



Practices Guide

Conducting Board meetings & General Meetings



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Foreword

Securities and Exchange Commission of Pakistan (“SECP”) has issued this guide for companies focused on preparing, convening and conducting effective meetings of board of directors (“board meeting”) and general meetings. This Guide does not aim to cover all possible practices rather it is intended that the Guide stimulates thinking on how companies, their boards and members can carry out their role smoothly and most effectively. Boards and companies are encouraged to use this guide as a reference point in holding meetings. For newly inducted and aspiring directors of companies, this Guide will be a useful introduction to board and general meetings while seasoned directors can benefit from the best practices recommended in the Guide.

SECP believes that companies shall endeavor to embrace best practices and take necessary measures to facilitate good governance.

This Guide only recommends good practices for conducting board meetings and general meeting of companies. This guide does not in any way vary or amend obligation of stakeholders in complying with requirements of applicable laws. Nothing in this Code overrides or is intended as an interpretation of applicable law. In case of any conflict, the requirements of relevant laws and directives shall prevail over this Guide. The Companies shall ensure compliance with relevant regulatory requirements as per law.

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MEETING OF BOARD OF DIRECTORS

“The meeting of board of directors is the forum for the decisions and resolutions required to discharge the formal responsibilities of office. The overarching purpose of boardroom procedure is to facilitate good decision making.”

Board meetings

Board of Directors (“Board”), collectively, is responsible for directing and managing the activities of a company. Formal board meetings are necessary, serving as one of the key mechanism to enable directors to serve the best interests of the company. If a board does not meet regularly, board leadership and decision-making may be compromised which will bring increased risk to the company and to the directors.

Progressive behavior and inclusive conduct of members during board meetings promote good debate and robust decision making. The Companies Act, 2017 (XIX of 2017) provides a framework for holding regular board meetings and provides modus operandi for such meetings¹. Directors are expected to acquaint themselves with the relevant legal requirements and articles of the Company.

The Board as well as the management should prepare well before a board meeting. Having a periodic plan, a well structured agenda, comprehensive board papers and conclusive minutes are the cornerstones of effective decision-making. Preferably, an annual schedule of meetings can be agreed upon by members in their first meeting of board for the year to enable the scheduling of discussion on key matters, for e.g. strategic planning, company’s performance review, financial reporting etc. and accordingly directors may book meeting dates in their calendars.

¹ Section 176 of the Companies Act, 2017

1. Preparation of Agenda for Board meeting

Planning and preparation is critical to effective board meetings. A well structured agenda and comprehensive board papers, are the cornerstones of effective decision-making. An agenda serves as the roadmap for a meeting and is therefore key to constructive discussion making process. The agenda of board meeting should reflect the mandate of the board. The chairman (or chairperson) of the Board (“board chair”) generally finalizes and oversees the agenda of board meeting². Board chair should consider how to ensure the board receives the necessary information and has time to discuss the issues at its meetings. This should cover the future schedule of meetings as well as the detailed agenda for each meeting.

Key matters to be stated in agenda generally include the following:

- the date, time and place of the meeting
- minutes of the last meeting
- action points from the last meeting
- register of interest
- management reports (including financial statements)
- decision papers and discussion on key strategic and operational issues
- any other matter deemed significant to be discussed in the meeting

² Regulation 11 of Listed Companies (Code of Corporate Governance) Regulations, 2017

Balance of structural, compliance and performance matters in agenda enables the board to deliberate and make decisions regarding significant short-term issues and long-term strategic policy matters.

Generally, the Company secretary is assigned the task of handling administrative matters related to Board Meetings and has following main duties to prepare for a board meeting:

- send the agenda to board members
- assemble the minutes (previous meeting)
- gather the information / details relevant to agenda of the meeting
- ensure that all necessary administrative arrangements are made
- identify the decisions to be considered by the board
- circulate the agenda with all relevant material at least seven days prior to the meeting (except in the case of emergency meetings, where the notice period has been allowed to be reduced / waived³.)
- provide procedural recourse for any queries/ response. Directors may also recommend (the chair of) any matter they wish to raise before the meeting so they can be incorporated into the agenda.

³ Regulation 11 of Code of Corporate Governance Regulation 2017

2. Convening Board meeting

Board chair ensures that the board plays an effective role in fulfilling its responsibilities. One of the responsibilities of board chair is to regulate discussion amongst members in meetings of the board.

Board chair shall strive to give all participants appropriate opportunity to present their point of view by considering following important matters:

- recognizing quorum sufficiency
- calling meeting to order
- ensuring that participants are aware of the protocols for participating in meetings (preferably formal code of conduct expressly providing rules of engagement)
- approve the agenda and minutes
- facilitate and regulate discussion on any agenda, communication and provision of relevant reports, if any
- putting forth old/new/other business for consideration of Board
- the venue and timings for the next meeting should preferably be decided
- close the meeting

Further, the board chair shall facilitate protocols for conducting meeting that may include the following:

- only one person speaks at a time
- the speaker must preferably be recognized before speaking
- comments must preferably be made through the board chair
- comments are confined to the current issue
- discussion should alternate between pro and con arguments
- preventing reading out lengthy papers, already circulated with agenda, during the meeting unless deemed necessary
- no cross conversations
- no verbal attacks of other members
- all rules shall be respected and adhered to by directors

In cases where a significant issue requires a board decision, or if insufficient time or information has been allowed for preparation, directors may defer/decline to approve a matter. In such cases the board may decide to:

- request further information from management
- seek independent advice
- establish a sub-committee of the board to carry out in-depth work and make a recommendation to the board.

3. Conduct of Directors during Board meeting

The boardroom is a place of mutual respect. There should be respect for the office of the chair as well as all other people at the table, including directors and any other attendees. Any debate in board meetings should remain focused on the issues.

Directors must strive to reach the venue of meeting on time and be prepared w.r.t agenda of the meeting. It is the responsibility of each board member to thoroughly review the agenda and ancillary information presented for discussion. It is also expected that, during discussion in meetings, directors are persuasive in presenting their point of view, are receptive to suggestion/ arguments by other members and are open-minded in building consensus for decision-making.

Generally, face-to-face meetings facilitates better interaction, relationship building and growing a strong board culture. However, boards have the option to attend meeting via telephone or video-conference.

Directors can be subject to legal, regulatory or constitutional obligations to treat confidential information with due care and discretion. Information pertaining to any agenda of meeting, shared with Board, may contain sensitive information and the directors are expected to take due care and appropriate measures for securing, handling, dissemination and discussing such information. Broadly, boards must endeavor towards building consensus in decision-making as well as assuming collective responsibility.

4. Quorum of Board meeting

One of the first duties of the board chair is to determine if a quorum is present.

Quorum requirements for meeting of the board is provided in articles of the company. The quorum for a meeting of board of a listed company is mandated to be not less than one-third of number of directors or four, whichever is greater. Participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum⁴.

In case of absence of any director from Board meeting, reason of such absence may preferably be recorded in minutes. The chair may invite any officer in board meeting for matters deemed important and relevant by Board. However, an officer shall not attend such part of Board meeting in which the matter directly conflicting their interest (for e.g. performance) is to be discussed⁵.

⁴ Section 176 of the Companies Act, 2017

⁵ Regulation 13, of Code of Corporate governance

5. Interest of Directors

Directors and other board members must endeavor to carry out their duties fairly and free from prejudice. As part of decision making, directors may be confronted with situations where conflicts of interest (or biases) may affect their professional judgement and their ability to remain impartial. It is crucial for boards to have procedures in place to deal with such conflicts. Further laws are also in place comprising mainly of three steps i.e. identification, declaring and managing process of conflict of interest or conflict of duties.

Best practices and applicable law requires that every director of a company who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the company must disclose the nature of his concern or interest at a meeting of the board. Directors are also mandated not to take part in the meeting or agenda if he/she is directly or indirectly concern with the matter under discussion⁶. Generally, for matters where majority of directors are interested (in any contract/arrangement) and consequently fail to form a quorum, such matters are disclosed and referred to shareholders in the general meeting for their approval⁷.

In case of listed companies, at least two independent directors shall be present in the meeting for forming a quorum where any such matter (i.e. agenda item where directors are interested) comes up for the first time for consideration and decision of the board⁸.

⁶ Section 205 of Companies Act,2017

⁷ Section 207 of Companies Act,2017

⁸ Regulation 16 of Listed Companies (Code of Corporate Governance) Regulation 2017

6. Minutes of Board

Minutes of Board meeting serve as an official and legal record of the meeting of the Board of Directors. Each board will decide the format and manner of recording such minutes. Generally, minutes do not quote the meeting verbatim, however they are expected to be detailed enough to ensure an accurate reflection of the meeting and explain the reasons for any decisions were taken. Minutes must demonstrate that the directors have done what is required to discharge their duty of care, diligence and skill. Therefore, minutes, at the minimum, are expected to be reflective of the following information to the extent possible:

- date, time and place of the meeting
- names of the meeting participants and absentees
- corrections and amendments to previous meeting minutes, if any
- additions to the current agenda
- whether a quorum is present
- motions taken or rejected and their justifications
- any dissent, abstentions (and reasons provided for them)
- other important matters report, including the report on implementation status of previous resolutions
- follow up steps for agreed agenda actions/ deadlines (if any)

- items to be held over (if any)
- any conflicts of interest including what the conflict was and how the board handled the situation
- new / special business (if any)
- date and time of next meeting (if decided)
- time of adjournment (if any)

The Company Secretary shall record, circulate and keep record of the minutes of the meeting. The minutes should be as objective as possible, devoid of any inflammatory remarks, clear, unambiguous and complete. Director/(s) who disagree with a decision taken, may want their position noted in the minutes. Company Secretary should ensure that the same is duly recorded in minutes.

Generally, following the meeting, the minutes are first reviewed by the chair and then circulated to directors in draft form within fourteen days of the meeting to which they refer. The chair, usually at the next board meeting, then signs the minutes.

Directors need to be vigilant in their attention to details in signing off board meeting minutes as a true and accurate record of the meeting. In case dissenting note of any director has not been recorded in the minutes of the meeting, the same shall be referred to the company secretary. Provided if the dissenting note is not recorded despite being referred to

company secretary, such director has the option of filing the objection with the competent authority⁹.

An action list i.e. a list of matters arising at the meeting where action is required, setting out who is responsible for each matter, the estimated date of completion and a brief description of progress can also be prepared by company secretary or any other designated officer. Such action list, followed by the minutes, shall be indicative tool for directors and management to prioritize their responsibilities.

⁹ Section 178 and 179 of the Act, 2017

GENERAL MEETINGS

“General meeting is an important forum for two-way communication between a company and its members. They provide an opportunity for a company to impart to members a greater understanding of its business, governance practices, financial performance and prospects, as well as to discuss areas of concern or interest to the board and management. They also provide an opportunity for members to express their views to the Company’s board and management about any areas of concern or interest for them.”

General Meetings

General Meeting serves as a forum for members to discuss any matters relevant to the affairs and business of a company with the Board of directors and management. Attendance and active participation of members in general meeting encourages openness, integrity and accountability of the Board of Directors promoting good governance and at the same time protecting interest of members. Similarly, Board of directors are expected to maintain on-going dialogue with members and in particular, use general meetings to communicate and encourage participation of members. Board may also establish a member's communications policy, designate an authorized person to handle members communications and review it on periodic basis. Nevertheless, the main business of the general meeting for the Board is to propose, make recommendations and seek member's views and approval on matters prescribed under law.

Processes and procedures for general meetings should allow for equitable treatment of all members. General meetings included in this guide refer to general principles for holding statutory meeting, annual general meeting and extraordinary general meeting.

1. Persons entitled to attend Meetings

Following persons are entitled to attend a general meeting:

- every member or a particular class of members, as the case maybe.
- any person, who is entitled and notified the same by the company, to a share in consequence of the death or bankruptcy of a member may attend a general meeting.
- the auditor of the company or his authorized representative is also entitled to attend any general meeting of the company and to be heard on any matter that concerns the company in his capacity as the auditor.
- it is mandatory for directors of listed company to attend the general meeting unless precluded from doing so¹⁰. All other companies must endeavor that their directors ensure maximum participation in general meetings.

2. General Principles

General meetings should be organized in a manner that facilitates participation of members and ensure they have an opportunity to present their views. This way, members can be involved in the direction and development of the Company in the short and long term. The principles detailed below facilitate orderly functioning of general meetings:

- companies shall endeavor to place the notice of general meeting on their website, any information required by applicable law in relation to the agenda and any other relevant information that the members might need in order to cast their vote. For instance, where the agenda of general meeting includes deliberation on election of

¹⁰ Regulation 10 of the Listed Companies (Code of Corporate Governance) Regulations, 2017

directors, the corresponding proposed resolution shall be useful if it is accompanied by the following information placed on website of the Company as:

- (i) the professional profile of the director (name, qualification, expertise);
 - (ii) directorship on boards of directors at other companies (if any);
 - (iii) category of director i.e. executive, non-executive, independent;
 - (iv) the date of his first and subsequent appointments as director of the Company and
 - (v) The means and procedures for granting a proxy to attend the general meeting.
- time, place and venue of meeting must be clearly communicated, be logically scheduled, easy to approach and be safe. Guide / maps regarding venue and contact person may be given in notice of meeting and/ or placed on website of Company.
 - orderly conduct of meetings require companies to have formal communication policy and procedures for interaction to be in place, be communicated to participants of the meeting and may also be placed on website of the Company.
 - directors should also endeavor to engage with members and encourage their active participation prior to general meeting, during the meeting and also after the meeting. (through post , designated person or designated email).
 - general meetings and specifically annual general meeting is mostly the only occasion where directors meet and physically address the members. Companies should consider requiring directors and management to cordially interact with members

before, during and/or following the meeting. Companies should endeavor maximum participation of directors in general meetings.¹¹

- members have the right to vote on separate and distinct issues. The board must endeavor not to combine different issues and present them for a single vote.
- right of members to vote should be facilitated without undue influence of management. Similarly, members have the right to approve or reject any resolution that alters their fundamental rights and relationship with the Company.
- the Chairman and the Directors shall take steps to ensure that no behavior or intervention is prejudicial to the rights and interests of any members or holders of other securities, as relevant.

3. Responsibility of the Company

Without prejudice to the applicable laws, companies shall facilitate members at the general meeting and their participation therein, through the following measures:

a) Administrative measures

- (i) publish on its website the text of all resolutions proposed by Board of Directors with respect to the agenda items, unless the Board of Directors deems that there are justified grounds for not doing so¹².
- (ii) notice of meeting shall clearly state the place, day and hour of such meeting along with the statement of the business to be transacted at the meeting.

¹¹ Listed Companies (Code of Corporate Governance) Regulations, 2017 and FAQs to said Regulations

¹² S.R.O 634(I)/2014 dated July 10, 2014

- (iii) notice of meeting shall set out the member's right to appoint a proxy and right of such proxy to attend, speak and vote in place of member at such meeting.
- (iv) every notice of meeting shall be accompanied by proxy form. The notices shall be available on website of the Company atleast 21 days before the meeting and should be in a format easy to view and download.
- (v) proxy form and if appropriate identification cards shall be available in downloadable form on the website of the Company.
- (vi) rules and procedures for participating and voting shall be placed on website of the Company.
- (vii) management is expected to be receptive to queries/ clarifications from members through emails/ letters prior to the meetings.
- (viii) relevant information regarding venue of meeting/access to the relevant room be aptly communicated and same is also displayed on website of the Company.
- (ix) use of audio/visual aids are encouraged to facilitate active participation.
- (x) Appropriate surveillance, safety and security measures, as well as systems for managing the physical access to the meeting shall be established in order to ensure the safety of the attendees and the orderly conduct of the general meeting. Companies are expected to take appropriate measures facilitating access of venue by the disabled members of the company.
- (xi) all relevant information/ documents that are legally required to be made available to the members with respect to the proposed agenda of the meeting are duly provided.

- (xii) chairman, directors and senior management (if relevant) is primed with relevant records / papers to address agenda of meeting and discuss other important matters with members.
- (xiii) arrangement shall be made available for simultaneous interpretation/ translation of discussion or information in Urdu when the number of attendees who do not speak English so justifies or when it is deemed appropriate for any reason.
- (xiv) entire proceedings of the general meeting may be the subject of audiovisual recording, if so determined by the Chairman thereof. The said fact shall be disclosed to the members also.

b) Quorum

The Company shall ensure the quorum requirements are duly fulfilled¹³. Following are the requirements of quorum for a general meeting:

- (i) In case of a public listed company, unless the articles provide for a larger number, at least ten members present personally or through video link representing not less than twenty-five percent of the total voting power, either of their own account or as proxies.
- (ii) in the case of any other company having share capital, unless the articles provide for a larger number, at least two members present personally or through video-link representing not less than twenty-five percent of the total voting power, either of their own account or as proxies.

¹³ Section 135 of the Companies Act, 2017

(iii) in case of company not having capital, the quorum requirements as provided in the articles shall be followed.

(iv) meetings called upon the requisition of members shall be dissolved if within half an hour from the time appointed for the meeting, a quorum is not present.

(v) In any other case, meetings shall stand adjourned to the same day in the next week at the same time and place. If quorum is not present within half an hour from the appointed time for such adjourned meeting, the members present personally or through video-link being not less than two shall be a quorum, unless the articles provide otherwise.

c) Presiding committee

- The chairman of the board of directors, if any, shall preside as chairman at every general meeting of the company.
- If there is no such chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairman, any one of the directors present may be elected to be chairman.
- If none of the directors is present or is unwilling to act as chairman the members present shall choose one of their member to be the chairman¹⁴.

¹⁴ Section 134 (5) of the Companies Act, 2017

4. Convening general meetings

The Chairman shall declare the existence of a valid quorum for the meeting, direct and moderate the discussions/presentations and the time assigned thereto.

The conduct of the meeting are expected to be administered keeping in view the following:

a) Proceedings of meetings:

Following considerations are essential for ensuring efficient conduct of proceedings of general meeting:

- (i) appropriate time shall be given to determine presence of appropriate quorum¹⁵:
- (ii) chairman or, by his delegation, the Company Secretary shall read aloud the overall data resulting from the list of attendees, stating the total number of members with the right to vote attending the meeting in person or by proxy, the total number of shares they own and/ or the percentage of capital they represent.
- (iii) once the Chairman or Company Secretary has publicly announced this information, the Chairman shall declare the existence of a proper and sufficient quorum at the general meeting.
- (iv) chairman or any designated officer may communicate the mode and manner of interaction at the meeting. This includes provision of appropriate audio visual facilities and communication protocols and discussion decorum for all participants.

¹⁵ Proviso to Section 135 of the Companies Act, 2017

- (v) members attending the general meetings may record any reservation regarding existence of a valid quorum or regarding the overall information from the list of attendees which was previously read aloud, in order to duly record such reservation in minutes of the general meeting, but such process shall not imply as delay, interruption or postponement of normal proceeding of such meeting.
- (vi) no general meeting shall start or end at a time making it difficult for member to attend.
- (vii) where the general meeting becomes disruptive, as a result of which no resolutions can be passed and no business can be transacted in an orderly manner and it appears to the Chairman that an adjournment is necessary to protect the safety of any person attending the meeting, the Chairman may adjourn the meeting. Such adjournment shall be for a reasonable time.
- (viii) in the event it is not possible to complete a meeting within one day, it may adjourn until next day however shall comply with applicable law¹⁶. Appropriate justification shall also be recorded in the minutes for adjournment of such meeting.
- (ix) chairman, considering the circumstances, determines the time initially allotted for discussion on each agenda by allotting reasonable time (generally not less than ten minutes) for each agenda item. Chairman shall also inform all participants the repercussions for disorderly conduct.

¹⁶ Section 233 of the Companies Act, 2017

- (x) questions for speakers and requests for word shall be made as per the procedure adopted by the Chairman. Members may also pass notes /questions to the Company Secretary during the proceedings of meeting.
- (xi) generally, possible questions and appropriate answers should be prepared, circulated and practiced by relevant company representatives to ensure accurate answers are provided at the meeting. The chairman and CEO should ensure that they are fully conversant, up-to-date and aligned on significant issues.
- (xii) for questions received prior to general meeting, the company will need to decide how and when such questions will be addressed. Some alternatives maybe:
 - (a) incorporate answers into the chair's and CEO's addresses
 - (b) provide a separate summary of answers at the beginning of question time, after the chairman and/ or CEO's addresses
 - (c) to include a selection of the more significant questions and answers on the company's website.
 - (d) use electronic web-based options (for example, emails or preparing an AGM blog) and to present the chair's and CEO's addresses (for example, by webcast).
- (xiii) in answering questions (at any time), those responding must be careful to ensure that no new, price-sensitive information is released thereby contravening the applicable laws or that there are objective reasons to consider that it could be used for non-corporate purposes or that its disclosure could harm the Company or its related companies.

- (xiv) companies may consider making provision for members or proxy holders who are nervous about asking questions publicly in such a formal setting, by having staff members on hand who will put the question to the chair on behalf of the member.
- (xv) companies are expected to carefully plan the most appropriate method of communicating with members.
- (xvi) chairs of committee, in particular audit and human resource committees, of listed companies are expected to be available to answer questions at the general meeting. The chairman should encourage them to make a statement on the activities and achievements of the committee over the year and details of engagement with members on significant matters.
- (xvii) chairman, having the key role to play in representing the company to its key stakeholders, is encouraged to report personally about board leadership and effectiveness.
- (xviii) in exercise of the Chairman's powers to preside over general meetings and without prejudice to other action that may be taken, the Chairman:
 - a) may extend the time initially allocated to each member, when the Chairman so deems it appropriate;
 - b) may request clarification on issues that have not been understood or insufficiently explained;
 - c) moderate discussion without prejudice to any participants that includes informing presenters to adjust their discourse within allotted time and withdraw floor on lapse of such time;

- d) if a participant, despite being cautioned more than once, continues to divert debate/discussion to irrelevant or inappropriate direction disrupting the proper order and normal conduct of the meeting, the Chairman may order adopt measures to preserve order of meeting (for e.g. procedural motions, instructions to refer to any director/management personnel / body, close the microphone or in rare circumstances, may instruct disrupting person to leave the premises). However, the aforesaid shall be recorded in the minutes of the meeting.
- e) chairman may exercise all powers necessary for the proper organization and functioning of the meetings that may include impartially end the debate where an issue has been sufficiently discussed, order votes to be taken or resolve any questions that may arise in connection with the agenda.
- f) where it is not possible to respond to member's queries/ observations during the proceedings of the general meeting, the directors are expected to provide requested information (preferably in writing or in the manner requested) to the interested member within reasonable time after the meeting (preferably not more than seven days of the close of such meeting).
- g) companies may face questions that are of detailed or personal nature or can be best addressed by senior executives, the chair, if deemed appropriate, may authorize the executive to meet with the member immediately after the meeting so that the member's concern can be addressed appropriately.

- h) chairman, where legally authorized, shall declare that the meeting is closed/ adjourned.
- i) chairman, directors and management must refrain from making improper statements or exercising their right in an abusive or obstructionist manner.

b) Additional requirements for holding general meeting through video conferencing

The Chairman and Company secretary are responsible for ensuring that adequate facilities are available and appoint a coordinator to facilitate such meetings. Listed companies are required to comply with the relevant legal requirements for holding meetings via video conferencing¹⁷.

c) Voting

In the case of a company having a share capital, every member shall have votes proportionate to the paid-up value of the shares or other securities carrying voting rights held by him according to the entitlement of the class of such shares or securities. In case of a company limited by guarantee and having no share capital, every member thereof shall have one vote. However, fractional votes shall not be taken into account at the time of voting¹⁸.

¹⁷ Proviso to Section 132 (2) of the Companies Act, 2017

¹⁸ Sub-Section (6) to (8) of Section 134 of the Companies Act, 2017

The Chairman or any designated officer should read out, the procedure of voting loud and clear, prior to discussion of subject agenda item. At any general meeting, a resolution put to the vote shall, unless a poll is demanded, be decided on a show of hands¹⁹. The Chairman shall declare that on a show of hands, a resolution has or has not been carried, unanimously or by a particular majority.

The Company Secretary shall record the said declaration in the minutes of the general meeting²⁰. Before or on the declaration of the result of the voting through show of hands, a poll may be ordered to be taken by the chairman of the meeting on:

- a) his own motion
- b) or on a demand made by members holding not less than one-tenth of voting power, present in person or through video-link or proxy²¹.

The requirements of relevant Regulations²² shall be adhered to by listed companies required to arrange for members the option to vote in general meeting through postal balloting.

5. Minutes of the general meeting

Every company shall cause a fair and accurate summary of the minutes of all proceedings of general meetings along with the names and signatures of those participating in such meetings, to be entered in properly maintained books. Minutes, among others, must reflect a record of motions, votes, and abstentions.

¹⁹ Section 141 of the Companies Act, 2017

²⁰ Section 142 of the Companies Act, 2017

²¹ Section 143 of the Companies Act, 2017

²² Postal Ballot Regulations, 2018

The minutes of meeting are expected to be reflecting of the following elements:

- name of the Company;
- description of general meeting (statutory, annual, extra-ordinary etc.);
- date and place of the general meeting;
- starting time of the general meeting;
- number of members present in person or through proxy, as well as the number of votes members are representing (in order to determine the quorum);
- names of the chairman, directors and company secretary of the Company attending the general meeting;
- names of invitees convened by the Board of Directors (if any, for e.g., auditor);
- text of the resolutions to be voted upon;
- result of voting under the heading of relevant item on the agenda, as applicable;
- questions on the agenda and response (identifying person and brief narration);
- text of the resolution approved by the members;
- time at which the general meeting ended or was adjourned, as the case may be;
- The name and designation of the persons who sign the minutes.

It is also useful to annex the attendance sheet to the minutes so that may be verified whether the required quorum has been reached and calculate the majority required for the adoption of the resolutions voted upon.

The minutes must be drawn up with impartiality and precision, following the chronological order of the general meeting. It is therefore important to record, in full, the content of each resolution presented, reasons for its adoption or rejection and to indicate the result of the vote. In addition, it is necessary to mention the reservations expressed by the opposing members on the legality of the decisions. Although the minutes must reflect the reality of the debates, it is not required or even desirable that all statements made during the general meeting be fully reported.

Minutes constitute the material proof of the existence and content of each resolution submitted to the general meeting. The books containing the minutes of proceedings of the general meetings shall be kept at the registered office of the company and open to inspection by members without charge during business hours, subject to reasonable restrictions so that not less than two hours in each day be allowed for inspection. After seven days from the meeting, any member is entitled to receive (within seven days after request) the certified copy of the minutes of any general meeting at charge prescribed by the Company²³.

²³ Section 152 of the Companies Act, 2017

6. Rights and responsibilities of members

Members of a company shall act in good faith while exercising their powers as a shareholder at the general meetings and shall not conduct themselves in a manner that is considered disruptive to proceedings of the meeting²⁴. Members are encouraged to take active interest in affairs of Company for safeguarding their investments.

Without prejudice to the requirements of relevant law, members are entitled to following rights with reference to general meeting:

- all members or their proxies are entitled to attend general meeting of a company (unless the general meeting is called for particular class of members).
- to receive notice of general meetings specifying the place, day and time of meeting along with a statement of business to be transacted at the meeting. The Company shall comply with its legal obligations to provide information to the members through its website, without prejudice to its right to use any other means for such purpose or to the members' right to request information in written form pursuant to applicable law.
- to participate and vote in general meetings either personally, through video link or through proxy (members, holding at least ten percent of the total paid up capital

²⁴ Section 215 of the Companies Act, 2017 & Regulation 28 of the Companies (General Provisions and Forms) Regulations, 2018.

residing in the same city, may demand video-link facility for attending general meeting).

- to receive dividends in due time once approved in general meetings.
- members holding at least 10% of voting power of a company having share capital or one tenth of total members of a company not having share capital, may make requisition to board to call extraordinary general meeting.
- members or their proxies are entitled to demand a poll on any question in general meeting. The demand may be withdrawn at any time by such members.
- members or their proxies have the right to abstain from voting or not to exercise their full voting rights on a question before the meeting in which poll is demanded.
- during business hours of the company, right to inspect proxies lodged with the company.
- to apply to SECP for calling general meetings.
- to inspect the minutes book of the general meetings during business hours.
- to receive certified copies of the minutes of general meeting after seven days of the general meeting.
- members may request in writing any information or clarification that they consider necessary or formulate in writing the questions that they deem pertinent in relation to the items on the agenda contained in the notice or the information available to the public or on the company's website. It is expected that members put forth such request in reasonable time (preferably 4-5 days) prior to general meeting.

Without prejudice to the requirements of relevant law, the responsibilities of members attending general meeting are summarized below:

- appoint not more than one proxy to attend any one meeting. The proxy must be a member unless the articles of the company permit appointment of a non-member.
- proxy forms shall be lodged with the company at least two working days, before the time for holding general meeting²⁵.
- be well prepared for effective participation in the general meeting i.e. examine notices, financial statements, where applicable and other relevant document pertaining to the agenda prior to attending the general meeting.
- visit the website of companies on regular intervals and where possible access information through the website.
- be acquainted with the names of directors, chief executive officer, company Secretary and rules of attending general meeting (as communicated by company).
- preferably address any queries or request information by post, email or through the means provided in the notice of the meeting including their first and last names, with evidence of the shares owned. The member shall be responsible for maintaining proof of delivery of the request to the Company as and when due.
- follow specific directions regarding access to place and time of general meetings.

²⁵ Section 137 (5) and (6) of the Companies Act, 2017

- sign the attendance sheet of general meetings enabling record of presence and effective exercise of rights.
- be receptive to directions of Chairman regarding proceedings of meetings and discussion on agenda items.
- place all queries / clarification during meeting to Company Secretary or as per procedure adopted and announced by Chairman. It is also encouraged that the members wishing to make statements at the general meeting submit a request prior to the start of the meeting to the company secretary (or any member/ investor relation officer of the Company) placing on record their name and/ or name of the member they represent, the number of shares they hold and/or represent and text / summary of their statement in order to expedite the process. However the aforesaid does not limit the right of member to address queries verbally in the general meetings.
- ensure that during their turn in the debate, they remain brief and relevant. Moreover, they must raise their observation/objection within the time allotted by Chairman.
- the queries/ observations and use of language should not be abusive, biased, personally targeted and out of context.
- vote on resolutions as per the procedure adopted and announced by Chairman.
- be vigilant of matters presented by Board, purpose of proposed resolution and avoid prejudice when exercising right to approve or disapprove any matter proposed by Board.

- Abstain from taking any measure that disrupt orderly conduct of proceedings of the meeting.
- If general meeting is subject to audio/video recording, members are expected not to use photographic, video, image and/or sound recording equipment or other similar equipment in the room where such general meeting is taking place, except to the extent allowed by the Chairman.
- It is expected that members understand that there is no obligation to provide the requested information if such information is not necessary to protect members' rights, there are objective reasons to consider that it could be used for non-corporate purposes or that its disclosure could harm the Company or its related companies.
- Refrain from making unlawful demands from companies during the proceedings of the meeting. This includes demand or pressurizing company or management to give gifts / incentives in lieu of gifts / coupons, tokens, takeaway packages in any form or manner. Gift in any form by company to members is prohibited and liable to penalty.²⁶

²⁶ Section 185 of the Companies Act, 2017

Relevant Statutory requirements regarding Board meetings:

The relevant requirements of Companies Act, 2017 are provided below:

Section 176 Proceedings of the board

(1) The quorum for a meeting of board of a listed company shall not be less than one-third of number of directors or four, whichever is greater and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum under this sub-section:

Provided that if at any time, there are not enough directors to form a quorum to fill a casual vacancy, all the remaining directors shall be deemed to constitute a quorum for this limited purpose.

(2) The quorum for a meeting of the board of other than listed company shall be as provided in the articles.

(3) The board of a public company shall meet at least once in each quarter of a year.

(4) If a meeting of the board is conducted in the absence of a quorum or a meeting of board is not held as required by sub-section (3), the chairman of the directors and the directors shall be liable-

- (a) if the default relates to a listed company, to a penalty of level 2 on the standard scale; and
- (b) if the default relates to any other company, to a penalty of level 1 on the standard scale.

Section 179. Passing of resolution by the directors through circulation:

(1) A resolution in writing signed by all the directors or the committee of directors for the time being entitled to receive notice of a meeting of the directors or committee of directors shall be as valid and effectual as if it had been passed at a meeting of the directors or the committee of directors duly convened and held.

(2) A resolution shall not be deemed to have been duly passed, unless the resolution has been circulated, together with the necessary papers, if any, to all the directors.

(3) A resolution under sub-section (1) shall be noted at a subsequent meeting of the board or the committee thereof, as the case may be, and made part of the minutes of such meeting.

(4) A directors' agreement to a written resolution, passed by circulation, once signified, may not be revoked.

Section 205: Disclosure of interest by director

(1) Every director of a company who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the company shall disclose the nature of his concern or interest at a meeting of the board:

Provided that a director shall be deemed also to be interested or concerned if any of his relatives, is so interested or concerned.

Explanation. For the purpose of this section "director's relatives", are

- (a) the director's spouse;
- (b) the director's children, including the step children;
- (c) the director's parents;

(2) The disclosure required to be made by a director under sub-section (1) shall be made-

(a) in the case of a contract or arrangement to be entered into, at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration or, if the director was not, on the date of that meeting, concerned or interested in the contract or arrangement, at the first meeting of the board held after he becomes so concerned or interested; and

(b) in the case of any other contract or arrangement, at the first meeting of the board held after the director becomes concerned or interested in the contract or arrangement.

(3) For the purposes of sub-sections (1) and (2), a general notice given to the board to the effect that a director is a director or a member of a specified body corporate or a partner of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made.

(4) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time, by a fresh notice given in the last month of the financial year in which it would otherwise expire.

(5) No such general notice, and no renewal thereof, shall be of effect unless either it is given at a meeting of the board, or the director concerned takes reasonable steps to ensure that it is brought up and read at the first meeting of the board after it is given.

(6) Any contravention or default in complying with requirements of sub-sections (1) or (2), shall be an offence liable to a penalty of level 1 on the standard scale.

Section 207: Interested director not to participate or vote in proceedings of board

(1) No director of a company shall, as a director, take any part in the discussion of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the company, if he is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void:

Provided that a director of a listed company who has a material personal interest in a matter that is being considered at a board meeting shall not be present while that matter is being considered.

(2) If majority of the directors are interested in, any contract or arrangement entered into, or to be entered into, by or on behalf of the company, the matter shall be laid before the general meeting for approval.

(3) Sub-section (1) shall not apply to:

(a) a private company which is neither a subsidiary nor a holding company of a public company;

(b) any contract of indemnity or insurance coverage executed by the company in favour of interested director against any loss which he may suffer or incur by reason of becoming or being a surety for the company or while undertaking any transaction on behalf of the company:

Provided that for the purpose of clause (b), a company shall only insure the liability of interested director where such liability arises out of a transaction validly approved by the board or the members of the company as the case may be:

(4) Any contravention or default in complying with requirements under this section shall be an offence liable to a penalty of level 1 on the standard scale.

Relevant Statutory Requirements regarding conduct of general meetings:

The relevant requirements of Companies Act, 2017 are provided below:

Section 131. Statutory meeting of company

(1) Every public company having a share capital shall, within a period of one hundred and eighty days from the date at which the company is entitled to commence business or within nine months from the date of its incorporation whichever is earlier, hold a general meeting of the members of the company, to be called the statutory meeting:

Provided that in case first annual general meeting of a company is decided to be held earlier, no statutory meeting shall be required.

(2) The notice of a statutory meeting shall be sent to the members at least twenty-one days before the date fixed for the meeting along-with a copy of statutory report.

(3) The statutory report shall state:

- a) the total number of shares allotted, distinguishing shares allotted other than in cash, and stating the consideration for which they have been allotted;
- b) the total amount of cash received by the company in respect of all the shares allotted;
- c) an abstract of the receipts of the company and of the payments made there out up to a date within fifteen days of the date of the report, exhibiting under distinctive headings the receipts of the company from shares and debentures and other sources, the payments made there out, and particulars concerning the balance remaining in hand, and an account or estimate of the preliminary expenses of the company showing separately any commission or discount paid or to be paid on the issue or sale of shares or debentures;
- d) the names, addresses and occupations of the directors, chief executive, secretary, auditors and legal advisers of the company and the changes, if any, which have occurred since the date of the incorporation;
- e) the particulars of any contract the modification of which is to be submitted to the meeting for its approval, together with the particulars of the modification or proposed modification;
- f) the extent to which underwriting contracts, if any, have been carried out and the extent to which such contracts have not been carried out, together with the reasons for their not having been carried out; and
- g) the particulars of any commission or brokerage paid or to be paid in connection with the issue or sale of shares to any director, chief executive, secretary or officer or to a private company of which he is a director;

and certified by the chief executive and at least one director of the company, and in case of a listed company also by the chief financial officer.

(4) The statutory report shall also contain a brief account of the state of the company's affairs since its incorporation and the business plan, including any change or proposed change affecting the interest of shareholders and business prospects of the company.

(5) The statutory report shall, so far as it relates to the shares allotted by the company, the cash received in respect of such shares and to the receipts and payments of the company, be accompanied by a report of the auditors of the company as to the correctness of such allotment, receipt of cash, receipts and payments.

(6) The directors shall cause a copy of the statutory report, along-with report of the auditors as aforesaid, to be delivered to the registrar for registration forthwith after sending the report to the members of the company.

(7) The directors shall cause a list showing the names, occupations, nationality and addresses of the members of the company, and the number of shares held by them respectively, to be produced at the commencement of the meeting and to remain open and accessible to any member of the company during the continuance of the meeting.

(8) The members of the company present at the meeting shall be at liberty to discuss any matter relating to the formation of the company or arising out of the statutory report, whether previous notice has been given or not, but no resolution of which notice has not been given in accordance with the articles may be passed.

(9) The meeting may adjourn from time to time, and at any adjourned meeting any resolution of which notice has been given in accordance with the articles, either before or after the original meeting, may be passed, and an adjourned meeting shall have the same powers as an original meeting.

(10) The provisions of this section shall not apply to a public company which converts itself from a private company after one year of incorporation.

(11) Any contravention or default in complying with requirement of this section shall be an offence liable—

(a) in case of a listed company, to a penalty of level 2 on the standard scale; and

(b) in case of any other company, to a penalty of level 1 on the standard scale.

Section 132. Annual general meeting

(1) Every company, shall hold, an annual general meeting within sixteen months from the date of its incorporation and thereafter once in every calendar year within a period of one hundred and twenty days following the close of its financial year:

Provided that, in the case of a listed company, the Commission, and, in any other case, the registrar, may for any special reason extend the time within which any annual general meeting, shall be held by a period not exceeding thirty days.

(2) An annual general meeting shall, in the case of a listed company, be held in the town in which the registered office of the company is situate or in a nearest city:

Provided that at least seven days prior to the date of meeting, on the demand of members residing in a city who hold at least ten percent of the total paid up capital or such other percentage as may be specified, a listed company must provide the facility of video- link to such members enabling them to participate in its annual general meeting.

(3) The notice of an annual general meeting shall be sent to the members and every person who is entitled to receive notice of general meetings at least twenty-one days before the date fixed for the meeting:

Provided that in case of a listed company, such notice shall be sent to the Commission, in addition to its being dispatched in the normal course to members and the notice shall also be published in English and Urdu languages at least in one issue each of a daily newspaper of respective language having nationwide circulation.

(4) Nothing in this section shall apply to a single member company.

(5) Any contravention or default in complying with requirement of this section shall be an offence liable—

(a) in case of a listed company, to a penalty of level 2 on the standard scale; and

(b) in case of any other company, to a penalty of level 1 on the standard scale.

Section 133. Calling of extraordinary general meeting

(1) All general meetings of a company, other than the annual general meeting referred to in section 132 and the statutory meeting mentioned in section 131, shall be called extra-ordinary general meetings.

(2) The board may at any time call an extra-ordinary general meeting of the company to consider any matter which requires the approval of the company in a general meeting.

(3) The board shall, at the requisition made by the members—

a) in case of a company having share capital, representing not less than one-tenth of the total voting power as on the date of deposit of requisition; and

(b) in case of a company not having share capital, not less than one-tenth of the total members;

forthwith proceed to call an extra-ordinary general meeting.

(4) The requisition shall state the objects of the meeting, be signed by the requisitionists and deposited at the registered office of the company.

(5) If the board does not proceed within twenty-one days from the date of the requisition being so deposited to cause a meeting to be called, the requisitionists, may themselves call the meeting, but in either case any meeting so called shall be held within **ninety days** from the date of the deposit of the requisition.

(6) Any meeting called under sub-section (5) by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by board.

(7) Any reasonable expenses incurred by the requisitionists in calling a meeting under sub-section (5) shall be re-imbursed to the requisitionists by the company and the sums so paid shall be deducted from any fee or other remuneration payable to such of the directors who were in default in calling the meeting.

(8) Notice of an extra-ordinary general meeting shall be served to the members in the manner provided for in section 55:

Provided that in case of a company other than listed, if all the members entitled to attend and vote at any extraordinary general meeting so agree, a meeting may be held at a shorter notice.

(9) Any contravention or default in complying with requirement of this section shall be an offence liable—

(a) in case of a listed company, to a penalty of level 2 on the standard scale; and

(b) in case of any other company, to a penalty of level 1 on the standard scale.

Section 134. Provisions as to meetings and votes

(1) The following provisions shall apply to the general meetings of a company or meetings of a class of members of the company, namely:

(a) notice of the meeting specifying the place and the day and hour of the meeting alongwith a statement of the business to be transacted at the meeting shall be given—

(i) to every member or class of the members of the company as the case may be;

(ii) to every director;

- (iii) to any person who is entitled to a share in consequence of the death or bankruptcy of a member, if the company has been notified of his entitlement;
- (iv) to the auditors of the company;

in the manner in which notices are required to be served by section 55, but the accidental omission to give notice to, or the non-receipt of notice by, any member shall not invalidate the proceedings at any meeting;

(b) in case of a listed company, if certain members who hold ten percent of the total paid up capital or such other percentage as may be specified, reside in a city, it shall be mentioned in the notice that such members, may demand the company to provide them the facility of video-link for attending the meeting.

(2) For the purposes of sub-section (1), in the case of an annual general meeting, all the businesses to be transacted shall be deemed special, other than—

- (a) the consideration of financial statements and the reports of the board and auditors;
- (b) the declaration of any dividend;
- (c) the election and appointment of directors in place of those retiring; and
- (d) the appointment of the auditors and fixation of their remuneration.

(3) Where any special business is to be transacted at a general meeting, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning such business, including, in particular, the nature and extent of the interest, if any, therein of every director, whether directly or indirectly, and, where any item of business consists of the according of an approval to any document by the meeting, the time when and the place where the document may be inspected, shall be specified in the statement.

(4) Members of a company may participate in the meeting personally, through video-link or by proxy.

(5) The chairman of the board, if any, shall preside as chairman at every general meeting of the company, but if there is no such chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairman, any one of the directors present may be elected to be chairman, and if none of the directors is present or is unwilling to act as chairman the members present shall choose one of their member to be the chairman.

(6) In the case of a company having a share capital, every member shall have votes proportionate to the paid-up value of the shares or other securities carrying voting rights held by him according to the entitlement of the class of such shares or securities, as the case may be:

Provided that, at the time of voting, fractional votes shall not be taken into account.

(7) No member holding shares or other securities carrying voting rights shall be debarred from casting his vote, nor shall anything contained in the articles have the effect of so debarring him.

(8) In the case of a company limited by guarantee and having no share capital, every member thereof shall have one vote.

(9) On a poll, votes may be given either personally or through video-link or by proxy or through postal ballot in a manner and subject to the conditions as may be specified.

(10) Notwithstanding anything contained in this Act, the Commission shall have the power to notify any business requiring the approval of the members shall only be transacted through postal ballot for any company or class of companies.

(11) All the requirements of this Act regarding calling of, holding and approval in general meeting, board meeting and election of directors in case of a single member company, shall be deemed complied with; if the decision is recorded in the relevant minutes book and signed by the sole member or sole director as the case may be.

- (12) Any contravention or default in complying with requirement of this section shall be an offence liable—
- (a) in case of a listed company, to a penalty of level 3 on the standard scale; and
 - (b) in case of any other company, to a penalty of level 2 on the standard scale.

Section 135. Quorum of general meeting

(1) The quorum of a general meeting shall be—

- (a) in the case of a public listed company, unless the articles provide for a larger number, not less than ten members present personally, or through video-link who represent not less than twenty-five percent of the total voting power, either of their own account or as proxies;
- (b) in the case of any other company having share capital, unless the articles provide for a larger number, two members present personally, or through video-link who represent not less than twenty-five percent of the total voting power, either of their own account or as proxies;
- (c) in the case of a company not having share capital, as provided in the articles:

Provided that, if within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present personally or through video-link being not less than two shall be a quorum, unless the articles provide otherwise.

- (2) Any contravention or default in complying with requirement of this section shall be an offence liable—
- (a) in case of a listed company, to a penalty of level 2 on the standard scale; and
 - (b) in case of any other company, to a penalty of level 1 on the standard scale.

136. Power of the Court to declare the proceedings of a general meeting invalid

The Court may, on a petition, by members having not less than ten percent of the voting power in the company, that the proceedings of a general meeting be declared invalid by reason of a material defect or omission in the notice or irregularity in the proceedings of the meeting, which prevented members from using effectively their rights, declare such proceedings or part thereof invalid and direct holding of a fresh general meeting:

Provided that the petition shall be made within thirty days of the impugned meeting.

137. Proxies

(1) A member of a company entitled to attend and vote at a meeting of the company may appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote at a meeting:

Provided that—

- (a) unless the articles of a company otherwise provide, this sub-section shall not apply in the case of a company not having a share capital;
- (b) a member shall not be entitled to appoint more than one proxy to attend any one meeting;
- (c) if any member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the company, all such instruments of proxy shall be rendered invalid; and
- (d) a proxy must be a member unless the articles of the company permit appointment of a non-member as proxy.

(2) Subject to the provisions of sub-section (1), every notice of a meeting of a company shall prominently set out the member's right to appoint a proxy and the right of such proxy to attend, speak and vote in the place of the member at the meeting and every such notice shall be accompanied by a proxy form.

(3) The instrument appointing a proxy shall—

(a) be in writing; and

(b) be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

(4) An instrument appointing a proxy, if in the form set out in Regulation 43 of Table A in the First Schedule shall not be questioned on the ground that it fails to comply with any special requirements specified for such instruments by the articles.

(5) The proxies must be lodged with the company not later than forty-eight hours before the time for holding a meeting and any provision to the contrary in the company's articles shall be void.

(6) In calculating the period mentioned in sub-section (5), no account shall be taken of any part of the day that is not a working day.

(7) The members or their proxies shall be entitled to do any or all the following things in a general meeting, namely—

(a) subject to the provisions of section 143, demand a poll on any question; and

(b) on a question before the meeting in which poll is demanded, to abstain from voting or not to exercise their full voting rights;

and any provision to the contrary in the articles shall be void.

(8) Every member entitled to vote at a meeting of the company shall be entitled to inspect during the business hours of the company all proxies lodged with the company.

(9) The provisions of this section shall apply *mutatis mutandis* to the meeting of a particular class of members as they apply to a general meeting of all the members.

(10) Failure to issue notices in time or issuing notices with material defect or omission or any other contravention of this section which has the effect of preventing participation or use of full rights by a member or his proxy shall make the company and its every officer who is a party to the default or contravention liable to—

(a) a penalty of level 2 on the standard scale if the default relates to a listed company; and

(b) to a penalty of level 1 on the standard scale if the default relates to any other company.

138. Representation of body corporate or corporation at meetings

(1) A body corporate or corporation (whether or not a company within the meaning of this Act) which is a member of another company may, by resolution of its board or other governing body authorise an individual to act as its representative at any meeting of that other company, and the individual so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents.

(2) A body corporate or corporation (whether or not a company within the meaning of this Act) which is a creditor of another company may, by resolution of its board or other governing body authorise an individual to act as its representative at any meeting of the creditors of that other company held in pursuance of this Act or any other meeting to which it is entitled to attend in pursuance of the provisions contained in any

instrument and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents.

139. Representation of Federal Government at meetings of companies

(1) The concerned Minister-in-Charge of the Federal Government, or as the case may be, a Provincial Government, as the case may be, if a member of a company, may appoint such individual as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company.

(2) An individual appointed to act as aforesaid shall, for the purpose of this Act, be deemed to be a member of such a company and shall be entitled to exercise the same rights and powers, including the right to appoint proxy, as the concerned Minister-in-Charge of the Federal Government or as the case may be, the Provincial Government, as the case may be, may exercise as a member of the company.

141. Voting to be by show of hands in first instance

At any general meeting, a resolution put to the vote of the meeting shall, unless a poll is demanded, be decided on a show of hands.

142. Declaration by chairman on a show of hands

(1) On a vote on a resolution at a meeting on a show of hands, a declaration by the chairman that the resolution—

- (a) has or has not been passed; or
- (b) passed unanimously or by a particular majority;

is conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(2) An entry in respect of such a declaration in minutes of the meeting recorded in accordance with section 151 is also conclusive evidence of that fact without such proof.

143. Demand for poll

(1) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the chairman of the meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by the members present in person or through video-link or by proxy, where allowed, and having not less than one-tenth of the total voting power.

(2) The demand for a poll may be withdrawn at any time by the members who made the demand.

144. Poll through secret ballot

Notwithstanding anything contained in this Act, when a poll is demanded on any resolution, it may be ordered to be taken by the chairman of the meeting by secret ballot of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by the members present in person, through video-link or by proxy, where allowed, and having not less than one-tenth of the total voting power.

145. Time of taking poll

(1) A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith and a poll demanded on any other question shall be taken at such time, not more than fourteen days from the day on which it is demanded, as the chairman of the meeting may direct.

(2) When a poll is taken, the chairman or his nominee and a representative of the members demanding the poll shall scrutinize the votes given on the poll and the result shall be announced by the chairman.

(3) Subject to the provisions of this Act, the chairman shall have power to regulate the manner in which a poll shall be taken.

(4) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Section 146. Resolutions passed at adjourned meeting

Where a resolution is passed at an adjourned meeting of—

- (a) a company;
- (b) the holders of any class of shares in a company;
- (c) the board; or
- (d) the creditors of a company;

the resolution shall, for all purposes, be treated as having been passed on the date on which it was in fact passed, and shall not be deemed to have been passed on any earlier date.

Section 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.

Explanation.—The directions that may be given under sub-section (1) may include a direction that one member of the company present in person or by proxy shall be deemed to constitute a meeting.

(2) Any meeting called, held and conducted in accordance with any such direction shall, for all purposes, be deemed to be a meeting of the company duly called, held and conducted, and all expenses incurred in connection thereto shall be paid by the company unless the Commission directs the same to be recovered from any officer of the company which he is hereby authorised to do.

Section 148. Punishment for default in complying with provisions of section 147

If any person makes default in holding a meeting of the company in accordance with section 147 or in complying with any directions of the Commission, shall be liable to a penalty of level 3 on the standard scale.

Section 149. Passing of resolution by the members through circulation

(1) Except for the businesses specified under sub-section (2) of section 134 to be conducted in the annual general meeting, the members of a private company or a public unlisted company (having not more than fifty

members), may pass a resolution (ordinary or special) by circulation signed by all the members for the time being entitled to receive notice of a meeting.

(2) Any resolution passed under sub-section (1), shall be as valid and effectual as if it had been passed at a general meeting of the company duly convened and held.

(3) A resolution shall not be deemed to have been duly passed, unless the resolution has been circulated, together with the necessary papers, if any, to all the members.

(4) A members' agreement to a written resolution, passed by circulation, once signified, may not be revoked.

(5) A resolution under sub-section (1) shall be noted at subsequent meeting of the members and made part of the minutes of such meeting.

Section 151. Records of resolutions and meetings

(1) Every company shall keep records of—

(a) copies of all resolutions of members passed otherwise than at general meetings; and

(b) minutes of all proceedings of general meetings along with the names of participants, to be entered in properly maintained books;

(2) Minutes recorded in accordance with sub-section (1), if purporting to be authenticated by the chairman of the meeting or by the chairman of the next meeting, shall be the evidence of the proceedings at the meeting.

(3) Until the contrary is proved, every general meeting of the company in respect of the proceedings whereof minutes have been so made shall be deemed to have been duly called, held and conducted.

(4) The records must be kept at the registered office of the company from the date of the resolution, meeting or decision simultaneously in physical and electronic form and it shall be preserved for at least twenty years in physical form and permanently in electronic form.

(5) Any contravention or default in complying with requirement of this section shall be an offence liable to a penalty of level 1 on the standard scale.

152. Inspection of records of resolutions and meetings

(1) The books containing the minutes of proceedings of the general meetings shall be open to inspection by members without charge during business hours, subject to such reasonable restrictions as the company may by its articles or in general meeting impose so that not less than two hours in each day be allowed for inspection.

(2) Any member shall at any time after seven days from the meeting be entitled to be furnished, within seven days after he has made a request in that behalf to the company, with a certified copy of the minutes of any general meeting at such charge not exceeding the amount as may be fixed by the company.

(3) If any inspection required under sub-section (1) is refused, or if any copy required under sub-section (2) is not furnished within the time specified therein, the person guilty of an offence shall be liable to a penalty of level 1 on the standard scale, and the registrar may direct immediate inspection or supply of copy, as the case may be.

215. Liability for undesired activities of the shareholders

(1) A member of a company shall act in good faith while exercising its powers as a shareholder at the general meetings and shall not conduct themselves in a manner that is considered disruptive to proceedings of the meeting.

(2) Without prejudice to his rights under this Act, a member of the company shall not exert influence or approach the management directly for decisions which may lead to create hurdle in the smooth functioning of management.

(3) Any shareholder who fails to conduct in the manner provided in this section and as specified by the Commission shall be guilty of an offence under this section and shall be liable to a penalty not exceeding of level 1 on the standard scale.

Disclaimer

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