



news flash

JUNE 2011



SUPPLEMENT TO THE NEWS FLASH ON VIRTUAL MEETINGS OF SHAREHOLDERS AND DIRECTORS

1. CLARIFICATION TO CIRCULARS ON VIRTUAL MEETINGS

The Ministry of Corporate Affairs (**MCA**) has issued a circular dated 6 June 2011 providing a clarification to its earlier circulars relating to virtual meetings of shareholders and directors.

The following points have been further clarified:

- (i) It is **not mandatory** for companies to provide video conferencing facility for **board meetings**.
- (ii) Where a company opts to provide video conferencing facility, it has to comply with the procedures prescribed in the previous circulars dated 20 May 2011.
- (iii) A company is free to select any agency for providing video conferencing facility. However, the chairman of the meeting and secretary of the company have to ensure that there is proper video conferencing equipment which enables all persons participating in that meeting to communicate concurrently with each other without an intermediary and to participate effectively in the meeting.
- (iv) It is **mandatory** for **listed companies** to provide video conferencing facility for **shareholders meetings** to be held after 31 March 2012. Till then it is optional.
- (v) For e-voting in general meetings of **listed companies**, the MCA is presently authorizing only National Security Depository Ltd. (**NSDL**) and Central Depository Services (India) Ltd. (**CDSL**) as **agencies** for providing and supervising electronic platforms for e-voting, subject to the condition that they obtain the prescribed certificate.

2. POSTAL BALLOT RULES 2011 FOR LISTED COMPANIES

The MCA has issued the Companies (Passing of the resolution by Postal Ballot) Rules, 2011 in supersession of the 2001 Rules. The rules will come into force on the date of their publication in the official gazette.

The above rules broadly provide for the following:

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- Postal ballot to include voting by shareholders through the electronic mode;
- Notice may be sent by e-mail to members where such e-mail address has been provided;
- Notice to specifically mention whether e-voting facility is available and its process;
- Newspaper advertisement for the postal ballot (amongst other things) to contain the date on which voting is to commence and end;
- Postal ballot will apply to listed companies for passing resolutions on any 9 items of business specified in the rules; and
- The procedure for conducting business by electronic mode is as recommended by the agency, presently being NSDL and CDSL.

Disclaimer

This newsflash has been written for the general interest of our clients and professional colleagues and is subject to change. It is not intended to be exhaustive or a substitute for legal advice. We cannot assume legal liability for any errors or omissions. Specific advice must be sought before taking any action pursuant to this amendment. For further clarification and details, you may write to the corporate secretarial team, comprising of Aliff Fazelbhoj at afazelbhoj@almtlegal.com, Statira Ranina at sranina@almtlegal.com, Ryna Karani at rkarani@almtlegal.com, Kruti Desai at kdesai@almtlegal.com, Subhashini Radhakrishnan at sradhakrishnan@almtlegal.com, Ankit Goel at agoel@almtlegal.com and Sneha Patwardhan at spatwardhan@almtlegal.com.

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