Section 6

Meetings
Types of company meetings

The broader categories of the meetings are as follows:

- Board of directors meetings
  - Committee meetings
- General meetings
  - Class meetings

- Examples of General meetings
  - Statutory Meeting
  - Annual General Meeting – AGM
  - Extra-Ordinary General Meeting - EGM
A general meeting is a meeting of the shareholders (members) of the company who are entitled by the company’s articles to attend and vote at such meetings.

Examples of businesses in General Meeting:

- To remove directors from office
- To restrict the powers of the directors
- To approve or disapprove dividends
Statutory meeting

Statutory meeting
In case of a public company, the law requires it to hold a general meeting known as **statutory meeting** and deliver a report in such meeting called as a statutory report.

Requirement to hold statutory meeting
Every public company is required. Private company only if converted into public company within 1 year of its incorporation.

Timing of statutory meeting
Such Companies are required to hold the statutory meeting within, the earlier of:

- 180 days from the date the company is entitled to commence business; or
- 9 months from the date of its incorporation

No statutory meeting shall be required if the AGM is held before the due date of statutory meeting.

The meeting shall consider and approve report called “Statutory Report” which is sent at least 21 days before the date of meeting.
Matters to be stated in Statutory Report

- Total number of shares allotted by the company.
- Total cash received against shares allotted;
- Summary of latest receipts and payments;
- Particulars of directors chief executive, secretary, auditor and legal adviser;
- Particulars of any commission paid on issue of shares
- Particulars of any contract to be modified of which approval is required in the meeting;
- Extent of carrying out or not carrying out any underwriting contract; and
- Statutory Report should also contain a brief review of the state of affairs of the company and the business plan.
Auditors’ report on statutory report
The report should be accompanied by an auditor’s report in respect of correctness or otherwise of
- Allotment of shares;
- Cash received against shares allotted; and
- Receipts and Payments account of the company.

Certification and filing of report
- Report shall be certified by the chief executive, at least 1 director and CFO of the company.
- One copy of the report, along with the auditor’s report, shall be filed with the registrar
Annual General Meeting (AGM)

All companies, except SMC, are required to hold AGM, at which the members should be entitled to vote on certain resolutions.

An AGM gives the members an opportunity to assess and discuss the company’s performance and consideration of audited annual financial statements is one of the major agenda items in the said meeting.

Without a meeting of this kind, the members of a large company that are not connected with the directors would be deprived of the opportunity to hear the directors.

Besides consideration and adoption of audited financial statements, auditors’ and directors’ report, an AGM is also used to obtain shareholder approval for certain matters such as:

- the election or re-election of directors, if due on the date of AGM
- the approval of a final dividend, if declared by the directors
- the appointment or re-appointment of the auditors.

The AGM is therefore normally used to consider routine business. Most of the resolutions at an AGM are (ordinary) resolutions, but there may also be some special resolutions.
The first AGM of a company shall be held within 16 months from the date of its incorporation and thereafter at least once in a calendar year.

Subsequent AGM shall be held within 120 days from closure of its financial year.

It can be extended upto a maximum of 30 days.

At least 21 days’ notice shall be given to members for holding of a meeting.

In case of listed companies such notice shall also be published in an Urdu and an English daily newspapers.

AGM of a listed company is held in the town in which the registered office is situated or in a nearest city.

Members of listed company in certain conditions can request to provide the facility of video-link to attend AGM.

AGM is called on the order of directors and not of the members.
Extraordinary general meeting (EGM)

Extraordinary General Meeting (EGM)
Every general meeting of a company other than annual general meeting and the statutory meeting is called extra-ordinary general meeting.

Reason

• As seen in earlier chapters, Act requires various matters of the company to be approved by its members by a resolution, for example alteration in articles or memorandum of association of the company.

• For this purpose it is not always possible to defer the approval of such matters till annual general meeting hence the directors need to call a general meeting for obtaining approvals of members, such meeting is known as extraordinary general meeting (EGM).
Calling of Meetings by the Commission

Commission has the powers to call general meeting of the company if the company makes a default in calling;

- an AGM or
- a statutory meeting or
- the directors do not proceed to call an EGM on the requisition the member.
Declaring meeting as invalid

When there are material defects or omission in the notice or irregular proceedings of the meeting members having 10 % or more voting rights can apply to court within 30 days of the meeting.

Court may on such a petition declare such proceedings invalid and may also direct holding of fresh general meeting
Filling of resolutions

Company is required to file all special resolutions passed by it with the registrar within 15 days of passing.

Such copy to be filed shall be authenticated by a director or secretary of the company.

Company shall keep all the special resolutions currently intact with its articles of association and whenever any person asks for a copy of the articles of association he shall be provided with a copy of such special resolutions as well.
Notice of meeting

Notice of general meeting is a formal document sent to each **member** and **auditor** of the company at his registered address etc.

**Business in context of meeting - Definition:**
Any activity or agenda item to be discussed in a meeting is known as a business. It is of two types:
- Ordinary business
- Special business

Following are four ordinary businesses and apart from this rest of all are special businesses to be undertaken in a general meeting.

- Consideration of financial statements and the reports of the directors and auditors;
- The declaration (approval) of a dividend;
- The appointment and fixation of remuneration of auditors; and
- The election or appointment of directors.

Point to be noted here is that ordinary business is conducted by way of an ordinary resolution except the election of directors which has its own procedure discussed later
Quorum of meeting

Quorum - Definition:
Quorum means certain minimum number of members of a company as is fixed as competent to transact business in a general meeting of members in the absence of the other members. Any business transacted in a meeting without quorum shall be void.

The minimum quorum shall be:
• in case of a public listed company - 10 members, representing 25% voting powers.
• in case of any other company having share capital - 2 members, representing 25 % of total voting powers.
• in case of a company not having share capital - as provided in the articles.
Voting in meetings

- In a company having share capital a member shall have votes proportionate to the paid up value of the shares held by him and in a company not having share capital, each member shall have one vote.
- In any company voting is done by show of hands unless a poll is ordered by chairman of the meeting or the demand for poll is raised by any person having not less than 10% of the voting power.
- On show of hands every member shall exercise one vote however on a poll votes may be casted personally or through proxy.
Proxies

Requirements for a proxy
Proxy is a person appointed to vote and speak on behalf of a member in a general meeting of the company. Proxy is entitled to, on behalf of the original shareholder, all the acts which the original shareholder is entitled to; Broadly proxy has got following rights;
• to speak and vote at the meeting;
• to demand a poll;
• to abstain from voting,
Notice of meeting must specifically mention the right of the shareholder to appoint proxy on his behalf and attached to the notice should be a blank proxy form.
The document to appoint proxy shall be in writing and signed by the appointer or his authorized agent.
Minutes and Resolutions

Every company is required to maintain records of copies of all resolutions of members passed otherwise than at general meetings and a fair and accurate summary of all proceedings of meetings of directors, member or committees of directors along with names of participants in properly maintained books at its registered office.

A copy of the minutes of meetings of the board of directors shall be furnished to every director within 14 days of the date of meeting.

Resolution passed at adjourned meeting
Where a resolution is passed at an adjourned meeting it shall be treated as having been passed on the date on which it was in fact passed.

Passing of resolution by the members through circulation
Except for ordinary businesses of AGM, members of a private company or a public unlisted company (having not more than 50 members), may pass a resolution (ordinary or special) by circulation signed by all members for time being entitled to receive notice of a meeting.
Representations at meetings

Representation of certain corporations at meetings of companies and of creditors
If a company is a member of another company, it may authorise any of its officials or any other person to act as its representative at any meeting of that other company and such representative shall be entitled to exercise, the same powers, which an individual shareholder of that other company possesses.

Representation of FG and PG at meetings of companies: Being a member of the company the Federal Government or Provincial Government may appoint any person to act as its representative at:
• any meeting of the company; or
• any meeting of any class of members of the company.