**UNIT 4: CORPORATE MEETINGS**

**To be covered under this Unit:** Meaning and Definition–Requisites of Valid Meeting–Types of Meeting–Statutory Meeting–Annual General Meeting –Extraordinary General Meeting –Board Meeting –Resolutions–Meaning and Types.

**Introduction:**

Members of a company or the directors of a company can exercise their powers and can bind the company only when they act as a body at a validly convened and held meeting. An individual member or shareholder, irrespective of his shareholding cannot bind a company by his individual act. In Companies Act 2013, a new concept of e-voting is introduced. This is a method of voting via electronic means. The Central Government has been empowered to prescribe the class or classes of companies and the manner in which a member may exercise his rights to vote by the electronic means given under Rule 20 of Companies (Management and Administration) Rules, 2014 in chapter VII. It is to be noted that every gathering or assembly does not constitute a meeting. These must be convened and held in perfect compliance with the various provisions of the Companies Act, 2013 and rules framed under Chapter VII on Companies (Management and Administration) Rules, 2014.

**Meaning:** A meeting may be defined as “any gathering, assembling or coming together of two or more persons for the purpose of transacting some common lawful business of common interest.”

**Types of Company Meeting:**

1. **Meeting of share holders:**
   1. Statutory meeting
   2. General meeting –

(i)Annual general meeting (AGM)

(ii)Extra ordinary meeting (EGM)

* 1. Class meeting

1. **Meeting of directors:**
2. Board meeting
3. Committee meeting

**Statutory meeting:**

It is first meeting held by the company after its incorporation.It is held only once during the life time of the company.

**Objectives and purpose of holding statutory meeting:**

1. To know the working of the company, its financial position and future prospectus.
2. To inform the members and shareholders regarding the organization assets of the company,details of contract entered, details sources of funds etc.
3. It helps shareholders to discuss various information given in a statutory report.

**Provisions relating to statutory meetings:**

1. Every company must conduct statutory meetings not earlier than one month from the date of entitlement to commence business or not later than 6 months from the date of entitlement to commence business.
2. The board of directors must send notice of the meetings to all the share holders before 21 days of the meetings along with a copy of statutory report.
3. A copy of the above (i.e., notice and statutory report) should be filled with ROC.
4. At the statutory meeting the board will discuss various matters regarding the company, head office of the company, inspection by member, etc.
5. The members will have right to discuss upon any point of the statutory report.
6. If the statutory meeting is not conducted a fine will be levied or orders for the liquidation of the company may be issued.

**Procedure for holding statutory meetings:**

1. Every company must conduct statutory meeting not earlier than 1 month from the date of entitlement to commence business or not later than 6 months from the date of entitlement to commence business.
2. Company secretary should prepare the draft of the statutory report & get it approved by the BOD and send the same along with notice.
3. Atleast 2 directors should certify the statutory report.
4. An audit certificate for the above is to be obtained.
5. The BOD must send notice of the meeting to all the share holders before 21 days of the meeting along with a copy of statutory report.
6. A copy of the above should be filed with the ROC.
7. A list of all the share holders or members, their address, occupation, member of shares held must be prepared.
8. The quorum should be present at the meeting and the chair person will signal to start the meeting once the quorum is present.
9. The secretary will read out the notice of the meeting and will place the details of the member.
10. After all matters are discussed as per the agenda, meeting will be closed and minutes of the same will be prepared.

**Rights of the members relating to Statutory meeting:**

1) Since, it is the first official meeting of the share holders it gives an opportunity to check the performance of the company.

2) The rights of the share holders in a statutory meeting are as follows –

* 1. Right to discuss matters covered in a statutory report
  2. Right to adjourn the meeting
  3. Right to inspect
  4. Right to petition

**Annual General Meeting (AGM) – U/s 96:**

AGMis the meeting held at the end of the year and addition to any other meeting.

**Provisions relating to Annual General Meeting:**

1. The first AGM should be held within 18 months of the incorporation.
2. The subsequent AGM’s should be conducted within 6 months from the end of financial year. The time gap between two AGM’s should not exceed 15 months.
3. Notice of 21 clear days should be given to the share holders.
4. Meeting should be held on a working day, during working hours (business hours or office hours).
5. The meeting should be held in the city where the registered office is situated.
6. A copy of Annual Report which consists of financial statements, Directors Report, Auditors Report and dividend proposed shall be sent along with the notice of the meeting.
7. The meeting is not conducted for any reason, it can be extended up to three months from the date of AGM should have been held.
8. In case of default is made in holding the annual general meeting of a company under section 96 , the

Tribunal may call or direct the calling of an annual general meeting.

**Business to be transacted in Annual General Meeting:**

1. They are classified as Ordinary business and Special business.
2. A resolution shall be an ordinary resolution if the notice has been duly given and it is required to be passed by the votes cast, in favour of the resolution, including the casting vote, if any, of the Chairman, exceed the votes, if any, cast against the resolution.
3. A resolution shall be a special resolution when:

(a) The intention to propose the resolution as a special resolution has been duly specified in the notice calling the general meeting or other intimation given to the members of the resolution;

(b) The notice required under this Act has been duly given; and

(c) The votes cast in favour of the resolution, are required to be not less than 3 times the number of the votes, if any, cast against the resolution.

**Contents of Annual Reports:**

1. Notice sent to the members shall accompany with the Annual report along with the agenda of the meeting as well as proxy form.
2. It should be signed and dated by the Board of Directors.
3. It also includes –
4. Brief statement on company’s affairs in the previous years.
5. Amount proposed as reserves and dividend.
6. Any material change affecting the financial position of the company.
7. A Report on conservation of energy, technology, etc.
8. Clear statement of the affair of the company.
9. Statement indicating each employee drawing a remuneration of more than 3000/- and any employee related to any director or member of the company.
10. Complete information on the adverse remarks content in the audit report.
11. Names of retiring directors and auditors along with names offered for election or re-election and appointment or re-appointment.

**Procedure for the AGM or Secretarial duties for Annual General Meeting:**

**Before the AGM:**

1. Preparation of Annual report in draft in consultation with BOD’s and the chair person.
2. Conveying the board meeting by way of printing the notice of the meeting and same has to be sent to the members or/and shareholders or by way of a public notice.
3. Notice has to be sent to the stock exchange.
4. Display of notice in the notice board at the register office.
5. Register of the members to be prepared up to the data.
6. Scrutiny/verification of the proxy form before the meeting is commenced.

**During the AGM:**

1. Admission forms will be collected from the members who are attending in person and proxy form in case where the members arerepresented by proxy.
2. Chair person directs the commencement of the meeting after ascertaining the quorum.
3. Company secretary reads out the Annual report.
4. Discussion of business specified.
5. Meetings will be closed with the vote of thanks.

**After the meeting:**

1. Preparation of minutes of the meeting.
2. To get ready the resolution passed in the meetings and to carry out the instructions given by the BOD.
3. File the copy of the above with the ROC.

**Extra ordinary general meeting(EGM) U/s10:**

All general meetings other than annual general meetings are called extraordinary general meetings.It is a meeting of shareholders held between two annual general meetings.

**Provisions for the EGM:**

1. EGM can be called:
2. By Share holders or members (who are known as requisitionists)
3. Board of Directors
4. NCLT
5. Meeting should be held on a working day, during working hours (business hours or office hours).

The meeting should be held in the city where the registered office is situated.

1. Incase of EGM called by requisitionist, a special notice (i.e., requesting for meeting) shall be sent.
2. The requisition must be in writing specifying the item of business to be transacted.
3. From the date of deposit of requisition to the company, within 21 days notice of EGM should be dispatched.
4. From the date of deposit of requisition with the company, within 45 days the EGM should be held.
5. From the date of deposit of requisition, within 3 months, if the company fails to arrange for EGM then the requisitionist can call for the EGM.
6. In case of meeting conveyed by the requisitionist, all expenses shall be re-imbursed by the company and the company shall inturn recover the same from the remuneration or fees payable to BODs.

**Procedure for holding an EGMor Secretarial duties for EGM:**

1. After verifying the presence of quorum chair person will signal to commence the meeting.
2. The secretary will read out the notice of the meeting.
3. The chair person will take the matter for discussion,if accepted by all, a resolution is passed to that effect or may be rejected as the case may be.
4. After discussion all the matters mentioned in agenda and the meeting will be closed as per the declaration by the chair person.
5. The secretary will prepare the minutes of the meeting and resolution passed there on will be filed with the ROC.

**Class meetings:**

1. It is the meeting held by particular class of shareholders to discuss various matters. (Ex: Arrears of dividend)
2. The same rules applicable for other meeting of shareholders are applicable in case of class meeting.

**Meeting of Directors:**

**Board meeting:**

Directors being representatives of the shareholders are required to manage company’s affairs effectively. Hence, they are required to meet at regular intervals.They will discuss various matters relating to management and administration of the company.

**Powers of the Board of Directors:**

The Companies Act has given the following powers to the BOD which can be exercised at the board meeting-

1. To determine the management policy.
2. Appointment, re-appointment, promotion or dismissal of any employee.
3. Issue of shares, forfeit, transfer or transmission of shares.
4. The other powers which can be exercised at the board meeting are-
5. Fill the casual vacancy among the directors.

ii) Appointment of managing directors.

iii) Appointment of sole selling agent.

iv)Powers to borrow money outside the company.

**Procedureof Board Meeting:**

1. There is no restriction on day, place & date for holding the board meeting.
2. Notice shall be given in writing to every director in INDIA & every other director at his usual INDIAN address.
3. No mode & time limit prescribed for serving notice.
4. The secretary will read out the notice and also minutes of last board meeting held.
5. There upon items in agenda will be discussed & suitable resolution will be passed.
6. The meeting will end with the vote of thanks & the chairperson signals for closing of the meeting.
7. The secretary prepares the minutes within 30 days of the meeting.

**Committee Meeting:**

1. BOD will appoint different small committees of two or more directors to investigate and report on the various matters and meeting held by such committees are known as “committee meetings.” Eg: Audit committee, CSR committee, etc.,
2. Such committee upon completion of the task given to them &  
   upon submitting the report to the board will be wound up immediately.

**Essentials of the valid meeting:**

1. Proper authority – BOD/ ROC/ NCLT/Central Government
2. Notice
3. Quorum
4. Chairman
5. Minutes

**Notice:**

1. Notice of a meeting is an intimation of date, time place and business to be transacted at the meeting being given to all those persons who are entitled to receive such intimation.
2. In case of statutory meeting 21 days prior notice shall be given.
3. Similarly, in case of AGM & EGM 21 days prior notice shall be given.
4. In case of board meeting, notice shall be given in writing to every director In INDIA & to every other director at his usual Indian address. No mode and time limit prescribed for Serving Notice.

**Agenda:**

1. Agenda of a company meeting means the items of business to be discussed and transacted at the meeting.
2. It sets out the chronological sequence in which the various items of business shall be considered at the meeting.
3. It is prepared by the secretary of the company in consultation with chairman.
4. It should be sent to all the members and/or directors of the company along with notice.

**Quorum:**

1. Quorum refers to the minimum number of members required to constitute a valid meeting i.e., Quorum is the minimum number of members required to be present at a meeting for transacting legally binding business.
2. In case of share holders meeting –
3. In case of Public Company –
   * If members not more than 1000 - quorum shall be 5
   * If members more than 1000 but less than 5000- quorum shall be 15
   * If members more than 5000- quorum shall be 30
4. In case of private company 2 members
5. Proxy is not counted for ascertaining quorum
6. If the quorum is not present within half an hour , then the meeting shall stand adjoined automatically to the next week , same place, same time and same day
7. In the adjoined meeting also, if the quorum is not present within half an hour, then the members present shall be deemed to the quorum. This is not applicable in case the meeting is called by the members.
8. One man meeting /one man quorum / exception to quorum :
   1. In case of class meeting , if all the shares of the particulars class are held by one man
   2. AGM directed by NCLT/ central govt.
   3. EGM directed by NCLT / central govt.
9. In case of board meeting :
10. 1/3rd or 2, whichever is higher, is the required quorum.
11. Quorum is required throughout the meeting.
12. Proxy cannot attend board meeting.
13. If the quorum is not present, meeting stand adjoined automatically to next week. Same place, same day and same time and such day should not be a public holiday.

**Proxy:**

1. Proxy means a person who is authorized by an original member of the company to attend and vote at a meeting on his behalf.
2. Proxy form is an instrument which is used to authorize a person to attend a meeting on behalf of original member.The instrument appointing a proxy must be in Form No. MGT. 11.
3. Every member has got the right to appoint a proxy who need not be a member of the company (this right should be clearly mentioned in notice).
4. A proxy cannot speak in the meeting but can only vote.
5. Every member has a right to inspect the proxy form.
6. Proxy form shall be deposited at registered office not more than 48 hrs before meeting.
7. Proxy is not counted for ascertaining quorum.
8. Minor cannot be appointed as a proxy.

**Resolution:**

1. It is a decision taken at the meeting , i.e., a proposal that has been approved and adopted at a meeting
2. Types of resolution :
3. Ordinary resolution
4. Special resolution
5. Resolution requiring special notice
6. Resolution by postal ballot

**Ordinary resolution:(Refer Business to be transacted in Annual General Meeting)**

It is required in the following cases:

1. Adoption of statutory report
2. Approval of annul accounts and adoption of auditor’s report on annul accounts.
3. Adoption of director’s report.
4. Election of directors.
5. Declaration of dividend.
6. Appointment of auditors and fixation of remuneration.
7. Creation of reserve.
8. Issue of share at discount.
9. Issue of bonus share.
10. Reorganization of capital.
11. Appointment of branch auditors, etc.

**Special Resolution: (Refer Business to be transacted in Annual General Meeting)**

It is required in the following cases:

1. Change of name of the company
2. Change of registered office from one state to another
3. Change of objects
4. Alteration of AOA
5. Reduction of capital
6. Creation of reserve, requiring special resolution
7. Payment of interest out of capital
8. Appointment of inspectors
9. Permission to directors to hold office of profit
10. Make liability as unlimited
11. Delete the words limited
12. Winding up of the company.

**Resolution requires special notice:**

When it is required under the Act or under the AOA of the company that a special notice is to be given to the company by a person who intends to move a resolution at the general meeting at least 14 days before the meeting and company on receiving such special notice must give the notice of the resolution to all the members at least 7days before the meeting, in the same way as the notice of general meeting is given, such resolution passed at the meeting is called “Resolution requiring special notice”. Special notice is required:

1. On appointment of new auditor
2. Non – appointment of retiring auditors
3. Removal of director before expiry of team
4. Filling casual vacancy of a director
5. On appointment of a new director

**Minutes:**

1. It is an official record of the proceeding of the meeting of the company. They are the records of the business transacted and decision arised at the meeting. These are the permanent official records .it has to be signed and dated by the chairman of the meeting.
2. It acts as evidence regarding the decision taken at the meeting.
3. Separate minutes books shall be maintained for general meeting and board meeting
4. The minutes book must be a bound book, which is consecutively numbered
5. It must be prepared within 30 days of the meeting
6. Every pages must be initialed or signed by the chairman and the page must be signed and dated
7. Alteration in minutes is not permitted after singing
8. Members can obtain copy of minutes of general meeting but not board meeting , unless AOA permits
9. An auditor has a right to inspect minutes book.

**Kinds of Minutes:**

They are two methods of recording minutes -

1. Minutes of resolution: only decision related and resolutions passed at the meeting are recorded
2. Minutes of narration: A brief accounts of discussion, method of voting, number of votes cast for and against with formal and final resolutions are recorded.

**Voting (or method of determining sense of meeting):**

1. By acclamation
2. By voice vote
3. By standing
4. By secret ballot
5. By division
6. By show of hands
7. By e-voting

**Chairperson:**

1. Success of the meeting depends on the personality of the chairperson.
2. If AOA permits, an outsider can be appointed as chairman.If not ,any director may be elected as chairperson.
3. First chairperson shall be named in the AOA.
4. The chairperson shall be present in ever meeting.
5. If the chairman is not present within 15 mins of starting the meeting, other person can be elected in his place.

**Powers of chairperson:**

1. To maintain order/ decorum at the meeting.
2. To decide point of order i.e., points raised by an member in the meeting.
3. To be decide priority of the speaker.
4. To regulate course of proceeding.
5. To check personal and irrelevant references.
6. To stop a speaker.
7. To stop discussion of a matter.
8. To adjourn meeting.
9. To declare the result of voting.
10. To grant poll (when poll is demanded).
11. To appoint scrutinisers.
12. To reject the decision, which is unlawful.
13. To exclude certain matters from agenda.

**Duties of chairperson:**

1. He must see that the meeting is properly convened and constituted.
2. Ensure that the requirements of the acts and AOA are duly complied.
3. See whether motions and amendments are in order and written the scope of the meeting.
4. See whether motion taken up for discussion is properly proposed.
5. Decide the incidental questions that may arise before the meeting.
6. Acceptance of valid demands for poll.
7. Declare result of voting.
8. Declare that the meeting is closed.
9. Ensure that the minutes are properly recorded and entered in minutes books and sign them.