



E Voting Process Revamped

Companies (Management and Administration)

Amendment Rules, 2015

- Firsthand Analysis (Mar' 15)

Companies (Management and Administration) Amendment Rules, 2015 dated March 19, 2015



Ministry comes out with extensively revamping the process of E-voting in General Meeting (GM) by substituting Rule 20 of Companies (Management and Administration) Rules, 2014

Applicability

Firstly, the revamped procedures shall be applicable to all notices sent **on / after March 19, 2015**
SME & ITP listed companies exempted from providing E voting requirement:

- All companies listed on SME Exchange and ITP Exchange i.e. companies under Chapter XB and XC of SEBI (ICDR) Regulations, 2009 respectively shall be exempted from E voting requirement
- This move comes with a sigh of relief for all the small and medium sized listed companies as cost involved for providing E-Voting facility to member can be avoided

New Explanations

Term introduced	Our Analysis
Remote E voting	Introduced for differentiating between electronic voting from the venue of GM and otherwise. Facility of casting votes from place other than venue of GM is defined as “remote e voting”
Cut off date	“Cut off date means a date not earlier than 7 days before the date of GM for determining the eligibility to vote by electronic means or in GM” The earlier provisions did not define a cut off date for determining members eligible to vote electronically.
Agency	Introduced for official recognising both depositories viz. NSDL & CDSL to provide E voting facility to corporates
Electronic Voting System	Introduced for better clarity on voting system

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Voting Routes

- Members can now cast their vote by either by–
 - Remote E voting** (From place other than GM venue)
 - Electronic voting system / ballot / polling paper** (From GM venue)
- The above bifurcation clears that even if remote e voting facility is provided by the company, holding of **physical general meeting cannot be dispensed with**. There existed confusion in this area as some companies after providing e voting facility avoided holding of physical general meeting.
- Members casting vote by **remote e-voting are allowed** to attend the meeting but cannot vote.

Public Advertisement

- Public notice mentioning the details relating to e voting shall be issued **immediately on completion of despatch of notice (but at least before 21 days of GM)** of meeting instead of minimum 5 days before beginning of voting period.
- Thus, public notice shall be required to be given much earlier.
 - Illustration:**
X limited has its GM on March 31, 2015 for which it has completed its despatch of notice on February 15, 2015 and its e voting period is from March 16, 2015 to March 18, 2015. In this case, new provisions shall require X limited to publish advertisement on February 15, 2015 (on completion of despatch of notice) whereas according to the old provisions due date for advertisement shall be March 10, 2015 (5 days before voting period commences)
- This requirement has been made alike to the provisions under postal ballot.
- Under the advertisement clause mentioning requirement of publishing notice in English language, words “having wide circulation in that district” are revised with **“having country wide circulation”**. This implies that the English newspaper wherein notice shall be published shall have a country wide circulation.
- Amendment prescribes additional disclosures / statements to be mentioned in the advertisement (including manner in which a member who has subsequently become shareholder post despatch of notice may obtain login id and password).
- The amendment now specifically mentions contact details of person who is responsible to address e voting grievances that need to be disclosed in the advertisement viz. **Name, designation, address, email id and phone number.**

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Time Frame for E-voting

E voting period / time frame from 1 – 3 days is now extended to minimum 3 days and shall close at 5.00 pm preceding the date of the general meeting. This move provides all the remote e voting members more time period for e voting, thus fostering corporate governance

- Confusion regarding whether a person who is not a Practising Chartered Accountant / Practising Cost Accountant / Practising Company Secretary / Advocate can be appointed as Scrutinizer is put to rest now.
- It has been mentioned that any person other than mentioned above can be appointed as Scrutinizer provided he is not employment of the such company and is a reputed person in the opinion of the Board of Directors

**Confusion
regarding
Appointment of
Scrutinizer**

Unblocking E-voting votes

The E voting votes can now be unblocked only after conclusion of voting at general meeting instead of the earlier provision of any time before the commencement of general meeting. Thus, no E voting results would be declared in the general meeting hence.

- Before the GM starts and after closure of remote E voting period, the Scrutinizer shall have access to details relating to members, such as their names, folios, no. of shares held, etc.
- This information shall enable Scrutinizer to check whether the member attending the meeting has availed the facility of remote e voting or not, so as to avoid any duplicate voting.
- Scrutinizer SHALL NOT have access to any information relating to the manner members have cast their votes i.e. in favour / against the resolution.
- This shall surely enable a fair and uninfluenced conduct of the entire voting process.
- Also, the provision probably aims to achieve cent percent secrecy of e voting result before the conclusion of GM and avoid any information leakage from Scrutinizer to Company.

**Kind of information
available with
Scrutinizer before
GM**

OUR COMMENTS

“With an intent to foster corporate governance norms, empower shareholder rights at the same time further the ease of doing business Ministry spelled out reforms in the E voting process and the key ones include introduction of new term "remote E voting" ; exemption of e voting for SME and ITP listed companies ; extension in E voting period and changes in the provisions relating to public advertisement. Results of e voting shall not be announced till the completion of physical voting at the general meeting as per the new provisions.

We see these amendments as a welcoming move for the industry which has ensured fair conduct and rationalized voting process as a whole.”

Let's Take It Forward....



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