



## COMPANY MEETINGS - II

### 8.1 Types of Meeting

#### 8.1.1 Shareholders Meetings

##### A) General meetings

1. Annual General Meeting
2. Extra ordinary Meeting

##### B) Class Meeting

#### 8.1.2 Directors Meetings

1. Board Meeting
2. Committee Meeting

#### 8.1.3 Creditors Meeting

### 8.2 Functions of Secretary related with Annual General Meeting

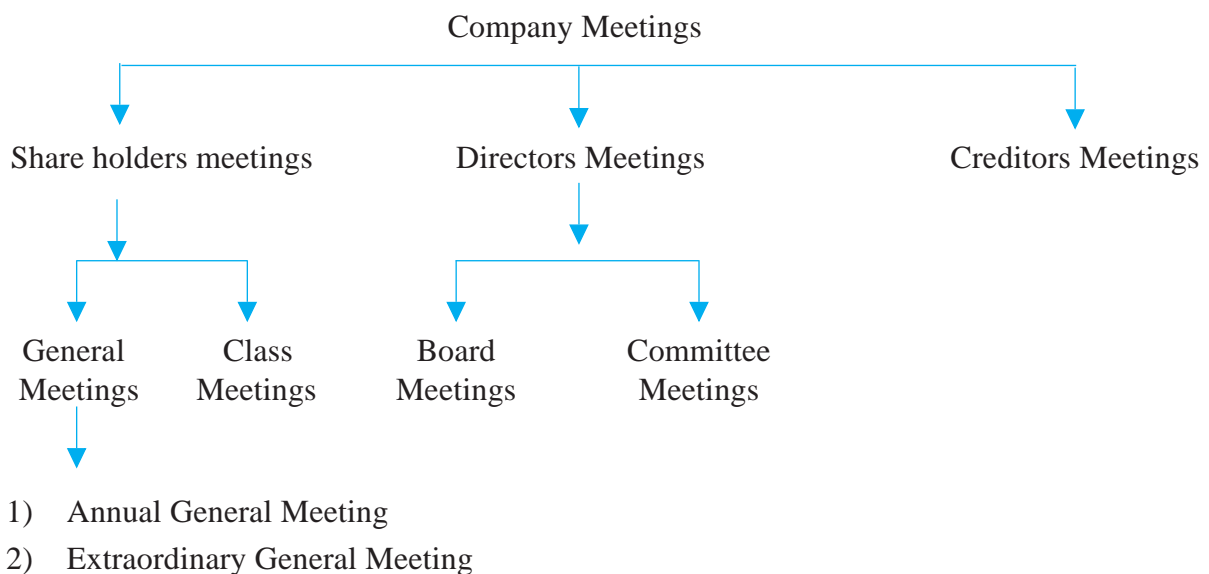
### 8.3 Distinction

1. Shareholders Meeting and Board Meeting
2. Annual General Meeting and Extra ordinary General Meeting

## INTRODUCTION

In Joint stock company there is separation of ownership and management. Hence, there is a need to conduct meetings of the shareholders and Board of Directors. Several types of Shareholders meetings and Directors meetings are conducted by the company.

### 8.1 TYPES OF MEETING :



### 8.1.1 SHAREHOLDERS MEETING :

Shareholders participate in the management of the company. They exercise their right to manage the company by participating in shareholders meetings. Shareholders meetings are arranged to discuss on various issues and arrive at decisions.

**A) General Meetings :** These are meetings of equity shareholders of the company. There are two types of General Meeting - Annual General Meeting and Extra Ordinary General Meeting.

#### 1) Annual General Meeting (Section 96)

Annual General Meeting is a meeting of equity shareholders which is held once in every financial year.

- **Purpose of Annual General Meeting**

Annual General Meeting of shareholders is held every year to review the progress made by the company during the financial year and to discuss and to take decisions on various issues such as -

- 1) To adopt Annual Accounts, Directors' Report and Auditor's Report
- 2) To declare dividend
- 3) To elect Directors in place of retiring Directors
- 4) To appoint auditors and fix their remuneration
- 5) To review the progress and performance of the company

- **Legal provisions**

#### 1) Time of Holding Annual General Meeting

**A) First Annual General Meeting :** The first Annual General Meeting shall be held within nine months of closing of the first financial year of the company.

**B) Subsequent Annual General Meeting :** It must be held within 6 months after completion of its financial year.

**C) The Interval between two AGM -** should not be more than 15 months.

**D) Extension of time for conducting AGM -** The registrar may for any reason extend time to conduct AGM by a period not more than three months. However, the Registrar cannot provide extension in case of the first AGM.

One Person Company is exempted from provision of AGM.

**2) Authority to convene Meeting :** The Board of Directors is the proper authority to convene Annual General Meeting.

**3) Notice :** The secretary should send 21 clear days notice to all members of the company at their registered address by post or through electronic mode.

**4) Date, time and place of AGM :** Every Annual General Meeting shall be called during business hours between 9.00am to 6 pm on any day that is not a national holiday and shall be held either at the registered office of the company or at some other place within the city or village in which the registered office of the company is situated.



*National holiday means and includes a day declared as National holiday by Central Government.*

- 5) **Quorum** : According to Companies Act, 2013 the quorum for AGM of a public company is as under

Number of shareholders	Quorum
Not more than 1000	Five (5) members
More than 1000 but up to 5000	Fifteen (15) members
Exceeds 5000	Thirty (30) members

For private company, minimum two members should be personally present.

- 6) **Adjournment of Meeting** : Annual General Meeting is adjourned in absence of Quorum. It is held on the same day, time and place in the next week.
- 7) **Default** : If the Annual General Meeting is not held as per the provisions of the Act or instruction of Central Government, it is called as default in holding Annual General Meeting. The company and every officer of the company who is in default are punishable with fine. Fine may be upto ₹ 1,00,000 and in the case of continuing default with further fine which may extend upto ₹ 5000 per day.



**Activity** : Visit the website of any public company and study it's Annual Report/ Director's Report.

### 8.1.2 EXTRA ORDINARY GENERAL MEETING (SECTION 100)

#### Meaning :

The meeting which is held to discuss and decide special or urgent matters is called as Extra Ordinary General Meeting. Such special matters which are transacted in EOGM are called 'special business'.

**This meeting is convened between two Annual General Meetings.**

**Purpose of Extra Ordinary General Meeting** : Extra Ordinary General Meeting of shareholders is held to take immediate decisions on some important issues of the company.

1. Alteration in Memorandum of Association
2. Alteration of Articles of Association
3. Removal of Director before expiry of his / her terms
4. Removal of Auditor before expiry of his / her terms
5. Voluntary winding up of company

#### ● Legal Provisions

##### 1. Authority to convene

###### A) Board of Directors :

The Board of Directors has the right to call an Extra Ordinary General Meeting by giving proper notice to shareholders.



**B) Board of Directors on requisition of Members :**

Every member can request the company to hold Extra Ordinary General Meeting. In case of company having share capital, members holding at least 1/10 of the paid up share capital carrying voting rights and in case of a company not having share capital, members having 10% of voting powers can request to hold Extra Ordinary General Meeting. The Board must hold EOGM within 45 days of the date of the receipt of the requisition from the members.

**C) Requisitionist themselves :**

If the Board fails to call an Extra Ordinary General Meeting, the meeting can be called by the requisitionist themselves. It should be held within 3 months from the date of deposit of requisition. Company shall pay for all the expenses incurred in holding this extra ordinary General Meeting.

**D) National Company Law Tribunal (NCLT) or Government :**

If due to any reason it is impracticable for a company to hold Extra Ordinary General Meeting then NCLT can order the company to hold it. NCLT can order such a meeting on its own or at the request of a director or any member having voting rights.

**2. The provisions related with period of notice and quorum are same as annual general meeting.**

**B) Class Meeting : (Section - 48)**

- i) **Meaning :** A meeting which is held to make changes in rights and duties of particular class of shareholders and to get their consent for the changes affecting their interest is called as Class Meeting.
- ii) **Resolution :** In this meeting generally special resolutions are passed.
- iii) **Purpose :** When company wants to change rights of a particular class of shareholders, then company has to call a meeting of such shareholders to get consent for a the change.
- iv) **Frequency :** The class meeting is not held regularly.

**8.1 DIRECTORS MEETING (SECTION 173)**

The Directors are the elected representatives of the shareholders. They are responsible for day to day affairs of the company. Directors Meetings are arranged to discuss on policy matters and to take decision relating to the management of the company. Directors Meetings are classified in two categories - Board Meeting and Committee Meeting.

**1) Board Meeting (Section 173)**

It is the meeting of Board of Directors. In pursuit of regular management of the business, the Board of Directors have to meet frequently. The Board of Directors can exercise their powers collectively through the Board Meeting.

• **Legal provisions regarding Board Meeting :**

**A) Authority to Convene :**

The Chairman of the Board is the proper authority to call the Board Meeting.



## **B) Number of Board Meeting :**

- i) First Board Meeting :** Every company shall hold the first Meeting of the Board of directors within 30 days of the date of its incorporation.
- ii) Subsequent Board Meeting :** Every company shall hold minimum of 4 Board meetings every year. The gap between two meetings should not be more than 120 days.
- iii) In case of One Person Company :** A One-Person Company, small company and dormant company, the meeting of Board of Directors should be conducted at least one meeting in each half of calendar year and the gap between the two meetings should not be less than 90 days.

## **C) Virtual Meeting :**

The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means. The meeting should be capable of recording and recognizing the participation of the directors. In certain cases, the Central Government shall specify certain matters that cannot be dealt through video conferencing or other audio visual means.

## **D) Notice (Section 173 (3)) :**

The notice of every Board Meeting must be given to every director at least 7 days before the meeting at his address. The notice is sent along with agenda of meeting. The notice shall be sent by hand delivery or by post or electronic means. Every officer whose duty is to give notice fails to do so shall be liable to a penalty of ₹ 25000/-.

## **E) Quorum – (Section 174) :**

As per the Companies Act the quorum for the Board Meeting is 1/3 of total number of directors or two directors whichever is higher. Any fraction should be rounded off as one. Interested directors i.e. directors who have a personal interest in any matter to be discussed in the meeting are excluded from the quorum.

## **F) Adjournment of meeting :**

The Board Meeting is adjourned in the absence of quorum. It is to be held on the same day, time and place in the next week.

## **2) Committee Meeting :**

As per the Articles of Association of a company, Board of Directors appoint small committees of Directors to study the various matters / problems of the company and to get reports from them. Audit committee, Transfer of share committee, share allotment committee, Enquiry committee etc. are the examples of committees. Meeting of such committees are called committee meetings. Secretary assists the committee and maintains separate minute book for recording the proceedings of committee meetings.

## **8.1.3 CREDITORS MEETINGS :**

Company can hold meeting of creditors like debenture holders, depositors, company bankers, lenders etc. to discuss on certain issues relating to the terms and conditions of loans which affect their interest for e.g. to alter the rate of interest, to alter the terms of security to modify the rights of creditors etc. When a company is in a financial difficulty, it may call meeting of creditors to secure their support.



## 8.2 FUNCTIONS OF SECRETARY RELATED WITH ANNUAL GENERAL MEETING

Secretary has to perform several functions related with general as well as board meetings. The functions are important for compliance of provisions of the Act and for smooth conduct of meeting. Secretary has to perform functions before, during and after the meeting. Secretary's duties may vary to some extent according to type of meeting. Following are the functions of secretary related with Annual General Meeting -

- **Functions before the Annual General Meeting :**

- 1) **Fixing the Board Meeting :**

Secretary arranges the Board Meeting which is held to fix the date, time and place of the Annual General Meeting.

- 2) **Issue of Notice :**

Secretary has to print and send notice and agenda to members and statutory auditors 21 clear days before the meeting and has to publish it in leading newspapers for the convenience of all.

- 3) **Speech of the Chairman :**

Secretary assists in preparing the speech of Chairman.

- 4) **Preliminary arrangement :**

Secretary books the hall and makes needful arrangement for the meeting.

- 5) **Company Accounts :**

Secretary has to see that accounts are finalized and get the statement of profit and loss and balance sheet audited and auditor's report related to these accounts is ready. Secretary has to prepare Annual Report.

- **Functions during the Annual General Meeting :**

- 1) **Attendance :**

Secretary arranges to take the attendance of members and takes their signatures.

- 2) **Quorum :**

Secretary ensures the quorum is present and reports to the Chairman.

- 3) **Reading Reports :**

Secretary reads the notice and the Director's Report and any other reports at the beginning of the meeting.

- 4) **Writing the proceedings :**

Secretary notes down the proceedings of the meeting which are useful to draft the minutes of the meeting.

- 5) **Helps Chairman :**

Secretary provides information, material etc, to the Chairman as and when needed for smooth conduct of the meeting.

- 6) **Conduct Poll :**

Secretary makes arrangement for conducting the poll, if it is demanded by the members.



- **Functions after the Annual General Meeting :**

- 1) **Drafting the Minutes :**

Secretary drafts the minutes of the meeting and gives the same to the Chairman for approval.

- 2) **Implementing decisions :**

Secretary instructs the concerned officers for implementing the decisions taken at the meeting.

- 3) **Sending documents and filing resolutions :**

Secretary has to send dividend warrants to the members and file Annual Report with the Registrar. In case of special resolution passed, secretary has to file the special resolution with Registrar within 30 days of passing.

- 4) **Send information to absent members :**

Secretary sends the information of the proceedings of the meeting to the absent members.



**Activity :**

Enlist the functions of Secretary related to Extra Ordinary General Meeting.

### 8.3 DISTINCTION :

#### 1. Shareholders Meeting and Board Meeting

Sr. No.	Points	Shareholders' Meeting	Board Meeting								
1)	Meaning	A meeting of all the shareholders or members of the company is called a shareholders meeting.	A meeting of all the Directors of the company is called a Board meeting.								
2)	How many times	Annual General Meeting is held once in every year. Extra ordinary general meeting is held to discuss and decide special or urgent matters as and when required.	Minimum 4 board meetings in a year and gap between two consecutive meetings should not be more than 120 days.								
3)	Quorum	<div>The quorum for a shareholders meeting is as follows</div> <div>A) In case of public company</div> <table><tr><th>Number of shareholder</th><th>Quorum</th></tr><tr><td>Not more than 1000</td><td>5 members</td></tr><tr><td>More than 1000 but up to 5000</td><td>15 members</td></tr><tr><td>Exceeds 5000</td><td>30 members</td></tr></table> <div>B) In case of private company two members personally present shall be the quorum for meeting of the company.</div>	Number of shareholder	Quorum	Not more than 1000	5 members	More than 1000 but up to 5000	15 members	Exceeds 5000	30 members	The quorum for a Board meeting is minimum 2 directors or 1/3 of the total number of directors whichever is higher.
Number of shareholder	Quorum										
Not more than 1000	5 members										
More than 1000 but up to 5000	15 members										
Exceeds 5000	30 members										



Sr. No.	Points	Shareholders' Meeting	Board Meeting
4)	Proxy	A shareholder can appoint a proxy to attend and vote at meeting on his / her behalf.	A Director cannot appoint proxy to attend and vote in a meeting on his / her behalf.
5)	Notice	A notice of this meeting must be sent to all the members at least 21 clear days before the meeting.	The notice of Board meeting must be sent to every Director at least 7 days before the meeting.
6)	Purpose	The purpose of this meeting is to take approval of shareholders on certain matters like appointment of Director and Auditor, approval of Annual Report etc.	The purpose of this meeting is to discuss the policy matters of the company like issue of shares, calls on shares, forfeiture of shares, appointment of staff, expansion of business etc.

## 2. Annual general meeting and Extra ordinary general meeting

Sr. No.	Points	Annual General Meeting	Extra ordinary General Meeting
1)	Meaning	A meeting of all shareholders held once in every year as per the provision of Section 96 of the companies Act 2013 is called as Annual General Meeting	A meeting of all shareholders held to discuss and decide urgent matters as per the provision of Section 100 of the Companies Act 2013 is called as extra ordinary general meeting
2)	Purpose	The purpose of this meeting is to review the progress made by the company during the year.	The purpose of this meeting is to discuss and decide urgent and special matters.
3)	Time of holding	The first Annual General Meeting is held within 9 month after the completion of first financial year of the company and subsequent Annual General Meeting is held within 6 months after the completion of financial year.	Extra Ordinary General Meeting is held at any time between two Annual General Meetings.
4)	Authority to call the meeting	Annual General Meeting is usually called by the Board of Directors or under certain circumstances by the Central Government.	Extra ordinary general meeting is called by A) Board of Directors B) Board of directors on requisition of members C) The National Company Law Tribunal. D) Requisitionist themselves.



Sr. No.	Points	Annual General Meeting	Extra ordinary General Meeting
5)	Business transacted	This Meeting is held A) To approve annual accounts B) To approve Auditor's and Directors' Report C) To appoint directors, auditors D) To declare dividend	This Meeting is held to discuss matters like A) To alter Memorandum of Association. B) To alter Articles of Association C) Removal of a director before expiry of his / her term D) Voluntary winding up of a company
6)	Penalty	In case of default in holding this meeting, every officer concerned is punishable with a fine ₹ 1,00,000 and a further a fine of ₹ 5000 per day till the default continues.	If the directors fail to hold this meeting on requisition, the requisitionists themselves can hold it and recover the expense of holding such meeting from the company.

## SUMMARY

Various meetings are arranged in the company. The purpose of every meeting is to discuss the different issues/matters related to the company and to take proper decisions.

**Types of Meeting are as under-**

### A) Shareholders Meetings :

- 1) **Annual General Meeting :** It is held every year at the completion of financial year. 21 days notice is required to be sent to members. Annual report is sent with notice. It is held to give information to the members about the working of the company during the year. Secretary has to perform certain functions before, during and after the Annual General Meeting.
- 2) **Extra ordinary General Meeting :** It is called for special and urgent matters. It is held between two Annual General Meetings.
- 3) **Class Meeting :** It is the meeting of particular class of shareholders.

### B) Board Meeting :

- 1) **Directors Meeting :** It is arranged to discuss policy matters and take decisions relating to the management of the company.
- 2) **Committee Meeting :** Board of Directors appoints certain committees to study the various matters of the company. Committees work within a specific period of time and submit their report to the Board. Such meetings are called Committee Meeting.



### C) Creditors Meeting :

It is meeting of creditors like debenture holders, depositors, bankers etc. The purpose of this meeting may be to alter rate of interest, terms of security and modify the rights of creditors.



#### EXERCISE

#### Q.1 A. Select the correct answer from the options given below and rewrite the statements.

- 1) The secretary has to prepare ..... before the meeting.  
a) resolution      b) notice      c) minutes
- 2) General Meeting must have a notice of at least ..... clear days.  
a) 7      b) 21      c) 14
- 3) The gap between two annual general meetings should not be more than ..... months.  
a) 15      b) 18      c) 24
- 4) Auditor is appointed in .....  
a) Annual General Meeting      b) Creditors Meeting      c) Extra ordinary General Meeting
- 5) The business transacted in extra ordinary general meeting is ..... business.  
a) Ordinary      b) Routine      c) Special
- 6) An extra ordinary general meeting is held .....  
a) once in a year      b) once in the life time      c) under special circumstances
- 7) Writing the minutes of meeting is the duty of the .....  
a) Chairman      b) Director      c) Secretary
- 8) New Directors in place of retiring Directors are appointed in the .....  
a) Class Meeting      b) Annual General Meeting      c) Creditors Meeting
- 9) Before the Annual General Meeting is held the Secretary has to compile .....  
a) Auditor's Report      b) Committee Report      c) Annual Report
- 10) The Secretary has to draft the minutes of the meeting within ..... days of the meeting.  
a) Fifteen      b) Sixty      c) Forty



**B. Match the pairs.**

Group 'A'		Group 'B'	
a)	Board Meeting	1)	Once in the year
b)	Auditor	2)	Minimum 4 meetings in a year
c)	Annual General Meeting	3)	Prepare at any time
d)	Extra ordinary General meeting	4)	Auditor's Report
e)	Minutes of meeting	5)	Prepared before the meeting
		6)	Prepared after the meeting
		7)	Under special circumstance
		8)	Prepared during the meeting
		9)	Once in Six months
		10)	Meeting of creditors

**C. Write a word or a term or a phrase which can substitute each of the following statements.**

- 1) A meeting of shareholders which is held once in a year.
- 2) A meeting of shareholders which is held between two annual general meetings.
- 3) A Report which is prepared before Annual General Meeting.
- 4) A meeting of the shareholders which is held under special circumstances.
- 5) A meeting of the preference shareholders of a company.

**D. State whether the following statements are True or False.**

- 1) Only special business is transacted at Annual General Meeting.
- 2) Annual Report is prepared by members.
- 3) Extra ordinary General Meeting is called for special and urgent purpose.
- 4) A member has a right to attend Board meeting.
- 5) Class meeting is the meeting of particular class of shareholders.
- 6) Director cannot appoint proxy to attend and vote at board meeting.
- 7) 21 clear days notice should be given in case of Board Meeting.
- 8) Secretary has to arrange to take down the notes of the proceedings of the meeting.

**E) Find the odd one.**

- 1) Annual General Meeting, Extra Ordinary General Meeting, Board Meeting
- 2) Annual General Meeting, Committee Meeting, Class Meeting

**F) Complete the sentences.**

- 1) The meeting which is held once in every financial year is called as .....
- 2) The meeting held to discuss and decide any special or urgent matters is called as .....
- 3) Meeting of all Directors is called as .....
- 4) The Authority to convene the Annual General Meeting is with the .....



**G) Select the correct option from the bracket.**

Group 'A'	Group 'B'
1) Interval between two Annual General Meetings	-----
2) First Board Meeting	-----
3) -----	21 clear days
4) -----	Alteration in Memorandum of Association

(Notice of General Meeting, Extra ordinary General Meeting, Not more than 15 months, within 30 days of company's Incorporation))

**H) Answer in one sentence.**

- 1) Who can attend Board Meetings?
- 2) When can an Adjourned Annual General meeting be held?
- 3) Why is Extra - ordinary General Meeting held?
- 4) When should the first Annual General Meeting be held?
- 5) What should be the interval between two Annual General Meeting?
- 6) What should be the gap between two Board Meetings?

**I) Correct the underline word and rewrite the following sentences.**

- 1) Minimum four Committee Meeting s must be held in a year.
- 2) Creditors Meeting must be held once in every year.
- 3) Extra Ordinary Meeting must be held every year.
- 4) The Meeting of all Directors is called Annual General Meeting.

**Q.2 Explain the following terms/concepts.**

- 1) Committee Meeting
- 2) Virtual Meeting
- 3) Creditors Meeting

**Q.3 Study the following case/situation and express your opinion.**

- 1) Platinum Limited Company was incorporated on 1<sup>st</sup> Jan.2018. Advise the Board of Directors on the following matters.
  - a) Within what period should the company hold its 1<sup>st</sup> Annual General Meeting?
  - b) At which place should the Annual General Meeting be held.
  - c) How many days in advance should the notice and agenda be sent to members?
- 2) XYZ Ltd held its Annual General Meeting on 11<sup>th</sup> May 2018. On 1<sup>st</sup> June Mr. X, a Director of the company was arrested for a financial scam. Hence the shareholders of the company want to remove him.
  - a) Can the company call for the next Annual General Meeting to be held immediately to remove the Director?



- b) Which meeting of members should the company hold to discuss removal of the Director?
- c) What type of resolution will be passed in this meeting for removal of the Director?

**Q.4 Distinguish between the following.**

- 1) Shareholders' Meeting and Board Meeting
- 2) Annual General Meeting and Extra ordinary General Meeting.

**Q. 5 Answer in brief.**

- 1) List the duties of a Secretary after the Annual General Meeting.
- 2) State the objectives of Annual General Meeting.
- 3) State any four legal provisions regarding Board Meeting.
- 4) What are Class Meetings?
- 5) What is the purpose of conducting Extra ordinary General meeting?

**Q.6 Justify the following statements.**

- 1) Annual General Meeting is adjourned in absence of quorum.
- 2) A notice of meeting must be sent to all members in case of General Meeting.
- 3) Extra ordinary general meeting is called under special circumstances.
- 4) Board of Directors can exercise their powers collectively through the Board Meeting.
- 5) The Quorum for Annual General Meeting of a public company depends upon the number of shareholders.
- 6) When a company is in a financial difficulty, it may call a meeting of creditors.
- 7) As per the Companies Act every company has to hold the Annual General Meeting.

**Q.7 Answer the following questions.**

- 1) Explain the functions of a Secretary related with Annual General Meeting.
- 2) Explain the different types of General Meetings of company.
- 3) Explain the different types of Directors Meeting.

