

# COMPANY LAW

UNIT 4 : Management and Meetings

TOPIC- BOARD MEETINGS

# BOARD MEETINGS

- Directors can only exercise their powers collectively at Board meetings.
- First meeting of Board of Directors must be held within 30 days of incorporation
- Atleast 4 Board Meetings must be held every year
- ✓ Time gap between two Board Meetings cannot exceed 120 days,
- Incase of OPC, small company and dormant company, atleast one board meeting should be held in each half of calendar year and gap between the two meetings must be atleast 90 days. Further, this requirement is not applicable if there is just one director in an OPC.

## Requisites of a valid BOARD MEETING

- ✓ Properly **Convened** i.e. Proper convening authority and Proper notice
- ✓ Properly **Constituted** i.e. Proper chairman and Proper quorum
- ✓ Properly **Conducted** i.e. Proper participation and Proper resolutions

# PROPER CONVENING AUTHORITY

- Power to convene Board meetings normally vests in the Chairman of the board.
- The Board meeting may be called at any time on the requisition of a director.

# PROPER NOTICE

- Notice must be in writing
- Notice must be sent to every director at his registered address
- Notice may be sent by hand delivery/ post/ electronic mail( but not by courier)
- Atleast 7days notice of Board Meeting is required
- Board meeting may be called by a shorter notice to transact urgent business, provided atleast one Independent director, if any, is present in such meeting . If none of the Independent directors is present then, decisions taken in the meeting shall be circulated to all the directors and will be regarded final only when ratified by atleast one Independent Director, if any.

# PROPER CHAIRPERSON

- Usually the Chairman of the Board chairs the board meetings

## PROPER QUORUM

- For Board meetings **quorum is 1/3 of total strength of directors**( any fraction to be rounded off as one and vacancies are not counted while determining total strength )or **2 directors, whichever is higher**
- Directors who are **participating in person / through video conferencing/** any audio visual means **shall be counted** for quorum
- Directors who are **interested in the resolutions to be passed** in the board meeting shall **not be counted** in the quorum. If at any time , the number of interested directors equals or exceeds  $2/3^{\text{rd}}$  of total strength of directors, then the remaining directors who are not interested will be the quorum for that item , provided their number is not less than two.
- Quorum must be **present throughout** the meeting
- If meeting could not be held for want of quorum, then it stands **adjourned till same place, same day, same time next week**. Incase that day happens to be a National Holiday then the next succeeding day which is not a National holiday..

# PROPER PARTICIPATION

- Participation of directors in the board meeting could be in **person or through video** conferencing or other audio visual means.
- In board meetings , voting normally takes place by **show of hands**. There is no provision of polls or proxies in board meetings
- **Each director has one vote** for each resolution put to vote at the meeting. Only Chairman has a second or casting vote which he uses in the case of a tie.

# PROPER RESOLUTIONS

- All resolutions at board meetings are passed by **simple majority**
- However, on certain issues, **unanimous consent of all the directors** is required eg.-
  - ✓ For making inter-corporate loans and investments
  - ✓ For appointing a person as MD who is already a Managing Director of another co.
- Normally resolutions are moved and passed at the board meeting but a Board can also have a **Resolution passed by circulation( Sec.175)**. Here the proposed / draft resolution together with necessary papers is circulated among all the directors and if it is approved by majority of them, it is deemed as passed . Such a resolution is required to be noted at a subsequent meeting of the board and made part of minutes of such meeting.

## Board Meeting Through Video Conferencing Or Other Audio Visual Means (VIRTUAL BOARD MEETINGS)

Company is required to take the following necessary steps **before** the meeting-

- Ensure availability of proper video/audio visual equipments for effective participation of directors
- Make necessary arrangements to avoid failure of video/audio-visual connection
- Establish sufficient security & identification procedures to safeguard the integrity of the meeting
- Keep proper arrangements for recording the proceedings, marking the tape recordings, storing them properly and preparing the minutes of the meeting
- Ensure that no person other than the concerned director are attending the meeting
- Ensure that all participants are able to see and hear the other participants during the meeting
- Send notice of meeting to inform the directors about option available to them to participate through video-conferencing who shall then intimate their intentions well in advance so that suitable arrangements can be made. In the absence of any intimation it shall be assumed that the director shall attend the meeting in person.

# Board Meeting Through Video Conferencing Or Other Audio Visual Means (VIRTUAL BOARD MEETINGS)

## Steps to be taken **during** the meeting-

- Chairman shall take roll call at the commencement of the meeting where the director participating through video conferencing shall state for record- his name, location, assurance that no one other than him is attending etc.
- Chairman shall confirm that quorum is present and ensure its presence throughout the meeting
- Every participant shall identify himself for record before speaking on any item of agenda
- In case there is any interruption/ disturbance in the communication , the participants shall be requested to repeat their statement
- If any motion is put to vote, the chairperson shall call the roll and note down the vote of each director, who shall identify himself while casting his vote.
- No person (other than chairperson, directors, company secretary and any authorized person) shall be allowed access to the place where any director is participating either physically or through videoconferencing
- At the end of discussion on each agenda item, the chairperson shall announce the summary of the decision taken along with names of directors who dissented from such decision.
- Where any register is required to be signed by the directors, the same shall be deemed to have been signed by the directors participating through VC if , they have given their consent to this effect and it is so recorded in the minutes.

# Virtual Board Meeting Board Meetings through(VC) Or Other Audio Visual Means

## Steps to be taken **after** the meeting-

- The draft minutes of the meeting shall be circulated among all the directors within 15 days of meeting either in writing or in electronic mode.
- Every director who attended the meeting whether personally or through VC ,shall confirm/comment in writing, about the accuracy of the draft minutes within 7 days or else his approval shall be presumed
- The minutes shall disclose the particulars of those who attended meeting by VC
- The minutes shall be entered in the minutes book and signed by the Chairman.

## **Matters not to be dealt with in a meeting through video conferencing**

- 1. The approval of the annual financial statements**
- 2. The approval of Boards report**
- 3. The approval of prospectus**
- 4. The Audit Committee meetings for consideration of accounts**
- 5. The approval of matter relating to amalgamation, merger, demerger, acquisition, takeover.**