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SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Before

Mr. Ali Azeem Ikram, Head of Department (Enforcement)

In the matter of

Hashimi Can Company Limited

Under Section 309 (b) of the Companies Ordinance, 1984

No. and date of show cause notice	No. EMD/233/601/02-879 - 85 Dated January 11, 2012
Date of last hearing	March 28, 2012
Present:	No one appeared
Date of Order	June 25, 2012

ORDER

This order shall dispose of the proceedings initiated vide show cause No. EMD/233/601/02-879-885 Dated January 11, 2012 (the "SCN") under Section 309 read with Section 305 of the Companies Ordinance, 1984 ("Ordinance") issued to Hashimi Can Company Limited (the "Company") and Directors of the Company namely Mr. Munawar A.Malik, Mr. Zaheer.A.Malik Mr.Salman Ali Miss. Humera Malik, Mr. Naseer Ali Malik Mr. Asif A. Mufti Mr. M.Imran Rafiq (hereinafter referred to as the "Respondents")

2. The main activity of the Company is manufacturing tin containers and processing of canned food. The issued and paid up capital of the company as per the last available accounts is Rs.16,335,000 divided into 1,633,500 ordinary shares of Rs.10-each.

3. The facts leading to the case are that the Company has failed to hold two consecutive annual general meeting ("AGM") for the year ended on 30.6.2010 and 30. 6. 2011 in violation of sub section (b) of section 305. Further since November 2010, the factory operations of the Company are closed.

4. Consequently the Registrar of Companies, Company Registration Office, Karachi ("CRO") approached this Commission for grant of sanction in terms of Proviso (b) of Section 309 of the Ordinance, to present a petition before the Honorable High Court for winding up of the Company.



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5. Based on Registrar of Companies request, before granting the requisite sanction, a show cause notice dated January 11, 2012 was served to Respondents in terms of Section 309 (b) of the Ordinance highlighting the grounds which the Registrar has presented to the Commission for consideration, to grant sanction, to present a petition for winding up of the Company.

6. The Respondents vide letter dated February 15, 2012, in response to the SCN submitted the reply which is summarized as under:

- Our factory is still closed, all utilities i.e. power, gases and water are disconnected and we don't have access to our offices due to trespassing unionized workers and criminal elements accompanying them. Local administration is unwilling to help due to political pressures or unknown reasons.
- We being the sponsor directors, holding around 70% of the shares, have suffered the most and have been facing all problems and legal issues the illegal strike by the unionized workers started on November 3, 2010 . Around 20% of the remaining shares belong to NIT and balance 10% are subscribed by general public and other businesses We are trying to make arrangement for a buy back and delisting of the Company to relieve the minor shareholders since there is not a good chance of revival of this ageing industry and cost of running such industrial unit has become prohibitive with current increase in prices of inputs specially fuel and power .Moreover there is hardly regular supply of electricity and gas which are eminent utilities to run factory.
- The Respondent requested to kindly refrain the Registrar of Companies from filling the winding up petition in Honorable High court, since we already negotiating with NIT who is interested in selling their share. Remaining shares will be acquired through buy back procedure.

7. In order to provide an opportunity to be heard in person the matter was fixed for hearing on February 1, 2012 and February 20, 2012 but no one appeared, before the undersigned. In order to provide the last opportunity the hearing was fixed on March 28, 2012. The chief executive and directors have repeatedly failed to appear in the hearing, in person or through any authorized representative.

8. As no body has appeared before me on the given date, which means that either there is no body to show the cause for not winding up the company or the management has nothing to explain in this regard. The continuous absence of the Respondent from the hearing opportunities is enough to adjudge the non-professional attitude of them, towards the regulator. However in order to make a profound opinion in the matter, National Investment Trust Limited (the "NIT") was approached vide this office letter dated April 25, 2012 to

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explain the status of the above mentioned negotiations with the company to dispose of the corresponding 20% shareholding in the Company. On May 03, 2012 NIT informed the Commission that it holds only 10.10% shares in the Company and since July 06, 2009, Mr. Imran Rafiq is its representative on the board of the Company. It was further explained by the NIT that a letter from sponsors of the Company dated July 23, 2010 has been found on record where the sponsors had shown their interest in buying back shares held by NIT, but in this respect no negotiation / communication is in process between the NIT and the sponsors of the Company.

9. Further, the perusal of record of the company indicates that the fixed assets of the Company as per latest available annual accounts June 30, 2009 stood at Rs.94,754,940 while total long term assets of the Company stood at Rs.95,499,837 long term liabilities at Rs.61,650,374 whereas current assets at Rs.34,536,692 against the current liabilities of Rs.55,284,954 . The accumulated losses stood at Rs.(81,133,404). The Company failed to comply with various mandatory requirements of law including holding of AGM and filing of statutory returns and by not maintaining the registered office. The Company has failed to pay any dividend to its shareholders for the last five years. At present there is no responsible management to watch the interest of its shareholders, creditors and safeguard the assets and interest of the Company.

10. In these circumstances, I feel that there is no reason that sanction should not be granted to the Joint Registrar for moving a winding up petition in the Hon'ble High Court in terms of 309 of the Ordinance. Time has come that provisions of Ordinance are correctly understood and interpreted and truly enforced to safeguard interest of general public. Section 305 of the Ordinance provides that a Company that has not two consecutive AGM or has suspended its business for a whole year or being a listed company has ceased to be such Company may be wound up. Winding up of such Companies becomes necessary so that available assets of the Companies are distributed among shareholders before such Companies become empty shells in hands of inefficient managements. In this case, I regret to say that Joint Registrar should have approached this Commission for sanction for filing winding up petition much before and affairs of the Company should have been transferred to liquidator for protecting interest of shareholders of the Company.



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11. Keeping in view the above circumstances and the facts that the Company has made default in holding AGM since 2010 and has suspended its business, I reach to the conclusion that it would be much appropriate if the Company is wound up. I, therefore, in public interest and in exercise of the powers conferred by proviso (b) of Section 309 of the Ordinance, hereby authorize the Joint Registrar, CRO Karachi to file a winding up petition in the Hon'ble High Court for winding up of Hashimi Can Company Mills Limited

Ali Azeem Ikram
Head of Department (Enforcement)

Announced
June 25, 2012
Islamabad