

# E-Voting

(Ready Reckoner)



**THE INSTITUTE OF  
Company Secretaries of India**

**IN PURSUIT OF PROFESSIONAL EXCELLENCE**  
Statutory body under an Act of Parliament

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## **PREFACE**

Meetings are perhaps the best practical expression of democratic form of corporate management. For the real owners of the organization i.e. the shareholders, it is an opportunity for constructive dialogue with the management. Being member of the company shareholders have right to participate in decision making process by casting their vote in the interest of the company. Voting by electronic means is a facility given to the members of a company to cast their votes on the resolutions through electronic mode. They may or may not attend the meeting physically.

Ministry of Corporate Affairs vide its G.S.R. Notification No. 260(E) dated 31st March, 2014 notified the Companies (Management and Administration) Rules, 2014 under the Companies Act, 2013 which provide for new provisions for voting through electronic means. The Ministry of Corporate Affairs had recently clarified that e-voting would not be mandatory till December 31 this year however SEBI had in mid-April amended the listing agreement (clause 35B) to stipulate that e-voting facility be provided for all shareholder resolutions in general meetings. Despite being applauded by corporate and other stakeholders, the new approach has drawn attention to some practical issues with reference to general meetings.

The Institute as part of its capacity building initiatives under the Companies Act, 2013 decided to bring out the publication on e-Voting as a self teaching aid to make the concept familiar among the professionals. This publication has been prepared in consultation with National Securities Depository Limited (NSDL) - a leading service provider for e-voting. I wish to place on record my sincere thanks to Mr. Nitin Ambure, Vice President, National Securities Depository Limited and his e-voting team at NSDL for providing technical inputs in making this book a comprehensive, informative and application oriented.

I commend the dedicated efforts put in by Mr. Chittaranjan Pal and Mr. Rakesh Kumar, Assistant Education Officers in the Institute for developing the manuscript, incorporating suggestions and finalizing this publication under the guidance of Dr. S K Dixit, Joint Secretary, ICSI and overall supervision of Mr. Sutanu Sinha, Chief Executive of the Institute.

I have great pleasure in introducing this book to the professional fraternity. I am sure, this publication will prove to be useful and beneficial to professionals, corporate executives and the academicians.

E-voting being in the evolving stage, there would always be scope for further improvement. I would personally be grateful to the users and readers for offering their suggestions for further improvement.

**(CS R Sridharan)**

Place : New Delhi

*President*

Date : August 14, 2014      The Institute of Company Secretaries of India

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# Chapter 1

## Introduction

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Corporates being driven by the stakeholder's democracy are haiping upon the use of technology in important decisions making. Companies with a large shareholders base require the active involvement and participation by the investors in major decisions impacting the shareholders, which can be achieved easily with the help of e-voting infrastructure. E-voting not only accelerates the whole voting process, but makes it less expensive and more comfortable for the voters and the organisations as well. It also, reduces the chances of the errors.

Meetings are perhaps the best practical expression of democratic form of corporate function. For the real owners of the organization i.e. the shareholders it is an opportunity for constructive dialogue between the management and shareholders. By the virtue of being shareholders they have a say in the decision making of the company which they exercise by casting their valuable votes.

It is significant that the shareholders meetings are planned and organized properly and are conducted in a constructive, meaningful and transparent manner. Exercising of the voting rights by the shareholders is an invariable tool to hold the board accountable for its activities. In times of technological advancement, various novel modes of communication such as internet, video-conferencing, webcast etc, electronic voting, the boundaries have become baseless, as a result shareholders situated in different geographical areas can communicate and cast their vote in meetings using new techniques of communication.

Voting by electronic means is a facility given to the members of a company to cast their votes on the resolutions through electronic mode. It provides an opportunity to shareholders residing in far-flung area to take part in the decision making process of the company. They may or may not attend the meeting physically. Boards in their fiduciary capacity are now looked upon for greater accountability and transparency for the effectiveness of their overall governance process. E-Voting is a further step to encourage corporate democracy and to promote good corporate governance.

E-voting allows a voter to record his or her secure and secret ballot electronically. E-voting are generally used in government elections like general elections, state legislative assembly elections etc. and considered as a tool of effective governance in voting infrastructure.

E-voting is a common Internet infrastructure that enables the investors to vote electronically on resolution of companies. Shareholders normally exercised their votes on resolutions proposed by companies through postal ballot. If a company decides to pass any resolution by resorting to postal ballot, it will send a notice to all the shareholders, requesting them to send their assent or dissent in writing on a postal ballot.

The Companies Act, 2013 had ushered in the concept of e-voting to ensure wider shareholder participation in the decision-making process in companies. E-voting process has been introduced in order to secure wider participation of Shareholders in the important decisions of the company since postal method of voting has its own limitation. The process—of seeking shareholders' approval through postal ballot—is not only time consuming but also involves huge cost such as administration and posting costs, paper work, etc. To avoid all these hassles, the new Companies Act 2013, has introduced the concept of voting through electronic means. Passing of appropriate resolutions by shareholders of companies and increased shareholder participation therein is an important factor for good Corporate Governance.

## **E-VOTING : GLOBAL PRACTICES**

Electronic voting has been evolving in world over much of the past decade. Apart from the developed nations like UK & USA, below are some of the markets that have adopted or are in the process of adopting e-voting:

### **Korea**

K-evote, an electronic voting system for exercising voting rights through the internet (<http://evote.ksd.or.kr>), was launched on September 23, 2010 by the Korea Securities Depository (KSD). Companies that opt for the electronic voting system by a resolution by the board of directors will register their shareholders meeting agenda in advance at the KSD. Shareholders will be able to access the website in order to vote from 10 days prior to the date of the shareholders' meeting until the day before the meeting.

Korea Ship Finance Co., Ltd. was the first company to adopt the electronic voting system in September 2010.

**Taiwan**

Taiwan regulators amended the law in 2006 to allow electronic transmission of share votes. In 2009, the Taiwan Depository & Clearing Corporation (TDCC) established a domestic e-voting platform called “StockVote”. It allows shareholders to vote electronically up to five days ahead of the AGM.

The adoption of StockVote has been limited; few companies signed up to use it. The main reason for the reluctance of listed companies is that the vast majority of them prefer to vote by acclamation. Taiwan regulators are aware of this, which is why in July 2009 the Executive Yuan, the cabinet, approved for presentation before parliament an amendment to Article 177-1 of the Company Act authorising, “the competent authority, by considering the scale, shareholder numbers and structure of shareholders of such company, and other situations it deemed to be necessary, may order a company to include electronic voting as one of the company’s shareholder meeting voting methods”.

**Pakistan**

The Securities and Exchange Commission of Pakistan (SECP) initiated the process for e-voting to facilitate members to vote for resolutions in the general meetings through e-voting. The SECP has provisionally approved the e-voting scheme and has drafted relevant regulations.

The proposed regulations provide that companies shall communicate to their members the option to participate, through e-voting, in the business to be approved at the general meeting. The members opting for e-voting shall have to appoint the intermediary, nominated by the company, as their proxy. Members intending to cast an electronic vote are required to be authenticated through secured electronic signature provided by the intermediary, and shall cast vote online through the website of intermediary during the time specified in the notice of the meeting. The intermediary is required to keep the result of electronic vote confidential and cast vote on behalf of members acting as their proxy during the time of poll.

The process of e-voting is exhaustively elaborated through regulations in such a manner that it will not prevent the members from exercising their rights. For this purpose companies will have to make provision for taking a poll as the mode of voting and the appointment of non-member as a proxy in the respective articles of association if not, already provided. The choice and the manner of exercise of proxy



e-voting shall be communicated to the shareholder through notice of meeting.

The regulations lay down qualifications and criteria for the intermediary for the process of e-voting and will be appointed by the company at least 30 days before meeting and shall have a certificate of accreditation issued by the Electronic Certification Accreditation Council established under Section 18 of the 2002 Electronic Transactions Ordinance.

The Companies (Proxy E-Voting) Regulations, 2014, were placed before the Policy Board for its approval before publishing them to elicit the public opinion.

### **Turkey**

Turkey's New Company Law paved the way for its national stock exchange to require the issuers change their company statutes in order to allow electronic participation and voting at their general meetings. Regulation regarding participation to General Meetings of joint stock companies on Electronic Medium issued by the Turkish Republic Ministry of Customs and Trade on the 28th August 2012 and associated procedural rules marked Turkey as the first country to require companies listed on its stock exchange (Istanbul Stock Exchange, ISE) to allow shareholders, custodians and intermediaries to participate and vote at general shareholders meetings via an electronic platform.

Article 1527 of the New Commercial Law (NCL) established the legal basis that electronic participation and voting have the same legal consequences as physical participation and voting for all joint stock companies, while providing electronic General Meetings compulsory for listed companies. The regulations also provide the procedures for unlisted joint stock companies to offer electronic General Meetings on an optional basis.

### **China**

Chinese issuers do not send communications directly to shareholders. Instead, information is disseminated via public media and newspapers. The shareholder is responsible for monitoring these outlets for information on their investee companies and printing any forms needed for voting.

Shareholders can vote via paper or in person at the meeting for general resolutions. For special resolutions, electronic voting is

mandatory. The issuer is required to choose one online voting platform, which may be provided by either Shanghai Stock Exchange or Shenzhen Stock Exchange etc. The on-site votes and the online votes will be reconciled by the online voting platform. If the investor voted the same shares both online and in person, the first vote in recorded time sequence counts. Additionally, they can vote directly or via proxy. Only shareholders directly visible on the share register, or their proxies, are able to vote.

### **Japan**

Shareholders may vote in person or by proxy. The particular structure of the proxy season in Japan, compounded by the substantial number of investors holding through nominees, resulted in substantial inefficiencies in the voting process and reduced participation. Most intermediaries require proxy materials to be returned to them 10 days prior to the meeting, leaving too tight a window for effective participation in voting across all Japanese meetings.

Paper ballots were previously the default voting mechanism in Japan, which had to be lodged by the registered shareholder. As a result of the issues described above, there has been a movement over the past few years to an electronic voting platform operated by Investors Communication Japan (ICJ). This is an optional service for issuers, facilitating the communications and voting process between the issuer, intermediaries and institutional investors. By using the platform, investors are able to receive meeting notices on the day of release and send their voting instructions up to the day before the meeting.

### **New Zealand**

New Zealand companies have increased flexibility to communicate with shareholders electronically and conduct virtual shareholder meetings as a result of amendments to the Companies Act, 1993 under the Companies Amendment Act (No 2) 2012. The amendments came into force on 31 August, 2012.

The New Zealand legislation is in line with foreign jurisdictions such as Australia and the UK, where electronic shareholder participation is widely utilised.

A summary of the key amendments to the New Zealand's Companies Act and some of the options now available as a result of those amendments are outlined below:

- Shareholder meetings: In addition to attending a physical meeting, a shareholder (or their proxy or representative) may participate in a shareholder meeting by means of "audio, audio and visual, or electronic communication" with the approval of the board of the company (and those participants will be counted as part of the quorum for the meeting). This provides companies with more flexibility to use technology for shareholder meetings. For example, it is now permissible to hold shareholder meetings which involve an interactive broadcast between remote shareholders participating online as well as, if applicable, a physical meeting.
- Shareholder voting: Voting may take place at shareholder meetings by "any method permitted by the chairperson" and approved by the board. This will allow companies to determine how votes may be cast at a shareholder meeting. It will also allow a company to take advantage of technological developments as they occur. In today's technological environment, it could allow electronic real-time voting during a shareholder meeting by remote shareholders participating in the meeting online.
- Electronic postal votes: Postal votes may be cast using electronic means permitted by the board. For example, a shareholder may exercise their voting rights online prior to a shareholder meeting without the need to attend the meeting or to appoint a proxy or representative.
- Electronic proxies: Proxies may be appointed electronically. For example, proxy instructions may be submitted to share registrars via the internet.

### **Switzerland**

Switzerland is about to adopt the e-voting mechanism as listed Swiss companies have to comply with a new law mandating shareholder e-voting. The new law is the result of Swiss public dissatisfaction with spiraling levels of boardroom pay and will be effective on 1st January, 2015.

### **Malaysia**

Malaysian Corporate Governance Code, 2012 provides that the board should direct the company to disclose all relevant information to shareholders to enable them to exercise their rights and board should also consider adopting electronic voting to facilitate greater shareholder participation.

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## **Chapter 2**

# **Legal Framework for E-Voting in India**

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Ministry of Corporate Affairs (MCA) vide notification of section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 mandated that every listed company or a company having not less than one thousand shareholders should provide to its members a facility wherein its members can exercise their vote at general meetings by electronic means. The provisions seek to ensure wider shareholders participation in the decision making process in companies. This initiative taken by the MCA has been a positive booster towards enduring good corporate governance in India.

As per Explanation to rule 20 to the Companies (Management and Administration) Rules, 2014 the expression "voting by electronic means" or "electronic voting system" means a 'secured system' based process of display of electronic ballots, recording of votes of the members and the number of votes polled in favour or against, such that the entire voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralized server with adequate 'cyber security'.

After considering the suggestions received from the various stakeholders regarding procedural requirements, engagement of Depository Agencies and the need for clarity on matter like demand for poll/postal ballot etc. the Ministry of Corporate Affairs has decided not to treat the relevant provisions as mandatory till 31st December, 2014.

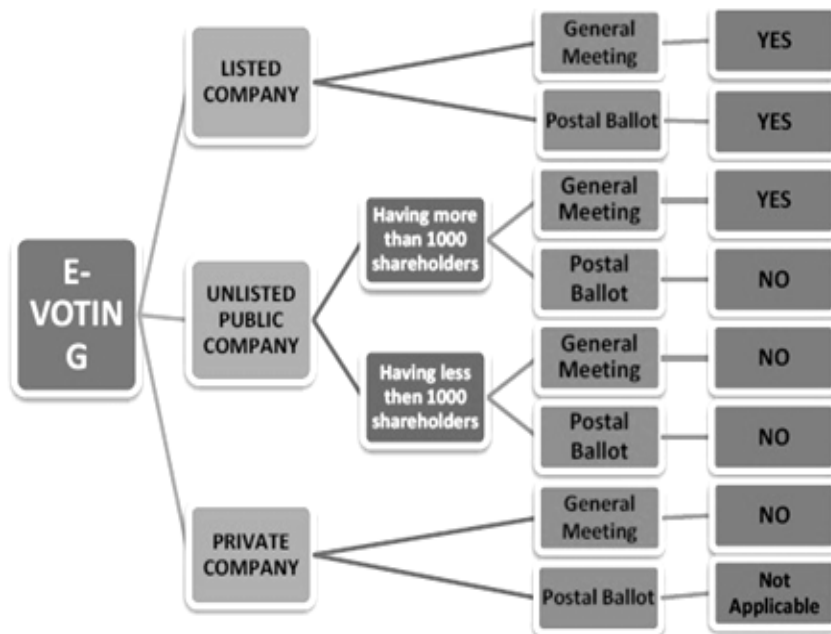
Further, Clause 35B of the Equity Listing Agreement of Securities and Exchange Board of India (SEBI) has also mandated companies to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings or through postal ballot and provided that the modalities would be governed by the provisions of Companies (Management and Administration) Rules, 2014.

In terms of Clause 35A of the Listing Agreement, the listed companies are also required to submit the details of voting results to the stock exchange, within 48 hours of conclusion of General Meeting.

Further to provide clarity and ensure uniformity in the e-voting procedure, clarifications on certain issues raised by the stakeholders are also provided by the Ministry, which are placed as Annexure-I.

**The applicability Chart of e-voting provision is as under:**

### APPLICABILITY OF E-VOTING



Apart from the above, companies can also voluntarily provide e-voting facility in which case they must also follow the procedure given below and all the provisions of the Act and Rules relating to e-voting will be applicable.

As per Rule 22 of Companies (Management and Administration) Rules, 2014, the provisions of Rule 20 regarding procedure and requirements for voting by electronic means in case of general meetings shall apply mutatis mutandis to postal ballot also in respect of the voting by electronic means.

Below placed are some FAQ to provide clarity of the concept:

Question 1 : Is e-voting a must where the Company's debentures only are listed and shareholders are less than 1000?

Ans: Yes

Question 2 : Is e-voting a must, where an unlisted company has more than 1000 shareholders?

Ans: Yes

Question 3 : Is fixing 'record date' a must for e-voting?

Ans: Yes

Question 4 : Can a shareholder who has voted during e-voting period, vote again at the meeting?

Ans: No.

Question 5 : Is a company whose shares are listed required to follow procedures of e-voting in a postal ballot?

Ans: Yes

Question 6 : Can a shareholder who has not voted during e-voting period attend and vote at the meeting?

Ans: Yes

Question 7 : Is voting rights on e-voting calculated based on shareholding on the 'record date' or shareholding on the meeting date if the member had not voted during e-voting period?

Ans: Voting right on 'record date' holding

Question 8 : Whether a person who has voted through e-voting facility provided by the company, can participate in general meeting? Further, can he change his vote?

Ans: A member of the company who has voted through electronic means may attend the general meeting and participate in the deliberations, though in accordance with the section 108 and Rule 20 of Companies (Management and Administration) Rules, 2014, the member is not allowed to change his vote once cast.

It has been clarified by MCA vide General Circular 20/

2014 dated 17th June, 2014 that a person who has voted through e-voting mechanism in accordance with rule 20 shall not be debarred from participation in the general meeting physically. But he shall not be able to vote in the meeting again, and his earlier vote (cast through e-means) shall be treated as final.

Question 9 : Whether show of hands under section 107 is possible in case of companies which are covered under Rule 20 of Companies (Management and Administration) Rules, 2014 relating to voting through electronic means?

Ans: According to Rule 20(1) every listed company or a company having not less than one thousand shareholders, shall provide to its members facility to exercise their right to vote at general meetings by electronic means. For all the transactions put to vote by electronic means by such companies, impliedly the provisions of section 107 become ineffective.

The same has been clarified by the MCA vide General Circular 20/2014 dated 17th June, 2014 wherein it is stated that voting by show of hands under section 107 would not be allowable in cases where rule 20 of Companies (Management and Administration) Rules, 2014 is applicable.

*Note : Referring to General Circular 20/2014 dated 17th June, 2014 the MCA while considering some practical difficulties in respect of voting through electronic means and conduct general meetings, decided not to treat the relevant provisions of Section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 as mandatory till 31st December, 2014.*

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## **Chapter 3**

### **Procedural Aspects of E-Voting**

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The procedural aspects of the e-voting process are covered under the Companies (Management and Administration) Rules, 2014. Although it is mandatory for prescribed companies to provide for e-voting facility to its shareholders, any other company may opt to provide the facility to its members to exercise their votes at any general meeting by electronic voting system. However, such a company shall also have to comply with Rule 20 of Companies (Management and Administration) Rules, 2014.

**The notice of the meeting** shall clearly mention that the business may be transacted through electronic voting system and the company is providing facility for voting by electronic means. Further it shall also indicate the process and manner for voting by electronic means and the time schedule including the time period during which the votes may be cast and shall also provide the login ID and create a facility for generating password and for keeping security and casting of vote in a secure manner.

**The e-voting Period and voting** : The e-voting shall remain open for not less than one day and not more than three days. It has been clearly provided that in all cases, voting period shall be completed three days prior to the date of the general meeting. All the shareholders of the company during this period, holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically. At the end of the voting period, the portal where votes are cast shall forthwith be blocked. Once the vote on a resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

**Advertisement** : The company shall publish an advertisement about having sent the notice of the meeting, at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and having a wide circulation in that district, and at least once in English language in an English newspaper having a wide circulation in that district. The advertisement shall be published not less than five days before the date of beginning of the voting period. The advertisement shall specify



therein, *inter alia*, the following matters, namely:-

- (a) statement that the business may be transacted by electronic voting;
- (b) the date of completion of sending of notices;
- (c) the date and time of commencement of voting through electronic means;
- (d) the date and time of end of voting through electronic means;
- (e) the statement that voting shall not be allowed beyond the said date and time;
- (f) website address of the company and agency, if any, where notice of the meeting is displayed; and
- (g) contact details of the person responsible to address the grievances connected with electronic voting.

#### **Appointment and role of the scrutinizer**

The Board of directors shall appoint one scrutinizer, who may be Company Secretary in practice or Chartered Accountant in practice or Cost Accountant in practice, or an advocate, but not in employment of the company and is a person of repute who, in the opinion of the Board can scrutinize the e-voting process in a fair and transparent manner. The scrutinizer so appointed may take assistance of a person who is not in employment of the company and who is well-versed with the e-voting system. The scrutinizer within a period of not exceeding three working days from the date of conclusion of e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the company and make a scrutinizer's report of the votes cast in favour or against, if any. Such report shall be sent to the Chairman.

Rules issued by MCA states that the scrutinizer appointed for the poll, shall submit a report to the Chairman of the meeting in Form No. MGT.13 and the report shall be signed by the scrutinizer and, in case there is more than one scrutinizer by all the scrutinizers, and the same shall be submitted by them to the Chairman of the meeting within seven days from the date the poll is taken.

**Extracts of Rules 20, 21& 22 from Companies (Management and Administration) pertaining to e-voting and postal ballot issued by Ministry of Corporate Affairs alongwith prescribed Form MGT-13 are placed as Annexure-II.**

The provisions of Companies Act, 2013, indicates that voting by show of hands in general meetings may be a nullity in case of companies for which e-voting is mandatory. In this scenario, Poll in general meetings may be the only alternative wherein other shareholders who didn't vote on e-voting, have a chance to cast their vote by attending those meetings.

The Specimens of Scrutinizer Report on e-voting and Scrutinizer Combined Report on the result of Poll & E-Voting are placed as Annexure-III & IV respectively.

### **Bombay High Court Observation on E-Voting Provisions**

Recently the Bombay High Court in scheme of amalgamation between Wadala Commodities Limited with Godrej Industries Limited has passed a judgment on postal ballot, e-voting and relevance of General Meetings which has raised issues of legislative requirement of the E-voting concept. The gist of the judgement dated May 8, 2014 is as under:

- (i) Whether the provision of postal ballot, which includes voting by electronic means implies complete substitution of an actual meeting. That is, does the 2013 Act have the effect of altogether eliminating the need for an actual meeting being convened. In terms of new law, shareholders may express their views only by voting through postal ballot or electronic voting—this is altogether extreme to a proposition especially if it is sought to be applied to all meetings other than those limited one's where the statute requires a meeting to be held.
- (ii) As per section 110 (1) (b) for any item of business in respect of which directors or auditors have a right to be heard, a company may transact that item of business by means of postal ballot in such manner as may be prescribed instead of transacting it at the General meeting. Sub-section 2 of Section 110 contains a deeming fiction which says that if a resolution is assented to by the requisite majority of shareholders it shall be deemed to have been duly passed at a general meeting convened for this purpose. (This is an area which was highlighted by the Applicant).
- (iii) An important right of shareholder democracy is not only to vote on any particular item of business so much as is the right to use the vote as an expression of an informed decision. Shareholder has an inalienable right to ask questions, seek clarifications and receive responses before he decided which way he will vote.

For greater inclusiveness, this right cannot be altogether done away with. To ask a shareholder to cast his vote only on the basis of information that has been sent to him by post or mail, seems to be completely contrary to the legislative intent and spirit to the expressed terms of the SEBI circular and amended Listing Agreement Clause 35B and 49. This matter needs fuller consideration, till the matter is fully heard and decided no authority or company should insist upon such a postal - Ballot-only meeting to the exclusion of actual meeting.

- (iv) Often, scheme of arrangement or comprise are amended at a meeting however, in case of a postal ballot no such amendment is possible.
- (v) Section 110 speaks of meetings called by the company. There are court convened meetings. A court may even dispense with such a meeting, irrespective of any provisions for a postal ballot.
- (vi) Section 110 plainly speaks of transaction of certain item of business by postal ballot instead of transacting such business at a general meeting.
- (vii) There must be reasonable opportunity to participate at the meeting, participation connotes something more than merely meeting.

### **E-Voting Procedure**

E-voting is a common Internet Infrastructure that enables the investors to vote electronically on resolution of companies. Electronic voting replaces the postal ballot process and saves time and cost of the company. e-Voting is a mechanism through which security holders of companies can vote on resolutions electronically any-where and at any-time during the period of voting, through the electronic voting system developed by NSDL and CDSL Ventures Ltd (CVL). In case of e-voting, there is no physical collection and counting of postal ballot papers. Also, there is no need for verification of signatures of the shareholders who have exercised their votes.

NSDL/CDSL have already been providing e-voting services after their e-Voting system had received the Website Quality Certificate from the Standardization Testing and Quality Certification (STQC) Directorate, Department of Information Technology, Ministry of Communications & IT, Government of India.

In order to solve the problems faced with the postal ballot, NSDL and CDSL have developed an internet based e-voting platform which

enables shareholders to vote electronically in a convenient manner. 'User ID' and 'Password' are provided to the shareholders by the agency providing e-voting platform. In case of joint shareholding, e-voting option will be available only to the first shareholder. E-voting facility is available to shareholders holding shares in physical form as well as in demat form.

E-voting system records votes of the members / shareholders and provides data on the number of votes polled in favour or against a resolution proposed by the company. E-voting process is safe and maintains the confidentiality of the data.

### **Process of e-voting for a company**

- A company desiring to use the e-Voting system has to sign the agreement and accept the terms and conditions for usage of the e-Voting system with NSDL/CDSL.
- The notice of the meeting should mention that the business may be transacted through electronic voting system and the company is providing facility for voting by electronic means.
- The company through its Register and Transfer Agent (RTA) will set up the e-voting schedule on its website. The company will upload the resolutions on which voting is required and generate an Electronic Voting Sequence Number (EVSN) / Electronic Voting Even Number (EVEN). The Company will upload the Register of Members.
- CDSL / NSDL will generate the password for each shareholder and print the same in a secured manner, which is to be sent to all the shareholders.
- The company will then communicate the password, EVSN / EVEN and the procedure for e-voting along with the notice of resolution to all the shareholders.
- At the end of the voting period, the portal where votes are cast will be blocked and no additional votes will be accepted by the company.
- After the voting period is over, a scrutiniser prepares a report of the votes cast in favour or against, if any, forthwith to the Chairman.
- A scrutiniser is an individual who monitors the entire process of e-voting. Appointed by the company, a scrutinizer, may be a

practising chartered accountant, cost accountant, company secretary or an advocate. The scrutiniser scrutinizes the e-voting process in a fair and transparent manner.

- E-voting shall remain open for at least for one day and maximum for three days. In all such cases, such voting period should be completed three days prior to the date of the general meeting.

### **Process of e-voting for shareholders**

- The shareholders can login to the e-voting system using their user-id (i.e, demat account number / folio number), PAN and password.
  - After logging in, demat shareholders will have to confirm their personal details and compulsorily change their password. This password can be used by demat shareholders for voting on resolutions of any other company in which they are eligible to vote.
  - During the voting period, the shareholders can visit the e-voting website and select the relevant EVSN / EVEN / company for voting.
  - Shareholders can view the detailed resolutions on the website and cast their vote available for voting.
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## Chapter 4

# Advantages of E-Voting

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### (i) Advantages of E-Voting to Company

Reduction in paperwork of the company: As the voting process involves the electronic gadgets, it helps to eliminate the use of paper. This involves sending of notices and ballot papers and receiving the said ballot votes

*Reduction in administration cost* : Administrative costs of postal voting will be reduced as there will be no need for verification of signatures and counting of ballot votes. Company will save the cost of human resource which is paid in the form of salary to its employees. Also, cost associated with storing of physical ballot papers will be saved.

*Faster and Transparent process* : In electronic voting, process is faster, transparent and cost efficient. It facilitates electronic voting on resolutions of companies in a fair and transparent manner for all classes of security/stakeholders.

*Accurate counting* : The counting of votes in e-Voting is done through electronic means. The results are very accurate and there are no chances of error. In physical counting the chances of occurring of any error is very high.

*Instantaneous Results* : The time taken by the electronic machines in counting of votes is very less and results are declared almost instantaneously.

*Increase shareholder participation* : In shareholder meetings, the participation of shareholders increases as they can vote from their home or office.

*Eliminate postal and other natural delays* : E-voting eliminates the postal and other natural delays as the notices and ballot papers are sent by the company through emails and other electronic means.

### (ii) Advantages of E-Voting to Shareholders

- The e-Voting system is a secured system wherein shareholders can cast their votes in respect of resolutions placed by Issuers for voting by postal ballot/general meetings.

- In respect of the shareholders whose email addresses are available with the Issuers/ Registrar & Transfer (R & T) Agents, the user ID and password are e-mailed to the shareholders in an encrypted manner. In respect of shareholders whose email addresses are not available, the user ID and password are delivered by the Issuers/R & T Agents at the address of the shareholders available with the Issuers/R & T Agents.
- In respect of shareholders having depository accounts, the same log-in credentials can be used by the shareholders for voting in respect of all the resolutions of the companies which have entered into an agreement with CDSL/NSDL for availing the services of the e-Voting system and where they are the shareholders as of the cut-off date (record date). Thus, the e-Voting platform helps the shareholders to conveniently participate in the voting through postal ballots/general meetings process for all companies where they are shareholders and which have availed the services of e-Voting system.
- Shareholders can update their contact details (mobile number and email address) and these user profile details shall be recorded by the e-Voting system. Shareholders will also have the facility to reset their password.
- E-Voting enable the shareholders to take part in the decision making process of companies in the comfort of their homes or offices. Custodians and Mutual Funds can conveniently vote on e-Voting system of CDSL/NSDL.
- Voting through proxy is permitted to help investors who cannot attend the meeting to appoint a person designated by them to vote on their behalf at the meeting. E-voting would eliminate the need of appointing a proxy.
- Once the shareholder exercises his vote, no option is available to the shareholders to modify his vote.

**A list of FAQs on E-Voting are placed as *Annexure-V*.**

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**MCA Clarifications on issues associated  
with E-Voting Procedure**

- (i) *Show of hands not to be allowed in case of e-voting*:- In view of clear provisions of section 107, voting by show of hands would not be allowable in cases where rule 20 of Companies (Management and Administration) Rules, 2014 is applicable.
- (ii) *Participation in the general meeting after voting by e-means* : - It is clarified that a person who has voted through e-voting mechanism in accordance with rule 20 shall not be debarred from participation in the general meeting physically. But he shall not be able to vote in the meeting again, and his earlier vote (cast through e-means) shall be treated as final.
- (iii) *Applicability of rule 20 for matters specified under rule 22(16)*:- Stakeholders have asked whether matters specified under rule 22(16) (transactions of certain items only through postal ballot) can be considered in a general meeting where e-voting facility is available. It has been examined and it is stated that in view of clear provisions of section 110(l)(a) read with such rule 22(16) it would be necessary to transact items specified in rule 22(16) only through postal ballot and not at the general meeting.
- (iv) *Relevance of provisions relating to demand for poll* :- In case of companies having share capital, voting through e-means takes into account 'Proportion principle' [i.e. 'one share - one vote] unlike 'one person - one vote' principle under 'show of hands'. This alongwith provisions of section 107 make it clear that in case of companies which are covered under section 108 read with rule 20 of Companies (Management and Administration) Rules, the provisions relating to demand for poll would not be relevant.
- (v) *Permissibility of voting by posted ballot under rule 20* :- Stakeholders have sought a clarification that in cases (covered under rule 20) where a shareholder who is not able to participate in the general meeting personally and who is also not exercising voting through e-means whether such a person shall have the option to vote through postal ballot. The matter has been examined and it is felt that keeping in view the provisions of the Act such an option would not be available.
- (vi) *Manner of voting in case of shareholders present in the meeting*:-Stakeholders have sought clarity about manner of



voting for shareholders (of a company covered under rule 20) who are present in the general meeting. It is hereby clarified that since voting through e-means would be on the basis of proportion of share in the paid-up capital or 'one-share one-vote', the Chairperson of the meeting shall regulate the meeting accordingly.

- (vii) *Applying rule 20 voluntarily* ; - Stakeholders have referred to words 'A company which opts to' appearing in rule 20(3) and have raised a query whether rule 20 is applicable to companies not covered in rule 20(1). It is clarified that rule 20(3) is being amended to align it with rule 20(1). Regarding voluntary application of rule 20, it is clarified that in case a company not mandated under rule 20(1) opts or decided to give its shareholders the e-voting facility, in such a case, the whole of procedure specified in rule 20 shall be applicable to such a company. This is necessary so that any piece-meal application does not prejudice the interest of shareholders.

**Relevant Extracts from Companies (Management and Administration) pertaining to E-Voting and Postal Ballot issued by Ministry of Corporate Affairs alongwith prescribed Form MGT-13**

**Voting through electronic means (Rule 20)**

1. Every listed company or a company having not less than one thousand shareholders, shall provide to its members facility to exercise their right to vote at general meetings by electronic means.
2. A member may exercise his right to vote at any general meeting by electronic means and company may pass any resolution by electronic voting system in accordance with the provisions of this rule.

*Explanation.-* For the purposes of this rule.-

- (i) the expressions “voting by electronic means” or “electronic voting system” means a ‘secured system’ based process of display of electronic ballots, recording of votes of the members and the number of votes polled in favour or against, such that the entire voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralized server with adequate ‘cyber security’;
- (ii) the expression “secured system” means computer hardware, software, and procedure that –
  - (a) are reasonably secure from unauthorized access and misuse;
  - (b) provide a reasonable level of reliability and correct operation;
  - (c) are reasonably suited to performing the intended functions; and
  - (d) adhere to generally accepted security procedures.
- (iii) the expression “Cyber security” means protecting information, equipment, devices, computer, computer resource, communication device and information stored therein from unauthorised access, use, disclosures, disruption, modification or destruction.

3. A company which opts to provide the facility to its members to exercise their votes at any general meeting by electronic voting system shall follow the following procedure, namely;
  - (i) the notices of the meeting shall be sent to all the members, auditors of the company, or directors either -
    - (a) by registered post or speed post ; or
    - (b) through electronic means like registered e-mail id;
    - (c) through courier service;
  - (ii) the notice shall also be placed on the website of the company, if any and of the agency forthwith after it is sent to the members;
  - (iii) the notice of the meeting shall clearly mention that the business may be transacted through electronic voting system and the company is providing facility for voting by electronic means;
  - (iv) the notice shall clearly indicate the process and manner for voting by electronic means and the time schedule including the time period during which the votes may be cast and shall also provide the login ID and create a facility for generating password and for keeping security and casting of vote in a secure manner;
  - (v) the company shall cause an advertisement to be published, not less than five days before the date of beginning of the voting period, at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and having a wide circulation in that district, and at least once in English language in an English newspaper having a wide circulation in that district, about having sent the notice of the meeting and specifying therein, inter alia, the following matters, namely:-
    - (a) statement that the business may be transacted by electronic voting;
    - (b) the date of completion of sending of notices;
    - (c) the date and time of commencement of voting through electronic means;
    - (d) the date and time of end of voting through electronic means;

- (e) the statement that voting shall not be allowed beyond the said date and time;
  - (f) website address of the company and agency, if any, where notice of the meeting is displayed; and
  - (g) contact details of the person responsible to address the grievances connected with the electronic voting;
- (vi) the e-voting shall remain open for not less than one day and not more than three days:

**Provided** that in all such cases, such voting period shall be completed three days prior to the date of the general meeting;

- (vii) during the e-voting period, shareholders of the company, holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically:

**Provided** that once the vote on a resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

- (viii) at the end of the voting period, the portal where votes are cast shall forthwith be blocked.

- (ix) the Board of directors shall appoint one scrutinizer, who may be chartered Accountant in practice, Cost Accountant in practice, or Company Secretary in practice or an advocate, but not in employment of the company and is a person of repute who, in the opinion of the Board can scrutinize the e-voting process in a fair and transparent manner:

**Provided** that the scrutinizer so appointed may take assistance of a person who is not in employment of the company and who is well-versed with the e-voting system;

- (x) the scrutinizer shall be willing to be appointed and be available for the purpose of ascertaining the requisite majority;
- (xi) the scrutinizer shall, within a period of not exceeding three working days from the date of conclusion of e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman;

- (xii) the scrutinizer shall maintain a register either manually or electronically to record the assent or dissent, received, mentioning the particulars of name, address, folio number or client ID of the shareholders, number of shares held by them, nominal value of such shares and whether the shares have differential voting rights;
- (xiii) the register and all other papers relating to electronic voting shall remain in the safe custody of the scrutinizer until the chairman considers, approves and signs the minutes and thereafter, the scrutinizer shall return the register and other related papers to the company.
- (xiv) the results declared along with the scrutinizer's report shall be placed on the website of the company and on the website of the agency within two days of passing of the resolution at the relevant general meeting of members;
- (xv) subject to receipt of sufficient votes, the resolution shall be deemed to be passed on the date of the relevant general meeting of members.

**Manner in which the Chairman of meeting shall get the poll process scrutinised and report thereon. (Rule 21)**

- (1) The Chairman of a meeting shall ensure that-
- (a) The Scrutinizers are provided with the Register of Members, specimen signatures of the members, Attendance Register and Register of Proxies.
  - (b) The Scrutinizers are provided with all the documents received by the Company pursuant to sections 105, 112 and section 113.
  - (c) The Scrutinizers shall arrange for Polling papers and distribute them to the members and proxies present at the meeting; in case of joint shareholders, the polling paper shall be given to the first named holder or in his absence to the joint holder attending the meeting as appearing in the chronological order in the folio and the Polling paper shall be in Form No. MGT.12.
  - (d) The Scrutinizers shall keep a record of the polling papers received in response to poll, by initialing it.
  - (e) The Scrutinizers shall lock and seal an empty polling box in the presence of the members and proxies.

- (f) The Scrutinizers shall open the Polling box in the presence of two persons as witnesses after the voting process is over.
  - (g) In case of ambiguity about the validity of a proxy, the Scrutinizers shall decide the validity in consultation with the Chairman.
  - (h) The Scrutinizers shall ensure that if a member who has appointed a proxy has voted in person, the proxy's vote shall be disregarded.
  - (i) The Scrutinizers shall count the votes cast on poll and prepare a report thereon addressed to the Chairman.
  - (j) Where voting is conducted by electronic means under the provisions of section 108 and rules made thereunder, the company shall provide all the necessary support, technical and otherwise, to the Scrutinizers in orderly conduct of the voting and counting the result thereof.
  - (k) The Scrutinizers' report shall state total votes cast, valid votes, votes in favour and against the resolution including the details of invalid polling papers and votes comprised therein.
  - (l) The Scrutinizers shall submit the Report to the Chairman who shall counter-sign the same.
  - (m) The Chairman shall declare the result of Voting on poll. The result may either be announced by him or a person authorized by him in writing.
- (2) The scrutinizers appointed for the poll, shall submit a report to the Chairman of the meeting in Form No. MGT.13 and the report shall be signed by the scrutinizer and, in case there is more than one scrutinizer by all the scrutinizer, and the same shall be submitted by them to the Chairman of the meeting within seven days from the date the poll is taken.

**Procedure to be followed for conducting business through postal ballot. (Rule 22)**

- (1) Where a company is required or decides to pass any resolution by way of postal ballot, it shall send a notice to all the shareholders, along with a draft resolution explaining the reasons therefor and requesting them to send their assent or dissent in writing on a postal ballot because postal ballot means voting by post or through electronic means within a period of thirty days from the date of dispatch of the notice.

- (2) The notice shall be sent either (a) by Registered Post or speed post, or (b) through electronic means like registered e-mail id or (c) through courier service for facilitating the communication of the assent or dissent of the shareholder to the resolution within the said period of thirty days.
- (3) An advertisement shall be published at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and having a wide circulation in that district, and at least once in English language in an English newspaper having a wide circulation in that district, about having dispatched the ballot papers and specifying therein, inter alia, the following matters, namely:-
  - (a) a statement to the effect that the business is to be transacted by postal ballot which includes voting by electronic means;
  - (b) the date of completion of dispatch of notices;
  - (c) the date of commencement of voting;
  - (d) the date of end of voting;
  - (e) the statement that any postal ballot received from the member beyond the said date will not be valid and voting whether by post or by electronic means shall not be allowed beyond the said date;
  - (f) a statement to the effect that members, who have not received postal ballot forms may apply to the company and obtain a duplicate thereof; and
  - (g) contact details of the person responsible to address the grievances connected with the voting by postal ballot including voting by electronic means.
- (4) The notice of the postal ballot shall also be placed on the website of the company forthwith after the notice is sent to the members and such notice shall remain on such website till the last date for receipt of the postal ballots from the members.
- (5) The Board of directors shall appoint one scrutinizer, who is not in employment of the company and who, in the opinion of the Board can conduct the postal ballot voting process in a fair and transparent manner.
- (6) The scrutinizer shall be willing to be appointed and be available for the purpose of ascertaining the requisite majority.

- (7) If a resolution is assented to by the requisite majority of the shareholders by means of postal ballot including voting by electronic means, it shall be deemed to have been duly passed at a general meeting convened in that behalf.
- (8) Postal ballot received back from the shareholders shall be kept in the safe custody of the scrutinizer and after the receipt of assent or dissent of the shareholder in writing on a postal ballot, no person shall deface or destroy the ballot paper or declare the identity of the shareholder.
- (9) The scrutinizer shall submit his report as soon as possible after the last date of receipt of postal ballots but not later than seven days thereof;
- (10) The scrutinizer shall maintain a register either manually or electronically to record their assent or dissent received, mentioning the particulars of name, address, folio number or client ID of the shareholder, number of shares held by them, nominal value of such shares, whether the shares have differential voting rights, if any, details of postal ballots which are received in defaced or mutilated form and postal ballot forms which are invalid.
- (11) The postal ballot and all other papers relating to postal ballot including voting by electronic means, shall be under the safe custody of the scrutinizer till the chairman considers, approves and signs the minutes and thereafter, the scrutinizer shall return the ballot papers and other related papers or register to the company who shall preserve such ballot papers and other related papers or register safely.
- (12) The assent or dissent received after thirty days from the date of issue of notice shall be treated as if reply from the member has not been received.
- (13) The results shall be declared by placing it, along with the scrutinizer's report, on the website of the company.
- (14) The resolution shall be deemed to be passed on the date of meeting convened in that behalf.
- (15) The provisions of rule 20 regarding voting by electronic means shall apply, as far as applicable, mutatis mutandis to this rule in respect of the voting by electronic means.
- (16) pursuant to clause (a) of sub-section (1) of section 110, the



following items of business shall be transacted only by means of voting through a postal ballot-

- (a) alteration of the objects clause of the memorandum and in the case of the company in existence immediately before the commencement of the Act, alteration of the main objects of the memorandum;
- (b) alteration of articles of association in relation to insertion or removal of provisions which, under sub-section (68) of section 2, are required to be included in the articles of a company in order to constitute it a private company;
- (c) change in place of registered office outside the local limits of any city, town or village as specified in sub-section (5) of section 12;
- (d) change in objects for which a company has raised money from public through prospectus and still has any unutilized amount out of the money so raised under sub-section (8) of section 13;
- (e) issue of shares with differential rights as to voting or dividend or otherwise under sub-clause (ii) of clause (a) of section 43;
- (f) variation in the rights attached to a class of shares or debentures or other securities as specified under section 48;
- (g) buy-back of shares by a company under sub-section (1) of section 68;
- (h) election of a director under section 151 of the Act;
- (i) sale of the whole or substantially the whole of an undertaking of a company as specified under sub-clause (a) of sub-section (1) of section 180;
- (j) giving loans or extending guarantee or providing security in excess of the limit specified under sub-section (3) of section 186:

Provided that One Person Company and other companies having members upto two hundred are not required to transact any business through postal ballot.

**FORM No. MGT-13**

**Report of Scrutinizer(s)**

*[Pursuant to rule section 109 of the Companies Act, 2013 and Rule 21(2) of the Companies (Management and Administration) Rules, 2014]*

To,

\_\_\_\_\_

Chairman

\_\_\_\_\_ Annual / Extraordinary General Meeting  
of the Equity Shareholders of \_\_\_\_\_  
Limited Held on \_\_\_\_\_ at \_\_\_\_\_

Dear Sir,

I/We, \_\_\_\_\_,  
\*and \_\_\_\_\_, appointed  
as Scrutinizer(s) for the purpose of the poll taken on the below  
mentioned resolution(s), at the \_\_\_\_\_ meeting of the Equity  
Shareholders of \_\_\_\_\_ Limited, held on \_\_\_\_\_  
at \_\_\_\_\_, submit our report as under:

1. After the time fixed for closing of the poll by the Chairman, \_\_\_\_\_ ballot boxes kept for polling were locked in my/our presence with due identification marks placed by me/us.
2. The locked ballot boxes were subsequently opened in my/our presence and poll papers were diligently scrutinized. The poll papers were reconciled with the records maintained by the Company/Registrar and Transfer Agents of the Company and the authorizations / proxies lodged with the Company.
3. The poll papers, which were incomplete and/or which were otherwise found defective have been treated as invalid and kept separately.

OR

I/We did not find any poll papers invalid.

\_\_\_\_\_

\* Not applicable if there is only one scrutinizer appointed.

4. The result of the Poll is as under:

**(a) Resolution** \_\_\_\_\_ - \_\_\_\_\_

*(Reproduce Item No. and heading of the Resolution)*

I. Voted **in favour** of the resolution

<i>Number of members present and voting (in person or by proxy)</i>	<i>Number of votes cast by them</i>	<i>% of total number of valid votes cast</i>

II. Voted **against** the resolution:

<i>Number of members present and voting (in person or by proxy)</i>	<i>Number of votes cast by them</i>	<i>% of total number of valid votes cast</i>

III. **Invalid** votes :

<i>Total number of members (in person or by proxy) whose votes were declared invalid</i>	<i>Total number of votes cast by them</i>

**(b) Resolution** \_\_\_\_\_ - \_\_\_\_\_

*(Reproduce Item No. and heading of the Resolution)*

I. Voted **in favour** of the resolution

<i>Number of members present and voting (in person or by proxy)</i>	<i>Number of votes cast by them</i>	<i>% of total number of valid votes cast</i>

II. Voted **against** the resolution:

<i>Number of members present and voting (in person or by proxy)</i>	<i>Number of votes cast by them</i>	<i>% of total number of valid votes cast</i>

III. **Invalid** votes :

<i>Total number of members (in person or by proxy) whose votes were declared invalid</i>	<i>Total number of votes cast by them</i>

\_\_\_\_\_ (Enumerate depending on the number of resolutions for which poll is taken)

5. A Compact Disc (CD) containing a list of equity shareholders who voted "FOR", "AGAINST" and those whose votes were declared invalid for each resolution is enclosed.
6. The poll papers and all other relevant records were sealed and handed over to the Company Secretary / Director authorized by the Board for safe keeping.

Thanking you,

Yours faithfully,

Place : \_\_\_\_\_

Dated : \_\_\_\_\_

Name/s and Signature/s of the Scrutinizer/s

**Annexure-III****SPECIMEN REPORT OF SCRUTINIZER ON E - VOTING**

**The Chairman**  
**M/s. XYZ Limited,**

Dear Sir,

**Ref : Annual General Meeting**

**Sub. : Scrutinizer's Report on e-voting conducted pursuant to the provisions of Section 108 of the Companies Act, 2013 ("the Act") read with Rule 20 of the Companies (Management and Administration) Rules, 2014.**

We, ABC & Associates, Company Secretaries, have been appointed as the Scrutinizer by the Board of Directors of M/s. XYZ Limited vide resolution dated ..... pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, to conduct the electronic voting process held between.....(date & time) to ..... (date & time).

The Notice dated ..... convening Annual General Meeting (AGM) of the Company along with Statement setting out material facts under Section 102 of the Companies Act, 2013 were sent to the Shareholders in respect of the below mentioned resolution(s) to be passed at the said Annual General Meeting of the Company to be held on .....at .....

The Company has availed the e-voting facility offered by PQR Limited for conducting e-voting by the Shareholders of the Company.

The Shareholders of the Company holding shares as on the "cut-off" date of ....., were entitled to vote on the proposed resolution(s) as set out at item nos. 1 to ... in the Notice of the AGM of M/s XYZ Limited.

The voting period for e-voting commenced on ..... (date & time) and ended on..... (date & time) and the PQR e-voting platform was blocked thereafter and the votes cast under e-voting facility were then unblocked in the presence of following two witnesses not being in the employment of the Company:

1. .... (Name of the 1st Witness)
2. .... (Name of the 2nd Witness)

We have scrutinized and reviewed the voting through electronic means and votes tendered therein based on the data downloaded from the PQR e-voting system.

We now submit the Report as under on the result of the voting through electronic means in respect of the said Resolutions.

**Item No. ... :**

**Adoption of Financial Statements (Ordinary Resolution)**

(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

**Item No. ... :**

**Declaration of Dividend (Ordinary Resolution)**

(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

**Item No. ...:**

**Appointment of Mr. \_\_\_\_\_, Director retiring by rotation as an Independent Director (Ordinary Resolution)**

(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

**Item No ...:****Appointment of Statutory Auditors (Ordinary Resolution)**(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

**Item No...:****Appointment of Mr.....as an Independent Director (Ordinary Resolution)**(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-



(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

**Item No....:**

**Remuneration to Non – Executive Directors (Special Resolution)**

(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>% of total number of valid votes cast</i>
-	-	-

The Register, all other papers and relevant records relating to electronic voting shall remain in our safe custody until the Chairman considers, approves and signs the Minutes of the aforesaid Annual General Meeting and the same will be handed over to the Company Secretary for safe keeping.

Thanking you,

Yours faithfully,

Name of Partner/Proprietor

CP No. ....

ACS/FCS No. ....

For ABC & Associates

Company Secretaries

**Annexure-IV**

**SPECIMEN REPORT OF SCRUTINIZER – COMBINED  
(ON E-VOTING & POLL)**

Date \_\_\_\_\_

The Chairman

**M/s. XYZ Limited**

Ref : Annual General Meeting of the members of M/s XYZ Limited held on \_\_\_\_\_ at \_\_\_\_\_.

Dear Sir,

We, ABC & Associates, Company Secretaries have been appointed as the Scrutinizer by:

- The Board of Directors of **M/s XYZ Limited** vide resolution dated.....pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, to conduct the electronic voting process held between ..... (Date & time) to ..... (Date & time)
- The Chairman of the Annual General Meeting (AGM) on Poll under the provisions of Section 109 of the Companies Act, 2013 read with Rule 21 of the Companies (Management and Administration) Rules, 2014 on the Resolutions contained in the Notice of the \_\_\_\_\_AGM of the members of the Company, held on \_\_\_\_\_ at \_\_\_\_\_.

The Company has availed Poll facility from M/s PQR Private Limited for enabling the shareholders to vote at the AGM Venue by using Tablets/Laptops.

Based on the report furnished by M/s PQR Private Limited on the Poll conducted at the AGM Venue and based on the data downloaded from the Official website of the PQR Limited for the E-Voting process, we now submit combined report (E-Voting and Poll) as under:

**Item No: ...**

**Adoption of Financial Statements (Ordinary Resolution)**

(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>
-	-	-	-	-

Vote casted in both E-voting and Poll at the AGM by the same shareholder are considered as Invalid and only the votes casted in E-voting are taken into account in respect of such shareholder.

**RESULT**

**As the number of votes cast in favour of the resolution was more/less than the number of votes cast against, we report that the Ordinary Resolution with regard to Item no. .. as set out in the Notice of the AGM is passed in favour/against of the resolution with requisite majority.**

**Item No: ....****Declaration of Dividend (Ordinary Resolution)**(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>
-	-	-	-	-

Vote casted in both E-voting and Poll at the AGM by the same shareholder are considered as Invalid and only the votes casted in E-voting are taken into account in respect of such shareholder.

**RESULT**

**As the number of votes cast in favour of the resolution was more/less than the number of votes cast against, we report that the Ordinary Resolution with regard to Item no. .. as set out in the Notice of the AGM is passed in favour/against of the resolution with requisite majority.**

**Item No: ...**

**Appointment of Mr....., Director retiring by rotation as an Independent Director (Ordinary Resolution)**

(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>
-	-	-	-	-

Vote casted in both E-voting and Poll at the AGM by the same shareholder are considered as Invalid and only the votes casted in E-voting are taken into account in respect of such shareholder.

**RESULT**

**As the number of votes cast in favour of the resolution was more/less than the number of votes cast against, we report that the Ordinary Resolution with regard to Item no. .. as set out in the Notice of the AGM is passed in favour/against of the resolution with requisite majority.**

**Item No: ....****Appointment of Statutory Auditors (Ordinary Resolution)**(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>
-	-	-	-	-

Vote casted in both E-voting and Poll at the AGM by the same shareholder are considered as Invalid and only the votes casted in E-voting are taken into account in respect of such shareholder.

**RESULT**

**As the number of votes cast in favour of the resolution was more/less than the number of votes cast against, we report that the Ordinary Resolution with regard to Item no. .. as set out in the Notice of the AGM is passed in favour/against of the resolution with requisite majority.**

**Item No: ....**

**Appointment of Mr. .... as an Independent Director (Ordinary Resolution)**

(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>
-	-	-	-	-

Vote casted in both E-voting and Poll at the AGM by the same shareholder are considered as Invalid and only the votes casted in E-voting are taken into account in respect of such shareholder.

**RESULT**

**As the number of votes cast in favour of the resolution was more/less than the number of votes cast against, we report that the Ordinary Resolution with regard to Item no. .. as set out in the Notice of the AGM is passed in favour/against of the resolution with requisite majority.**

**Item No: ...**

**Remuneration to Non – Executive Directors (Special Resolution)**

(i) Voted in **favour** of the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(ii) Voted **against** the resolution:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>	<i>% of total number of valid votes cast</i>
-	-	-	-	-	-

(iii) **Invalid** Votes:

<i>Number of members voted in E-voting</i>	<i>Number of votes cast (Shares) – E Voting</i>	<i>Number of members/ Proxies voted - Poll</i>	<i>Number of votes cast (Shares) – Poll</i>	<i>Total Number of votes cast through E-Voting and Poll</i>
-	-	-	-	-

Vote casted in both E-voting and Poll at the AGM by the same shareholder are considered as Invalid and only the votes casted in E-voting are taken into account in respect of such shareholder.

**RESULT**

**As the number of votes cast in favour of the resolution was more/less than the number of votes cast against, we report that the Ordinary Resolution with regard to Item no. .. as set out in the Notice of the AGM is passed in favour/against of the resolution with requisite majority.**



A Compact Disc (CD) containing a list of equity shareholders who voted **“FOR”/ “AGAINST”** and those whose votes were declared invalid for each resolution is enclosed.

The relevant records relating to E- Voting and Poll were sealed and handed over to the Company Secretary / Director authorized by the Board for safe keeping.

Thanking you,

Yours faithfully,

For ABC & Associates

Company Secretaries

Name of Partner/Proprietor

CP No. ....

ACS/FCS No. ....

**Annexure-V**

**E-Voting: Frequently Asked Questions\***

**Q.1 What is e-Voting?**

Ans. e-Voting is voting through an electronic system where shareholders can vote on resolutions of companies requiring voting through Postal Ballot or in Annual General Meeting anywhere and at any-time during the period of voting as per extant rules and regulations without having the necessity of sending their votes through post/proxy.

**Q.2 What is the legal framework permitting e-Voting?**

Ans. Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 recognizes voting by electronic mode for postal ballot/general meetings.

Further, Section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 mandated that every listed company or a company having not less than one thousand shareholders to provide a facility wherein its members can exercise their vote at general meetings by electronic means. However, due to some practical difficulties the provision will not be mandatory till 31st December, 2014.

Further, Clause 35B of the Equity Listing Agreement of Securities and Exchange Board of India (SEBI) has also mandated companies to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings or through postal ballot and provided that the modalities would be governed by the provisions of Companies (Management and Administration) Rules, 2014.

**Q.3 Who are Authorized for providing e-Voting services?**

Ans. NSDL & CDSL are authorized by MCA for providing the e-voting platform. Their system of e-voting is certified by Standardization Testing and Quality Certification (STQC) Directorate, Department of Information Technology, Ministry of Communications & IT, Government of India.

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\* *Compiled on the basis of contents available on the websites NSDL & CDSL.*

**Q.4 What are the benefits of e-Voting system?**

Ans. *Benefits to Companies are as follows:*

1. Administrative costs associated with postal voting will be reduced as there will be no need for verification of signatures and counting of ballot votes. Also, costs associated with storing of physical ballot papers will be saved.
2. Counting of votes will be accurate.
3. The voting results can be declared immediately after the close of the voting.
4. Voting process is faster, transparent and cost efficient.

*Benefits to security holders:*

1. Ability to take part in the decision making process in the comfort of their homes or offices.
2. Can vote easily on any number of resolutions of any number of companies whose securities they hold and eligible to vote.
3. No scope for invalid votes.
4. Ease of voting - no pasting and posting.
5. Ample time to vote till the last day.

**Q.5 Does the e-Voting system facilitate e-Voting for only demat account holders?**

Ans. The e-Voting System facilitates voting from all shareholders i.e., shareholders holding shares in physical and demat mode with either NSDL or CDSL, as on the record date.

**Q.6 How do I register for e-Voting facility?**

Ans. For Shareholders there is no pre-registration related activity required. The registration details viz., User ID and password will be sent by the Issuer / R&T Agent / Depository i.e NSDL/ CDSL in the following mode :

- (I) In case email address of the Sole / First Holder is available with the Issuer/R&T Agent :
  - (i) E-Voting system will generate User ID & password and send the same at the email address provided by issuer/ R & T Agent.

- (ii) Using the User ID and password, you will login to the e-Voting system.
- (II) Others (where email address of the Sole / First Holder is not available with the Issuer/R&T Agent)
  - (i) E-Voting system will generate User ID and password and provide it to the Issuer/R&T Agent.
  - (ii) The Issuer/R&T Agent will dispatch the User ID and password at the address of the Sole/First Holder.
  - (iii) Using the User ID and password, shareholder will login to e-Voting system.

**Q.7 There are demat accounts / share certificates held by joint holders. In such a case, who will cast the vote in e-Voting system?**

Ans. As only one of the several joint holders is entitled to exercise voting right, in case of e-voting only first holder is recognized for the purpose of sending user ID & password for e-voting. Accordingly, the vote casted using the User ID and password sent to first holder is recognized on behalf of all the joint holders, as the shareholder who casts the vote through the e-Voting is doing so on behalf of all joint holders.

**Q.8 Is there any charge on the shareholders for using e-Voting system?**

Ans. No.

**Q.9 Is there any User manual to understand the login and voting process?**

Ans. Yes. The User manual/instruction are placed on the website of NSDL/CDSL

**Q.10 Will proxy be able to cast vote in e-Voting system?**

Ans. e-Voting system brings flexibility, convenience and ease of operation for the shareholder to cast vote through internet. This eliminates the need to appoint a proxy.

**Q.11 Is time period defined for e-Voting available to shareholders?**

Ans. Yes. The time prescribed under the Companies (Management and Administration) Rules, 2014 is applicable for e-Voting. In case of postal ballot it is 30 days and in case of general meetings it is 1 to 3 days.

**Q.12 Once I cast my vote on e-Voting System, can I modify my vote before the closing of e-Voting cycle?**

Ans. No. Vote once casted will be considered final and cannot be modified.

**Q.13 Voting on selective resolutions is permitted in Postal Ballots/General Meetings. Is the same available in the e-Voting system as well?**

Ans. Yes. Since a shareholder can decide to vote only on some of the resolutions put to vote, that right can also be exercised in e-Voting system as well.

**Q.14 Can I reuse the password received for the first time by me for e-Voting?**

Ans. No. The e-Voting system will force the user to change the password during the first login. This feature has been provided for security reasons.

**Q.15 How will the results be made available at the end of the voting period?**

Ans. The Scrutinizer will collate the votes downloaded from e-Voting system and votes received through other means to declare the final results for the resolutions placed for voting by the Issuer.

**Q.16 How do the shareholders obtain the Notice / Resolution for the meeting?**

Ans. The explanatory note of the resolution would be visible to the shareholder, in a Portable Document Format (PDF). Once the shareholder clicks on the Resolution File link in their login they will be able to view the complete resolution.

**Q.17 How will I know if e-Voting website is secured?**

Ans. If you are visiting the website with a secure connection, you will be able to identify the website through the site's certificate. A secure or encrypted website address will begin with HTTPS rather than HTTP, and you will see a lock icon in the Address bar. Secure connections use certificates to identify the website and to encrypt your connection. You can also click the lock icon in the Address bar to see more information about the secured website.

**References:**

- ICSI publication e-CS Nitor (July-2014)
  - Presentation on e-voting, K Sethuraman
  - ACGA response to the “corporate governance blueprint” December-2011([http://www.acga-asia.org/public/files/ACGA % 20Response% 20to% 20CG% 20Blueprint% 20\(final% 20 draft\).pdf](http://www.acga-asia.org/public/files/ACGA%20Response%20to%20CG%20Blueprint%20(final%20draft).pdf))
  - Transparency of share ownership, shareholder communications and voting in global capital markets, Computershare (June-2014)
  - <https://www.evotingindia.com/>
  - <https://www.evoting.nsdl.com/>
  - <http://www.caclubindia.com/articles/e-voting-under-companies-act-rules-and-listing-agreement-21395.asp> (CS Dhanapal)
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