

**B.COM I - SEM II**  
**SECRETARIAL PRACTICE**  
**QUESTION AND ANSWERS**  
**UNIT II**

**Que: What are the various types of meetings? Explain in brief**

There are eight main types of company meetings.

The types are:

1. Statutory Meeting
2. Annual General Meeting
3. Extraordinary General Meeting
4. Meeting of the Board of Directors
5. Class Meeting
6. Meeting of Creditors
7. Meeting of Debenture Holders
8. Meeting of Creditors and Contributories.

**1. Statutory Meeting:**

Every public company limited by shares—and every company limited by guarantee and having a share capital—must, within a period of not less than one month and not more than six months from the date at which the company is entitled to commence business, hold a general meeting of the members which is to be called the Statutory Meeting.

In this meeting the members are to discuss a report by the Directors, known as the Statutory Report, which contains particulars relating to the formation of the company.

Private companies are exempted from holding this meeting.

**Statutory Report:**

The nature of business conducted at the statutory meeting involves consideration and adoption of the Statutory Report. The Statutory Report is drafted by Directors and certified as correct by at least two of them. A copy of the report must be sent to every member at least 21 days before the date of the meeting. A copy is also to be sent to the Registrar for registration.

**Section 165(3) provides that the Statutory Report must contain the following particulars:**

- (i) The total number of fully paid-up and partly paid-up shares allotted;
- (ii) The total amount of cash received by the company in respect of the shares;
- (iii) An abstract of the receipts, classifying them according to source and mentioning the expenses incurred for commission, brokerage etc.
- (iv) The names, addresses and occupations of directors, auditors, managers and secretaries and changes of the names, addresses etc.
- (v) Particulars of contracts which are to be submitted to the meeting for approval, with proposed modifications, if any;
- (vi) If any underwriting contracts have not been carried out, the reasons therefor;
- (vii) The arrears due on calls from directors and others;
- (viii) Particulars of commissions and brokerages paid to directors and managers.

Particulars as regards cash in the Statutory Report are to be certified as correct by the auditors of the company.

The members of the company who are present in the Statutory Meeting are at liberty to discuss any matter relating to the formation of the company or arising out of the Statutory Report, whether previous notice has been given or not. But no resolution can be passed of which notice has not been given in accordance with the provisions of the Act.

If default is made in complying with the provisions of Section 165, every Director or any other officer of the company who is in default shall be punishable with a fine which may extend to Rs. 500.

## **2. Annual General Meeting:**

General Meeting of a company means a meeting of its members for specified purposes.

### **There are two kinds of General Meetings:**

- (i) The Annual General Meeting and
- (ii) Other General Meetings.

### **The statutory provisions regarding the Annual General Meeting are:**

#### **(a) Section 166:**

The first Annual General Meeting of a company may be held within a period of not more than 18 months from the date of its incorporation. If such a meeting is held within the period, it is not necessary for the company to hold any annual general meeting in the year of its incorporation or in the following year.

Subject to the above-mentioned provision, a company must hold an Annual General Meeting each year. Not more than 15 months shall elapse between the date of one Annual General Meeting and the next. The Registrar may, for any special reason, extend the time of holding an Annual General Meeting (other than the first Annual General Meeting) by a period not exceeding 3 months.

The notice, by which an Annual General Meeting is called, must specify it as such. Every Annual General meeting shall be called during business hours, on a day which is not a public holiday, at the Registered Office of the company or at some

other place within the town or village where the Registered Office is situated. The Central Govt. may exempt any class of companies from the provisions mentioned in this paragraph.

The time of holding of the Annual General Meeting may be fixed by the articles of the company. A public company or a private company which is a subsidiary of a public company, may, by a resolution passed in one general meeting, fix the time for its subsequent general meetings. Other private companies may do so by a resolution agreed to by all the members thereof.

**(b) Section 167:**

If default is made in holding an Annual General Meeting in accordance with Sec. 166, the Regional Director of the Company Law Board may, on the application of any member of the company, call or direct the calling of a general meeting. He may also give directions regarding the calling, holding and conducting the meeting. Such a meeting shall be deemed to be an Annual General Meeting of the company

**(c) Section 168:**

If the provisions of Sections 166 and 167 are not complied with, the company and every officer of the company be fined.

**(d) Section 171:**

A general meeting may be called by giving not less than 21 days' notice in writing. The Annual General Meeting may be called with a shorter notice if it is agreed to by all the members entitled to vote in the meeting. The Court has no power to direct the calling of the Annual General Meeting.

**3. Extraordinary General Meeting:**

Any general meeting of the company which is not an Annual General Meeting or a Statutory Meeting is called Extraordinary General Meeting. An Extraordinary General Meeting is held for dealing with some business of special or extraordinary nature and which is outside the scope of the Annual General Meeting.

This meeting is also held to transact some urgent business that cannot be deferred till the next Annual General Meeting. This meeting may be called by the Directors

or requisitioned by the member's according to Sec.169 of the Companies Act, 1956. The Board of Directors can be compelled to hold

**Extraordinary General Meeting upon request or requisition made for it, under the following conditions:**

(a) The requisition must be signed by members holding at least 1/10th of the paid-up capital of the company, in the case of companies having a share-capital; and by members holding at least 1/10th of the total voting power in other cases.

(b) The requisition must set out the matters which will be considered at the meeting.

(c) The requisition must be deposited at the Registered Office of the company.

The Board must, within 21 days of the receipt of a valid requisition, issue a notice for the holding of the meeting on a date fixed within 45 days of the receipt of the requisition. If the Board does not hold the meeting as aforesaid, the requisitionists can call a meeting to be held on a date fixed within 3 months of the date of requisition.

Resolutions, properly passed at a meeting called by the requisitionists, are binding on the company.

**4. Meeting of the Board of Directors:**

The management of the company is vested on the Board of Directors. Therefore, the Directors are to meet frequently to decide both policy and routine matters.

**The provisions regarding Board Meeting are:**

1. Board Meeting must be held once in every three calendar months and at least four times in every year. This provision may be exempted by the Central Govt.

2. Notice of Board Meeting shall be given in writing to every director for the time being in India and at his usual address in India.

**The business transacted in a shareholders' meeting can be divided into two classes:**

(i) Ordinary and

(ii) Special.

Ordinary means consideration of accounts and the Balance Sheet; declaration of dividend; appointment of directors and appointment and fixation of remuneration of auditors. Any other business is special business.

### **5. Class Meeting:**

These meetings are held by a particular class of shareholders for the purpose of effecting variation in the Articles in respect of their rights and privileges or for conversion of one class into another.

The provision for variation must be contained in the Memorandum or Articles and this variation must not be prohibited by the terms of issue of shares of that particular class. Such resolutions are to be passed by three-fourth majority of the members of that class.

### **6. Meeting of Creditors:**

These meetings are called when the company proposes to make a scheme of arrangement with its creditors. The Court may order a meeting of the creditors or a class of creditors on the application of the company or of liquidator in case of a company being wound-up.

Such a meeting is held and conducted in such a manner as the Court directs. If arrangement is passed by a majority of three-fourth in value of creditors and the same is sanctioned by the Court, it is binding on all the creditors.

### **7. Meeting of Debenture Holders:**

These meeting are called according to the rules and regulations of the Trust Deed or Debenture Bond. Such meetings are held from time to time where the interests of debenture holders are involved at the time of re-organisation, reconstruction, amalgamation or winding-up of the company. The rules regarding the appointment of Chairman, notice of the meeting, quorum etc. are contained in the Trust Deed.

## **8. Meeting of Creditors and Contributories:**

These meetings are held when the company has gone into liquidation to ascertain the total amount due by the company to its creditors. The main purpose of these meetings is to obtain the approval of the creditors and contributories to the scheme of compromise or rearrangement to save the company from financial difficulties. Sometimes, the Court may also order for such a meeting to be held.

When a company desires to vary the rights of debenture-holders, such meetings are to be held according to the rules laid down in the Debenture Trust Deed. They are also held to enable the company to issue new debentures or to vary the rate of interest payable to debenture-holders. The term “contributory” covers every person who is liable to contribute to the assets of the company when the company is being wound-up.

### **Que: What do you mean by Quorum?**

Quorum means the minimum number of members required to hold a meeting. According to the Act, quorum is constituted by 5 members personally present in the case of a public company and 2 members personally present in the case of other companies.

The articles may prescribe a larger number. If there is no quorum within half an hour of the notified time for starting the meeting, it is dissolved. No quorum is necessary in any adjourned meeting.

In every organisation there should be a provision in their constitution or by-laws or Articles of Association fixing the number which should constitute a quorum. If, however, no quorum is fixed in the constitution or articles, the first meeting should decide what should constitute the quorum of the meeting.

The quorum of members must be present not only at the beginning but it also be maintained throughout the meeting. Otherwise the business transacted at the meeting will be invalid. If a quorum is not present at the starting time, the Chair-

man may allow some extra time (e.g. half an hour) to enable the meeting to form the quorum.

If even the quorum is not present, the meeting shall stand adjourned and will be held again at a place, time and date as may be determined by the Chairman.

**Que: Explain the term "Agenda"**

Agenda means “things to be done” at the meeting. It is the list of businesses to be transacted at the meeting. The Secretary prepares the agenda in consultation with the Chairman. The notice of every meeting must specify the business to be transacted in the meeting.

The Act states that the notice must annex an “Explanatory Statement” at which some special business is to be transacted. The statement must contain all the material facts relating to each item of the business, indicating the nature and extent of the interest of every director and manager of the company. The statement must mention the time and place where all documents relating to special business can be inspected.

**Que: Write a note on:**

- i. Chairman**
- ii. Proxy**

**i. Chairman**

Unless otherwise laid down in the articles, the members personally present at the meeting shall elect a Chairman from amongst themselves by show of hands. But if a poll is demanded, it must be taken forthwith with a Chairman elected for the purpose. Every director has one vote but the Chairman has an extra vote known as casting vote, i.e., either for or against the resolution.

**ii. Proxy**

Any member, entitled to attend and vote in a meeting, can appoint another person to attend and vote on his behalf. The person appointed is called the Proxy. The appointment of a Proxy must be made by a written instruction signed by the

appointer and deposited with the company, not more than 48 hours before the meeting.

A Proxy is not entitled to speak in the meeting and vote only in a poll unless the articles provide otherwise. A Proxy need not be a member of the company. A member of a private company cannot appoint more than one Proxy to attend on the same occasion, unless the articles otherwise provide.

A body corporate which is a member of a company can appoint a representative or proxy, by resolution of the Board. The President of India or the Governor of a State, if he is a member of a company, may appoint any person to act as his representative in a meeting.

**Que: What are the various Method of Voting?**

Resolutions are to be voted upon, in the first instance, by show of hands. The Chairman's declaration of the results of voting by show of hands is conclusive.

**A poll is to be taken:**

- (i) If the Chairman so directs;
- (ii) In all cases, if it is demanded by members holding at least 1/10th of the voting power or paid-up capital;
- (iii) In the case of public companies if it is demanded by at least 5 members present and entitled to vote; and
- (iv) In the case of private companies if it is demanded by any one member if not more than 7 members are present and by 2 members if more than 7 members are present.

A poll on a resolution for adjournment or for the appointment of a Chairman is to be taken immediately. In other cases it is to be taken when the Chairman decides, but it must be within 48 hours of the demand for poll.

A poll is to be taken in the manner decided by the Chairman. The usual method is to ask each member to record his decision on ballot papers provided for the

purpose. The Chairman shall appoint two scrutinizers to scrutinize the ballot papers.

**Que: Explain the term "Notice"**

Notice is an instrument of giving intimation to all persons who are entitled to attend a meeting regarding the place, date, time and purpose of the meeting.

**Requisites of a valid notice are:**

- (i) Notice must be issued in accordance with the provisions of the statute.
- (ii) It should be in writing. Oral notice may also be sufficient.
- (iii) Notice must state the nature of the meeting.
- (iv) Notice must be given not only to members but also to all persons entitled to attend a meeting, for e.g., in case of Annual General Meeting, notice has to be served to the auditors of the company.
- (v) Proper length of notice must be given. A General Meeting requires 21 days' notice in writing. A meeting may be called by a shorter notice if all members give their consent.
- (vi) Notice must be adequate. It must clearly state the place, date and hour of the meeting. A complete agenda is appended as a part of the notice.
- (vii) Notice must be signed and issued by the proper authority.
- (viii) Notice is not the same as a circular. Notice is given to members but circulars are given to customers and public.