

Chapter 8: Company Meetings - 2

EXERCISE 1 [PAGES 130 - 132]

Exercise 1 | Q 1.01 | Page 130

QUESTION

Select the correct answer from the options given below and rewrite the statement.

The secretary has to prepare _____ before the meeting.

- resolution
- notice
- minutes

SOLUTION

The secretary has to prepare **notice** before the meeting.

Exercise 1 | Q 1.02 | Page 130

QUESTION

Select the correct answer from the options given below and rewrite the statement.

General Meeting must have a notice of at least _____ clear days.

- 7
- 21
- 14

SOLUTION

General Meeting must have a notice of at least **21** clear days.

Exercise 1 | Q 1.03 | Page 130

QUESTION

Select the correct answer from the options given below and rewrite the statement.

The gap between two annual general meetings should not be more than _____ months.

- 15
- 18
- 24

SOLUTION

The gap between two annual general meetings should not be more than **15** months.

Exercise 1 | Q 1.04 | Page 130

QUESTION

Select the correct answer from the options given below and rewrite the statement.

Auditor is appointed in _____

- Annual General Meeting
- Creditors Meeting
- Extra ordinary General Meeting

SOLUTION

Auditor is appointed in **Annual General Meeting**.

Exercise 1 | Q 1.05 | Page 130

QUESTION

Select the correct answer from the options given below and rewrite the statement.

The business transacted in extra ordinary general meeting is _____ business.

- Ordinary
- Routine
- Special

SOLUTION

The business transacted in extra ordinary general meeting is **Special** business.

Exercise 1 | Q 1.06 | Page 130

QUESTION

Select the correct answer from the options given below and rewrite the statement.

An extra ordinary general meeting is held _____.

- once in a year
- once in the life time
- under special circumstances

SOLUTION

An extra ordinary general meeting is held **under special circumstances**.

Exercise 1 | Q 1.07 | Page 130

QUESTION

Select the correct answer from the options given below and rewrite the statement.

Writing the minutes of the meeting is the duty of the _____.

- Chairman
- Director
- Secretary

SOLUTION

Writing the minutes of meeting is the duty of the **Secretary**.

Exercise 1 | Q 1.08 | Page 130

QUESTION

Select the correct answer from the options given below and rewrite the statement.

New Directors in place of retiring Directors are appointed in the _____.

- Class Meeting
- Annual General Meeting
- Creditors Meeting

SOLUTION

New Directors in place of retiring Directors are appointed in the **Annual General Meeting**.

QUESTION

Select the correct answer from the options given below and rewrite the statement.

Before the Annual General Meeting is held the Secretary has to compile _____.

- Auditor’s Report
- Committee Report
- Annual Report

SOLUTION

Before the Annual General Meeting is held the Secretary has to compile **Annual Report**.

QUESTION

Select the correct answer from the options given below and rewrite the statement.

The Secretary has to draft the minutes of the meeting within _____ days of the meeting.

- Fifteen
- Sixty
- Forty

SOLUTION

The Secretary has to draft the minutes of the meeting within **Fifteen** days of the meeting.

QUESTION

Match the pairs.

Group A		Group B	
a	Board meeting	1	Once in the year

b	Auditor	2	Minimum 4 meeting in a year
c	Annual general meeting	3	Prepare at any time
d	Extraordinary general meeting	4	Auditors Reports
e	Minutes of meeting	5	Prepared before the meeting
		6	Prepared after the meeting
		7	Under special circumstances
		8	Prepared during the meeting
		9	Once in Six months
		10	Meeting of creditors

SOLUTION

Group A		Group B	
a	Board meeting	2	Minimum 4 meeting in a year
b	Auditor	4	Auditors Reports
c	Annual general meeting	1	Once in the year
d	Extraordinary general meeting	7	Under special circumstances
e	Minutes of meeting	6	Prepared after the meeting

		3	Prepare at any time
		5	Prepared before the meeting
		8	Prepared during the meeting
		9	Once in Six months
		10	Meeting of creditors

Exercise 1 | Q 3.1 | Page 131

QUESTION

Write a word or a term or a phrase which can substitute each of the following statement.

A meeting of shareholders which is held once in a year

SOLUTION

Annual general meeting

Exercise 1 | Q 3.2 | Page 131

QUESTION

Write a word or a term or a phrase which can substitute each of the following statement.

A meeting of shareholders which is held between two annual general meetings.

SOLUTION

Extraordinary general meeting

Exercise 1 | Q 3.3 | Page 131

QUESTION

Write a word or a term or a phrase which can substitute each of the following statement.

A Report which is prepared before Annual General Meeting.

SOLUTION

Annual reports

QUESTION

Write a word or a term or a phrase which can substitute each of the following statement.

A meeting of the shareholders which is held under special circumstances.

SOLUTION

Extraordinary general meeting

QUESTION

Write a word or a term or a phrase which can substitute each of the following statement.

A meeting of the preference shareholders of a company.

SOLUTION

Class meeting

QUESTION

State whether the following statement is True or False.

Only special business is transacted at Annual General Meeting.

- True
- False

SOLUTION

False

QUESTION

State whether the following statement is True or False.

Annual Report is prepared by members.

- True
- False

SOLUTION

False

Exercise 1 | Q 4.3 | Page 131

QUESTION

State whether the following statement is True or False.

Extraordinary General Meeting is called for special and urgent purpose.

- True
- False

SOLUTION

True

Exercise 1 | Q 4.4 | Page 131

QUESTION

State whether the following statement is True or False.

A member has a right to attend Board Meeting.

- True
- False

SOLUTION

False

Exercise 1 | Q 4.5 | Page 131

QUESTION

State whether the following statement is True or False.

Class Meeting is the meeting of particular class of shareholders.

- True
- False

SOLUTION

True

Exercise 1 | Q 4.6 | Page 131

QUESTION

State whether the following statement is True or False.

Director cannot appoint proxy to attend and vote at Board Meeting.

- True
- False

SOLUTION

True

Exercise 1 | Q 4.7 | Page 131

QUESTION

State whether the following statement is True or False.

21 clear days notice should be given in case of Board Meeting.

- True
- False

SOLUTION

False

Exercise 1 | Q 4.8 | Page 131

QUESTION

State whether the following statement is True or False.

Secretary has to arrange to take down the notes of the proceedings of the meeting.

- True
- False

SOLUTION

True

Exercise 1 | Q 5.1 | Page 131

QUESTION

Find the odd one.

- Annual General Meeting
- Extra Ordinary General Meeting

- Board Meeting

SOLUTION

Board Meeting

Exercise 1 | Q 5.2 | Page 131

QUESTION

Find the odd one.

- Annual General Meeting
- Committee Meeting
- Class Meeting

SOLUTION

Class Meeting

Exercise 1 | Q 6.1 | Page 131

QUESTION

Complete the sentence

The meeting which is held once in every financial year is called is _____

SOLUTION

The meeting which is held once in every financial year is called is **Annual general meeting**.

Exercise 1 | Q 6.2 | Page 131

QUESTION

Complete the sentence

The meeting held to discuss and decide any special or urgent matters is called as _____

SOLUTION

The meeting held to discuss and decide any special or urgent matters is called as **Extraordinary general meeting**.

Exercise 1 | Q 6.3 | Page 131

QUESTION

Complete the sentence:

Meeting of all Directors is called as _____

SOLUTION

Meeting of all Directors is called as **Board Meeting**.

Exercise 1 | Q 6.4 | Page 131

QUESTION**Complete the sentence:**

The Authority to convene the Annual General Meeting is with the _____

SOLUTION

The Authority to convene the Annual General Meeting is with the **Board of Directors**

Exercise 1 | Q 7.1 | Page 132

QUESTION

Select the correct option form the bracket

Group A	Group B
Interval between two annual meeting	_____

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

SOLUTION

Group A	Group B
1) Interval between two annual meeting	Not more than 15 months

Exercise 1 | Q 7.2 | Page 132

QUESTION

Select the correct option form the bracket

Group A	Group B
First Board Meeting	_____

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

SOLUTION

Group A	Group B
First Board Meeting	within 30 days of company's Incorporation

Exercise 1 | Q 7.3 | Page 132

QUESTION

Select the correct option form the bracket

Group A	Group B
_____	21 clear days

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

SOLUTION

Group A	Group B
Notice of General Meeting	21 clear days

Exercise 1 | Q 7.4 | Page 132

QUESTION

Select the correct option form the bracket

Group A	Group B
_____	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

SOLUTION

Group A	Group B
Extraordinary meeting	21 clear days

Exercise 1 | Q 8.1 | Page 132

QUESTION

Answer in one sentence

Who can attend Board Meetings?

SOLUTION

Only Directors can attend Board Meetings.

QUESTION

Answer in one sentence

When can an Adjourned Annual General meeting be held?

SOLUTION

An Adjourned Annual General Meeting can be held on the same day, time and place in the next week.

QUESTION

Answer in one sentence

Why is Extraordinary General Meeting held?

SOLUTION

An Extraordinary General Meeting is held to discuss and decide special or urgent matters which cannot be postponed till next Annual General Meeting.

QUESTION

Answer in one sentence

When should the first Annual General Meeting be held?

SOLUTION

The first Annual General Meeting should be held within 9 months of closing of the first financial year of the company.

QUESTION

Answer in one sentence

What should be the interval between two Annual General Meetings?

SOLUTION

The interval between two Annual General Meetings should not be more than 15 months.

QUESTION

Answer in one sentence

What should be the gap between two Board Meetings?

SOLUTION

The gap between two Board Meetings should not be more than 120 days.

Exercise 1 | Q 9.1 | Page 132

QUESTION

Correct the underlined word and rewrite the following sentence.

Minimum four Committee Meetings must be held in a year.

SOLUTION

Minimum four **Board of Directors** Meetings must be held in a year.

Exercise 1 | Q 9.2 | Page 132

QUESTION

Correct the underlined word and rewrite the following sentence.

Creditors Meeting must be held once in every year.

SOLUTION

Annual General Meeting must be held once in every year.

Exercise 1 | Q 9.3 | Page 132

QUESTION

Correct the underlined word and rewrite the following sentence.

Extraordinary Meeting must be held every year.

SOLUTION

Annual General Meeting must be held every year.

Exercise 1 | Q 9.4 | Page 132

QUESTION

Correct the underlined word and rewrite the following sentence.

The Meeting of all Directors is called Annual General Meeting.

SOLUTION

The Meeting of all Directors is called **Committee Meeting**.

EXERCISE 2 [PAGE 132]

Exercise 2 | Q 1 | Page 132

QUESTION

Explain the following term/concept: Committee Meeting

SOLUTION

Meaning: In a Joint Stock Company the usual committees are formed from among the members of the Board of Directors. A meeting of the members of such committee is called committee meeting e.g. a meeting allotment committee.

Legal Provisions: The Articles of Association of the company provide for the appointment of different committees and holding their meetings to expedite the managerial work. Such committee is formulated to investigate and submit a report after a careful examination of various aspects of the problem under investigation from all possible angles. The rules and procedure for convening and conducting committee meeting are generally laid down by the Board.

Assistance: The Secretary has to provide needed assistance to the committee. He is required to prepare and maintain separate minute's book to record the proceedings of committee meetings.

Frequency: The committee collects the relevant information of the problem under consideration and holds several meetings for a detailed study of the collected information. The committee then prepares a report for consideration and approval of the Board. To carry out the assigned work systematically, to discuss the problems and to exchange views, the committee members frequently arrange the committee meetings.

Exercise 2 | Q 2 | Page 132

QUESTION

Explain the following term/concept: Virtual Meeting

SOLUTION

A virtual meeting means Directors around the city or outside the city regardless of their location use audio video and link online, use video teleconference software. This is a quicker and efficient way to co-ordinate and conduct urgent meeting with various members or departments in an organisation. It depends on the flow of information and ease of communication between the participants. The meeting should be capable of recording and recognising the participation of Directors. However, in certain cases

Central Government specifies certain matters that cannot be discussed and dealt through video conferencing or other audio visual means.

Exercise 2 | Q 3 | Page 132

QUESTION

Explain the following term/concept: Creditors Meeting

SOLUTION

Meaning: The creditors of the company include debentureholders, depositors, company bankers, lenders and other financial institutions. Etc. A meeting arranged and held with creditors for discussion and taking decisions on certain problems relating to the terms and conditions of loans which affect their interest is called creditors meeting.

Purpose of creditors meeting: The creditors meeting is usually held:

- (1) to make compromise in disputes with its creditors
- (2) to alter the rate of interest
- (3) to alter the terms of security
- (4) to modify the rights of creditors such as debentureholders, depositors and other creditors, etc.
- (5) to get support of the creditors When a company passes through a financial crisis.
- (6) To compute the amount payable by the company to creditors and contributors when a company goes into liquidation or adjudicated insolvent by the court.

Legal provisions: The procedure of holding creditors meeting is laid down by the Companies Act, 2013. Similarly, the rules and procedure for holding such meeting are usually provided in the trust deed, e.g. debenture trust deed.

Frequency: Creditors meetings are held whenever the decisions affecting their interest are to be taken. Such a meeting is very rarely arranged and it is normally convened in the case of the Winding-up of the company.

Types: Creditors meetings are classified as meeting of debentureholders, meeting of depositors and meeting of other creditors such as trade creditors, suppliers, loan creditors, etc. A creditors meeting may be arranged class wise for discussion and solving varied problems of Creditors.

EXERCISE 3 [PAGE 132]

Exercise 3 | Q 1 | Page 132

QUESTION

Study the following case/situation and express your opinion.

Platinum Limited Company was incorporated on 1st Jan.2018. Advise the Board of Directors on the following matters.

1. Within what period should the company hold its 1st Annual General Meeting?
2. At which place should the Annual General Meeting be held.
3. How many days in advance should the notice and agenda be sent to members?

SOLUTION

1. The Board of Directors should hold 1st Annual General Meeting of Platinum Limited Company any time during the period of 9 months from 1st April 2019 to 31st December 2019.
2. Annual General Meeting of Platinum Limited Company should be held at the registered office of the company or at some other place within the city or village in which the registered office of the Platinum Limited Company is situated.
3. The Secretary of Platinum Limited Company should send the notice and agenda of the Annual General Meeting 21 days prior to date of meeting to be held.

Exercise 3 | Q 2 | Page 132

QUESTION

Study the following case/situation and express your opinion.

XYZ Ltd held its Annual General Meeting on 11th May 2018. On 1st June Mr. X, a Director of the company was arrested for a financial scam. Hence the shareholders of the company want to remove him.

1. Can the company call for the next Annual General Meeting to be held immediately to remove the Director?
2. Which meeting of members should the company hold to discuss removal of the Director?
3. What type of resolution will be passed in this meeting for removal of the Director?

SOLUTION

1. To remove the Director from his office, the shareholders of XYZ Ltd. cannot call the next Annual General Meeting immediately after 1st June 2018.
2. The XYZ Ltd. Company should hold Extraordinary General Meeting to discuss removal of the Director for financial scam.

3. Resolution requiring special notice (Section 115) is to be passed in the Extraordinary General Meeting for removal of the Director.

EXERCISE 4 [PAGE 133]

Exercise 4 | Q 1 | Page 133

QUESTION

Distinguish between the following

Shareholders' Meeting and Board Meeting

SOLUTION

Sr no	Shareholder meeting	Board meeting
1	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 as Board Meeting.
2	Frequency of meeting depends on the type of meeting. Annual General Meeting is held once in every year and Extraordinary General Meeting is held as and When required.	Board Meeting is held once in every 3 months and minimum 4 meetings in a period of 1 year. The time gap between two consecutive Board Meetings should not be more than 120 days.
3	The quorum for a shareholders' meetings (a) For Public Company Member Quorum Not more 1000- 5member 1001 to 5000- 15 member Above 5000-30 member b) For private company : 2 member	The quorum for a Board Meeting is minimum 2 directors or 1/3rd of the total strength of Directors, whichever is higher.
4	A shareholder can appoint a proxy to attend and vote at meeting on his behalf, if he is unable to attend the meeting.	A Director cannot appoint proxy to attend and vote in the Board Meeting on his behalf.
5	A notice of this meeting must be sent to all the members at least 21 days in advance.	A notice of Board Meeting must be sent to all the Directors at least 7 days in advance.

6	The purpose of this meeting is to get approval of the shareholders on certain matters like appointment of Directors and auditor, approval of annual report, etc. and inform them about the progress and activities of the company.	The purpose of this meeting is to discuss important issues, decide upon policy matters like issue of shares, calls on shares, appointment of staff, etc their implementations and to review the progress made by the company.
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Exercise 4 | Q 2 | Page 133

QUESTION

Distinguish between the following

Annual General Meeting and Extra ordinary General Meeting.

SOLUTION

Sr no	Annual general meeting	Extra ordinary general meeting
1	A General Body Meeting of all the shareholders Which is held once in every calendar year as per the provision of Section 96 of the Companies Act, 2013, is called Annual General Meeting.	A General Body Meeting of all the shareholders of a company which is held in between two consecutive Annual General Meetings to discuss and decide urgent matters as per Section 100 of the Companies Act 2013, is called Extraordinary General Meeting
2	The purpose of this meeting is to review the working of the company during the previous financial year, to approve the final accounts, to declare dividends, to elect Directors, auditors and to transact special business, if any.	This meeting may be held to transact and decide any urgent and special business or matters which cannot be postponed till the Annual General Meeting.
3	This meeting is held every year within 9 months of closing of the financial year. The gap between two Annual General Meetings should not exceed 15 months.	This meeting is held in between two consecutive Annual General Meetings. It can be held any number of times depending on the urgency and requirements

4	This meeting is convened by the Board of Directors. The Central Government can call this meeting on application received from the members of the company.	This meeting can be convened by (i) the Board of Directors itself (ii) the Board of Directors on requisition of members (iii) the requisitionists themselves and (iv) the National Company Law Tribunal.
5	This meeting is held: (i) to approve annual accounts, Directors, report and auditors' report (ii) to appoint Directors and auditors (iii) to declare dividend.	This meeting is held : (i) to alter the clauses of Memorandum of Association (ii) to alter Articles of Association (iii) to remove Directors before the expiry of their term (iv) to dissolve the company voluntarily.
6	In case of default in holding the meeting, every officer concerned of the company is punishable With a fine which may extend to Rs 1,00,000 and a further a fine of f 5.000 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 expenses of holding such meeting from the company.

EXERCISE 5 [PAGE 133]

Exercise 5 | Q 1 | Page 133

QUESTION

Answer in brief

List the duties of a Secretary after the Annual General Meeting.

SOLUTION

- Drafting the Minutes:** The Secretary has to draft the minutes of the meeting Within 30 days of the meeting. He has to submit the draft of the minutes for approval and signature of the Chairman.
- Implementing decisions:** The Secretary has to instruct the concerned executives to execute the decisions taken in the meeting and to take action on the resolutions approved in the meeting.
- Sending documents and filing resolutions:** The Secretary has to arrange for the despatch of dividend warrants to all the shareholders as declared in the Annual General Meeting, Within 30 days of the date of declaration of dividend. He has to file Annual Returns with the Registrar of companies. He has to file the copies of the special resolutions passed at the Annual General Meeting with the Registrar of

Companies within 30 days of their passing.

4. **Send intimation to absent members:** The Secretary has to send the information of the proceedings, resolutions passed and other related information of the meeting to the absent members.

Exercise 5 | Q 2 | Page 133

QUESTION

Answer in brief

State the objectives of Annual General Meeting.

SOLUTION

1. To approve annual accounts, Directors' report and auditors' report
2. To declare dividend
3. To elect Directors In place of retiring Directors and to appoint auditors and fix their remuneration
4. To provide an opportunity to the shareholders (members) to discuss and review the progress and performance of the company.

Exercise 5 | Q 3 | Page 133

QUESTION

Answer in brief

State any four legal provisions regarding Board Meeting.

SOLUTION

Authority to convene: The Chairman of the Board is the proper authority to convene the Board Meeting.

Number of Board Meeting:

1. **First Board Meeting:** The first Board Meeting is required to be held within 30 days of is the date of its incorporation.
2. **Subsequent Board Meeting:** Subsequent Board meetings must be held at least once in 3 calendar months i.e. minimum 4 Board Meetings must be held every year. The time gap between two Board meetings should not be more than 120 days.
3. **In case of One Person Company :** In a One Person Company, small company and dormant company, the Board Meeting must be held once in the period of six

months i.e. at least one meeting in each half of calendar year. The time gap between two Board Meetings should not be less than 90 days.

Virtual Meeting : A virtual meeting of Directors means Directors around the city or outside the city regardless of their location use audio video and link online, use video teleconference software. This is a quicker and efficient way to co-ordinate and conduct urgent meeting with various members or departments in an organisation. It depends on the flow of information and ease of communication between the participants. The meeting should be capable of recording and recognising the participation of Directors. However, in certain cases Central Government specifies certain matters that cannot be discussed and dealt through video conferencing or other audio visual means.

Notice : The notice of Board Meetings must be sent to all the Directors of the board at least 7 days prior to the Board Meeting at their registered address by hand delivery or by post or by electronic means. Agenda of the meeting also to be sent along with notice.

Quorum: The quorum for this meeting is one-third of the total number of Directors or two Directors whichever is higher. The Directors who have personal interest in the matter to be discussed in the meeting are excluded from the quorum.

Adjournment: In the absence of requisite quorum, the meeting is adjourned and is to be held on the same day, same time and place next Week.

Exercise 5 | Q 4 | Page 133

QUESTION

Answer in brief

What are Class Meetings?

SOLUTION

Meaning: The rights attached to the shares of any class may be varied or altered any time by the company. A consent of the holders in writing is necessary for such alteration. A meeting which is held to obtain such consent from a particular class of shareholders is called 'Class Meeting'.

Legal Provisions: Section 48 of the Companies Act, 2013, provides for the holding of meetings of a particular class of shareholders, if necessary. It is held whenever a company desires to make changes in the rights and duties of a particular class of shareholders. Article of Association may provide for arranging such meeting.

Purpose : The purpose of class meeting are to discuss the matters which are affecting the rights and duties of particular class of shareholders and to get their approval for the changes desired to be carried out.

Convene: If a company wants to change the rate of dividend on preference shares, the company has to convene a meeting of preference shareholders to get their approval.

Similarly, if the preference shareholders are not paid dividend for more than two years, they can summon a meeting of all the preference shareholders.

Frequency: The class meeting is held or arranged very rarely and not regularly.

Resolution: Usually special resolutions are passed in this meeting.

Exercise 5 | Q 5 | Page 133

QUESTION

Answer in brief

What is the purpose of conducting Extra ordinary General meeting?

SOLUTION

This meeting is convened whenever it becomes necessary to take an immediate decision on some important issue affecting the business of the company which cannot be postponed till the next Annual General Meeting. The purpose of Extraordinary General Meeting:

1. Alterations in the clauses of Memorandum of Association such as name clause, domicile clause or object clause.
2. Alteration in Articles of Association.
3. Removal of Director before the expiry of his term.
4. Removal of auditor before expiry of his term.
5. Voluntary winding-up of company.

EXERCISE 6 [PAGE 133]

Exercise 6 | Q 1 | Page 133

QUESTION

Justify the following statement.

Annual General Meeting is adjourned in absence of quorum.

SOLUTION

The quorum means the minimum number of members legally required to remain present at the beginning and during the course of the meeting. Meeting without quorum is invalid and the business it transacts becomes null and void. The Companies Act has prescribed certain minimum requirement for quorum e.g. the quorum for a general meeting of a

public company is 51 the number of members of the company does not exceed 1,000 and for a private company quorum is 2 members.

The proxies cannot be counted for quorum. The Articles of Association may increase the minimum requirement but cannot decrease it. The quorum is also required during the course of the meeting. The moment when attendance falls short of the quorum, a member may raise a point of order and Chairman has to stop the proceeding, on the meeting and is adjourned it.

Even in the beginning of meeting if requisite quorum is not formed or constituted, the meeting will be postponed for an hour and even after that if quorum is not constituted the meeting will not be held and it will be adjourned and will be held on the same day. Time and place in the next week.

Exercise 6 | Q 2 | Page 133

QUESTION

Justify the following statement.

A notice of meeting must be sent to all members in case of General Meeting.

SOLUTION

A notice is an advance intimation to the persons entitled to receive it. About the venue, day, date and time of a meeting and the business to be transacted in it with a request to attend the meeting. The notice may be sent with the necessary documents. A notice of the meeting must be given to all the members entitled to attend the same. Such a notice must contain details of holding the meeting and the agenda of the meeting, further. The notice must be sent well in advance to all the concerned members.

In case of General Meetings such as Annual General Meeting and Extraordinary Meeting, a notice of clear 21 days is necessary to be given to all members. Notice which is sent well in advance to the members enable them to prepare about the points to be discussed in a meeting, they take active part in the discussion held in the meeting. They know in advance time, date, day and venue of the meeting and hence they keep themselves free to attend the meeting at scheduled time.

Exercise 6 | Q 3 | Page 133

QUESTION

Justify the following statement.

Extraordinary general meeting is called under special circumstances.

SOLUTION

A General Body Meeting of all the shareholders of a company which is held in between the two consecutive Annual General Meetings is called Extraordinary General Meeting

This meeting is convened whenever it become Necessary to take immediate decision on some important issues affecting the business of the company which cannot be postponed till the next Annual General Meeting.

This meeting is held to transact urgent and special business like alterations in Memorandum of Association and Articles of Association. Removal of a Director before the expiry of his/her term, removal of auditor before the expiry of his/her term and voluntary winding-up of the company. If the business to be transacted is not special and not urgent. then such business can be discussed in the next Annual General Meeting. Thus, only under special circumstances Extraordinary General Meeting is held.

Exercise 6 | Q 4 | Page 133

QUESTION

Justify the following statement.

Board of Directors can exercise their powers collectively through the Board Meeting.

SOLUTION

Shareholders are large in numbers and are scattered and spread over a wide area. They cannot personally take part in the management to manage the day-to-day affairs of the company. Hence they hold their meeting and elect their representatives called Directors. They are collectively called Board of Directors.

The Directors are given wide powers in the management of the company. The Directors exercise their powers collectively through their periodical meetings called Board Meetings. These meetings are important to share thoughts, discuss. debate and take policy decisions to manage day to-day workings of the company.

In Board Meeting. Directors collectively take policy decisions on important issues such as issue of shares, allotment of shares, calls on shares, forfeiture of shares, sales, purchases, appointment of staff, expansion of business, etc. Thus, Board of Directors exercises their powers collectively through Board Meetings.

Exercise 6 | Q 5 | Page 133

QUESTION

Justify the following statement.

The Quorum for Annual General Meeting of a public company depends upon the number of shareholders.

SOLUTION

every type of meeting has a specific requirement of quorum. The members those forming the quorum must be present personally. The Companies Act provides a quorum of 2 members for the General Meeting of a private public and 5 members in the case of a

public company. As per the new provisions made under Section 103(1) of the Companies Act 2013, the quorum for the meetings of the Public Limited Company is stated in the following table :

Sr. no	Number of shareholder	Requisite Quorum
1	Up to 1000	5 member
2	1000 to 5000	15 member
3	More than 5000	30 member

These members must be personally present at the meeting for discussion, debate and giving opinion and votes for taking decisions on various issues. The Articles of Association may make a separate provision regarding the quorum, but such a provision cannot be less than the minimum prescribed by the Companies Act. From the study and analysis of the above table, it is clear that Quorum for Annual General Meeting of a public company depends upon the number of shareholders. However, proxies are not counted in quorum.

Exercise 6 | Q 6 | Page 133

QUESTION

Justify the following statement.

When a company is in a financial difficulty, it may call a meeting of creditors.

SOLUTION

Meaning : The creditors of the company include debentureholders, depositors, company bankers, lenders and other financial institutions. Etc. A meeting arranged and held with creditors for discussion and taking decisions on certain problems relating to the terms and conditions of loans which affect their interest is called creditors' meeting.

Purpose of creditors' meeting: The creditors' meeting is usually held:

1. to make compromise in disputes with its creditors
2. to alter the rate of interest
3. to alter the terms of security

4. to modify the rights of creditors such as debentureholders, depositors and other creditors, etc.
5. to get support of the creditors When a company passes through a financial crisis.
6. To compute the amount payable by the company to creditors and contributors when a company goes into liquidation or adjudicated insolvent by the court.

Legal provisions : The procedure of holding creditors' meeting is laid down by the Companies Act, 2013. Similarly, the rules and procedure for holding such meeting are usually provided in the trust deed, e.g. debenture trust deed.

Frequency : Creditors' meetings are held whenever the decisions affecting their interest are to be taken. Such a meeting is very rarely arranged and it is normally convened in the case of the Winding-up of the company.

Types : Creditors' meetings are classified as meeting of debentureholders, meeting of depositors and meeting of other creditors such as trade creditors, suppliers, loan creditors, etc. A creditors' meeting may be arranged class wise for discussion and solving varied problems of Creditors.

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QUESTION

Justify the following statement.

As per the Companies Act every company has to hold the Annual General Meeting.

SOLUTION

Annual General Meeting is a meeting of all the members of the company which is held once a year after the closing of the financial year in accordance with the provisions of Section 96 of the Companies Act, 2013.

The main objects of holding the Annual General Meeting are to inform the members of the company about the performance of the company during the financial year completed and to present the duly audited Profit & Loss Account and Balance Sheet of the company for their consideration and approval.

Besides, the meeting transacts other items of ordinary business such as appointment of Directors, auditors, solicitors, etc. and declaration of dividend. It also transacts special business such as increase in nominal capital, alteration in the Memorandum and Articles of Association, etc. All these items of business have to be considered and decided by the members only.

Therefore the Companies Act has made it compulsory for every Company (including a private company) to hold the Annual General Meeting 6 months after the completion of

its financial year. The time interval between two Annual General Meetings should not be more than 15 months.

EXERCISE 7 [PAGE 133]

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QUESTION

Explain the functions of a secretary related with Annual General Meeting.

SOLUTION

Functions before the Annual General Meeting :

1. **Fixing a Board Meeting:** The Secretary has to convene the Board Meeting to fix the date, time and place of the Annual General Meeting.
2. **Issue of Notice:** The Secretary has to print and send the notice, agenda and all other related documents to the members at least 21 days prior to the meeting. He is also required to publish notice and agenda in the leading newspapers for convenience of concerned members.
3. **Speech of the Chairman:** The Secretary has to assist the Chairman in preparing the Chairman's speech and to get it printed.
4. **Preliminary arrangements:** Secretary has to make necessary arrangements such as booking of hall, seating arrangements, checking admission cards, public address system, lighting, refreshment, etc.
5. **Company Accounts:** The Secretary has to get the annual accounts finalised, as soon as the financial year is over. These accounts include Trading Account, Profit and Loss Account, Balance Sheet and other statements. They must be prepared in the forms prescribed by the Companies Act. He has to prepare Annual Report also.

Functions during the Annual General Meeting:

1. **Attendance:** The Secretary has to keep the Attendance Register and the Register of Members ready at the gate. Each member has to sign in the register after getting his membership verified.
2. **Quorum :** The Secretary has to check the requirements of the quorum as per the provision in the Articles He confirm the result of his checking to the Chairman. He has to wait for half an hour in the case the meeting is short of the quorum. After half an hour the meeting can be commenced if there is the required quorum or may be adjourned in the absence of the quorum.
3. **Reading reports:** The Secretary has to read the notice the agenda of the Annual General Meetings minutes of the last Annual General Meeting and the Directors'

Report at the beginning of the meeting.

4. **Writing the proceedings:** The Secretary has to note down the decisions resolutions and explanatory points about the proceedings of the meeting in a serial order. This is necessary for writing minutes.
5. **Helps the Chairman:** During the course of the meeting the Secretary has to provide necessary assistance and related information, materials etc. to the Chairman as and when required for smooth conduct of the meeting.
6. **Conduct Poll:** The Secretary has to make all the arrangements for voting and poll if demanded by the members.

Functions after the Annual General Meeting:

1. **Drafting the Minutes:** The Secretary has to draft the minutes of the meeting within 30 days of the meeting. He has to submit the draft of the minutes for approval and signature of the Chairman.
2. **Implementing decisions:** The Secretary has to instruct the concerned executives to execute the decisions taken in the meeting and to take action on the resolutions approved in the meeting.
3. **Sending documents and filing resolutions:** The Secretary has to arrange for the despatch of dividend warrant to all the shareholders as declared In the Annual General meeting within 30 days of the date of declaration of dividend. He has to file Annual Returns with the Registrar of companies. He has to file the copies of the special resolutions passed at the Annual General Meeting with the Registrar of Companies within 30 days of their passing.
4. **Send intimation to absent members:** The secretary has to send the information of the proceedings, resolutions passed and other related information of the meeting to the absent members.

Exercise 7 | Q 2 | Page 133

QUESTION

Explain the different types of General Meetings of company.

SOLUTION

(1) Annual General Meeting (Section 96 to 98)

(A) Meaning: A meeting of all the shareholders which is held once in every calendar year as per the provisions of Section 96 to 98 of the Companies Act, 2013, is called an Annual General Meeting.

(B) Purpose of Annual General Meetings: (1) To approve annual accounts. Directors'

report and auditors' report (2) To declare dividend (3) To elect Directors in place of retiring Directors and (4) to appoint auditors and fix their remuneration (5) To provide an opportunity to the shareholders (members) to discuss and review the progress and performance of the company.

(C) Legal Provisions:

(i) Time of holding Annual General Meeting: The first Annual General Meeting must be held within 9 months from the date of closing first financial year.

Thereafter subsequent Annual General Meeting should be held within 6 months of the closing of the financial year. The gap between two consecutive Annual General Meetings shall not be more than 15 months. On the request of the company. Registrar of Companies may extend the time to conduct Annual General Meeting by further period of not more than 3 months. However, this extension cannot be granted in case of first Annual General Meeting. These legal provisions are not applied to One Person Company.

(ii) Authority to convene Annual General Meeting : The right to convene this meeting is vested with the Board of Directors.

(iii) Notice : The notice of this meeting must be sent to all the members of the company at their registered address by post or through electronic mode at least 21 days prior to the date of the meeting.

(iv) Date, time and place of Annual General Meeting : Annual General Meeting must be called during working hours between 9 am to 6 pm on any day except national holiday. It must be held either at the registered office of the Company or at any other place within the city in which registered office is located.

(v) Quorum: The requisite Quorum for Annual General Meeting is:

Sr no	Number of shareholder	Requisite Quorum
1	Up to 1000	5 member
2	1000 to 5000	15 member
3	More than 5000	30 member

For private company, requisite quorum is 2 members.

(vi) Adjournment of Meeting: In the absence of requisite quorum, meeting is adjourned and is held on the same day, time and place next week.

(vii) Default : In case the company fails to hold Annual General Meeting, the company and every officer of the company who is in default are punishable with fine which may be up to Rs 1,00,000 and in the case of continuing default with further fine which may extend up to Rs 5,000 per day.

(2) Extraordinary General Meeting (Section 100):

(A) Meaning: A general body meeting of all the shareholders of a company other than a Statutory Meeting or an Annual General Meeting which is held in between the two Annual General Meetings is called Extraordinary General Meeting.

(B) Purpose : This meeting is convened Whenever it becomes necessary to take an immediate decision on some important issue affecting the business of the company which cannot be postponed till the next Annual General Meeting.

The purpose of Extraordinary General Meeting : (1) Alterations in the clauses of Memorandum of Association such as name clause, domicile clause or object clause. (2) Alteration in Articles of Association. (3) Removal of Director before the expiry of his term. (4) Removal of auditor before expiry of his term. (5) Voluntary winding-up of company.

(C) Legal Provisions:

(1) Authority to convene Extraordinary General Meeting:

(a) Board of Directors: The Board of Directors has right to call this meeting by giving proper notice to the shareholders.

(b) Board of Directors on requisition of Members : In case of company having share capital, the shareholders holding at least 1/10 of the paid-up share capital carrying voting rights and in the case of a company not having share capital members having 10% of voting powers can request to hold Extraordinary General Meeting. The Board of Directors in such case must hold Extraordinary General Meeting within 45 days of the date of receipt of requisition from the members.

(c) Requisitionist themselves: If the Board unable to call an Extraordinary General Meeting, the meeting can be called by the requisitionist themselves. In such case meeting must be held within 3 months from the date of deposit of requisition. The company in such case is required to reimburse the expenses incurred by the requisitionists to arrange and organise such meeting.

(d) National Company Law Tribunal (NCLT) or Government : If on account of any reason it is totally impracticable for a company to hold Extraordinary General Meeting then National Company Law Tribunal can order the company hold it. NCLT has power to order such a meeting on its own or at the request of a Director or any member having voting rights.

(D) Notice: The notice of an Extraordinary General Meeting must be given to the members at least 21 days in advance. If the company intends to transact any special

business, it requires to send an explanatory statement to the members along with the notice.

(E) Quorum: The quorum for this meeting is 5 members in case of public company and 2 members in case of private company.

Exercise 7 | Q 3 | Page 133

QUESTION

Explain the different types of Directors Meetings.

SOLUTION

Board Meeting (Section 173):

(A) Meaning: The meeting of Directors, which is held frequently to discuss important issues, to take decisions on important policy matters and to implement is called a Board Meeting.

(B) Legal Provisions regarding Board Meeting:

(a) Authority to convene: The Chairman of the Board is the proper authority to convene the Board Meeting.

(b) Number of Board Meeting:

(i) First Board Meeting: The first Board Meeting is required to be held within 30 days of its date of incorporation.

(ii) Subsequent Board Meeting: Subsequent Board meetings must be held at least once in 3 calendar months i.e. minimum 4 Board Meetings must be held every year. The time gap between two Board meetings should not be more than 120 days.

(iii) In case of One Person Company : In a One Person Company, small company and dormant company, the Board Meeting must be held once in the period of six months, i.e. at least one meeting in each half of calendar year. The time gap between two Board Meetings should not be less than 90 days.

(c) Virtual Meeting : A virtual meeting of Directors means Directors around the city or outside the city regardless of their location use audio video and link online, use video teleconference software. This is a quicker and efficient way to co-ordinate and conduct urgent meeting with various members or departments in an organisation. It depends on the flow of information and ease of communication between the participants. The meeting should be capable of recording and recognising the participation of Directors. However, in certain cases Central Government specifies certain matters that cannot be discussed and dealt through video conferencing or other audio visual means.

(D) Notice : The notice of Board Meetings must be sent to all the Directors of the board at least 7 days prior to the Board Meeting at their registered address by hand delivery or

by post or by electronic means. Agenda of the meeting also to be sent along with notice.

(E) Quorum: The quorum for this meeting is one-third of the total number of Directors or two Directors whichever is higher. The Directors who have personal interest in the matter to be discussed in the meeting are excluded from the quorum.

(F) Adjournment: In the absence of requisite quorum, the meeting is adjourned and is to be held on the same day, same time and place next Week.

(2) Committee Meeting :

(A) Meaning: In a Joint Stock Company, the usual committees are formed from among the members of the Board of Directors. A meeting of: the members of such committee is called committee meeting e.g. a meeting allotment committee. **(B) Legal Provisions :** The Articles of Association of the company provide for the appointment of different committees and holding their meetings to expedite the managerial work.

Such committee is formulated to investigate and submit a report after a careful examination of various aspects of the problem under investigation from all possible angles. The rules and procedure for convening and conducting committee meeting are generally laid down by the Board.

(C) Assistance: The Secretary has to provide needed assistance to the committee. He is required to prepare and maintain separate minutes book to record the proceedings of committee meetings.

(D) Frequency : The committee collects the relevant information of the problem under consideration and holds several meetings for a detailed study of the collected information. The committee, then prepares a report for consideration and approval of the Board. To carry out the assigned work systematically, to discuss the problems and to exchange views, the committee members frequently arrange the committee meetings.