

**I. CHANGES RELATED TO ANNUAL GENERAL MEETING :*****General Meetings [Section 96]******Deadline for holding the first Annual General Meeting [Section 96(1)]***

The 2013 Act states that the first annual general meeting should be held within nine months from the date of closing of the first financial year of the company, whereas the 1956 Act requires the first annual general meeting to be held within 18 months from the date of incorporation.

***Day, Venue & Time for Annual General Meetings [Section 96(2)]***

Currently, the 1956 Act does not define business hours, which the 2013 Act now defines as between 9 am and 6 pm. The 2013 Act states that annual general meeting cannot be held on a national holiday whereas the annual general meeting cannot be held on a public holiday, corresponding to the existing provisions of section 166 (2) of the 1956 Act.

**Notice for Meeting****Notice in electronic mode [Section 101]**

Section 101 of the 2013 Act permits giving notice of the general meetings of the company through electronic mode. [Rule 18 of the Companies (Management & Administration) Rules, 2014]. There was no such provision in the 1956 Act permitting notice to be given in electronic form.

**Consent of members to shorter notice for general meetings [Section 101(1)]**

In order to call an annual general meeting at shorter notice, the 2013 Act requires consent of 95% of the members as against the current requirement in the 1956 Act which requires consent of all the members.

**Definition of 'Material Facts' [Section 102]**

The 2013 Act clarifies that 'material facts' are those that may enable members to understand the meaning, scope and implications of the items of business and to take decisions thereon unlike where Section 173 of the 1956 Act did not clarify what facts are material facts.

**Liability to compensate the company for non – disclosure of Explanatory Statement annexed to Notice [Section 102]**

Where as a result of the non – disclosure or insufficient disclosure in any Explanatory statement, being made by a director, manager, if any, or other key managerial personnel, any benefit may accrue to such director, manager or other key managerial personnel or his relative, the director, manager or other key managerial personnel, as the case

may be, shall hold such benefit in trust for the company, and shall be liable to compensate the company to the extent of the benefit received by him.

There is no such provision in this regard in the 1956 Act.

#### **When disclosure of interest necessary in Explanatory statement [Section 102]**

The 2013 Act states that besides director and manager, the nature of concern or interest of every director, manager, any other key managerial personnel and relatives of such director, manager or any other key managerial personnel in each item of special business will also need to be mentioned in the notice of the meeting [section 102 (1) of the 2013 Act]. Also, the threshold of disclosure of share holding interest in the company to which the business relates of every promoter, director, manager and key managerial personnel has been reduced from 20% to 2% [section 102 (2) of the 2013 Act].

According to the 1956 Act, the disclosure of interest in the Explanatory statement was required if the extent of such shareholding interest was 20% or more of the paid – up share capital of that other company.

#### **Quorum for Meetings [Section 103]**

The 2013 Act states that in case of a public company, the quorum will depend on number of members as on the date of meeting. The required quorum is as follows:

- Five members if number of members is not more than one thousand
- Fifteen members if number of members is more than one thousand but up to five thousand
- Thirty members if number of members is more than five thousand.

Whereas, the quorum requirements for public companies under the 1956 Act are 5 (five) members personally present unless the article stipulate a larger number.

#### **Proxy [Section 105(1)]**

A limit has been introduced on the number of members which a proxy can represent. The 2013 Act has introduced a dual limit in terms of number of members, which is prescribed as 50 members and also sets a limit in terms of number of shares holding in the aggregate not more than 10 % of the total share capital of the company carrying voting rights.

There was no such restriction under the Companies Act, 1956.

Further, it is relevant to note that private companies cannot impose restrictions on voting rights of members other than due to unpaid calls or sums or lien [section 106 (1) of the 2013 Act]. Listed companies will be required to file with the ROC a report in the manner prescribed in the rules on each annual general meeting including a confirmation that the meeting was convened, held and conducted as per the provisions of the 2013 Act and the relevant rules [section 121 of the 2013 Act].

**Special Notice [Section 115]**

The 2013 Act states that where any resolution requires special notice, notice of the intention to move such resolution shall be given to the company by such number of member holding not less than 1% of total voting power or holding shares on which an aggregate sum of not less than Rs. 5, 00,000/- has been paid – up on the date of the notice.

Whereas, no such requirements, that notice should be given by any specified number of member, were mentioned in the 1956 Act.

**Length of the Notice**

Unlike the 1956 Act, where a 14 days clear notice had to be sent before the meeting, the 2013 Act has no stipulation on how many days before the meeting special notice is to be given.