

- 6.1 Precautions to be taken by the Secretary while corresponding with Members
- 6.2 Circumstances under which a Secretary has to enter into correspondence with Members.
- 6.3 Specimen Letters

### INTRODUCTION :

Shareholders are the owners who contribute capital for the company.

As a Chief Executive Officer of the company, the Secretary comes into contact with all the Members through correspondence. Secretary acts as a link between the Directors and the Members

The Secretary has to communicate the decisions of the Management and other information to the Members through correspondence.

The Secretary should be very cautious and careful while corresponding with Members of the company.

### 6.1 PRECAUTIONS TO BE TAKEN BY THE SECRETARY WHILE CORRESPONDING WITH MEMBERS :

The Company Secretary has to correspond with Members on various occasions. While writing various letters, the Secretary should give due respect to the Members, provide complete and correct information.

Thus, writing letters to the Members is a challenging task and it requires skill, knowledge and techniques.

1. **Correct Information** : The Secretary should always provide correct, up-to date and factual information to the Members. Due care should be taken while giving facts and figures.
2. **Lucid Language** : The Secretary must use simple words, simple sentences and adopt convincing style while writing letters to the Members. Technical words, long sentences should be avoided in the letter. It should be easy to understand.
3. **Prompt Response** : The Secretary must be prompt in sending replies to the letters received from the Members. Any questions or queries raised by the members must be promptly replied by the Secretary. Complaint letters should be promptly attended to without any delay.
4. **Secrecy** : The Secretary should not disclose any confidential information of the company to the Members. The Secretary should tactfully answer some letters without giving any secret information of the company.
5. **Politeness (Courtesy)** : A courteous letter shows sympathy, respect and mutual understanding. Politeness means use of courteous language. A complaint letter should be replied politely. Rude language should be strictly avoided while corresponding with Members.

- 6. Legal matters :** The Secretary should compulsorily follow relevant provisions of the Companies Act, 2013 with latest amendments and other relevant laws while corresponding with Members. While drafting these letters, if necessary Secretary should consult with legal advisor on certain matters.
- 7. Consideration :** The writer should give due importance and consideration to the reader and consider the problems of the member. While sending negative replies, he should draft these letters more carefully, so that Members should not be hurt. Secretary should make the member feel that the management honestly regrets refusal.
- 8. Image of the Company :** The Secretary should try to project good image of the company in every situation. While drafting the letters, Secretary has to try his best to remove their doubts, queries and difficulties in a polite and courteous manner.

## 6.2 CIRCUMSTANCES UNDER WHICH A SECRETARY HAS TO ENTER INTO CORRESPONDENCE WITH MEMBERS

The following are the various occasions when the Secretary writes the letters to the members of the company -

- Allotment Letter
- Issue of Share Certificate
- Execution of Right Issue
- Dividend Mandate
- Refusal of Transfer of Shares
- Notice of loss of Share Certificate
- Letters to legal representatives regarding Transmission of Shares
- Regret Letter
- Issue of Bonus Shares
- Letter for Payment of Dividend
- Approval of Transfer of Shares
- Notice and Agenda of General Meeting
- Reply to certain queries raised by the members.

The following are the few circumstances under which the Secretary enters into correspondence with the members of the company.

1. Letter for issue of Share Certificate
2. Letter for Payment of Dividend through
  - a) Dividend Warrant
  - b) Electronic Payment of Dividend
3. Letter for issue of Bonus Shares
4. Reply letter to the query of the member on low rate of dividend.

## 6.3 SPECIMEN LETTERS :

- 1. Letter for issue of Share Certificate :** A Share Certificate is a registered document of title to the shares issued by the company under the common seal duly stamped and signed by at least two Directors and countersigned by the Secretary of the company. Every company must issue or dispatch a Share Certificate to the allottee within two months after allotment of Shares.

As per the request of allottee, the company sends the letter for issue of Share Certificate. The letter contains the information about issue of Share Certificate such as Folio No., Share Certificate No., Distinctive No. of Shares, Total No. of Shares etc. According to SEBI's circular companies are required to send Share Certificates by 'Registered Post.'

### COMFORT MOTORS LTD.

Registered Office : A/30, Aurora Towers, M. G. Road, Camp,  
Pune 411 012.

CIN : U12111 MH 2000 PCL300477

Phone : 020-80032844

Fax : 020-50063015

Ref. No. C/MR-SC/30/19-20

Website : [www.comfortmotorsltd.com](http://www.comfortmotorsltd.com)

E-mail : [comfort31@gmail.com](mailto:comfort31@gmail.com)

Date : 12<sup>th</sup> November, 2019

Mr. Jayant Modi  
Abhiman Apartment  
30, L. B. Road,  
Pune - 411 001.

#### Sub. : Issue of Share Certificate

Dear Sir,

This is to inform you that as per your Request Application No. 50, I am hereby authorised to issue you a Share Certificate. The said Share Certificate will be delivered to you within 15 days from the date of this letter by registered post to your registered address as mentioned in the Register of Members.

Details of issue of Share Certificate are as follows :

1	2	3		4
Folio No.	Share Certificate Number	Distinctive Numbers		Total Number of Shares
		From	To	
1006	9630	301	400	100

It shall always be our endeavour to provide best of our services to you at all time.

Thanking you,

Yours faithfully,  
For Comfort Motors Ltd.

Sign  
Mr. Anand Swami  
Company Secretary

- 2. Payment of Dividend :** Dividend is the portion of the profits of the company which is distributed to the Shareholders of the company. Company can declare Final Dividend and Interim Dividend.

Dividend can be paid through Dividend Warrant or in an electronic mode (Electronically by ECS, NEFT etc.) to the registered Shareholder who is entitled to dividend.

Dividend is to be declared and approved by the shareholders at its Annual General Meeting on such a rate as may be recommended by the Board. Interim dividend is declared by the Board of Directors in the middle of the accounting year. Dividend is to be paid to the shareholders within 30 days from the date of declaration.

According to the instructions given by the Board, the Secretary sends a letter to the concerned shareholder for the payment of dividend. The letter contains detailed information about the payment of dividend such as - Number of Equity Shares held, Dividend Warrant Number, Gross Dividend, TDS (if any), Net amount of dividend, Distinctive No. (if any) etc.

*Under the Income Tax Act 1961, any company making a payment has to deduct tax at source, if payment is above a certain threshold limit. TDS i.e. Tax Deducted at source has to be deducted at the rates prescribed by the Income Tax Department.*

The company pays Dividend through :

- a) Dividend Warrant
- b) Electronically (ECS - Electronic Clearing Service, NEFT - National Electronic Fund Transfer)

#### **A. Payment of Dividend through Dividend Warrant :**

### **ANMOL STEEL INDUSTRIES LIMITED**

Registered Office : 30, Anmol Niwas, J. M. Road, Nariman Point,  
Mumbai - 400 020.  
CIN : L30408 MH 2003 PLC110845

Phone : 022-97675877

Website : [www.anmolindustrieslimited.com](http://www.anmolindustrieslimited.com)

Fax : 022-30010331

E-mail : [anmol5@gmail.com](mailto:anmol5@gmail.com)

Ref. No. A/MR-D/7/19-20

Date : 7<sup>th</sup> May, 2019

Mrs. Jyoti Surti  
12, Laxmi Niwas,  
Amrapali Marg, Bandra,  
Mumbai - 400 050.

#### **Sub. : Payment of Dividend on Equity Shares** (Equity Shares of ₹ 10 each at par)

Dear Madam,

I am instructed by the Board of Directors to convey to you that in the 16<sup>th</sup> Annual General Meeting held on 20<sup>th</sup> April, 2019, Final Dividend @ ₹ 2.5 per equity share of ₹ 10/- each has been approved by the members for the year ending 31<sup>st</sup> March, 2019.

Your company has complied with all the statutory provisions (Sec. 123 of the Companies Act. 2013) relating to declaration of dividend.



Details of dividend payable to you are as follows :

1	2	3		4	5	6	7
Register Folio No.	No. of Shares held	Distinctive Nos.		Dividend Warrant No.	Gross Dividend	Income Tax Deducted (TDS)	Net Dividend
		From	To				
A-30	100	301	400	B-9931	₹ 250/-	NIL	₹ 250/-

The 'Dividend Warrant' is attached herewith. Please detach the 'Dividend Warrant' along the perforated line.

Thanking you,

Yours faithfully,  
For Anmol Steel Industries Limited.

Sign  
Secretary

Encl. : Dividend Warrant

- B.** Electronic Payment of Interim Dividend : Payment through ECS or NEFT.  
(Interim Dividend paid by Electronic mode.)

### **GURUSAI AUTO LIMITED**

Registered Office : 31, Tulsi Complex, Lodhi Road, Camp,  
Pune - 411 001.

CIN : L40103 MH 1999 PLC300477

Phone : 020-24032844

Website : [www.gurusailimited.com](http://www.gurusailimited.com)

Fax : 020-24356101

E-mail : [sai31@gmail.com](mailto:sai31@gmail.com)

Ref. No. S/MR-D/12/19-20

Date : 3<sup>rd</sup> June, 2019

Mr. Jayant Modi  
15, Sagar Apartment,  
Van Vihar Road,  
Pune - 411 030.

**Sub. : Payment of Interim Dividend through Electronic Clearing Service (ECS), Direct Credit / NEFT**

Dear Sir,

We are pleased to inform you that the Board of Directors of Gurusai Auto Limited in its meeting held on Thursday, 28<sup>th</sup> May 2019 has declared Interim Dividend @ Re. 1/- (i.e. 10%) per equity share of face value of Rs. 10/- each.

As per the instructions given by you (either in person or through Depository Participant), we have remitted the amount of aforesaid Interim Dividend to your Banker for crediting

your Bank Account, i.e. Dividend will be payable by electronic transfer. Your company has complied with all the provisions relating to declaration and payment of dividend.

Details of Dividend payable to you are given below –

1	2	3	4	5	6
No. of Equity Shares held on Record Date (May 31 <sup>st</sup> , 2019)	Dividend Per Share (₹)	Dividend Amount (₹)	DPID and Client ID No.	Date of Remittance	Bank A/c. (BOB)
500	1	500	12033200 07479005	3 <sup>rd</sup> June, 2019	5656000 22105 Bank of Baroda

Please verify the credit of amount in your Pass Book / Statement of accounts.

As per the provisions of the Income Tax Act, 1961 no tax is required to be deducted at source in respect of Dividend payment, but dividend Distribution Tax has been paid by the Company.

Thanking you,

Yours faithfully,  
For Gurusai Auto Limited

Sign  
(Mr. Jitesh M. Gandhi)  
Company Secretary

**3. Letter for issue of Bonus Shares :** Bonus Shares are fully paid up shares given by a company as a gift, out of its accumulated profits or reserves to existing equity shareholders in proportion of shares held by them. It is given free of cost.

When Bonus Shares are issued, equity shareholders are informed by sending the letter. This letter contains - Total number of Shares held on record date, Total number of Bonus Shares issued, DPID No., Client ID No., Date of credit, etc.

Total number of Bonus Shares issued are credited to Shareholders Demat Account or share certificate is issued if shares are in physical form.

**Record Date :** It is the date fixed by the company to decide the Shareholders who are eligible for receiving Bonus Shares. The Company considers the names of those Shareholders, whose names appear in its records as shareholder as on the Record Date. It is the cut-off date for determining the number of registered members who are eligible for corporate benefits like Dividends and Bonus Shares.

## YASH INDUSTRIES LIMITED

Registered Office : 102, New MIDC, Usha Tower, Shahu Chowk,  
Mumbai - 400 031.

CIN : L40407 MH 2005 PLC710007

Phone : 022-23252323

Fax : 022-23600445

Ref. No. Y/MR-B/5/19-20

Website : [www.yashindustrieslimited.com](http://www.yashindustrieslimited.com)

E-mail : [yash30@gmail.com](mailto:yash30@gmail.com)

Date : 16<sup>th</sup> October, 2019

Ms. Yukta Shroff

715, Narayan Peth,

Laxmi Road,

Pune - 411 038.

### Sub. : Issue of Bonus Shares

Dear Madam,

I am directed by the Board of Directors to inform you that in accordance with the resolution passed in the Extra-ordinary General Meeting of the company held on 14<sup>th</sup> October, 2019 Shareholders have unanimously approved the recommendation of Board of Directors to issue Bonus Shares. Bonus Shares are issued in the ratio of 1:1, i.e. one additional equity share for every equity share held as on record date 13<sup>th</sup> October, 2019.

The Details of issue of Bonus Shares are as follows :

1	2	3	4	5
No. of Shares held on record date	No. of Bonus Shares Issued / Allotted	D.P. ID No. Credited to Demat Account No.	Client ID No.	Date of Credit to Demat A/c
25	25	IN 300100	10116061	16-10-2019

The Company has complied with the provisions for the issue of Bonus Shares.

The Bonus Shares issued will rank pari passu with the existing equity shares.

Thanking you,

Yours faithfully,  
For Yash Industries Limited

Sign  
(Mr. S. R. Naik)  
Company Secretary

- 4. Reply Letter :** Reply Letter to the query of the member on low rate of dividend given by the company. This letter is send to the member who is not satisfied with the payment of dividend made by the company.

After receiving complaint letter from the concerned member about low rate of dividend, the company Secretary sends the reply letter to the member.

The reply letter contains or specifies the reasons for low rate of dividend.



## SHREE CEMENT INDUSTRIES LIMITED

Registered Office : 31, Tulsi Tower, Bandra (East),

Mumbai - 400 050

CIN : L50307 MH 2000 PLC160699

Phone : 022-24245025

Fax : 022-45456035

Ref. No. S/MR-D/25/19-20

Website : [www.shreecementindustriesltd.com](http://www.shreecementindustriesltd.com)

E-mail : [shree3@gmail.com](mailto:shree3@gmail.com)

Date : 20<sup>th</sup> April, 2019

Ms. Kishor Malpani  
15/21, Lotus Apt.,  
Borivali (W),  
Mumbai - 400 103.

### **Sub. : Resolving Query on Low Rate of Dividend declared by the Company**

Dear Sir,

This is to inform you that as per your letter dated 15<sup>th</sup> April, 2019 I am hereby authorised to resolve your query regarding the low rate of dividend paid by the company to its faithful members. The reasons for low rate of dividend are mentioned below :

1. That during the last year, due to the floods, company's factory situated at Mahim (E) was not in a condition to operate in a full fledged manner.
2. That due to such unavoidable circumstances of natural disaster company faced huge financial losses.
3. That due to such circumstances Board of Directors has decided to transfer Rupees 12.5 crores to General Reserves which is 50% more than the amount transferred to Reserves last year.

Hope you will be satisfied by the above information as provided by the company. We assure you that company will easily recover from such unavoidable circumstances and will deliver much better dividend in the coming years.

Thanking you,

Yours faithfully,  
For Shree Cement Industries  
Limited

Sign  
(Mr. Suhas Bajaj)  
Company Secretary

### SUMMARY

- Joint stock company requires huge capital to run its business. The capital is contributed by the shareholders by purchasing shares of the company. Members are the owners of the company.
- Routine administration of the company is managed by the Board of Directors. Important decisions need approval of the shareholders at the general meeting.
- Various points like providing correct information, use of lucid language, prompt response, maintain secrecy, etc. to be considered by the Secretary in correspondence with members.
- The secretary has to correspond with members on various important occasions.





## EXERCISE

**Q.1 A) Select the correct answer from the options given below and rewrite the statement.**

1. Directors are the .....
  - a) paid employee of the company
  - b) representatives of the share holders
  - c) creditors of the company
2. Dividend is to be paid to the shareholders within ..... days from the date of declaration.
  - a) 30
  - b) 40
  - c) 20
3. Registered shareholders receive dividend through ..... warrant.
  - a) share
  - b) debenture
  - c) dividend
4. Shares issued free of cost to the shareholders are known as ..... shares.
  - a) preference
  - b) equity
  - c) bonus
5. Share Certificate should be ready for delivery by the company within ..... months after the allotment of shares.
  - a) 3
  - b) 5
  - c) 2
6. Secretarial correspondence with members should be .....
  - a) lengthy
  - b) shortcut
  - c) prompt and precise
7. Dividend is recommended by .....
  - a) Board of Directors
  - b) shareholders
  - c) Depositors
8. Dividend is paid out of ..... of the company.
  - a) Capital
  - b) Building Fund
  - c) Profit
9. .... is issued by the company to its registered shareholders after the declaration of dividend at the Annual General Meeting of the company.
  - a) Dividend Warrant
  - b) Interest Warrant
  - c) Share Warrant

**B) Match the pairs.**

Group 'A'		Group 'B'	
a)	Dividend Warrant	1)	Instrument for payment of Interest
b)	Return on Shares	2)	Capitalisation of Building Fund
c)	Bonus Shares	3)	Electronic Clearing Service
d)	ECS	4)	Capitalisation of Reserve Fund
e)	NEFT	5)	National Electronic Fund Transfer
		6)	Dividend
		7)	Electronics Co-operative Society
		8)	National Electronic Fixed Transfer
		9)	Instrument for Payment of Dividend
		10)	Interest

**C) Write a word or a term or a phrase which can substitute each of the following statements.**

1. Shares given free of cost to the existing equity shareholders.
2. Instrument for payment of dividend.
3. The shareholders to whom the bonus shares are issued..
4. The authority which recommends the rate of dividend.
5. An officer who comes into contact with all the members of the company through correspondence.
6. A special kind of cheque issued by a company on its banker to pay certain sum of money as dividend to its members.

**D) State whether the following statements are true or false.**

1. Bonus shares are issued to existing equity shareholders.
2. Building fund is used for issue of bonus shares..
3. Bonus shares means capitalisation of reserve fund.
4. Registered shareholder gets dividend through dividend coupons.
5. Dividend is the portion of the profits of the company which is allotted to the holders of the debentures of the company..
6. Every company must issue or despatch a share certificate to the allottee within three months after allotment of shares .
7. A complaint letter should not be replied promptly.

**E) Find the odd one.**

1. Secrecy, Dividend, Interest.
2. Bonus Letter, Dividend Letter, Board of Directors
3. Dividend Warrant, Interest Warrant, Demat
4. Secretary, Board of Directors, Lucid Language

**F) Complete the sentences.**

1. Dividend is recommended by .....
2. A company capitalises its Reserve Fund for issue of ..... shares.
3. Payment of dividend must be made within ..... days of its declaration.
4. Dividend is approved by the ..... in the Annual General Meeting.
5. The ..... has to communicate the decisions of the management to the members by conducting correspondence.

**G) Select the correct option from the bracket.**

Group 'A'		Group 'B'	
a)	Return on shares	1)	.....
b)	Capitalisation of Reserve Fund	2)	.....
c)	Correspondence	3)	.....
d)	.....	4)	Payment of Dividend Electronically.

(Written communication, Bonus shares, Dividend, ECS)



**H) Answer in one sentence.**

1. What is dividend warrant ?
2. What is capitalisation of reserve ?
3. What is Dividend ?
4. Who recommends the rate of dividend ?
5. Which type of shareholders enjoy the benefit of Bonus Shares ?
6. What is meant by payment of dividend electronically ?

**I) Correct the underlined word/s and rewrite the following sentences.**

1. Dividend is recommended by shareholders.
2. The person who purchases shares of the company is called Depositor.
3. Bonus shares are issued as a free gift to the preference shareholders.
4. Payment of dividend must be made within 21 days of its declaration.
5. A company must issue the Share Certificate within three months of allotment of shares.

**J) Arrange in proper order.**

1. a) Allotment of shares  
b) Application for shares  
c) Share certificate
2. a) Member  
b) Applicant  
c) Bonus shares

**Q.2 Explain the following terms/concepts.**

1. Capitalisation of Reserves
2. Bonus Shares
3. Dividend Warrant

**Q.3 Answer in brief.**

- (1) Which precautions are to be taken by the Secretary while corresponding with members ?
- (2) What are the circumstances under which Secretary undertakes correspondence with members ?

**Q.4 Justify the following statements.**

1. The Company Secretary should take certain precautions while corresponding with members.
2. There are certain circumstances when a Secretary has to correspond with members.

**Q.5 Attempt the following.**

1. Write a letter to the shareholder regarding issue of Bonus Shares.
2. Write a letter to the member for the issue of Share Certificate.
3. Write a letter to the member for the payment of dividend through Dividend Warrant.
4. Write a letter to the member for the payment of Interim dividend electronically.
5. Draft a reply letter resolving the query of the member on low rate of dividend.

