

Green Initiative in Corporate Governance in India



Board Meeting & Shareholders Meeting allowed through Video Conferencing

Big relief to foreign investors and companies

In a fantastic initiative taken by Ministry of Corporate Affairs, holding of Meeting of Board of Directors and Meeting of Shareholders through Video Conferencing has been allowed vide General Circular no 28/2011 and 27/2011 respectively of 20th May 2011.

Till now physical presence of Directors and Shareholders was required in order to participate / hold the meetings, which has been relaxed now. Now the foreign investors can legally hold and attend the board meeting and shareholders meeting via Video Conferencing.

Board meetings through electronic mode

Main Points

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 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 physically attend the meeting.
4. Every Director must attend personally at least one meeting, 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
 - a. Full Name,
 - b. Location,
 - c. That he/she can clearly see and communicate with all the other participants,

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- d. 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 complete 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. Directors 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 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 meetings where decisions were taken and votes were casted shall be preserved by the company for a minimum of 1 (One) year from the conclusion of each such meeting.
15. In the minutes Chairman, shall also confirm the mode of attendance of every director of the company during last three (3) meetings whether personally or through electronic mode.
16. Draft minutes of the meeting in soft copy shall be circulated in soft copy not later than 7 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.





Shareholder meetings through electronic mode

Main Points:

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. The Place of meeting requirement u/s 166 and quorum requirements under Section 174 of the Companies Act 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. It means members participation through Video Conferencing will not be counted for the purpose of quorum.
4. Listed companies may provide video conferencing connectivity during such meetings at least at 5 (Five) places in India. The MCA has recommended that such places be located all over India in a way that they cover top 5 (Five) States/UTs, based on maximum number of members or at least 1000 members whichever is more, residing as per the address registered with the depositories.
5. In order to ensure a secured electronic platform for capturing accurate electronic voting, the process notified by the MCA Circular No. 21/2011 dated 2 May 2011 must be followed.
6. The Chairman of the meeting and Secretary shall assume the following responsibilities in the process of participation through video conferencing:
 - To safeguard the integrity of the meeting via video conferencing,
 - To ensure proper video conference equipment/facilities,
 - To prepare minutes of the meeting,
 - To ensure that no one other than the shareholder or proxy to the shareholder is attending the meeting through electronic mode,
 - 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.