

**SECRETARIAL STANDARD – 1 (“SS - 1”)**  
**MEETINGS OF THE BOARD OF DIRECTORS**  
**AN INSIGHT**

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**INTRODUCTION:**

This standard is issued by the Institute of Company Secretaries of India (“**the ICSI**”) pursuant to Section 118 (10) of the Companies Act, 2013 (“**the Act**”).

Secretarial Standards are formulated by the Secretarial Standards Board (“**SSB**”) which was constituted by the ICSI in the year 2000 prescribing a set of principles for convening and conducting the meeting of the Board of Directors (including committee meetings) and related matters.

**SCOPE:**

Applicability:

- Meetings of the Board of Directors
- Meetings of Committees of the Board

Non-Applicability:

- One Person Company (“**OPC**”) having only one director on its board.
- Companies having license under Section 8 of the Companies Act, 2013.
- Such class / classes of companies as may be exempted by the Central Government through notification like IFSC Public Company, IFSC Private Company.

*SS - 1 is in conformity with the provision of the Act. However, if due to subsequent changes in the Act, a Standard or part thereof becomes inconsistent with the Act, the provisions of the Act shall prevail.*

*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-I, then the provisions of such Special Acts shall prevail.*

## **Q/A**

### **Q: Why Secretarial Standard – 1 along with other Standards are formulated?**

This was to ensure that uniform practices are followed by the companies throughout the country and to bring more clarity and recommend good governance practices.

### **Q: Besides Law, why corporates should follow the Secretarial Standards?**

Section 118(10) provides for the mandatory observance of Secretarial Standards with respect to General Meeting and Board Meeting specified by the ICSI.

The adoption of Secretarial Standards by the corporates will have a substantial impact on the quality of secretarial practices being followed by them.

### **Q: What will happen if the standards are breached? What kind of legal repercussions can one face, what kind of penal provisions?**

If any default is made in complying to provision of Section 118, the company shall be liable to a penalty of 25,000/- (Rupees Twenty-Five Thousand) and every officer of the company in default shall be liable to a penalty of Rs. 5,000/- (Rupees Five Thousand).

*Section 205(1)(b) provides that the Company Secretary of the Company ensures that the company complies with the applicable Secretarial Standards.*

### **Q: What is the effective date of SS – 1?**

First version: April 2015 (effective from 1st July, 2015)

Second version (Revised): June 2017 (effective from 1st October, 2017)

### **Q: Any exemption granted to Government Company from the applicability of Secretarial Standard -1?**

No exemption is granted to Government Company.

### **Q: Is SS – 1 applicable to committee meetings?**

Applicable to the meetings of the committee(s) of the Board of Directors, Mandatorily Constituted under the Act.

## CONVENING OF MEETING (CLAUSE 1)

### Authority (1.1)

- Any director may summon a meeting of the board in consultation with the Chairman or in his absence, the Managing Director or in his absence, the Wholetime Director, where there is any, unless the articles otherwise provides.
- The Company Secretary (“CS”), or where there is no Company Secretary, any person authorised by the board in this behalf, shall convene a meeting of the board.

### Day, Time, Place, Mode and Serial Number of the Meeting (1.2)

- Every meeting shall have s serial number.
- A meeting may be convened at any time and any place (whether Registered office or otherwise) on any day.
- Any director may participate in the meeting of the board of directors through electronic means on any **unrestricted items**.

### Notice (1.3)

- Notice of every meeting shall be given to every director, in writing, by hand or by speed post, or by registered post or by facsimile or by email, or by other electronic means.
- Notice to be send to the address of director registered by him with the company and in absence of any such detail address appearing in the Director Identification Number (“DIN”).
- If a director specifies a particular means of delivery of notice, the notice **shall** be given to him by such means, except in case of meetings at shorted notice, where company can choose an expedient mode.
- Proof of sending notice of the meeting and its delivery shall be maintained by the company for a period **not less than three years** from the date of meeting.
- Notice shall be issued by the CS or where there is no CS, by director or any other person so authorised by the board for this purpose.
- Notice shall specify the serial number, day, date, time and full address of the venue of the meeting.
- Notice of the meeting **shall** inform the directors about the option available to them to participate in the meeting through electronic means.
- If a director intends to participate, he **shall** give sufficient time to chairman / CS to unable them to make suitable arrangements.

- Director may intimate his/her intension to attend board meeting(s) through electronic means at the beginning of the **Calendar Year** also, which shall be valid for such Calendar Year.
- The notice of the meeting shall contain the email ID or contact number of the Company Secretary or Chairman.
- Notice of the meeting **shall** be given even if the meetings are held on the pre-determined dates.
- Notice along with agenda and notes to agenda of the meeting **shall** be given at least seven days before the meeting, unless the articles of the company prescribe for a longer duration. Where the company intend to send notice by speed post or registered post, an additional two days shall be added.
- Notice of adjourned meeting to be given to all the directors, including those, who did not attend the original meeting.
- If the date of adjourned meeting is not decided at the meeting itself, then the notice should be sent seven days before the meeting.
- Meeting can be conducted at shorter notice, after obtaining consent or majority of director, unless articles call for a bigger strength for consent. At least one Independent Director must be present at the meeting convened at shorter notice. If no such Independent Director is present, the decision taken at such meeting shall be circulated to all director and **shall** be final only on ratification by at least one Independent Director. Further, where there is no such independent director in the company, the decision shall be final only ratification by majority of the directors of the company
- Each item of the business shall be serially number and every resolution / item **shall** be supported by a note setting out the relevant material facts.
- Item not included in the agenda **may** be taken for consideration with the permission of chairman and with the consent of majority of the Directors present in the meeting.

## **FREQUENCY OF MEETINGS (Clause 2)**

- Company shall hold at least four board meetings in **each Calendar Year** with a **maximum interval of 180 days** between two consecutive meetings.
- OPC (having more than one director), small company, dormant company can hold in each half calendar year, two meetings with a gap of **not less than 90 days**.
- Committee meetings may be convened as often as necessary.
- Where company is required to appoint Independent Director, such Independent Directors shall meet at **least once** in each calendar year.

## **Q/A**

### **Q: Who may summon meeting of the Board?**

Any director may at any time summon a meeting of the board in consultation with the Chairman or in his absence, with MD or in his absence, with WTD.

### **Q: Should requisition by the Director for convening the meeting be in writing?**

No, 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.

### **Q: What if the director requisitioned the meeting and chairman refuses to accept the proposal, will CS still call the meeting?**

Company Secretary should follow the provisions of the Articles of the company. If the articles are silent, CS cannot call the meeting and the refusal of the chairman must be communicated to the director concerned.

However, a director on his own, convene a meeting.

### **Q: How notice is to be delivered? Should notice be given for the meetings held on pre-determined dates?**

Notice to be delivered by Hand/Speed post/Registered post/fax/e-mail or any other electronic means. Yes, Notice shall be given even if Meetings are held on predetermined dates.

### **Q: Is it mandatory to provide Video Conferencing facility to the directors?**

Director should be informed about the option to participate in the meeting through electronic means. If a director intends to participate in meeting through electronic means, he/she shall intimate to company well in advance, and it shall become mandatory for the company to provide for the VC facility. Such facility is valid only for the unrestricted items.

### QUORUM (CLAUSE 3)

- Quorum for a meeting of the board shall be one-third of the total strength of the Board, or two directors, whichever is higher. Any fraction of the one-third shall be rounded off to the next one.
- Quorum shall be present throughout the meeting, not only at the time of commencement but also while transacting any business.
- A director, interested in any item of the business, shall not be reckoned for the quorum not be entitled to participate in the meeting. However, in case of a PRIVATE COMPANY, a director shall be entitled to participate in an interest item after disclosure of his interest.
- If the strength of the interested directors exceeds two-third, then the remaining directors shall be the quorum, being not less than two.
- Directors participating through electronic means shall be counted for the purpose of quorum (only for the unrestricted items).
- If the meeting of the board could not be held for the want of quorum, the meeting **shall** automatically stands adjourned to the same day in the next week, at the same time and place except **NATIONAL HOLIDAY**. Further, if there is no quorum in the adjourned meeting, the meeting stands cancelled.
- If the number of directors reduced below the minimum as required by the law or fixed by the articles, no business shall be transacted under the required number is first made up by the remaining directors or through General Meeting.
- The quorum of the meeting of any committee of the Board, the quorum shall be as specified by the board, unless otherwise stipulated in the Act, or the articles or under any other law. If no quorum is specified under any of the above, presence of all members of any such committee is necessary.

### **Q/A**

#### **Q: Can meeting of the board / committee can be convened on National Holiday?**

An original Board Meeting can be convened on any day including National Holiday. However, an adjourned meeting cannot be convened on National Holiday.

#### **Q: Should directors participating through electronic means to be counted for quorum?**

Yes, Directors participating through any electronic means shall be counted for quorum except in case of restricted items.

## ATTENDANCE OF MEETINGS (CLAUSE 4)

- Every company **shall** maintain attendance register for the Board and Committee meeting. The pages shall be serially numbered and if maintained in loose-leaf form, should be bound in at least three – years.
- Attendance register **shall** contain the following
  1. Serial number and date of meeting
  2. In case of committee meeting, name of committee
  3. Place of meeting
  4. Time of meeting
  5. Name and signature of the directors and CS
  6. Name and signatures of the persons attending by invitation, if any
  7. Mode of presence, if participating through electronic means (for unrestricted items)
- The attendance register shall be deemed to have been signed by the director participating through electronic means, if their attendance is recorded in the register and authenticated by Company Secretary or in his absence, by the Chairman or by any other director present in the meeting (if authorised by the Chairman).
- For directors participating through electronic mode, roll call at the beginning of the meeting is mandatory stating the full name of director and place from where he is participating and shall also be recorded in the minutes.
- The attendance register shall be maintained at the Registered Office of the company or at any other place as may be approved by the board.
- The attendance register is open to inspection by the directors. If a person ceases to be a director, he is entitled to inspect the register for the meetings in which he was a director.
- The attendance register **shall** be under the custody of the Company Secretary or where there is no CS, by any other person so authorised by the board.
- The attendance register shall be preserved for at least eight financial years from the date of last entry made and **may** be destroyed with the approval of the board.
- Leave of absence to be granted to a director only when a request to that effect is made to the CS or to the Chairman or to the person authorised by the board to issue notice of the meeting.

## **Q/A**

### **Q: How the attendance will be recorded in case of directors participating through Electronic Mode?**

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.

### **Q: How the leave of absence be granted to a director? Can the request be communicated orally?**

Leave of absence shall be granted only when communicated to CS or in his absence to Chairman or any other person authorised to issue notice of 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.

### **Q: Can leave of absence be granted for the part of the meeting?**

Yes, the Chairman may allow partial leave of absence to a director on his/ her request.

### **Q: for how long the attendance register is to be preserved? can the same be destroyed?**

The attendance register shall be preserved for at least eight financial years from the date of last entry made and **may** be destroyed with the approval of the board.

Q: can a person, who ceases to be a Director, inspect the attendance register of the meeting?

A person who ceases to be a director can only inspect attendance register for the meeting in which he participated as director of the company. For those meetings in which he was not director in the company, cannot be provided for inspection.



## CHAIRMAN (CLAUSE 5)

- Chairman of the meeting **shall** be the chairman of the board, of the company does not have the 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, and if no chairman is elected or the chairman is unable to attend the meeting, the directors present in the meeting **shall** elect one of themselves to be the chairman of the meeting, unless the articles provides otherwise.
- It is the duty of the chairman:
  1. To ensure that required quorum is present throughout the meeting.
  2. In case Chairman is interested he shall entrust the conduct of the proceedings to any non-interested director, with the consent of the majority of directors' present.
  3. Not to present at the Meeting during discussions or voting on the items in which he is a related party.
- Unless otherwise provided in the Articles, in case of an equality of votes, the Chairman shall have a second or casting vote.
- 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.

## Q/A

### **Q: In case of equality of votes, will the Chairman of the Meeting have casting vote?**

Unless otherwise provided in the Articles, in case of an equality of votes, the Chairman shall have a second or casting vote. *In case the Articles are silent, the Chairman may have a second or casting vote at his discretion.*

### **Q: What if the Articles of the Company are silent on casting vote?**

The Articles of the company may expressly prohibit exercise of second or casting vote by the Chairman, in which case, the Chairman shall not have a second or casting vote.

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

## PASSING OF RESOLUTION BY CIRCULATION (CLAUSE 6)

- Authority to decide whether a resolution is required to be passed by circulation or by physical meeting of the board, is with the Chairman or in his absence, the Managing Director or in their absence, any Director other than an Interested Director.
- Where not less than one-third of the directors requires a resolution in circulation to be passed in the meeting of the board of directors, the chairman **shall** put the resolution for consideration in the meeting of the Board.

For the above purpose, interested directors to be included in in calculation of one-third.

- Resolution in draft along with a brief note explaining the details (how director shall signify his assent/ dissent to the resolution) with all necessary papers be circulated to all 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.
- Not more than seven days from the date of circulation of the draft of the resolution shall be given to the directors to respond. 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.
- The resolution by circulation is deemed to be passed when it is approved by the majority of the directors entitled to vote. ***If any specific majority is required as per articles, the resolution should be passed only with the assent of that specific majority.***
- The resolution shall be deemed to have been passed on the earlier of:
  1. on the last date specified for signifying assent or dissent or
  2. the date on which assent or dissent from more than two-third of the directors has been received.
- The resolution passed by circulation **shall be noted** at a subsequent meeting.
- Passing of Resolution by circulation shall be considered valid as if it had been passed at a duly convened Meeting of the Board.

### **Q/A**

#### **Q: How resolution under circulation is to be decided in the Meeting of the Board of Directors?**

Where not less than one-third of the directors requires a resolution in circulation to be passed in the meeting of the board of directors, the chairman **shall** put the resolution for consideration in the meeting of the Board.

## MINUTES (CLAUSE 7)

### Maintenance of Minutes (7.1)

- 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. A company may maintain its Minutes in **physical or in electronic form**.
- 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 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.
- Minutes Books shall be kept at the Registered Office of the company or at such other place as may be approved by the Board.

### Content (7.2)

- General Content of the Minutes:
  1. 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.
  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.
  3. Minutes shall contain a record of all appointments made at the Meeting.
- Specific contents of the Minutes:
  1. The name(s) of Directors present and their mode of attendance, if through Electronic Mode.
  2. 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.
  3. The name of Company Secretary who is in attendance and Invitees, if any,
  4. Record of election, if any, of the Chairman of the Meeting.
  5. Record of presence of Quorum.
  6. The names of Directors who sought and were granted leave of absence.
  7. Noting of the Minutes of the preceding Meeting.
  8. Noting the Minutes of the Meetings of the Committees.
  9. The text of the Resolution(s) passed by circulation since the last Meeting, including dissent or abstention, if any.
  10. 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 a related party transaction such director was not present in the meeting during discussions and voting on such item.

11. 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.
12. If any Director has participated only for a part of the Meeting, the Agenda items in which he did not participate.
13. The fact of the dissent and the name of the Director who dissented from the Resolution or abstained from voting thereon.
14. Ratification by Independent Director or majority of Directors, as the case may be, in case of Meetings held at a shorter Notice.
15. 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.
16. The time of commencement and conclusion of the Meeting.

### **Recording of Minutes (7.3)**

- Minutes shall contain fair and correct summary of the meeting. The CS shall record the proceeding of the meeting and in his absence any other person duly authorised by the board in this regard.
- Minutes shall be written in clear, concise and plain language. ***Minutes shall be written in third person and past tense. Resolutions shall however be written in present tense.***
- Minutes of the preceding Board Meeting / Committee Meeting shall be noted at a Meeting of the Board held immediately following the date of entry of such Minutes in the Minutes Book.

### **Finalisation of Minutes (7.4)**

- Within 15 days from the date of conclusion of the Meeting of the Board or Committee, the draft Minutes thereof shall be circulated to all Directors for comments. 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 thereof.

### **Entry in the Minute Book (7.5)**

- Minutes shall be entered in the Minutes Book within **thirty days** from the date of conclusion of the Meeting. 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.
- 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.
- 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.

### **Signing and Dating of Minutes (7.6)**

- 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.
- 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.
- Any blank space in a page between the conclusion of the Minutes and signature of the Chairman shall be scored out.
- If the Minutes are maintained in electronic form, the Chairman shall sign the Minutes digitally.
- 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.

## Inspection and Extracts of Minutes (7.7)

- The Minutes of Meetings of the Board and any Committee thereof can be inspected by the Directors.
- A Director is entitled to inspect the Minutes of a Meeting held before the period of his Directorship.
- 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.
- *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.*
- Inspection of Minutes Book may be provided in physical or in electronic form.
- 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.
- 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.

## PRESERVATION OF MINUTES AND OTHER RECORDS (CLAUSE 8)

- 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.
- 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 in the custody of the Company Secretary. Where there is no Company Secretary, Minutes Books shall be

## **DISCLOSURE (CLAUSE 9)**

**The Report of the Board of Directors shall include a statement on compliances of applicable Secretarial Standards.**

## **CONCLUSION:**

### **Overall Strengthening of the Board Process**

- **Board meetings with planned agendas, timely notice/requisite consent for shorter notice etc.**
- **All relevant information to the directors sufficiently prior to Board meetings.**
- **Comprehensive and timely reporting to Board with regular and relevant information.**
- **Proper, unambiguous and robust processes for convening and conducting of Board Meetings.**

## **DISCLAIMER:**

**The content of this document has been prepared on the basis of relevant provisions. Utmost care has been taken to ensure the accuracy, completeness and reliability of the information provided. Author assume no responsibility thereof.**

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