

## MCA Permits Companies to Hold Board and Shareholders' Meetings through Video Conferencing



In an important initiative taken by the Ministry of Corporate Affairs (MCA), holding of Meeting of Board of Directors and Meeting of Shareholders through Video Conferencing has been given a go ahead vide General Circular no 28/2011 and 27/2011 respectively. This is a welcome step towards incorporating green initiatives in e-Governance. The date of applicability of the aforesaid circulars will be notified shortly by the MCA.

The following are the highlights of the circular :

◆ **Participation by directors in meetings of Board/Committee of directors under the Companies Act, 1956 through electronic mode (General Circular No 28/2011 dated 20 May, 2011)**

### Important Conditions to be filled:

1. Notice of the meeting should inform the directors regarding availability of participation through video conference and provide necessary information to enable directors to access the available facility of video conferencing.

2. Notice of the meeting must seek confirmation from the directors as to whether the director shall attend the meeting physically or through electronic mode and shall also contain the contact number(s)/e-mail addresses of the Secretary/designated officer to whom the directors shall confirm in this regard.

3. In the absence of any confirmation from the director, it will be presumed that he/she will attend the meeting physically.

4. Every Director must attend at least one meeting personally in a financial year of the company.

5. At the start of such a meeting, a roll call shall be made by the Chairman/Secretary. Every director/authorized participant shall state, for the record, the following:

- ◆ Full Name
- ◆ Location
- ◆ That he/she can clearly see and communicate with all the other participants
- ◆ And will ensure that no one other than the concerned director or authorized

- participant is attending the meeting through electronic mode.
6. Once the above procedure is completed the Chairman/Secretary shall confirm the participation of the directors in the meeting who are not physically present. After the roll call, the Chairman/Secretary may certify the presence of a quorum.
  7. A roll call must also be taken at the conclusion of the meeting and at re-commencement after every break to ensure quorum throughout the meeting.
  8. Director's participation through Video Conferencing shall be counted for the purpose of quorum.
  9. The place where the Chairman/Secretary is sitting shall be taken as the place of the meeting, in terms of Section 288 of the Act, and all recordings will be made at this place.
  10. The statutory registers required to be kept at such a meeting shall be kept before the Chairman for compliance of the Act.
  11. The statutory registers required to be signed by other directors shall be deemed to be signed by the directors participating in such a meeting if they have given their consent to that effect in the meeting.
  12. If a motion is subjected to and there is a need to vote, the Chairman/Secretary shall call the roll and note the vote of each director who should identify himself.
  13. At the end of such a meeting, the Chairman shall announce the summary of decisions taken in the meeting in respect of each agenda item and names of the directors who have consented or dissented to those decisions.
  14. Video recording of that part of a meeting where decisions were taken and votes were cast shall be preserved by the company for a minimum of one year from the conclusion of each such meeting.
  15. In the minutes, the Chairman shall also confirm the mode of attendance of every director of the company during last three meetings, whether personally or through electronic mode.
  16. Soft copy of the draft minutes of the meeting shall be circulated not later than seven days of the meeting, for comments/confirmation to the directors who attended the meeting, to dispel all doubts on matters taken up during the meeting.
  17. Once the above formalities are completed, the minutes of the meeting shall be entered into the minute book, in the manner prescribed under Section 193 of the Act. The minutes shall also disclose the particulars of the directors who attended through electronic mode.
- ♦ **Participation by shareholders in general meetings under the Companies Act, 1956 through electronic mode. (General Circular No 27/2011 dated 20 May, 2011):**
- Important Conditions to be filled:**
1. Notice of the meeting should inform the members regarding availability of option of participation through video conference and provide necessary information to enable them to access the said facility.
  2. The "place of meeting" requirement u/s 166 and "quorum requirements" u/s 174 of the Companies Act, 1956 will have to be complied with.
  3. In a General Meeting where the shareholders are allowed to participate through electronic mode, the quorum as required u/s 174 of the Companies Act, 1956 as well as Chairman of the meeting shall

have to be physically present at the place of the meeting. This means that members' participation through Video Conferencing will not be taken into consideration for the purpose of quorum.

4. Listed companies may provide video conferencing connectivity during such meetings at least at five places in India. The MCA has recommended that such places be located all over India in a way that they cover top five States/Union Territories, based on maximum number of members or at least 1000 members whichever is more, residing as per the address registered with the depositories.

**The Chairman of the meeting and Secretary shall assume the following responsibilities in the process of participation through video conferencing:**

1. To safeguard the integrity of the meeting via video conferencing;
2. To ensure proper video conferencing equipment/facilities;

3. To prepare minutes of the meeting;
4. To ensure that no one other than the shareholder or proxy to the shareholder is attending the meeting through electronic mode;
5. If a statement of a participant in such a meeting is interrupted or garbled, then the Chairman or the Secretary must request for a repeat or reiteration, and if required, the Chairman or the Secretary must repeat what he/she heard the participant saying, for confirmation or correction.

**SKP's Comments:**

The Govt. of India has come up with very useful amendments and has allowed companies to permit their directors/members to attend meetings electronically. This was a crying need of the hour and the amendments will make life easier for busy and globe trotting directors to attend meetings even if they are physically away from the venue of the meetings ■

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