

COMPANIES ACT, 2013

Board Meetings

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Board Meetings Section - 173 to 176 (New)

- ▶ First Board Meeting
 - Within 30 days from Incorporation.
- ▶ Subsequent Meetings
 - Minimum 4 Meetings every Calendar Year
 - (Condition - gap b/w 2 Meetings not more than 120 days)
- ▶ One Person Company, Small Company & Dormant Company - one Board Meeting per Half CY & gap b/w 90 days
- ▶ CG May, by notification exempt or modify for a certain class of companies

SEC 173(1)

Mode of Meeting

Sec 173(2)

- ▶ Directors may participate in BMs either in Person or through Video Conference or other audio visual means, as prescribed (under Rules).
- ▶ Provided at least one meeting should be attended in person
- ▶ Matters not to be dealt with in a meeting through VC:
 - ▶ Approve annual financial Statement, Board report
 - ▶ Approve Prospectus
 - ▶ Audit Committee meetings for consideration of accounts
 - ▶ Approvals relating to Amalgamation & related arrangements.

Length of Notice

Sec 173(3)

- ▶ Companies Act, 1956 - Silent
- ▶ Companies Act, 2013 - 7 days Notice
- ▶ One Person Company exempted from Notice, Quorum & other related Provisions

Length of Notice

Sec 173(3)

- ▶ Conditions:
 - ▶ Delivered to his address registered with company
 - ▶ Notice should be sent strictly (Interested, Foreign, Original & Alternate Combo)
- ▶ Penalty:
 - ▶ Every Officer in default - Rs. 25,000/-, Proceedings invalid
- ▶ Urgent Business:
 - ▶ Shorter Notice can be given subject to any one of the below
 - ▶ Presence of atleast one Independent Director (or)
 - ▶ Circulated Decision should be ratified by atleast one Independent.

Length of Notice

Sec 173(3)

▶ Remedy:

- ▶ Board Resolution & Mention in Articles specified date & place of specified month & circulate the same among the Directors & new directors upon their appointment.
- ▶ Notice for Adjourned Meeting - Act is Silent, Articles may provide
- ▶ Content of Notice - Act is Silent, Articles may provide

Quorum

Sec 174 .

- ▶ What is Quorum?
 - ▶ Ans: It is the Minimum no of Directors required to be present to validate any business at the meeting
 - ▶ Decisions taken at a meeting without Quorum are void
- ▶ Required Quorum:
 - ▶ $1/3^{\text{rd}}$ of Total Strength or 2 Directors

Quorum

Sec 174 .

- ▶ Example:
- ▶ Company XYZ Ltd has 12 Directors, out of which
 - ▶ 1 director is an alternate director of an original director included in the above strength,
 - ▶ One Interested Director, &
 - ▶ 3 vacancies.
- ▶ What is the Total Strength & Quorum?
- ▶ Total Strength is 8 (12-1alternate-3vacancies)
- ▶ Quorum is 3 (8-1Interested)/3

Quorum

Sec 174 .

▶ Other Important Points:

- ▶ When No of Directors are reduced below the Minimum required and no quorum for BM, the continuing directors may act, for appointing directors or for summoning GM for appointing directors, but for no other purpose.
- ▶ Articles may provide for higher quorum.
- ▶ Quorum should be present through out the proceeding of the meeting. (Implies Quorum should be present at adjourned meeting also)
- ▶ Quorum is always presumed unless questioned or records show otherwise.
- ▶ With in 15 mins from Commencement of Meeting, Quorum is not present, then the meeting is adjourned automatically to the same day, place & time in the next week.

Resolution by Circulation

Sec 175 .

- ▶ No Resolution shall 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, at their addresses registered with the company in India by hand delivery or by post or by courier or through such electronic means which may include email or fax and has been approved by a majority of the directors or members, who are entitled to vote on the resolution.

Resolution by Circulation

Sec 175 .

- ▶ No Resolution shall 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,
- ▶ at their addresses registered with the company in India
- ▶ by hand delivery or by post or by courier or through such electronic means which may include email or fax and
- ▶ has been approved by a majority of the directors or members, who are entitled to vote on the resolution.

Resolution by Circulation

Sec 175 .

- ▶ **New Provisions**
- ▶ 1/3rd of the total number of directors may refer Resolution by Circulation to Board Meeting
- ▶ Resolution by circulation must be noted & made part of minutes of the subsequent meeting of the Board.