

Lecture 30

B. Annual General Meeting

Must be held by every type of company, public or private, limited by shares or by guarantee, with or without share capital or unlimited company, once a year. Every company must in each year hold an annual general meeting. Not more than 15 months must elapse between two annual general meetings. However, a company may hold its first annual general meeting within 18 months from the date of its incorporation. In such a case, it need not hold any annual general meeting in the year of its incorporation as well as in the following year only.

In the case there is any difficulty in holding any annual general meeting (except the first annual meeting), the Registrar may, for any special reasons shown, grant an extension of time for holding the meeting by a period not exceeding 3 months provided the application for the purpose is made before the due date of the annual general meeting. However, generally delay in the completion of the audit of the annual accounts of the company is not treated as "special reason" for granting extension of time for holding its annual general meeting. Generally, in such circumstances, an AGM is convened and held at the proper time. All matters other than the accounts are discussed. All other resolutions are passed and the meeting is adjourned to a later date for discussing the final accounts of the company. However, the adjourned meeting must be held before the last day of holding the AGM.

A notice of at least 21 days before the meeting must be given to members unless consent is accorded to a shorter notice by members, holding not less than 95% of voting rights in the company. The notice must state that the meeting is an annual general meeting. The time, date and place of the meeting must be mentioned in the notice. The notice of the meeting must be accompanied by a copy of the annual accounts of the company, director's report on the position of the company for the year and auditor's report on the accounts. Companies having share capital should also state in the notice that a member is entitled to attend and vote at the meeting and is also entitled to appoint proxies in his absence. A proxy need not be a member of that company. A proxy form should be enclosed with the notice. The proxy forms are required to be submitted to the company at least 48 hours before the meeting.

The AGM must be held on a working day during business hours at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situated. The Central Government may, however, exempt any class of companies from the above provisions. If any day is declared by the Central government to be a public holiday after the issue of the notice convening such meeting, such a day will be treated as a working day.

A company may, by appropriate provisions in its articles, fix the time for its annual general meeting and may also by a resolution passed in one annual general meeting fix the time for its subsequent annual general meetings.

Companies licensed under Section 25 are exempt from the above provisions provided that the time, date and place of each annual general meeting are decided upon beforehand by the Board of Directors having regard to the directions, if any, given in this regard by the company in general meeting.