

## MEETINGS OF BOARD OF DIRECTORS

The aim of conducting board meetings of a company is to ensure that the powers which vest in the directors should be exercised collectively and every director should have the knowledge of the decisions taken for the smooth conduct of the business operations. section 173 of The Companies Act 2013 contains provisions which deal with meetings of the board.

### Frequency of board meetings

#### Section 173(1)

First board meeting: Within 30 days of the date of incorporation.

Example: If date of incorporation of a company is 01/01/2023, first board meeting shall be held within 30/01/2023, ie, the date of incorporation will be counted in the said 30 days.

Subsequent board meetings: The Company shall hold minimum 4 meetings every year and the gap between two meetings shall not be more than 120 days.

### Means to attend board meetings

#### Section 173(2)

Directors may attend board meeting:

- in person
- through video conferencing
- other audio visual means as prescribed under Rule 3 of the Companies (Meetings of Board and its powers) Rules, 2014

### Essentials of video conferencing or other audio visual means

Video conferencing or other audio visual means should enable all the persons participating in a meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting.

Audio visual means should be capable of:

- recording and recognizing the participation of directors and
- recording and storing the proceedings of such meetings along with date and time.

## Notice of the board meeting

### Section 173(3)

#### Period of notice

- at least 7 days' notice in writing should be sent to all directors
- notice to be sent at their registered address
- the notice may be sent by hand delivery or by post or by electronic means

#### In case of transaction of urgent business

- shorter notice of less than 7 days may be circulated to transact urgent business
- at least one independent director, if any shall be present at the meeting
- in absence, decisions taken at such a meeting shall be circulated to all directors and shall be final only on ratification by at least one independent director if any in the board

#### Participation through video conferencing and other audio visual means

On receipt of the notice a director intending to participate through video conferencing shall communicate his intention to Chairperson or Company Secretary of the company.

If no intimation is received from a director it is assumed that he shall attend meeting in person.

#### Penalty for failure to give notice

### Section 173(4)

A penalty of Rs.25,000.00 will be levied in respect of every officer of the company whose duty is to give notice under section 173 and who has failed to do so.

#### Exemptions to certain companies

### Section 173(5)

- One Person Company, small company, dormant company and private company (if such private company is a start-up) the provision regarding conducting 4 board meetings every year is not applicable.
- They are required to conduct one board meeting in each half of a calendar year and gap between two meetings must not be less than 90 days.
- One Person Company having only one director is totally exempt from the provisions of conduct of board meetings.

## Section 8 companies

- The board of directors of section 8 company shall hold at least one meeting within every 6 calendar months
- This is subject to the condition that the company has not committed a default in filing its financial statements under section 137 or annual returns under section 92 with the registrar.