated a fixed tenure, without any provision conferring a right of permanence or regularization. Upon expiry of the initial contractual period, the Appellant was granted a limited extension of three months, which, too, remained within the ambit of contractual employment. There is nothing on record to indicate that the Appellant's services were ever regularized or that he acquired the status of a permanent employee.

8. When confronted with a specific query as to whether any documentary evidence existed to substantiate the contention that the Appellant's services had been regularized, learned counsel for the Appellant failed to furnish a satisfactory response. It is well-settled that mere continuation or extension of a contractual engagement does not vest any right of permanence. The record further reflects that the post held by the Appellant was abolished by the competent authority, whereupon the Appellant was relieved from service. The Appellant has failed to demonstrate that such action was taken in contravention of any statutory provision. For ready reference, Clause 15 of the General Terms of the Letter of Appointment dated 26th April, 2021 is reproduced hereunder:

“The initial contract period will be two years out of which six months will be probationary period and subsequent contract will be at the discretion of the management, commencing from the date of joining, and may be extended by mutual consent.”

9. It is further manifest from the record that upon expiry of the extended period, the contractual engagement of the Appellant stood terminated. The Appellant has, however, approached this Court alleging that his termination was actuated by mala fide

intent and that he was excluded from certain higher-level engagements. Notwithstanding such assertions, no material has been brought on record to substantiate the claim that the Appellant ever attained the status of a permanent employee or that his appointment was protected under any statutory regime. In the absence of any documentary evidence or legal foundation demonstrating regularization or conferment of permanent status, the Appellant's case remains firmly rooted in a contractual relationship, the terms and conditions whereof were consciously accepted by him. Consequently, the cessation of his services upon expiry of the contractual tenure does not, prima facie, suffer from any legal infirmity.

10. It is an admitted position that the Appellant was a contractual employee and his relationship with the Respondents was governed by the principle of "master and servant." The Honourable Supreme Court of Pakistan, in a catena of judgments, has consistently held that contractual employees do not possess any vested right to seek regularization. In *Government of Khyber Pakhtunkhwa Workers Welfare Board v. Raheel Ali Gohar* (2020 SCMR 2068), it was held that employees engaged on a contractual basis, governed by the doctrine of "master and servant," do not acquire an enforceable right to regularization. Reliance is also placed on *Sui Southern Gas Company Ltd. v. Zeeshan Usmani and others* (2022 PLC (C.S.) 424) (Supreme Court of Pakistan). Further, in *Naureen Naz Butt v. Pakistan International Airlines* (2020 SCMR 1625), the Honourable Supreme Court has held as under: –

"Thus, the establish law is that a contract employee, whose period of contract employment expires by afflux of time, carry no vested right to remain in employment of the employer and the Courts cannot force the employer to reinstate or extend the contract of the employee."

11. It is a settled principle of law that a contract of personal service is not amenable to specific enforcement. In matters governed by the doctrine of master and servant, the Courts

cannot compel an employer to retain an employee against its will. The only recourse available to an aggrieved employee in such circumstances is to seek compensation by way of damages for wrongful termination, if so advised. Reliance is placed in the case of **Federation of Pakistan, Chamber of Commerce and Industry, Karachi vs. Ali Ahmed Qureshi (2001 SCMR 1733)**, wherein the Hon'ble Supreme Court of Pakistan has held as under:

“A contractual employee is governed by the principle of master and servant and, therefore, has no right for seeking reinstatement and even in the event of arbitrary dismissal or unwarranted termination such employee can only sue for damages.”

12. In the present case, the Appellant did not seek damages in the suit; rather, he prayed for declaratory and injunctive reliefs, which, in view of the settled legal position and the bar contained under Section 42 of the Specific Relief Act, were not maintainable. Even otherwise, the Appellant failed to establish any legal character or vested right in service so as to entitle him to the grant of declaratory relief. The grievance raised, being founded upon a purely contractual relationship, could not constitute a valid basis for the grant of equitable relief in the nature of injunction. In the absence of any claim for damages, the suit was not maintainable and was, therefore, rightly rejected by the learned Single Judge of this Court.

13. In light of the foregoing findings, it is evident that the Appellant's relationship with the Respondent Corporation was purely contractual, governed strictly by the terms and conditions embodied in the letter of appointment, and did not confer any right of permanence or regularization. The Appellant's assertions regarding the alleged mala fide termination of his services and the abolition of his post do not furnish a sufficient legal basis to assail the impugned action, particularly in the absence of any documentary evidence or legal foundation establishing regularization or permanent status.

14. Furthermore, in accordance with the settled principles of law, including the doctrine of master and servant, a contract of personal service is not specifically enforceable, nor can a Court compel an employer to retain an employee against its will. In such circumstances, the appropriate remedy would lie in a claim for damages, which the Appellant has admittedly not pursued.

15. For the foregoing reasons, we find no illegality, irregularity, or jurisdictional defect in the well-reasoned order passed by the learned Single Judge. Consequently, the instant High Court Appeal, being devoid of merit, is hereby dismissed.

JUDGE

JUDGE

KAMRAN/PS