

Chapter 7: Company Meetings - 1

EXERCISE 1 [PAGES 116 - 119]

Exercise 1 | Q 1.01 | Page 116

QUESTION

Select the correct answer from the options given below and rewrite the statement.

The intimation to members stating the day, date, time and place of meeting is known as _____.

- Quorum
- Agenda
- Notice

SOLUTION

The intimation to members stating the day, date, time and place of meeting is known as **notice**.

Exercise 1 | Q 1.03 | Page 116

QUESTION

Select the correct answer from the options given below and rewrite the statement.

The person who presides over the meeting is known as _____.

- Secretary
- Chairman
- Director

SOLUTION

The person who presides over the meeting is known as **Chairman**.

Exercise 1 | Q 1.04 | Page 116

QUESTION

Select the correct answer from the options given below and rewrite the statement.

A proxy can vote only in the case of voting by _____.

- division
- show of hand
- poll

SOLUTION

A proxy can vote only in the case of voting by **poll**.

Exercise 1 | Q 1.05 | Page 116

QUESTION

Select the correct answer from the options given below and rewrite the statement.

The appointment of an auditor requires _____.

- Resolution requiring special notice
- an ordinary resolution
- a special resolution

SOLUTION

The appointment of an auditor requires **an ordinary resolution**.

Exercise 1 | Q 1.06 | Page 116

QUESTION

Select the correct answer from the options given below and rewrite the statement.

A _____ is the proposal put before the meeting for discussion and decision.

- Motion
- Resolution
- Minutes

SOLUTION

A **motion** is the proposal put before the meeting for discussion and decision.

Exercise 1 | Q 1.07 | Page 116

QUESTION

Select the correct answer from the options given below and rewrite the statement.

The right of casting vote is given to the _____.

- Director
- Chairman
- Secretary

SOLUTION

The right of casting vote is given to the **chairman**.

Exercise 1 | Q 1.08 | Page 116

QUESTION

Select the correct answer from the options given below and rewrite the statement.

Minutes must be recorded within _____ days of the conclusion of the meeting.

- 60
- 21
- 15

SOLUTION

Minutes must be recorded within **15** days of the conclusion of the meeting.

Exercise 1 | Q 1.09 | Page 116

QUESTION

Select the correct answer from the options given below and rewrite the statement.

_____ resolutions are not passed in general meeting.

- Ordinary
- Special resolution
- Resolution by circulation

SOLUTION

Resolution by circulation resolutions are not passed in general meeting.

Exercise 1 | Q 1.10 | Page 117

QUESTION

Select the correct answer from the options given below and rewrite the statement.

For passing special resolution _____ Majority is required.

- 51%
- 66%
- 75%

SOLUTION

For passing special resolution **75%** Majority is required.

Exercise 1 | Q 1.11 | Page 117

QUESTION

Select the correct answer from the options given below and rewrite the statement.

For alterations in the Articles of Associations _____ is required.

- a special resolution
- an ordinary resolution
- a resolution requiring a special notice

SOLUTION

For alterations in the Articles of Associations **a special resolution** is required.

Exercise 1 | Q 1.12 | Page 117

QUESTION

Select the correct answer from the options given below and rewrite the statement.

Provisions about resolutions are contained in _____ of a company.

- Articles of Association
- Memorandum of Association
- Prospectus

SOLUTION

Provisions about resolutions are contained in **Articles of Association** of a company.

Exercise 1 | Q 1.13 | Page 117

QUESTION

Select the correct answer from the options given below and rewrite the statement.

When a poll is demanded it must be taken within _____ Hours.

- 48
- 36
- 12

SOLUTION

When a poll is demanded it must be taken within **48** Hours.

Exercise 1 | Q 2 | Page 117

QUESTION

Match the pairs:

Group A		Group B	
a	Chairman	1	Proposal put before the meeting
b	Quorum	2	Casting vote
c	Motion	3	Amendment
d	Minutes	4	Minimum number of members required for a valid meeting
e	Notice	5	Voting
f	Proxy	6	Maximum number of members required for a valid meeting
		7	Record of meeting
		8	Accepted motion
		9	Intimation stating agenda, day, date, time and place of meeting
		10	Representative of member
		11	Representative of a director
		12	Formal motion

SOLUTION

Group A		Group B	
a	Chairman	2	Casting vote
b	Quorum	4	Minimum number of members required for a valid meeting
c	Motion	1	Proposal put before the meeting
d	Minutes	7	Record of meeting
e	Notice	9	Intimation stating agenda, day, date, time and place of meeting
f	Proxy	10	Representative of member
		3	Amendment

		5	Accepted motion
		6	Maximum number of members required for a valid meeting
		8	Voting
		11	Representative of a director
		12	Formal motion

Exercise 1 | Q 3.1 | Page 117

QUESTION

Write a word or a term or a phrase which can substitute the following statement.

The person who signs the minutes of the meeting.

SOLUTION

Chairman

Exercise 1 | Q 3.2 | Page 117

QUESTION

Write a word or a term or a phrase which can substitute the following statement.

A method of voting where members can vote in proportion to the number of shares held.

SOLUTION

Voting by poll

Exercise 1 | Q 3.3 | Page 117

QUESTION

Write a word or a term or a phrase which can substitute the following statement.

A resolution passed by simple majority.

SOLUTION

Ordinary Resolution

Exercise 1 | Q 3.4 | Page 117

QUESTION

Write a word or a term or a phrase which can substitute the following statement.

A resolution passed by 3/4 majority

SOLUTION

Special Resolution

Exercise 1 | Q 3.5 | Page 117

QUESTION

Write a word or a term or a phrase which can substitute the following statement.

A company officer who is required to draft the minutes of the meeting.

SOLUTION

Company Secretary

Exercise 1 | Q 3.6 | Page 117

QUESTION

Write a word or a term or a phrase which can substitute the following statement.

A person who conducts the proceedings of the meeting.

SOLUTION

Chairman

Exercise 1 | Q 4.1 | Page 117

QUESTION

State whether the following statement is True or False.

Minutes are prepared before the meeting.

- True
- False

SOLUTION

False

Exercise 1 | Q 4.2 | Page 117

QUESTION

State whether the following statement is True or False.

Maximum number of members required to attend the meeting is called as Quorum.

- True

- False

SOLUTION

False

Exercise 1 | Q 4.3 | Page 117

QUESTION

State whether the following statement is True or False.

Meetings are held only to review the progress of the company.

- True
- False

SOLUTION

False

Exercise 1 | Q 4.4 | Page 117

QUESTION

State whether the following statement is True or False.

Chairman has right to conduct the meeting.

- True
- False

SOLUTION

True

Exercise 1 | Q 5.1 | Page 118

QUESTION

Find the odd one

- Next Business Motion
- Previous Question Motion
- Special Resolution

SOLUTION

Special Resolution

QUESTION

Find the odd one

- Ordinary Resolution
- Resolution requiring special notice
- Substantive motion

SOLUTION

Substantive motion

QUESTION

Complete the sentence.

The authority who can convene the general meeting of shareholders is _____.

SOLUTION

The authority who can convene the general meeting of shareholders is **Board of director**.

QUESTION

Complete the sentence.

The advance intimation about the day, date, time, etc. of a meeting sent to the members is called as _____ .

SOLUTION

The advance intimation about the day, date, time, etc. of a meeting sent to the members is called as **Notice**.

QUESTION

Complete the sentence.

The minimum number of members required to be present at a meeting is called as _____.

SOLUTION

The minimum number of members required to be present at a meeting is called as **Quorum**.

Exercise 1 | Q 6.4 | Page 118

QUESTION

Complete the sentence.

A person who attends a general meeting and votes on behalf of a member is called as _____.

SOLUTION

A person who attends a general meeting and votes on behalf of a member is called as **Proxy**.

Exercise 1 | Q 6.5 | Page 118

QUESTION

Complete the sentence.

A proposal put before a meeting for consideration and adoption is called as _____.

SOLUTION

A proposal put before a meeting for consideration and adoption is called as **Motion**.

Exercise 1 | Q 6.6 | Page 118

QUESTION

Complete the sentence.

A formal and final decision taken in a meeting is called as _____.

SOLUTION

A formal and final decision taken in a meeting is called as **Resolution**.

Exercise 1 | Q 6.7 | Page 118

QUESTION

Complete the sentence.

The written records of proceedings of a meeting is called as _____.

SOLUTION

The written records of proceedings of a meeting is called as **Minutes**.

QUESTION

Select the correct option from the bracket:

Group A	Group B
Voting by poll	_____

- Presides over the meeting
- Proxy
- An amended Motion
- 3/4 or 75% majority

SOLUTION

Group A	Group B
Voting by poll	Proxy

QUESTION

Select the correct option from the bracket:

Group A	Group B
_____	Special resolution

- Presides over the meeting
- Proxy
- An amended Motion
- 3/4 or 75% majority

SOLUTION

Group A	Group B
3/4 or 75% majority	Special resolution

Exercise 1 | Q 7.3 | Page 118

QUESTION

Select the correct option from the bracket:

Group A	Group B
Substantive	_____

- Presides over the meeting
- Proxy
- An amended Motion
- 3/4 or 75% majority

SOLUTION

Group A	Group B
Substantive	An amended Motion

Exercise 1 | Q 7.4 | Page 118

QUESTION

Select the correct option from the bracket:

Group A	Group B
_____	Chairman

- Presides over the meeting
- Proxy
- An amended Motion
- 3/4 or 75% majority

SOLUTION

Group A	Group B
Presides over the meeting	Chairman

Exercise 1 | Q 8.1 | Page 118

QUESTION

Answer in one sentence.

What is minutes?

SOLUTION

Minutes is the statutory record at the business transacted. Decisions taken and resolutions passed in a meeting.

Exercise 1 | Q 8.2 | Page 118

QUESTION

Answer in one sentence.

What in Notice?

SOLUTION

A notice is advance intimation to the persons entitled to receive it. About the venue, day, date and time of a meeting and the business to be transacted in it with a request to attend the meeting.

Exercise 1 | Q 8.3 | Page 118

QUESTION

Answer in one sentence.

What is Ordinary Resolution?

SOLUTION

A resolution which is passed by a simple majority i.e. more than 50% majority is called 'Ordinary Resolution'.

Exercise 1 | Q 8.4 | Page 118

QUESTION

Answer in one sentence.

What is Agenda?

SOLUTION

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.

Exercise 1 | Q 8.5 | Page 118

QUESTION

Answer in one sentence.

Who is Chairman?

SOLUTION

The person appointed to preside over a meeting is called the Chairman of the meeting.

Exercise 1 | Q 8.6 | Page 118

QUESTION

Answer in one sentence.

What is Point of Order?

SOLUTION

A point of order is a question raised by a member regarding some point considered to be irregular in the conduct of the meeting.

Exercise 1 | Q 9.1 | Page 118

QUESTION

Correct the underlined word and rewrite the following sentence.

Minutes are prepared before the meeting.

SOLUTION

Minutes are prepared **after** the meeting.

Exercise 1 | Q 9.2 | Page 118

QUESTION

Correct the underlined word and rewrite the following sentence.

Resolution is a proposal before a meeting for discussion.

SOLUTION

Motion is a proposal before a meeting for discussion.

Exercise 1 | Q 9.3 | Page 118

QUESTION

Correct the underlined word and rewrite the following sentence.

Polling papers are used for voting by show of hands.

SOLUTION

Polling papers are used for **Voting by poll**.

Exercise 1 | Q 9.4 | Page 118

QUESTION

Correct the underlined word and rewrite the following sentence.

A Motion is a final decision taken in the meeting.

SOLUTION

A **resolution** is a final decision taken in the meeting.

Exercise 1 | Q 9.5 | Page 118

QUESTION

Correct the underlined word and rewrite the following sentence.

Agenda is prepared after the meeting.

SOLUTION

Agenda is prepared **before** the meeting.

Exercise 1 | Q 10.1 | Page 119

QUESTION

Arrange in proper order:

1. Drafting Minutes
2. Sending notice
3. Confirming quorum

SOLUTION

1. Sending notice
2. Confirming quorum
3. Drafting Minutes

Exercise 1 | Q 10.2 | Page 119

QUESTION

Arrange in proper order:

1. Motion
2. Resolution
3. Voting

SOLUTION

1. Motion
2. Voting
3. Resolution

EXERCISE 2 [PAGE 119]

Exercise 2 | Q 1 | Page 119

QUESTION

Explain the following term/concept: Ordinary Resolution

SOLUTION

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 the 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.

Exercise 2 | Q 2 | Page 119

QUESTION

Explain the following term/concept: Agenda

SOLUTION

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.

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.

Exercise 2 | Q 3 | Page 119

QUESTION

Explain the following term/concept: Quorum

SOLUTION

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.

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 1000	5 member
1000 to 5000	15 member
More than 5000	30 member

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.

Exercise 2 | Q 4 | Page 119

QUESTION

Explain the following term/concept: Proxy

SOLUTION

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.

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.

Exercise 2 | Q 5 | Page 119

QUESTION

Explain the following term/concept: Amendment

SOLUTION

Amendment implies alteration or modification proposed by a member to the original motion when motion is under discussion. When the motion is not properly worded or incorrectly worded, it leads to amendment.

An amendment may be made to the main motion. It can be affected in the main motion by

1. adding or inserting certain words in it
2. omitting or deleting some words from it
3. changing or replacing some words by some other words
4. changing the position of words in the original motion.

Exercise 2 | Q 6 | Page 119

QUESTION

Explain the following term/concept: Motion

SOLUTION

A motion is a proposal or proposition or concrete suggestion placed before a meeting for discussion and decision. In order to make a discussion healthy, to the point and fruitful, it is customary to move a proposition. This proposition is called a motion.

A motion must be in writing and signed by the proposer. The wording of the motion should be clear, definite and affirmative. It must be within the scope of agenda. Every member can express his views on the motion only once. It can be withdrawn by proposer by following a procedure. A motion is a proposed resolution. A motion becomes a resolution, when adopted by the meeting.

Exercise 2 | Q 7 | Page 119

QUESTION

Explain the following term/concept: Special Resolution

SOLUTION

(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 3 times % 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 the Registered Office of the 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.

Exercise 2 | Q 8 | Page 119

QUESTION

Explain the following term/concept: Notice

SOLUTION

A notice is a formal and advance invitation in writing given to all the members entitled to attend the meeting. The notice contains information such as

1. the type and nature of the meeting.
2. The venue, Day, date. Time of the meeting and also the agenda of the meeting
3. a statement declaring that a member is entitled to appoint a proxy
4. special resolution if any is to be passed In the meeting
5. statutory note of special business.

The notice may be enclosed with the necessary documents. The notice is to be signed by the convening authority he (the Chairman) or a person duly authorised to sign (i.e. the Secretary).

A notice of 21 days is necessary to be given to the members for a General Meeting including statutory meeting and for a Board Meeting 7 days notice is required.

Exercise 2 | Q 9 | Page 119

QUESTION

Explain the following term/concept: Minutes

SOLUTION

Minutes are the systematic written record of the proceedings of a meeting. They represent the summary of the Business transacted, discussions held, resolutions passed and decisions taken in a meeting. The main aim of the minutes is to give a true, impartial and correct analysis of the meeting conducted.

Minutes are always written in the past tense. It is prepared by the Secretary and approved by the members after some discussions and finally confirmed by the Chairman. Keeping the minutes of each and every meeting is one of the statutory responsibilities of a Secretary. Minutes verified and signed by the Chairman act as a prima facie evidence of the proceedings of the meeting. They can be produced as evidence in the court of law.

Exercise 2 | Q 10 | Page 119

QUESTION

Explain the following term/concept: Point of order

SOLUTION

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.

The usual occasion for raising a point of order are :

1. Absence of quorum
2. Breach of certain rules governing the conduct of the meeting
3. Misbehavior of a member
4. 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.

EXERCISE 3 [PAGE 119]

Exercise 3 | Q 1 | Page 119

QUESTION

Study the following case/situation and express your opinion

XYZ Ltd co. sent notice of its Annual General meeting to its members. In the meeting a resolution is to be passed on altering the Articles of Association.

1. Should agenda also be sent with Notice?
2. What type of resolution is needed to alter the Articles?
3. Should the resolution for altering articles be filed with registrar of companies?

SOLUTION

1. Agenda should also be sent with notice to the members.
2. Special resolution is needed to alter the Articles of the company (Section 14).
3. The Copy of resolution for alteration of Articles of Association must be filed with the Registrar of Companies through e-filing within E 30 days of passing resolution.

Exercise 3 | Q 2 | Page 119

QUESTION

Study the following case/situation and express your opinion

A General meeting of public limited company is to be held. State the provision of quorum for:

1. Meeting of the company which has less than 1000 members
2. Meeting of the company which has more than 5000 members
3. Meeting of the company which has 2500 members.

SOLUTION

1. A quorum of 5 members is required for a meeting of the company which has less than 1000 members.
2. A quorum of 30 members is required for a meeting of the company which has more than 5000 members.

3. A quorum of 15 members is required for a meeting of the company which has 2500 members.

Exercise 3 | Q 3 | Page 119

QUESTION

Study the following case/situation and express your opinion

Mr. P is elected as Chairman of General Meeting. Please advise him on the following matters:

1. What should be done if the votes cast in favour and against the motion are equal?
2. How many votes can a member cast under poll method?
3. What should Mr. P do if any point of order is raised by a member?

SOLUTION

1. If votes cast in favour and against the motion are equal, Mr. P, a Chairman of General Meeting should cast one additional vote either in favour of the motion or against the motion.
2. Under poll method of voting a member can vote in proportion to the number of shares held by him, e.g. if 10 shares are held by a member. he can cast 10 votes.
3. If any point of order is raised by a member. Mr. P has to decide whether the point of order is correct or not. If he accepts it, the irregularity. is to be rectified and if he does not agree to the point of order, the business of the meeting is to be continued as before. Before giving the ruling Mr. P can consult an expert or an experienced person in the meeting. Mr. P's ruling is final and binding on the members.

EXERCISE 4 [PAGE 119]

Exercise 4 | Q 1 | Page 119

QUESTION

Distinguish between the following: Agenda and Minutes

SOLUTION

Sr no	Agenda	Minutes
1	Agenda is a list of the items of business to be transacted in a	Minutes is the statutory record of the business transacted, decisions taken and resolutions

	meeting.	passed in a meeting.
2	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	Agenda is prepared prior to the meeting is held.	Minutes is recorded after the conclusion of a meeting.
4	Agenda is recorded in the notice of a meeting.	Minutes is recorded in a separate book called minutes book.
5	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	Agenda is always written in the future tense.	Minutes is always written in the past tense.

Exercise 4 | Q 2 | Page 119

QUESTION

Distinguish between the following: Motion and Resolution

SOLUTION

Sr no	Motion	Resolution
1	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	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	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	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	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	Motion is of two types, viz. (i) formal motion and (ii) substantive motion.	Resolution is of three types viz. (1) Ordinary resolution (ii) Special resolution and (111) Resolution requiring special notice.

Exercise 4 | Q 3 | Page 119

QUESTION

Distinguish between the following: Voting by show of hands and Voting by poll.

SOLUTION

Sr no	Voting by show of hands	Voting by poll
1	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	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	Proxies are not allowed to vote	Proxies can vote only in this method.

	under this method.	
4	'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	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.
6	It is a democratic method of voting.	Is a capitalist method of voting?

EXERCISE 5 [PAGE 119]

Exercise 5 | Q 1 | Page 119

QUESTION

Answer in brief.

State the importance of company meetings.

SOLUTION

- 1. Opportunities for members to come together:** Meetings provide common platform and an opportunity to the members who are scattered all over different areas to come together. Discuss the matters and working of the company and arrive at decisions.
- 2. Minutes of the previous meeting:** During the meeting Secretary has to read the notice. The agenda of the meeting and minutes of the last meeting held. After reading the minutes, he has to get them confirmed and signed by the Chairman. This enables the members to get clear ideas about the matters discussed in the previous meeting.
- 3. Fixation and implementation of policies:** Plans and programmes 2 Management determines the policies, plans and programmes in the Board Meetings. It also decides ways and means of implementation of policies, plans and programmes in the meetings of the Board and conveys them to members for their approval in the General Meetings of the company.

4. **Analysis of problems:** Meetings are essential to discuss the nature of problems faced by the organisation and to find solutions.
5. **Legal requirements:** Meetings are necessary to comply with statutory (legal) requirements as per the provisions made in the Companies Act. Legal formalities in relation to convening and conducting various meetings of the company are completed by organising and conducting the meetings.
6. **Business :** Meetings are essential to declare dividend, to appoint auditors, to elect directors, to study and give approval to annual report, auditors' report, statements of accounts and to review the progress made by the company.

Exercise 5 | Q 2 | Page 119

QUESTION

Answer in brief.

State the legal provisions regarding Proxy.

SOLUTION

1. **Appointment:** Every member of the company who is entitled to attend and vote at the meeting can appoint a proxy. It is to be noted that the Central Government may prescribe certain companies whose members are not entitled to appoint another person as proxy. Directors cannot appoint proxy for a Board Meeting. A minor cannot be appointed as proxy.
2. **Right:** .A proxy is not allowed to speak at the meeting. He has no right to move a motion or to second a motion. He cannot demand a poll. He cannot vote except on a poll.
3. **Membership:** A proxy need not be a member of the company. A proxy can be outsider also.
4. **Proxy Form:** The duly completed proxy form must be deposited (submitted) in the registered office of the company at least 48 hours before the meeting is held. A separate proxy form is required for each meeting.
5. **Inspection:** A proxy has no right to inspect the proxy forms or the minutes of the meetings. A member can inspect the proxy form by giving not less than 3 days notice to the company.

Exercise 5 | Q 3 | Page 119

QUESTION

Answer in brief.

When can point of order be raised?

SOLUTION

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.

The usual occasion for raising a point of order are:

1. absence of quorum
2. Breach of certain rules governing the conduct of the meeting
3. Misbehavior of a member
4. 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.

Exercise 5 | Q 4 | Page 119

QUESTION

Answer in brief.

Explain any four methods of Voting?

SOLUTION

1. **Voting by Voice** : under this method. The Chairman requests the members in favour of a motion to say 'Yes' and the 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 the 'teller'. If more members are in favour of the 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 the cases the majority of votes are 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 the voter. The voter has to record his vote and drop the paper in the ballot box. The Chairman appoints scrutinizers 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 member 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.

Exercise 5 | Q 5 | Page 119

QUESTION

Answer in brief.

State the importance of Minutes.

SOLUTION

1. **Authentic Record:** The minutes make official record of business transacted, decisions taken and resolutions passed in each meeting. Thus, minutes are the most official and authentic record of the individual opinions and views of the

members taking part in the discussions.

2. **Evidence:** In a court of law, minutes can be produced as a legal evidence of the proceedings of a meeting. Its importance and utility are well understood and recognised in the court of law.
3. **Record for future reference :** Since minutes are a permanent record. They remove the difficulty of memorising the decisions and resolutions passed in the meeting. The minutes are useful to the top management for taking managerial decisions.
4. **Legal provisions:** Section 118 and 119 of the Companies Act, 2013, has made it compulsory for all the companies to keep the minutes of the company meetings. Hence, the main objective of keeping minutes is to fulfil this statutory requirement.
5. **Information to absent members :** Members who remain absent at the meeting can get a complete idea of the proceedings of the meeting from its minutes.
6. **Information about resolution :** The discussion on the motion is reflected in the resolution. Sometimes, the details and intricacies in oral discussions at the meetings may not be fully understood in the right sense. But when the minutes are finalized and ready. One can go through the same carefully and understand the Implications of the decisions taken.
7. **Inspection of Minutes (Section 119):** As per the provisions made in Section 119 of the Companies Act, 2013, every company is required to keep its minute's book at its registered office. Every member has right to inspect the minutes book of the general meetings.

EXERCISE 6 [PAGE 120]

Exercise 6 | Q 1 | Page 120

QUESTION

Justify the following statement.

Meeting must be duly convened and properly constituted.

SOLUTION

A company meeting is defined as an "Assembly or gathering of persons connected with the company who wish to discuss and decide the matters related to it." A meeting becomes a valid meeting when it is duly convened and properly constituted. A meeting is said to be duly convened when it is convened by proper authority. It must be convened in accordance with the Provisions of the Companies Act, 2013 and Articles of Association of the company.

A meeting is said to be properly constituted only when requisite quorum is physically present at the meeting. The 'quorum' implies the minimum number of members legally required to remain present at the beginning and during the course of meeting. There must be proper person in the chair. A meeting becomes valid when it is properly conducted. Proper rules for discussion and order in debate must be observed to make the meeting meaningful. The proceedings of the meeting must be recorded properly in the proper minute's book.

Exercise 6 | Q 2 | Page 120

QUESTION

Justify the following statement.

Chairman is responsible for proper conduct of meeting.

SOLUTION

It is the responsibility of the Chairman to see to it that the meeting over which he is presiding is properly convened and duly constituted. To see that the proper quorum is present in the meeting and to adjourn the meeting if there is no proper quorum. To preside over the meeting and to conduct the meeting in an orderly manner. To conduct the business of the meeting according to the agenda already circulated and to confirm the discussion to the items listed on the agenda.

It is the responsibility of the Chairman to ensure that the proceedings of the meeting are conducted according to the rules and regulations of the meeting. To give equal opportunities to all to express themselves and to give an adequate opportunity to the minority groups. To conduct the proceedings fairly and impartially. To ascertain the sense of the meeting by pulling questions and to grant poll if demanded properly.

Exercise 6 | Q 3 | Page 120

QUESTION

Justify the following statement.

Motion can be amended.

SOLUTION

A motion is a proposal or proposition or concrete suggestion placed before a meeting for discussion and decision. During the discussion of the motion, it may be found necessary to make alterations or modifications in the text of the motion. The motion proposing alterations or modifications is called an amendment.

Amendment may be made to the main motion by adding some new words in it, deleting some words from the motion, replacing some words by some other words and by changing the position of words in the motion. The amendment may be accepted or rejected. If accepted, the amended motion is considered for discussion. If it is approved

by the meeting, it is incorporated in the original motion. If it is rejected or lost the original motion is continued for discussion.

Exercise 6 | Q 4 | Page 120

QUESTION

Justify the following statement.

Proxy can not speak in the meeting.

SOLUTION

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.

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.

Exercise 6 | Q 5 | Page 120

QUESTION

Justify the following statement.

Notice is issued to members for a meeting along with agenda.

SOLUTION

A notice is an advance intimation to the persons entitled to receive it, about the venue, day, date and time of a meeting and the business to be transacted in it with a request to attend the meeting. The notice may be sent with the necessary documents.

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. The Chairman takes up for discussion the items usually in the same order as on the agenda. He can change the order with the consent of the house.

EXERCISE 7 [PAGE 120]

Exercise 7 | Q 1.1 | Page 120

QUESTION

Answer the following question.

Explain the powers of a chairman.

SOLUTION

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 misbehavior 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.

QUESTION

Answer the following question.

Explain the duties of a chairman.

SOLUTION

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.

Exercise 7 | Q 2 | Page 120

QUESTION

Answer the following question.

Explain the different methods of voting.

SOLUTION

1. **Voting by Voice** : Under this method, the Chairman requests the members in favour of a motion to say 'Yes' and the 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.

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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 the 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.
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Answer the following question.

Explain the types of resolution

SOLUTION

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 the 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 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. That number of votes in favour of motion should be 74 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 The Registered Office of the 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 the 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 (Section 117)** : 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 the 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.