

Company Management

Dr. Rupal Patel
Associate Professor
BJVM

NOTICE OF MEETINGS:

The normal rule for any meeting of shareholders of a public company is that the meeting should be called by giving a notice of not less than 21 clear days. However, a private company may provide in its articles for a shorter notice.

The essentials of a valid notice are:

- a) It must clearly state the date, time and place of the meeting was also the purpose of the meeting,
- b) The notice must be issued on the authority of a resolution of the Board of directors. .

c) The notice should be signed by a person authorised by the Board. Usually, a director of the Board or the company secretary would sign the notice.

d) It must be sent to all persons who are entitled to receive the notice. ,

The words "clear days notice" indicate that the day of serving the notice and the day of meeting are excluded. Thus in normal practice, 21 clear days would mean 23 days. Further, if the notice is to be sent by post, another 48 hours are to be added to the 23 days. Thus the notice must be sent at least 25 days before the date of the meeting.

A shorter notice can also be given. In the case of annual general meeting, all the members should consent to the shorter notice and in the case of any other meeting, members holding not less than 95% of the paid-up share capital or voting rights should consent to it. The consents can be given either before or at the meeting, and has to be given in the prescribed form. Persons Entitled to Notice, the persons who should be sent the notice of any general meeting are:

- a) Every member of the company;
- b) Persons entitled to a share in consequence of the death or insolvency of the member;

c) Auditors of the company for the time being;

d) Public trustees in respect of holdings to which Section 153B is applicable. Further, if the notice pertains to the meeting of a particular class of shareholders, then , it should be sent only to the shareholders of that class.

QUORUM FOR MEETINGS ' .:

A quorum is the minimum number of persons who must be present in order to constitute a valid meeting. If there is no quorum, the meeting shall not be valid. If the quorum is not present, the meeting shall not be valid and anything transacted at such meeting will be invalid. The main purpose of having a quorum is to avoid decisions being taken at a meeting by a small minority which may not be acceptable to the vast majority of members. Generally, the quorum is fixed by the articles of the company.

According to Section 174 of the Companies Act, unless the articles provide for a larger number, five persons personally present (and not by proxy) in the case of a public company and two persons personally present in the case of any other company, shall constitute the quorum for a general meeting of the company. If within half an hour from the time appointed for holding a meeting of the company, the quorum is not present, the meeting, if called upon the requisition of members, shall stand dissolved (Section 174(13)). . - In any other case, if there is no quorum within half an hour from the time fixed for holding the meeting, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Board may determine.

If at the adjourned meeting also, there is no quorum within half an hour from the time appointed for holding the meeting, then the members present shall form the quorum. But there must be at least two persons to hold the meeting. These provisions are also applicable to private companies, if the articles do not provide otherwise. The quorum must, be present at the beginning of the meeting and it need not be present throughout or ' "at the-time of taking votes on any resolution. But as regards the meetings of the Board of directors,, the quorum must be present throughout the meeting.