



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Licensing & Registration Division

Corporate Registry Department

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No. LRD/CRD/PR(11)/2017- 1089

March 7, 2024

CIRCULAR NO. 07 / 2024

**Subject: Circular u/s 147 read with section 510 of the Companies Act 2017**

According to the provisions of section 147 of the Companies Act, 2017 (the Act), the Securities and Exchange of Commission of Pakistan (“the Commission”) is empowered to direct holding of overdue general meetings on its own motion or on application of any director or member of the Company. Section 147 of the Act, is reproduced below for ease of reference:

*“147. Power of Commission to call meetings.—(1) If default is made in holding the statutory meeting, annual general meeting or any extraordinary general meeting in accordance with sections 131, 132 or 133, as the case may be, the Commission may, notwithstanding anything contained in this Act or in the articles of the company, either of its own motion or on the application of any director or member of the company, call, or direct the calling of, the said meeting of the company in such manner as the Commission may think fit, and give such ancillary or consequential directions as the Commission thinks expedient in relation to the calling, holding and conducting of the meeting and preparation of any document required with respect to the meeting....”.*

2. It is evident from section 147 of the Act that the spirit of the provision is to empower directors or members to compel the company to hold its overdue general meetings with the intervention of the Commission. Moreover, this provision has provided an alternative remedy when the normal machinery of the company management has failed.


3. In view of the above, it is hereby clarified that:

- (i) Application under section 147 of the Act shall not be entertained by the Commission if such application has been filed by or on behalf of the company as the company cannot seek direction against itself.
- (ii) Application under section 147 of the Act may be filed by aggrieved member/director in his individual capacity.
- (iii) Application u/s 147 by the aggrieved member/director must be substantiated with proper justification and detail of grievance along with relevant documentary evidence i.e. correspondence exchanged with the company for holding of the general meeting.



- (iv) The holding of a general meeting as a consequence of direction issued by the Commission under section 147 of the Act shall not absolve the persons responsible for the omission to hold general meeting from the consequences of the default.
- (v) The legislative intent behind the provisions of section 147 of the Act is to bring the defaulter company within compliance of the regulatory ambit. Therefore, it is clarified that in case the defaulter company has held its overdue meeting without invocation of the provisions of section 147 of the Act, such meeting would be considered as a valid meeting, if held in accordance with relevant provisions of the law.

4. This direction is being issued pursuant to the powers vested with the Commission under section 510 of the Act.

  
**Muhammad Anas Noman**  
Additional Registrar

**Distribution:**

1. The Chief Executive Officers of all Companies.
2. The Institute of Chartered Accountants of Pakistan, Karachi.
3. The Institute of Cost & Management Accountants of Pakistan, Karachi.
4. The Institute of Corporate Secretaries of Pakistan, Karachi.
5. Federation of Pakistan Chambers of Commerce and Industry, Karachi.
6. Overseas Investors Chamber of Commerce & Industry, Karachi.
7. All Company Registration Offices.
8. Official website for information.
9. Office copy.