

SS-1

SECRETARIAL STANDARD ON MEETINGS OF THE BOARD OF DIRECTORS

1. Applicability:

- SS-1 is applicable to **all companies** incorporated under the Act **except One Person Company (OPC) in which there is only one Director** on its Board.
- SS-1 shall apply to Board Meetings and all Committee Meetings.

2. Effective Date

This Standard shall come into effect from **1st July, 2015**.

3. Authority to convey meeting:

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

4. Time, Place, Mode and Serial Number of Meeting:

- Every Meeting shall have a serial number.
- A Meeting may be convened at any time and place, on any day, excluding a National Holiday.
- Any Director may participate through Electronic Mode in a Meeting, if the company provides such facility, unless the Act or any other law specifically does not allow such participation through Electronic Mode in respect of any item of business.

Directors shall not participate through Electronic Mode in the discussion on certain restricted items, unless expressly permitted by the Chairman. 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, unless expressly permitted by the Chairman.

5. Notice:

- Notice convening a Meeting shall be given at least **seven days before the date of the Meeting**, unless the Articles prescribe a longer period.
- 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.
- Notice in writing of every Meeting shall be given to every Director by hand or by speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means.
- 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.
- The Notice shall specify the **serial number, day, date, time and full address of the venue** of the Meeting.
- In case the facility of participation through Electronic Mode is being made available, the Notice shall inform the Directors about the availability of such facility, and provide them necessary information to avail such facility.
- 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, which shall include at least one Independent Director, if any.
- 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.

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

6. Frequency of Meetings:

- The Board shall meet at least **once in every calendar quarter**, with a **maximum interval of 120 days** between any two consecutive Meetings of the Board, such that at least **four Meetings are held in each Calendar Year**.

Further, it shall be sufficient if a OPC, 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 90 days.

- The Board shall hold its **first Meeting within 30 days** of the date of incorporation of the company.

Illustrative list of items of business for the Agenda for the First Meeting of the Board of the Company

- *To appoint the Chairman of the Meeting.*
- *To note the Certificate of Incorporation of the company, issued by the Registrar of Companies.*
- *To take note of the Memorandum and Articles of Association of the company, as registered.*
- *To note the situation of the Registered Office of the company and ratify the registered document of the title of the 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.*
- *To note the first Directors of the company.*
- *To read and record the Notices of disclosure of interest given by the Directors.*
- *To consider appointment of Additional Directors.*
- *To consider appointment of the Chairman of the Board.*
- *To consider appointment of the first Auditors.*
- *To adopt the Common Seal of the company.*

- *To appoint Bankers and to open bank accounts of the company.*
 - *To authorise printing of share certificates and correspondence with the depositories, if any.*
 - *To authorise the issue of share certificates to the subscribers to the Memorandum and Articles of Association of the company.*
 - *To approve and ratify preliminary expenses and preliminary agreements.*
 - *To approve the appointment of the Key Managerial Personnel, if applicable and other senior officers.*
 - *To authorise Director(s) of the company to file a declaration with the ROC for commencement of business.*
- Committees shall meet as often as necessary subject to the minimum number and frequency stipulated by the Board or as prescribed by any law or authority.
 - Where a company is required to appoint Independent Directors under the Act, such Independent Directors shall **meet at least once in a Calendar Year**.

7. Quorum:

- 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.
- Quorum shall be present throughout the Meeting.

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

- A Director shall not be reckoned for Quorum in respect of an item in which he is interested and he shall not be present, whether physically or through Electronic Mode, during discussions and voting on such item.
- The presence of all the members of any **Committee** constituted by the Board is necessary to form the Quorum for Meetings of such Committee unless otherwise stipulated in the Act or any other law or the Articles or by the Board.
- 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.

8. Attendance at Meetings:

- Every company shall **maintain separate attendance registers** for the Meetings of the Board and Meetings of the Committee.
- 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 of the Directors and signature of each Director present;*
 - *Name and signature of the Company Secretary who is in attendance and also of persons attending the Meeting by invitation.*
- 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 shall be **preserved for a period of at least eight financial years** and may be destroyed thereafter with the approval of the Board.
- Leave of absence shall be granted to a Director only when a request for such leave has been received by the Company Secretary or by the Chairman.

9. Chairman:

- 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 Chairman of the Board shall conduct the Meetings of the Board. If no 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.
- 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.

10. Passing of Resolution by Circulation:

- The Chairman of the Board or in his absence, the Managing Director or in his absence, the Whole-time Director and where there is none, 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.

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.*
- *According sanction for related party transactions which are not in the ordinary course of business or which are not on arm's length basis.*
- *Purchase and Sale of subsidiaries/assets which are not in the normal 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

- *Approving Annual operating plans and budgets.*
- *Capital budgets and any updates.*
- *Information on remuneration of KMP.*
- *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.*

- 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.
- Procedure for passing of Resolution by Circulation:
 - *A Resolution proposed to be passed by circulation shall be sent in draft, together with the necessary papers, individually to all the Directors including Interested Directors on the same day 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.*
 - *Proof of sending and delivery of the draft of the Resolution and the necessary papers shall be maintained by the company.*
 - *Each Resolution shall be separately explained.*
 - *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.*
 - *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*
 - *Every such Resolution shall carry a serial number.*
 - *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.*
 - *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.*

- *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.*
- *Resolutions passed by circulation shall be noted at the next Meeting of the Board and the text thereof with dissent or abstention, if any, shall be recorded in the Minutes of such Meeting.*
- *Minutes shall also record the fact that the Interested Director did not vote on the Resolution.*

11. Minutes:

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

- Minutes shall be recorded in books maintained for that purpose.
- A distinct Minutes Book shall be maintained for Meetings of the Board and each of its Committees.
- 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**.

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

- A company may maintain its Minutes in physical or in electronic form with Timestamp.
- Every 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.
- The pages of the Minutes Books shall be consecutively numbered.

- Minutes shall not be pasted or attached to the Minutes Book, or tampered with in any manner.
- Minutes of the Board Meetings, 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.
- Minutes of the Board Meeting shall be kept at the Registered Office of the company or at such other place as may be approved by the Board.
- Contents of Minutes:
 - *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 and conclusion of the Meeting.*
 - *Record of election, if any, of the Chairman of the Meeting.*
 - *Quorum*
 - *Leave of absence*
 - *Attendance of every Director*
 - *Director participating through Electronic Mode.*
 - *Attendance and Invitees*
 - *Noting of the Minutes of the preceding Meeting.*
 - *Noting the Minutes of the Meetings of the Committees.*
 - *Resolution(s) passed by circulation.*
 - *An Interested Director was not present during the discussion and did not vote.*
 - *Ratification by Independent Director or majority of Directors.*
 - *The time of commencement and conclusion of the Meeting*
- 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.
- 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 for their comments.
- Where a Director specifies a particular means of delivery of draft Minutes, these shall be sent to him by such means.

- If the draft Minutes are sent by speed post or by registered post or by courier, an additional two days may be added for delivery of the draft Minutes.
- Proof of sending draft Minutes and its delivery shall be maintained by the company.
- 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.
- If any Director communicates his comments after the expiry of the said period of seven days, the Chairman shall have the discretion to consider such comments.
- Minutes shall be **entered in the Minutes Book within thirty days** from the date of conclusion of the Meeting.
- The date of entry of the Minutes in the Minutes Book shall be recorded by the Company Secretary.
- 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 in which such Minutes are sought to be altered.
- 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.
- 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.
- A copy of the 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 Directors **within 15 days after** these are signed.
- A Member of the company is not entitled to inspect the Minutes of Meetings of the Board.
- 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.

- Preservation of Minutes and other Records:
 - *Minutes of all Meetings shall be preserved permanently in physical or in electronic form with Timestamp.*
 - *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.*
 - *Minutes Books shall be kept in the custody of the Company Secretary.*

12. Disclosure:

The Annual Report and Annual Return of a company shall disclose the number and dates of Meetings of the Board and Committees held during the financial year indicating the number of Meetings attended by each Director.