



A Project by The World Bank and Jharkhand State Livelihood Promotion Society

CASE STUDY

Conducting Annual General Meetings (AGMs) in Compliance with Regulatory Requirements: The Case of Conducting Virtual AGM in Gumla Raidih Agri Producer Company Limited in Jharkhand

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ABOUT THE JOHAR PROJECT

JOHAR (Jharkhand Opportunities for Harnessing Rural Growth) is a project implemented in 68 blocks across 17 districts of Jharkhand, India. The development objective of the project is to enhance and diversify household income in select farm and non-farm sectors for targeted beneficiaries in rural areas. Ananya is engaged as one of the Technical Support Agencies for enhancing creditworthiness of the Producer Groups (PGs) and Producer Companies (PCs) by way of imparting trainings, streamlining book keeping, helping adherence to regulatory compliance & supporting financial reporting & analysis.



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The case study has been developed as a response to create knowledge around the JOHAR project. Hence, the case study can be used as a learning tool for other FPCs and agencies. No part of the publication can be reproduced or republished without the permission of proper authority.

BACKGROUND

Gumla Raidih Agri Producer Company Limited (GRAPCL) was incorporated in January 2019, in the Gumla district of Jharkhand. The FPC was promoted by Jharkhand State Livelihood Promotional Society (JSLPS), under JOHAR Project funded by the World Bank. The FPC has presence in three blocks – Sadar, Raidih and Senha. The FPC has a member base of more than 4,000 women, associated with their respective Producer Groups (PGs) formed based on activities conducted in the respective villages. The activities where the FPC is involved are High-Value Agriculture (HVA) crop production & marketing, fishery, livestock farming and Non-Timber Forest Produce (NTFP). The FPC is considered as one of the most strategic FPCs due to its diverse activities and livelihood portfolio. Nearly, 4,500 families are associated on the FPC for their daily livelihood.

THE CHALLENGE

In FY 2019-20, the FPC had a good start with a turnover of Rs.74.6 Lakhs and had plans of deepening their engagement with the collectives. All the FPC staff along with the Board of Directors were excited to share the FPC performance with the shareholders and other stakeholders. It was their first AGM. However, they were not aware of the procedure to conduct an AGM for an FPC.

Conducting proper AGM is an important compliance. However, the GRAPCL had it as a complete miss in terms of compliance. The same phenomenon was also observed in other FPCs enrolled in the JOHAR project. Being a community-based organization, AGM becomes a communication activity for the community as well as the shareholders to understand and anticipate the aspirations of the FPC. Moreover, the biggest challenge turned up was the COVID-19 pandemic that abruptly restricted the mobility and operations of the FPC.

The FPC had little technical knowledge on conducting an AGM and the impact of non-compliance. It was a similar story at other FPCs. Hence, it was important to help the FPC devise a mechanism to comply with the norms of conducting the AGM, spread awareness regarding the business impact of the meeting, and cultivate a habit of experimenting with the technology.

INTERVENTION

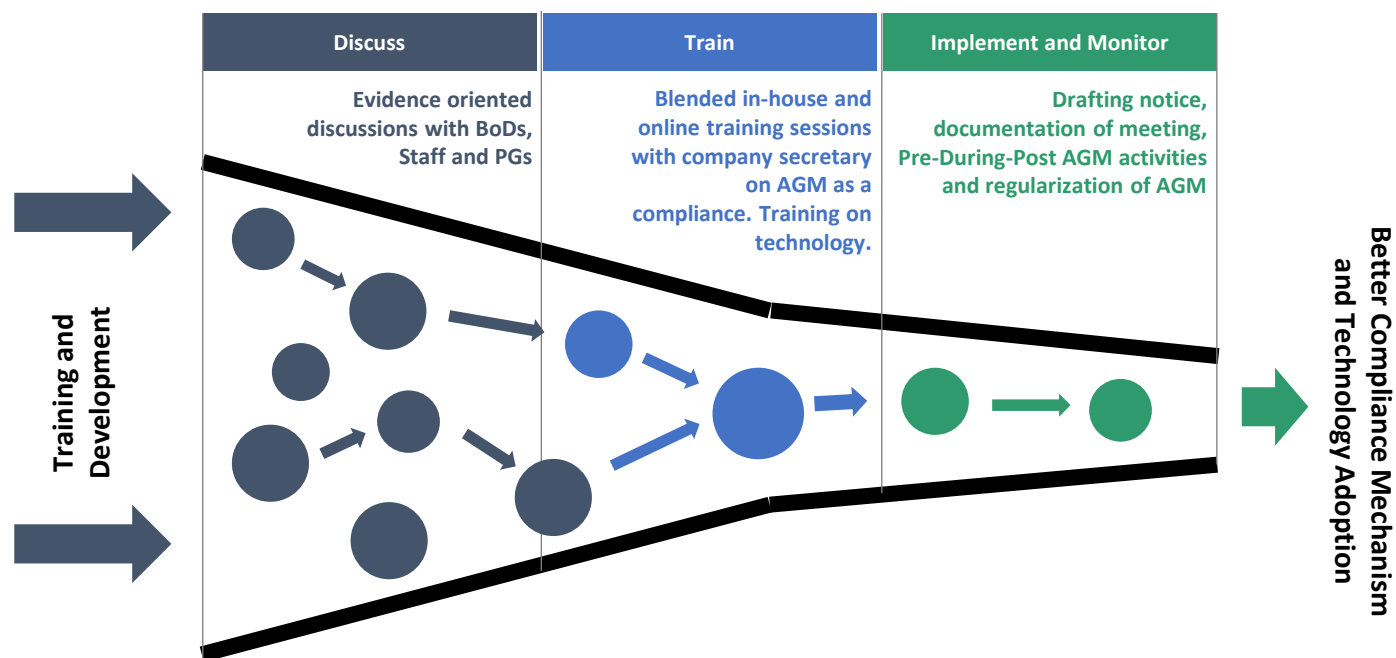
Ananya, being a technical partner, had a strategic role to play in the situation. The team adopted the DTI strategy initially developed for SAFPC (refer to the case study of Saving Two Birds with One Nest) with an additional module on technology.

As a part of building the technical efficiency of the FPC, Ananya supported FPCs in understanding, comprehending and conducting an AGM. However, Ananya had its own set of challenges. The biggest challenge was the COVID-19 pandemic. The availability of a proper internet connection and smartphone facility with each member was a challenge. Moreover, challenges related to understanding the importance of an AGM and adopting it as a regular activity required its own coping mechanism.



AGM importance for FPCs is an important compliance. However, the GRAPCL had it as a complete miss in terms of a compliant activity. The same phenomenon was also observed in other FPCs enrolled in the JOHAR project. COVID 19 posed another challenge of difficulty in organizing physical meetings.





ANANYA'S DTI (DISCUSS-TRAIN-IMPLEMENT) STRATEGY FOR GRAPCL

Ananya discussed the problem of compliance and challenges of conducting a physical AGM in COVID-19 times with BoDs and the staff. Accordingly, Ananya consulted its in-house Company Secretary and developed a training module. The training sessions comprised documentation, discussion, schedule management, and vision planning exercises concerning the AGM. These training sessions had technology and adoption of Video Conferencing tools as a regular activity.

At the end of the session, the BoDs were requested to prepare a detailed action plan. Ananya's team mentored the board members and divided the plan into phases for easy implementation. These sessions served as a starting point for the FPC to understand and upskill their board members and the staff with AGM compliance and technological support for the operations of the FPC.

The detailed phase-wise process had all the necessary formalities like an invitation, notice, documentation, etc. required before, during, and post AGM. To begin the process, Ananya helped in the preparation of notice with all the major agenda items and the directors' report. The draft notice was presented in the BoD meeting for approval and the AGM date was finalized. For the convenience of directors, the notice was also translated into Hindi. The budget for the AGM was discussed and approved in the BoD meeting. This notice was served to all the shareholders, all the board of directors, and the statutory auditor, three weeks before the due date.

During the AGM, Ananya staff were present and supported the hassle-free conduct of the AGM. Ananya supported in giving presentations for the director's report and the auditor's report. The appointment of the auditor was also facilitated during the process. When it came to the nomination and election of new directors, all the members gathered in the meeting proactively participated and responsibly promoted the right candidates for the position. Of the nominated candidates, one person was finally voted as the new director. An offer letter was provided by the FPC and the new director was requested to share the



THE DTI Strategy was developed as a simple response tool for training and equipping GRAPCL understand and regularly conduct compliance activities like AGM.



acceptance along with KYC documents within a week. For discussion on the upcoming season, the Marketing Manager was asked to present the business plan and discuss it with the shareholders. The AGM has concluded with a new BoD nominated.

Post AGM, the minutes and the participant records were preserved for future reference as suggested by the Ananya team. Now, the FPC had to comply with the post-AGM compliances which had to be completed within 30 days of AGM. An intimation to RoC was to be made by filling DIR-12 form with the applicable fee. Filling Profit & Loss Accounts Report and Balance Sheet Report along with Director's report in FORM AOC-4 within 30 days.

Outcome

For the AGM, the BoDs expected a participation of 25% of the members. However, the training and mentoring session positively influenced the members and recorded 80% participation in the meeting.

The FPC successfully completed the Pre, During and Post compliance for AGM and also mapped the gaps in other compliance which were followed up with. BoDs were now equipped with the knowledge to conduct the AGM every year. Post training and AGM, there was an increase in virtual meetings and training sessions organized by the FPC for the farmers and PGs.

All the required compliance was completed in due time with support from Ananya. FPC is once again in the process of improving its financial performance. Moreover, all the stakeholders (namely PG group members) are confident and updated about the financial status of the GRAPCL.

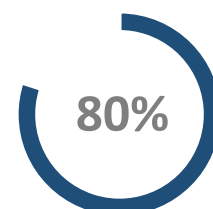
A cohesion was observed between the FPC and the farmers concerning market planning and expansion for the future.

CONCLUSION AND LEARNING

The case is a hallmark example of conducting the first virtual AGM with 80% of shareholder's participation for an FPC in Jharkhand. The key takeaways from the experience were technological and technical. Contrary to our assumptions, the FPC and its members proactively participated in virtual AGM. Moreover, a conducive atmosphere of AGM conduct was also observed in the members of the FPC. JOHAR adopted the same model and implemented it for the other 18 FPCs.

ACKNOWLEDGEMENT

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80% attendance of members recorded for the first AGM.



100% compliance of AGM and allied activities observed in the FPC.

GLOSSARY AND ABBREVIATIONS

1. **BoD:** Board of Directors
2. **PGs:** Producer Groups
3. **ROC:** Registrar of Companies
4. **GRPCL:** Gumla Raidih Agri Producer Company Limited
5. **JOHAR:** Jharkhand Opportunities for Harnessing Rural Growth
6. **KYC:** Know Your Customer
7. **AGM:** Annual General Meeting



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