

SECRETARIAL STANDARD-1

MEETING ON
BOARD OF
DIRECTORS.

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INTRODUCTION

This Standard prescribes a set of principles for convening and conducting meetings of the Board of Directors and matters related thereto.

SCOPE

Applicability

- All Companies incorporated under the Companies Act, 2013
- Committee Meetings

Non-Applicability

- Section 8 Company (NPO)
- One Person Company (OPC)

Note: Sec 8 need to comply with the applicable provisions of the Act w.r.t Board Meetings

AUTHORITY FOR CONVEYING A MEETING

Any Director of a company may, at any time, summon a Meeting of the Board, and the Company Secretary or where there is no Company Secretary, any person authorised by the Board in this behalf, on the requisition of a Director, shall convene a Meeting of the Board, in consultation with the Chairman or in his absence, the Managing Director or in his absence, the Whole-time Director, where there is any, unless otherwise provided in the Articles.



Day ,Time & Venue of Meeting

Notice of the Meeting shall clearly mention a venue, whether registered office or otherwise, to be the venue of the Meeting and all the recordings of the proceedings of the Meeting, if conducted through Electronic Mode, shall be deemed to be made at such place.

E-mode Exceptions

The following items shall not be conducted through e-mode:

- 1) Board Report
- 2) Approval of Annual Financial Statements
- 3) Prospectus
- 4) Matters w.r.t Mergers, Amalgamations, Takeovers, Demergers etc.

NOTICE OF BOARD MEETING

- 1) Notice shall be given atleast 7 days prior to the Board Meeting, unless AOA prescribes a longer period.
- 2) It shall be issued by the Company Secretary, if there is no Company Secretary, then any Director can be authorized for doing so.
- 3) Notice shall contain the following points:
 - Serial No, Day, Date
 - Venue and Address
 - E-mode Availability
 - Contact details and e-mail address of Chairman and Company Secretary.
- 4) It shall be given to every Director via hand, speed post, registered post, fascimile, e-mail or other e-mode.
- 5) Notice of Meets shall be given even if the dates are pre-determined or at pre-determined intervals.
- 6) If notice is sent via Speed Post of registered post, additional 2 days shall be added to service of notice.

Example for Serving the Notice of the Board Meeting

The BM is to be held on 14th
May, 2021

If the notice is sent through usual
modes then the notice shall be
sent on or before 07th May, 2021
i.e Min 7 days before.

But if it is delivered through
Speed Post or Registered Post
then it shall be sent on 05th
May,2021 i.e extra 2 days shall be
added.

FREQUENCY OF BOARD MEETINGS

1) Atleast 4 meetings shall be held in a Calender Year and the maximum gap of 120 days shall intervene between 2 Consecutive Meets.

2) However incase of a newly incorporated Company, a Board Meeting shall be held within 30 days from the incorporation of the meeting.

3) The above provision shall not be applicable to an One Person Company (OPC) , Dormant Company and a Small Company as they can hold a Meeting in each half of the Calender Year , also the gap between 2 Consecutive Meetings shall not exceed 90 days.

NOTE: Incase of an adjourned meet, which is the continuauion of the original meeting, the interval of 120 days/90 days shall be counted from the original meeting.

QUORUM

Quorum shall be $1/3^{\text{rd}}$ of the total strength or minimum 2 Directors, whichever is higher.
(Fraction over and above 0.333 shall be rounded off to the nearest one)

If AOA prescribes a higher quorum, the same shall be taken into consideration.

If the meeting could not be held for the want of quorum then unless otherwise provided in the AOA, the meeting shall be adjourned to the same day in the next week at the same place and time, if that is a national day then the next succeeding day.

If the Adjourned Meeting is not quorate, then the meeting shall stand CANCELLED.

If the number of Directors falls below the prescribed limit as specified by AOA, then the same shall be filled up by 1st holding an AGM

Note: Total Strength excludes the Director whose office is vacant.

- If the interested Director is equal or more than $2/3^{\text{rd}}$ of total directors, then the non interested directors shall be the quorum provided there are not less than 2 Directors.



Attendance Register

- Every company shall maintain attendance register for the meetings of the Board and Meetings of the Committee which shall be preserved for 8 Financial Years atleast.
- Pages shall be serially numbered, and it shall be binded periodically atleast once in 3 years if in loose leaf form.
- It shall contain the following:
 - Name of Meeting
 - Serial No, Date
 - Name of Directors
 - Signature and mode of attendance
 - Name of Company Secretary attending the Board Meeting
- For directors participating through e-mode, the chairman shall take the roll call and request the director to state his full name, the location from where he is participating.
- Register can be inspected by any director during this directorship and also when he ceases to be the director and shall be kept at the Registered Office of the Company. However a member is not allowed to inspect the register.

CHAIRMAN

- Chairman of the company shall be the Chairman of the company, if the company does not have a chairman the directors shall elect one amongst themselves.
- It is the duty of the Chairman to see whether the meeting is held in accordance with the applicable laws, rules, regulations etc.
- If the Chairman is interested in any business item, he shall entrust the conduct of proceedings of the meeting to the non-interested directors and shall resume the chair after the business has been transacted.
- If he is a Related Party, he shall leave the the Board Room and is not entitled to vote.
- Chairman shall ensure that the quorum is present throughout the meeting and on the end of the discussion of agenda items shall announce the summary and decisions taken
- The Chairman possesses a second or casting vote i.e incase if there is an equality between votes in favour and against, the chairman can cast his second vote in order to conclude the decision of a matter.

PASSING RESOLUTION BY CIRCULATION.

- The Act requires certain business to be approved only at Meetings of the Board.
- However, other business that requires urgent decisions can be approved by means of Resolutions passed by circulation.
- Resolutions passed by circulation are deemed to be passed at a duly convened Meeting of the Board and have equal authority.
- Where not less than one-third of the total number of Directors for the time being require the Resolution under circulation to be decided at a Meeting, the Chairman shall put the Resolution for consideration at a Meeting of the Board.

Note: Interested Director shall be included for determining $1/3^{\text{rd}}$ of the total directors.

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Each Resolution shall be separately explained.

The decision of the Directors shall be sought for each Resolution separately.

Not more than seven days from the date of circulation of the draft of the Resolution shall be given to the Directors to respond and the last date shall be computed accordingly.

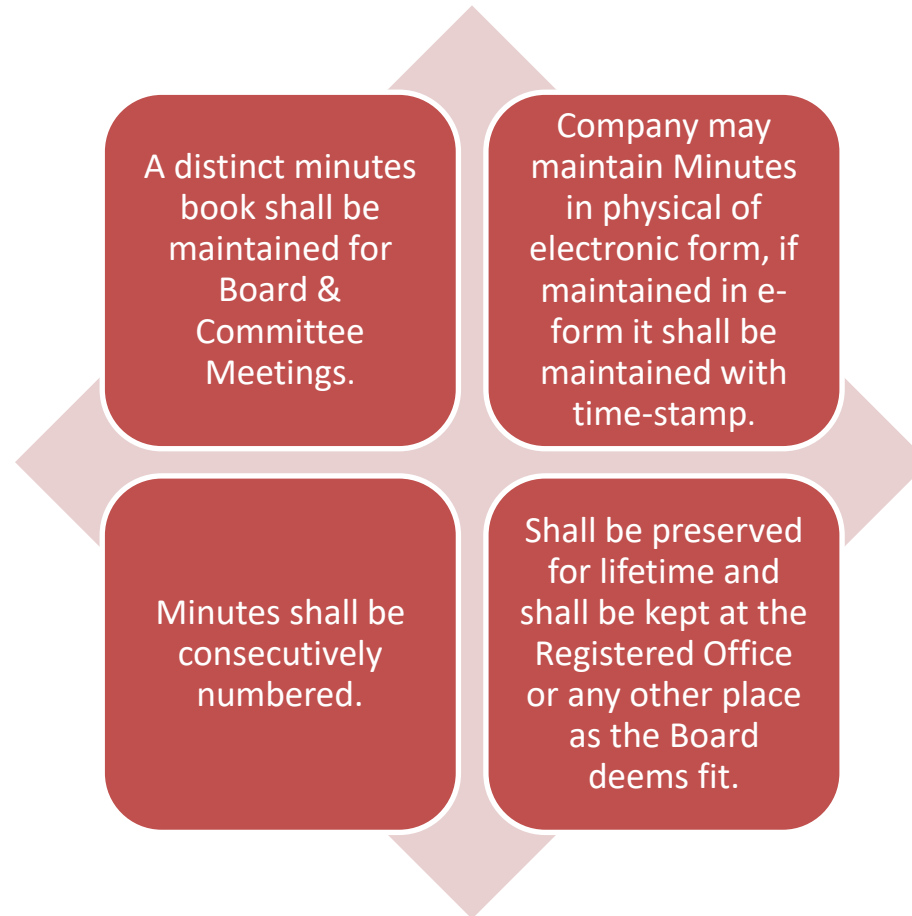
An additional two days shall be added for the service of the draft. Resolution, incase the same has been sent by the company by speed post or by registered post or by courier.

Directors shall signify their assent or dissent by signing the Resolution to be passed by circulation or by e-mail or any other electronic means.

In case the Director does not respond on or before the last date specified for

signifying assent or dissent, it shall be presumed that the Director has abstained from voting.

MAINTENANCE OF MINUTES



Content of the Minutes

- Name of Director and mode of attendance
- Name of CS and invitees
- Presence of Quorum
- Election of Chairman
- Directors who have sought leave of Absence
- Noting of previous Board and Committee Meetings
- Resolutions passed by circulation; the assent and dissents
- Ratification by Independent Director or Majority of Directors
- The fact that the interested Director did not participate in the Meeting
- Time and commencement of the Board Meeting

Apart from the Resolution or the decision, Minutes shall mention the brief background of all proposals and summarise the deliberations thereof. In case of major decisions, the rationale thereof shall also be mentioned

Some important points about Minutes

The Company Secretary or any person authorized shall record the proceedings of the Meeting and the Chairman shall ensure that the minutes are recorded in fair and proper manner.

The Minutes shall be clear, precise and in plain language, shall in the past tense and in 3rd person.

It shall be noted that any decision of the BOD is based on unsinged documents, reports, notes or presentation which were not a part of the Agenda or Notes to agenda and are included in the Minutes shall be initialized by the CS or the Chairman.

If any resolution or decision is superseded or modified , the same shall be stated in the Minutes accordingly.

Minutes of the previous meeting shall also be noted inter-alia with the date of entry of such Minutes in the Minute Book.


FINALIZATION OF MINUTES

- Within 15 days from date of conclusion of Board Meeting or Committee Meeting, the draft minutes shall be circulated to all the directors viz Hand Delivery, Speed Post, Registered Post, courier, e-mail etc for their respective comments.
- If a Director specifies a particular mode by which the draft minutes shall be sent, the person concerned shall do so accordingly.
- The Directors whether present at the meeting or no, shall give their comments within 7 days from date of circulation , so the minutes can be finalized within the specified period.
- If the Director does not give his response, it shall be taken as approved.
- A Director, who ceases to be a Director after a Meeting of the Board is entitled to receive the draft Minutes of that particular Meeting and to offer comments thereon, irrespective of whether he attended such Meeting or not.
- Minutes must be entered in the Minute book within a period of 30 days from the conclusion of the Meeting.
- If a Meeting is adjourned, the minutes of the original as well as the adjourned meeting shall be entered in the book within 30 days from the respective meetings.



ENTRY IN MINUTES BOOK

SIGNING & DATING OF MINUTES

- The Entry in the Minutes book shall be recorded by a Company Secretary or any person authorized.
 - Any alteration in the Minutes as entered shall be made only by way of express approval of the Board at its subsequent Meeting at which the Minutes are noted by the Board and the fact of such alteration shall be recorded in the Minutes of such subsequent Meeting.
 - Minutes of the previous Meeting may be signed either by the Chairman of such Meeting at any time before the next Meeting is held or by the Chairman of the next Meeting at the next Meeting.
 - Any blank space in a page between the conclusion of the Minutes and signature of the Chairman shall be scored out.
 - If the Minutes are maintained in electronic form, the Chairman shall sign the Minutes digitally.
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Minutes, once signed by the Chairman, shall not be altered, save as mentioned in this Standard.

Within fifteen days of signing of the Minutes, a copy of the said signed Minutes, certified by the Company Secretary or where there is no Company Secretary by any Director authorised by the Board, shall be circulated to all the Directors, as on the date of the Meeting and appointed thereafter, except


to those Directors who have waived their right to receive the same either in writing or such waiver is recorded in the Minutes.

INSPECTION & EXTRACTION OF MINUTES

A Director is entitled to inspect the Minutes of a Meeting held before the period of his Directorship.




A PCS, Secretarial Auditor, Cost Auditor, Statutory Auditor and Internal Auditor can inspect the Minutes as he may consider necessary for the performance of their duties.



The Company Secretary shall ensure that the Minutes Book is not mutilated or tampered in any way.



Extracts of the Minutes shall be given only after the Minutes have been duly entered in the Minutes Book. However, certified copies of any Resolution passed at a Meeting may be issued even earlier, if the text of that Resolution had been placed at the Meeting.



DISCLOSURE

- The Report of the Board of Directors shall include a statement on compliances of applicable Secretarial Standards.

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