

# GN-1

## GUIDANCE NOTE

ON

### MEETINGS OF THE BOARD OF DIRECTORS

(Based on Revised SS-1 effective from October 1<sup>st</sup>, 2017)

*Amended upto 31<sup>st</sup> December, 2020*



**THE INSTITUTE OF  
Company Secretaries of India**

**भारतीय कम्पनी सचिव संस्थान**

**IN PURSUIT OF PROFESSIONAL EXCELLENCE**

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

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JANUARY 2021

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## PREFACE TO 2<sup>nd</sup> REVISED EDITION

The Secretarial Standard on Meetings of the Board of Directors (SS-1) issued by the Institute of Company Secretaries of India (ICSI) under Section 118(10) of the Companies Act, 2013 has been effective since 1<sup>st</sup> July, 2015.

Later on the SS-1 was revised by the ICSI, approved by the Central Government and made applicable w.e.f. 1<sup>st</sup> October, 2017. The further revised version of SS-1 is under consideration of Ministry of Corporate Affairs (MCA) and the same will be issued after the approval of the Central Government.

To facilitate compliance of SS-1, the ICSI had issued a Guidance Note on SS-1 i.e. Meetings of the Board of Directors. It is specified in SS-1 that if due to subsequent changes in the Act, a particular standard or any part thereof becomes inconsistent with the Act, the provisions of the Act shall prevail.

To align the Guidance Note with the legal amendments brought in by the Companies (Amendment) Act, 2017 and to specify the relaxations given by MCA due to COVID-19, the same has been revised by the ICSI on the basis of the relevant provisions of the Act and the rules, circulars, clarifications etc. issued by the MCA until 31<sup>st</sup> December, 2020.

This Guidance Note elucidates the basis for setting the particular Standard, explains the procedural & practical aspects thereof and gives illustrative examples. The responses to various issues/queries raised by the stakeholders have also been integrated.

I place on record my sincere thanks to CS Satwinder Singh-Chairman, CS S. Sudhakar-Vice Chairman and all the Members of Secretarial Standards Board (SSB) in finalisation of this revised **Guidance Note on Meetings of the Board of Directors**.

I commend the dedicated efforts put in by CS Rakesh Kumar, Assistant Director in preparing this revised Guidance Note on Meetings of the Board of Directors, under the guidance of CS Banu Dandona, Joint Director and stewardship of CS Asish Mohan, Secretary-ICSI.

I am confident that this Guidance Note will be of practical value to all stakeholders in ensuring the compliance and implementation of SS-1 in true letter and spirit.

Improvement is a continuous process and equally applicable to this Guidance Note. I would personally be grateful to the readers to offer their suggestions/ comments for further refinement of this publication.

Place: Udaipur

**CS Ashish Garg**

Date: 15.01.2021

*President, ICSI*

**MEMBERS OF THE  
SECRETARIAL STANDARDS BOARD (2020)**

| <b>Sl. No.</b> | <b>Name</b>                     | <b>Designation</b> |
|----------------|---------------------------------|--------------------|
| 1              | Satwinder Singh                 | Chairman           |
| 2              | S. Sudhakar                     | Vice-Chairman      |
| 3              | Awanish Kumar Dwivedi           | Member             |
| 4              | B. Renganathan                  | Member             |
| 5              | D. C. Jain                      | Member             |
| 6              | Deepak Kumar Khaitan            | Member             |
| 7              | Dhananjay Shukla                | Member             |
| 8              | Dwarakanath C.                  | Member             |
| 9              | Makarand Joshi                  | Member             |
| 10             | Morur Elayappan Vadivel Selvamm | Member             |
| 11             | Narayan Shankar                 | Member             |
| 12             | Praveen Soni                    | Member             |
| 13             | Rajveer Singh                   | Member             |
| 14             | R. Kalidas                      | Member             |
| 15             | R. S. Bhatia                    | Member             |
| 16             | Sanjeev Grover                  | Member             |
| 17             | S. C. Sharada (Ms.)             | Member             |
| 18             | S. C. Vasudeva                  | Member             |
| 19             | S. K. Aggarwal                  | Member             |
| 20             | T. Venkat Ramana                | Member             |
| 21             | Ashok Kumar Yadav               | Member-RBI         |
| 22             | Makarand Lele                   | Member-ICAI (CMA)  |
| 23             | Pankaj Tewari                   | Member-CII         |
| 24             | Pradeep Ramakrishnan            | Member-SEBI        |
| 25             | Prajakta Powle (Ms.)            | Member-BSE         |
| 26             | Pramod Kumar Rai                | Member-FICCI       |
| 27             | S. Madhavan (deceased)          | Member-NSE         |
| 28             | Vijay Kumar Jhalani             | Member-ICAI        |

## **PREFACE TO REVISED EDITION**

Section 118 (10) of the Companies Act, 2013 requires every company to observe Secretarial Standards with respect to General and Board Meetings specified by the Institute of Company Secretaries of India (ICSI) and approved as such by the Central Government. The Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) under Section 118(10) of the Companies Act, 2013 are effective w.e.f. 1<sup>st</sup> July, 2015.

Since then the SS-1 and SS-2 have been revised by the ICSI and approved by the Central Government under Section 118(10) of the Companies Act, 2013, which are applicable w.e.f. 1<sup>st</sup> October, 2017.

To facilitate the compliance and smooth implementation of revised Secretarial Standard on Meetings of the Board of Directors (SS-1), this revised Guidance Note elucidate the basis for setting the particular Standard, explain the procedural & practical aspects thereof and gives illustrative examples. This Guidance Notes also integrate the responses to various issues/queries raised by the stakeholders. In this Guidance Note, the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in special (three layers) boxes at the respective places. These do not form part of the Secretarial Standard and included herein for the purpose of Guidance only.

I place on record my sincere thanks to CS Pavan Kumar Vijay, Chairman and all the Members of Secretarial Standards Board during the year 2017-18 (list enclosed) in finalisation of this revised Guidance Note on Meetings of the Board of Directors.

I commend the dedicated efforts put in by CS Anamika Chaudhary, Deputy Director and CS Rakesh Kumar, Executive (Academics) in preparing this revised Guidance Note on Meetings of the Board of Directors, under the leadership of CS Banu Dandona, Joint Director and overall guidance of CS Dinesh Chandra Arora, Secretary, ICSI.

I am confident that this Guidance Note will be of practical value to all stakeholders in ensuring the compliance and implementation of revised SS-1 in true letter and spirit.

Improvement is a continuous process and equally applicable to this Guidance Note. I would personally be grateful to the readers to offer their suggestions/ comments for further refinement of this publication.

Place: New Delhi

**CS (Dr.) Shyam Agrawal**

Date: 09.10.2017

**President**

The Institute of Company Secretaries of India

## **Secretarial Standards Board (2017-18)**

### **Chairman**

Pavan Kumar Vijay, Past President, ICSI

### **Member(s)**

Anil Kumar Murarka, Past President, ICSI

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S. Sudhakar, Vice President - Corporate Secretarial, Reliance Industries Ltd.

Savithri Parekh (Ms.), Chief Legal & CS, Pidilite Industries Ltd.

Subhash C. Setia, Company Secretary, DLF Limited

Shujath Bin Ali, General Counsel & CS, Parexel International- India

Vineet K. Chaudhary, Council Member-ICSI

### **Representative Members**

|                    |                       |
|--------------------|-----------------------|
| C. S. Govindarajan | Representative of MCA |
|--------------------|-----------------------|

|                  |                       |
|------------------|-----------------------|
| C. D. Srinivasan | Representative of RBI |
|------------------|-----------------------|

|                      |                        |
|----------------------|------------------------|
| Pradeep Ramakrishnan | Representative of SEBI |
|----------------------|------------------------|

|                     |                                                         |
|---------------------|---------------------------------------------------------|
| Girish Joshi        | Representative of BSE                                   |
| S. Madhavan         | Representative of NSE                                   |
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| B. Murli            | Representative of FICCI                                 |
| Ajay Vaidya         | Representative of CII                                   |
| Pawan Kumar Rustagi | Representative of PHD Chamber of<br>Commerce & Industry |
| K. Sripriya (Ms.)   | Representative of ICAI                                  |
| Amit Anand Apte     | Representative of ICAI (CMA)                            |

## **PREFACE**

Secretarial Standards are a codified set of good governance practices which seek to integrate, harmonize and standardise the diverse secretarial practices followed by companies with respect to conduct of Meetings and play indispensable role in enhancing the corporate culture and governance across the organisations. Secretarial Standards help in improved governance and compliance, confidence building in minds of investors which ultimately lead to flow of capital in India and achieving the government's objective of Make in India.

The Secretarial Standard on Meetings of the Board of Directors (SS-1) has been introduced under the legal umbrella of Companies Act, 2013 which is first of its kind in the world. Section 118(10) of the Companies Act, 2013 makes it mandatory for companies to comply with the Secretarial Standards.

It is a recognition and also an onerous responsibility on the profession of Company Secretaries and the ICSI, as the Company Secretaries in employment as well as in practice are entrusted to ensure the compliance with the applicable Secretarial Standards.

To facilitate the compliance of Secretarial Standard on Meetings of the Board of Directors (SS-1) by the Corporates, their Board, Management and Professionals, the Institute has brought out this Guidance Note. It elucidates, wherever necessary, the basis for setting the particular Standard, explains its ingredients and gives illustrative examples. This Guidance Note also addresses the various issues/queries/concerns raised by the stakeholders after the issuance of Secretarial Standards.

I place on record my sincere thanks to CS Pavan K. Vijay, Chairman and all the Members of the Secretarial Standards Board (SSB) during the year 2015-16 (list enclosed) for their tireless efforts in preparation and finalisation of this Guidance Note on Meetings of the Board of Directors.

I also place on record my sincere gratitude to CS N J N Vazifdar, CS Ashok Chhabra and CS S V Subramanian, former Chairmen of SSB and all members of SSB till date for their efforts in preparation of Secretarial Standards. My sincere thanks also to Members of SSB during the year 2014-15 (list enclosed) when

the Guidance Note on Meetings of Board of Directors was conceptualised and preliminary draft of Guidance Note was prepared.

I commend the dedicated efforts put in by Secretariat of SSB under the leadership of CS Alka Kapoor, Joint Secretary and under the overall guidance of CS Sutanu Sinha, Chief Executive & Officiating Secretary.

I urge upon the Corporates and my professional colleagues to follow the practices as enunciated in the Secretarial Standard on Meetings of the Board of Directors in the light of this Guidance Note issued by the ICSI so as to promulgate good Corporate Governance.

Improvement is a continuous process and therefore, suggestions of the readers to improve this publication are most welcome.

Place: New Delhi

**CS Atul H Mehta**

Date: 17.12.2015

*President, ICSI*

## **Secretarial Standards Board (2015-2016)**

### **Chairman**

Pavan K. Vijay, Past President, ICSI

### **Member(s)**

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Ahalada Rao V, Council Member, ICSI

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Geetika Anand (Ms.), CS & Compliance Officer, Pantaloons Fashion & Retail Ltd.

Lalit Jain, former Senior Vice-President & Company Secretary, Jubilant Life Sciences Ltd. and Practising Company Secretary, Delhi

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Sanjay Grover, Practising Company Secretary, Delhi

Savithri Parekh (Ms.), Chief Legal & CS, Pidilite Industries Ltd.

S C Vasudeva, Practising Chartered Accountant, Delhi

S H Rajadhyaksha, Consultant, Tata Capital Financial Services Ltd.

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Subhash C Setia, Company Secretary, DLF Limited

Subhasis Mitra, Group Company Secretary, CESC Ltd.

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Nominee, BSE

G P Madaan

Nominee, ASSOCHAM

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Nominee, ICAI

Puneet Duggal

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Nominee, CII

V. R. Narasimhan (Dr.)

Nominee, NSE

## **Secretarial Standards Board (2014-2015)**

### **Chairman**

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Narayan Shankar, Company Secretary, Mahindra & Mahindra Limited

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Savithri Parekh (Ms.), Chief Legal & CS, Pidilite Industries Ltd.

S C Vasudeva, Practising Chartered Accountant, Delhi

S H Rajadhyaksha, Consultant, Tata Capital Financial Services Ltd.

Subhasis Mitra, Group Company Secretary, CESC Ltd.

Suresh Krishnan, Vice-President (Internal Audit) & CS, Chola mandalam MS General Insurance Co. Ltd.

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Nominee, SEBI

G P Madaan

Nominee, ASSOCHAM

Mukesh Singh Kushwah

Nominee, ICAI

Rajendra Chopra

Nominee, FICCI

Rajendra Singhi

Nominee, CII

V. R. Narasimhan (Dr.)

Nominee, NSE

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# **GUIDANCE NOTE ON MEETINGS OF THE BOARD OF DIRECTORS**

The “Secretarial Standard on Meetings of the Board of Directors” (**SS-1**), formulated by the Secretarial Standards Board (SSB) of the Institute of Company Secretaries of India (ICSI) and issued by the Council of the ICSI, has been approved by the Central Government. Adherence to SS-1 is mandatory in terms of sub-section (10) of Section 118 of the Companies Act, 2013 (Act). The first version of SS-1 was applicable to Meetings of the Board of Directors and its Committees, in respect of which Notices were issued between 1<sup>st</sup> July, 2015 to 30<sup>th</sup> September, 2017.

The revised version of SS-1 applies to Meetings of the Board of Directors and its Committees, in respect of which Notices are issued on or after 1<sup>st</sup> October, 2017.

SS-1 prescribes a set of principles for convening and conducting Meetings of the Board of Directors and matters related thereto.

This Guidance Note sets out the explanations, procedures and practical aspects in respect of the provisions contained in revised SS-1 (effective from 1<sup>st</sup> October, 2017) to facilitate compliance thereof by the stakeholders.

## **BACKGROUND**

The Act empowers the Board to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do, except those powers which can only be exercised or done by the company in a General Meeting. The powers of the Board are however, subject to the provisions contained in the Act, other statutes, as well as the Memorandum and Articles of Association of the company or any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in General Meeting (Section 179 of the Act).

All the powers vested in Directors are exercisable by them collectively, acting together, unless such powers have been delegated to one or more Directors by the Board. The Board may also delegate any of the powers exercisable by it to a Committee of Directors. The Articles of Association of the company or members

of the company in a General Meeting may also authorise any of the Directors or a Committee of Directors to exercise such powers as may be authorised by means of a resolution passed at a General Meeting.

### ***Powers to be exercised at Board Meetings***

The Board of Directors of a company shall exercise certain powers on behalf of the company only by means of Resolutions passed at a Meeting of the Board and not by a Resolution passed by circulation. A list of powers of the Board to be exercised at the Board Meeting is given in **Annexure IA**.

### ***Powers to be exercised by unanimous consent***

Certain powers of the Board shall be exercised by Resolutions passed at Meetings, with the consent of all the Directors present at the Meeting. A list of powers of the Board to be exercised by Unanimous Consent is given in **Annexure IC**.

### ***Powers to be exercised subject to passing of Special Resolution***

Certain powers of the Board are exercisable by the Directors only with the consent of the company by way of a Special Resolution passed at a General Meeting or through Postal Ballot. A list of powers to be exercised subject to passing of Special Resolution is given in **Annexure ID**.

### ***Powers to be exercised subject to other approvals***

There are several powers in the realm of day-to-day management of the company which the Board should exercise subject to the approval at the General Meeting or by the Central Government or by the National Company Law Tribunal (NCLT) or subject to the requirements of other Statutory Authorities and/or Regulators. An illustrative list of such powers is given in **Annexure IE**.

### ***Delegation of Powers***

The Board may, by a Resolution passed at a Meeting, delegate certain powers to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the company or in the case of a branch office of the company, the principal officer of the branch office, on such conditions as it may specify. [First Proviso to sub-section (3) of Section 179 of the Act]

A list of such powers is given in **Annexure IF**.

Subject to the provisions of the Articles of the company, the Board may delegate any of its powers to Committees with or without such restrictions and limits as may be imposed. For example, a company may incorporate a Regulation in its Articles which reads as follows:

“The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit. Any Committee so formed should, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board”.

However, the Committee cannot further delegate any of its powers to a sub-committee or to a member of the Committee, unless authorised to do so.

In addition, powers may also be delegated by the Board to one or more Director(s) or to employees of the company or to others not in the employment of the company (such as employees of the holding or subsidiary or group/ associate companies etc.).

The authority to delegate any power to a Committee or any other person shall not be in contravention of any of the provisions of the Act and of the Memorandum or Articles of Association of the company or the requirements of any regulatory body. The scope of the authority given may be limited by the Board and conditions may also be attached thereto.

## **INTRODUCTION**

The fundamental principles with respect to Board Meetings are laid down in the Act. SS-1 facilitates compliance with these principles by endeavouring to provide further clarity where there is ambiguity and establishing benchmark standards to harmonise prevalent diverse practices. For the benefit of companies, SS-1 provides necessary flexibility in many cases viz. with respect to calling Meeting at shorter Notice, transacting any other business not contained in the agenda and passing of Resolutions by circulation. Complying with SS-1 ensures a reliable Board process which protects the interests of the company and its stakeholders. Incidentally, it has been observed that the quantum and propensity for litigations or risk thereof is directly proportional to the degree of non-adherence to proper procedures and the non-availability of proper records, especially in the case of small and private companies. The objective of SS-1 is to address such issues.

SS-1 requires Company Secretary(ies) to oversee the vital process of recording and facilitating implementation of the decisions of the Board. Where there is no Company Secretary in the company or in the absence of the Company Secretary, any Director or other Key Managerial Personnel (KMP) or any other person authorised by the Board for this purpose may discharge such functions as given in SS-1.

SS-1 does not seek to substitute or supplant any existing laws. It strives to supplement such laws for promoting better corporate governance.

Therefore, in addition to SS-1, the requirements laid down under any other applicable laws, rules and regulations need to be complied with. However, in case of variations in any provision of the applicable laws and SS-1, the stricter provisions need to be complied with.

### **APPLICABILITY OF SS-1**

In terms of sub-section (10) of Section 118 of the Act, every company is required to observe SS-1.

SS-1 is thus applicable to the Meetings of the Board of all companies incorporated under the Act, including private and small companies, except One Person Companies (OPC) having only one Director on its Board and such other class or classes of companies which are exempted by the Central Government through Notification.

MCA Notification No. G.S.R. 466(E) dated 5th June, 2015 exempts companies licensed under Section 8 of the Companies Act, 2013 from the applicability of Section 118 of the Act, as a whole except that Minutes of Meetings of such a company may be recorded within thirty days of the conclusion of every Meeting where the Articles of Association provide for confirmation of Minutes by circulation. As such, SS-1 is not applicable to companies licensed under Section 8 of the Companies Act, 2013 or corresponding provisions of any previous enactment thereof. Such companies may voluntarily comply with SS-1.

However, Section 8 companies need to comply with the applicable provisions of the Act relating to Board Meetings.

Further, MCA vide its Notifications No. G.S.R. 584(E) dated 13<sup>th</sup> June, 2017 modified the above cited Notification dated 5<sup>th</sup> June, 2015 to place a restriction that such exemptions shall be applicable to a Section 8 company which has not committed a default in filing its Financial Statements or Annual Return with the Registrar of Companies.

In addition, by virtue of MCA Exemption Notifications No. G.S.R. 08(E) & G.S.R. 9(E), dated 4<sup>th</sup> January, 2017, following class of companies are exempted from the applicability of Section 118(10) of Companies Act, 2013 i.e. the compliance of Secretarial Standards:

- **Specified IFSC public company:** An unlisted public company which is licensed to operate by the Reserve Bank of India or the Securities and Exchange Board of India or the Insurance Regulatory and Development Authority of India from the International Financial Services Centre located in an approved multi services Special Economic Zone set-up under the Special Economic Zones Act, 2005 read with the Special Economic Zones Rules, 2006.

- **Specified IFSC private company:** A private company which is licensed to operate by the Reserve Bank of India or the Securities and Exchange Board of India or the Insurance Regulatory and Development Authority of India from the International Financial Services Centre located in an approved multi services Special Economic Zone set-up under the Special Economic Zones Act, 2005 read with the Special Economic Zones Rules, 2006.

### ***Applicability to companies governed under Special Acts***

SS-1 is also applicable to Banking Companies, Insurance Companies, Companies engaged in generation or supply of electricity, and Companies governed by any Special Acts, if incorporated under the Act. However, if the provisions of these Special Acts such as the Banking Regulation Act, 1949, the Insurance Act, 1938, etc. applicable to these companies are inconsistent with SS-1, then the provisions of such Special Acts shall prevail.

### ***Applicability to Meetings of the Committees***

SS-1 is also applicable to the Meetings of Committee(s) of the Board constituted in compliance with the requirements of the Act. At present, the Act provides for the constitution of following committees of the Board:

- (a) Audit Committee
- (b) Nomination and Remuneration Committee
- (c) Corporate Social Responsibility (CSR) Committee
- (d) Stakeholders Relationship Committee

In case any other committee of the Board is constituted voluntarily or pursuant to any other statute or regulations etc., the company may comply with SS-1 with respect to meetings of such committee(s) as a good governance practice.

### ***Applicability of provisions relating to Independent Directors***

All the provisions in SS-1 relating to Independent Directors are required to be complied with by companies which are not statutorily required to appoint "Independent Directors" but have done so voluntarily.

### ***Effect of subsequent changes in the Act***

SS-1 is in conformity with the provisions of the Act. However, if due to subsequent changes in the Act, a particular Standard or any part thereof becomes inconsistent with the Act, the provisions of the Act shall prevail from the date of change or such date as the change to the Act specifies in this respect. Moreover

if any stipulation contained in SS-1 is derived from any provision of law or rule and if such provision is declared inapplicable to any class of companies, such stipulation shall not apply to such class of companies.

The Ministry of Corporate Affairs (MCA), Government of India, in exercise of its powers conferred by clauses (a) and (b) of sub-section (1) of Section 462 and in pursuance of sub-section (2) of the said Section of the Act has issued Notification Nos. G.S.R. 463(E), G.S.R. 464(E), G.S.R. 465(E), G.S.R. 466(E) dated 5<sup>th</sup> June, 2015 [hereinafter referred to as MCA Notification(s)] directed that certain provisions of the Act shall not apply or shall apply with such exceptions, modifications and adaptations as specified in the MCA Notification(s) to Government companies, Private companies, Nidhis and companies incorporated under Section 8 of the Companies Act, 2013 (corresponding to Section 25 of the Companies Act, 1956), respectively.

Further, MCA vide its Notification(s) dated 13<sup>th</sup> June, 2017 modified the above cited Notification(s) dated 5<sup>th</sup> June, 2015 issued in respect of Government Companies, Private Companies, and Section 8 Companies to place a restriction that such exemptions shall be applicable to those companies which have not committed a default in filing its Financial Statements or Annual Return with the Registrar of Companies.

As stated earlier, by virtue of MCA Exemption Notifications No. G.S.R. 08(E) & G.S.R. 9(E), dated 4<sup>th</sup> January, 2017, Specified IFSC public company and Specified IFSC private company are also exempted from the applicability of Section 118(10) of Companies Act, 2013 i.e. the compliance of Secretarial Standards.

Accordingly, if due to the MCA Notification(s) referred to hereinabove or Notifications that may be issued in future, the provisions of SS-1 or any part thereof become inconsistent with any of the provisions of the Act, such provisions of the Act read with the MCA Notification(s) shall prevail.

## **SCOPE OF THE GUIDANCE NOTE**

This Guidance Note should be read in the context of SS-1.

This Guidance Note elucidates, wherever necessary, the basis for setting a particular Standard, explains the procedural and practical aspects and gives illustrations. It also appropriately integrates the replies to various queries raised by the stakeholders on the particular Standard after the issuance of SS-1.

In this Guidance Note:

- (a) Paragraph numbers (including sub-paragraph numbers and their further sub-divisions) refer to the corresponding paragraphs of SS-1.
- (b) Extracts from SS-1 have been set in Bold and Normal font as appearing in SS-1 respectively.

- (c) The Guidance text and analysis is set in *italics*.
- (d) Annexures, as appearing in SS-1, are bifurcated, renamed and/or renumbered in this Guidance Note to integrate it with other Annexures herein and for better coherence.

This Guidance Note is prepared on the basis of the relevant provisions of the Act as amended up to 31<sup>st</sup> December, 2020 and the rules, circulars, clarifications etc. issued by the MCA until 31<sup>st</sup> December, 2020.

**In this Guidance Note, the applicable provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in special (three layers) boxes at the respective places. These do not form part of the Secretarial Standard and included herein for the purpose of Guidance only.**

## DEFINITIONS

*The following terms are used in this Guidance Note with the meaning specified:*

“Act” means the Companies Act, 2013 (Act No. 18 of 2013) or any previous enactment thereof, or any statutory modification thereto or re-enactment thereof and includes any Rules and Regulations framed thereunder.

“Articles” means the Articles of Association of a company, as originally framed or as altered from time to time or applied in pursuance of any previous company law or the Companies Act, 2013.

“Calendar Year” means calendar year as per the Gregorian calendar i.e. a period of one year which begins on 1<sup>st</sup> January and ends on 31<sup>st</sup> December.

“Chairman” means the Chairman of the Board or its Committee, as the case may be, or the Chairman appointed or elected for a Meeting.

“Committee” means a Committee of Directors mandatorily required to be constituted by the Board under the Act.

“Electronic Mode” in relation to Meetings refers to Meetings through video conferencing or other audio-visual means. “Video conferencing or other audio-visual means” means audio-visual electronic communication facility employed which enables all the persons participating in a Meeting to communicate concurrently with each other without an intermediary and to participate effectively in the Meeting.

“Invitee” means a person, other than a Director and Company Secretary, who attends a particular Meeting by invitation.

“Maintenance” means keeping of registers and records either in physical or electronic form, as may be permitted under any law for the time being in force,

and includes the making of appropriate entries therein, the authentication of such entries and the preservation of such physical or electronic records.

“Meeting” means a duly convened, held and conducted Meeting of the Board or any Committee thereof.

“Minutes” means a formal written record, in physical or electronic form, of the proceedings of a Meeting.

“Minutes Book” means a Book maintained in physical or in electronic form for the purpose of recording of Minutes.

“National Holiday” means Republic Day i.e. 26<sup>th</sup> January, Independence Day i.e. 15<sup>th</sup> August, Gandhi Jayanti i.e. 2<sup>nd</sup> October and such other day as may be declared as National Holiday by the Central Government.

“Original Director” means a Director in whose place the Board has appointed any other individual as an Alternate Director.

“Quorum” means the minimum number of Directors whose presence is necessary for holding of a Meeting.

“Secretarial Auditor” means a Company Secretary in Practice or a firm of Company Secretary(ies) in Practice appointed in pursuance of the Act to conduct the secretarial audit of the company.

“Secured Computer System” means computer hardware, software, and procedure that –

- (a) are reasonably secure from unauthorized access and misuse;
- (b) provide a reasonable level of reliability and correct operation;
- (c) are reasonably suited to performing the intended functions; and
- (d) adhere to generally accepted security procedures.

“Timestamp” means the current time of an event that is recorded by a Secured Computer System and is used to describe a time that is printed to a file or other location to help keep track of when data is added, removed, sent or received.

“Equity Listed Company” means a company which has any of its specified securities i.e. equity shares and convertible securities listed on any recognised stock exchange.

“Listing Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment thereto or modification thereof.

Words and expressions used and not defined herein shall have the same meaning respectively assigned to them under the Act and / or the Listing Regulations, as may be applicable.

*References herein to Sections, Regulations and Listing Regulations relate respectively to Sections of the Act, Regulations of Table F of Schedule I to the Act and Listing Regulations, unless stated otherwise.*

*Words importing the singular include the plural and words importing any gender include every gender.*

*Meanings of some of the terms used in this Guidance Note are placed at the end of this Guidance Note under the heading "Glossary".*

## **GUIDANCE ON THE PROVISIONS OF SS-1**

### **1. Convening a Meeting**

#### **1.1 Authority**

**1.1.1 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.**

*Any Director, including an Independent Director, of the company may, at any time, summon a Meeting of the Board unless otherwise provided in the Articles. The Model Articles under the Act states that a Director may, and the Manager or Secretary on the requisition of a Director shall, at any time, summon a Meeting of the Board [Regulation 67(ii) of Table F of Schedule I to the Act].*

*A Meeting called by a person who is duly authorised to do so as per this paragraph of SS-1 read with the Articles of Association of the company should be deemed to be valid.*

*As a good governance practice, a schedule of meetings may be fixed in advance. In addition to these meetings, the Director desirous of summoning a Meeting for any purpose should send his requisition in writing to convene such Meeting, along with the agenda proposed by him for discussion at the Meeting, either to -*

- *the Chairman or in his absence, to the Managing Director or in his absence, to the Whole-time Director, or*

- *the Company Secretary or in his absence, to any other person authorised by the Board in this regard.*

*“any person authorised by the Board”, whether an officer of the company or any person other than the officer of the company, should be clearly identifiable.*

*Once a requisition to convene a Meeting is received by the Chairman or in his absence, by the Managing Director or in his absence, by the Whole-time Director, the Chairman/Managing Director/Whole-time Director, as the case may be, may either proceed to convene the Meeting himself or direct the Company Secretary or in his absence, any other person authorised by the Board. The Company Secretary or in his absence, any other person authorised by the Board, should then proceed to convene the Meeting.*

*Once a requisition to convene a Meeting is received by the Company Secretary or in his absence, by any other person authorised by the Board in this behalf, he should forthwith place such requisition for the consideration of the Chairman or in his absence, the Managing Director or in his absence, the Whole-time Director, where there is one. Upon receipt of approval from the Chairman or the Managing Director or the Whole-time Director, as the case may be, the Company Secretary or any other person authorised by the Board in this behalf, should convene the Meeting.*

*Where the requisition to convene a Meeting is received by the Company Secretary or in his absence by any other person authorised by the Board in this behalf, from the Chairman or in his absence, from the Managing Director or in his absence, from the Whole-time Director, as the case may be, the Company Secretary or any other person authorised by the Board, should directly proceed to convene the Meeting.*

*Where the company has neither a Chairman nor a Managing Director nor a Whole-time Director, the Company Secretary or the person authorised by the Board in this behalf, should directly proceed to convene the Meeting as requisitioned by the Director.*

### **Implications of the words “Unless otherwise provided in the Articles”**

*The words “unless otherwise provided in the Articles” appearing in paragraph 1.1.1 of SS-1 suggest that a company may have in its Articles, a provision that is stricter than what is stated in this paragraph of SS-1. In such cases, that provision in the Articles should be complied with.*

*For instance, if the Articles of a company state that only the Chairman is authorised to convene a Meeting or to give instructions to the Manager or the Company Secretary to do so, the Articles should be complied with.*

***Oral Requisition from a Director for convening a Meeting***

*In case an oral requisition is received from a Director for convening a Meeting and a written requisition does not follow, such requisition should be put in writing forthwith by the Company Secretary or the person authorised by the Board in this behalf, and placed before the Chairman/Managing Director/Whole-time Director, as the case may be, with a copy to the Director concerned who has requisitioned such Meeting.*

***Course of action upon refusal by the Chairman/Managing Director/Whole-time Director to convene the Meeting as requisitioned***

*Upon consultation by the Company Secretary or the person authorised by the Board in this behalf, if the Chairman/Managing Director/Whole-time Director, as the case may be, refuses to convene the Meeting as requisitioned, the Company Secretary or the person authorised by the Board in this behalf, should act in accordance with the provisions of the Articles in this regard.*

*In case the Articles are silent, the Company Secretary or the person authorised by the Board in this behalf cannot convene a Meeting requisitioned by the Director and he should communicate the same to the Director concerned. In any case, the Director may, on his own, convene a Meeting.*

***Authority of the Company Secretary to summon a Meeting***

*The Company Secretary cannot summon a Meeting on his own, unless authorised by the Board of Directors or the Articles to do so.*

*In case any Meeting is required to be held under the Act or any other Statute and the Chairman or any of the Directors do not proceed to summon such Meeting, the Company Secretary should write to the Chairman and the Directors about such statutory requirement, bringing to their notice the need to summon such Meeting and requesting them to comply with the same. Such situations may arise where the gap between two Board Meetings is likely to exceed one hundred twenty days or where the Board fails to or refuses to summon the minimum number of Board Meetings required to be held in a Calendar Year, as the case may be.*

***Manner of conducting requisitioned Meeting***

*Where any Meeting of the Board is called and held on the basis of a requisition by a Director, the provisions of the Act and SS-1 relating to Notice, Agenda, Notes on Agenda, length of Notice and manner of service of Notice and all other applicable provisions have to be complied with.*

*While calling a Meeting, the Director concerned should, as far as possible, hold*

*the Meeting at the same place, if any, where Meetings of the Board are usually held. It would be advisable that the Director who proceeds to convene a Meeting on his own sends the Notice also to the Company Secretary, since it is the duty of the Company Secretary to attend the Meeting.*

*It would be prudent for the Director(s) summoning / requisitioning the Meeting to attend such Meeting.*

*Where a Director proceeds to issue a Notice to call a Meeting for the same issues on the same date when a Meeting has already been called, there is no reason why the said Director should not attend the original Meeting, and proceed to convene a parallel Meeting at a different place. Such a step by the said Director cannot be justified, and the Board Meeting convened by the said Director is illegal; and hence, declared to be null and void [Sanjiv Kothari vs. Vasant Kumar Chordia (2005) 66 CLA 45 (CLB)].*

*When a Notice of a Meeting has already been issued, if a Director wishes to bring up any particular item for discussion, he may, instead of issuing a Notice for a parallel Meeting on the same day, inform the Company Secretary or the person authorised by the Board in this behalf, and/or the Chairman/Managing Director/ Whole Time Director, as the case may be, to consider including the said item in the Agenda for the Meeting. In such a case, where the Agenda for the Meeting has already been circulated, provisions relating to taking up of items not included in the Agenda in terms of paragraph 1.3.10 of SS-1 shall apply.*

**1.1.2 The Chairman may, unless dissented to or objected by the majority of Directors present at a Meeting at which a Quorum is present, adjourn the Meeting for any reason, at any stage of the Meeting.**

*This paragraph of SS-1 deals with adjournment of a Meeting otherwise than for want of Quorum. As per Major Law Lexicon, 4<sup>th</sup> Edition 2010, adjournment means "a putting off until another time or transferring to a different place".*

*Adjournment of a Meeting otherwise than for want of Quorum may be necessitated for paucity of time to complete the Agenda or for any other reason viz. curfew, earthquakes or other events of force majeure etc.*

*The Act does not contain any provisions as to who has the power to adjourn a Meeting, otherwise than for want of Quorum. The Model Articles merely provide that the Board of Directors may adjourn its Meetings, as it thinks fit [Regulation 67(i) of Table F of Schedule I to the Act].*

*Hence paragraph 1.1.2 of SS-1 clarifies that a Meeting which has been validly summoned or convened, and where the requisite Quorum is present, may still*

*be adjourned by the Chairman for any reason, unless a majority of the Directors present at the Meeting dissent or object to such adjournment.*

*For reckoning such majority, the majority of Directors present at the Meeting should be considered and not the majority of Directors of the Board.*

*The reason for any adjournment of the Meeting, with the approval of majority of the Directors present is to be recorded in the minutes.*

## **1.2 Day, Time, Place, Mode and Serial Number of Meeting**

### **1.2.1 Every Meeting shall have a serial number.**

*Every Meeting of the Board should be serially numbered for ease of reference.*

*While numbering serially, the company may choose to follow its existing system of numbering, if any, or any new system of numbering, which should be distinct and enable ease of reference and/ or cross reference.*

#### **Illustrations**

- (i) *Serially numbering on Calendar Year basis as follows: "1/2015", "2/2015", "3/2015" and so on.... In the next year, numbering would be "1/2016", "2/2016", "3/2016" and so on.*
- (ii) *Serially numbering on financial year basis as follows: "1/2015-16", "2/2015-16", "3/2015-16" and so on....or 1/15-16, 2/15-16, 3/15-16 and so on.....*
- (iii) *Continuous serially numbering across years: 120<sup>th</sup> Meeting, 121<sup>st</sup> Meeting, 122<sup>nd</sup> Meeting and so on .....*

*Here, a company may choose to either count and give continuous numbering from its incorporation or give continuous numbering from Meetings held on or after 1<sup>st</sup> July, 2015, this being the date from which SS-1 became effective.*

*In any case, the company should follow a uniform and consistent system.*

*It is advisable that the Board be informed about the system of numbering of the Meeting and/or any change in the system of numbering; and the same be recorded in the Minutes.*

### **Serial number of Adjourned Meetings**

*Serial number of the original Meeting and the adjourned Meeting should be the same. For eg: In case the serial number of the original Meeting is 12<sup>th</sup> Meeting, the serial number of the adjourned Meeting should be 12<sup>th</sup> Meeting (Adjourned).*

### **1.2.2 A Meeting may be convened at any time and place, on any day.**

#### ***Aspects to be considered while fixing the day / date***

*A Meeting may be convened on any day as per the Gregorian calendar, including on a public holiday, unless the Articles provide otherwise.*

*Sub-section (4) of Section 174 of the Act prohibits holding of Board Meetings adjourned for want of Quorum on National Holidays. However, law is not specifically prohibiting the original meeting to be held on a National Holiday.*

*Being a matter of good practice and as far as possible, the companies should avoid holding of Board Meeting on a National Holiday, as the presence of the employees of the company would be needed for smooth conduct of any such Meeting.*

*Unless the Articles of the company provide otherwise, a Meeting adjourned for want of Quorum should be held on the same day at the same time and same place in the next week. If that day happens to be a National Holiday, then such adjourned Meeting should be held on the next succeeding day which is not a National Holiday at the same time and place, unless the Articles of the company provide otherwise. A notice in regard to the adjourned Meeting should be given to all the Directors.*

*The term "National Holiday" for this purpose refers to the National Holidays of India.*

#### ***Illustration***

*A Meeting is convened on 8<sup>th</sup> August at 4:00 p.m. at the Registered Office of the company. On that day, the required Quorum is not present. In the absence of any provisions to the contrary in the Articles, the Meeting is automatically adjourned to the same day in the next week, i.e. 15<sup>th</sup> August, at the same time and place. However, since 15<sup>th</sup> August is a National Holiday, the adjourned Meeting should be held on 16<sup>th</sup> August.*

*The Articles may provide for a stricter requirement than what is contained in the law.*

#### ***Aspects to be considered while fixing Times***

*A Meeting may be held at any time. However, this should be practically construed to mean a convenient time. As detailed deliberations are expected to take place in Board Meetings, it is desirable to have Meetings during working hours, though the Meeting may continue beyond working hours.*

*In case the Articles provide for a specific time at or during which the Meetings should be held, the Meetings should be held only at or during that time.*

### **Aspects to be considered while fixing the Venue**

*A Meeting may be held at the Registered Office of the company or at any other place, including a remote place. A Meeting may be held in India or abroad.*

*In case the Articles provide for a specific place or city in which the Meetings should be held, the Meetings should be held only at that place or city. If a Meeting of the Board is held elsewhere, contrary to such clause in the Articles, none of the decisions taken by the Board at such Meeting can be put into operation in any manner. The same are liable to be set aside, because the decisions cannot be validated by any belated amendment of the Minutes of the Board Meeting at which the decision to hold the Board Meeting elsewhere may be purported to have been taken [Aidqua Holdings (Mauritius) Inc. v. Tamil Nadu Water Investment Co. Ltd. and Others (2008) 83 CLA 352 (CLB)].*

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.

*With respect to every Meeting conducted through Electronic Mode, the scheduled venue of the Meeting as set forth in the Notice convening the Meeting, should be deemed to be the venue of the said Meeting and all recordings of the proceedings at the Meeting should be deemed to be made at such place [Rule 3(6) of the Companies (Meetings of Board and its Powers) Rules, 2014].*

*Thus, the venue of the Meeting mentioned in the Notice should be deemed to be the place where recording of proceedings take place and therefore the Notice of a Meeting should necessarily mention a place of the Meeting.*

*The place of the said Meeting should be chosen by the company keeping in mind the availability of infrastructure at such place for recording of the proceedings, the security and identification procedures and other requirements of law in this regard which enable participation through Electronic Mode and safeguard the integrity of the Meeting.*

*In case all the Directors are attending the Meeting through electronic mode from their respective locations, the Notice of the Meeting should mention a deemed venue of the Meeting, which may be either registered office or head office of the company or the place from where Chairman or Company Secretary is attending the Meeting and ensuring compliance pertaining to such Meeting held through Electronic Mode.*

***Meetings of the Committee and the Board on the same day***

*There are no restrictions on Meetings of Committees and of the Board being held on the same day, provided reasonable time gap is kept between the two Meetings.*

*In case of equity listed companies, the gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information. [Schedule B to SEBI (Prohibition of Insider Trading) Regulations, 2015.]*

***Coincidental physical presence of Directors***

*A mere coincidental physical presence of all Directors at one place cannot constitute a Meeting.*

**1.2.3 Any Director may participate through Electronic Mode in a Meeting unless the Act or any other law specifically prohibits such participation through Electronic Mode in respect of any item of business.**

*The above mentioned requirement is in line with sub-section (2) of Section 173 of the Act, which is an enabling provision recognising the presence of Directors participating through Electronic Mode. This is an option available to a Director to attend the Meeting through Electronic Mode.*

*A Director may attend all the Board Meetings through Electronic Mode, subject to such limitations as the Act or any other law may specify, and further subject to the restriction on participation in restricted items, as elaborated below.*

*Participation of a Director in a Meeting via telephone or tele-conferencing or any other Mode which does not conform to the requirements of the relevant provisions of the Act cannot be considered as participation of a Director through Electronic Mode.*

*If due to any technical issue emerged during the Meeting held through Electronic Mode, a Director chooses to participate through telephone or tele-conferencing for remaining Meeting, then such participation cannot be considered as participation of a Director through Electronic Mode and his presence should not be counted for the purpose of quorum.*

***Communication by a Director of his intention to participate through Electronic Mode***

*A Director intending to participate through Electronic Mode should communicate his intention to the Chairman or the Company Secretary and in their absence,*

*to any person authorised by the Board. He should give prior intimation to that effect sufficiently in advance so that the company is able to make suitable arrangements in this behalf [Rule 3(3)(d) of the Companies (Meetings of Board and its Powers) Rules, 2014].*

*After giving the aforesaid intimation, if the Director decides to participate by being present physically at a particular Meeting, he may so participate after communicating the same to the Company.*

### **Participation by all Directors through Electronic Mode**

*All the Directors may participate in a Meeting through Electronic Mode. In such a case, at least one person, who may either be the Chairman or the Company Secretary or in the absence of the Company Secretary, any other person duly authorised in this behalf by the Chairman, should be physically present at the scheduled venue of the Meeting given in the Notice to enable proper recording, to safeguard the integrity of the Meeting and to fulfil other requirements of law in this regard.*

### **Meetings through Electronic Mode\***

*There is no restriction on a company to hold all its Meetings through Electronic Mode provided the company ensures presence of physical Quorum during consideration of any of the restricted items of business and comply with the applicable legal provisions.*

*A Director cannot participate in a Board Meeting through Electronic Mode from his end, since it is necessary for the company to take due and reasonable care to safeguard the integrity of the Meeting held through Electronic Mode by ensuring sufficient security and identification procedures.*

### **Participation of persons other than Directors through Electronic Mode**

*There is no prohibition on participation of the Company Secretary or the Auditors or the Invitees through Electronic Mode.*

Directors shall not participate through Electronic Mode in the discussion on certain restricted items. Such restricted items of business include approval of the annual financial statement, Board's report, prospectus and matters relating to amalgamation, merger, demerger, acquisition and takeover. Similarly, participation in the discussion through Electronic Mode shall not be allowed in Meetings of the Audit Committee for consideration of annual financial statement including consolidated financial statement, if any, to be approved by the Board.

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\* Refer "Annexure XI - Relaxations Granted due to COVID-19".

*The Companies (Amendment) Act, 2017 has inserted second proviso to section 173(2) which provides that where there is Quorum in a meeting through physical presence of Directors, any other Director may participate through video conferencing or other audio visual means in such meeting on any of the restricted matter as specified hereinabove.*

*Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 also requires that restricted items shall not be dealt with in a Meeting through Electronic Mode, unless the requisite Quorum is physically present in such Meeting.*

*In other words, the requisite Quorum should be present physically in such Meeting.*

*By extending the ambit of above provisions, the Directors should restrict their participation through Electronic Mode in the discussion on items relating to consideration/approval of Quarterly Financial Statements.*

### **Conduct of adjourned Meetings through Electronic Mode**

*Even if the original Meeting of the Board was conducted physically, the adjourned Meeting may be conducted through Electronic Mode as long as the provisions relating to Meetings conducted through Electronic Mode are complied with.*

*Similarly, if the original Meeting of the Board was conducted through Electronic Mode, the adjourned Meeting may be conducted physically.*

## **1.3 Notice**

### **1.3.1 Notice in writing of every Meeting shall be given to every Director by hand or by speed post or by registered post or by facsimile or by e-mail or by any other electronic means.**

*A Meeting of the Board should be called by giving a Notice in writing to every Director [Sub-section (3) of Section 173 read with Rule 3(3)(a) of the Companies (Meetings of Board and its Powers) Rules, 2014].*

*Notice of the Meeting should be given to all the Directors.*

*Various means of sending Notice are recognised under SS-1 viz. by hand or by speed post or by registered post or by facsimile or by e-mail or by any other electronic means.*

*“Electronic mail” means the message sent, received or forwarded in digital form using any electronic communication mechanism that the message so sent, received or forwarded is storable and retrievable [Definition in Rule 2(1)(g) of*

*Companies (Specification of Definitions Details) Rules, 2014).*

*Notice sent through e-mail may be sent as a text or as an attachment to an email or as a notification providing electronic link or Uniform Resource Locator (URL) for accessing such Notice.*

*Notice cannot be given by ordinary post since proof of delivery or acknowledgement is not available. Notice should also be given to Directors who have gone abroad or who usually reside abroad and who do not have an address in India.*

### **Address for sending Notice**

The Notice shall be sent to the postal address or e-mail address, registered by the Director with the company or in the absence of such details or any change thereto, any of such addresses appearing in the Director Identification Number (DIN) registration of the Director.

*Notice of the Meeting should be sent to the Directors at their address registered with the company [Sub-section (3) of Section 173 of the Act read with Rule 3(3) (a) of the Companies (Meetings of Board and its Powers) Rules, 2014].*

*If the Director has specifically required the company to send Notices to a particular postal address, facsimile number or e-mail ID, the Notices should be sent to that address or number or email ID.*

### **Aspects relating to means of issuing Notice**

*If the Articles prescribe the means by which Notice has to be given, it should be given accordingly, in which case proof of sending Notice and its delivery should be maintained.*

Where a Director specifies a particular means of delivery of Notice, the Notice shall be given to him by such means.

#### **Illustration:**

*The Articles of Association of XYZ Ltd. provides that all Notices of the Meetings of the Board and Committees thereof shall be sent to all the members of the Board/Committees by e-mail or through speed post or registered post with acknowledgment. Accordingly, the company is sending Notices through speed post to all Directors.*

*However Mr. A, Independent Director on the Board of XYZ Ltd. requested the company to send all such Notices to him through courier at his office.*

*Since Mr. A has specified a particular means of delivery of Notice, the company should send Notice of the Meetings through such means to him.*

*If the Director is residing outside India, Notice of Meetings may be sent to him by facsimile or by e-mail or by any other electronic means. If the Director concerned has instructed the Notice to be sent to him by speed post or registered post, the same should be sent to him by such specified means as well.*

However, in case of a Meeting conducted at a shorter Notice, the Company may choose an expedient mode of sending Notice.

*In case of a Meeting conducted at a shorter Notice, the expedient mode which ensures delivery of Notice before the Meeting may be adopted by the company irrespective of mode of delivery of Notice specified by a particular Director.*

### **Proof of sending and delivery of the Notice**

Proof of sending Notice and its delivery shall be maintained by the company for such period as decided by the Board, which shall not be less than three years from the date of the Meeting.

*The Act requires the Directors to devise proper systems to ensure compliance with the provisions of all applicable laws and confirm that such systems are adequate and operating effectively [Clause (f) of sub-section (5) of Section 134 of the Act]. Ensuring proper and robust Board systems becomes all the more important in the light of the increased accountability of the Directors and Key Managerial Personnel as laid down under sub-section (12) of Section 149 read with sub-section (60) of Section 2 of the Act.*

*It is in this context that SS-1 mandates companies to have a system of maintaining the proof of sending and delivery of the Notice for a Meeting. This would ensure appropriate and timely delivery of Notice as well as aid in mitigating disputes arising due to non-receipt of Notices.*

*In case any legal proceedings in connection with the Notice or proceedings / subject-matter covered directly by the Notice are pending, this proof should be maintained till complete disposal of the proceedings, including limitation period for any appeals.*

*The proof may be maintained in electronic form.*

*If the Notice is sent by e-mail or any other electronic means, it should be sent using a system where proof of sending and delivery can be received or retrieved.*

*If the Notice is sent by hand, the signature of the Director or the recipient of the Notice at the address of its delivery should be obtained as an acknowledgement, which should then be maintained as proof of delivery of Notice. Companies may also maintain a record/register for this purpose where signature of the concerned Director or the recipient could be obtained.*

**Form of Notice**

*The Notice should preferably be sent on the letter-head of the company. Where it is not sent on the letter-head or where it is sent by e-mail or any other electronic means, there should be specified, whether as a header or footer, the name of the company and complete address of its registered office together with all its particulars such as Corporate Identity Number (CIN) as required under Section 12 of the Act, date of Notice, authority and name and designation of the person who is issuing the Notice, and preferably the phone number of the Company Secretary or any other person authorised by the Board who could be contacted by the Directors for any clarifications or arrangements.*

*A specimen Notice is given in **Annexure II**.*

**Consequences of Irregular Notice**

*All the above stipulations with respect to issuing Notices of Meetings emphasise that a Meeting should be called and held after issuing a proper Notice in the manner prescribed by SS-1. Any material irregularity in the Notice may affect the validity of the Meeting itself and the decisions taken thereat.*

*Where the Notice of a Meeting is not sent to all the Directors, Resolutions passed at such a Meeting are not valid [Parmeshwari Prasad Gupta v. Union of India 1973 AIR 2389].*

**Additional persons to whom Notice should be given**

*As provided in the fifth explanation to paragraph 1.3.7 of SS-1, where an Alternate Director has been appointed, Notice should also be given to the Original Director at the same time when Notice is given to such Alternate Director.*

*Like other Directors on the Board, the Original Director should have knowledge of the developments and decisions taken at the Meetings of the Board. Therefore, Notice, Agenda and Notes on Agenda should also be sent to the Original Director for his information.*

**1.3.2 Notice shall be issued by the Company Secretary or where there is no Company Secretary, any Director or any other person authorised by the Board for the purpose.**

*For any Meeting to be valid, it should be called by proper Notice given by a person duly authorised to do so. Notice should be issued by the Company Secretary.*

*Where there is no Company Secretary or in the absence of the Company Secretary, any Director authorised by the Board or any other person authorised by the Board for the purpose should issue Notice.*

*Notice should be signed by the Company Secretary. If there is no Company Secretary, the Notice should be signed by any Director or any other person who is authorised by the Board to issue Notice.*

**1.3.3 The Notice shall specify the serial number, day, date, time and full address of the venue of the Meeting.**

*The Notice should specify the serial number given to the Meeting, as required under paragraph 1.2.1 of SS-1.*

*Day and date specified in the Notice should be as per the Gregorian calendar.*

*The time specified in the Notice should be the time of commencement of the Meeting.*

**Notice of Requisitioned Meeting**

*In the case of a requisitioned Meeting, it is advisable to mention in the Notice the fact that the Meeting is being convened on the requisition of a Director.*

**1.3.4 The Notice shall inform the Directors about the option available to them to participate through Electronic Mode and provide them all the necessary information.**

If a Director intends to participate through Electronic Mode, he shall give sufficient prior intimation to the Chairman or the Company Secretary to enable them to make suitable arrangements in this behalf.

*Time-period within which the Directors need to send confirmation/intimation to participate through Electronic Mode may also be mentioned in the Notice.*

*Further, the Notice should clearly set out necessary information such as manner of participation through Electronic Mode, link, details of software and hardware infrastructure needed, etc.*

The Director may intimate his intention of participation through Electronic Mode at the beginning of the calendar year also, which shall be valid for such Calendar Year.

*However, mere non-intimation of intention to participate through Electronic mode in the beginning of the calendar year does not disqualify a Director to avail such facility during the year provided sufficient prior intimation was given to the Chairman or the Company Secretary or in their absence to any other person authorised by the Board in this behalf to enable them to make suitable arrangements in this behalf.*

*The Director who desires to participate through Electronic Mode may intimate his*

*intention of such participation at the beginning of the Calendar Year and such declaration shall be valid for one Calendar Year [Clause 3(e) read with Clause 3(d) of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014].*

The Notice shall also contain the contact number or e-mail address(es) of the Chairman or the Company Secretary or any other person authorised by the Board, to whom the Director shall confirm in this regard. In the absence of an advance communication or confirmation from the Director as above, it shall be assumed that he will attend the Meeting physically.

*However, if the Director decides to participate by being present physically at a particular Meeting after giving the aforesaid confirmation/intimation, he may so participate after suitably communicating the same to the Chairman or the Company Secretary or any other person authorised by the Board.*

*In case of Meetings of the Committee, the requirements pertaining to participation of Directors through Electronic Mode are equally applicable and need to be complied with by the company.*

**1.3.5 The Notice of a Meeting shall be given even if Meetings are held on pre-determined dates or at pre-determined intervals.**

*The Articles or Resolution or any agreement to which the company is a party may provide that Meetings should be held on a particular day of the week or month or at prescribed intervals, or the Directors may agree in advance on the dates for Meetings.*

*In all the above cases, Notice, Agenda and the Notes thereon should be given separately for each Meeting in accordance with SS-1.*

**1.3.6 Notice convening a Meeting shall be given at least seven days before the date of the Meeting, unless the Articles prescribe a longer period.**

*In line with sub-section (3) of Section 173 of the Act, the requirement is to send seven days' Notice and not seven clear days' Notice. Thus, for the purpose of computing the period of seven days, the date of the Meeting should be excluded but the date of Notice need not be excluded.*

**Illustration**

*If the Meeting is proposed to be held on 14<sup>th</sup> November, the last date for giving the Notice would be 7<sup>th</sup> November.*

**Adequate Notice should be given**

*Adequate Notice of the Meeting should be given so that Directors can plan their schedule so as to attend and participate in the Meeting. Participation in Meetings is central to the discharge of a Director's responsibilities. Unless Directors attend Meetings and participate in discussions with other members of the Board, they are not likely to be fully aware of the affairs of the company and may not be able to exercise the care and diligence that is expected of them.*

**Additional two days for Notice sent by post**

In case the company sends the Notice by speed post or by registered post, an additional two days shall be added for the service of Notice.

*Addition of two days in case the company sends the Notice by speed post or by registered post is in line with Rule 35(6) of the Companies (Incorporation) Rules, 2014 which provides that in case of delivery of Notice of a Meeting by post, the service shall be deemed to have been effected at the expiration of forty eight hours after the letter containing the same is posted.*

*However, the requirement of adding two days is applicable only if the Notice is sent to any of the Directors solely by speed post or by registered post and not by facsimile or by e-mail or any other electronic means.*

*In case the Notice is sent by facsimile or by e-mail or by any other electronic means to the Directors, and it is additionally sent by speed post or by registered post to all or any of the Directors, whether pursuant to their request or otherwise, the additional two days need not be added.*

**Illustration**

*If the Meeting is proposed to be held on 14<sup>th</sup> November, the last date for giving the Notice would be 7<sup>th</sup> November.*

- 1. In case Notice is being sent by facsimile or by e-mail or by any other electronic means to the Directors, Notice should be sent latest by 7<sup>th</sup> November.*
- 2. In case Notice is being sent by speed post or by registered post to the Directors, Notice should be sent latest by 5<sup>th</sup> November.*
- 3. In case any of the Directors requests for Notice to be sent to him by post and therefore, in addition to the Notice being sent by facsimile or by e-mail or by any other electronic means, the Notice is being sent to that particular Director or all Directors by post, Notice should be sent latest by 7<sup>th</sup> November.*

4. *In case any Director does not have an e-mail id and therefore the Notice is being sent to him solely by post latest by 5<sup>th</sup> November. Notice to all other Directors should also be sent simultaneously on the same day as per requested mode of delivery.*

**Notice period in the Articles**

*The company may prescribe a longer Notice period through its Articles, in which case the Articles should be complied with.*

*However, the statutory Notice period of seven days cannot be reduced by the company through its Articles. The only exception to this is situations where the Articles provide for giving Notice at a shorter period of time to transact urgent business in terms of paragraph 1.3.11 of SS-1.*

**Notice for adjourned Meeting**

Notice of an adjourned Meeting shall be given to all Directors including those who did not attend the Meeting on the originally convened date and unless the date of adjourned Meeting is decided at the Meeting, Notice thereof shall also be given not less than seven days before the Meeting.

*Notice of a Meeting adjourned for want of Quorum or otherwise should be given to all Directors. This includes Directors who did not attend the Meeting on the originally convened date.*

*If the date of the Meeting adjourned otherwise than for want of Quorum is decided at the Meeting itself, the Notice should be given forthwith. If the date of the Meeting so adjourned is not decided at the Meeting, the Notice should be given not less than seven days before such adjourned Meeting. Thus, in case the date of the Meeting adjourned otherwise than for want of Quorum is not decided at the Meeting, such adjourned Meeting should be held only after a minimum period of seven days, thereby making it possible to comply with the above explanation to this paragraph of SS-1.*

*This is also applicable to Meetings held through Electronic Mode.*

*Since no Notice of the original Meeting was sent, none of the adjourned Meetings were valid, and the business transacted therein was, therefore, bad [In Re Portuguese Consolidated Copper Mines Ltd. (1889) 42 Ch D 160].*

*Equity listed company should give prior intimation to the stock exchange(s) about the meeting of the board of directors in the following manner (Regulation 29 of Listing Regulations): –*

***(i) At least two working days in advance (excluding the date of the intimation and date of the meeting) of a board meeting in which any of the following proposals are due to be considered –***

- *proposal for buyback of securities;*
- *proposal for voluntary delisting from the stock exchange(s);*
- *declaration/ recommendation of dividend;*
- *fund raising by way of further public offer, rights issue, American Depository Receipts/Global Depository Receipts/ Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method and for determination of issue price.*
- *Company should give prior intimation to stock exchange(s) about the proposed General Meetings to be held / postal ballot for obtaining shareholder approval for further fund raising indicating the type of issuance. Such intimation may be given immediately after Board's approval for convening of General Meeting.*
- *issue of convertible securities including convertible debentures or of debentures carrying a right to subscribe to equity shares or the passing over of dividend.*
- *the proposal for declaration of bonus securities where such proposal is communicated to the board of directors as part of the agenda papers.*

***(ii) At least five days in advance (excluding the date of the intimation and date of the meeting) of a board meeting in which following proposal is due to be considered –***

*Financial results viz. quarterly, half yearly, or annual, as the case may be (the intimation shall include the date of such meeting of board of directors).*

*Company shall publish Notice of the Board Meeting, where financial results are to be considered, in the newspaper and on the website of the company simultaneously with the submission of the same to the stock exchanges; such newspaper publication should inter alia provide the link of the website of the company and stock exchange(s).*

*Such information should be published in at least one English language national daily newspaper circulating in whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the equity listed company is situated. The companies which have listed their specified securities on SME Exchange are not required to publish such information in Newspapers.*

**(iii) At least eleven working days in advance (excluding the date of the intimation and date of the meeting) of a board meeting in which any of the following proposals are due to be considered –**

- *any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof.*
- *any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.*

*In case of companies whose have listed its Non-convertible Debt securities or Non-convertible preference shares or both, should give prior intimation to the stock exchange(s) about the meeting of the board of directors in the following manner (Regulation 50 of Listing Regulations):*

- (i) prior intimation of at least eleven working days before the date on and from which the interest on debentures and bonds and redemption amount of redeemable shares or of debentures and bonds shall be payable.*
- (ii) shall intimate the exchanges at least two working days in advance excluding the date of the intimation and date of the meeting, at which the recommendation or declaration of issue of non-convertible debt securities or any other matter affecting the rights or interests of holders of non-convertible debt securities or non-convertible redeemable preference shares is proposed to be considered.*

**1.3.7 The Agenda, setting out the business to be transacted at the Meeting, and Notes on Agenda shall be given to the Directors at least seven days before the date of the Meeting, unless the Articles prescribe a longer period.**

*The list of items of business to be transacted at a Meeting is known as the "Agenda". The Agenda draws attention to the relevant matters where deliberation is required. The Notes on Agenda explain each item of the Agenda in an endeavour to provide an understanding of points for discussion by the Board. The Agenda should be accompanied or followed by Notes thereon explaining the proposal in brief, in easily understandable language and setting out the points for decision of the Board.*

*If the Directors are to perform their duties effectively, actively contribute to the deliberations of the Board, and take informed decisions, it is necessary that they receive adequate information sufficiently in advance of the Meeting. Such advance information through the Agenda enables them to comprehend the matters to be dealt with, seek and obtain further information on those matters before the Meeting, if needed, and give due attention thereto. This becomes all the more important in the light of the increased accountability of the Directors laid down under sub-section (12) of Section 149 read with sub-section (60) of Section 2 of the Act.*

*Sending Agenda and Notes thereon in advance would also help the Directors to come to their decisions expeditiously. This would establish a robust decision making process, irrespective of the nature and scale of operations of a company.*

*Keeping this in mind and also the requirement in the Secretarial Audit Report (Form No. MR-3) prescribed under the Act, wherein the Secretarial Auditor is required to report on whether the Agenda and the detailed Notes on Agenda have been sent at least seven days in advance to all Directors, this paragraph of SS-1 lays down that the Agenda setting out the business to be transacted at the Meeting and the Notes thereon should be sent to all the Directors at least seven days before the date of the Meeting.*

*The Agenda can be sent alongwith the Notice. In case the Notice is sent before the prescribed period and if circumstances do not permit the sending of the Agenda alongwith the Notice, the Agenda should be sent at least seven days before the Meeting.*

*Although there is no prohibition on sending the Agenda and Notes on Agenda separately, these should be sent at least seven days prior to the Meeting, unless exempted in SS-1.*

***Period in the Articles for sending Agenda and Notes thereon***

*The Articles of the company may prescribe a longer period for sending the Agenda and Notes thereto, in which case the Articles should be complied with.*

*However, the period of seven days cannot be reduced by the company in its Articles. The only exception to this is where the Articles provide for sending Agenda and Notes thereon at a shorter period of time in terms of paragraph 1.3.11 of SS-1.*

***Means of sending Agenda and Notes on Agenda***

Agenda and Notes on Agenda shall be sent to all Directors by hand or by speed post or by registered post or by e-mail or by any other electronic means. These shall be sent to the postal address or e-mail address or any other electronic address registered by the Director with the company or in the absence of such details or any change thereto, to any of such addresses appearing in the Director Identification Number (DIN) registration of the Directors.

In case the company sends the Agenda and Notes on Agenda by speed post or by registered post, an additional two days shall be added for the service of Agenda and Notes on Agenda.

*The requirement of adding two days is applicable only if the Agenda and Notes on Agenda are sent to any of the Directors solely by speed post or by registered post and not by e-mail or any other electronic means.*

*In case the Agenda and Notes on Agenda are sent by e-mail or any other electronic means to the Directors and additionally, they are sent by speed post or by registered post to any or all the Directors, pursuant to their request or otherwise, additional two days need not be added.*

Where a Director specifies a particular means of delivery of Agenda and Notes on Agenda, these papers shall be sent to him by such means. However, in case of a Meeting conducted at a shorter notice, the Company may choose an expedient mode of sending Agenda and Notes on Agenda.

*In case of a Meeting conducted at a shorter Notice, the expedient mode which ensures delivery of Agenda and Notes on Agenda before the date of the Meeting may be adopted by the company irrespective of mode of delivery specified by a particular Director.*

Proof of sending Agenda and Notes on Agenda and their delivery shall be maintained by the company for such period as decided by the Board, which shall not be less than three years from the date of the Meeting.

The Notice, Agenda and Notes on Agenda shall be sent to the Original Director also at the address registered with the company, even if these have been sent to the Alternate Director. However, the mode of sending Notice, Agenda and Notes on Agenda to the original Director shall be decided by the company.

*For sending of Agenda and Notes on Agenda, the requirements laid down in paragraph 1.3.1 of SS-1 for sending Notice of the Meeting shall be mutatis-mutandis applicable.*

### **Notes related to Unpublished Price Sensitive Information**

Notes on items of business which are in the nature of Unpublished Price Sensitive Information may be given at a shorter period of time than stated above, with the consent of a majority of the Directors, which shall include at least one Independent Director, if any.

*“Shorter period of time” in this case means any period of less than seven days and also includes tabling at the Meeting.*

*Majority of Directors for this purpose means majority of the total strength of the Board.*

*Exemption from seven days’ period has been given in respect of notes on items of business which are in the nature of Unpublished Price Sensitive Information (UPSI), subject to certain conditions as stated above.*

*Where the company has Independent Director(s) and, if none of the Independent Directors consents to the giving of Notes on items of Agenda which are in the nature of Unpublished Price Sensitive Information (UPSI) at a shorter Notice, the said Notes should not be given at shorter Notice.*

For this purpose,

“unpublished price sensitive information” means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- (i) financial results;
- (ii) dividends;
- (iii) change in capital structure;
- (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions; and

- (v) changes in key managerial personnel;\*

*SEBI vide notification dated 31<sup>st</sup> December, 2018 amended the definition of Unpublished Price Sensitive Information (UPSI), effective from 01<sup>st</sup> April, 2019. The definition of UPSI referred in SS-1 stands revised accordingly.*

*The above exemption with respect to sending of Notes related to UPSI at a shorter period of time is applicable to listed companies.*

*In case of other companies, Notes pertaining to any of the items listed above may be circulated at a shorter period of time, subject to the compliance of paragraph 1.3.11 of SS-1.*

General consent for giving Notes on items of Agenda which are in the nature of Unpublished Price Sensitive Information at a shorter Notice may be taken in the first Meeting of the Board held in each financial year and also whenever there is any change in Directors.

*Consent to circulate Agenda items which are in the nature of UPSI at a shorter Notice from the new Directors appointed during a financial year may be obtained on an individual basis.*

*If this consent or dissent, obtained from the new Directors affect the consent taken earlier from majority of directors, fresh consent should be taken from the Board.*

#### **Illustration**

*Assume there are 9 Directors and 5 have given their general consent at the beginning of the financial year to give Notes on items of Agenda which are in the nature of UPSI at shorter Notice. If 1 new Director is appointed, consent from the new Director to circulate Agenda items which are in the nature of UPSI at a shorter Notice may be obtained individually.*

*If this Director gives his consent, no fresh consent from the Board would be needed. In case, this Director dissents or does not give his consent, fresh consent should be taken from the Board.*

*When appointment of an Additional Director is confirmed at an Annual General Meeting, no change in the Directors of the company can be said to have taken place in the context of this paragraph of SS-1.*

*Similarly, if an existing Director who has accorded consent to circulate Agenda items which are in the nature of UPSI at a shorter Notice ceases to be a Director during a financial year, fresh consent shall be needed from the Board, only if it affects the consent taken earlier from majority of directors.*

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\*Definition under SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Illustration**

*Assume there are 9 Directors and 5 have given their general consent at the beginning of the financial year to give Notes on items of Agenda which are in the nature of UPSI at shorter Notice. If, out of these 5 who consented, 2 resign, it means that out of the remaining 7 Directors only 3 have given their consent. In such case, fresh consent is required.*

Where general consent as above has not been taken, the requisite consent shall be taken before the concerned items are taken up for consideration at the Meeting. The fact of consent having been taken shall be recorded in the Minutes.

**Supplementary Notes may be circulated at or before the Meeting**

Supplementary Notes on any of the Agenda Items may be circulated at or prior to the Meeting but shall be taken up with the permission of the Chairman and with the consent of a majority of the Directors present in the Meeting, which shall include at least one Independent Director, if any.

*Supplementary Notes on any of the Agenda Items may be circulated at or before the Meeting, without obtaining any consent. However, requisite consent is required for taking up the said Supplementary Notes for discussion at the Meeting.*

*Where the company has Independent Director(s) and the Independent Director(s) is/are not present at the Meeting or where there is no Independent Director in the company, such item may be taken up with the consent of the Chairman and the majority of the Directors present at the Meeting. Subsequent ratification of the decision on such item by the Independent Directors or majority of Directors of the company would not be needed in this case.*

*In any case, if Supplementary Notes are circulated seven days prior to the date of the Meeting, such consent is not required unless the Articles provide otherwise.*

**Order of discussing business at the Meeting**

The Board should usually consider the items of the Agenda in the same order in which they are listed on the Agenda. If some Directors wish to change the order, the Chairman may so permit. However, the Chairman should always exercise his discretion carefully, keeping in mind that there may be a Director who is unable to be present for the entire duration of the Meeting and may have arranged to attend the Meeting only for participating in a particular item of business.

- 1.3.8 Each item of business requiring approval at the Meeting shall be supported by a note setting out the details of the proposal, relevant material facts that enable the Directors to understand the meaning, scope and implications of the proposal and the nature of concern or interest, if any, of any Director in the proposal, which the Director had earlier disclosed.**

***Notes to set out the detailed points for discussion***

*The Notes on Agenda should set out the details of the proposal and relevant material facts that enable the Directors to understand the meaning, scope and implications of the proposal. In addition to this, the Notes on Agenda should also disclose the nature and extent of interest, if any, of any of the Directors of the company in the respective items of business, based on disclosures made by the Director earlier.*

***Draft Resolution***

Where approval by means of a Resolution is required, the draft of such Resolution shall be either set out in the note or placed at the Meeting. However, any other decision taken at the Meeting may also be recorded in the Minutes in the form of Resolution.

*Detailed Notes on each item on the Agenda requiring approval at the Meeting, accompanied by a draft Resolution, where necessary, would be a step towards ensuring informed decisions / deliberations.*

*Resolutions drafted and circulated to Directors in advance, along with the Agenda saves time at the Meeting, clarifies the subject matter, facilitates discussion, simplifies preparation of Minutes of the Meeting and enables issuance of certified copies of Resolution, wherever required, after the Meeting and before the Minutes thereof are finalised.*

***Specimen Agenda and items of business***

The items of business that are required by the Act or any other applicable law to be considered at a Meeting of the Board shall be placed before the Board at its Meeting.

*An illustrative list of such items is given in **Annexure I**. This list is bifurcated into: 1) Items which are required to be approved by the Board at its Meeting as prescribed under the Act, and 2) Items of business to be placed before the Board at its Meeting illustrated in SS-1 in addition to those prescribed under the Act is given in **Annexure IA** and **IB** respectively.*

There are certain items which shall be placed before the Board at its first Meeting.

*"First Meeting" means the first Meeting of the Board held after the incorporation of the company.*

*Specimen Agenda for the First Meeting of the Board and for subsequent Board Meetings are given in **Annexure III and IV** respectively.*

### **Drafting an Agenda**

*The practical aspects of drafting an Agenda, Notes on Agenda and related aspects are given in **Annexure V**.*

*An item for some business which may arise before the Meeting, may be included while circulating the Agenda by adding the words "if any" after the said item. For eg: To review the status of legal cases, if any; if there is no update on the legal cases at all, a nil report may be given.*

*If during the course of a Board Meeting, any Agenda item containing a proposal is deferred for consideration to a subsequent Meeting and there is any change in the said proposal, the Notes on Agenda of the new proposal should explain the modifications in the proposal since the Board was already provided with the Agenda of the earlier Meeting and has been informed of the earlier proposal.*

*It is a good practice to mark each document with the Agenda item number for ease of reference.*

### **Disclosure of outcome of Board Meeting by Equity Listed Companies**

*Equity listed company should disclose to the Exchange(s), outcome of Meetings of the board of directors within 30 minutes of the closure of the meeting, held to consider the following (Schedule III Part A of Listing Regulations):*

- (i) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;*
- (ii) any cancellation of dividend with reasons thereof;*
- (iii) the decision on buyback of securities;*
- (iv) the decision with respect to fund raising proposed to be undertaken.*

*The intimation to stock exchange(s) should also contain reference to the annual general meeting or extraordinary general meeting or postal ballot that is proposed to be held for obtaining shareholder approval for further fund raising indicating type of issuance.*

- (v) *increase in capital by issue of bonus shares through capitalisation including the date on which such bonus shares shall be credited/ dispatched;*
- (vi) *reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;*
- (vii) *short particulars of any other alterations of capital, including calls;*
- (viii) *financial results;*
- (ix) *decision on voluntary delisting from stock exchange(s).*

*Such disclosures shall also be uploaded on the website of the Equity listed company and the same shall remain there for a minimum period of five years and thereafter as per the archival policy of the company.*

### **1.3.9 Each item of business to be taken up at the Meeting shall be serially numbered.**

Numbering shall be in a manner which would enable ease of reference or cross-reference.

*This paragraph of SS-1 requires every item on the Agenda to be numbered. Generally, as a matter of practice, a serial number is usually put against each item of business. This practice has been formalised through SS-1. If a company follows this practice, it would enable ease of reference. Suppose a Director wants to disclose his interest or concern, it would be very easy for him to refer to the serial number of the particular item of business. Similarly, if the Board wants to defer discussion on any item of business, it would be convenient to record the same by saying that the discussion on "Item No. ...." has been deferred.*

*In any case, the company should follow a uniform and consistent system.*

#### **Illustrations**

- (i) *Serially numbering irrespective of the number of the Meeting: Items to be discussed in any Meeting of the Board would be numbered 1, 2, 3, 4... and so on.*
- (ii) *Serially numbering on the basis of the number of the Meeting as follows: Items to be discussed in 12<sup>th</sup> Meeting of the Board would be numbered as 12.1, 12.2, 12.3, 12.4, etc. Items to be discussed in the 13<sup>th</sup> Meeting would be numbered as 13.1, 13.2, 13.3 and so on.*

- (iii) *Continuous numbering across years/Meetings: Suppose there are 8 items to be discussed in the first Meeting and 10 items in second Meeting. In such a case, the items of 1st Meeting will be numbered as item number 1-8 and the items in the second Meeting would be numbered 9-18 and so on.....*

*A company may choose to count and give continuous numbering either from its incorporation or from Meetings held on or after 1st July, 2015, this being the date from which SS-1 became effective.*

**1.3.10 Any item not included in the Agenda may be taken up for consideration with the permission of the Chairman and with the consent of a majority of the Directors present in the Meeting.**

The decision taken in respect of any other item shall be final only on its ratification by a majority of the Directors of the company, unless such item was approved at the Meeting itself by a majority of Directors of the company.

*The Act has no stipulation with respect to taking up for consideration at the Meeting any item of business not included in the Agenda circulated earlier.*

*Many a times, after the Agenda and Notes thereon have been dispatched, it may be necessary for an item of business to be transacted at a Meeting. In such cases, instead of convening another Meeting, the business could be taken up for consideration at the Meeting which has already been convened. For this purpose, the Chairman would need to permit the same and a majority of the Directors present in the Meeting would also need to consent. Further, the decision taken in respect of any other item shall be final only if such decision is ratified by the majority of the directors of the company. However, such ratification by majority is not required where the item was approved at the Meeting itself by a majority of Directors of the company.*

*For the purpose of ratification by the required majority as stated above, the decision taken along with the relevant supporting documents, if any, placed at the meeting should be circulated to all the directors who were not present at the Meeting and such decision, if ratified by the majority of directors of the company, should be effective from the date of the Meeting. Alternatively, the said decision may be circulated to all the Directors along with the draft Minutes of the Meeting, specifically highlighting the requirement of ratification, if any.*

*Where any Director is required to ratify a decision taken at a Meeting on any item of business not included in the Agenda and he abstains from ratifying or does not respond, then the decision taken in respect of such item should not be*

*presumed to be approved by such Director. Therefore, the required ratification by a Director in such a case should be explicit.*

*If the decision taken at the Meeting in respect of any item not included in the Agenda is not ratified by majority of the directors of the Company, the decision of the Board in respect of such item fails. It is therefore advisable that the company implements the decision taken at the Board Meeting in respect of such item only after it is ratified by majority of directors of the Company.*

**Illustration**

*Company XYZ Ltd. has 9 Directors out of which 6 Directors are present at the Meeting. An item not included in the Agenda is proposed to be taken up at a Meeting. Following are the scenarios and their effect:*

- 1. Consent for taking up such item is obtained from only 3 Directors present in the Meeting, including the Chairman.*

*Effect: Such item should not be taken up at the Meeting as majority of Directors present at the Meeting have not given their consent.*

- 2. Consent for taking up such item is obtained from 4 Directors present at the Meeting, including the Chairman.*

*Effect: Such item should be taken up as majority of Directors present at the Meeting have given their consent.*

- 3. Consent for taking up such item is obtained from 4 Directors out of 6 Directors present at the Meeting, including the Chairman. However, out of 6 Directors only 4 approved the decision. Majority of Directors of the company is 5 Directors.*

*Effect: Such item should be taken up, as majority of Directors present at the Meeting have given their consent. The decision should be final only on ratification by majority of Directors of the Company, which is 5 Directors. The said decision approved by 4 Directors at the Meeting should be circulated to all the Directors along with relevant supporting documents, specifically highlighting the requirement of ratification by majority of Directors of the Company.*

*Any item not included in the Agenda and Notes thereon may either be circulated to the Directors before the Meeting or tabled at the Meeting, but can only be taken up with the requisite consent as stipulated in this paragraph of SS-1.*

*However, the Act specifically provides for prior Notice in the case of some items of business. For instance, Specific Notice has to be given to all Directors then in India of a Resolution to be moved for appointment of a person as Managing*

*Director who is already the Managing Director or Manager of another company (Third Proviso to sub-section (3) of Section 203 of the Act). Such items should be taken up only if Notice is given in terms of the Act and should not be taken up under this paragraph of SS-1.*

*Additional items of Agenda may be introduced at a Meeting adjourned for want of Quorum by complying with this paragraph of SS-1.*

**1.3.11 To transact urgent business, the Notice, Agenda and Notes on Agenda may be given at shorter period of time than stated above, if at least one Independent Director, if any, shall be present at such Meeting.**

If no Independent Director is present, decisions taken at such a Meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one Independent Director, if any.

In case the company does not have an Independent Director, the decisions shall be final only on ratification thereof by a majority of the Directors of the company, unless such decisions were approved at the Meeting itself by a majority of Directors of the company.

*Notice, Agenda and Notes on Agenda should be given at least seven days before the Meeting, for the efficient conduct of business. However, to meet urgent business requirements, it may be necessary to call a Meeting at a shorter Notice.*

*In such cases, a Meeting may be called at a shorter Notice by complying with this paragraph of SS-1.*

*In case of sending of a shorter Notice, the Agenda and Notes thereon may also be sent at a shorter period of time by complying with this paragraph of SS-1.*

*Further, in cases where seven days' Notice of the Meeting has been given to all the Directors, the Agenda and Notes thereon may be circulated at a shorter period of time by complying with this paragraph of SS-1.*

*The manner of sending the Notice, the Agenda and Notes thereon explained in earlier paragraphs of SS-1 should mutatis-mutandis be applicable for sending a shorter Notice.*

**“Urgent business”**

*For the purpose of this paragraph, any matter, if it is urgent, may be taken up as “urgent business” by issuing a shorter Notice.*

**Additional content in such Notice**

The fact that the Meeting is being held at a shorter Notice shall be stated in the Notice.

*Holding a Meeting at a shorter Notice is deviating from the conventional practice. Hence, this fact should be brought out in the Notice convening the Meeting. As a good governance practice, the reasons for convening the Meeting at shorter Notice may also be stated in the Notice.*

### **Presence of Independent Director or ratification of decisions**

*If none of the Independent Directors are present at the Meeting held on shorter Notice and on the subsequent circulation of Minutes, none of the decisions or any of the decisions taken at such Meeting is disapproved or not ratified by at least one Independent Director, if any, such decisions of the Board in respect of such items fail. The company should, therefore not implement decisions taken at such Board Meeting until they are ratified by atleast one Independent Director, if any.*

#### **Illustration**

*Company XYZ Ltd. has 9 Directors out of which 3 are Independent Directors. A Meeting is convened at a shorter Notice. Following are the scenarios and their effects:*

1. One Independent Director is present at the Meeting.

*Effect : No ratification necessary. Decision taken would be carried through.*

2. a. No Independent Director is present at such Meeting.

*Effect: The decisions taken at the Meeting and Minutes of the Meeting would be final only after ratification thereof by at least one Independent Director.*

*b. In the above case, subsequently all Independent Directors abstain from ratifying the Minutes or disapprove the decision taken by the majority at the Meeting.*

*Effect: The decision fails.*

*c. In the above case, subsequently one Independent Director approves the decision but the others disapprove the decision taken by the majority at the Meeting.*

*Effect: The decision taken would be carried through.*

*In case the company does not have an Independent Director, ratification of the decisions taken at such Meeting should be done by the majority of Directors of the company. However, such ratification by majority is not required where the item was approved at the Meeting itself by a majority of Directors of the company.*

**Illustration**

*Company XYZ Ltd. has 9 Directors out of which none are Independent Directors. A Meeting is convened at a shorter Notice. 6 Directors are present at the Meeting. Following are the scenarios and their effect:*

1. *5 Directors out of 6 Directors who are present at the Meeting approve the item(s) at the Meeting.*

*Effect: No ratification necessary. The decision taken would be carried through.*

2. *a. 4 Directors out of 6 Directors who are present at the Meeting approve the item(s) at the Meeting.*

*Effect: The decisions taken at the Meeting and the Minutes thereof would be final only after ratification thereof by at least 1 Director other than those present at the Meeting.*

*b. In the above case, subsequently, such number of Directors forming majority of Directors of the company fails to ratify the Minutes or disapprove the decisions taken by the majority at the Meeting.*

*Effect: The decision fails.*

**2. Frequency of Meetings****2.1 Meetings of the Board\***

**The company shall hold at least four Meetings of its Board in each Calendar Year with a maximum interval of one hundred and twenty days between any two consecutive Meetings.**

*The Act requires that at least four Meetings of the Board be held in each year with a maximum interval of one hundred and twenty days between any two consecutive Meetings of the Board.*

*The Board of directors of Equity Listed Company shall meet at least four times in a year, with a maximum time gap of one hundred and twenty days between any two meetings. (Regulation 17(2) of Listing Regulations)*

**“Year” means “Calendar Year”**

*“Year” is not defined in the Act and, therefore the definition under the General Clauses Act, 1897 is made applicable. Further, the stipulation in the Act in case*

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\* Refer “Annexure XI - Relaxations Granted due to COVID-19”.

*of a One Person Company, Small Company or Dormant Company to hold at least one Meeting of the Board in each half of a Calendar Year also clarifies the intention of lawmakers to mean Calendar Year. Calendar Year has, therefore, been prescribed in SS-1 for reckoning minimum number of Meetings.*

**First Meeting after incorporation**

*The company should hold first Meeting of its Board within thirty days of the date of incorporation. It should be sufficient if subsequent Meetings are held with a maximum interval of one hundred and twenty days between any two consecutive Meetings.*

**Illustration**

*If a company is incorporated on 15<sup>th</sup> June, the first Meeting should be held within thirty days i.e. latest by 14<sup>th</sup> July. if the meeting is held say on 10<sup>th</sup> July, then the next Meeting should be held within 120 days from 10<sup>th</sup> July.*

**Frequency of Meetings over and above what is prescribed**

*Several companies schedule their Meetings at regular intervals, often coinciding with the need to deal with matters such as periodic financial results. However, in accordance with the exigencies of business and the needs of the company, the Board may meet more frequently as and when required.*

*As a good governance practice, the Board may approve in advance, a calendar of dates for Meetings to be held in a year.*

**Provisions for One Person Company, Small Company and Dormant Company**

Further, it shall be sufficient if a One Person Company, Small Company or Dormant Company holds one Meeting of the Board in each half of a calendar year and the gap between the two Meetings of the Board is not less than ninety days.

*According to Section 173(5) of the Act, a one person company, small company, dormant company and a private company (if such private company is a start-up) shall be deemed to have complied with the provisions of this section if at least one meeting of the Board of Directors has been conducted in each half of a calendar year and the gap between the two meetings is not less than ninety days. (MCA Notification G.S.R. 583(E) dated 13<sup>th</sup> June, 2017)*

*Accordingly, if a One Person Company, Small Company, Dormant Company or a Start-up holds only two Meetings in a year, then the gap between the two such Meetings should be minimum 90 days. If more than two Meetings are held in*

*a year where the gap between the first and the last Meeting in a year exceeds 90 days then it would be sufficient compliance of the requirement.*

*The term "Start-up" means a private company incorporated under the Act and recognised as start-up in accordance with the notification issued by the Government of India.*

**Illustration**

*In case a small company holds the first Meeting of the Calendar Year 2015 on 1<sup>st</sup> June, 2015, it would be sufficient if it holds one more Meeting on any day before 31<sup>st</sup> December, 2015, but on or after 30<sup>th</sup> August 2015. If it holds the next Meeting on 30<sup>th</sup> July, 2015, it should hold at least one more Meeting on or after 30<sup>th</sup> August, 2015, but before 31<sup>st</sup> December, 2015.*

**Meetings adjourned for want of Quorum**

*Meeting adjourned for want of Quorum should also be conducted within the period stipulated in the SS-1.*

**Illustration**

*A Meeting was held on 1<sup>st</sup> January, 2016. The next Meeting was convened on 27<sup>th</sup> April, 2016 being a date within the prescribed period of 120 days. If the requisite Quorum is not present on 27<sup>th</sup> April, 2016 then, as per law, the Meeting stands automatically adjourned to 4<sup>th</sup> May, 2016. In such a case, there is non-compliance unless the company convenes a Meeting at shorter Notice on or before 30<sup>th</sup> April, 2016. At the said Meeting, the Board may decide to cancel the Meeting adjourned to 4<sup>th</sup> May, 2016.*

*It may be noted that the flexibility granted under sub-section (2) of Section 288 of the Companies Act, 1956 regarding adjournment of a Board Meeting for want of Quorum not amounting to violation as to the requirement of the periodicity of holding Board Meetings is not available under the Companies Act, 2013. Hence, there would be a violation of Section 173 of the Act, if the Meeting adjourned for want of Quorum is not conducted within the statutory period.*

*The company should therefore endeavour to schedule its Meetings accordingly.*

*An adjourned Meeting being a continuation of the original Meeting, the interval period in such a case, shall be counted from the date of the original Meeting.*

*Thus, in case of an adjourned Meeting, the gap of one hundred and twenty days for the purpose of fixing up the date of the next Meeting or for any other purpose should be counted from the date of the original Meeting.*

## 2.2 Meetings of Committees

**Committees shall meet as often as necessary subject to the minimum number and frequency prescribed by any law or any authority or as stipulated by the Board.**

### ***Frequency of Meetings of a Committee***

*Committees should meet as often as required and at least as often as stipulated by the Board while constituting the Committee. Guidelines, Rules and Regulations framed under the Act or by any statutory/regulatory authority may contain provisions for frequency of Meetings of a Committee and such stipulations should be followed.*

*For example, the Audit Committee of equity listed company should meet at least four times in a year and not more than one hundred and twenty days should elapse between two Meetings.*

*However, the Committees may meet more frequently in accordance with the exigencies of business and the needs of the company.*

*Also, the Audit Committee of equity listed company may invite the finance Director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee.*

*Occasionally the audit committee may meet without the presence of any executives of the company.*

## 2.3 Meeting of Independent Directors\*

**Where a company is required to appoint Independent Directors under the Act, such Independent Directors shall meet at least once in a Calendar Year.**

*However, the MCA vide Notification dated 5<sup>th</sup> July, 2017 has clarified that the Independent Directors are required to meet at least once in a financial year. Accordingly, the term "calendar year" stated in the above paragraph of SS-1 should be read as "financial year".*

*The independent directors of the company shall hold at least one meeting in a financial year without the attendance of non-independent directors and members of management; [Clause VII(1) of Schedule IV to the Act].*

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\* Refer "Annexure XI - Relaxations Granted due to COVID-19".

The meeting shall be held to review the performance of Non-Independent Directors and the Board as a whole; to review the performance of the Chairman and to assess the quality, quantity and timeliness of flow of information between the company management and the Board and its members that is necessary for the Board to effectively and reasonably perform their duties.

*A Meeting of Independent Directors is not a Meeting of the Board or of a Committee of the Board. Therefore, provisions of SS-1 shall not be applicable to such Meetings. A record of the proceedings of such a Meeting may be kept.*

The Company Secretary, wherever appointed, shall facilitate convening and holding of such meeting, if so desired by the Independent Directors.

*In order to seek some clarification, opinion, views, etc., the Independent Directors may invite the Company Secretary or the Managing Director or any other officer of the company or a Company Secretary in Practice or any other expert to attend such a Meeting or a part thereof. If so invited, the Company Secretary or the Managing Director or any other officer of the company or a Company Secretary in Practice or any other expert may attend such Meeting or any part thereof.*

*All the independent directors should strive to be present at the meeting of Independent Directors.*

### **3. Quorum**

*The Quorum for a Meeting is the minimum number of Directors whose presence is required to constitute a valid Meeting and who are competent to transact business and vote thereon.*

#### **3.1 Quorum shall be present throughout the Meeting.**

*In order that a Meeting may be properly constituted and the business be validly transacted, Quorum should be present throughout the Meeting.*

**Quorum shall be present not only at the time of commencement of the Meeting but also while transacting business.**

*It is not sufficient if the Quorum is present at the commencement of the Meeting . It is necessary that the Quorum is present at the time of transacting the business, i.e. at every stage of the Meeting and unless Quorum is present at the time of transacting a particular item of business, the business transacted therein is void.*

*Rule 3(5)(b) of the Companies (Meetings of Board and its Powers) Rules, 2014, with respect to Meetings through Electronic Mode, requires the Chairman to ensure that the required Quorum is present throughout the Meeting.*

**3.2 A Director shall neither be reckoned for Quorum nor shall be entitled to participate in respect of an item of business in which he is interested. However, in case of a private company, a Director shall be entitled to participate in respect of such item after disclosure of his interest.**

*An Interested Director should neither participate nor vote in respect of an item in which he is interested, nor such Director be counted for Quorum in respect of such item. However, such Director may be present in the Meeting during discussions on such item.*

**Exemptions available to private companies**

*In case of a private company, MCA Notification dated 5<sup>th</sup> June, 2015 states that sub-section (2) of Section 184 of the Act shall apply with the exception that the Interested Director may participate at such Board Meeting after disclosure of his interest. For the purpose of Quorum, as per Explanation to sub-section (3) of Section 174 of the Act, an Interested Director means a Director covered under sub-section (2) of Section 184 of the Act which in turn provides for disclosure of interest by an Interested Director and prohibits his participation in an item in which he is interested. [In line with MCA Notification No. G.S.R. 464(E) dated June 5<sup>th</sup>, 2015]*

*Further, MCA Notification G.S.R. 583(E) dated 13<sup>th</sup> June, 2017 specifically provides that in case of a private company, an Interested Director may also be counted towards quorum after disclosure of his interest pursuant to Section 184.*

*Thus, for the purpose of this paragraph of SS-1, in case of a private company, an Interested Director should be reckoned for Quorum in respect of an item in which he is interested after he has disclosed his interest. Further he can be present and participate, whether physically or through Electronic Mode, during the discussions on such item and is also entitled to vote thereon after such disclosure.*

**Related Party Transaction**

If the item of business is a related party transaction, then the interested Director shall not be present at the Meeting, whether physically or through Electronic Mode, during discussions and voting on such item.

*As per Rule 15(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, an Interested Director shall not be present during discussions and voting on the item in which he is interested, if the item happens to be a related party transaction.*

**Definition of 'interest'**

For this purpose, a Director shall be treated as interested in a contract or arrangement entered into or proposed to be entered into by the company:

- (a) with any body corporate, if such Director, along with other Directors holds more than two percent of the paid-up share capital of that body corporate, or he is a promoter, or manager or chief executive officer of that body corporate; or

**Illustration**

*Mr. A is a Director of XYZ Ltd. He is not holding any directorship in PQR Ltd., and holds more than two percent of the paid-up share capital of PQR Ltd.*

*In a contract between XYZ Ltd. and PQR Ltd., Mr. A should be treated as interested in that particular item in the Board Meeting of XYZ Ltd. Shareholding of more than 2% of the paid-up share capital of PQR Ltd. makes him an Interested Director in respect of that particular item in the Board Meeting of XYZ Ltd.*

*Mere common directorships are excluded from the purview of interest.*

**Illustration**

*In the above illustration, suppose Mr. A is also a Director (not a promoter) of PQR Ltd., but he does not hold any shares in PQR Ltd.*

*In a contract between XYZ Ltd. and PQR Ltd., Mr. A should not be treated as interested for that particular item in the Board Meeting of XYZ Ltd. since mere common directorships are excluded from the purview of interest.*

- (b) with a firm or other entity, if such Director is a partner, owner or Member, as the case may be, of that firm or other entity.

**'Interest' in case of Alternate Director**

*In case an Alternate Director has been appointed and the Original Director is interested in a particular Resolution, the Alternate Director does not ipso facto become interested in that particular Resolution by virtue of the Original Director being interested. The Alternate Director should be treated as interested and not entitled to vote only if he himself is interested in any other manner in such Resolution.*

***Disclosure of interest by Interested Director***

*As stated, any Director of the company who is interested in a matter being considered at the Meeting should disclose his interest.*

*Every Director should, at the first Meeting of the Board in which he participates as a Director and thereafter at the first Meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board Meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals, which should include his shareholding [Sub-section (1) of Section 184 of the Act read with Rule 9 of the Companies (Meetings of Board and its Powers) Rules, 2014].*

*An Interested Director should also disclose the nature of his concern or interest at the Meeting of the Board where the contract or arrangement in which he is interested as above is discussed.*

*Such disclosure of interest, should be made by him, even if he himself, or he along with other Directors holds less than two percent of the paid-up share capital of that body corporate. This is required for the purpose of reckoning the limit of two percent shareholding by all the Directors.*

***Effect on the contract or arrangement if any of the above provisions are violated***

*If any Director fails to make the disclosure mentioned above or participates in the discussion on or votes on an item in which he is interested, then the concerned contract or arrangement entered into shall be voidable at the option of the company [Sub-section (3) of Section 184 of the Act].*

*In addition to the above, such Director shall be liable to vacate his office [Clauses (c) & (d) of sub-section (1) of Section 167 of the Act].*

***Course of action if all the Directors are interested***

*An item where all or all but one of the Directors are interested cannot be transacted at a Board Meeting and in such a case the proper course of action is to have the matter decided at the General Meeting.*

*In the General Meeting, the voting entitlement of the Directors who are also members of the company should be determined in terms of the provisions related to transactions with Related Parties under Section 188 of the Act and the relevant provisions of the Secretarial Standard on General Meetings (SS-2) and not under this paragraph of SS-1.*

**3.3 Directors participating through Electronic Mode in a Meeting shall be counted for the purpose of Quorum, unless they are to be excluded for any items of business under the provisions of the Act or any other law.**

*All Directors participating through Electronic Mode in a Meeting should be counted for the purpose of reckoning Quorum. However, under the provisions of the Act or any other law, if any Director participating through Electronic Mode is not to be counted for Quorum in respect of any item of business, then he should not be counted for Quorum for such item of business [Sub-section (1) of Section 174 of the Act read with Explanation to Rule 3(5)(a) of the Companies (Meetings of Board and its Powers) Rules, 2014].*

*For this purpose, Interested Directors participating through Electronic Mode should not be counted for Quorum as explained in paragraph 3.2 of SS-1.*

*The Companies (Amendment) Act, 2017 has inserted second proviso to section 173(2) which provides that where there is quorum in a meeting through physical presence of directors, any other Director may participate through video conferencing or other audio visual means in such meeting on any matter specified under the first proviso. This amendment allows participation of directors on certain restricted items at Board meetings through video conferencing or other audio visual means if there is quorum through physical presence of directors at the meeting.*

**3.4 Meetings of the Board**

**3.4.1 The Quorum for a Meeting of the Board shall be one-third of the total strength of the Board, or two Directors, whichever is higher.**

*For the purpose of calculating the “total strength” and Quorum for a Meeting, the following should be noted:*

- (1) Total strength, for this purpose, shall not include Directors whose places are vacant.

**Illustration**

*If, out of a total strength of fifteen Directors as fixed by the company in General Meeting, four places are vacant, then the actual strength of the Board for the purpose of computing the Quorum should be eleven and not fifteen.*

- (2) Any fraction contained in the above one-third shall be rounded off to the next one.

**Illustration**

*In the above illustration, the Quorum should be 4 (i.e.  $1/3^{\text{rd}}$  of 11= 3.67 and fraction rounded off to next one).*

- (3) *Invitees should not be considered for counting of Quorum.*

*Any Invitee may be allowed to attend a Meeting with the permission of the Chair but his presence should not be counted towards Quorum nor should he be allowed to vote on any item. He may, however, speak at the Meeting with the permission of the Chair.*

- (4) *As explained in paragraph 3.3 above, a Director participating through Electronic Mode should be counted for the purpose of Quorum, unless he is to be excluded for any item.*

- (5) *As explained in paragraph 3.2 above, any Director who is interested in a matter being considered at the Meeting should not be counted for the purpose of determining the Quorum.*

If the number of Interested Directors exceeds or is equal to two-thirds of the total strength, the remaining Directors present at the Meeting, being not less than two, shall be the Quorum during such item.

*This shall not apply to a private company (in line with MCA Notification No. G.S.R. 464(E) dated June 5, 2015).*

*In a situation where the Quorum excluding the Interested Directors is less than two, the item may be considered in the General Meeting of the members.*

*Quorum for every Meeting of the Board of Directors of the top 1000 equity listed companies with effect from April 1, 2019 and of the top 2000 equity listed companies with effect from April 1, 2020 shall be one-third of its total strength or three Directors, whichever is higher, including at least one independent director.*

*Explanation I – For removal of doubts, it is clarified that the participation of the Directors by video conferencing or by other audio-visual means shall also be counted for the purposes of such quorum.*

*Explanation II - The top 1000 and 2000 entities shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.*

*[Regulation 17(2A) of Listing Regulations]*

***Stricter provisions should be followed***

*The Articles may provide for a higher Quorum than what is prescribed under the law.*

Where the Quorum requirement provided in the Articles is higher than one-third of the total strength, the company shall conform to such higher requirement.

*For example, the Articles may provide for the presence of the Nominee Director at all Meetings or may prescribe a Quorum of two-third of the total strength of the Board for Meetings of the Board. Such provisions should be adhered to.*

*A company may provide by its Articles a higher but not a lower number or proportion to constitute a valid Quorum [Amrit Kaur Puri v. Kapurthala Flour Oil & General Mills Co. P. Ltd. (1984) 56 Com Cases 194 (P&H)].*

***Consequences of Meeting where Quorum is not present***

*If Quorum is not present within half-an-hour from the time appointed for the Meeting, or such further time as the Chairman may deem fit, the Meeting shall stand adjourned.*

If a Meeting of the Board could not be held for want of Quorum, then, unless otherwise provided in the Articles, the Meeting shall automatically stand adjourned to the same day in the next week, at the same time and place or, if that day is a National Holiday, to the next succeeding day which is not a National Holiday, at the same time and place.

If there is no Quorum at the adjourned Meeting also, the Meeting shall stand cancelled.

*A Meeting can be adjourned only once for want of Quorum. If at the adjourned Meeting also Quorum is not present, the Meeting shall stand cancelled and a fresh Meeting should then be convened in order to transact the business within the time frame prescribed under paragraph 2.1.*

**3.4.2 Where the number of Directors is reduced below the minimum fixed by the Articles, no business shall be transacted unless the number is first made up by the remaining Director(s) or through a general meeting.**

*The Articles may provide for a minimum number of Directors. In such cases, it is necessary to have the minimum number of Directors as prescribed in the Articles for any business to be transacted by the Board at its Meeting. Unless the minimum number of Directors prescribed by the Articles have been appointed, the Board is not considered to be fully constituted and even if the requisite number of Directors to form a Quorum as per the Act is*

*present, they cannot hold a valid Meeting or transact the business through resolution by circulation.*

*A Board that consists of Directors less in number than the minimum fixed by the Articles cannot exercise the functions of the Board [Vishwanath Prasad Jalan v. Holyland Cinetone Ltd. (1939) 9 Comp. Cas. 324].*

*This would be so even if the number of Directors then in office is sufficient to constitute the Quorum. Directors may, in such a case, act for the limited purpose of calling a General Meeting or for filling the vacancies for the purpose of increasing their number to at least the minimum [Sly Spink & Co. In Re. (1911) 2 Ch. 430].*

### **Number of Directors falls below Quorum**

If the number of Directors is reduced below the Quorum fixed by the Act for a Meeting of the Board, the continuing Directors may act for the purpose of increasing the number of Directors to that fixed for the Quorum or of summoning a general meeting of the company, and for no other purpose.

*The Articles may provide for a higher Quorum than what is prescribed under the law. In such a case, it is necessary to have the Quorum as prescribed in the Articles for any business required to be transacted by the Board at its Meeting.*

*Accordingly, the above practice prescribed in SS-1 is also applicable in cases where the number of Directors is reduced below the Quorum fixed by the Articles i.e. in such cases, the continuing Directors may only act for the purpose of increasing the number of Directors to that fixed by the Articles for Quorum or for summoning a General Meeting for this purpose.*

*All decisions taken at a Board Meeting of the company of which the Board is not properly constituted, as required under the provisions of the Articles of Association of the company, will be null and void even if the decisions taken at such Board Meeting are in the interests of the company. Only a decision for appointment of Director may be held to be valid [Maharashtra Power Development Corporation Ltd. v. Dabhol Power Co. and Others (2003) 56 CLA 187 (CLB)].*

### **3.5 Meetings of Committees**

**Unless otherwise stipulated in the Act or the Articles or under any other law, the Quorum for Meetings of any Committee constituted by the Board shall be as specified by the Board. If no such Quorum is specified, the presence of all the members of any such Committee is necessary to form the Quorum.**

*This paragraph of SS-1 lays down the Quorum for Meetings of the Committees which is different from the Quorum for Meetings of the Board. The Act or any other law or the Articles or the Board while constituting the Committee or thereafter, may stipulate the Quorum for the Meetings of the Committee. Such stipulations should be followed.*

Regulations framed under any other law may contain provisions for the Quorum of a Committee and such stipulations shall be followed.

*For instance, one such requirement is that at a Meeting of the Audit Committee of an equity listed company, the Quorum should either be two members or one third of the members of the Audit Committee whichever is greater, with at least two Independent Directors [Regulation 18(2) of Listing Regulations].*

*In case neither the Act nor any other law nor the Articles nor the Board has stipulated any Quorum for Meetings of a Committee, Quorum for the Meetings of such Committee should be all the members of the Committee.*

*Where there is no specific provision, it is incumbent that the whole of the Committee meets [Raj Kumar Gupta v. State of Bihar and Ors. AIR 1990 Pat 32]. It is advisable that in the absence of law, the Articles or the Board should specify the Quorum, being not less than two for Meetings of the Committees. This becomes necessary to cover the eventuality of any member of the Committee, being interested in any item of business to be considered by such Committee, is not entitled to be counted for Quorum for such item.*

#### **4. Attendance at Meetings**

##### **4.1 Attendance register**

##### **4.1.1 Every company shall maintain attendance register for the Meetings of the Board and Meetings of the Committee.**

*Attendance register helps in keeping proper record of the Meeting.*

*Attendance register is a formal evidence of the presence of the persons signing such register. Maintenance of attendance register is a good secretarial practice which helps in keeping proper record of the attendance in the Meeting, enables cross-verification and also protects the interest of individual Directors and the invitees. It contains the signatures of the Directors who are present and other invitees also. The attendance register is also contemplated under the Model Articles which state that "Every Director present at any Meeting of the Board or of a Committee shall sign his name in a book to be kept for that purpose" [Regulation 65 of Table F of Schedule I to the Act].*

*In the absence of copy of the Notice convening the Board Meeting and the log book meant to record signatures of Directors attending the Meeting of the Board of Directors and any other proof to show that a Meeting was held, a Meeting of the Board of Directors cannot be accepted to be held [Dale & Carrington Investment (P) Ltd. v. P. K. Prathapan and Others (2004) Supp (7) SCR 334].*

*In the absence of any documentary proof to show that Notice of the Meetings was sent to the petitioners and that they were present in the Meeting, only by inclusion of their names in the Minutes which was signed by the respondent Chairman and no attendance register could be presented to substantiate these facts, it may be inferred that the Meeting held was sham and to fabricate the petitioners [Navin R. Shah and Ors. v. Simshah Estates and Trading Co. P. Ltd. and Others (2005) 128 Comp. Cas. 55 (CLB)].*

The pages of the attendance register shall be serially numbered.

*Here, a company may choose either count and give continuous numbering to the attendance register from its incorporation or from the Meetings held on or after 1<sup>st</sup> July, 2015, this being the date from which SS-1 became effective.*

### ***Manner of maintaining attendance register***

*Attendance may be recorded on separate attendance sheets or in a bound book or register.*

If an attendance register is maintained in loose-leaf form, it shall be bound periodically, atleast once in every three years.

*The attendance sheets or the register, as the case may be, if maintained in loose-leaf form, should be bound at regular intervals but atleast once in every three years.*

#### **4.1.2 The attendance register shall contain the following particulars: serial number and date of the Meeting; in case of a Committee Meeting name of the Committee; place of the Meeting; time of the Meeting; names and signatures of the Directors, the Company Secretary and also of persons attending the Meeting by invitation and their mode of presence, if participating through Electronic Mode.**

*This paragraph of SS-1 lays down the contents of the attendance register. Attendance register should, inter-alia, contain the names and signatures of the Directors present, of the Company Secretary, who is in attendance and of persons attending the Meeting by invitation and to indicate their mode of presence, if participating through Electronic Mode.*

*The attendance register should also contain the capacity in which an Invitee attends the Meeting and where applicable, the name of the entity such Invitee represents, and the relation, if any, of that entity to the company. This would enable recording of the same in the Minutes as required in paragraph 7.2.1.2 of SS-1.*

*This paragraph of SS-1 also clearly classifies the persons “present”, “in attendance” and “Invitees” for the purpose of the Meeting.*

*It is duty of the Company Secretary to facilitate the convening and attend the Meetings of the Board and its Committees [Rule 10(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]. The Act does not mandate as a part of his duty, any KMP other than the Company Secretary, to facilitate the convening and attend the Meetings of the Board or its Committees.*

*Thus, the main participants of the Meeting i.e. Directors should be treated as “present”; the Company Secretary, who is the person responsible for facilitating, convening the Meeting and attend the same as a part of his duty should be treated as “in attendance” and any other person other than the above two categories, including KMPs, should be treated as “Invitees” at the Meeting, for all purposes.*

*In case an Institution has appointed a Nominee Director on the Board of the company and such Nominee Director is unable to attend the Meeting, another person may be sent by the Institution to attend the specific Meeting. At times, foreign collaborators of the company may be invited to attend Meetings. All such persons attending the Meeting by invitation should be treated as “Invitees”.*

*Persons who are present in a Meeting merely to provide administrative assistance to an Invitee or Director or Company Secretary should neither be treated as “Invitees” nor as “in Attendance”. The Chairman may use his discretion in recording the presence of such persons.*

*If a Committee deems it necessary, it may invite any other Director, who is not a member of the Committee, to attend the Meeting of the Committee for specific purpose. Such Director should then be treated as an “Invitee” at the Meeting for all purposes.*

**4.1.3 The attendance register shall be deemed to have been signed by the Directors participating through Electronic Mode, if their attendance is recorded in the attendance register and authenticated by the Company Secretary or where there is no Company Secretary, by the Chairman or by any other Director present at the Meeting, if so authorised by the Chairman and the fact of such participation is also recorded in the Minutes.**

*Corollary has been drawn from the provisions in the Act with respect to signing of statutory registers if Directors are participating through Electronic Mode. [Rule 3(7) of the Companies (Meetings of Board and its Powers) Rules, 2014]*

*In terms of this paragraph SS-1, the attendance of any of the Directors participating through Electronic Mode in a Meeting is required to be recorded in the attendance register and authenticated by the Chairman or the Company Secretary. Such authentication may also be done by any other Director present at the meeting, if so authorised by the Chairman. This is provided to facilitate the authentication process in the absence of Company Secretary.*

*Authentication of the entries in the attendance register by the Company Secretary or the Chairman confirms the integrity of the information entered in the Attendance Register. Authentication also becomes essential considering the significance of the attendance register as conclusive proof before the Courts/ Tribunals, as also for audit and other purposes.*

*In case of meeting where directors are present in person, each Director should sign the attendance register. Additionally, the Company Secretary, who is in attendance at Board Meetings and persons attending a Meeting by invitation, should sign the attendance register.*

*Signing of the attendance register would not only be evidence of the particular Director being present at the Meeting but would also facilitate payment of sitting fees and accounting thereof by the company.*

### **Roll call for Directors participating through Electronic Mode**

In case of Directors participating through Electronic Mode, the Chairman shall confirm the attendance of such Directors. For this purpose, at the commencement of the Meeting, the Chairman shall take a roll call. The Chairman or the Company Secretary shall request the Director participating through Electronic Mode to state his full name and location from where he is participating and shall record the same in the Minutes.

*The requirement for roll call is in line with the requirement under Rule 3(4) and Rule 3(5) of the Companies (Meetings of Board and its Powers) Rules, 2014.*

*During the roll call, every Director participating through Electronic Mode should state, for the record, the following namely:*

- (a) name;*
- (b) the location from where he is participating;*
- (c) that he has received the Agenda and all the relevant material for the Meeting; and*

- (d) *that no one other than the concerned Director is attending or having access to the proceedings of the Meeting at the location mentioned in (b) above.*

*After the roll call, the Chairman or the Company Secretary shall inform the Board about the names of persons other than the Directors who are present at the said meeting at the request or with the permission of the Chairman. [Rule 3(4) & (5) of the Companies (Meetings of Board and its Powers) Rules, 2014]*

The proceedings of such Meetings shall be recorded through any electronic recording mechanism and the details of the venue, date and time shall be mentioned.

**4.1.4 The attendance register shall be maintained at the Registered Office of the company or such other place as may be approved by the Board.**

*The attendance register should not be maintained at any place other than the Registered Office of the company, unless such maintenance is approved by the Board.*

The attendance register may be taken to any place where a Meeting of the Board or Committee is held.

*Approval of the Board is not required for this purpose, since carrying the attendance register, on a temporary basis, to the place of Meeting of the Board or Committee does not amount to "Maintenance at a place other than the Registered Office of the company".*

**4.1.5 The attendance register is open for inspection by the Directors. Even after a person ceases to be a Director, he shall be entitled to inspect the Attendance Register of the Meetings held during the period of his Directorship.**

The Company Secretary in Practice appointed by the company or the Secretarial Auditor or the Statutory Auditor of the company can also inspect the attendance register as he may consider necessary for the performance of his duties.

*This would enable the Statutory Auditors or the Secretarial Auditors or the Company Secretary in Practice to discharge their professional duties fairly.*

*Officers of the Registrar of Companies, or the Government, or the regulatory bodies, if so authorised by the Act or any other law, can also inspect the attendance register during the course of an inspection.*

*While providing inspection of attendance register, the Company Secretary, or the official of the company authorised by the Company Secretary to facilitate inspection, should take all precautions to ensure that the attendance register is not mutilated or in any way tampered with during the course of an inspection.*

A Member of the company is not entitled to inspect the attendance register.

**4.1.6 The attendance register shall be preserved for a period of at least eight financial years from the date of last entry made therein and may be destroyed thereafter with the approval of the Board.**

*Corollary has been drawn from Rule 15 of the Companies (Management and Administration) Rules, 2014 which prescribes a period of eight years for preservation of register of debenture-holders or any other security holders and annual return.*

*The period of eight financial years should be counted from the end of the financial year to which the last entry in the register pertains to.*

**Illustration**

*In case the attendance register contains the attendance record of a Meeting held on 5<sup>th</sup> May, 2010 as the first entry and 18<sup>th</sup> March, 2015 as the last entry, the attendance register should be preserved at least up to 31<sup>st</sup> March, 2023 i.e. for eight financial years from 31<sup>st</sup> March, 2015 since the last entry therein is 18<sup>th</sup> March, 2015.*

*Further, considering the importance of such records, prior approval of the Board is necessary for their destruction. This is because the Directors are responsible for devising and ensuring effective operation of proper and adequate Board systems, and the need to refer to or inspect this register and the recording therein may arise at anytime.*

*In case of equity listed companies, such records should be preserved as per the policy approved by the Board for preservation of documents.*

*All such records destroyed after 1<sup>st</sup> July, 2015 require the approval of the Board, even if such records pertain to a period prior to SS-1 coming into force.*

*It may be noted that the Board may authorise destruction of such records only after the expiry of the period specified in this paragraph of SS-1.*

**4.1.7 The attendance register shall be in the custody of the Company Secretary.**

Where there is no Company Secretary, the attendance register shall be in the custody of any other person authorised by the Board for this purpose.

*Custody, for the purpose of this paragraph of SS-1, should not be construed to mean physical custody. What this particular paragraph of SS-1 signifies is the responsibility cast upon the Company Secretary or any other person authorised by the Board for this purpose, as the case may be.*

*The Company Secretary or any other person authorised by the Board for this purpose, should take all precautions to ensure that the attendance register is under proper locking system, if applicable, and that no other person has access to the attendance register without his permission.*

**4.2 Leave of absence shall be granted to a Director only when a request for such leave has been communicated to the Company Secretary or to the Chairman or to any other person authorised by the Board to issue Notice of the Meeting.**

*Request for leave of absence may be either oral or written. Any such request received should be mentioned at the Meeting and should be recorded in the Minutes of the Meeting.*

*The Minutes of the Meeting should clearly mention the names of the Directors present at the Meeting and those who have been granted leave of absence.*

**Vacation of office of Director**

The office of a Director shall become vacant in case the Director absents himself from all the Meetings of the Board held during a period of twelve months with or without seeking leave of absence of the Board.

*For the purpose of counting of Board Meetings held in the preceding twelve months, the counting should commence from the date of the first Board Meeting held immediately after the Meeting which the Director concerned last attended.*

**Illustration**

*Suppose, the Board Meetings of a company were held on 28<sup>th</sup> March, 2014, 25<sup>th</sup> June, 2014, 20<sup>th</sup> September, 2014, 30<sup>th</sup> December, 2014 and 27<sup>th</sup> March, 2015. Director X attended the Meeting on 28<sup>th</sup> March, 2014 and did not attend any Meetings thereafter. In such a case, the count for Meetings of the Board held during a period of twelve months for the purpose of reckoning his vacation of office should commence from 25<sup>th</sup> June, 2014. Thus, if he does not attend any of the Meetings held upto end June 2015, he should vacate the office.*

*The requirement of this paragraph of SS-1 with respect to vacation of office is only for attendance of a Director in the Board Meeting and not for the manner of attending the Board Meeting. Therefore, Board Meeting attended by a Director, whether physically or through Electronic Mode, should be sufficient attendance for the purpose of this paragraph.*

*A Board Resolution need not be passed to show that office of Director has been vacated by a particular Director. Vacation of office is automatic as soon as a Director is found to have incurred disability as contemplated by clause (g) of sub-section (1) of Section 283 of the Companies Act, 1956 (corresponding to clause (b) of sub-section (1) of Section 167 of the Act) [Bharat Bhushan v. H.B. Portfolio Leasing Ltd. (1992) 74 Comp. Cas. 20 (Del.)].*

*As a matter of good governance, due intimation of such vacation should be sent to such Director forthwith and the Board may take note of such vacation at its next Meeting.*

### **Proxies cannot be appointed to attend Board Meetings**

*The Act does not contain any provision conferring on the Directors the right to appoint a proxy to attend Board Meetings. A Director cannot appoint another person as his proxy to attend a Board Meeting since the right to appoint a proxy is not a common law right and can only be given by statute.*

## **5. Chairman**

### **5.1 Meetings of the Board**

#### **5.1.1 The Chairman of the company shall be the Chairman of the Board. If the company does not have a Chairman, the Directors may elect one of themselves to be the Chairman of the Board.**

*The term "Chairman" is not defined in the Act. However, there is adequate elaboration through case laws.*

*The procedure for appointment and powers and duties of a Chairman may be prescribed in the Articles of the company.*

### **Appointment of Chairman**

*For a Meeting to be properly constituted, the Chairman of the Board or a validly elected person should be in the chair.*

*The Act does not provide for appointment of a Chairman of the Meeting but the Model Articles provide that the Board may elect a Chairman of its Meetings and*

*determine the period for which he is to hold office [Regulation 70 (i) of Table F of Schedule I to the Act].*

*While appointing such person, the Board may stipulate a time period for the person to continue as Chairman of the Board. At the end of such period, the Board may either re-appoint the person or appoint any other Director as Chairman of the Board.*

*It is considered a good practice for every company to have a Chairman who would be the Chairman for Meetings of the Board of Directors as well as general meetings of the company. Normally, the Directors elect one amongst themselves to be the Chairman of the Board and he continues to act as such until he ceases to be a Director or until another Director is appointed as the Chairman.*

*The Chairman may be appointed in accordance with the relevant provision in the Articles. Companies may provide, in their Articles, for the appointment of a Vice-Chairman to act as Chairman in the absence of the Chairman. In absence of such provision in the Articles and in the absence of the Chairman, the Directors may elect one of themselves as a Chairman for the Meeting.*

### ***Managing Director/ Chief Executive Officer as the Chairman***

*An individual should not be appointed or re-appointed as the Chairman of the company, in pursuance of the Articles of the company, as well as the Managing Director or Chief Executive Officer of the company at the same time unless,–*

- (a) the Articles of the company provide otherwise; or*
- (b) the company does not carry on multiple businesses. (First Proviso to sub-section (1) of Section 203 of the Act)*

*However, the above restrictions shall not apply to such class of companies engaged in multiple businesses and which have appointed one or more Chief Executive Officers for each such business as may be notified by the Central Government (Second Proviso to sub-section (1) of Section 203 of the Act).*

*At present, public companies having paid-up share capital of rupees one hundred crore or more and annual turnover of rupees one thousand crore or more, decided on the basis of the latest audited balance sheet, have been exempted by the Central Government (S.O. 1913(E). dt. 25<sup>th</sup> July, 2014).*

*With effect from April 1, 2022, the top 500 equity listed companies shall ensure that the Chairperson of the Board of such company shall –*

- (a) be a non-executive Director;*
- (b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term “relative” defined under the Companies Act, 2013:*

*Provided that this shall not be applicable to the companies which do not have any identifiable promoters as per the shareholding pattern filed with stock exchanges.*

*Explanation - The top 500 companies shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.*

*[Regulation 17(1B) of Listing Regulations]*

*The office of Chairman ipso facto comes to an end when the Chairman ceases to be a Director. However, the converse is not the case, i.e. the Chairman can continue to be a Director after he ceases to be the Chairman. Where a company has the same person as Chairman and Managing Director, the person holding that office can cease to be the Chairman but may continue as Managing Director and, in case he ceases to be the Managing Director, he can continue to be the Chairman, as a Non-Executive Director, unless his contract specifies otherwise.*

**5.1.2 The Chairman of the Board shall conduct the Meetings of the Board. If no such Chairman is elected or if the Chairman is unable to attend the Meeting, the Directors present at the Meeting shall elect one of themselves to chair and conduct the Meeting, unless otherwise provided in the Articles.**

*The main function of the Chairman is to preside over and conduct the Meeting in an orderly manner.*

*If no Chairman is elected by the Board, or if at any Meeting, the Chairman is not present within five minutes after the time appointed for holding the Meeting, the Directors present may choose one of their number to be Chairman of the Meeting [Regulation 70 of Table F of Schedule I to the Act].*

**Duties of the Chairman**

It would be the duty of the Chairman to check, with the assistance of Company

Secretary, that the Meeting is duly convened and constituted in accordance with the Act or any other applicable guidelines, Rules and Regulations before proceeding to transact business. The Chairman shall then conduct the Meeting. The Chairman shall encourage deliberations and debate and assess the sense of the Meeting.

### **Responsibility of the Chairman**

*The Chairman is the person responsible for the actual conduct of proceedings of the Meeting, which inter-alia requires him to:*

- (i) ensure that only those items of business as have been set out in the Agenda or any other matter which the Board approves of are transacted; and items of business generally are transacted in the order in which the items appear in the Agenda.*
- (ii) regulate the proceedings of the Meeting and encourage deliberations and debate, secure the effective participation of all Directors, encourage all to make effective contribution and assess the sense of the Meeting.*
- (iii) decide all questions that arise at the Meeting on the validity or otherwise of Resolutions and the right to vote thereon, as also the right of certain persons to attend.*
- (iv) ensure that the proceedings of the Meeting are correctly recorded.*

### **Interested Chairman should vacate the Chair**

If the Chairman is interested in an item of business, he shall entrust the conduct of the proceedings in respect of such item to any Non-Interested Director with the consent of the majority of Directors present and resume the Chair after that item of business has been transacted. However, in case of a private company, the Chairman may continue to chair and participate in the Meeting after disclosure of his interest.

If the item of business is a related party transaction, the Chairman shall not be present at the Meeting, whether physically or through Electronic Mode, during discussions and voting on such item.

| Illustration    |                               |                                |             |      |          |
|-----------------|-------------------------------|--------------------------------|-------------|------|----------|
| Type of Company | Item of Business              | Board Meeting                  |             |      |          |
|                 |                               | Quorum                         | Participate | Vote | Presence |
| Public Company  | Interested Chairman/ Director | X                              | X           | X    | ✓        |
|                 | Related Party Transaction     | X                              | X           | X    | X        |
| Private Company | Interested Chairman/ Director | (After disclosure of interest) |             |      |          |
|                 |                               | ✓                              | ✓           | ✓    | ✓        |
|                 | Related Party Transaction     | X                              | X           | X    | X        |

The Act prohibits an Interested Director from participating in the items in which he is interested. The ambit of this provision has been incorporated in SS-1 by requiring an Interested Chairman to entrust the Chair to a Non-Interested Director during discussion on items in which he is interested.

This would encourage unbiased and fair decision making at the Meeting.

The provisions with respect to meaning of interest, disclosure of interest and prohibition on participation, voting and presence of the Interested Director explained earlier in paragraph 3.2 shall be applicable mutatis-mutandis to the Interested Chairman.

**Responsibility of Chairman in case of Meeting through Electronic Mode**

In case some of the Directors participate through Electronic Mode, the Chairman and the Company Secretary shall take due and reasonable care to safeguard the integrity of the Meeting by ensuring sufficient security and identification procedures to record proceedings and safe keeping of the recordings. No person other than the Director concerned shall be allowed access to the proceedings of the Meeting where Director(s) participate through Electronic Mode, except a Director who is differently abled, provided such Director requests the Board to allow a person to accompany him and ensures that such person maintains confidentiality of the matters discussed at the Meeting.

The Chairman shall ensure that the required Quorum is present throughout the

Meeting and at the end of discussion on each agenda item the Chairman shall announce the summary of the decision taken thereon.

*Where a Meeting is held through Electronic Mode, the Chairman of the Meeting and the Company Secretary, if any, should take due and reasonable care, in line with Rule 3(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, to –*

- (a) safeguard the integrity of the Meeting by ensuring sufficient security and identification procedures;*
- (b) ensure availability of proper equipment for Electronic Mode or facilities for providing transmission of the communication for effective participation of the Directors and other authorised participants at the Meeting;*
- (c) record proceedings and prepare the Minutes of the Meeting;*
- (d) store for safekeeping and marking the tape recording(s) or other Electronic recording mechanism as part of the records;*
- (e) ensure that no person other than the concerned Director is attending or has access to the proceedings of the Meeting held through Electronic Mode; and*
- (f) ensure that participants attending the Meeting through audio visual means are able to hear and see the other participants clearly during the course of the Meeting.*

### **Chairman's right to casting vote**

Unless otherwise provided in the Articles, in case of an equality of votes, the Chairman shall have a second or casting vote.

*A second or casting vote is a deciding vote. Second or casting vote is the vote of the Chairman of a Meeting which he can use in the event of a tie in voting, i.e. equality of votes in favour of or against a Resolution. Second or casting vote is different from the original vote of the Chairman as a Director and it can be exercised only after the process of voting has been completed.*

*Second or casting vote to the Chairman is allowed by the Model Articles under the Act. [Regulation 68(ii) and 73(ii) of Table F of Schedule I to the Act].*

*In the event of equality of votes on a particular matter at a Meeting, the Chairman may cast a second or casting vote on such matter, subject to any provision to the contrary in the Articles.*

*The Articles of the company may thus expressly prohibit exercise of second or*

*casting vote by the Chairman, in which case, the Chairman shall not have a second or casting vote. In case the Articles are silent, the Chairman may have a second or casting vote at his discretion.*

*The discretion whether or not to use his second or casting vote vests entirely with the Chairman.*

## **5.2 Meetings of Committees**

**A member of the Committee appointed by the Board or elected by the Committee as Chairman of the Committee, in accordance with the Act or any other law or the Articles, shall conduct the Meetings of the Committee. If no Chairman has been so elected or if the elected Chairman is unable to attend the Meeting, the Committee shall elect one of its members present to chair and conduct the Meeting of the Committee, unless otherwise provided in the Articles.**

*The Board may appoint a Chairman for a Committee at the time of the constitution of the Committee.*

*If the Board has not appointed the Chairman, the Committee may elect a Chairman of its Meetings and if no such Chairman is elected, or if at any Meeting the Chairman is not present within five minutes after the time appointed for holding the Meeting, the members present may choose one of their members to be Chairman of the Meeting unless otherwise provided in the Articles (Regulation 72 of Table F of Schedule I to the Act).*

*The Company Secretary should be the Secretary to the Committee. It is the duty of the Company Secretary to facilitate the convening of Meetings of the Board and its Committees [Rule 10 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014].*

*The provisions relating to Meetings of Committees are generally the same as those applicable to Board Meetings. For example, proper Notice of the Meeting should be given, Quorum should be present, there should be a Chairman, issues should be decided by simple majority and, in case of equality of votes, the Chairman should have a second or casting vote, unless otherwise provided in the Articles.*

*The Chairman of a Committee or any other person authorised by him should apprise the Board of the decisions taken at the Meetings of the Committee.*

## **6. Passing of 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.

### **An exception to the general rule**

*Generally, Directors act or exercise their powers by means of Resolutions passed at Meetings, but it may not always be convenient to call a Meeting of the Board to discuss matters on account of urgency or for any other justifiable reason. To enable Directors to take decisions in such circumstances, Section 175 of the Act provides for passing of a Resolution by circulation. All items of business may be considered for passing by circulation, except for certain items which are specified as not to be passed by circulation.*

## **6.1 Authority**

**6.1.1 The Chairman of the Board or in his absence, the Managing Director or in their absence, any Director other than an Interested Director, shall decide, before the draft Resolution is circulated to all the Directors, whether the approval of the Board for a particular business shall be obtained by means of a Resolution by circulation.**

*This paragraph lays down as to who shall decide whether or not the approval of the Board for a particular business be obtained by means of a Resolution by circulation. It is advisable that such decision should be indicated in the note being sent alongwith the Resolution proposed to be passed by circulation.*

*For the purpose of this paragraph of SS-1, in case of a private company, an Interested Director may also decide, before the draft Resolution is circulated to all the Directors, whether the approval of the Board for a particular business should be obtained by means of a Resolution by circulation.*

*In addition to the items prescribed in the Act (given in **Annexure IA**), an illustrative list of items given under SS-1 that should not be passed by circulation is given in **Annexure IB**.*

**6.1.2 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.**

*"Total number of Directors" above means the "total strength of the Board" which does not include Directors whose places are vacant.*

Interested Directors shall not be excluded for the purpose of determining the above one-third of the total number of Directors.

**Illustration**

*A company has 9 Directors, out of which say, 3 Directors are interested in the Resolution. In such a case, for the purpose of reckoning the 1/3<sup>rd</sup> stipulation as above, the total number of Directors should be taken as 9 and not 6 (9-3 Interested Directors). Thus, if 3 Directors (1/3<sup>rd</sup> of 9), (which number may include Interested Directors), require the Resolution under circulation to be decided at a Meeting, the Resolution by circulation should not be proceeded with.*

*However, this does not mean that Interested Directors shall be entitled to participate and vote when the said item of business is taken up at a Meeting of the Board.*

**6.2 Procedure****6.2.1 A Resolution proposed to be passed by circulation shall be sent in draft, together with the necessary papers, to all the Directors including Interested Directors on the same day.**

*It is necessary to send the draft of the Resolution to be passed by circulation together with the necessary papers.*

*No Resolution should be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the Resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or members of the Committee, as the case may be [Sub-section (1) of Section 175 of the Act].*

*The words "necessary papers" should be interpreted to mean all those papers that are necessary for the recipient to arrive at an informed decision in relation to the subject matter of the Resolution proposed to be passed by circulation.*

*The draft Resolution together with all the necessary papers should be sent on the same day to all Directors including Interested Directors, Nominee Directors and Directors residing abroad.*

*If an Alternate Director is appointed, the draft should also be sent to the Original Director for information only.*

**6.2.2 The draft of the Resolution to be passed and the necessary papers shall be circulated amongst the Directors by hand, or by speed post or by registered post or by courier, or by e-mail or by any other recognised electronic means.**

The draft of the Resolution and the necessary papers shall be sent to the postal address or e-mail address registered by the Director with the company or in the absence of such details or any change thereto, any of the addresses appearing in the Director Identification Number (DIN) registration of the Director.

*In case of Directors residing abroad, the draft Resolution and the necessary papers may be sent by e-mail or any other recognized electronic means.*

Proof of sending and delivery of the draft of the Resolution and the necessary papers shall be maintained by the company for such period as decided by the Board, which shall not be less than three years from the date of the Meeting.

*The aforesaid period of three years or such higher period as decided by the Board, shall be counted from the date of subsequent Meeting at which such resolution was noted by the Board.*

*The provisions with respect to sending of Notice and proof of delivery as explained in paragraph 1.3.1 shall mutatis-mutandis be applicable for sending the draft of the Resolution and the necessary papers.*

**6.2.3 Each business proposed to be passed by way of Resolution by circulation shall be explained by a note setting out the details of the proposal, relevant material facts that enable the Directors to understand the meaning, scope and implications of the proposal, the nature of concern or interest, if any, of any Director in the proposal, which the Director had earlier disclosed and the draft of the Resolution proposed. The note shall also indicate how a Director shall signify assent or dissent to the Resolution proposed and the date by which the Director shall respond.**

*Notice and Agenda are not necessary for passing of a Resolution by circulation. However, necessary papers which explain the purpose of the Resolution should be sent along with the draft Resolution to all the Directors, or in the case of a Committee, to all the members of the Committee.*

*It would be advisable to also explain the reasons as to why approval is sought by circulation.*

*As explained earlier in paragraph 6.1.2, if 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 Resolution should be considered at a Meeting and cannot be passed by circulation. As such, it is necessary to put in the note being circulated with the proposed Resolution, the last date for receiving responses from the Director to the Resolutions proposed.*

Each Resolution shall be separately explained.

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

*A single note containing more than one Resolution may be circulated but the note should enable the signifying of the decision by a Director on 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, in case the same has been sent by the company by speed post or by registered post or by courier.

*If the last date specified by the company for receiving response to the moving of a Resolution by circulation falls, say, on the 7<sup>th</sup> day from the date of sending the note containing the proposal, it should be understood that the Director concerned should respond to the same in such a way that his response reaches the Chairman or the Company Secretary or any other person appointed for that purpose on or before the expiry of the said time-limit of seven days.*

*Depending upon the necessity and urgency, the company may give seven days or less time for responding to the proposal.*

A suggested format for circulation is given in **Annexure VI**.

### **6.3 Approval**

**6.3.1 The Resolution is passed when it is approved by a majority of the Directors entitled to vote on the Resolution, unless 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.**

*For a Resolution under circulation to be passed, it should be approved by a majority of dis-interested Directors, who are entitled to vote.*

#### **Illustration**

*If there are 9 Directors of whom 2 are interested, the Resolution should be assented by at least 4 Directors (out of the 7 dis-interested Directors).*

*As explained earlier in paragraph 6.1.2, if 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 Resolution should be considered at a Meeting*

*and cannot be passed by circulation, even if a majority of the Directors approve it by circulation.*

**Illustration**

*If, out of the Board strength of 10 Directors, 6 Directors communicate their assent, the Resolution shall not be considered as passed until the stipulated last date has expired, or, if ahead of the said date, 2 more Directors have also signified their assent/dissent so that the possibility of 1/3<sup>rd</sup> asking for a physical Meeting is no longer possible.*

**Requisite Majority**

If any special majority or the affirmative vote of any particular Director or Directors is specified in the Articles, the Resolution shall be passed only with the assent of such special majority or such affirmative vote.

**Prohibition on voting by Interested Director**

An Interested Director shall not be entitled to vote. For this purpose, a Director shall be treated as interested in a contract or arrangement entered or proposed to be entered into by the company:

- (a) with any body corporate, if such Director, along with other Directors holds more than two percent of the paid-up share capital of that body corporate, or he is a promoter, or manager or chief executive officer of that body corporate; or
- (b) with a firm or other entity, if such Director is a partner, owner or Member, as the case may be, of that firm or other entity.

*The concept of Interested Director at a Meeting is also applicable to the Resolution passed by circulation and the provisions of paragraph 3.2 as explained earlier shall be applicable mutatis-mutandis.*

**Numbering of Resolutions**

Every such Resolution shall carry a serial number.

*During e-filing, companies are required to quote Resolution numbers in certain cases. Numbering would facilitate the above and also enable ease of reference.*

*The company may choose to follow its existing system of numbering, if any or any new system of numbering, which should be distinct and enable ease of reference or cross-reference.*

**Illustrations**

- (i) *Serially numbering on Calendar Year basis:*  
*"Circular Resolution No. 1/2015", "2/2015", "3/2015" and so on....*
- (ii) *Serially numbering on financial year basis:*  
*"Circular Resolution No. 1/2015-16", "2/2015-16", "3/2015-16" and so on...*
- (iii) *Continuous numbering across years:*  
*Circular Resolution No. 10, 11, 12 ... and so on...*

*In any case, the company should follow a uniform and consistent system while numbering the Resolutions.*

**6.3.2 The Resolution, if passed, shall be deemed to have been passed on the earlier of:**

- (a) the last date specified for signifying assent or dissent by the Directors; or**
- (b) the date on which assent has been received from the required majority, provided that on that date the number of Directors, who have not yet responded on the resolution under circulation, along with the Directors who have expressed their desire that the resolution under circulation be decided at a Meeting of the Board, shall not be one third or more of the total number of Directors; and**

**shall be effective from that date, if no other effective date is specified in such Resolution.**

*Paragraph 6.3.2 is intended to assist in reckoning the date on which a Resolution is deemed to have been passed. In this regard, paragraph 6.3.2 introduces two closing dates and provides that the circular Resolution could be taken as passed on one of those dates, whichever is earlier.*

*Reading paragraphs 6.3.1 and 6.3.2 in conjunction, if a majority of Directors have assented to the Resolution and if the eventuality of not less than one-third of the total number of Directors requiring the matter to be decided at a Meeting becomes improbable on a date before the last date fixed for response, the Resolution shall be deemed to have been passed on that date. (As illustrated in Scenarios II and III hereafter)*

**Effective date of the Resolution**

*Effective date of the Resolution passed by circulation should be the date on which the Resolution is deemed to be passed as reckoned above. However, in case the Resolution or the Note circulated specifies any other date to be the effective date, then such date should be the effective date.*

**Manner of response from Directors**

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.

*A scanned copy of the signed response may also be sent.*

*If the response is sent by the Director by e-mail or any other electronic means, such response need not be signed or followed by a physical signed copy of response.*

Directors shall append the date on which they have signed the Resolution. In case a Director does not append a date, the date of receipt by the company of the signed Resolution shall be taken as the date of signing.

*If the response is received by e-mail or by any other electronic means, the date of receipt by the company of such response should be taken as the date of signing the Resolution.*

In cases where the interest of a Director is yet to be communicated to the company, the concerned Director shall disclose his interest before the last date specified for the response and abstain from voting.

*In cases where the interest of a Director is yet to be communicated to the company, it is desirable that the Interested Director should disclose his interest to the company forthwith.*

*Once the concerned Director discloses his interest as above, the company should forthwith inform the other Directors the fact of such Director being interested in the proposed Resolution. It is advisable to inform the interest of Director to other Directors through e-mail or other electronic means so that other Directors are swiftly informed and send their assent and dissent accordingly.*

*For the above purpose, in case of a private company, an Interested Director should disclose his interest latest by the last date specified for the response but before voting on the Resolution (In line with MCA Exemption Notification dated 5<sup>th</sup> June, 2015).*

In case not less than one-third of the Directors wish the matter to be discussed and decided at a Meeting, each of the concerned Directors shall communicate the same before the last date specified for the response.

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.

If the approval of the majority of Directors entitled to vote is not received by the last date specified for receipt of such approval, the Resolution shall be considered as not passed.

**Illustrations**

*Company XYZ has 9 Directors. It circulated a Resolution on 1<sup>st</sup> May among the Directors and requested them to respond on or before 8<sup>th</sup> May.*

**Scenario I:**

- 3 Directors sent their assent to the proposed circular Resolution on 2<sup>nd</sup> May.
- 1 Director sent a request on 4<sup>th</sup> May for convening a Meeting.
- 2 Directors sent their assent for the Resolution on 5<sup>th</sup> May.
- 1 Director sent his assent on 6<sup>th</sup> May
- 1 Director sent his dissent on 6<sup>th</sup> May
- 1 Director sent his assent on 7<sup>th</sup> May.

**Effect:**

*In this case, the Resolution would be carried through since 7 Directors (forming majority) have assented. The date of passing shall be deemed to be 6<sup>th</sup> May since the eventuality of 1/3<sup>rd</sup> of the Directors requesting for a Meeting becomes improbable on that day.*

**Scenario II:**

- 5 Directors sent their assent to the proposed Resolution on 2<sup>nd</sup> May.
- 1 Director sent a request on 4<sup>th</sup> May for convening a Meeting.
- 2 Directors sent their dissent on 5<sup>th</sup> May.
- 1 Director sent the assent on 6<sup>th</sup> May.

**Effect:**

*In this case, the Resolution would be passed since 6 Directors (forming majority) have approved. The date for passing the Resolution shall be deemed to be 5<sup>th</sup> May since the eventuality of at least 3 Directors (i.e. 1/3<sup>rd</sup> of the Directors) requesting for a Meeting becomes improbable on that day.*

**Scenario III:**

- 2 Directors sent their assent to the proposed circular Resolution on 1<sup>st</sup> May.
- 2 Directors sent their dissent on 4<sup>th</sup> May.
- 2 Directors sent their assent on 6<sup>th</sup> May.
- 1 Director asked to decide the matter at the Meeting and communicated the same on 6<sup>th</sup> May.
- 1 Director sent his assent on 7<sup>th</sup> May and
- 1 Director did not respond till 8<sup>th</sup> May.

**Effect:**

*It should be presumed that one Director, who did not vote till the last date specified for sending assent or dissent, has abstained from voting.*

*5 Directors (forming majority of Directors) have assented and hence the Resolution would be carried through. The date of passing of Resolution shall be deemed to be 7<sup>th</sup> May since the eventuality of at least 3 Directors (i.e. 1/3<sup>rd</sup> of the Directors) requesting for a Meeting becomes improbable on this day and also assent of the 5<sup>th</sup> Director is received on the said day.*

**Scenario IV:**

- 5 Directors sent their assent on 2<sup>nd</sup> May.
- 1 Director asked to decide the matter at the Meeting on 3<sup>rd</sup> May.
- 1 Director sent his assent on 5<sup>th</sup> May.
- 1 Director asked to decide the matter at the Meeting on 6<sup>th</sup> May.
- 1 Director asked to decide the matter at the Meeting on 8<sup>th</sup> May.

**Effect:**

*In this case, the matter should not be deemed to be passed by circulation even though 6 Directors (forming majority) have approved. It should be taken up at a Meeting since 3 Directors, forming 1/3<sup>rd</sup> of the Directors sent their request for the same before the last date of passing of Resolution.*

**Scenario V:**

*The Director sending his request for Meeting on 8<sup>th</sup> May in the above case, sent his request on 9<sup>th</sup> May i.e. after the last date for response.*

**Effect:**

*The same should not be considered and the Resolution would be passed, since 6 Directors (forming majority) have approved. The deemed date of passing of Resolution shall be deemed to be 8<sup>th</sup> May.*

**Scenario VI:**

- 3 Directors sent their assent on 2<sup>nd</sup> May.
- 1 Director sent his assent on 5<sup>th</sup> May.
- 1 Director sent his dissent on 6<sup>th</sup> May
- 4 Directors did not respond till 8<sup>th</sup> May.

**Effect:** *Amongst the 5 Directors who have voted, 4 Directors have assented to the resolution and 1 has dissented. As majority of the Directors of the company have not given their assent, the resolution is defeated and it cannot be carried through.*

*The concept of passing resolution through circulation should be differentiated from the resolution passed at the Board Meeting. At the Board Meeting, the decision of majority of Directors is reckoned on the basis of number of Directors' present and casting vote at the Meeting (abstaining Directors are not considered). However, in the Circular resolution, the decision of majority of Directors is reckoned on the basis of total number of Directors in the company.*

*Thus, in the given scenario, 4 Directors have given assent out of 9 Directors. Hence, the resolution is not passed by the requisite majority and is defeated.*

**6.4. Recording**

**Resolutions passed by circulation shall be noted at a subsequent Meeting of the Board and the text thereof with dissent or abstention, if any, shall be recorded in the Minutes of such Meeting.**

*This is in line with sub-section (2) of Section 175 of the Act, which requires a Resolution passed by circulation to be noted at a subsequent Meeting of the Board or the Committee thereof, as the case may be, and recorded in the Minutes of such Meeting.*

*The text of the Resolution along with details of dissent and abstention should be recorded and taken note of in the next Meeting and should be recorded in the Minutes of such Meeting.*

*As a matter of good governance, if a Resolution by circulation is not passed due*

*to lack of majority, or if it has to be taken up at a Meeting of the Board due to one-third of the Directors requiring the same, this fact should be appropriately recorded in the Minutes of the next Meeting.*

### **6.5 Validity**

**Passing of Resolution by circulation shall be considered valid as if it had been passed at a duly convened Meeting of the Board.**

This shall not dispense with the requirement for the Board to meet at the specified frequency.

*This provisions applies equally to passing of resolutions by circulation by the Committees of the Board.*

## **7. Minutes**

*'Minutes' are the official recording of the proceedings of the Meeting and the business transacted at the Meeting.*

Every company shall keep Minutes of all Board and Committee Meetings in a Minutes Book. Minutes kept in accordance with the provisions of the Act evidence the proceedings recorded therein.

*If the Minutes are kept in the prescribed manner, the Meeting should be deemed to have been duly called and held, and all proceedings thereat deemed to have duly taken place, until the contrary is proved.*

*The only way to prove that the Resolution was passed at the Board Meeting of the company is that the Minutes Book in which the particular Resolution was recorded should be produced before the Court, as that alone can form evidence of the fact that the Resolution was passed in the Board Meeting [Escorts Ltd. v. Sai Auto (1991) 72 Com. Cases 483 (Del.)].*

*Minutes of Meeting were rejected as evidence for not being maintained as per the requirements of the Act [Marble City Hospitals and Research Centre (P.) Ltd. v. Sarabjeet Singh Mokha (2010) 99 SCL 303 (MP)].*

*As such, Minutes of Meetings constitute a very important statutory record and serve as evidence of various matters, until the contrary is proved.*

*The burden of proof is on the person who questions the correctness of the proceedings of a Meeting as recorded in the Minutes. If the Minutes of the Meeting are not recorded or signed within the period prescribed under the statute, it would be presumed that the Minutes have not been properly kept and hence such Minutes cannot be produced as evidence. [B Sivaraman and Others v. Egmore Benefit Society Ltd. (1992) 2 Comp L J 218 (Mad.)]*

*Accordingly, when Minutes are duly drawn and signed, the contents of the Minutes are presumed to be true and the burden of proof lies on those who allege the contents to be not true.*

Minutes help in understanding the deliberations and decisions taken at the Meeting.

*There is no restriction in law on the language of recording Minutes.*

## **7.1 Maintenance of Minutes**

### **7.1.1 Minutes shall be recorded in books maintained for that purpose.**

*The Minutes of proceedings of each Meeting should be entered in the books maintained for that purpose [Rule 25(1)(b) of the Companies (Management and Administration) Rules, 2014].*

*Where Minutes are not recorded in a proper book, statutory presumption under Section 195 of the Companies Act, 1956 (corresponding to Section 118 of the Companies Act, 2013) does not take effect and no such Meeting could be regarded as having been held [V.G. Balasundaram v. New Theatres Carnatic Talkies Pvt. Ltd. (1993) 77 Com. Cases 324 (Mad)].*

### **7.1.2 A distinct Minutes Book shall be maintained for Meetings of the Board and each of its Committees.**

*Minutes Books should be distinctly kept and maintained for different Meetings such as Meetings of the Board and Meetings of various Committees of the Board [Rule 25(1)(a) of the Companies (Management and Administration) Rules, 2014].*

### **7.1.3 A company may maintain its Minutes in physical or in electronic form.**

Minutes may be maintained in electronic form in such manner as prescribed under the Act and as may be decided by the Board. Minutes in electronic form shall be maintained with Timestamp.

*Every listed company or a company having not less than one thousand shareholders, debenture holders and other security holders, may maintain its records in electronic form [Rule 27 of the Companies (Management and Administration) Rules, 2014]. An Explanation underneath the said Rule states that the term “records” means any register, index, agreement, memorandum, Minutes or any other document required by the Act or the rules made thereunder to be kept by a company.*

**Timestamp**

*Timestamp is the most authentic way to assure existence of electronic documents, agreements, certificates or any other vital information in electronic form. The term 'Timestamp' is derived from rubber stamps used in offices to record when the document was received. However, in modern times, usage of the term has expanded to refer to digital date and time information attached to digital data. For example, computer files contain Timestamps that indicate when the file was last modified; digital cameras add Timestamps to the pictures they take, recording the date and time the picture was taken.*

*For the purpose of SS-1, Timestamp should be created with a system integrated time to mark the creation or modification of a file. When a file is created, the system itself should note the time at which the file is created or modified. When a digital signature is affixed, the date and time of signing should get recorded automatically. When an e-mail is received or sent, there should be a recording of the time by the system. All this should be recorded by a Secured Computer System.*

**Consistency in the form of maintaining Minutes**

A company shall however follow a uniform and consistent form of maintaining the Minutes. Any deviation in such form of maintenance shall be authorised by the Board.

*Companies should maintain the Minutes of all Meetings either in physical form or in electronic form. In other words, companies should not maintain Minutes of a few Meetings in physical form and of a few Meetings in electronic form.*

**Maintenance of Minutes in electronic form**

*Where Minutes are maintained in electronic form, following requirements should be satisfied –*

- (a) the information contained therein remains accessible so as to be usable for a subsequent reference;*
- (b) it is retained in the format in which it was originally generated, or in a format which can be demonstrated to represent accurately the information originally generated;*
- (c) the details which would facilitate the identification of the origin, destination, date and time of generation are available in the electronic record.*

*The Managing Director, Company Secretary or any other Director or officer of the*

*company as the Board may decide, should be responsible for the maintenance and security of Minutes in electronic form [Rule 28(1) of the Companies (Management and Administration) Rules, 2014]. The Board may authorise any one of the above to maintain the Minutes Book whose duty and responsibility would be to maintain it securely.*

*The person who is responsible for the maintenance and security of Minutes in electronic form should –*

- (a) provide adequate protection against unauthorised access, alteration or tampering of the Minutes;*
- (b) ensure against loss of the Minutes as a result of damage to, or failure of the media on which the Minutes are maintained;*
- (c) ensure that the signatory of the Minutes does not repudiate the signed Minutes as not genuine;*
- (d) ensure that computer systems, software and hardware are adequately secured and validated to ensure their accuracy, reliability and consistent intended performance;*
- (e) ensure that the computer systems can discern invalid and altered Minutes;*
- (f) ensure that Minutes are accurate, accessible, and capable of being reproduced for reference later;*
- (g) ensure that the Minutes are at all times capable of being retrieved to a readable and printable form;*
- (h) ensure that Minutes are kept in a non-rewriteable and non-erasable format like pdf. version or some other version which cannot be altered or tampered;*
- (i) ensure that a backup is kept of the updated Minutes maintained in electronic form; such backup is authenticated and dated and is securely kept at such place as may be decided by the Board;*
- (j) limit the access to the Minutes to the Managing Director, Company Secretary or any other Director or officer or persons performing work of the company as may be authorised by the Board in this behalf; access may be given to the Auditor(s) and/or other persons as allowed in terms of the relevant paragraphs of SS-1.*
- (k) ensure that any reproduction of the non-electronic original Minutes in electronic form is complete, authentic, true and legible when retrieved;*

- (l) arrange and index the Minutes in a way that permits easy location, access and retrieval of any particular record; and*
- (m) take necessary steps to ensure security, integrity and confidentiality of Minutes.*

**7.1.4 The pages of the Minutes Books shall be consecutively numbered.**

This shall be followed irrespective of a break in the Book arising out of periodical binding in case the Minutes are maintained in physical form. This shall be equally applicable for maintenance of Minutes Book in electronic form with Timestamp.

*So as to facilitate easy retrieval of any decision/Resolution and additionally to safeguard the integrity of the Minutes, the pages of the Minutes Book should be consecutively numbered irrespective of break in the Minutes Book. Thus, where a Minutes Book is full and a new Minutes Book is prepared, the numbering should continue from the number appearing on the last page of the previous Minutes Book.*

*This should also be followed irrespective of the number or year of Meeting.*

*For the purpose of this paragraph of SS-1, a company may choose to give consecutive numbering from Meetings held on or after 1st July, 2015, this being the date from which SS-1 became effective.*

In the event any page or part thereof in the Minutes Book is left blank, it shall be scored out and initialled by the Chairman who signs the Minutes.

**7.1.5 Minutes shall not be pasted or attached to the Minutes Book, or tampered with in any manner.**

*The law prohibits pasting of Minutes in the Minutes Book and hence Minutes cannot be type-written and then pasted in bound Minutes Book or in loose leaves. Minutes should also not be printed on a piece of paper, whether on letter-head or any other paper, and pasted in the Minutes Book.*

*It is with a view to maintaining the integrity and evidentiary value of Minutes that a lot of safeguards have been introduced in SS-1 so that Minutes are kept, maintained and preserved with requisite care and caution.*

**7.1.6 Minutes Books, if maintained in loose-leaf form, shall be bound periodically depending on the size and volume and coinciding with one or more financial years of the company.**

*Maintenance of Minutes in loose-leaf form is not specifically provided under the Act. However, the MCA has issued clarifications supporting the contention that Minutes kept in loose-leaf form can be said to be in accordance with the provisions of the Act.*

*If Minutes are maintained in loose-leaf form, these should be bound in one or more than one book, coinciding with the calendar year or financial year. This would facilitate proper maintenance and preservation of Minutes.*

### **Security in case of Minutes maintained in loose leaves**

There shall be a proper locking device to ensure security and proper control to prevent removal or manipulation of the loose leaves.

*This is to ensure security and effective control.*

*Further, if Minutes are kept in loose-leaf form, the company should:*

- 1. take adequate precautions, appropriate to the means used, for guarding against the risk of falsifying the information recorded; and*
- 2. provide means for making the information available in an accurate and intelligible form within a reasonable time to any person lawfully entitled to examine the records.*

#### **7.1.7 Minutes Books shall be kept at the Registered Office of the company or at such other place as may be approved by the Board.**

*Minutes Books of the Board and Committee Meetings shall be kept in the Registered Office of the company or such other place as the Board may decide. [Rule 25(1)(e) of the Companies (Management and Administration) Rules, 2014].*

## **7.2. Contents of Minutes**

### **7.2.1 General Contents**

#### **7.2.1.1 Minutes shall state, at the beginning the serial number and type of the Meeting, name of the company, day, date, venue and time of commencement of the Meeting.**

*Minutes should state at the beginning the following:*

- 1. The name of the company*
- 2. The type of Meeting (Board Meeting, Committee Meeting, etc.)*
- 3. The serial number, day, date and venue of the Meeting*

#### 4. *The time of commencement of the Meeting*

*The time of conclusion of the meeting should also be recorded in the Minutes either at the beginning or at the end of the Minutes. The requirement of recording the time of conclusion of the Meeting is relevant for listed companies in the light of the requirements under the Listing Regulations. Since SS-1 promotes good corporate practices, this requirement has been extended to other companies as well. This would also help the Minutes to be complete in all aspects.*

#### **Adjourned Meeting**

In respect of a Meeting adjourned for want of Quorum, a statement to that effect by the Chairman or in his absence, by any other Director present at the Meeting shall be recorded in the Minutes.

*The Minutes of the adjourned Meeting should be prepared separately and in the same manner as the Minutes of the original Meeting and the fact that the Meeting is an adjourned Meeting should be specified in such Minutes.*

*For the purpose of recording the time of conclusion of the Meeting which has been adjourned, the time at which such Meeting was adjourned should be recorded.*

#### **7.2.1.2 Minutes shall record the names of the Directors present physically or through Electronic Mode, the Company Secretary who is in attendance at the Meeting and Invitees, if any, including Invitees for specific items.**

*Minutes should record the names of the following:*

##### 1. *the Directors present, physically or through electronic mode*

*The Minutes should disclose the particulars of the Directors who attended the Meeting through Electronic Mode [Sub-Rule 11(b) of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014].*

The names of the Directors shall be listed in alphabetical order or in any other logical manner, but in either case starting with the name of the person in the Chair.

*The term “any other logical manner” should be liberally construed as the manner in which the company deems it appropriate to record the names of Directors present with some logic behind e.g. designation, seniority, etc. of the Directors.*

##### 2. *the Company Secretary, if any, in attendance, and*

3. *the Invitees, if any, including Invitees for specific items*

*The capacity in which an Invitee attends the Meeting and where applicable, the name of the entity such Invitee represents and the relation, if any, of that entity to the company should also be recorded.*

*If an Invitee is present only during the discussion on a particular item of business, such fact should also be mentioned in the Minutes.*

*Any officer of the company who attends the Meeting, other than the Company Secretary, should be treated as an Invitee to the Meeting and the name of such person should be included in the Minutes.*

*Besides the above, the Minutes should also record the following:*

1. *The name of the Director who took the Chair.*
2. *The precise nature of actual business transacted and what was formally proposed and ultimately decided upon.*
3. *Vote of thanks.*

**7.2.1.3 Minutes shall contain a record of all appointments made at the Meeting.**

*Minutes should record all appointments approved by the Board. For example: Appointment of Directors, KMPs, etc.*

Where the Minutes have been kept in accordance with the Act and all appointments have been recorded, then until the contrary is proved, all appointments of Directors, First Auditors, Key Managerial Personnel, Secretarial Auditors, Internal Auditors and Cost Auditors, shall be deemed to have been duly approved by the Board.

**7.2.2 Specific Contents**

**7.2.2.1 Minutes shall inter-alia contain:**

- (a) The name(s) of Directors present and their mode of attendance, if through Electronic Mode.**

*In case all Directors are present physically, the Minutes need not specially record the mode of attendance. However, the Minutes should record the same in respect of Directors who participated in the Meeting through Electronic Mode.*

- (b) In case of a Director participating through Electronic Mode, his particulars, the location from where he participated and wherever required, his consent to sign the statutory registers placed at the Meeting.**

*Minutes should record the location from where the Directors participating through Electronic Mode participated in the Meeting.*

- (c) The name of Company Secretary who is in attendance and Invitees, if any, for specific items and mode of their attendance if through Electronic Mode.**

- (d) Record of election, if any, of the Chairman of the Meeting.**

The election, if any, of the Chairman of the Meeting, as provided in paragraph 5 of SS-1, should be recorded in the Minutes.

- (e) Record of presence of Quorum**

*If at the commencement of the Meeting, Quorum is present, but subsequently any Director leaves before the close of the Meeting due to which the Quorum requirement is not met for businesses taken up thereafter, then the Meeting should be adjourned and a statement to that effect should be recorded in the Minutes.*

- (f) The names of Directors who sought and were granted leave of absence.**

- (g) Noting of the Minutes of the preceding Meeting.**

*Minutes of the preceding Meeting, including any adjourned Meeting, should be noted.*

- (h) Noting the Minutes of the Meetings of the Committees.**

*Minutes of a Board Meeting should contain a noting of the Minutes of the Meetings of all its*

*Committees which have been entered in the Minutes Book of the respective Committees and which have not yet been noted by the Board.*

*This is a good governance practice which would ensure that the Board remains intimated about the deliberations and discussions that have taken place at Committee Meetings.*

- (i) The text of the Resolution(s) passed by circulation since the last Meeting, including dissent or abstention, if any.**

*If any Director on the Board dissents or abstains from voting on any of the Resolution passed by circulation, then such dissent or abstention should be recorded in the Minutes.*

- (i) The fact that an Interested Director did not participate in the discussions and did not vote on item of business in which he was interested and in case of related party transaction such Director was not present in the Meeting during discussions and voting on such item.**

*In case of a private company, the Minutes should record the fact that an interested Director after disclosure of his interest participated in the discussion and voted thereat (In line with MCA Notification No. G.S.R. 464(E) dated June 5, 2015)*

- (k) The views of the Directors particularly the Independent Director, if specifically insisted upon by such Directors, provided these, in the opinion of the Chairman, are not defamatory of any person, not irrelevant or immaterial to the proceedings or not detrimental to the interests of the company.**

- (l) If any Director has participated only for a part of the Meeting, the Agenda items in which he did not participate.**

*In the event, a particular Director leaves the Meeting early, the fact of his so leaving should be incorporated in the Minutes. Likewise, if a particular Director joins the Meeting after its commencement, this fact should also be recorded in the Minutes.*

- (m) The fact of the dissent and the name of the Director who dissented from the Resolution or abstained from voting thereon.**

*Names of Directors who abstained from voting and names of those dissenting should also be mentioned in the Minutes.*

- (n) Ratification by Independent Director or majority of Directors, as the case may be, in case of Meetings held at a shorter Notice.**

*If the Independent Director does not ratify the decision taken at the Meeting held at a shorter Notice or if he abstains from such ratification, a statement to that effect should be recorded in the Minutes.*

- (o) Consideration of any item other than those included in the Agenda with the consent of majority of the Directors present at the Meeting and ratification of the decision taken in respect of such item by a majority of Directors of the company.**

*Minutes should state that items which were not included in the Agenda were taken up with the consent of the Chairman and majority of the Directors present at the Meeting. Minutes should also state that the decision taken in respect of such item has been approved / ratified by the majority of the Directors of the company.*

- (p) The time of commencement and conclusion of the Meeting.**

*The Minutes should record the time when the Meeting commenced and concluded.*

*In addition to what is stated above, the following should also be recorded in the Minutes, to the extent applicable:*

- (a) the fact that the Notices given by Directors disclosing their Directorships and shareholding in other companies, bodies corporate, firms, or other association of individuals as per Section 184 of the Act and their shareholdings in the company/holding/subsidiary/associate company as per Section 170 of the Act, were read and noted;*
- (b) the fact of unanimity of decisions of dis-interested Directors as contemplated by Sections 203 and 186 of the Act and listed out in **Annexure IC**;*
- (c) the fact that the register of contracts with related parties and contracts and bodies etc. in which Directors are interested was placed before the Meeting and was signed by all the Directors present thereat (Section 189 of the Act);*
- (d) Noting of declaration of independence by Independent Directors [Sub-section (7) of Section 149 of the Act];*
- (e) Noting of declaration that none of the Directors are disqualified to be appointed / continuing as a Director of the company or are disqualified to act as a Director on the basis of non-compliance by other companies on the Board(s) of which they are Directors, in terms of the provisions of sub-section (2) of Section 164 of the Act;*
- (f) In case of demise or resignation or disqualification of any Director, details of such Director and noting of vacation of his office.*
- (g) In case a item of business placed before the Board is rejected, withdrawn or deferred, the fact of it so having been rejected, withdrawn or deferred.*

*As already stated, if a Resolution by circulation is not passed due to lack of majority, or if it has to be taken up at a Meeting of the Board due to one-third of the Directors requiring the same, this fact should appropriately be recorded in the Minutes of the next Meeting, as a matter of good governance.*

*If a Meeting has been called in pursuance of a request by a Director, such fact should also be recorded in the Minutes.*

**7.2.2.2. 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.**

*Brief description of the discussions which took place should be recorded in the Minutes, as evidence of the fact that the Board has considered and deliberated the matter before taking any decision on the same.*

The decisions shall be recorded in the form of Resolutions, where it is statutorily or otherwise required. In other cases, the decisions can be recorded in a narrative form.

*For instance: If the Board approves a project, the decision of the Board may be mentioned with the following narrative since there is no statutory mandate in this case to record the decision in the form of Resolution:*

*“Project XYZ was approved by the Board after a thorough discussion on nature of project, cost of the project, tenure of project execution, payback period etc.”*

Where a Resolution was passed pursuant to the Chairman of the Meeting exercising his second or casting vote, the Minutes shall record such fact.

The Article, if any, referring to the casting vote by the Chairman should also be recorded in the Minutes.

### **7.3 Recording of Minutes**

*Companies follow diverse practices with respect to recording of Minutes. Some companies record only the decisions while few companies record only the Resolutions that capture the decisions taken and some companies record the entire proceedings in the form of almost an exact transcript of what had transpired at the Meeting. SS-1 seeks to harmonise such divergent practices by providing principles for recording of Minutes.*

*The Minutes should be recorded in such a way that it enables any reader to understand what had transpired in the Meeting.*

*Specimen Minutes of the first and subsequent Board Meetings are given in **Annexure VII and VIII respectively.***

#### **7.3.1 Minutes shall contain a fair and correct summary of the proceedings of the Meeting.**

*Minutes are not an exhaustive record of everything said at a Meeting. Minutes should record the decisions of the Board, with a narrative to put them in context. They should not attempt to record all reasons for decisions taken, i.e. all arguments put forth for and against a particular Resolution. However, it is left to the discretion of the Chairman to include the relevant reasons for arriving at the decision. There is also no need to record the details of voting.*

*Since the Notes on Agenda contain the background of the proposal in detail,*

*the Minutes should contain only the summary of the proposal. It is not required that whatever is contained in the Notes on Agenda be reproduced verbatim; however, the crux of the matter should be captured in the Minutes.*

The Company Secretary shall record the proceedings of the Meetings. Where there is no Company Secretary, any other person duly authorised by the Board or by the Chairman in this behalf shall record the proceedings.

*In case a Company Secretary is unable to attend a Meeting, or in the absence of the Company Secretary, any other person duly authorised by the Board or by the Chairman may attend and record the proceedings of the Meeting.*

The Chairman shall ensure that the proceedings of the Meeting are correctly recorded.

### **Chairman's discretion**

The Chairman has absolute discretion to exclude from the Minutes, matters which in his opinion are or could reasonably be regarded as defamatory of any person, irrelevant or immaterial to the proceedings or which are detrimental to the interests of the company.

*The Chairman has the responsibility to ensure that the Minutes contain a fair and accurate summary of the proceedings at the Meeting. The word "fair" signifies the need to record matters as transpired at the Meeting without any bias. While doing so, he has absolute discretion to exclude matters of the nature as specified above.*

*When draft Minutes are circulated to the Directors, they may revert to the Chairman directly or through the Company Secretary with their suggestions, comments and observations. The Chairman should consider such suggestions, comments and observations objectively in the light of the proceedings that transpired at the Meeting and settle the draft of the Minutes.*

### **7.3.2 Minutes shall be written in clear, concise and plain language.**

Minutes need not be an exact transcript of the proceedings at the Meeting.

*Minutes should be written in simple language and should contain a brief synopsis of the discussions along with the decisions taken at the Meeting.*

*Minutes should record the essential elements of the discussion and the complete text of the Resolutions passed at the Meeting.*

In case any Director requires his views or opinion on a particular item to be

recorded verbatim in the Minutes, the decision of the Chairman whether or not to do so shall be final.

Minutes shall be written in third person and past tense. Resolutions shall however be written in present tense.

*There is no restriction in law on the language in which the Minutes are recorded.*

**7.3.3 Wherever the decision of the Board is based on any unsigned documents including reports or notes or presentations tabled or presented at the Meeting, which were not part of the Notes on Agenda and are referred to in the Minutes, shall be identified by initialling of such documents by the Company Secretary or the Chairman.**

*Initialling would help in authentication of documents placed before the Board on the basis of which the Board has given any approval.*

*For instance, if a letter of intent for an item/project was tabled at the Meeting, the fact that such a letter was presented at the meeting should be mentioned in the Minutes and such letter should be initialled for its identification by the Company Secretary or the Chairman.*

*However, documents placed for noting and/or documents which have been signed by the Chairman, or a Director or any other official of the company need not be initialled again. Thus, only unsigned documents, reports, notes or presentations, placed before the Board, in respect of items requiring a decision of the Board, need to be initialled.*

*It is further clarified that the unsigned documents, reports, notes or presentations included in the Agenda Notes circulated to the Directors prior to the Meeting do not need such initialling.*

*The authenticated papers should be retained for the same period as the Agenda and Notes thereon are kept and maintained.*

**7.3.4 Where any earlier Resolution(s) or decision is superseded or modified, Minutes shall contain a specific reference to such earlier Resolution(s) or decision or state that the Resolution is in supersession of all earlier Resolutions passed in that regard.**

*In case a Resolution passed at an earlier Meeting is being modified or superseded in any subsequent Meeting, specific reference of such earlier Resolution should be given in the Minutes or if there are several resolutions on the same aspect, all of which are superseded, it should be stated that the present Resolution is in supersession of all earlier Resolutions.*

*By passing a resolution at a subsequent meeting, the Board can alter or amend or rescind resolutions passed at the earlier Meetings.*

**7.3.5 Minutes of the preceding Meeting shall be noted at a Meeting of the Board held immediately following the date of entry of such Minutes in the Minutes Book.**

*It is necessary to note the fact that Minutes of an earlier Meeting have been entered in the Minutes Book and they have been taken on record. Considering that Minutes of a Meeting are finalised and entered in the Minutes Book after seeking comments from Directors, the question of approval of such Minutes at the next Board Meeting does not arise. Hence, at the subsequent Board Meeting, the Directors should only note the Minutes finalised by the Chairman and entered in the Minutes Book.*

**Illustration:** A Board Meeting was held on 1<sup>st</sup> July 2020 and the next Board Meeting is scheduled to be held on 25<sup>th</sup> July 2020.

*If the minutes of the first Board Meeting are entered in the minutes books before the date of next Board Meeting i.e. 25<sup>th</sup> July, 2020, the same should be placed for noting thereat. If the minutes are yet to be entered in the minutes books, the same should be placed at the subsequent Board Meeting following the entry of minutes in the minutes books.*

**Minutes of Committee Meeting**

Minutes of the Meetings of any Committee shall be noted at a Meeting of the Board held immediately following the date of entry of such Minutes in the Minutes Book.

**Illustration**

*In case, the Meeting of a Committee is held on 1<sup>st</sup> July and the Meeting of the Board is held on 20<sup>th</sup> July, Minutes of the Meeting of the Committee should be entered in the Minutes Book on or before 30<sup>th</sup> July.*

*Say, the Minutes of this Meeting of the Committee are entered in the Minutes Book on 28<sup>th</sup> July. In such a case, the Minutes of such Meeting should be noted at the Meeting of the Board held immediately following 28<sup>th</sup> July.*

*If the Minutes of this Meeting of the Committee are entered in the Minutes Book on 15<sup>th</sup> July, the Minutes of such Meeting should be noted at the Meeting of the Board held immediately following 15<sup>th</sup> July, i.e. on 20<sup>th</sup> July.*

#### **7.4. Finalisation of Minutes**

**Within fifteen days from the date of the conclusion of the Meeting of the Board or the Committee, the draft Minutes thereof shall be circulated by hand or by speed post or by registered post or by courier or by e-mail or by any other recognised electronic means to all the members of the Board or the Committee, as on the date of the Meeting, for their comments.**

*The above requirement has been introduced in line with Rule 3(12) of the Companies (Meetings of Board and its Powers) Rules, 2014, which requires the draft Minutes of the Meetings held through Electronic Mode to be circulated to the Directors within fifteen days. This requirement has been extended to physical Meetings also since it is a good practice.*

#### **Means of sending draft Minutes**

Where a Director specifies a particular means of delivery of draft Minutes, these shall be sent to him by such means.

*The requirement is to circulate the draft Minutes within fifteen days. This requirement does not pertain to the receipt of the draft Minutes by the Directors within fifteen days.*

#### **Illustration**

*If the Meeting is held and concluded on 1<sup>st</sup> September, 2015, the Minutes should be circulated latest by 15<sup>th</sup> September, 2015 and the receipt of the same by the Directors thereafter would be in compliance.*

Proof of sending draft Minutes and its delivery shall be maintained by the company for such period as decided by the Board, which shall not be less than three years from the date of the Meeting.

*The provisions regarding proof of sending and delivery of Notice as explained in paragraph 1.3.1 of SS-1 shall mutatis-mutandis be applicable here also.*

#### **To whom should the draft Minutes be sent?**

*The draft Minutes should be sent to the Directors or members of the Committee, as the case may be, who were present at the Meeting, either physically or through Electronic Mode to ensure accurate recording of decisions taken at the Meeting and to obviate the possibility of misstatements or errors.*

*The draft Minutes should also be sent to those Directors who were not present at the Meeting for information and comments thereon, if any. This is because*

*all the Directors are responsible for the decisions taken at any Board Meeting, whether or not they attended the Meeting.*

*As a good governance practice, the draft Minutes of a Meeting in which a particular person has been appointed as Director should be sent to such newly appointed Director, irrespective of whether he attended such Meeting or not, since he is also responsible for the decisions of the Board from the date of his appointment as a Director.*

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.

*The fact that the Director has vacated his office, by any reason whatsoever, shall not affect his right to receive such Minutes.*

*The draft Minutes of a meeting should be made available to such Director even if the cessation of Directorship has taken place during the Meeting concerned.*

### **Time limit for response**

The Directors, whether present at the Meeting or not, shall communicate their comments, if any, in writing on the draft Minutes within seven days from the date of circulation thereof, so that the Minutes are finalised and entered in the Minutes Book within the specified time limit of thirty days.

### **Discretion of the Chairman**

If any Director communicates his comments after the expiry of the said period of seven days, the Chairman, if so authorised by the Board, shall have the discretion to consider such comments.

*Every Director who attended the meeting, whether personally or through video conferencing or other audio visual means, shall confirm or give his comments in writing, about the accuracy of recording of the proceedings of that particular meeting in the draft minutes, within seven days or some reasonable time as decided by the Board, after receipt of the draft minutes failing which his approval shall be presumed. [Rule 3(12)(b) of Companies (Meetings of Board and its powers) Rules, 2014]*

*According to the above rule the Board may decide a reasonable period for comments on the draft minutes circulated to all the Directors. However, in the absence of any such decision, comments on the draft minutes received after 7 days may be considered by the Chairman, if he is authorised by the Board for this purpose.*

***Effect in the event of no response***

In the event a Director does not comment on the draft Minutes, the draft Minutes shall be deemed to have been approved by such Director.

*However, where an Independent Director or where the company does not have an Independent Director, the majority of Directors, as the case may be is / are required to ratify a decision taken at a Meeting held at shorter Notice and if such Independent Director or majority of Directors, as the case may be, abstains/ abstain from ratifying or does/do not ratify the decision, then, in such a case, the decision taken / draft Minutes should not be presumed to be approved by such Director(s).*

**7.5 Entry in the Minutes Book****7.5.1 Minutes shall be entered in the Minutes Book within thirty days from the date of conclusion of the Meeting.**

*The Minutes of proceedings of each Meeting should be entered in the books maintained for that purpose within thirty days of the conclusion of the Meeting [Rule 25(1)(b)(i) of the Companies (Management and Administration) Rules, 2014].*

In case a Meeting is adjourned, the Minutes in respect of the original Meeting as well as the adjourned Meeting shall be entered in the Minutes Book within thirty days from the date of the respective Meetings.

**7.5.2 The date of entry of the Minutes in the Minutes Book shall be recorded by the Company Secretary.**

Where there is no Company Secretary, it shall be entered by any other person duly authorised by the Board or by the Chairman.

*The date of entry of the Minutes should be recorded on the last page of the respective Minutes. If the Minutes are maintained in electronic form, the date of entry should be captured in Timestamp.*

**7.5.3 Minutes, once entered in the Minutes Book, shall not be altered. 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.**

*Any corrections or modifications in the text of Minutes, duly entered in the Minutes Book whether signed by the Chairman or not, would tantamount to alteration of Minutes.*

**Modification of Resolutions passed by the Board**

*A Resolution passed by the Board cannot be subsequently modified or altered, unless the Resolution is superseded, modified or altered by the Board by means of another Resolution duly passed.*

**7.6 Signing and Dating of Minutes****7.6.1 Minutes of the Meeting of the Board shall be signed and dated by the Chairman of the Meeting or by the Chairman of the next 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.

*Although Minutes may be signed by the Chairman of the next Meeting, the Minutes of a Meeting should be finalised by the Chairman of that Meeting, so that the Minutes may be entered in the Minutes Book within the specified time limit of thirty days.*

*Minutes of a Meeting may be signed by the Chairman of that Meeting or by the Chairman of the next Meeting, as the actual act of signing (as distinct from mere 'entering') could take place beyond a period of thirty days if the succeeding Meeting is held after a period of thirty days from the date of the earlier Meeting.*

*However, it is not obligatory to wait for the next Meeting in order to have the Minutes of the previous Meeting signed. Such Minutes may be signed by the Chairman of the Meeting at any time before the next Meeting is held.*

**7.6.2 The Chairman shall initial each page of the Minutes, sign the last page and append to such signature the date on which and the place where he has signed the Minutes.**

*Each page of the Minutes of a Meeting of the Board or a Committee thereof should be initialled or signed and the last page should be dated and signed by the Chairman of the said Meeting or the Chairman of the next Meeting [Rule 25(1)(d)(i) of the Companies (Management and Administration) Rules, 2014].*

*The place for this purpose should be the city where the Minutes are being signed. The date on which the Minutes are signed should be appended to the signature.*

Any blank space in a page between the conclusion of the Minutes and signature of the Chairman shall be scored out.

*The Minutes should be recorded on consecutive pages of the Minutes Book. No blank space should be left in between the Minutes.*

If the Minutes are maintained in electronic form, the Chairman shall sign the Minutes digitally.

*Scanned/facsimile signature of the Chairman cannot be affixed on the Minutes.*

**7.6.3 Minutes, once signed by the Chairman, shall not be altered, save as mentioned in this Standard.**

*As stated in paragraph 7.5.3 of SS-1, any alteration in the Minutes, as entered, should be made only by way of an express approval of the Board at its subsequent Meeting at which the Minutes are noted by the Board and the fact of such alteration should be recorded in the Minutes of such subsequent Meeting.*

**7.6.4 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.**

*This paragraph contains the procedure with respect to issuing a copy of the signed Minutes to the Directors.*

*In case the Minutes are maintained in physical form, a photocopy of the signed Minutes should be taken and certified by the Company Secretary.*

*Certification is nothing but signing under the word "Certified" or in a similar manner to distinguish a mere copy from the original.*

*In case of Minutes maintained in electronic form, the same may be circulated to all Directors after it is digitally certified by the Company Secretary.*

*Where there is no Company Secretary, any Director who has been duly authorised by the Board or the Chairman should certify and send the Minutes to the Directors for their reference and record.*

*There is no restriction on the certification of a copy of the signed Minutes by a Director who was not present at such Meeting. Such Director should however ensure that what he certifies is the copy of the Minutes signed by the Chairman.*

*The provisions with respect to sending of draft Minutes of a Meeting in which a person is appointed as a Director or a Director ceases to be a Director are mutatis-mutandis applicable for circulating a copy of the signed Minutes of that Meeting to the Director(s) so appointed or ceased.*

*The requirement of circulating a copy of the signed Minutes has been introduced with the aim of protecting the interest of Directors, including Independent Directors, by requiring the provision of proper and adequate information in a transparent manner, especially in the light of the increased accountability of the Directors, including Independent Directors and Non-Executive Directors laid down under sub-section (12) of Section 149 read with sub-section (60) of Section 2 of the Act. However, a Director may waive his right to receive the copy of signed minutes. Such waiver may be communicated in writing or may be recorded in the minutes.*

*Circulation of a copy of the signed Minutes would be a safeguard for the Directors as final approved and signed copies of the Minutes would be available with them as a handy record for future reference which would enable them to discharge their responsibilities and duties diligently.*

*If an Alternate Director is appointed, it is advisable to send the copy of the signed Minutes also to the Original Director for his information.*

Proof of sending signed Minutes and its delivery shall be maintained by the company for such period as decided by the Board, which shall not be less than three years from the date of the Meeting.

## **7.7 Inspection and Extracts of Minutes**

### **7.7.1 The Minutes of Meetings of the Board and any Committee thereof can be inspected by the Directors.**

*Minutes should be open for inspection during business hours by any Director at the registered office of the company or at such other place in India where Minutes are maintained [Sub-section (3) of Section 128 read with clause (12) of Section 2 of the Act].*

*Additionally, by virtue of any agreement or the Articles, any other person may be permitted to seek and obtain such information or such inspection rights.*

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

*A Director of a company may need to inspect or receive copies of the Minutes of the Meetings held before the period of his Directorship since the decisions taken earlier may have implications on the current decisions to be taken. Furthermore, it would help him to understand the company better and to shape his thoughts so as to take part in the Meetings constructively and effectively.*

A Director is entitled to inspect the Minutes of the Meetings held during the period of his Directorship, even after he ceases to be a Director.

*This aims to protect the interest of individual Directors, including Independent Directors, by requiring the provision of proper and adequate information in a transparent manner, especially in the light of the increased accountability of Independent Directors under the Act.*

*Often a Director, upon ceasing to be a Director of the company, may be in need of Minutes of Meetings of the Board and also of the Committees of the Board, which he had served on for the sake of his own protection in case of any legal proceedings such as oppression and mismanagement matters, class action suits, misfeasance proceedings, criminal prosecutions, etc.*

*In order to protect the interest of the company, a system may be introduced requiring a person ceasing to be a Director who desires to inspect the Minutes Book, to submit a formal application in writing giving the purpose for which such inspection is sought and to furnish a non-disclosure undertaking to ensure that he is bound by obligations of confidentiality.*

### **Entitlement of Members**

A Member of the company is not entitled to inspect the Minutes of Meetings of the Board.

*Unless a Member is or was a Director of the company, he is not entitled to inspect Minutes of Meetings of the Board. However, this paragraph of SS-1 does not come in the way of the Articles of a company containing a provision enabling Members to have inspection rights of Minutes Books, Books of Account and other Books and Papers. In closely held companies and in joint venture companies, such rights are usually incorporated in the Articles and in such cases, a Member may be entitled to inspect or take copies or extracts of Minutes of Meetings of Board.*

*A contractual right of inspection, just as a statutory right of inspection, can be exercised whatever the motive or interest of a person may be [Rameshwar Lal Nath v. Calcutta Wheat & Seed Association Limited (1938) 8 Comp. Cas. 78].*

### **Others entitled for inspection**

The Company Secretary in Practice appointed by the company, the Secretarial Auditor, the Statutory Auditor, the Cost Auditor or the Internal Auditor of the company can inspect the Minutes as he may consider necessary for the performance of his duties.

*This would enable the Statutory Auditor or the Secretarial Auditor or the Company Secretary in Practice or the Cost Auditor or the Internal Auditor, as the case may be, to discharge their professional duties fairly.*

*Officers of the Registrar of Companies can inspect the Minutes Book during the*

*course of inspection [Section 206-207 of the Act]. Officers of the Government/Regulatory bodies, if so authorised by the Act or any other law, can also inspect the Minutes Book.*

### **Mode for Inspection and care to be taken**

Inspection of Minutes Book may be provided in physical or in electronic form.

While providing inspection of Minutes Book, the Company Secretary or the official of the company authorised by the Company Secretary to facilitate inspection shall take all precautions to ensure that the Minutes Book is not mutilated or in any way tampered with by the person inspecting.

#### **7.7.2 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.**

*Only after the Minutes have been entered in the Minutes Book, extracts of Minutes can be given to third parties.*

*However, without waiting for these formalities, certified copies of the Resolutions can be issued even earlier, once a Resolution is passed. Provided, certified copies of Resolutions can be given only when the text of a Resolution proposed to be passed at a Meeting had been placed before the Meeting. Many a times, it might be necessary to furnish certified copies of Resolutions or file the same with authorities for various purposes. Therefore, when the Notes on Agenda are prepared, if an item is of such nature as would require a certified copy to be given to third parties immediately after the passing of the Resolution, the text of the Resolution should be included in the Notes on Agenda or tabled at the Meeting so that certified copies can be issued at any time after the Resolution is passed.*

*Such situations may arise in the case of Resolutions passed for opening of bank accounts, taking loans from financial institutions, etc. where the bank account cannot be opened/operated or the financial assistance cannot be availed of without furnishing a certified copy of the Resolution.*

*A company can implement Resolutions passed at Meetings of the Board or Committee thereof without waiting for noting of the concerned Minutes at the next Meeting of the Board or the Committee, as the case may be.*

*A copy of the Board Resolution may be certified by:*

- (i) Key managerial personnel of the company*

- (iii) *Chairman or Director or an officer or an employee of the company duly authorised by the Board in this behalf.*

*There is no restriction on the certification of a Board Resolution by a Director who was not present at the Meeting where such a Resolution was passed. Such Director should however ensure that what he certifies is based on his knowledge of what had transpired at the Meeting.*

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

A Director is entitled to receive a copy of the signed Minutes of a Meeting held during the period of his Directorship, even if he ceases to be a Director.

Extracts of the duly signed Minutes may be provided in physical or electronic form.

*The provisions with respect to sending of draft Minutes of a Meeting in which a person is appointed as a Director or a Director ceases to be a Director are mutatis-mutandis applicable for giving extracts of the Minutes of that Meeting.*

*A Director is entitled to demand an extract of the Minutes of Meetings for any period prior to his appointment as a Director. However, after he ceases to be a Director, he can demand extracts of Minutes only for the period during which he was a Director. He cannot demand extracts of Minutes of Meetings held prior to his induction as a Director nor in relation to Meetings held during the period after he ceases to be a Director. The company may introduce proper systems for streamlining such requests and every such request by a person ceasing to be a Director should preferably be in writing giving the purpose for which such extracts are sought and while delivering extracts of the Minutes, if thought fit, the company may insist on the person demanding the extracts to execute a non-disclosure undertaking to ensure that he is bound to maintain confidentiality.*

*Notwithstanding the above, Directors of the company have a duty to maintain confidentiality of any information relating to the company.*

## **8. Preservation of Minutes and other Records**

### **8.1 Minutes of all Meetings shall be preserved permanently in physical or in electronic form with Timestamp.**

Where, under a scheme of arrangement, a company has been merged or amalgamated with another company, Minutes of all Meetings of the transferor company, as handed over to the transferee company, shall be preserved permanently by the transferee company, notwithstanding that the transferor company might have been dissolved.

*The preservation of Minutes of the merged or amalgamated company would ensure easy reference to any important decisions taken prior to the merger or amalgamation.*

**8.2 Office copies of Notices, Agenda, Notes on Agenda and other related papers shall be preserved in good order in physical or in electronic form for as long as they remain current or for eight financial years, whichever is later and may be destroyed thereafter with the approval of the Board.**

### ***Preservation of Meeting Papers***

*Copies of the Notice calling the Meeting and other papers, documents, agreements, approvals, etc. related to the business transacted at the Meeting should be retained at least for as long as the related subject remains relevant or for eight Financial Years, whichever is later.*

*Corollary has been drawn from Rule 15 of the Companies (Management and Administration) Rules, 2014 which prescribes a period of eight years for preservation of register of debenture-holders or any other security holders and annual return.*

### ***Destruction of Meeting Papers***

*These papers explain in detail all the proposals made at the Board Meeting and hence would enable easy reference to the important decisions taken earlier alongwith the rationale for the decisions. Therefore, considering the importance of these papers, prior approval of the Board is necessary for their destruction. This is also because the Directors are responsible for devising and ensuring effective operation of proper and adequate Board systems and since the need to refer to these papers may arise at any time.*

Office copies of Notices, Agenda, Notes on Agenda and other related papers of the transferor company, as handed over to the transferee company, shall be preserved in good order in physical or electronic form for as long as they remain current or for eight financial years, whichever is later and may be destroyed thereafter with the approval of the Board and permission of the Central Government, where applicable.

*The permission of the Central Government for destroying such records has been prescribed in line with the provisions of Section 239 of the Act, which provides that the books and papers of a company which has been amalgamated with, or whose shares have been acquired by, another company should not be disposed of without the prior permission of the Central Government and before granting such permission, Government*

*may appoint a person to examine the books and papers or any of them for the purpose of ascertaining whether they contain any evidence of the commission of an offence in connection with the promotion or formation, or the management of the affairs of the transferor company or its amalgamation or the acquisition of its shares.*

*Any record destroyed after 1<sup>st</sup> July, 2015 requires the approval of the Board, even if such record pertains to a period prior to the applicability of SS-1.*

*It may be noted that the Board may authorise destruction of such records only after the expiry of the period specified in this paragraph of SS-1.*

### **8.3 Minutes Books shall be in the custody of the Company Secretary.**

Where there is no Company Secretary, Minutes Books shall be in the custody of any Director duly authorised for the purpose by the Board.

*The Company Secretary or any Director who has been duly authorised for this purpose, as the case may be, should ensure that the Minutes books are under a proper locking system and no person has access to the Minutes without his permission. Minutes maintained in electronic form should also be kept under a proper security system.*

## **9. Disclosure**

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

*The above statement may be given as under:*

*"The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively".*

*The above statement is intended to align the disclosure requirement with the provisions of Section 134(5)(f) of the Act, which requires the Directors to state in the Directors Responsibility Statement that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.*

*10. Equity listed company should ensure additional compliances as enumerated in the annexures given below:*

- (a) Key functions and responsibilities of the Board of Directors of an equity listed company (**Annexure-IX**)*
- (b) Corporate governance requirements with respect to subsidiary of an equity listed company (**Annexure-X**)*

**Annexure I**

*(Refer Paragraph 1.3.8)*

**Illustrative list of items of business which shall not be passed by circulation and shall be placed before the Board at its Meeting****General Business Items**

- Noting Minutes of Meetings of Audit Committee and other Committees.
- Approving financial statements and the Board's Report.
- Considering the Compliance Certificate to ensure compliance with the provisions of all the laws applicable to the company.
- Specifying list of laws applicable specifically to the company.
- Appointment of Secretarial Auditors and Internal Auditors.

**Specific Items**

- Borrowing money otherwise than by issue of debentures.
- Investing the funds of the company.
- Granting loans or giving guarantee or providing security in respect of loans.
- Making political contributions.
- Making calls on shareholders in respect of money unpaid on their shares.
- Approving Remuneration of Managing Director, Whole-time Director and Manager.
- Appointment or Removal of Key Managerial Personnel.
- Appointment of a person as a Managing Director / Manager in more than one company.
- In case of a public company, the appointment of Director(s) in casual vacancy subject to the provisions in the Articles of the company.

*The above point of SS-1 stands amended pursuant to Companies (Amendment) Act, 2017 and should be read as under:*

*Appointment of Director(s) in casual vacancy, subject to the provisions in the Articles of the company, may be filled by the Board of Directors*

*at a Meeting of the Board which shall be subsequently approved in the immediate next General Meeting.*

- According sanction for related party transactions which are not in the ordinary course of business or which are not on arm's length basis.
- Sale of subsidiaries
- Purchase and Sale of material tangible/intangible assets not in the ordinary course of business.
- Approve Payment to Director for loss of office.
- Items arising out of separate Meeting of the Independent Directors if so decided by the Independent Directors.

#### Corporate Actions

- Authorise Buy Back of securities
- Issue of securities, including debentures, whether in or outside India.
- Approving amalgamation, merger or reconstruction.
- Diversify the business.
- Takeover another company or acquiring controlling or substantial stake in another company.

#### Additional list of items in case of listed companies

- *Noting minutes of Board Meetings of the unlisted subsidiary.*
- *Quarterly, half-yearly and annual financial results for the listed company.*
- *Recruitment and remuneration of senior officers just below the level of the Board of Directors.*
- *Agreement by the company with existing share transfer agent/ the new share transfer agent in the manner as specified by the Board from time to time.*
- *Statement of all significant transactions and arrangements entered into by the unlisted subsidiary.*
- Approving Annual operating plans and budgets.
- Capital budgets and any updates.
- Information on remuneration of Key Managerial Personnel.

- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholder services such as non-payment of dividend, delay in share transfer etc.

**Annexure IA**

*(Refer the head "Background" and Paragraph 1.3.8)*

**Powers of the Board to be exercised at Board Meetings as prescribed under the Act**

- (a) To make calls on shareholders in respect of money unpaid on their shares;*
- (b) To authorise buy-back of securities under Section 68 of the Act;*
- (c) To issue securities, including debentures, whether in or outside India;*
- (d) To borrow monies;*

*The above clause shall not apply to borrowings by a banking company from other banking companies or from the Reserve Bank of India, the State Bank of India or any other banks established by or under any Act. (Explanation I to sub-section (3) of Section 179 of the Act)*

*In respect of dealings between a company and its bankers, the exercise by the company of the power specified in clause (d) shall mean the arrangement made by the company with its bankers for the borrowing of money by way of overdraft or cash credit or otherwise and not the actual day-to-day operation on overdraft, cash credit or other accounts by means of which the arrangement so made is actually availed of. (Explanation II to sub-section (3) of Section 179 of the Act)*

- (e) To invest the funds of the company;*
- (f) To grant loans or give guarantee or provide security in respect of loans;*
- (g) To approve financial statement and the Board's report;*
- (h) To diversify the business of the company;*
  - (i) To approve amalgamation, merger or reconstruction;*
  - (j) To take over a company or acquire a controlling or substantial stake in another company;*
- (k) Any other matter which may be prescribed, which at present are as follows:*
  - (1) To make political contributions;*
  - (2) To appoint or remove key managerial personnel (KMP);*
  - (3) To appoint internal auditors and Secretarial Auditor;*

*[Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with amendment thereto dated 18<sup>th</sup> March, 2015]*

*The acceptance by a banking company in the ordinary course of its business of deposits of money from the public repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise, or the placing of monies on deposit by a banking company with another banking company on such conditions as the Board may prescribe, shall not be deemed to be a borrowing of monies or, as the case may be, a making of loans by a banking company within the meaning of Section 179. (Second Proviso to sub-section (3) of Section 179 of the Act)*

***Appoint a Director to fill a casual vacancy***

*If the office of any Director appointed by the company in General Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, in default of and subject to any regulations in the Articles of the company, be filled by the Board of Directors at a Meeting of the Board which shall be subsequently approved by members in the immediate next General Meeting:*

*Provided that any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated.*

*(Sub-section (4) of Section 161 of the Act)*

**Annexure IB**

*(Refer the Paragraphs 1.3.8 and 6.1.1)*

**Illustrative List of Items to be exercised at Board Meeting as given in SS-1 in addition to those prescribed under the Act****General Business Items**

1. *Noting Minutes of Meetings of Audit Committee and other Committees.*
2. *Considering the Compliance Certificate to ensure compliance with the provisions of all the laws applicable to the company.*
3. *Specifying list of laws applicable specifically to the company.*

*The Board is required to take note of the specific list of laws applicable to the company. For example, Banking Regulation Act, 1949 in case of banking companies.*

**Specific Items**

1. *Approving remuneration of Managing Director, Whole-time Director and Manager.*
2. *Approving appointment of a person as a Managing Director / Manager in more than one company.*
3. *According sanction for transactions with Related Party which are not in the ordinary course of business or which are not on arm's length basis.*
4. *Approving sale of subsidiaries*
5. *Approving purchase and sale of material tangible/intangible assets not in the normal course of business.*
6. *Approving payment to Managing Director/Whole-time Director/ Manager for loss of office.*
7. *Items arising out of separate Meeting of the Independent Directors if so decided by the Independent Directors.*

**Additional list of items in case of listed companies**

1. *Noting minutes of Board Meetings of the unlisted subsidiary.*
2. *Quarterly, half-yearly and annual financial results for the listed company.*
3. *Recruitment and remuneration of senior officers just below the level of the Board of Directors.*

4. *Agreement by the company with existing share transfer agent/ the new share transfer agent in the manner as specified by the Board from time to time.*
5. *Statement of all significant transactions and arrangements entered into by the unlisted subsidiary.*
6. *Approving Annual operating plans and budgets.*
7. *Approving Capital budgets and any updates.*
8. *Approving / Noting Information on Remuneration of Key Managerial Personnel.*
9. *Noting show cause, demand, prosecution notices and penalty notices which are materially important.*
10. *Noting fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.*
11. *Noting any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.*
12. *Noting any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.*
13. *Noting details of any joint venture or collaboration agreement.*
14. *Noting transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.*
15. *Noting significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.*
16. *Noting Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.*
17. *Noting non-compliance of any regulatory, statutory or listing requirements and shareholder services such as non-payment of dividend, delay in share transfer etc.*

**Annexure IC**

*(Refer the head "Background" and Paragraph 7.2.2.1)*

**Powers to be exercised by unanimous consent**

- (a) Power to appoint or employ a person as its Managing Director under Section 203 of the Act if he is the Managing Director or Manager of one and not more than one other company;*
- (b) Power to invest or to give loans or guarantee or security under Section 186(5) of the Act.*
- (c) Power to remove trustees for the depositors after issue of circular or advertisement and before expiry of his term [Rule 7(4) of the Companies (Acceptance of Deposits) Rules, 2014]*

**Annexure ID**

*(Refer the head "Background")*

**Powers to be exercised subject to passing of  
Special Resolution at General Meeting or through Postal Ballot**

- (a) *To sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or, where the company owns more than one undertaking, of the whole or substantially the whole of any such undertaking.*

*Explanation. – For the purposes of this clause, –*

- (i) "undertaking" shall mean an undertaking in which the investment of the company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent of the total income of the company during the previous financial year;*
- (ii) the expression "substantially the whole of the undertaking" in any financial year shall mean twenty per cent or more of the value of the undertaking as per the audited balance sheet of the preceding financial year;*

*Nothing in clause (a) above shall affect the title of a buyer or other person who buys or takes on lease any property, investment or undertaking as referred to therein, in good faith; or the sale or lease of any property of the company where the ordinary business of the company consists of, or comprises, such selling or leasing.*

*Any special Resolution conveying consent of the company as aforesaid may stipulate such conditions as may be specified therein including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. However, conditions so stipulated shall not be deemed to authorise the company to effect any reduction in its capital except in accordance with the applicable provisions contained in the Act.*

- (b) To invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation.*
- (c) To borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves apart from temporary loans obtained from company's bankers in the ordinary course of business.*

*Provided that the acceptance by a banking company, in the ordinary course of its business, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise, shall not be deemed to be a borrowing of monies by the banking company within the meaning of this clause.*

*Special Resolution under this clause shall specify the total amount upto which monies may be borrowed by the Board of Directors.*

*Explanation. – For the purposes of this clause, –*

*the expression “temporary loans” means loans repayable on demand or within six months from the date of the loan such as short-term, cash credit arrangements, the discounting of bills and the issue of other short-term loans of a seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature;*

*No debt incurred by a company in excess of the limit imposed by clause (c) above shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.*

- (d) *To remit or give time for the repayment of, any debt due from a Director.*  
*[Section 180 of the Act]*

*The above restrictions would not however be applicable to a private company since MCA has vide its Notification dated 5<sup>th</sup> June, 2015 exempted private companies from the provisions of Section 180 of the Act.*

**Annexure IE**

*(Refer the head "Background")*

**Powers to be exercised subject to approvals of the General Meeting or the Central Government or the National Company Law Tribunal or the requirements of other Statutory Authorities and/or Regulators**

- (i) To appoint a Managing Director, Whole-time Director or Manager and pay Remuneration to such person in case such appointment or remuneration is at variance to the conditions specified in Schedule V; (General Meeting and Central Government approval) [Sub-section (4) of Section 196 of the Act]*
- (ii) To make contributions to bona fide charitable and other funds in excess of the limit of 5% of the average net profits for the immediately preceding three financial years; (General Meeting approval) (Section 181)*
- (iii) To give any loan or any guarantee or provide security in connection with a loan to any other body corporate or person and acquire by way of subscription, purchase or otherwise, the securities of any other body corporate in excess of the limits laid down for the said purposes for the Board of Directors (Section 186); (General Meeting approval by special Resolution)*
- (iv) In case of a public company, in the absence or inadequacy of profits of a company in any financial year, to pay Remuneration to its managerial personnel within the limit and in excess of the limits set out in Clause A and B of section II of Part II of Schedule V appended to the Act; (Section 197).*
- (v) In case of listed companies, disposal of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by Court/ Tribunal. (Previous approval of Shareholders in General Meeting by way of Special Resolution) (SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*
- (vi) In case of listed companies, to pay Remuneration (apart from sitting fees) to non-executive Directors, including independent Directors, (Previous approval of shareholders in General Meeting) (SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).*
- (vii) In case of listed companies, to sell, dispose and lease assets amounting*

*to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year unless the sale/disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal (Prior approval of shareholders by way of special Resolution) (SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).*

- (viii) *In case of listed companies, all material Related Party Transactions shall require approval of the shareholders through Ordinary Resolution and all the related parties shall abstain from voting on such resolutions (SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).*

*The above clause is not applicable in case related party transactions entered are between:*

- (a) *Two government companies.*
- (b) *A holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the General Meeting for approval. Similarly, in case of insurance companies and banking companies, approval of IRDA and RBI respectively is required for certain items in accordance with their extant rules.*

#### **Approval of material Related Party Transaction**

*A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5 percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. (Regulation 23 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

*Members of Board of Directors and key managerial personnel shall disclose to the Board of Directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity. Regulation 4(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

#### **Remuneration to Executive Directors**

*In case of Equity Listed Company, the fees or compensation payable to executive Directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in General Meeting, if-*

*(i) the annual remuneration payable to such executive Director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed company, whichever is higher; or*

*(ii) where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5 per cent of the net profits of the listed company:*

*Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such Director. (Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

**Annexure IF**

*(Refer the head "Background")*

**Powers which may be Delegated by the Board**

- (a) To borrow monies;*
- (b) To invest the funds of the company;*
- (c) To grant loans or give guarantee or provide security in respect of loans.*

*Powers delegated by the Board should prescribe the limits in respect of:*

- (i) the total amount outstanding at any one time upto which moneys may be borrowed by the delegate;*
- (ii) the total amount outstanding upto which the funds may be invested and the nature of investments which may be made by the delegate; and*
- (iii) the total amount outstanding upto which loans may be made by the delegate, together with the purposes and the maximum amount in respect of each individual case.*

*[Sub-section (3) of Section 179 of the Act]*

**Annexure II***(Refer Paragraph 1.3.1)***Specimen Notice of a Board Meeting<sup>1</sup>**

NOTICE OF ..... (SERIAL NUMBER OF MEETING) BOARD MEETING

Mr.....

Director,  
New Delhi.

Dear Sir,

*NOTICE is hereby given that the ..... (serial number of Meeting) Meeting of the Board of Directors of the company will be held on ..... (day of the week), the ..... (date) ..... (month) ..... (year) at ..... (a.m./p.m.) at ..... (Venue)<sup>2</sup>. The Agenda of the business to be transacted at the Meeting is enclosed/will follow<sup>3</sup>.*

*You may attend the Meeting through Electronic Mode, the details of which are enclosed. In case you desire to participate through such mode, please send a confirmation in this regard to ..... (Name of Company Secretary/ Chairman/ other Authorised Person), email ....., Tel No. .... within ..... days (time frame)<sup>4</sup> to enable making necessary arrangements.*

*Kindly make it convenient to attend the Meeting.*

Yours faithfully,

(Signature)

(Name)

(Designation)

(Email, phone No.)

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1. This should preferably be on the letter-head of the company. Where it is not sent on the letter-head or where it is sent by e-mail or any other electronic means, there should be specified, whether as a header or footer, the name of the company and complete address of its registered office together with all its particulars such as Corporate Identification Number (CIN) as required under Section 12 of the Act, date of Notice, authority and name and designation of the person who is issuing the Notice and preferably, the phone number of the Company Secretary or any other senior officer who could be contacted by the Directors for any clarifications or arrangements.

2. If the Meeting is at a venue other than the Registered Office / Corporate Office of the company, detailed location of such venue should be given.

3. The Agenda, together with the notes thereon, may either be sent alongwith the Notice or may follow at a later date.

4. In the absence of an advance communication or confirmation as indicated herein, from the Director regarding his participation through Electronic Mode, it shall be assumed that he will attend the Meeting physically.

**Annexure III***(Refer Paragraph 1.3.8)***Illustrative List of Items of Business for the Agenda for the first Meeting of the Board of Directors**

1. To appoint the Chairman of the Meeting.
2. *To grant leave of absence, if any.*
3. To note the Certificate of Incorporation of the company, issued by the Registrar of Companies.
4. To take note of the Memorandum and Articles of Association of the company, as registered.
5. To note the situation of the Registered Office of the company and ratify the registered document of title of premises of the registered office in the name of the company or a Notarised copy of lease / rent agreement in the name of the company.
6. To note the first Directors of the company.
7. To read and record the Notices of disclosure of interest given by the first Directors.
8. To consider appointment of Additional Directors.
9. To consider appointment of the Chairman of the Board.
10. *To consider constitution of Board Committees and approve their terms of reference.*
11. To consider appointment of the First Auditors.
12. To adopt the Common Seal of the company, if any.
13. To appoint Bankers and to open bank accounts of the company.
14. *To approve entering into agreements with depositories for issue of shares in dematerialised form and authorising Directors to execute the said agreements on behalf of the company.*
15. To authorise printing of share certificates and correspondence with the depositories, if any.
16. To authorise the issue of share certificates to the subscribers to the Memorandum and Articles of Association of the company.
17. To approve and ratify preliminary expenses and preliminary agreements.
18. To approve the appointment of Key Managerial Personnel, if applicable, and other senior officers.

**Annexure IV***(Refer Paragraph 1.3.8)***Illustrative Agenda of a Meeting other than the first Meeting of the Board of Directors**

**Agenda for the ..... (Number) Meeting of the Board of Directors of ..... (Company Name), to be held on ..... (Day), ..... (Date, Month and Year) at ..... (Time) at ..... (Venue)**

**1. Attendance and Minutes**

- 1.1 To elect a Chairman of the Meeting (if applicable);*
- 1.2 To grant leave of absence to Directors not present at the Meeting;*
- 1.3 To take note of the Minutes of the previous Meeting;*
- 1.4 To take note of the action taken in respect of the earlier decisions of the Board;*
- 1.5 To take note of the Resolutions passed by circulation since the last Meeting, if any;*
- 1.6 To take note of the minutes of Meetings of Committee(s) of the Board;*
- 1.7 To take note of the certificate of compliance.*

**2. Directors (including, where applicable, Alternate Directors)**

- 2.1 To read and take note of the disclosure of interests by Directors;*
- 2.2 To read and take note of disclosure of shareholdings of Directors in the company and its holding / subsidiary / associate company;*
- 2.3 To read and take note of declarations by Independent Directors that they meet the criteria of independence laid down in the Act;*
- 2.4 To sign the register of contracts;*
- 2.5 To give consent to a contract, wherever applicable in which a Director(s) is/are interested ;*
- 2.6 To consider appointment(s) and fixation of Remuneration(s) of key managerial personnel, through the Nomination and Remuneration Committee, where applicable;*

- 2.7 *To consider and to give consent for the appointment of a Managing Director/Manager who is already a Managing Director/Manager of another company, through the Nomination and Remuneration Committee, where applicable;*
- 2.8 *To take note of nomination of Director(s) made by financial institution(s)/ BIFR/ Central Government/bank(s) etc.;*
- 2.9 *To recommend for the approval of Members, appointment of Independent Directors, through the Nomination and Remuneration Committee, where applicable;*
- 2.10 *To appoint Additional Directors(s), through the Nomination and Remuneration Committee, where applicable;*
- 2.11 *To appoint a Director to fill the casual vacancy of a Director, through the Nomination and Remuneration Committee, where applicable;*
- 2.12 *To accept/ take note of resignation(s) of Director(s)/ withdrawal/ change of nomination in case of nominee Director(s);*
- 2.13 *To consider commission for Non-Executive Directors;*
- 2.14 *To delegate powers to Managing / Whole-time Directors or to Committees constituted by the Board.*

### **3. Related party transactions**

- 3.1 *To approve transactions with Related Party which are not in the ordinary course of business or which are not on arm's length basis, through the Audit Committee, where applicable;*
- 3.2 *To recommend for the approval of the Members, transactions with Related Party beyond the prescribed threshold limits and which are either entered not in the ordinary course of business or not on arm's length basis, through the Audit Committee, where applicable.*

### **4. Shares**

- 4.1 *To authorise printing of new share certificates;*
- 4.2 *To approve transfer/ transmission/ transposition of shares;\**
- 4.3 *To authorise issue of duplicate share certificates;\**
- 4.4 *To authorise issue of share certificates without surrender of letters of allotment;\**

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*\*unless delegated to a Committee.*

- 4.5 *To consider the position of dematerialized and rematerialized shares and the beneficial owners.*

## **5. Share Capital**

- 5.1 *To make allotment of shares;*
- 5.2 *To make calls on shares;*
- 5.3 *To forfeit shares;*
- 5.4 *To issue bonus shares;*
- 5.5 *To issue rights shares;*
- 5.6 *To make fresh issue of share capital;*
- 5.7 *To authorise buy-back of shares.*

## **6. Debentures, Loans and Public Deposits**

- 6.1 *To consider matters relating to issue of debentures including appointment of Debenture Trustees;*
- 6.2 *To borrow money otherwise than on debentures and by way of Commercial Paper, Certificate of Deposit, etc.;*
- 6.3 *To approve raising of money through public deposits;*
- 6.4 *To approve the text of the advertisement for acceptance of public deposits and to sign the same.*

## **7. Long term loans from financial institutions/ banks**

- 7.1 *To authorise making applications/ availing long term loans from financial institutions/ banks and to authorise officers to accept modifications, approve the terms and conditions of loans, execute loan and other agreements and to affix the Common Seal of the company on documents;*
- 7.2 *To accept terms contained in the letter of intent of financial institutions/ banks;*
- 7.3 *To authorise execution of hypothecation agreements and to create charges on the company's assets;*
- 7.4 *To take note of the statement of total borrowings/ indebtedness of the company.*

*In case of availing of loans/ financial assistance from banks/*

*financial institutions, the draft Resolutions are generally provided by the banks/ financial institutions, which may be modified as appropriate and circulated to the Directors along with the related item of the Agenda.*

## **8. Banking Facilities**

- 8.1 *To open/ operate/ close bank accounts;*
- 8.2 *To avail bank loans;*
- 8.3 *To renew/ enhance banking facilities including bank overdraft;*
- 8.4 *To open special/ separate banks accounts for dividend, deposits and unpaid amounts thereof.*

## **9. Investments, Loans and Guarantees**

- 9.1 *To consider investment in securities of other bodies corporate;*
- 9.2 *To consider other investments;*
- 9.3 *To make loans to other persons;*
- 9.4 *To consider placing inter-corporate deposits;*
- 9.5 *To consider giving guarantees for loans to other bodies corporate or security in connection with such loans.*

## **10. Review of Operations**

- 10.1 *To review operations;*
- 10.2 *To consider periodic performance report of the company.*

*Brief notes on the working of the company or its units or branches should contain figures comparable with the figures for the corresponding period of the previous year and that of the budget or forecast for that period.*

## **11. Payment of interim dividend**

- 11.1 *To consider payment of interim dividend.*

## **12. Projects**

- 12.1 *To take note of the progress of implementation of modernization/ new project(s) in hand;*
- 12.2 *To consider expansion/ diversification.*

**13. Capital Expenditure**

- 13.1 *To sanction capital expenditure for purchasing/ replacing machinery and other fixed assets;*
- 13.2 *To approve sale of old machinery/ other fixed assets of the company.*

**14. Revenue Expenditure**

- 14.1 *To approve mandatory CSR expenditure of the company, through the CSR Committee;*
- 14.2 *To approve donations including contributions to political parties;*
- 14.3 *To sanction grants to public welfare institutions;*
- 14.4 *To sanction staff welfare grants and other revenue expenditure;*
- 14.5 *To approve writing off bad debts.*

**15. Auditors, etc.**

- 15.1 *To appoint an Auditor to fill a casual vacancy in the office of the Auditor, through the Audit Committee, where applicable;*
- 15.2 *To appoint a Cost Auditor, through the Audit Committee, where applicable;*
- 15.3 *To appoint a Secretarial Auditor.*
- 15.4 *To appoint an Internal Auditor.*

**16. Personnel**

- 16.1 *To appoint, accept the resignation of, promote or transfer any senior officer of the company;*
- 16.2 *To approve/ amend rules relating to employment/ employee welfare schemes, and provident fund/ superannuation/ gratuity schemes of the company;*
- 16.3 *To sanction loan limits for officers and staff or personal exigencies or for purchase of a vehicle, land, house, etc.;*
- 16.4 *To formulate personnel policies.*

**17. Legal Matters**

- 17.1 *To note and to give directions on significant matters;*

17.2 *To consider amendment to Memorandum/ Articles of Association;*

17.3 *To consider and take note of the status of pending litigations by and against the company.*

### **18. To approve agreements**

#### *Restructuring*

18.1 *To consider merger/ demerger/ amalgamation;*

18.2 *To consider formation of joint ventures;*

18.3 *To consider subsidiarization / desubsidiarization of other companies.*

### **19. Delegation of Authority**

19.1 *To nominate occupier/ factory manager under Factories Act; an owner under Mines Act or Directors / representatives under the Legal Metrology Act;*

19.2 *To delegate powers to representative to attend General Meetings of companies in which the company has investments;*

19.3 *To delegate powers to approve transfer, transmission, issue of duplicate share certificates/ allotment letters, etc.;*

19.4 *To delegate authority with regard to signing of contracts, deeds and other documents; execution of indemnities, guarantees and counter-guarantees; filing, withdrawing or compromising legal suits;*

19.5 *To delegate authority with regard to registration, filing of statutory returns, declarations, etc. (in the physical or Electronic Mode) under company law, central excise, sales tax, customs and other laws;*

19.6 *To delegate powers in respect of the employees of the company including matters relating to appointments, confirmations, discharge, dismissal, acceptance of resignations, granting of increments and promotions, taking disciplinary actions, sanctioning of leave, travel bills and welfare expenses, etc.;*

19.7 *To delegate powers to grant advances to contractors, suppliers, agents, etc.;*

19.8 *To delegate powers relating to purchase/construction and sale*

*of stores, spare parts, raw materials, fuel and packing materials; fixed assets; shares or debentures of companies; government securities; and to fix limits up to which executives can authorise or sanction payments; operating of bank accounts etc.;*

19.9 *To delegate powers to engage consultants, retainers, contractors, etc.;*

19.10 *To delegate powers to provide financial assistance to employees, etc. for personal exigencies or for purchase of a vehicle, house, etc.;*

19.11 *To delegate powers to allow rebates/ discounts on sales; to incur expenditure on advertisements, to settle claims, to sanction donations, etc.*

## **20. Annual Financial Statements**

20.1 *To consider annual financial statements, through the Audit Committee, where applicable;*

20.2 *To consider consolidated financial statements, if applicable, through the Audit Committee, where applicable;*

20.3 *To consider recommending dividend to shareholders;*

20.4 *To approve appropriation of profits and transfers to reserves;*

20.5 *To take note of the Auditors' report.*

## **21. Annual General Meeting**

21.1 *To appoint an agency and a scrutiniser for conduct of e-voting in connection with the Resolutions proposed at the Annual General Meeting;*

21.2 *To ascertain the Directors retiring by rotation;*

21.3 *To convene the Annual General Meeting;*

21.4 *To close the register of members and decide the record date / book closure period;*

21.5 *To recommend for the approval / ratification of the Members, appointment and remuneration of Auditors;*

21.6 *To recommend for the ratification of the Members, remuneration of the Cost Auditors;*

- 21.7 *To consider other matters requiring shareholders' approval;*
- 21.8 *To approve the Report of the Board of Directors;*
- 21.9 *To approve the Notice of the General Meeting and authorise the Company Secretary to issue the Notice to the Members and all other persons and to take all action as may be necessary in this regard.*

**22. Miscellaneous matters**

- 22.1 *To consider matters arising out of the Minutes of the previous Meeting;*
- 22.2 *To fix the date and venue of the next Meeting;*
- 22.3 *Any other matter with the permission of the Chair and with the consent of the majority of the Directors present at the Meeting.*

**Annexure V**

*(Refer Paragraph 1.3.8)*

**Drafting of Agenda, Notes on Agenda and related matters –  
Practical aspects**

1. *While preparing the Agenda and notes thereon, good drafting is the essence. Important or non-routine items of the Agenda have to be written with special care, employing not only good drafting skills but also an understanding of commercial considerations and the business environment. For the purpose :*
  - (a) *Divide the Agenda into two parts: - the first part containing usual or routine items and the second part containing other items which can further be bifurcated as (i) items for approval; and (ii) items for information/noting.*
  - (b) *For each item of the Agenda an explanatory note should be provided. The explanatory note should give sufficient details of the proposal, including the proposed Resolution, if any, references to the provisions of the Companies Act and other applicable laws, the Memorandum and Articles of Association, other relevant documents, decisions of previous Board or General Meetings, as necessary. The explanatory note may be drafted under the following heads :*
    - (i) *Background (or Introduction);*
    - (ii) *Proposal, with recommendations of the management;*
    - (iii) *Provisions of Law;*
    - (iv) *Decision(s) to be taken ; and*
    - (v) *Interest, if any, of any Directors.*
2. *As a good governance practice, the agenda item should be initiated by the concerned Department (Head of Department or other authorised person) and approved by the competent authority as may be decided by the Board.*
3. *The Company Secretary should refer to the Agenda of previous Meetings, to see whether any items had been deferred and should consider whether such items are to be included for discussion at the ensuing Meeting.*

4. *The Company Secretary should also refer to the Minutes of the Meeting held during the corresponding period of the previous year to see whether there are any recurring periodic items (e.g. interim/final dividend, quarterly results). The Company Secretary should finalise the Agenda in consultation with the Chairman or in his absence the Managing Director or in his absence the Whole-time Director.*
5. *Notes on policy matters should present clear-cut issues in order to facilitate due deliberations and precise decisions at the Meeting.*
6. *The Company Secretary should keep, in addition to a record of matters to be discussed, a separate folder of all such correspondence, notes and documents which need to be dealt with at the Meeting. In preparing the Agenda, the Company Secretary should refer to this folder to ensure that all items which require the decision of the Board are included in the Agenda.*
7. *A separate Agenda item number should be given for items which are brought forward for discussion from a previous Meeting rather than placing them under the omnibus Agenda items. For example:*

*Item No.9. DISINVESTMENT MANDATE*

*To note the appointment of the company as advisors for the disinvestment process of ABC Limited.*

*(Refer to Item No. 18 of the Minutes of the Meeting held on.....).*

Annexure VI

(Refer Paragraph 6.2.3)

Resolution No. \_\_\_\_\_

(NAME OF COMPANY)

Mr. .... (Director)

Dear Sir,

Resolution by circulation

The following Resolution is intended to be passed by circulation as per the provisions of Section 175 of the Companies Act, 2013. A note explaining the urgency and necessity for passing the said Resolution by circulation and the supporting papers (if any) are enclosed.

**“RESOLVED THAT.....**

(Resolution intended to be passed is to be reproduced)”

None of the Directors are deemed to be concerned or interested in the Resolution.

\*Assent / Dissent / Require Meeting

Signature

Name

Date

Kindly indicate your response to the aforesaid Resolution, by appending your signature and the date of signing in the space provided beneath the Resolution and return one copy to the undersigned or by e-mail at the address mentioned below so as to reach us on or before.....

Yours faithfully,

For ..... (Name of Company).

Company Secretary

e-mail id:

Address:

Contact No:

\_\_\_\_\_  
\*Strike off whichever is not applicable

**Annexure VII***(Refer Paragraph 7.3)***Specimen Minutes of the first Board Meeting**

***Minutes of the first Board Meeting of ..... (Company Name), held on ..... (Day), ..... (Date, Month and Year) at ..... (Venue) from ..... (Time of Commencement)***

*Present:*

1. .... (in the Chair)
2. ....
3. ....
4. ....

*In attendance:*

.....

*Company Secretary*

**1. Chairman for the Meeting**

Mr.....was elected as the Chairman for the Meeting.

**2. Quorum**

*The business before the Meeting was taken up after having established that the requisite Quorum was present.*

**3. Leave of absence**

*Leave of absence was granted to Mr./ Ms. X who expressed his inability to attend the Meeting owing to his pre-occupation.*

**4. Certificate of Incorporation of the company**

*The Board was informed that the company has been incorporated on ..... and the Directors noted the Certificate of Incorporation No..... of ....., dated ..... issued by the Registrar of Companies,.....*

**5. Memorandum and Articles of Association**

*A printed copy of the Memorandum and Articles of Association of the company as registered with the Registrar of Companies, .....was placed before the Meeting and noted by the Board.*

## 6. Registered Office

*The Board noted that the Registered Office of the company will be at ....., the intimation of which has already been given to the Registrar of Companies,.....*

## 7. First Directors

*The Board noted that in terms of Article ..... of the Articles of Association of the company, Mr....., Mr.....and Mr..... are the first Directors of the company.*

## 8. Notices of disclosure of interest by the Directors

*Notices of interest under Section 184(1) of the Companies Act, 2013 received from Mr....., Mr..... and Mr....., Directors of the company, on ....., were tabled and the contents thereof were read and noted by the Board.*

## 9. Appointment of Additional Directors

*Reference was made to Mr. ....'s note dated ..... on the subject, as circulated.*

*The Chairman proposed that Mr. .... having DIN ..... and Mr..... having DIN ..... be appointed Additional Directors of the company in terms of Section 161 of the Companies Act, 2013. Brief profiles of Mr. .... and Mr..... along with their consents to act as Directors, if appointed, were tabled.*

*The Board agreed with the same and passed the following Resolutions:*

- (a) **"RESOLVED THAT**, pursuant to the provisions of Section 161 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable provisions read with Article \_\_\_\_\_ of the Articles of Association of the company, Mr.....be and is hereby appointed as Additional Director of the company to hold office from the date of this Meeting till the first Annual General Meeting of the company."

**"RESOLVED FURTHER THAT**....., Director/Company Secretary be and is hereby authorised to sign and file necessary forms/ documents with the Registrar of Companies and make entries, as appropriate, in the registers of the company."

- (b) **"RESOLVED THAT**, pursuant to the provisions of Section 161

*of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable provisions read with Article \_\_\_\_\_ of the Articles of Association of the company, Mr..... be and is hereby appointed as Additional Director of the company to hold office from the date of this Meeting till the first Annual General Meeting of the company.”*

**“RESOLVED FURTHER THAT.....**, Director/Company Secretary be and is hereby authorised to sign and file necessary forms/ documents with the Registrar of Companies and make entries, as appropriate, in the registers of the company.”

#### **10. Chairman and Vice-Chairman of the Board**

*Reference was made to Mr. ....’s note dated ..... on the subject, as circulated.*

*The Board, after discussion, decided that Mr. .... be appointed as Chairman of the Board, who would be the Chairman for all Meetings of the Board as also for general meetings of the company. The Board also decided that Mr. .... be appointed as Vice-Chairman of the Board.*

*The Board thereafter passed the following Resolution:*

**“RESOLVED THAT** until otherwise decided by the Board, Mr..... be and is hereby elected as the Chairman of the Board of Directors of the company.”

**“RESOLVED FURTHER THAT,** until otherwise decided by the Board, Mr..... be and is hereby elected as the Vice-Chairman of the Board of Directors of the company.”

#### **11. Board Committees**

*Reference was made to Mr. ....’s note dated ..... on the subject, as circulated.*

*The Board approved constitution of the following Board Committees, as required in terms of Sections 177 and 178 of the Companies Act, 2013, with the members as detailed below:*

(a) Audit Committee

.....

- (b) *Nomination and Remuneration Committee*  
.....
- (c) *Stakeholders Relationship Committee*  
.....
- (d) *Corporate Social Responsibility (CSR) Committee*  
.....

*The Board also approved the Terms of Reference of the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders Relationship Committee and the CSR Committee, as tabled, copies of which were initialled by the Chairman for the purpose of identification.*

**12. Appointment of First Auditors**

*Reference was made to Mr. ....’s note dated ..... on the subject, as circulated.*

*The Chairman stated that pursuant to Section 139 of the Companies Act, 2013, First Auditors are to be appointed within thirty days from the registration of the company. For this purpose, Messrs. ...., Chartered Accountants,....., had been approached to act as the first Auditors of the company. A letter received from Messrs.*

*....., conveying their consent was placed before the Directors. The Board, after discussion passed the following Resolution:*

**“RESOLVED THAT** Messrs. ...., Chartered Accountants, ...., be and are hereby appointed pursuant to Section 139(6) of the Companies Act, 2013, as the first Auditors of the company at such remuneration as may be fixed by the Board in consultation with the Auditors to hold office from the date of this Meeting till the conclusion of the first Annual General Meeting of the company.”

**“RESOLVED FURTHER THAT** the Director/Company Secretary be and is hereby authorised to make the necessary filings with the Statutory Authorities”.

*[Not applicable to Government companies or any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments - in such cases appointment of auditors to be made by Comptroller and Auditor General].*

**13. Common Seal of the company, if any (not mandatory)**

*The Chairman tabled a Seal bearing the company's name, CIN and the address of the registered office to be adopted as the Common Seal of the company, and the following Resolution was passed:*

**"RESOLVED THAT** the Common Seal of the company, the impression of which appears in the margin against this Resolution, be and is hereby adopted as the Common Seal of the company."

**14. Appointment of Chief Executive Officer of the company**

*Reference was made to Mr. ....'s note dated ..... on the subject, as circulated.*

*The Chairman informed the Board that for promotion, development and expansion of the company's business, it is necessary to appoint a whole – time Chief Executive Officer. He advised the Board that it is proposed to appoint Mr. .... who has vast industry experience as the Chief Executive Officer of the company; Mr. .... has given his consent to act as Chief Executive Officer, if appointed. The Board agreed with the same and passed the following Resolution:*

**"RESOLVED THAT** pursuant to Section 203 of the Companies Act, 2013, Mr. .... be and is hereby appointed as the Chief Executive Officer of the company, on the terms and conditions set out in the draft agreement/ appointment letter, placed on the table, a copy of which was initialled by the Chairman for the purpose of identification."

**"RESOLVED FURTHER THAT** Mr. ...., Chief Executive Officer, do perform such functions and duties specified in the agreement/ appointment letter and as assigned to him by the Board from time to time."

**"RESOLVED FURTHER THAT** \_\_\_\_\_, Director/Company Secretary be and is hereby authorised to sign and file the necessary forms/documents with the Registrar of Companies and make entries, as appropriate, in the registers of the company."

**15. Appointment of Company Secretary**

*Reference was made to Mr. ....'s note dated ..... on the subject, as circulated.*

*The Chairman advised the Board that it is proposed to appoint Mr. ...., who holds the prescribed qualifications as Company*

*Secretary of the company; Mr. .... has given his consent to act as Company Secretary, if appointed. The Board agreed with the same and passed the following Resolution:*

***“RESOLVED THAT*** pursuant to Section 203 of the Companies Act, 2013, Mr. ...., holding the prescribed qualification under Section 2(24) of the Companies Act, 2013, be and is hereby appointed as Company Secretary of the company, on the terms specified in the draft agreement/ appointment letter, placed on the table, a copy of which was initialled by the Chairman for the purpose of identification.”

***“RESOLVED FURTHER THAT*** Mr. ...., Company Secretary, do perform the duties which are required to be performed by a secretary under the Companies Act, 2013 and any other duties assigned to him by the Board or the Chief Executive Officer.”

***“RESOLVED FURTHER THAT*** ...., Director be and is hereby authorised to sign and file the necessary forms/documents with the Registrar of companies and make entries, as appropriate, in the registers of the company.”

## **16. Appointment of Chief Financial Officer**

*Reference was made to Mr. ....’s note dated ..... on the subject, as circulated.*

*The Chairman advised the Board that it is proposed to appoint Mr. .... who is a ..... (Qualification) as the Chief Financial Officer of the company; Mr. .... has given his consent to act as Chief Financial Officer, if appointed. The Board agreed with the same and passed the following Resolution:*

***“RESOLVED THAT*** pursuant to Section 203 of the Companies Act, 2013, and related Rules and Regulations framed thereunder, Mr. .... be and is hereby appointed as Chief Financial Officer of the company, on the terms specified in the draft agreement/ appointment letter, placed on the table, a copy of which was initialled by the Chairman for the purpose of identification.”

***“RESOLVED FURTHER THAT*** Mr. ...., Chief Financial Officer, do perform the functions which are required to be performed by a Chief Financial Officer under the Companies Act, 2013 and any other duties assigned to him by the Board or the Chief Executive Officer.”

***“RESOLVED FURTHER THAT*** ...., Director/Company Secretary be and

*is hereby authorised to sign and file the necessary forms/documents with the Registrar of Companies and make entries, as appropriate, in the registers of the company.”*

### **17. Appointment of bankers and opening Bank A/c with ..... Bank**

*The Chairman informed the Board that it is proposed to open a current account in the name of the company with .....Bank. The Board agreed with the same and passed the following Resolution:*

**“RESOLVED THAT** a current account be opened in the name of ..... Limited with the ..... Bank, ....., and that the Bank be instructed to honor all cheques, bills of exchange, promissory notes or other orders which may be drawn by/ accepted/ made on behalf of the company and to act on any instructions so given relating to the account, whether the same be overdrawn or not, relating to the transactions of the company and that any two of the following Directors/officers of the company, jointly, namely:

1. Mr...Director
2. Mr...Director
3. Mr ...Chief Financial Officer
4. Mr ...Company Secretary

*be and are hereby authorised to sign on behalf of the company, cheques or any other instruments/ documents drawn on or in relation to the said account and the said signatures shall be sufficient authority and shall bind the company in all transactions between the Bank and the company.”*

### **18. Printing of Share Certificates**

*Reference was made to Mr. ....’s note dated ..... on the subject, as circulated.*

*The Chairman informed the Board that it would be necessary to print share certificates for allotment of shares to the subscribers to the Memorandum of Association as well as for any further issue of capital. A format of the share certificate in Form SH-1 in terms of Rule 5 of the Companies (Share Capital and Debentures) Rules, 2014 was placed on the table and the Board passed the following resolution:*

**“RESOLVED THAT** 1,00,000 equity share certificates of the company be

*printed, in the format placed before the Meeting and initialled by the Chairman for the purpose of identification, and that the certificates bear serial Nos. 1 to 1,00,000."*

**"RESOLVED FURTHER THAT** the aforesaid blank share certificates be kept in safe custody with Mr....., Company Secretary."

### **19. Issue of Share Certificates to the subscribers**

Reference was made to Mr. ....'s note dated ..... on the subject, as circulated.

The Chairman informed the Board that Mr....., Mr..... and Mr. ...., who are subscribers to the Memorandum of Association of the company, had each agreed to take and have taken \_\_\_\_\_ (\_\_\_\_\_) equity shares in the company. He further informed the Board that pursuant to Section 2(55) of the Companies Act, 2013, the names of the said subscribers to the Memorandum of Association have been entered in the Register of Members and that equity share certificates are required to be issued to them. The Board agreed with the same and passed the following Resolution:

**"RESOLVED THAT** Mr....., Mr..... and Mr. ...., the subscribers to the Memorandum of Association of the company who had agreed to take and have taken \_\_\_\_\_ (\_\_\_\_\_) equity shares each of the company, be issued equity share certificates and that Mr..... and Mr....., Directors of the company, and Mr....., Company Secretary, be and are hereby authorised to sign the said certificates."

### **20. Statement of Preliminary Expenses and Preliminary Agreements**

The Chairman placed before the Meeting a statement of expenses incurred in connection with the formation of the company and a copy of agreements entered into before the formation of the company. The Board approved the same and passed the following Resolution:

**"RESOLVED THAT** preliminary expenses of Rs.....incurred in connection with the incorporation of the company and the preliminary agreements entered be and are hereby approved and confirmed as per the statement submitted by the Chairman."

**"RESOLVED FURTHER THAT** the preliminary expenses of Rs..... incurred by Mr....., Director of the company, be reimbursed to the said Mr..... out of the funds of the company."

**21. Authorisation to sign returns, forms, documents etc. filed with various regulatory authorities**

*Various returns, forms, documents etc. are required to be filed with various regulatory authorities including the Ministry of Corporate Affairs by the company from time-to-time. The Board passed the following resolution in this regard:*

**“RESOLVED THAT** ..... and ..... Director of the company be and is hereby authorised to sign on behalf of the company, various documents, forms, returns, etc. required to be filed with various regulatory authorities under the relevant statutory provisions.”

**22. Next Board Meeting**

*It was decided to hold the next Board Meeting at..... a.m./ p.m. on..... (Day), ..... (Date, Month and Year) at..... (Venue).*

**23. Conclusion of the Meeting**

*There being no other business, the Meeting concluded at .... (Time) with a vote of thanks to the Chair.*

Place .....

Date ..... ..

Chairman

Entered on

Annexure VIII

(Refer Paragraph 7.3)

**Specimen Minutes of a subsequent Board Meeting**

**Minutes of the ..... Meeting of the Board of Directors of .....  
(Company Name) held on ..... (Day), ..... (Date, Month and  
Year), at ..... (Venue) from ..... (Time of Commencement)**

**PRESENT**

- A.B. Chairman
- C.D. Directors
- E.F.
- I.J.
- K.L. Managing Director

**IN ATTENDANCE**

- X Secretary

**INVITEES**

- Y Chief Financial Officer
- Z..... Designation and Organisation

**1. Chairman for the Meeting**

Mr/Ms.....was elected as the Chairman for the Meeting.

**2. Leave of absence**

Leave of absence from attending the Meeting was granted to Mr. M.N. and Mr. O.P. who expressed their inability to attend the Meeting owing to their preoccupation.

**3. Quorum**

The business before the Meeting was taken up after having established that the requisite quorum was present.

**4. Minutes of the previous Board Meeting**

The Minutes of the ..... Meeting of the Board of Directors of the company held on ....., as circulated, were noted by the Board and signed by the Chairman.

**5. Minutes of the Committee Meetings**

*The Minutes of the ..... Meeting of the ..... Committee held on ....., as circulated, were noted by the Board.*

**6. Resolution passed by circulation since the last Meeting.**

*The following Resolution was passed by circulation on ..... (date of passing of the Resolution) in terms of the provisions of Section 175 of the Companies Act, 2013.*

**"RESOLVED THAT ....."**  
**....."**

*Mr. ...., Director dissented on the Resolution.*

**7. Action Taken Report**

*The following action taken was noted by the Board:*

| Item No. | Item  | Action Taken |
|----------|-------|--------------|
| _____    | _____ | _____        |

**8. Register of Contracts**

*The Register of Contracts in which Directors are interested under Section 189 of the Companies Act, 2013 and the Rules thereunder was signed by all the Directors present.*

**9. Notices of Disclosure of Interest of Directors**

- (a) *The following Notices received from the Directors of the company, notifying their interest in other bodies corporate pursuant to the provisions of Section 184 of the Companies Act, 2013, were read and recorded:*

| Name of the Director | Nature of Interest | Date of Notice |
|----------------------|--------------------|----------------|
|----------------------|--------------------|----------------|

- (b) *A Notice dated ..... received from Mr. I.J. pursuant to the provisions of Section 170 of the Companies Act, 2013, disclosing his shareholding and the shareholding of Mrs. I.J. in the company was read and recorded.*

**10. Share Transfers**

*Reference was made to Mr. ....'s note dated ..... on the subject, as circulated.*

*The Share Transfer Register of the company was also placed before the Meeting.*

*The Board, after discussion, passed the following Resolution:*

**“RESOLVED THAT** Share Transfers Nos ..... to ..... (both inclusive) consisting of ..... Equity shares of the company, be approved and the names of the transferees be entered in the Register of Members.

**RESOLVED FURTHER THAT** Mr. X, Secretary, be and is hereby authorised to take necessary action with regard to the aforesaid transfer of shares approved by the Board.”

## **11. Interim Dividend**

Reference was made to Mr. ....’s note dated ..... on the subject, as circulated.

The payment of Interim Dividend for the year ending ..... was considered on the basis of the unaudited Financial Statements of the company for the period from ..... to ....., as annexed to the note under reference. The Directors opined that there were adequate profits to permit payment of Interim Dividend.

*The Board, after discussion, passed the following Resolution:*

**“RESOLVED THAT** an Interim Dividend of Rupee one per equity share absorbing Rs. 10,00,000, be paid on the ..... (date), out of the profits of the company for the year ending ....., on 10,00,000 equity shares, to those equity shareholders whose names appear in the Register of Members of the company on the ..... of ....., and that the transfer books and the Register of Members be closed from the ..... of ..... to the ..... of ....., both days inclusive, for the purpose of payment of such dividend.”

## **12. Opening of a Bank Account for payment of Interim Dividend**

Reference was made to Mr. ....’s note dated ..... on the subject, as circulated.

The Board passed the following resolution for opening a bank account for the purpose of payment of Interim Dividend :-

**“RESOLVED THAT** a Bank Account be opened in the name and style of ‘.....Limited - Interim Dividend .....’ (Bank Account) with the ..... for payment of Interim Dividend for the financial year .....

**RESOLVED FURTHER THAT** the said Bank be and is hereby authorised to honour cheques / bank advices etc. drawn, accepted or made

on behalf of the company and to act on any instruction(s) so given concerning the said Account by any two of the following signatories:-

.....  
**RESOLVED FURTHER THAT** the said Bank be and is hereby authorised to change the name and style of the Bank Account to '..... Limited - Unpaid Interim Dividend ..... ' on and from .....

**RESOLVED FURTHER THAT** the authorised signatories be and are hereby authorised, in the manner stated above, to give instructions to the said Bank to close the Bank Account on disbursement of the Interim Dividend.

**RESOLVED FURTHER THAT** the authorised signatories be and are hereby authorised, in the manner stated above, to sign and execute such documents, letters etc., as may be required by the said Bank."

### 13. Constitution of Share Transfer Committee

Reference was made to Mr. ....'s note dated ..... on the subject, as circulated.

The Chairman informed the Board that with the increasing number of share transfers, it was impractical to wait for Board Meetings to approve such transfers. He suggested that a Committee be constituted for this purpose. The Board agreed with the same and passed the following resolution:

**"RESOLVED THAT** a Committee of Directors named the 'Share Transfer Committee', consisting of Mr. C.D., Mr. G.H., and Mr. K.L. be and is hereby constituted to approve registration of transfer of shares received by the company and further to:

1. Approve and register transmission of shares.
2. Sub-divide, consolidate and issue share certificates in relation thereto.
3. Issue share certificates in place of those which are damaged, or in which the space for endorsement has been exhausted, provided the original certificates are surrendered to the company.

**RESOLVED FURTHER THAT** two Directors shall form the Quorum for a Meeting of the said Committee."

### 14. Availing Credit facilities from ..... Bank

Reference was made to Mr. ....'s note dated ..... on the subject, as circulated.

The Chairman informed the Board that the company had approached..... Bank for a loan facility of Rs. 25,00,00,000/-(Rupees Twenty Five Crores only). The Bank had sanctioned the facility vide its sanction letter dated ..... ; a copy of the said letter was placed before the Board. After discussion, the Board passed the following Resolution:

**“RESOLVED THAT** approval of the Board be and is hereby accorded to avail Demand Loan facility of Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) sanctioned by ..... Bank, (address) as per the terms and conditions specified by the Bank vide its letter dated ..... placed before the Board and initialled by the Chairman for the purpose of identification.

**RESOLVED FURTHER THAT** Mr. A.B., Chairman of the company, be and is hereby authorised to execute the necessary documents in favour of .....Bank, to avail the aforesaid Demand Loan facility.

**RESOLVED FURTHER THAT** the Company Secretary be and is hereby authorised to file the necessary forms with the Registrar of Companies for the purpose of creation of charge, and also forward a copy of this Resolution to ..... Bank.”

**15. Conclusion of the Meeting**

There being no other business, the Meeting concluded at ...(Time) with a vote of thanks to the Chair.

Date .....Chairman

Place .....

Entered on

**Annexure IX****Key functions and responsibilities of the  
Board of Directors of Equity listed company****(i) Key functions**

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- Monitoring the effectiveness of the company's governance practices and making changes as needed.
- Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- Aligning key managerial personnel and remuneration of board of Directors with the longer term interests of the company and its shareholders.
- Ensuring a transparent nomination process to the board of Directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- Monitoring and managing potential conflicts of interest of management, members of the board of Directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- Overseeing the process of disclosure and communications.
- Monitoring and reviewing board of director's evaluation framework.
- Noting of the quarterly Statement of investor grievances.
- Noting of the report from the Share Transfer Committee, if any, on transfer of shares.
- Review periodically compliance reports pertaining to all laws applicable to the company.

- Noting of the quarterly compliance report on corporate governance.

**(ii) Other responsibilities**

- The board of Directors shall provide strategic guidance to the company, ensure effective monitoring of the management and shall be accountable to the company and the shareholders.
- The board of Directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- Members of the board of Directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
- The board of Directors shall encourage continuing Directors training to ensure that the members of board of Directors are kept up to date.
- Where decisions of the board of Directors may affect different shareholder groups differently, the board of Directors shall treat all shareholders fairly.
- The board of Directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- The board of Directors shall exercise objective independent judgement on corporate affairs.
- The board of Directors shall consider assigning a sufficient number of non-executive members of the board of Directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- The board of Directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the company to excessive risk.
- The board of Directors shall have ability to step back to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company's focus.
- When committees of the board of Directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.

- Members of the board of Directors shall be able to commit themselves effectively to their responsibilities.
- In order to fulfil their responsibilities, members of the board of Directors shall have access to accurate, relevant and timely information.
- The board of Directors and senior management shall facilitate the independent Directors to perform their role effectively as a member of the board of Directors and also a member of a committee of board of directors.

**Annexure X****Corporate governance requirements with respect to subsidiary of Equity Listed Company**

- At least one independent Director on the board of Directors of the equity listed company shall be a Director on the board of Directors of an unlisted material subsidiary, incorporated in India.
- The audit committee of equity listed company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.
- The Minutes of the Meetings of the board of Directors of the unlisted subsidiary shall be placed at the Meeting of the board of Directors of the equity listed company.
- The management of the unlisted subsidiary shall periodically bring to the notice of the board of Directors of the equity listed company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

*Explanation - For the purpose of this regulation, the term significant transaction or arrangement shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.*

**Annexure XI****RELAXATIONS GRANTED DUE TO COVID-19**

Due to the COVID-19 outbreak, various provisions of the Companies Act, 2013 and rules made thereunder were relaxed by the Ministry of Corporate Affairs (MCA) for ease of compliance by the stakeholders. Accordingly, the provisions of SS-1 should be construed in the light of relaxations granted by the MCA for a limited period of time.

**Relaxation to consider restricted items at Board Meetings held through Video Conferencing**

The Companies (Meetings of Board and its Powers) Rules, 2014 were amended to provide relaxations till 30<sup>th</sup> June, 2021 in holding Board meetings with physical presence of Directors for approval of restricted matters prescribed under Section 173(2) of the Act read with Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014.

Accordingly, up to 30<sup>th</sup> June 2021, following restricted matters can be dealt in Board meetings held through video conferencing or other audio-visual means by duly ensuring compliance of Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014. –

- (i) The approval of the annual financial statements;
- (ii) The approval of the Board's report;
- (iii) The approval of the prospectus;
- (iv) The Audit Committee Meetings for consideration of financial statement including consolidated financial statement if any, to be approved by the Board under Section 134(1) of the Act; and
- (v) The approval of the matter relating to amalgamation, merger, demerger, acquisition and takeover.

**Meetings of the Board**

MCA vide its General Circular 11/2020 dated 24<sup>th</sup> March, 2020 issued certain special measures under the Act, which *inter-alia* provides that -

- The mandatory requirement of holding meetings of the Board of the companies within the prescribed interval provided in section 173 of the Companies Act, 2013 (i.e.120 days) stands extended by a period of 60 days till next two quarters i.e. till 30<sup>th</sup> September. Accordingly, as a one-time relaxation the gap between two consecutive meetings of the

Board may extend to 180 days till the next two quarters, instead of 120 days as required in the Companies Act, 2013.

- As per Para VII (1) of Schedule IV to the Act, Independent Directors (IDs) are required to hold at least one meeting without the attendance of Non-independent Directors and members of management. For the financial year 2019-20, if the IDs of a company have not been able to hold such a meeting, the same shall not be viewed as a violation. The IDs, however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.

### ***Relaxation by SEBI***

SEBI has also relaxed the requirements of the maximum stipulated time gap of 120 days between two meetings of the board and Audit Committees of listed entities, as required under Regulation 17(2) and 18(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The relaxation was provided for the meetings held/proposed to be held between the period December 1, 2019, and June 30, 2020 vide SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020. It was further extended till July 31, 2020. However, the board of Directors and audit committees of listed entities shall ensure that they meet at least four times a year, as stipulated under Regulation 17(2) and 18(2)(a) of the Listing Regulations.

**GLOSSARY**

- **Board**

*“Board of Directors” or “the Board”, in relation to a company, means the collective body of the Directors of the company. [ clause (10) of Section 2 of the Companies Act, 2013]*

- **Body Corporate**

*“body corporate” or “corporation” includes a company incorporated outside India, but does not include –*

- (i) a co-operative society registered under any law relating to co-operative societies; and*
- (ii) any other body corporate (not being a company as defined in this Act), which the Central Government may, by notification, specify in this behalf.*

*[clause (11) of Section 2 of the Companies Act, 2013]*

- **Chief Executive Officer**

*“Chief Executive Officer” means an officer of a company, who has been designated as such by it;*

*[clause (18) of Section 2 of the Companies Act, 2013]*

- **Company**

*“company” means a company incorporated under this Act or under any previous company law. [clause (20) of Section 2 of the Companies Act, 2013]*

- **Company Secretary**

*“Company Secretary” or “secretary” means a Company Secretary as defined in clause (c) of sub-section (1) of Section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by a company to perform the functions of a company secretary under this Act. [clause (24) of Section 2 of the Companies Act, 2013].*

*“Company Secretary” means a person who is a member of the Institute of Company Secretaries of India constituted under the Company Secretaries Act, 1980 [Clause (c) read with Clause (g) of sub-section (1) of Section 2 of the Company Secretaries Act, 1980].*

- **Company secretary in practice**

*“Company Secretary in practice” means a Company Secretary who is deemed to be in practice under sub-section (2) of Section 2 of the Company Secretaries Act, 1980 (56 of 1980). [Clause (25) of Section 2 of the Companies Act, 2013]*

*Save as otherwise provided in the Company Secretaries Act, 1980, a member of the Institute shall be “deemed to be in practice” when, individually or in partnership with one or more members of the Institute in practice or in partnership with members of such other recognized professions as may be prescribed, he, in consideration of remuneration received or to be received, –*

- (a) engages himself in the practice of the profession of Company Secretaries to, or in relation to, any company; or*
- (b) offers to perform or performs services in relation to the promotion, forming, incorporation, amalgamation, reconstruction, reorganization or winding up of companies; or*
- (c) offers to perform or performs such services as may be performed by –*
  - (i) an authorised representative of a company with respect to filing, registering, presenting, attesting or verifying any documents (including forms, applications and returns) by or on behalf of the company,*
  - (ii) a share transfer agent,*
  - (iii) an issue house,*
  - (iv) a share and stock broker,*
  - (v) a secretarial auditor or consultant,*
  - (vi) an adviser to a company on management, including any legal or procedural matter falling under the Capital Issues (Control) Act, 1947 (29 of 1947), the Industries (Development & Regulation) Act, 1951 (65 of 1951), the Companies Act, the Securities Contracts (Regulation) Act, 1956 (42 of 1956), any of the rules or bye laws made by a recognized stock exchange, the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), the Foreign Exchange Regulation Act, 1973 (46 of 1973), or under any other law for the time being in force,*

- (vii) *Issuing certificates on behalf of, or for the purposes of, a company; or*
- (d) *holds himself out to the public as a Company Secretary in practice; or*
- (e) *renders professional services or assistance with respect to matters of principle or detail relating to the practice of the profession of Company Secretaries; or*
- (f) *renders such other services as, in the opinion of the Council, are or may be rendered by a Company Secretary in practice;*

*and the words “to be in practice” with their grammatical variations and cognate expressions, shall be construed accordingly.*

*[Sub-section (2) of Section 2 of the Company Secretaries Act, 1980]*

- **Debenture**

*“debenture” includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not; [Clause 30 of Section 2 of the Companies Act, 2013]*

- **Director**

*“director” means a Director appointed to the Board of a company. [Clause 34 of Section 2 of the Companies Act, 2013]*

- **Director Identification Number (DIN)**

*“Director Identification Number” (DIN) means an identification number allotted by the Central Government to any individual, intending to be appointed as Director or to any existing Director of a company, for the purpose of his identification as a Director of a company;*

*Provided that the Director Identification Number (DIN) obtained by the individuals prior to the notification of these rules shall be the DIN for the purpose of the Companies Act, 2013:*

*Provided further that “Director Identification Number” (DIN) includes the Designated Partnership Identification Number (DPIN) issued under section 7 of the Limited Liability Partnership Act, 2008 (6 of 2009) and the rules made thereunder. [Rule 2(1)(e) of Companies (Specification of definitions details) Rules, 2014]*

- **Electronic record**

*“electronic record” means the electronic record as defined under clause (t) of sub-section (1) of Section 2 of the Information Technology Act, 2000. [Rule 2(1)(i) of Companies (Specification of definitions details) Rules, 2014] “electronic record” means data, record or data generated, image or sound stored, received or sent in an electronic form or micro film or computer generated micro fiche. [Clause (t) of sub-section (1) of Section 2 of the Information Technology Act, 2000]*

- **Independent director**

*An independent Director in relation to a company, means a Director other than a managing Director or a whole-time Director or a nominee Director –*

- (a) *who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;*
- (b) *(i) who is or was not a promoter of the company or its holding, subsidiary or associate company;*  
  
*(ii) who is not related to promoters or Directors in the company, its holding, subsidiary or associate company;*
- (c) *who has or had no pecuniary relationship other than remuneration as such Director or having transaction not exceeding ten per cent of the total income or such amount as may be prescribed with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;*
- (d) *none of whose relatives—*
  - (i) *is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:*

*Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;*

- (ii) *is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;*
  - (iii) *has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or Directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or*
  - (iv) *has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);]*
- (e) *who, neither himself nor any of his relatives –*
- (i) *holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;*  
  
*Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years;*
  - (ii) *is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of –*
    - (A) *a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or*
    - (B) *any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;*

- (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, Directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
- (f) who possesses such other qualifications as may be prescribed.  
[Sub-section (6) of Section 149 of the Companies Act, 2013]

- **Key Managerial Personnel**

*“key managerial personnel”, in relation to a company, means –*

- (i) the Chief Executive Officer or the managing Director or the manager;
- (ii) the Company Secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed

*[Clause (51) of Section 2 of the Companies Act, 2013]*

- **Manager**

*“Manager” means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a Director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not. [Clause (53) of Section 2 of the Companies Act, 2013]*

- **Managing Director**

*“Managing Director” means a Director who, by virtue of the Articles of a company or an agreement with the company or a Resolution passed in its General Meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a Director occupying the position of managing director, by whatever name called. [Clause (54) of Section 2 of the Companies Act, 2013]*

- **Memorandum**

*“Memorandum” means the memorandum of association of a company as originally framed or as altered from time to time in pursuance of any previous company law or of this Act. [Clause (56) of Section 2 of the Companies Act, 2013]*

- **Officer**

*“Officer” includes any director, manager or key managerial personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the Directors is or are accustomed to act. [Clause (59) of Section 2 of the Companies Act, 2013]*

- **One Person Company**

*“One Person Company” means a company which has only one person as a member. [Clause (62) of Section 2 of the Companies Act, 2013]*

- **Promoter**

*“promoter” means a person –*

- (a) *who has been named as such in a prospectus or is identified by the company in the annual return referred to in Section 92; or*
- (b) *who has control over the affairs of the company, directly or indirectly whether as a shareholder, Director or otherwise; or*
- (c) *in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act:*

*Provided that nothing in sub-clause (c) shall apply to a person who is acting merely in a professional capacity. [Clause (69) of Section 2 of the Companies Act, 2013]*

- **Prospectus**

*“Prospectus” means any document described or issued as a prospectus and includes a red herring prospectus referred to in Section 32 or shelf prospectus referred to in Section 31 or any notice, circular, advertisement or other document inviting offers from the public for the subscription or purchase of any securities of a body corporate. [Clause (70) of Section 2 of the Companies Act, 2013]*

- **Registrar or Registrar of Companies**

*“Registrar” or “Registrar of Companies” means a Registrar, an Additional Registrar, a Joint Registrar, a Deputy Registrar or an Assistant Registrar, having the duty of registering companies and discharging various*

*functions under this Act. [Clause (75) of Section 2 of the Companies Act, 2013]*

- **Related party**

*“Related Party”, with reference to a company, means –*

- (i) *a Director or his relative;*
- (ii) *a key managerial personnel or his relative;*
- (iii) *a firm, in which a director, manager or his relative is a partner;*
- (iv) *a private company in which a Director or manager or his relative is a member or director;*
- (v) *a public company in which a Director or manager is a Director and holds along with his relatives, more than two per cent. of its paid-up share capital;*
- (vi) *any body corporate whose Board of Directors, managing Director or manager is accustomed to act in accordance with the advice, directions or instructions of a Director or manager;*
- (vii) *any person on whose advice, directions or instructions a Director or manager is accustomed to act:*

*Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;*

(viii) *any body corporate which is–*

- (A) *a holding, subsidiary or an associate company of such company;*
- (B) *a subsidiary of a holding company to which it is also a subsidiary; or*
- (C) *an investing company or the venturer of the company;”;*

*Explanation.– For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.*

- (ix) *such other person as may be prescribed. [clause (76) of Section 2 of the Companies Act, 2013]*

- **Relative**

*"Relative", with reference to any person, means any one who is related to another, if –*

- (i) they are members of a Hindu Undivided Family;*
- (ii) they are husband and wife; or*
- (iii) one person is related to the other in such manner as may be prescribed.*

*[clause (77) of Section 2 of the Companies Act, 2013]*

*A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-*

- (1) Father:*

*Provided that the term "Father" includes step-father.*

- (2) Mother:*

*Provided that the term "Mother" includes the step-mother.*

- (3) Son:*

*Provided that the term "Son" includes the step-son.*

- (4) Son's wife.*

- (5) Daughter.*

- (6) Daughter's husband.*

- (7) Brother:*

*Provided that the term "Brother" includes the step-brother;*

- (8) Sister:*

*Provided that the term "Sister" includes the step-sister.*

*[Rule 4 of Companies (Specification of definitions details) Rules, 2014]*

- **Securities**

*"securities" means the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956. [clause (81) of Section 2 of the Companies Act, 2013]*

- **Securities include**

- (i) shares, scrips, stocks, bonds, debentures, debenture stock*

*or other marketable securities of a like nature in or of any incorporated company or other body corporate;*

- (ia) derivative;*
- (ib) units or any other instrument issued by any collective investment scheme to the investors in such schemes;*
- (ic) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;*
- (id) units or any other such instrument issued to the investors under any mutual fund scheme;*
- (ii) Government securities;*
- (iia) such other instruments as may be declared by the Central Government to be securities; and*
- (iii) rights or interest in securities;*

*[Clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956]*

- **Share**

*"Share" means a share in the share capital of a company and includes stock. [ clause (84) of Section 2 of the Companies Act, 2013]*

- **Small company**

*"small company" means a company, other than a public company,—*

- (i) paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than ten crore rupees; and*
- (ii) turnover of which as per profit and loss account for the immediately preceding financial year does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than one hundred crore rupees:*

*Provided that nothing in this clause shall apply to –*

- (A) a holding company or a subsidiary company;*
- (B) a company registered under section 8; or*
- (C) a company or body corporate governed by any special Act;*

*[clause (85) of Section 2 of the Companies Act, 2013]*

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## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.