

Before Amir Saleem, Joint Director/Head of Wing

In the matter of Show Cause Notice issued to Bunny's Limited

Dates of Hearing

June 2, 2020

Order-Redacted Version

Order dated August 10, 2020 was passed by Joint Director/Head of Wing (Adjudication-I) in the matter of Bunny's Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated March 10, 2020
2. Name of Company	Bunny's Limited
3. Name of Individual*	The proceedings were initiated against the Board of Directors including the CEO and CFO of the Company.
4. Nature of Offence	In view of alleged of Section 237 read with Section 479 of the Companies Act, 2017
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Act, and the arguments set forth over the course of the hearing as well as the Company's written correspondence with the Commission. In this context, I have reviewed the record which shows that the Respondents including the CFO were appointed on June 21, 2018 and responsible for filing of accounts for the quarter ended September 30, 2018, December 31, 2018, March 31, 2019 and September 30, 2019. Nevertheless, I also noted that the interim financial statements for the periods ended September 30, 2018, December 31, 2018, March 31, 2019 and September 30, 2019, have been submitted to PSX on November 29, 2018, February 27, 2019, April 30, 2019 and October 30, 2019 respectively and also placed on the website of the Company. Moreover, the quarterly accounts for periods ended September 30, 2018, December 31, 2018 and September 30, 2019 have been filed with the Registrar on January 24, 2019, February 27, 2019 and November 9, 2019 respectively.</p> <p>At this juncture, I would like to mention here that the aforementioned provisions of the law are unambiguous and explicit. The fact that timing of interim financial statements is of essence, the disclosure requirements of these accounts have been</p>

	<p>kept to a bare minimum. Interim financial statements prepared accurately and in a timely manner provide to its users a reliable source of information regarding a Company's financial position and performance, besides illustrating the results of the management's stewardship of resources entrusted on to it. In order to ensure transparency, all companies must meticulously adhere to the law for preparation and circulation of interim financial statements. Moreover, directors have fiduciary duties towards the Company and its shareholders while providing information to various stakeholders concerning their performance as to how diligently and ethically they are discharging their fiduciary duties and responsibilities. Directors are obliged to ensure that such mechanisms are in place, and appropriate actions be taken, whereby financial and operational reporting of the company is timely achieved, whilst ensuring due compliance of the law.</p> <p>It is pertinent to note that Respondents have deprived the shareholders of their statutory right to receive the interim financial statements of the Company within the prescribed time. The preparation and circulation of quarterly accounts rests with the directors of the Company who are required to take appropriate action within the time stipulated under the law.</p> <p>In view of the preceding facts, I have concluded that the Respondents after becoming part of the management on June 21, 2018 filed the quarterly statements with PSX, placed these on its website and filed with the Registrar as stipulated in the aforesaid para. However, the Respondents did not file the same with the Commission, hence, in contravention of the provisions of Section 237 of the Act and are liable to penal action in terms of Section 237 for non-filing of interim financial statements for the periods ended September 30, 2018, December 31, 2018, March 31, 2019 and September 30, 2019 with the Commission as stipulated under the law.</p> <p>Therefore, in exercise of powers conferred under sub-section (4) of Section 237 of the Act, I hereby impose a fine of Rs. 5,000/- (Rupees five thousand only) each on Chief Executive and Chief Financial Officer for each of the afore-mentioned relevant default periods.</p>
6. Penalty Imposed	Penalty aggregating Rs. 40,000/- (Rupees forty thousand only) was imposed on the Chief Executive and Chief Financial Officer of the Company
7. Current Status of Order	No Appeal has been filed by the Company.

Redacted version issued for placement on website of the Commission.