

SECRETARIAL STANDARD-1

APPLICABILITY & EFFECTIVENESS- Applicable on Every Company (except OPC having 1 director) at the time of conduct board meeting or committee meeting (having directors) & effective from 01st July, 2015.



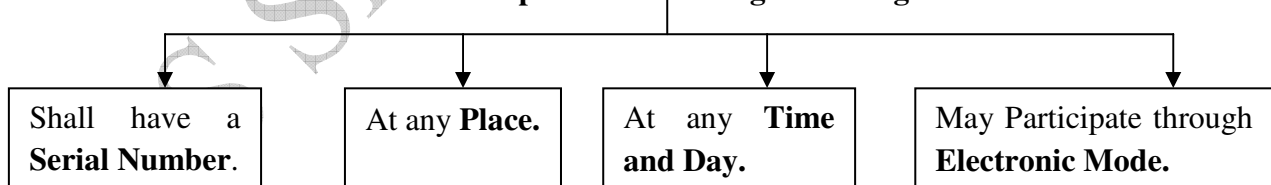
Authority to Convening a Meeting

Any Director (even Independent director) of a Company may at any time requisite a meeting of the board and the CS or where there is no CS any person authorised by the board shall convene a board meeting on such requisition in consultation with Chairman or in his absence M.D (if any) or W.T.D (if any).

NOTE- **Requisition** must be in writing, if the requisition not in writing, it should be put in writing by the CS before the Chairman/ M.D/ W.T.D, as the case may be.

EXAMPLE- On consultation with Chairman/ M.D/ W.T.D, as the case may be, refuses to convene the meeting, the AOA of the Company would prevail. In case AOA of the Company is silent, a CS cannot convene a board meeting as requisitioned by the director.

Other aspect to Convening a Meeting



Serial Number-

Company may adopt serial no. of the board meeting on any following basis-

1. **Continuous Serial No. basis-** 20th meeting, 21st meeting, 22nd meeting.....and so on.
2. **Calender Year basis-** 1/2015th meeting, 2/2015th meeting, 3/2015th meeting..... and so on.
3. **Financial Year basis-** 1/2015-16th meeting, 2/2015-16th meeting, 3/2015-16th meetingand so on.

Place-

A Board Meeting may be held at any place, in India or abroad. If AOA of the Company provides a specific place, then the meeting should be held only that place.

Time & Day-

A Board Meeting/ Adjourned Board Meeting shall convene on any day irrespective of Sunday but not on **National Holiday** and at **any time**.

‘**National Holiday**’ includes Republic Day (26th January), Independence Day (15th August), Gandhi Jayanti (2nd October) and such other day as may be declared as National Holiday by Central Government.

Electronic Mode-

Any Director may participate through Electronic Mode or Audio- visual means (if Company provides such facility) but not participate at the time of transact **ABP News** items.

A	Annual Financial Statements	Approval of the Annual Financial Statements or Consider by Audit Committee.
B	Board’s Report	Approval of the Board’s Report.
P	Prospectus	Approval of the Prospectus.
News	Matters regarding reconstruction.	Approval of the matters relating to Amalgamation, Merger, Demerger, Acquisition and Takeover.



NOTE-

- It is not mandatory for companies to provide their directors with the facility of participation in meetings through Electronic Mode.
- Any Director may participate through Electronic Mode in respect of **ABP News** items with the permission of Chairman but neither be counted for the purpose of Quorum nor be entitled to vote in respect of such items.

NOTICE OF MEETING



Delivery of Notice with Agenda- Notice shall be given to every director by-

1. Hand, or
2. Speed Post, or
3. Registered Post, or
4. Courier, or
5. Facsimile, or
6. E-mail, or
7. Any other electronic mode.

To the Postal Address or E-mail Address registered by the director with the Company or if not registered, on such address appearing in the **DIN** of the Director & **proof of the delivery** of notice shall be maintained by the Company for 8 Financial Years (destroy after 8 Financial Years with the approval of the board).

NOTE- Proof of delivery are as follows-

1. **In case of Hand delivery-** receiving from director on duplicate copy.
2. **In case of Post/ Courier-** Acknowledgement received from Post/ Courier service provider.
3. **In case of E-mail/ E-mode-** record in sent item.

Contents of Notice- Notice shall be given at least 7 days before the date of meeting, signed & given by the CS or where there is no CS, any director or other person authorised by the board, content the following-

1. Serial Number of the meeting.
2. Day, Date & Time of the meeting.
3. Full address of the venue of the meeting.
4. About facility of Electronic mode (if any).

5. The Agenda, setting out the business to be transacted at the meeting with serially numbered.
6. Notes to Agenda that enable the directors to understand the meaning, scope, implications and the nature of interest (if any) of any director.

NOTE-

- For the purpose of computing the period of 7 days, the date of the meeting should be excluded but the date of notice need not be excluded.
- 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 meetings, which shall include atleast one Independent director (if any).
- Where approval by means of a Resolution is required, the draft of such Resolution may be set out in the Notes to Agenda.
- Notice without Agenda, Agenda and Notes to Agenda may be sent separately subject to the condition that all be sent atleast 7 days before the meeting.
- To transact urgent business, the Notice, Agenda and Notes to Agenda may be given at shorter period, if atleast one Independent director (if any) shall be present at such meeting. If no Independent Director is present, decision shall be final only on ratification by atleast one Independent director (if any).

FREQUENCY OF MEETING

- The Board shall hold its first meeting within 30 days of the date of Incorporation of the Company.
- The Board shall meet atleast once in every calendar quarter.
- Maximum interval between two consecutive board meetings after first meeting not more than 120 days.
- Atleast four meetings shall held in each Calendar year.
- An adjourned meeting being a continuation of the original meeting. So, in such case Interval period shall be counted from the date of original meeting.
- In case of OPC/ Small Company/ Dormant Company holds one board meeting in each half of a calendar year and the gap between the two board meetings is not less than 90 days.
- Where a Company is required to appoint Independent Directors under Companies Act, 2013 such Independent Directors shall meet atleast once in a calendar year.

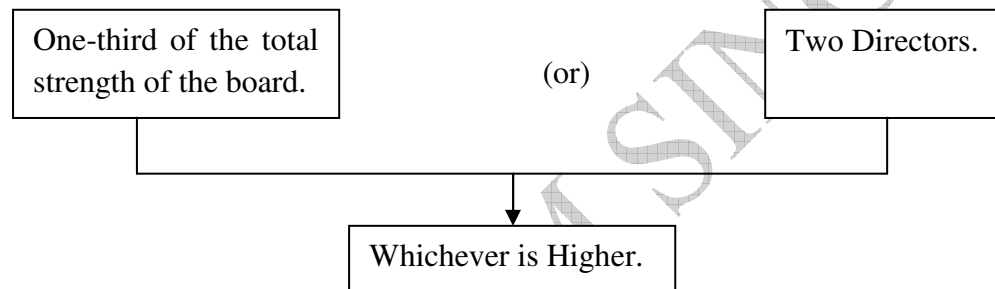
An Example for analysis the Frequency of board meeting-

ABC Ltd. Was incorporated on 25th August, 2015, so what is the frequency of board meeting of such Company?

ABC Ltd. Is not a small Company as per sec 2(85) of Companies Act, 2013. In this case ABC Ltd. Must hold its first Board meeting up to 24th September, 2015. Thereafter ABC Ltd. Must hold a board meeting in a quarter of October- December of 2015. & subsequently hold 4

meeting in each calendar year in which gap not more than 120 days between two consecutive meeting with a meeting in each quarter.

QUORUM OF MEETING



Some Important aspect relating to Quorum-

- Any Fraction in one- third, shall be rounded off to the **next one**.
- Where the quorum requirement provided in AOA of the Company higher than the one-third of the total strength, then the Company shall conform to such higher requirement.
- For the purpose of Total strength, not include **Vacated Directors**.
- For the purpose of Quorum, **Interested director** shall not the part of Quorum (this proviso is not applicable on Private Company).
- If the Number of Interested Directors exceeds or equal to two-third of the total strength, the remaining directors present at the meeting (not less than two) shall be the Quorum.
- Directors Participating through electronic mode shall be counted for the purpose of Quorum except **ABP News** business
- Quorum shall be present not only at the time of Commencement of the meeting but also while transacting the business.
- If a meeting could not held for want of Quorum, then the meeting shall automatically stand Adjourned to the same day (not on national holiday) in the next week, at the same time and place.
- In the Adjourned meeting, also not present the Quorum, the meeting stand cancelled.

- In case of **Section 8 Co.**, Quorum will be either 8 directors or 25% of total strength (whichever is less) subject to not less than 2 directors. (After Notification on 5th June, 2015).

NOTE- 'Interested Director' means a contract or arrangement entered behalf of a Company with-

- ✓ Directors of the Company or his relative.
- ✓ With a firm in which such directors or his relative is a partner or member.
- ✓ With any body corporate in which such directors hold individually or together more than 2% of the paid-up share capital or promoter/ manager/ CEO of that body corporate.

Various combination for analysis the Quorum of Board meeting-

ABC Ltd. Have 10 directors in its board.

1st Combination- Not any Interested Director, Not any Vacated seat, No facility of Video-conference, Not transacted **ABP News** Business.

Then Quorum will be **4 directors**, Because one-third of 10 is 3.33 which is rounded off to next one i.e. 4, and 2 (whichever is more i.e. 4).

2nd Combination- Not any Interested Director, Not any Vacated seat, Facility of Video-conference is provided by Company, Transacted **ABP News** business.

Then Quorum will be **4 directors** presently physical not through video- conference (transacted **ABP News** business), calculation calculation same as 1st combination.

3rd Combination- two Interested Directors, Not any Vacated seat, Facility of Video-conference is provided by Company, Not transacted **ABP News** business.

Then Quorum will be **4 directors** (participate physically or through video- conference) in which not included 2 Interested directors, calculation same as 1st combination.

4th Combination- Not any Interested Director, two Vacated seat, Facility of Video-conference provided by Company, Not transacted **ABP News** Business.

Then Quorum will be **3 directors** (participate physically or through video- conference), Because one-third of 8 (not included vacated seat) is 2.67 which is rounded off to next one i.e. 3, and 2 (whichever is more i.e. 3).

5th Combination- Not any Interested Director, two Vacated seat, Facility of Video-conference provided by Company, transacted **ABP News** Business.

Then Quorum will be **3 directors** participate physically not through video- conference (transacted **ABP News**), calculation same as 4th combination.

NOTE- Where the number of directors is reduced below the quorum fixed by the Act or AOA, then remaining directors may act for the purpose of Quorum or Summoning a General Meeting of the Company and not for other purpose.

ATTENDANCE AT MEETING-



Maintenance of Attendance registers

- Maintain separate attendance registers for board meeting and committee meeting.
- Always maintain in physical mode not in Electronic Mode.
- The pages of registers shall be serially numbered.
- Every director, CS and invitee who attends a board meeting shall sign the attendance register. (In case director participate through Video- conference, their attendance recorded by CS or chairman of the meeting).
- Maintained at the registered office of the Company or such other place as may be approved by the board.
- Preserved for a period of atleast 8 financial years and may be destroyed thereafter with the approval of the board.
- Entries in the attendance register shall be authenticated by the CS or where there is no CS, by the chairman by appending his signature to each page.
- Shall be kept in the custody of CS, if there is not CS any director authorised by the board.
- The attendance register may be inspected by directors/ CS in practice/ Statutory Auditor of the Company but not have any right of inspection by members of the Company.

NOTE- Request for Leave of Absence by the Director may be oral or written. Any such request received should be mentioned at the Meeting by the Chairman of the Meeting or the Company Secretary and should be recorded in the Minutes.

Contents of Attendance registers

1. Serial Number & Date of the meeting.
2. Place of the meeting.

3. Time of the meeting.
4. Name of the each director of the Company and signature of each directors present.
5. Name & Signature of CS & Invitees.

CHAIRMAN OF THE MEETING-

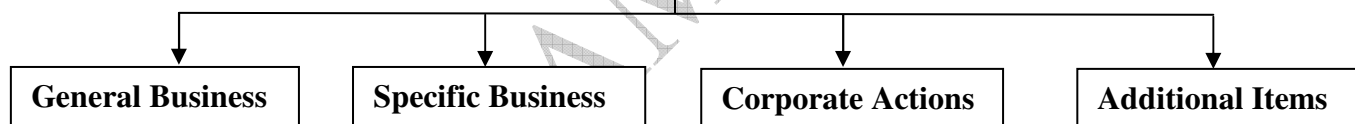
- ✓ The Chairman of the Company shall be the Chairman of the Board.
- ✓ If the Company does not have a chairman, the Directors may elect one of themselves to be the Chairman of the Board.
- ✓ The Chairman of the Board shall conduct the Board Meeting.
- ✓ If chairman is not elected or unable to attend board meeting, the directors present at the meeting shall elect one of themselves a chairman of the board meeting.
- ✓ The Chairman shall have a second or casting vote, in case of an equality of votes.

PASSING OF RESOLUTION BY CIRCULATION

Authority

The Chairman of the Board or in his absence, M.D or in his absence, W.T.D and where there is none, any director except Interested director shall be obtained any resolution by circulation except such items given in below mentioned '**LIST**'.

LIST of items not pass by circulation-



General Business

1.	Noting Minutes of Board or Committee meeting.
2.	Approving Financial Statements and the Board's report.
3.	Appointment of Secretarial & Internal Auditor.
4.	Considering the Compliance Certificate.

Specific Business

1.	Make calls on shareholders in respect of money unpaid on their shares.
2.	Borrow monies.
3.	Invest the funds of the Company.
4.	Grant Loan/ giving guarantee/ providing securities.
5.	Making Political Contribution.
6.	Appoint or remove KMP.
7.	Approving Managerial Remuneration.
8.	Related Party Transaction which are not in ordinary course of business of the Company.
9.	Approve Payment of Loss of office of the director.
10.	Appointment of a person as a M.D/ Manager in more than one Company.

Corporate Action

1.	Buy back of Securities.
2.	Issue of fresh Securities
3.	Approving Amalgamation, Merger, Takeover, Acquisition or reconstruction.
4.	Diversify the business.

Additional Items in case of listed Company

1.	Approving Annual Operating Plans and budgets.
2.	Capital budgets.
3.	Information on remuneration of KMP.
4.	Details of any joint venture or collaboration agreement.
5.	Transactions that involve substantial payment towards intellectual property.
6.	Quarterly details of foreign exchange exposures.
7.	Any issue.
8.	Fatal or serious accidents.
9.	Any material default in financial obligations.
10.	Non-compliance of any listing requirements.

Procedure for passing resolution by circulation

- A draft resolution along with necessary papers shall be circulated amongst the directors (including interested director) by
- Hand, or
 - Speed Post, or
 - Registered Post, or
 - Courier, or
 - E-mail, or
 - Other Electronic Mode.

To the address registered by the director with Company or in absence addresses appear in the DIN of director. & **proof of the delivery** of draft resolution along with necessary papers shall be maintained by the Company for 8 Financial Years (destroy after 8 Financial Years with the approval of the board).

NOTE- Proof of delivery are as follows-

1. **In case of Hand delivery-** receiving from director on duplicate copy.
 2. **In case of Post/ Courier-** Acknowledgement received from Post/ Courier service provider.
 3. **In case of E-mail/ E-mode-** record in sent item.
- The Resolution is passed when it is approved by a majority of the directors (except Interested directors) entitled to vote on the resolution unless not less than one-third of the total number of directors (including Interested directors) for the time being require the resolution under circulation to be decided at a meeting.

For Example- ABC Ltd. Have 12 directors, out of which 7 voted in favour and 4 (including interested director) wanted the same to be passed in the meeting & 1 director not communicated in any way?

Proviso to Section 175 provides that if not less than 1/3rd of the total number of Directors of the company require that any resolution under circulation be decided at a Meeting instead of by circulation, the Chairman shall put such resolution to be decided at a Meeting of the Board. Even though the majority has voted in favour of this Resolution, it cannot be treated as passed since 1/3rd of the Directors have asked for the same to be taken up at a Meeting and therefore, should be decided at a Meeting.

If there are 9 Directors of whom 2 are interested?

The Resolution should be assented to by at least 4 directors (out of 7 uninterested directors).

- The Resolution shall be deemed to have been passed on the last date specified for signifying assent or dissent by the directors or the date on which assent from more than two- third of the directors has been received (whichever is earlier).

For Example- ABC Ltd. have 9 Directors. It circulated a Resolution on 1st July among the Directors and requested them to respond on or before 8th July. 3 Directors sent their assent to the proposed circular resolution on 2nd July. 1 Director sent a request on 4th July for convening a Meeting. 2 Directors sent their assent for the resolution on 5th July. 1 sent his assent and 1 sent his dissent on 6th July. 1 Director sent the assent on 7th July.

In this case, the Resolution will be deemed to have been passed on 7th July since the 7th Director (forming more than 2/3rd majority) has sent his assent on this date. The effective date of the Resolution passed by circulation would be the date on which the Resolution is deemed to be passed as reckoned above i.e. 7th July, in the above case. However, in case the Resolution or the Note circulated specifies any other date to be the effective date, then such date shall be the effective date.

- Resolutions passed by circulation shall be noted at the next meeting of the board & shall be recorded in the minutes of such meeting.

NOTE- Resolution by circulation must have **Serial Number**.

Serial Number-

Company may adopt serial no. for the purpose of resolution by circulation in any following manner-

1. **Continuous Serial No. basis-** Circular resolution No. 20th, 21st, 22ndand so on.

2. **Calender Year basis-** Circular resolution No. 1/2015th, 2/2015th, 3/2015th and so on.
3. **Financial Year basis-** Circular resolution No. 1/2015-16th, 2/2015-16th, 3/2015-16thand so on.

MINUTES OF MEETING- The Minutes of each meeting contain a fair and correct summary of the proceedings threat. The drafting and maintenance of minutes of meetings is a core function of the Company Secretary. So, the Company Secretary not only writes minutes, he writes history of the Company.



DISTINCT MINUTES BOOK



Keeping of Minutes Book-

- At the registered office of the Company or such other place approved by the board.
- Preserved permanently.
- In the custody of Company Secretary or any director duly authorised by the board.

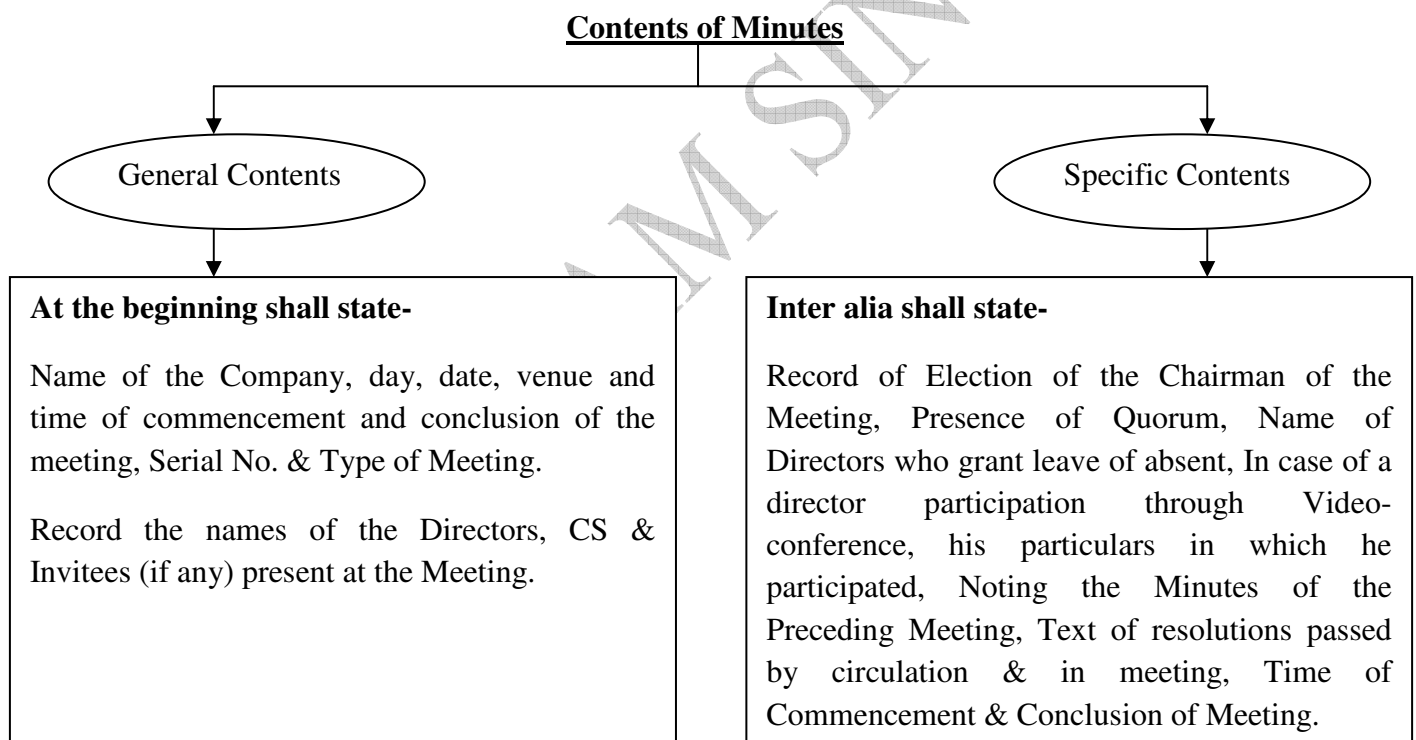
Maintenance of Minutes Book-

1. Maintain in Physical form.
2. Every Listed Company or a Company having 1,000 Stakeholders (Shareholder, Debenture holder or other security holder) may maintain its records in electronic form with **Timestamp**.
3. The Pages of the Minutes books shall be consecutively numbered.
4. If minutes maintained in loose- leaf form, there shall be a proper locking device.
5. Minutes shall be written in third person and **past tense** & resolutions shall be written in **present tense**.

6. Minutes shall be entered in the Minutes book within 30 days from the date of conclusion of the meeting.
7. The date of entry of the minutes in the Minutes book shall be recorded by CS, if there is no CS by any other person authorised by board.
8. Minutes, once entered in the Minutes book shall not be altered.

Process of Finalisation of Minutes-

- Within in15 days from the date of the conclusion of the meeting, the draft minutes shall be circulated to all directors or members of the committee, as the case may be, for their comments.
- The directors, whether present at the meeting or not, shall communicate their comments, if any, in writing on the draft minutes within 7 days from the date of circulation of minutes. In case, not any comment on draft minutes, then the draft minutes shall be deemed to have been approved by such director.
- Approved minutes shall be entered in the minutes book within 30 days from the date of conclusion of the meeting.



Signing on Minutes- By the Chairman of the meeting or Chairman of the succeeding meeting subject to each page should be signed initialled or signed & the last page of the record of proceedings of each meeting.

Inspection of Minutes Book- Can be inspected by Directors/ Secretarial Auditor/ Statutory Auditor/ Cost Auditor/ Internal Auditor of the Company. Member of the Company is not entitled to inspect the Minutes of Board or Committee Meeting.

DISCLOSURE OF MEETING- 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.

Illustrative LIST of items for the First Board Meeting of the Company

1.	Appoint the Chairman of the meeting.
2.	Take note the COI issued by the ROC.
3.	Take note the MOA & AOA of the Company.
4.	Take note the Situation of the Registered office of the Company
5.	Take note the first directors of the Company.
6.	Take note the disclosure of interest by the directors.
7.	Consider Appointment of Chairman of the board.
8.	Consider Appointment of First Auditor.
9.	Open the Bank Account.
10.	Authorise to issue Share Certificate to the subscribers.
11.	Approve Preliminary expenses & Preliminary agreements.

Some Abbreviation

CS	Company Secretary.
AOA	Articles of Association.
MOA	Memorandum of Association.
M.D	Managing Director.
W.T.D	Whole Time Director.
DIN	Director Identification Number.
ROC	Registrar of Companies.
COI	Certificate of Incorporation.
OPC	One Person Company