

Marks: 40	FYJC Subject: Secretarial practice Topic – Company Meetings (I) Chapter- 7	Time: 1.5 Hrs.
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Q.1. Fill in the blanks (5 Marks)

- The person who presides over in the meeting is known as Chairman.
a) Secretary b) Chairman c) Director
- A Motion is the proposal put before the meeting for discussion and decision.
a) Motion b) Resolution c) Minutes
- The right of casting vote is given to the Chairman.
a) Director b) Chairman c) Secretary
- Resolution by circulation resolutions are not passed in general meeting.
a) Ordinary b) Special resolution c) Resolution by circulation
- For passing special resolution 75% majority is required.
a) 51% b) 66% c) 75%

Q.2. Give one word. (5 Marks)

- A company officer who is required to draft the minutes of the meeting.
Ans. Secretary
- A resolution passed by simple majority.
Ans. Ordinary Resolution
- A method of voting where members can vote in proportion to the number of shares held.
Ans. Voting by poll
- A resolution passed by $\frac{3}{4}$ majority.
Ans. Special Resolution
- The person who signs the minutes of the meeting.
Ans. Chairman

Q.3. Explain the concepts. (Any Two) (4 Marks)

- Quorum

Ans. (1) A quorum refers to the minimum number of persons legally required to be present at a meeting. The quorum is required from the beginning till end of the meeting. Secretary has to ensure the quorum before the commencement of the meeting. A meeting without a quorum is invalid and the business it transacts is null and void.

(2) As per the new provisions made under Section 103 (1) of the Companies Act 2013, the quorum for the meeting of the Public Limited Company Is stated in the following table :

Number of Members	Requisite quorum
Up to 1,000	5 members
1,000 to 5,000	15 members
More than 5,000	30 members

Requisite Quorum for Private Company is minimum 2 members. In the case of a Board Meeting, one-third of the strength of Directors or 2 whichever is more will form the quorum.

2. Point of order

Ans. (1) A point of order is a question raised by a member regarding some point considered to be irregular in the conduct of the meeting. Point of order is raised to draw attention of the Chairman to some irregularity in the procedure or conduct of the meeting. Every member attending the meeting has a right to raise a point of order at any time during the meeting.

(2) The usual occasion for raising a point of order are:

(i) Absence of quorum, (ii) breach of certain rules governing the conduct of the meeting, (iii) misbehaviour of a member, (iv) use of improper language and bad remarks of some speakers. When a point of order is raised, the person addressing the meeting has to stop his speech for some time and the Chairman has to give his ruling or decision which is final and binding on the members.

3. Proxy

Ans. (1) A proxy is a person appointed by a shareholder or a member of a public limited company to attend and vote on his behalf at the meeting. Every member of the company who is entitled to attend and vote at the meeting can appoint a proxy. A proxy is appointed by a member who finds it difficult to attend the meeting but wishes to vote at the meeting. A vote given by a proxy is a valid vote. But a proxy can vote only when a poll is taken.

(2) It is not necessary that a proxy must be a member of the company. He can be an outsider also. He is not allowed to take part in a discussion at the meeting. Under Section 145 of the Companies Act, 2013, a proxy cannot speak, discuss any matter or issue in the meeting. He is appointed only for the purpose of voting on behalf of the member.

4. Agenda

Ans. (1) An agenda is a list of items of business, serially arranged, on which discussion is invited in a meeting so as to arrive at certain decisions. It may be a part of the notice of the meeting or may be sent with the notice. It is drafted by the Secretary in consultation with the Chairman.

(2) As the agenda is sent well in advance to the members, it enables them to study and form opinions on the various matters to be discussed in the meeting. Accordingly they come prepared for participating in the discussion.

Q.4. Distinguish of between the following. (Any Two)**(10 Marks)**

1. Motion and Resolution

Ans.

Motion	Resolution
1. Meaning	
A proposal or proposition or concrete suggestion placed before a meeting for discussion and decision is called motion.	An accepted or adopted motion or the decision of the meeting is called resolution. It is motion duly approved by a meeting.
2. Amendment	
Motion is subject to amendments before it is put to vote.	When and once resolution is passed, it cannot be amended in the same meeting.
3. Record in the Minute Book	
A motion cannot be recorded in the Minutes Book of a meeting.	Every resolution passed in the meeting must be recorded in the Minutes Book of a meeting.
4. Filing with the Registrar	
It need not be filed with the Registrar of Companies.	Only special resolutions are required to be filed with the Registrar of the Companies within 30 days of the date of its passing.
5. Withdrawal	
It may be withdrawn by the mover before it is put to vote or may be lost after voting.	It cannot be withdrawn as it is the official decision of the meeting.
6. Types	
Motion is of two types, viz. (i) formal motion and (ii) substantive motion.	Resolution is of three types viz. (i) Ordinary resolution (ii) Special resolution and (iii) Resolution requiring special notice.

2. Agenda and Minutes

Ans.

Agenda	Minutes
1. Meaning	
Agenda is a list of the items of business to be transacted in a meeting.	Minutes is the statutory record of the business transacted, decisions taken and resolutions passed in a meeting.
2. Importance	
The agenda is useful to the Chairman to take items for discussion according to agenda. It is sent to the members well in advance with the notice.	They serve as an authentic proof of the decisions taken in a meeting. They are accepted as evidence in a court of law. Minutes provide a legal sanction or authority to the officers who execute the decisions taken.
3. When prepared	
Agenda is prepared prior to the meeting is held.	Minutes is recorded after the conclusion of a meeting.
4. where recorded	
Agenda is recorded in the notice of a meeting.	Minutes is recorded in a separate book called minutes book.
5. Approval	
Agenda is prepared by the Secretary and approved by the Chairman. It is not required to be approved by the members.	Minutes are prepared by the Secretary and approved by the members after some discussion and finally confirmed by the Chairman.
6. Tense	
Agenda is always written in the future tense.	Minutes is always written in the past tense.

3. Voting by show of hands and Voting by poll

Ans.

Voting by show of hands	Voting by poll
1. Meaning	
A voting by show of hands is a method of voting in which members cast their votes by raising hands.	Voting by poll is a method of voting in which every member is given a ballot paper to record his votes according to the number of shares held by him.
2. Secrecy	
There is no secrecy as the members cast their votes openly by the show of hands.	Utmost secrecy is maintained in this type of voting as votes are recorded by members on special voting papers provided for this purpose.
3. Voting by proxy	
Proxies are not allowed to vote under this method.	Proxies can vote only in this method.
4. Number of votes	
'One member, one vote' is the rule followed under this method of voting. Therefore, each member has only one vote.	'One share, one vote' is the rule followed under this method of voting. Therefore, each member has votes in proportion to the number of shares held by him.
5. Effect	
The decision by show of hands stands cancelled. When a poll is granted.	The decision by poll is final and binding on all the members concerned and the company. It is a capitalist method of voting.
6. Nature of voting	
It is a democratic method of voting.	It is a capitalist method of voting.

5. Ordinary Resolution and Special Resolution

Ans.

Ordinary Resolution	Special Resolution
1. Meaning	
Ordinary resolution is the one which is carried in a meeting by a simple majority of votes.	Special resolution is the one which is carried in a meeting by substantial majority of votes.
2. Majority of votes	
Ordinary resolution requires more than 50% of majority of votes.	Special resolution requires at least 75% majority of votes.
3. Filing	
A copy of ordinary resolution need not be filed with the Registrar.	A copy of special resolution must be filed with the Registrar within 30 days of the date of its passing.
4. Business transacted	
It is necessary for conducting ordinary business such as appointment of auditors, election of Directors, declaration of dividend, approval of accounts, etc.	It is necessary for transacting special business such as changing the name of the company, altering the Articles of Association, reducing share capital, etc. accounts, etc.
5. Notice	
A prior notice need not be given to members regarding ordinary resolutions.	A 21 days' prior notice to the members about the special resolution is necessary.
6. Reference	
It is not necessary to make a reference in the notice that a particular resolution is an ordinary one.	It must be mentioned in the notice that a particular resolution is a special one.

Q.5. Long Ans. (Any Two)**(16 Marks)**

1. Explain the powers and duties of chairman.

Ans. (A) Powers of the Chairman:

- (1) **to maintain order and peace at the meeting:** For the smooth conduct of the meeting, the Chairman has power to take necessary steps like preventing a member from misbehaviour or stopping a member making an irrelevant point.
- (2) **To decide priority of speakers:** Every member has right to speak in the meeting and express his opinion. In this respect, the Chairman has power to decide priority of speakers considering the importance of the issues.
- (3) **To maintain order at debate:** The Chairman has power to decide the order of the members to debate or speak in the meeting. He can also decide the time limit for every speaker.
- (4) **To prevent the use of improper language and behaviour of the member:** Chairman has a power to stop a speaker from using improper language and making indecent remarks. He has power to remove a member for his improper behaviour. He also has power to remove disorderly members and non-members from the meeting.
- (5) **To adjourn the meeting:** To adjourn means to postpone the hearing or proceedings of the meeting until a future date or to put off (a problem, discussion, etc.) for later consideration. On account of certain limitation, the Chairman has power to adjourn the meeting.
- (6) **To exercise casting vote:** The Chairman has power to exercise casting vote, if there is tie. Tie means the votes cast in favour of the proposal are equal to the votes cast against the proposal. The Chairman has power to break tie by exercising casting vote either in favour or against the proposal.
- (7) **To declare the result of voting:** Voting enables the meeting to take final decision. The Chairman has power to put to vote the proposed resolution after sufficient discussion. He has power to order a poll, if he is not satisfied with the result of the voting by other methods. He has power to declare the result of voting. Otherwise, the result becomes invalid.
- (8) **To give ruling on a point of order:** Point of order points out an irregularity in the procedure of the meeting. It is raised to draw attention of the Chairman to that irregularity. When a point of order is raised, discussion on original motion is stopped for some time. The Chairman has power to allow discussion and then to give his ruling on the point of order which is final and binding on the members.

- (B) Duties of Chairman:**
- (1) To see to it that the meeting is duly convened and properly constituted.
 - (2) To ensure that the proceedings of the meeting are conducted according to the rules and regulations of the meeting.
 - (3) To conduct the business of the meeting according to the agenda already circulated and to confine the discussion to the items listed on the agenda of the meeting.

- (4) To preside over the meeting and to conduct the meeting in an orderly manner. To conduct proceedings fairly and impartially and to maintain overall discipline at the meeting.
- (5) To grant a poll if demanded properly. To appoint two scrutinizers to count voting on poll. To declare the result of voting.
- (6) To ensure that proper and correct minutes are drafted in the minutes book and to sign the minutes book.
- (7) To act in the best interest of the members attending the meeting.
- (8) To solve or to find best solutions all the incidental questions that arises at a meeting.

2. Explain the different methods of voting.

Ans. The different methods of voting are:

- (1) **Voting by Voice:** Under this method, the Chairman requests the members in favour of a motion to say 'Yes' and die members against the motion to say 'No'. The volume of voice indicates the sense of the meeting. The main defect of this method is that it is not possible to trace the votes expressed by the members. Moreover, the voice of 'Yes' or No' may not always give the correct idea about the majority of votes in the meeting. This method of voting is not secret.
- (2) **Voting by Division:** Under this method, the Chairman requests the members in favour of a proposition to go in one room and those against the proposition to another. The number of members in the two rooms is counted by die teller'. If more members are in favour of die proposal the proposal is accepted. This method is rarely used in company meetings as the voting does not remain secret.
- (3) **Voting by show of hands (Companies Act 2013, Section 107):** This is the most popular method of ascertaining the sense of a meeting. The members in favour of a proposition are first asked to raise their one hand. Thereafter, similar procedure is adopted for those who are against the proposition. After counting the hands in both die cases, the majority of votes is easily known. If the number of hands raised in favour of the proposal exceeds the number of hands raised against the proposal, the proposal is accepted.
- (4) **Voting by Ballot:** Under this method, every member is given a ballot paper (voting paper). The paper does not provide for writing the name of die voter. The voter has to record his vote and drop the paper in the ballot box. The Chairman appoints scrutineers to count the votes. The result is declared by the Chairman on the basis of the counting. This method ensures complete secrecy. In this method, every member can cast only one vote.
- (5) **Voting Electronically (Companies Act 2013, Section 108):** Electronic voting is voting that uses electronic means to take care of casting and counting votes. In this method, electronic voting machine or computer connected to internet is used. Members view ballot on a screen and make choice using device such as button or touch screen. Now Central Government prescribe certain Companies for having compulsory electronic voting in general meeting. Chairman declares the result by studying output data and result shown by the voting machine.

- (6) **Voting by Postal Ballot (Section 110):** Postal ballot is a system of voting in which members get ballot papers sent to them through post. Members have to record vote on the ballot paper and send their vote by post when they cannot be present at the meeting. Election officials count the votes by processing the mailed in ballots through electronic means or may count the votes manually. Now Central Government prescribe certain companies for having voting by postal ballot.
- (7) **Voting by Poll:** This method is similar to the secret ballot method with the only change that every member is entitled to cast his votes in proportion to the number of shares held by him. A members or their proxies are given polling papers to record their votes. The result of poll is final and not be challenged. A poll can be demanded at any time before or immediately after the declaration of results by other voting methods. If the demand is valid, the Chairman accepts it and fixes the time and the place for taking the poll. In any case, the poll must be taken within 48 hours of the demand made by the members.

3. Explain the types of resolution.

Ans. The different types of resolution:

- (1) **Ordinary Resolution (Section 114):** An ordinary resolution is the one which is carried in a meeting by a simple numerical majority, i.e. more than 50% of votes. This means the number of votes in favour of the resolution must exceed die number of votes against it.
Normally such resolution need not be filed with the Registrar of Companies. The notice of the meeting need not require to give explanation of the particulars of an ordinary resolution, e.g. approval of Statutory report, Directors report, Auditors report, Profit and Loss account and Balance Sheet, declaration of dividend, alteration of share capital, election of directors, appointment of secretary and auditor and fix their remuneration, etc.
- (2) **Special Resolution: (Section 114 [2])** The resolution which is passed by a substantial numerical majority is known as special resolution. Special resolution is one which is carried in a meeting by a minimum of 75% majority. The number of votes in favour of motion should be $\frac{3}{4}$ of the total votes cast. It is passed for transacting special business of the company. A 21 days' prior notice to the members about the special resolution is necessary. The notice of the meeting specifically mentions that it is a special one. A copy of the special resolution must be filed with the Registrar of Companies through e-filing on Ministry of Corporate Affairs (MCA) portal within 30 days of the date of its passing resolution.

Examples of Special resolution:

- (1) Alteration in the Memorandum of Association, like changes in the objects of the company or change in the name of the company (Section 13) or the location/address of die Registered Office of die company (Section 12) (2) Alterations in the Articles of Association of the company (Section 14) (3) Reduction in the authorised share capital of the company.

- (3) **Resolution requiring a Special Notice (Section 115):** Resolution requiring a special notice is a special mode of passing certain resolutions. Such a resolution may be passed either by a special majority or ordinary majority as per the requirements of the Companies Act or Articles of Association of the Company. With respect to the resolution requiring a special notice, Section 190 of the Companies Act, 1956, Provides that if, a member intends to move a resolution requiring a special notice, he must give 14 days notice to the company. Once such a notice is received, the company issues a similar notice to all die members at least 7 days before the meeting. The notice may be given either individually or by advertisement in newspapers having appropriate Circulation. The Articles of Association specify the purposes for which such a special notice is required. This resolution may be similar to an ordinary or a special resolution. The following matters call for such a resolution:
- (a) Not to reappoint the retiring auditors (b) Appointment of a person as an auditor other than the retiring auditor (c) Removal of a Director before the expiry of his term (d) Appointment of another person as a Director in place of the Director so removed (e) For getting approval for the appointment as Director of a person who is disqualified.
- (4) **Resolution requiring Registration (Section117):** The resolutions which are required to be filed with the Registrar due to provisions made under the Companies Act. 2013 are called Resolution requiring Registration. These Resolutions are to be filed along with the explanatory statements with the Registrar of Companies within 30 days from the date of passing such resolutions.
- These resolutions are:
- (i) All special resolutions.
- (ii) Resolution of die Board Meeting In connection with the appointment or reappointment of a Managing Director. (iii) Resolution for the voluntary winding-up of the company under Section 484 of the Companies Act.
- (5) **Resolution by Circulation:** Resolution by Circulation means a draft resolution is prepared by the Managing Director or by the Board and forwarded to all the Directors to pass. It is a resolution which is passed by circulating among the Directors or the members of the Board. Generally, resolution by circulation is passed when there is urgency and Board of Directors do not have sufficient time to call a meeting. Sometimes resolution by circulation is preferred to avoid the lengthy procedural requirements of convening the physical Board Meeting.