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Navigating Annual General Meeting (AGM) Compliance under the Companies Act, 1994: Timelines

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Running a company in Bangladesh means keeping a close eye on the compliance calendar, and holding the Annual General Meeting (AGM) sits near the center of that calendar. The AGM is the regulatory heartbeat of a business under the Companies Act, 1994. Miss the deadline, and a company is looking at a snowball effect of bureaucratic nightmares, frozen bank accounts, and legal exposure. Let's break down exactly what the law expects, what actually happens when things go wrong, and how businesses can dig themselves out of a compliance hole.

1. Timeline Compliance Requirements:

Statutory Deadlines and the Gregorian Calendar Rule

Section 81(1) of the Companies Act, 1994, essentially forces businesses to juggle two overlapping deadlines. A company has to hold an AGM every single Gregorian calendar year, and it absolutely cannot let more than 15 months pass between one AGM and the next. A business can't just meet one of these rules; it has to hit both (*Smedley vs. Registrar (1919)*[1]; *Bangladesh Freight Forwarders Association (BAFFA) vs. RJSC*[2]). And no matter where a company is in that 15-month window, the hard stop for any given year is always December 31st (*BLI Securities Ltd. vs. Dhaka Stock Exchange Limited*[3]). There's a tiny bit of grace for brand-new companies, which get up to 18 months to host their very first AGM (which then covers their incorporation year and the one right after). Furthermore, if a company wants to hold its AGM for a specific year (eg. 2021), it needs to have validly held the AGM for the preceding year (eg. 2020) (*Bangladesh Freight Forwarders Association (BAFFA) vs. RJSC*[4]).

[1] *1 KB 97*
[2] *75 DLR (2023) 434*
[3] *29 BLC 462*
[4] *75 DLR (2023) 434*

The "Accounts Not Ready" Rule

Here is a trap many business owners fall into: assuming it can push the AGM back because the auditors are running behind. Case laws reject this proposition. Case laws suggest that directors are legally required to call the meeting on time, regardless of whether the financial statements are finished (*Brahmanbaria Loan Co.*[5]*; Ador-Samia Ltd. vs. Indocan Engineering Systems Ltd.*[6]*; Master Builders Solutions UK Ltd. vs. RJSC*[7]).

So, what should a board do if the audit isn't done? Case laws suggest that the company still holds the AGM before the deadline. In the said AGM, the company can handle all the other standard business (e.g. reappointing directors), tell the shareholders exactly why the audit is delayed, and officially put the financial statement agenda item on pause (*Master Builders Solutions UK Ltd. vs. RJSC*[8]; *BPDB vs. RJSC*[9]). If the company opens the meeting on time but adjourns it to a later date to vote on the finished accounts, that second session counts as a continuation of the first (*Sree Meenakshi Mills Ltd. v. Assistant Registrar of Companies, Madurai*[10]*; Madan Gopal Dey v. State of West Bengal*[11]). But this cannot be stretched too far. The entire process, including any adjourned sessions, still needs to wrap up within that original 15-month limit unless a formal extension has been secured from the RJSC (*Bejoy Kumar Karnani vs. Assistant Registrar of Companies*[12]).

2. Penalties for Breach:

Direct Fines and Distinct Offences

Under Section 82 of the Companies Act 1994, missing the AGM deadline hits both the company and its defaulting officers with a fine of up to 10,000 Taka, plus 250 Taka for every single day the meeting doesn't happen. But failing to actually present the audited balance sheet and profit-and-loss statements is treated as a totally separate offense under Sections 183 and 184 ((*Vishwanathan v. Asstt. Registrar*[13]). Under Section 185, that failure carries a punishment of imprisonment for a term which may extend to six months, or a personal fine of up to 5,000 Taka, or both, per defaulting director (*Md. Shaiful Islam Sarker vs. RJSC*[14]).

Cascading Filing Defaults

Once a company misses the AGM, it physically cannot file its mandatory statutory returns. Section 36 demands the Annual Return (Schedule X) be filed with the RJSC within 21 days of the AGM. No meeting means no valid return, and under Section 36(5), this exposes the company and its defaulting officers to a continuous fine of up to 200 Taka for every single day the default continues. Similarly, Section 190 dictates that a company is supposed to submit three physical copies of the audited accounts to the RJSC within 30 days. Unlike some neighboring countries that might let businesses temporarily submit a draft version, Bangladesh doesn't accept provisional financials. Failing to submit these finalized financial records to the Registrar is a separate administrative offense. Under Section 190(3), this leaves the company and its officers liable to a continuing fine of up to 100 Taka for every single day the default continues.

Structural and Commercial Paralysis

The fallout goes way beyond fines. Additional directors, those appointed mid-year to fill gaps, automatically lose their seats the day the AGM should have happened *(Dushyant D. Anjaria vs. Wall Street Finance Ltd.*[15]*); P. Natarajan*

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[5] *[1934] 4 Comp Cas 282*
[6] *[2000] 100 Comp Cas 370*
[7] *27 BLC 813*
[8] *27 BLC 813*
[9] *2019 (2) 16 ALR 254*
[10] *[1938] 8 Comp Cas 248 (Madras High Court)*
[11] *[1968] 38 Comp Cas 119 (Calcutta High Court)*
[12] *[1985] 58 Comp Cas 293*
[13] *[1953] 1 MLJ 408*
[14] *26 ALR 81*
[15] *(2001) 105 Comp Cas 655*

vs. Central Government[16]). A missed meeting also means a company can't legally reappoint its external auditors, which provides a scope for the government to step in and pick one for them.

Additionally, RJSC's system may automatically lock defaulting companies out. The companies won't be able to change directors, transfer shares, or increase capital. Because banks rely on current RJSC filings, the banks might routinely freeze working capital and halt Letters of Credit (LCs). If these situations persist for a few years, the Registrar may legally assume the business to be dead and start the process to permanently strike the company off the register.

3. Remedy in Case of Breach:

The Registrar's Limited Extension

The RJSC has a tiny bit of wiggle room under Section 81(1). They can grant a time extension of up to 90 days. But there's a catch: the extension can't push the meeting past December 31st, and the company has to apply within 30 days of its 15-month window closing. Once New Year's Eve passes, the RJSC's power to help is gone (*Bangladesh Freight Forwarders Association (BAFFA) vs. RJSC 75 DLR*[17]).

Court Intervention and Resetting the Clock

When a company is in absolute default, it has to bypass the registry and head to the judiciary. The Company Court can force a meeting under Section 81(2). But if calling a normal meeting has become a logistical nightmare, the Court will use its powers under Section 85(3) to mandate the meeting and give the company a custom set of rules to follow (*Bangladesh Freight Forwarders Association (BAFFA) vs. RJSC*[18]).

Once the High Court condones the delay and orders the AGM, the old timeline is wiped clean. A fresh 15-month clock starts on the exact day the company holds that Court-ordered meeting (*Bangladesh Chemical Industries Corporation vs RJSC*[19]). These court-sanctioned meetings have to be officially recorded against the specific past year that was missed, plugging the holes in the company's compliance history (*BLI Securities Ltd. vs. Dhaka Stock Exchange Limited*[20]).

Rectifying Financial Statement Defaults

What if a company holds its AGM on time but does not have its financial statements ready? The board does not attempt to cancel or reconvene the original AGM. Instead, the case law suggests that the directors should proactively apply to the Company Court under Section 396(2) of the Companies Act, 1994 to seek exoneration from the personal fines (provided that the RJSC has not yet initiated proceedings against them) *(Md. Miarul Haque vs. DHL Worldwide Express* [21]) and request the Court to extend the lifespan of the late financial statements. If the Court grants exoneration under Section 396(2), it may then invoke Section 151 of the Code of Civil Procedure, 1908 to extend the lifespan of those financial statements (*Md. Shaiful Islam Sarker vs. RJSC*[22]).

Finally, to actually get those late accounts approved, Bangladeshi case law suggests the board must call a completely separate Extraordinary General Meeting (EGM). That EGM's purpose is to put those newly finished financial statements in front of the shareholders for adoption (*Md. Miarul Haque vs. DHL Worldwide Express*[23]*; Md. Mujibur Rahman Chowdhary vs. RJSC*[24]).

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[16] *(2004) 119 Comp Cas 41 (Mad) (DB)*
[17] *(2023) 434*
[18] *75 DLR 434*
[19] *39 DLR 1*
[20] *29 BLC 462*
[21] *76 DLR 155*
[22] *26 ALR 81*
[23] *76 DLR 155*
[24] *71 DLR 229*