

CIRCULAR NO. 22 OF 2016

Subject: **ATTENDANCE IN THE BOARD MEETINGS AND GENERAL MEETINGS OF PUBLIC SECTOR COMPANIES THROUGH VIDEO CONFERENCING**

1. The Public Sector Companies (Corporate Governance) Rules, 2013 (the "Rules") requires holding of directors' meeting at least on a quarterly basis to ensure that the board discharges its duties and obligations to other shareholders and stakeholders efficiently and effectively. However, increasing engagement of the Board of Directors (BOD) to ensure good corporate governance entails additional fiscal costs that can be properly managed through efficient and effective utilization of information and communication technology resources. The Rules also entrust the BOD with the responsibility to set in place a mechanism to ensure that due economy is exercised in using company's assets and resources.

2. Accordingly, it is strongly recommended to utilize videoconferencing facility for holding board meetings as well as general meetings of public sector companies so as to cut down costs associated with holding such meetings on a physical basis, including travelling expenses, daily allowance, etc. Since such meetings are important corporate governance events, increasing engagement of directors/members amongst themselves as well as with senior management of the public sector companies is imperative, which shall not suffer due to costs associated with holding such meetings physically. Further, the cost of investment in videoconferencing facility is likely to offset with the passage of time.

3. It shall, however, be ensured that the draft minutes of meeting shall be sent to those directors/members who had participated in the proceedings of the meeting through video conference, for confirmation. Thereafter, the minutes shall be signed by the chairman of the meeting. Further, it would remain the responsibility of the secretary of the company or in case of his non-availability, the chief executive of the company, to observe the requirements of the requisite quorum and other legal formalities relating to holding of such meetings.

  
(Tahir Mahmood)

Commissioner (Company Law)

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Chief Executive, All Public Sector Companies

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