

UNIT-4

Corporate Meetings

Corporate meetings: Meaning- types – Importance - Distinction; Resolutions: Types – Distinction; Requisites of a valid meeting – Notice – Quorum –Proxies - Voting - Registration of resolutions; Role of a company secretary in convening the meetings.

INTRODUCTION

Corporate meetings are gatherings of individuals within a business or corporate organization convened for various purposes, often related to decision-making, communication, and planning. These meetings serve as a forum for employees, executives, shareholders, or other stakeholders to come together and discuss matters of significance to the organization. The specific purpose and structure of corporate meetings can vary widely based on the nature and needs of the organization

MEANING

In the context of a company, the word 'meeting' implies the coming together of a certain number of members for transacting the business in the agenda, for which previous notice has been given.

It follows that to constitute a meeting there must be two or more persons. Generally, the purpose of a meeting is to consider issues of common interests to its attendants.

TYPES OF CORPORATE MEETINGS

Corporate meetings can be categorized based on the participants involved and their specific roles within the company.

Here are different types of corporate meetings with respect to

1. Members (shareholders),
2. Directors,
3. Creditors, and the
4. Final meeting at the time of dissolution:

I. Members' Meetings:**a. Annual General Meeting (AGM):**

- Participants: Shareholders (members).
- Purpose: Discuss financial statements, elect directors, approve dividends, and address important company matters.

b. Extraordinary General Meeting (EGM):

- Participants: Shareholders (members).
- Purpose: Discuss and vote on specific urgent matters that cannot wait until the AGM, such as changes to the company's articles of association.

c. Statutory Meetings: It is the first general meeting of the shareholders which is held just after the commencement of business. Every public company having a share capital should hold this meeting. Annual general meeting: This is the meeting of shareholders of the company held once a year. Every company should hold this meeting to discuss affairs of the company to pass accounts, etc.

d. Class Meeting: Class meeting refers to meeting of a particular class of shareholders.

2. Directors' Meetings:**a. Board of Directors Meeting:**

- Participants: Directors and top executives.
- Purpose: Make strategic decisions, provide oversight, and set the direction for the company.

b. Committee Meetings:

- Participants: Members of specific committees (e.g., audit committee, compensation committee).
- Purpose: Address issues within the committee's purview and provide recommendations to the board.

3. Creditors' Meetings:**A. Creditors' Meeting during Insolvency:**

- Participants: Creditors (individuals or organizations to whom the company owes money).

- Purpose: Discuss and vote on the company's insolvency proceedings, including how the company's assets will be distributed among creditors.

4. Final Meeting at Dissolution:

a. Liquidation Meeting (Final Meeting):

- Participants: Shareholders, directors, and liquidators (appointed to oversee the dissolution process).
- Purpose: Wind up the affairs of the company, settle any remaining liabilities, distribute remaining assets to shareholders, and formally dissolve the company.

Each of these meetings serves a specific purpose within the corporate governance and operational structure of a company. The rules and procedures for conducting these meetings are often outlined in the company's articles of association and may be subject to legal requirements and regulations depending on the jurisdiction in which the company operates.

IMPORTANCE OF CORPORATE MEETINGS

Corporate meetings hold significant importance within an organization for several reasons:

- ✓ **Decision-Making:** Meetings provide a platform for key stakeholders, such as board members, executives, and department heads, to come together and make critical decisions about the company's direction, strategies, and operations. This is essential for setting goals and achieving them effectively.
- ✓ **Communication:** Meetings facilitate the flow of information and ideas within an organization. They allow leaders to share updates, vision, and company goals with employees, fostering transparency and alignment.
- ✓ **Problem Solving:** Meetings provide a structured environment for addressing challenges, solving problems, and brainstorming solutions. Teams can collectively identify issues, evaluate options, and develop action plans.
- ✓ **Accountability:** Regular meetings help hold individuals and teams accountable for their responsibilities and deadlines. When progress is reported in meetings, it encourages accountability and motivates employees to meet their commitments.
- ✓ **Team Building:** Meetings can promote team cohesion and collaboration. They offer opportunities for team members to interact, build relationships, and work together on common goals, which can improve teamwork and productivity.

- ✓ **Strategic Planning:** Strategic meetings, such as board meetings and executive meetings, are crucial for long-term planning. They allow leaders to assess the competitive landscape, analyze market trends, and formulate strategies to keep the organization competitive.
- ✓ **Performance Evaluation:** Meetings provide a platform for performance reviews, where managers can discuss employee performance, provide feedback, and set goals for improvement.
- ✓ **Stakeholder Engagement:** Meetings involving shareholders, customers, suppliers, and other stakeholders help maintain and enhance relationships. Engaging with stakeholders can be essential for business development and customer satisfaction.
- ✓ **Compliance and Governance:** In many cases, corporate meetings are legally required, such as annual general meetings (AGMs) for shareholders. Adhering to these requirements ensures compliance with corporate governance regulations.
- ✓ **Innovation and Creativity:** Meetings can be used as forums for sharing innovative ideas and encouraging creative thinking. Brainstorming sessions and idea-generation meetings can lead to new products, services, and strategies.
- ✓ **Conflict Resolution:** Meetings can serve as a platform for addressing conflicts and resolving disputes. Open and constructive discussions can lead to resolution and prevent conflicts from escalating.
- ✓ **Feedback Gathering:** Meetings can be a valuable means of collecting feedback from employees, customers, or other stakeholders. This feedback is essential for making improvements and addressing concerns.

While corporate meetings offer numerous benefits, it's crucial to conduct them efficiently. Poorly organized or excessive meetings can lead to wasted time and decreased productivity. Therefore, organizations should strike a balance by ensuring that meetings are purposeful, well-structured, and attended by individuals who can contribute meaningfully to the agenda.

DISTINCTION OF CORPORATE MEETINGS

Corporate meetings can be distinguished based on various factors, including their purpose, participants, and frequency. Here are some common distinctions:

1. By Purpose:

- ❑ **Strategic Meetings:** These meetings focus on long-term planning, goal-setting, and high-level strategic decisions. Examples include board meetings and executive strategy sessions.
- ❑ **Operational Meetings:** Operational meetings deal with day-to-day activities, tasks, and problem-solving. Departmental meetings, project status meetings, and team huddles fall into this category.
- ❑ **Informational Meetings:** These meetings primarily serve to disseminate information. Town hall meetings, company-wide updates, and training sessions often fall into this category.
- ❑ **Decision-Making Meetings:** These meetings are convened to make specific decisions, such as budget approvals, project initiations, or policy changes.
- ❑ **Review and Evaluation Meetings:** These meetings are held to assess performance, review project progress, or evaluate employee performance. Performance appraisals and project post-mortems are examples

By Participants:

- ❑ **Board Meetings:** Involving the board of directors and top executives, these meetings address high-level corporate strategy and governance.
- ❑ **Shareholders' Meetings:** These meetings involve the company's shareholders and are typically focused on financial matters, including the approval of financial statements and the election of directors.
- ❑ **Management Meetings:** These meetings involve the senior management team and executives. They focus on operational matters, strategic planning, and decision-making.
- ❑ **Departmental Meetings:** Department-specific meetings gather employees from a particular department to discuss issues, goals, and projects related to their area of responsibility.
- ❑ **Committee Meetings:** Various committees within the organization, such as audit committees or compensation committees, hold meetings to address specific issues within their purview.

By Frequency:

- ❑ **Regular or Recurring Meetings:** These are scheduled at fixed intervals, such as weekly team meetings, monthly departmental meetings, or quarterly board meetings.
- ❑ **Ad Hoc or Special Meetings:** These meetings are convened as needed to address specific, often urgent, issues that cannot wait until the next regular meeting.

By Location and Format:

- ❑ **In-Person Meetings:** Participants physically gather in the same location for face-to-face discussions.
- ❑ **Virtual Meetings:** Participants join the meeting remotely using technology such as video conferencing or teleconferencing.

By Decision-Making Process:

- ❑ **Deliberative Meetings:** These meetings involve extensive discussion, analysis, and debate before decisions are made. Board meetings often follow this pattern.
- ❑ **Voting Meetings:** In these meetings, decisions are made through formal voting processes, such as shareholder meetings where resolutions are voted on.

By Stakeholder Group:

- ❑ **Internal Meetings:** Involving employees and management, these meetings focus on internal matters, including operations, strategy, and performance.
- ❑ **External Meetings:** These meetings involve stakeholders outside the organization, such as customers, suppliers, investors, or regulatory authorities.

Each type of corporate meeting serves a distinct purpose within the organization's structure and is essential for achieving various business objectives, whether they relate to strategic planning, governance, operations, or communication.

REQUISITES OF A VALID MEETING

A meeting must be called and held in the manner provided in the Act and the articles. Any irregularities in the procedure followed for convening and conducting a meeting will invalidate the proceedings of that meeting. A valid meeting is one, which is duly convened, properly constituted and conducted.

A Valid Meeting is one which satisfies 3 Conditions:

Which is properly Convened

- Convened by the proper Authority.
- After giving proper notice

Which is legally constituted

- Meeting must have a proper Quorum
- Meeting must have a chairman
- Must have presence of Directors and Auditors

Which is properly conducted

- By following the rules as to voting
- By ascertaining the sense of the general meeting
- By passing required Resolutions
- By following rules as Proxy
- By following rules as the Motions
- By following rules as to Minutes

I. MEETING WHICH IS PROPERLY CONVENED

A properly convened meeting is one which is convened by the proper authority and after giving proper and adequate notice to all those who are entitled to attend.

1. Proper Authority

A meeting to be valid must be called by a proper authority. The proper authorities to call the meetings are:

I. Board of Directors: The Articles of Association of a company normally empower the Board of directors to convene general meeting. Even Board has power at common law to call a general meeting even if this power is not expressly conferred upon them by Articles. An individual director has no power to call a general meeting.

II. Members: If the directors do not call the meeting, then requisitionists (members) u/s 100 are eligible to call EGM.

III. The Tribunal: An AGM can be called by Tribunal u/s 97.

2. Notice [Section 101]

The second requirement of a valid meeting is that all those who are concerned with business of the meeting and are entitled to attend it are communicated of the date, time and business of the meeting. Such a communication is called 'notice of the meeting'.

A valid notice of a company meeting is one which complies with the general rules in relation to notice and which complies with the rules as laid down in the Articles and the Companies Act

General Rules as to a Valid Notice

1. The notice may take any reasonable form which sufficiently conveys to the person, entitled to receive it, information enabling the person to attend the meeting and to take part in its deliberations.
2. The notice must specify the date, time and place of the meeting.
3. The notice must state the nature of the business to be transacted, that is, a completed agenda of the meeting should be forwarded with or as part of the notice.
4. The notice must be served in the manner prescribed in the Articles read with the Companies Act.
5. Notice shall be sent by hand or by ordinary post or by speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means '**Electronic means**' means any communication sent by a company through its authorized and secured computer programme which is capable of producing confirmation and keeping record of such communication addressed to the person entitled to receive such communication at the last electronic mail address provided by the Member.
6. In case the Notice and accompanying documents are given by e-mail, these shall be sent at the Members' e-mail address registered with the company or provided by the depository, in the manner prescribed under the Act.
7. In case of the Directors, Auditors, Secretarial Auditors and others, if any, the Notice and accompanying documents shall be sent at the e-mail address provided by them to the company, if being sent by electronic means.
8. Notice shall be sent to Members by registered post or speed post or courier or e-mail and not by ordinary post in the following cases:
 - a. if the company provides the facility of e-voting
 - b. if the item of business is being transacted through postal ballot
9. If a member requests for delivery of Notice through a particular mode, other than one of those listed above, he shall pay such fees as may be determined by the company in its Annual General Meeting and the Notice shall be sent to him in such mode.
10. In case Meeting is called by the requisitionists themselves where the Board had not proceeded to call the Meeting, the Notice shall be sent to Members by registered post or speed post or email.

11. In case of companies having a website, the Notice shall be hosted on the website also.

Contents of the notice.

Every notice of a company must specify the place, day and hour of the meeting and shall contain a statement of the business to be transacted thereat. If time for holding the meeting and other essential particulars required by the section 101 are not mentioned in the notice, the meeting will be invalid and all resolutions passed thereat will be of no effect.

a. Place of meeting.

- **For AGM-** (at Registered office of the Company or at some other place within the same city, town or village in which the registered office of the company is situated
- **For other general meetings:** Not subject to aforesaid provision.

b. Day of the meeting.

- **For AGM.** On any day that is not a public holiday
- **For Other General Meetings.** No bar to holding of any general meeting on a public holiday.

c. Time of the meeting.

- **For AGM:** Every AGM must be held during the business hours of the company i.e., between 9 am. to 6 pm) But such meeting may continue beyond the usual hours.
- **For Other General Meetings** Other general meetings can be held at any time.

d. Agenda. Notice of meeting must contain a statement of nature of the business to be transacted in the meeting which is called as agenda. Section 102 classifies the business into ordinary business and special business.

e. Mode of Notice (Section 20): The notice may be sent to a member either personally or by post, or through electronic media to his registered address or the address given by him for sending notices in India.

f. Notice of the Right of a Member to Appoint Proxy: The notice must state with reasonable prominence that a member entitled to attend and vote is authorized to appoint a proxy to attend and vote instead of himself and that proxy need not be a member. Section 105]

The following documents should be annexed to the notice of the meeting.

II. MEETING TO BE LEGALLY CONSTITUTED

For meeting to be legally constituted, there must be proper quorum a proper person in the chair and proper compliance with the relevant provisions of the Articles of Association of the Act.

1. PROPER QUORUM [SECTION 103]

"Quorum" means the minimum number of members who must be present in order to constitute a valid meeting and to validly transact business at the meeting. If the quorum is not present, the meeting shall not be valid and therefore the proceedings of such meeting shall be invalid.

U/s 103 of 2013 Act Quorum for Public Companies is based on number of members, explained below:

Present No. of Members (on the date of meeting)	Quorum Required
<1000 (less than 1000)	5
>1000<5000 (more than 1000 but less than 5000)	15
>5000 (more than 5000)	30

- Any other Company-2 members personally present
- Articles may prescribe a larger quorum than provided u/s 103.

Rules Regarding Quorum

As regards quorum at general meetings, the following rules must be followed:

1. For the purpose of ascertaining quorum, only members present in person, and not by proxies, are to be counted. However, exception to this rule is contained in sections 98 and 100. we shall study about the same a little later.
2. Preference shareholders present in the meeting and equity shares without voting rights are not to be counted for the purpose of quorum except where the proposed business includes any item directly affecting preference shareholders.
3. Joint holders of shares are treated single member for purposes of counting quorum.
4. A member present in two or more capacities, e.g., as an individual member and as a trustee, may be counted as two members personally present for the purpose of quorum.
5. If a company is a member of another company, it may authorise a person by a resolution to act as its representative at a meeting of the latter company, then such a person shall be deemed to be a member present in person and counted for the purposes of quorum (Section 113).
6. Where two or more companies being members of another company appoint a single person as their representative, then each of such companies will be counted in quorum at a meeting of the latter company.
7. Where the President of India or the Governor of a State holds shares in a company and appoints a person to act as his representative at a meeting of that company, then

such person shall be deemed to be a member present in person and counted for the purposes of quorum (Section 112).

8. Where the total number of members of a company is reduced below the quorum fixed by the Articles, the rule as to quorum will be deemed to be satisfied if all the members of the company attend the meeting in person.

Course of action in case of quorum not being present at general meetings.

If a quorum is not present within half an hour:

- a. If General meeting is called on requisition of members, then such meeting shall stand dissolved
- b. If general meeting is called otherwise than on requisition of members, the general meeting shall adjourn to:
 - i. such day, time and place as the Board may decide.
 - ii. If the Board does not so determine the day, time a place, the general meeting shall adjourn to same day, time and place in the next week.
 - iii. If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, then the members present shall be a quorum

2. CHAIRMAN OF MEETING [SECTION 104]

Appointment of chairman. For the proper conduct of business at meeting a chairman is necessary. His appointment is usually regulated by the articles of association.

The articles usually contain provisions on the lines of Table (Schedule I) Regulations 45-47. These Regulations are:

Regulation 45. The chairman, if any of the Board shall preside at every general meeting of the company.

Regulation 46. If there is no such chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman of the meeting, the directors present shall elect one of their number to be chairman of the meeting.

Regulation 47. If at any meeting, no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be the chairman of the meeting.

Election of chairman. If the articles of association of a company do not contain any provision for the appointment of a chairman such appointment, shall be made in accordance with the provisions of section 104.

In this regard section 104 lays down.

- Members personally present shall elect one of themselves to be the chairman
- Election of chairman shall be made by voting on a show of hands.
- If a poll is demanded on the election of a chairman, it shall be taken forthwith.
- If some other person is elected chairman as a result of the poll, he shall be chairman for the rest of the meeting.

POWERS OF THE CHAIRMAN

A chairman is necessary for conducting a meeting properly. In order to enable the chairman to fulfil his duties properly, he is given the following powers:

1. **To preside over the meeting:** The chairman presides over the meetings of the company,
2. **Power to decide priority of speakers:** The chairman has to decide priority of speakers i.e., who should speak first and who should follow and in what order.
3. **Power of stop discussion:** The chairman of the meeting has the power to stop discussion on a matter after it has been reasonably debated. In fact, the chairman must not misuse this power as to prevent fair discussion. Even the majority present can vote to compel him to stop discussion but he must ensure that the minority is not stifled (suppressed or prevented) or oppressed in any way.
4. **Power to put motions to vote:** Chairman has the power to put motions and amendments thereto to the vote, by show of hands first and if properly demanded by poll. Subject to the provisions of the Act, the chairman of the meetings shall have power to regulate the manner in which a poll be taken. [Section 109].
5. **Right to use Casting Vote:** The chairman, if the articles provide for it in the case of equality of votes may have a casting vote (second vote). If the articles do not make any such provision, the chairman does not have a second or casting vote. But a casting vote has to be given and cannot be assumed. Chairman has discretion to vote or not to use the casting vote and in case he decides to use the casting vote, it can be different from his first vote.

The Regulation 68(11) of Table F provides that in case of an equality of votes the chairman shall be entitled to a second on Casting Vote.

6. **Power to expel disorderly persons:** The chairman has the power to maintain order and decorum at a meeting. to prevent the use of abusive language and disorderly behaviour of members. In fact, he has a power to cause the removal of disorderly

persons who are preventing the transactions of the business and who refuse to leave when requested to do so i.e., to expel unruly member.

7. **To give ruling on point of order:** Whenever members raise point of order i.e. questions relating to rules and regulations, governing the meeting, the chairman has the power to give a ruling on the interpretations of the rules and his ruling will be binding on the members.

8. **Power to declare results of the voting:** The chairman has a power to decide whether a proxy is good or bad.

- The chairman decision disallowing of votes is conclusive.
- The chairman has power to give ruling on matters of disputes.
- The chairman has power to announce the decision of the meeting which shall be considered to be conclusive (Section 107)

9. **Power to get Chairman's Speech Published.** The chairman has a power to prepare his speech and get it published in the newspapers/But, the publication of chairman's speech in the newspapers is not mandatory.

10. **To adjourn a meeting.**

The chairman can adjourn the meeting under the following Circumstances.

- When the quorum is not present within half an hour from the time fixed for the meeting.
- If in the opinion of the chairman, it is necessary to do so in order to enable any question to be properly considered.
- If the meeting becomes disorderly i.e. violent interruption making it unsafe or seriously difficult for the voters to tender their votes. In other words, when it becomes impossible to conduct and complete the business.
- If the members present adopts & motion of adjournment.

DUTIES OF THE CHAIRMAN

The chairman is responsible for conducting the proceedings of the meeting in a regular and proper manner.

His duties are enumerated here under:

1. **To see that meeting has been duly convened and is properly constituted:** He should see that the meeting is properly convened in accordance with the rules and properly constituted-i.e.

- that proper notice was given;
- that there is a quorum of members present, and
- that his own appointment is regular and in order.

2. **To see that Items of business are taken as per agenda.:** Chairman should see that the items of business are taken in the order set out in the agenda, unless that order is altered with the consent of the meeting.

3. **Duty to give reasonable opportunities to speak:** Chairman should take care that the due and sufficient opportunity is given to those who wish to speak (and particularly the minority) to express their views on the subject under debate or discussion. Where several people are desirous of speaking, the chairman may take down their names in the order in which they call his attention, and then allow them to speak one by one. He should fix time limit for speakers.

4. **To maintain decorum at the meeting:** It is the duty of the chairman to maintain proper decorum at the meeting i.e., to prevent abusive language and disorderly behaviour of members. Preservation of order in the meeting is his foremost duty. Order means maintenance of peace and harmony at the meeting, and it requires a plain good behaviour from those present.

5. **Duty to properly ascertain sense of the meeting.** It is the duty of the chairman to see that the sense of the meeting is properly ascertained on each and every motion. It is the duty of the chairman to give ruling over point of order and all other emergent questions.

Chairman should put all motions and amendment to vote in the manner provided in the rules, supervise the counting of votes to ensure correct assessment of the opinion and declare the result of voting.

6. **Duty to exercise casting vote:** In the case of equality of votes, it is the duty of the chairman to exercise casting vote, if allowed by the articles.

7. **Duty to observe strict impartiality:** It is the duty of the chairman to observe strict impartiality even though he may be strongly opposed to any matter.

8. **Duty regarding minutes:** The minutes of the previous meeting should be properly entered, confirmed and duly signed by the chairman. Hence, he will sign them if no objection is raised by the members as to their correctness.

3. PRESENCE OF DIRECTORS AND AUDITORS

SS-2, In this regard provides as follows: -

➤ **Directors:** If any Director is unable to attend the Meeting the Chairman shall explain such absence at the Meeting. The Chairman of the Audit Committee, Nomination and Remuneration Committee and the Stakeholders Relationship Committee, or any other Member of any such Committee authorised by the Chairman of the Committee to attend on his behalf, shall attend the General Meeting.

➤ **Auditors:** The Auditors, unless exempted by the company, shall, either by themselves or through their authorised representative, attend the General Meeting of the company and shall have the right to be heard at such Meetings on that part of the business which concerns them as Auditors. The authorised representative who attends the General Meeting of the company shall also be qualified to be an Auditor.

➤ **Secretarial Auditor:** The Secretarial Auditor, unless exempted by the company shall, either by himself or through his authorized representative, attend the Annual

General Meeting and shall have the right to be heard at such Meeting on that part of the business which concerns him as Secretarial Auditor. The Chairman may invite the Secretarial Auditor or his authorised representative to attend any other General Meeting, if he considers it necessary. The authorised representative who attends the General Meeting of the company shall also be qualified to be a Secretarial Auditor.

III. MEETING TO BE PROPERLY CONDUCTED

Proper conduct of the meeting means that proper rules for ascertaining the sense of the meeting, the rules for discussion and order in debate must be observed. Also, the proceedings should be recorded properly.

1. ASCERTAINING THE SENSE OF THE GENERAL MEETING

Unanimity on all matters before a meeting is always not obtained. In the absence of unanimity, the chairman may want to know the wishes of the persons present in the meeting. This is known as ascertaining the sense of the house and for this purpose, he has to put the matter before the members. There are various methods which can be adopted by the chairman to put the matter to vote in order to ascertain the wishes of the members.

They are as follows:

- a. **By acclamation:** When persons present in a meeting indicate their approval or disapproval of the motion by clapping of hand cheering or applause it is known as voting by acclamation.
- b. **By voice vote:** In this case, the chairman puts the proposition before the meeting and persons who are in favour of the proposition say 'yes' and those who are against it say 'no'.
- c. **By division:** Under this method, the Chairman requests the members present in the meeting to divide themselves into two blocks 5-one in favour of the proposal and another against it.
- d. **By show of hands:** Under this method, the chairman asks all those in favour of the resolution to raise their right hand and when that number is noted, asks all those against, to do likewise.
- e. **By ballot:** Under this method, every person present records his vote on a ballot paper and deposits it in the ballot box provided for that purpose. The counting of ballots cast for and against the motion reveals the results. This method ensures secrecy in casting votes.
- f. **By poll:** In company meeting, voting by poll is according to the number of shares held by a member. The voting by show of hands may not always reflect the opinion of members upon a value basis. Also, there may be a number of proxies who can vote only by poll and not by show of hands.

It is possible that some of the members present may keep quiet in the voting without expressing 'yes' or 'no' or they may not at all take part in the voting. Under that circumstance they will not be counted on either side.

2. **RULES AS TO VOTING**

1. **Rules of voting for Equity shareholders:** Every member of a company limited by shares and holding any equity share capital therein shall have right to vote, in respect of such capital, on every resolution placed before the company. [Sec. 47(1)(a)]. His voting right on a poll shall be in proportion to his paid-up equity capital of the company. [Sec. 47(1)(b)]. Right of an equity shareholder to vote cannot be prohibited on the ground that he has not held shares for any specified period before the meeting or any other ground (section 106).

2. **Rule of voting for Preference shareholders:** Preference shareholders can vote only on the resolutions directly affecting them.) [Sec. 47(2)]. Any resolution for winding up the company or for the repayment or reduction of its share capital shall be deemed directly to affect the rights attached to preference shares. But the right of preference shareholders are not 'affected' by the issue of additional ordinary shares, though their voting rights are thereby weakened. But where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all the resolutions placed before the company. Voting rights of a preference shareholder shall, on a poll, shall be in proportion to his share in the paid-up preference share capital of the company.

3. **Holder of share warrants:** The bearer of a share warrant can vote only if the articles of association of the company provides for it.

4. **Joint holders:** In the case of joint shareholders, the vote of the senior joint holder, whether in person or by proxy shall be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority shall be determined by the order in which the name stands in the register of members.

5. **Insolvent:** An insolvent shareholder is entitled to exercise the right to vote provided his name appears on the register of members) The right to vote is given to the person whose name appears in the register of members. However, official receiver should have his name first entered in the register of members and, only then he becomes eligible to vote. Same is needed for the executor of a deceased member.

6. **Representation of corporations in meetings:** A body corporate can be a member or creditor of another company. It may authorise a person not necessarily an employee to attend and vote at any meeting of the company. The representative thus appointed is a member personally present for the purposes of quorum and voting by the show of hands and is not merely in the position of a party. A representative can appoint a proxy to attend and vote at the meeting instead of himself. [Section 113].

7. **Representation of the President and Governor:** Where the President of India or the Governor of the State is a member of a company, he may appoint such person as he

thinks fit to act as the representative to attend and vote at any meeting of the company. Such a representative shall be deemed to be a member of such a company and shall be entitled to exercise the rights and powers (including the right to vote by proxy) as the President or Governor could exercise as a member of the company. [Section 112]

8. **Proxy:** A proxy is entitled to vote only on a poll and not on a vote by show of hands. [Sec. 105]

9. **Voting in the First Instance to be by Show of Hands [Sec 107]:** At a general meeting, a resolution shall be decided on a show of hands, unless a poll is demanded under Section 109. But where a poll is demanded, it is not necessary that the resolution should be put to vote by show of hands. On a show of hands each member has one vote and a proxy cannot vote unless the articles otherwise provide.

10. **Chairman's declaration of result to be conclusive:** The declaration by the chairman that a resolution on a show of hands has or has not been carried and an entry to that effect in the minutes book shall be conclusive evidence of that fact. [Section 107]. It is not necessary for the chairman to record the evidence of votes cast in favour or against the resolution.

11. **Voting by poll:** A vote by a show of hands is only a rough and ready method of taking the sense of a meeting. It is not an accurate method of ascertaining the wishes of the members of a company because the votes of those voting by proxy are not counted. Again, it does not pay due regard to the wishes of a member holding a large number of shares since he has only one vote on a show of hands. A poll is more proper and effective means of arriving at the wishes of the members.

E-voting

[As per Rule 20 of the Companies (Management and Administration) Rule, 2014]

Voting through electronic means;

1. Every listed company or a company having not less than one thousand shareholders, shall provide to its members facility to exercise their right to vote at general meetings by electronic means.

2. A member may exercise his right to vote at any general meeting by electronic means and company may pass any resolution by electronic voting system in accordance with the provisions of this rule.

a. the expression 'voting by electronic means' or "electronic voting system" means a 'secured system' based process of display of electronic ballot, recording of votes of the members and the number of votes polled in favour or against, such that the entire voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralized server with adequate 'cyber security';

b. the expression "secured system" means computer hardware software, and procedure that-

- are reasonably secure from unauthorized access and misuse;
 - provide a reasonable level of reliability and correct operation;
 - are reasonably suited to performing the intended functions; and
 - adhere to generally accepted security procedures.
- c. the expression "Cyber security" means protecting information, equipment, devices, computer, computer resource, communication device and information stored therein from unauthorized access, use disclosures, disruption, modification or destruction.

3. **RESOLUTIONS**

Decisions of the company are made by resolutions of its members, passed at meetings of members. The word 'resolution' has not been defined in the Companies Act. It may be defined as the formal decision of a meeting on any motion before it. A proposal when passed and accepted by the members becomes resolution.

The Types/kinds of resolutions are recognized by the Companies Act.

The kinds of resolutions are recognized by the Companies Act are:

1. **Ordinary resolutions [Sec. 114(1)]**
2. **Special resolutions [Sec. 114(2)].**
3. **Resolutions requiring a special notice. [Sec. 115].**
4. **Resolution by postal ballot (Section 110 A).**

The Companies Act and the articles of association of a company lay down the type of the resolution required of any particular matter. As a rule, all 'ordinary business' as per the Act can be done by an ordinary resolution; all 'special business' can be done by any type of resolution ordinary and special.

NOTE. Under 2013 Act, votes casted electronically shall be counted determining whether ordinary or special resolution has been passed. No such provision existed in 1956 Act. However, under certain special conditions, as per the Act, special notice of 14 days to the company is essential for matters to be passed either by ordinary or by special resolution.

1. Ordinary resolution. [Sec. 114(1)].

An ordinary resolution is one which is passed at a general meeting by a **simple majority of members** entitled to vote therein.

Simple majority means that the votes cast either by show of hands or electronically or on a poll in favor of a particular proposal including the casting vote of the chairman exceeds the votes cast against it.

Thus, voting for and voting against must both be counted and the neutral votes are to be ignored.

The votes may be cast by the members either in person or by proxy, if allowed.

An ordinary resolution is sufficient to effect any transaction which is within the powers of the company and is not required either by the articles or the Companies Act to be effected in some other manner.

All resolutions which are not special or which do not require special notice are ordinary resolutions.

Ordinary resolutions normally do not require filing with the Registrar of companies. The usual notice of 21 days is however, required for passing an ordinary resolution.

The important items of business of a company which can be transacted with ordinary resolutions are:

- (1) Approval of statutory report.
- (2) Adoption of directors' report, balance sheet, profit and loss account and auditors' report on the accounts.
- (3) Election of directors.
- (4) Declaration of dividend.
- (5) Appointment of auditors and fixing their remuneration.
- (6) Appointment of sole selling agents.
- (7) Removal of a director before the expiry of his tenure. It also requires special notice of 14 days to the company.
- (8) Appointment of another director in place of the one removed.
- (9) Alterations of share capital such as increase, sub-division, consolidation, etc.
- (10) Issue of shares at a discount.
- (11) Sale of the whole or part of the company's undertaking or business.

2. Special resolution. [Sec. 114(2)].

A resolution shall be a special resolution when.

- the intention to propose the resolution as a special resolution has been duly specified in the notice;
- the notice required under the Act (21 days) has been duly given; and
- the votes cast in favor of the resolution by members entitled to vote either in person or by proxy are not less than three times the number of votes if any, cast against the resolution. The votes may be cast either on a show of hands or by poll. There is no question of a casting vote in case of a special resolution.

An explanatory statement setting out all material facts concerning the subject matter of the special resolution including in particular, the nature of the concern or interest, if any, therein of director and manager, if any, shall be annexed to the notice of the meeting.

A copy of every special resolution together with the copy of the explanatory statement shall, within thirty days of the passing of the resolution be filed with the registrar who shall record the same.

A special resolution is a most useful part of the mechanism of a company. It is by and through the instrument of a special resolution that the companies carry out important executive or administrative acts which are, or may be necessary for the company's benefit.

The aim of passing a special resolution is to ensure that every important change shall be made only after due deliberation and with the sanction of the greater body of shareholders of the company.

The articles of association may provide that certain types of business shall be approved by a special resolution. The Act also provides that in certain specified cases, a company must pass a special resolution.

A special resolution is required for the following purposes.

- (1) To alter the provision of the memorandum for changing the place of registered office from one State to another or objects of the company. [Sec. 13].
- (2) To change the name of the company. [Sec. 13].
- (3) To alter the articles of the company. [Sec. 14].
- (4) To offer further issue of subscribed capital when shares are offered to outsiders. . [Sec. 62].
- (5) To create reserve capital. . [Sec. 66].
- (6) To reduce the share capital of the company
- (7) To authorize payment of interest out of capital.
- (8) To request the Central Government to appoint inspectors for investigation of the affairs of for the company. [Sec. 213].
- (9) To authorize payment of remuneration to directors who are not in the whole-time employment of the company. [Sec. 197].
- (10) To make the liability of directors unlimited.
- (11) To have the company wound up by the NCLT or Tribunal [Sec. 271].
- (12) To wind up the company voluntarily. [Sec. 304].

A copy of the special resolution must be plan with the regular within 30 days of passing it.

3. Resolutions requiring special notice. [Sec. 115].

In addition to the above two types of resolutions, there is another class of resolution provided under the Companies Act which require a special notice to be given in respect of them.

Special notice is required in the following cases:

- (i) For the appointment of an auditor other than the retiring auditor. [Sec. 140]. (ii) For express resolution that the retiring auditor shall not be reappointed. [Sec. 140].
- (iii) For removing a director before the expiry of his term. [Sec. 169].
- (iv) For appointing another person as director in place of the director removed. [Sec. 169].
- (v) Appointment as director of a person other than the retiring directors section 160.

The articles of a company may provide for additional matters in respect of which special notice is required.

4. **Passing of Resolution by Postal Ballot**

Passing a resolution by postal ballot refers to a method of voting and decision-making employed by companies, particularly in corporate governance matters, where shareholders or members cast their votes on a proposed resolution through postal or electronic means, rather than in a physical meeting.

This process allows for the participation of shareholders who may not be able to attend in-person meetings and is often used for matters that require shareholder approval under company law or the company's articles of association.

It is generally noticed that members of a listed company are widely dispersed and there is very poor attendance at the general meetings. The meetings are normally attended by the promoters, their friends and associates who collect proxies and by and large resolutions are passed unanimously and without any dissent.

Moreover the general meetings are required to be held during working hours and the shareholders find it difficult to attend the meeting. By Postal Ballot shareholder can take part in decision making of the company.

4. **PROXIES [SECTION 105]**

The word 'proxy' may mean any of the following two things.

- A person appointed to represent another and vote at the meeting on behalf of another, and
- The instrument by which a person is appointed a proxy.

Appointment of Proxy and His Rights

Section 105 authorises every member to appoint another person as a 'proxy' to attend and vote instead of himself.

Unless Articles provide otherwise:

- ✓ a member of a company having no share capital can't appoint a proxy;
- ✓ the member of a private company can't appoint more than one proxy to attend on the same occasion.
- ✓ But a member of a public company may appoint more than one proxy i.e. he may appoint one proxy in respect of certain shares held by him and a different proxy for other shares held by him. A private company can also provide in the articles that a proxy should be a member.
- ✓ a proxy cannot vote except on a poll.

Note. Under Companies Act, 2013 a person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital. [There was no such restriction in previous companies Act of 1956]

RIGHTS OF PROXY

1. A proxy can demand a poll u/s 109.
2. A proxy can vote only on a poll.
3. A proxy can use his votes differently

DISABILITIES OF PROXY

1. The proxy has no right to speak at a meeting. [Sec. 105]. Hence, he cannot take part in any discussion. There is, however, no provision preventing a proxy putting questions in writing and sending the same to the chairman for answer.
2. A proxy is not counted for the purpose of quorum.

REVOCAION OF PROXY

The relationship between a shareholder and his proxy is that of principal and agent. A proxy is always revocable. A proxy can be revoked at any time before the proxy has voted.

5. **MOTION**

Motion The term 'motion' indicates a proposal made at a meeting by any member. Such a motion may be passed without any change or modification. But, if some-members feel that the motion in the form proposed needs some change or modification, they may move an amendment. A motion when passed, with or without amendment, is called a resolution.

A motion should always be in writing and before it is brought before the meeting, the necessary notice, if any required, must be given. A person proposing a motion is called the mover and the motion should be signed by him.

Formal motion: A formal motion' is a motion relating to the procedure at a meeting and is moved for the purpose of interrupting or delaying or speeding up the discussion on a motion. Formal motions are also known as procedural or 'dilatatory' motions. A 'formal motion' takes precedence over all other motions. A 'formal motion' need not be in writing, nor does it require any previous notice.

6. MINUTES OF THE MEETING [SECTION 118]

The term 'minutes' mean the official record of the meetings of a company. These are a summary of the business transacted, decisions and the resolutions arrived at the meeting.

Minutes are like a precis, not a narrative: Obligation to maintain minutes.

1. Every company is required to keep minutes of the proceedings of:

- (a) every general meeting;
- (b) every meeting of Board of directors; and
- (c) every meeting of committee of the Board of directors.
- (d) every resolution passed by postal ballot.

For this purpose, every company is required to make entries of the proceedings of its meetings in books kept for that purpose within 30 days of the conclusion thereof. The pages of every minute book must be consecutively numbered.

2. **Signing of minutes:** Each page of every minute a proceeding shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed.

Signing by Whom

- In the case of minutes, the proceedings of a meeting of the Board or of a committee thereof, by the chairman of the said meeting or the chairman of the next succeeding meeting.
- In the case of minutes of proceedings of a general meeting, by the chairman of the same meeting or in the event of the death or inability of the chairman by a director duly authorised by the Board for the purpose.

3. **Minutes not to be attached by pasting or otherwise:** Minutes of the proceedings of a meeting shall not be attached to any such book by pasting or otherwise. It means that the minutes have to be written by hand.

Loose leaf minutes.: A company may keep its minutes of meetings in loose leaf binders provided the following conditions are satisfied.

- The pages containing minutes are duly typed and serially numbered.
- Each page is initialled or signed and the last page is dated and signed by the chairman.
- The loose leaves are bound at a reasonable interval not exceeding 6 months.
- The loose leaves are kept in safe custody under lock and key.
- Contents of minutes. The minutes of each meeting shall:
 - contain a fair and correct summary of the proceedings thereat, and
 - include all appointments of officers made thereat.

REGISTERING RESOLUTION

Registering resolutions typically involves documenting and recording decisions or actions taken by a group or organization for future reference or compliance purposes. Here's a general overview of how this process might work:

1. **Prepare the Resolution:** Start by drafting the resolution. This document should clearly state the decision or action to be taken, provide context or reasons for the decision, and include any relevant details.
2. **Review and Approval:** The resolution is typically reviewed and approved by the appropriate body, such as a board of directors, shareholders, or a committee, depending on the organization's structure.
3. **Meeting Minutes:** During the meeting where the resolution is discussed and approved, detailed meeting minutes should be taken. These minutes should include the resolution's text, who proposed it, who seconded it, any discussion points, and the final vote tally.
4. **Recording:** Once approved, the resolution and the meeting minutes are recorded and stored in an official record book or database. This can be in physical or electronic form, depending on the organization's preferences and regulations.
5. **Notifying Stakeholders:** Relevant stakeholders may need to be informed of the resolution, especially if it affects them directly. This could include employees, shareholders, or other parties.
6. **Compliance:** Ensure that the resolution is implemented as intended and that any necessary actions are taken in accordance with it.
7. **Future Reference:** The recorded resolution and minutes serve as a historical record that can be referred to in the future. They can be useful for compliance audits, legal purposes, or to track the progress of decisions over time.

It's important to note that the specific process and requirements for registering resolutions can vary significantly depending on the type of organization (e.g., corporation, nonprofit, government entity) and local regulations. Therefore, it's advisable to consult legal counsel or follow any specific procedures outlined in your organization's bylaws or governing documents.

ROLE OF COMPANY SECRETARY IN CONVENING THE MEETINGS

The role of a company secretary in convening meetings typically includes:

1. **Notice Preparation:** Drafting and issuing notices for meetings, ensuring they comply with legal requirements and contain all necessary information.
2. **Agenda Setting:** Collaborating with the management to create the meeting agenda, which outlines topics to be discussed during the meeting.
3. **Venue and Logistics:** Arranging the meeting venue, ensuring it's accessible, and managing logistical details such as seating, equipment, and refreshments.
4. **Record Keeping:** Maintaining records of past meetings, including minutes, resolutions, and attendance registers, as these are essential for legal and regulatory compliance.
5. **Legal Compliance:** Ensuring that meetings adhere to legal and regulatory requirements, including notifying relevant authorities when necessary.
6. **Communication:** Circulating meeting documents, agendas, and minutes to attendees in a timely manner and responding to any queries related to the meeting.
7. **Follow-up Actions:** Tracking action items and resolutions from previous meetings to ensure they are implemented.
8. **Proxy Management:** Handling proxy appointments and votes on behalf of shareholders who cannot attend the meeting in person.
9. **Advisory Role:** Providing guidance to the board and management on corporate governance practices and compliance issues related to meetings.
10. **Minutes Taking:** Recording accurate minutes of the meeting discussions, decisions, and resolutions, which serve as an official record.

In summary, the company secretary plays a crucial role in ensuring that meetings are conducted smoothly, efficiently, and in compliance with legal and regulatory requirements, contributing to effective corporate governance.

Assignment Questions

2 Marks

- 1. Types of Corporate Meetings (Meaning of Any type of Corporate Meeting can be asked for 2 marks)**
- 2. Resolution (Meaning of Any type of Resolution can be asked)**
- 3. Requisites of a valid meeting. (Meaning of Any of the contents can be asked)**

6 Marks

- 1. Briefly explain the Role of Company Secretary in Convening the Meetings.**
- 2. Write a note on Registering Resolution.**
- 3. Briefly explain the Importance of Corporate Meetings.**
- 4. Explain various Distinctions of Corporate Meetings.**

12 Marks

- 1. Explain in detail about the Requisites of a valid meeting. (Note: Any of the contents in this can be asked individually for 6 Marks also)**
- 2. Explain about the various types of Corporate Meetings.**
- 3. Give the meaning of Resolution and explain its types.**