**Semester II (UG)**

**Subject: Company Law**

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**Lecture Note 3**

**REQUISITES OF A VALID MEETING**

The decisions taken at the general meeting shall be valid and binding only if the meeting itself has been properly called and conducted. The irregularity in calling or conducting the meeting shall invalidate the proceedings of the meeting. The company meetings must be conducted in accordance with the rules and regulations laid down in the Act and the articles of association. The following are the requisites of a valid meeting:

**1) Proper Authority**: The meeting shall be valid only when it is called by a proper authority. The proper authority to convene the meeting is the Board of directors. The Board of Directors should pass a resolution at its meeting to call the general meeting, otherwise the notice calling the meeting will become invalid and the proceedings of the company shall not be effective (Harban V. Phillips). Thus, a notice issued by the secretary without the authority of a resolution of the board is patently invalid.

Though the Board of directors is the authority to convene a general meeting, but under certain circumstances the meeting may be called by requisitionists or by the Company Law Board.

**2) Proper Notice**: 'Notice' means an advance intimation of the meeting so as to enable the person concerned to prepare himself for it. A proper notice should be given to every member, auditors, directors of the company and to every such person who is entitled to attend the meeting. The notice must be clear and should state the purpose for which the meeting is called. The notice must be in writing and it must be given at least 21 clear days before the date of the meeting,

It should be noted that deliberate omission to serve notice to one or more members will invalidate the meeting. But an accidental omission will not render the meeting invalid. Similarly, the non-receipt of the notice will not affect the validity of the meeting. The notice must state the date, time and place of meeting.

**3) Quorum**: Quorum means the minimum numbers of members whose presence is necessary at the meeting for transacting the business of the company. In the absence of a quorum, no meeting can be held. The resolution passed at a meeting without quorum shall be invalid.

**4) Chairman**: Every general meeting of the company should be presided over by a chairman. The chairman has to be there to conduct the meeting in a proper and smooth manner. The articles usually provide the mode of appointment of the chairman of a meeting. If the articles do not otherwise, the members who are personally present at the meeting shall elect one of themselves to act as the chairman of the meeting. The chairman should act bonafide and in the interest of the company, he must act in an impartial manner.

**5) Properly Conducted**: It is essential that the business at the meeting must be conducted according to rules. Company meetings are held for discussing particular issues relating to the company working and taking a decision on the same. The matter should be placed in the form of a resolution, it should be discussed thoroughly, amendments to it should be carefully considered and then it should be decided by voting by show of hands or poll.

**6) Proper Record**: A proper record of the proceedings should be kept in the Minutes Book. Every company is required to maintain minutes of the proceedings of every general meeting and meetings of the Board and its Committees. When the minutes are confirmed and signed by the chairman, they are acceptable in a court of law as evidence of the proceedings.

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