

## Chapter 6: Correspondence with Members

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### EXERCISE 1 [PAGES 101 - 103]

#### Exercise 1 | Q 1.1 | Page 101

Select the correct answer from the options given below and rewrite the statement.

Directors are the \_\_\_\_\_

1. paid employee of the company
2. **representatives of the share holders**
3. creditors of the company

#### SOLUTION

Directors are the **representatives of the share holders.**

#### Exercise 1 | Q 1.2 | Page 101

Select the correct answer from the options given below and rewrite the statement.

Dividend is to be paid to the shareholders within \_\_\_\_\_ days from the date of declaration.

1. **30**
2. 40
3. 20

#### SOLUTION

Dividend is to be paid to the shareholders within **30** days from the date of declaration.

#### Exercise 1 | Q 1.3 | Page 101

Select the correct answer from the options given below and rewrite the statement.

Registered shareholders receive dividend through \_\_\_\_\_ warrant.

1. share
2. debenture
3. **dividend**

#### SOLUTION

Registered shareholders receive dividend through **dividend** warrant.

#### Exercise 1 | Q 1.4 | Page 101

Select the correct answer from the options given below and rewrite the statement.

Shares issued free of cost to the shareholders are known as \_\_\_\_\_ shares.

1. preference
2. equity
3. **bonus**

#### SOLUTION

Shares issued free of cost to the shareholders are known as **bonus** shares.

### Exercise 1 | Q 1.5 | Page 101

Select the correct answer from the options given below and rewrite the statement.

Share Certificate should be ready for delivery by the company within \_\_\_\_\_ months after the allotment of shares.

1. 3
2. 5
3. 2

#### SOLUTION

Share Certificate should be ready for delivery by the company within 2 months after the allotment of shares.

### Exercise 1 | Q 1.6 | Page 101

Select the correct answer from the options given below and rewrite the statement.

Secretarial correspondence with members should be \_\_\_\_\_

1. lengthy
2. shortcut
3. prompt and precise

#### SOLUTION

Secretarial correspondence with members should be prompt and precise.

### Exercise 1 | Q 1.7 | Page 101

Select the correct answer from the options given below and rewrite the statement.

Dividend is recommended by \_\_\_\_\_

1. Board of Directors
2. shareholders
3. Depositors

#### SOLUTION

Dividend is recommended by Board of Directors

### Exercise 1 | Q 1.8 | Page 101

Select the correct answer from the options given below and rewrite the statement.

Dividend is paid out of \_\_\_\_\_ of the company

1. Capital
2. Building Fund
3. Profit

#### SOLUTION

Dividend is paid out of Profit of the company

### Exercise 1 | Q 1.9 | Page 101

Select the correct answer from the options given below and rewrite the statement.

\_\_\_\_\_ is issued by the company to its registered shareholders after the declaration of dividend at the Annual General Meeting of the company.

1. Dividend Warrant
2. Interest Warrant
3. **Share Warrant**

### **SOLUTION**

**Dividend Warrant** is issued by the company to its registered shareholders after the declaration of dividend at the Annual General Meeting of the company

### **Exercise 1 | Q 2 | Page 101**

**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. Electronic Co-operative Society
	8. National Electronic Fixed Transfer
	9. Instrument for Payment of Dividend
	10. Interest

### **SOLUTION**

Group A'	Group 'B
a. Dividend Warrant	9. Instrument for Payment of Dividend
b. Return on Shares	6. Dividend
c. Bonus Shares	4. Capitalisation of Reserve Fund
d. ECS	3. Electronic Clearing Service



e. NEFT	5. National Electronic Fund Transfer
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### Exercise 1 | Q 3.1 | Page 102

**Write a word or a term or a phrase which can substitute the following statement.**  
Shares given free of cost to the existing equity shareholders.

#### **SOLUTION**

Shares given free of cost to the existing equity shareholders. - **Bonus shares**

### Exercise 1 | Q 3.2 | Page 102

**Write a word or a term or a phrase which can substitute the following statement.**  
Instrument for payment of dividend.

#### **SOLUTION**

Instrument for payment of dividend. - **Dividend warrant**

### Exercise 1 | Q 3.3 | Page 102

**Write a word or a term or a phrase which can substitute the following statement.**  
The shareholders to whom the bonus shares are issued.

#### **SOLUTION**

The shareholders to whom the bonus shares are issued. - **Equity shareholders**

### Exercise 1 | Q 3.4 | Page 102

**Write a word or a term or a phrase which can substitute the following statement.**  
The authority which recommends the rate of dividend.

#### **SOLUTION**

The authority which recommends the rate of dividend. - **Board of Directors**

### Exercise 1 | Q 3.5 | Page 102

**Write a word or a term or a phrase which can substitute the following statement.**  
An officer who comes into contact with all the members of the company through correspondence.

#### **SOLUTION**

An officer who comes into contact with all the members of the company through correspondence. - **Company secretary**

### Exercise 1 | Q 3.6 | Page 102

**Write a word or a term or a phrase which can substitute the following statement.**  
A special kind of cheque issued by a company on its banker to pay certain sum of money as dividend to its members.



### **SOLUTION**

A special kind of cheque issued by a company on its banker to pay certain sum of money as dividend to its members. - **Dividend warrant**

#### **Exercise 1 | Q 4.1 | Page 102**

**State whether the following statement is true or false.**

Bonus shares are issued to existing equity shareholders.

1. **True**
2. False

### **SOLUTION**

Bonus shares are issued to existing equity shareholders. - **True**

#### **Exercise 1 | Q 4.2 | Page 102**

**State whether the following statement is true or false.**

Building fund is used for issue of bonus shares.

1. True
2. **False**

### **SOLUTION**

Building fund is used for issue of bonus shares. - **False**

#### **Exercise 1 | Q 4.3 | Page 102**

**State whether the following statement is true or false.**

Bonus shares means capitalisation of reserve fund.

1. **True**
2. False

### **SOLUTION**

Bonus shares means capitalisation of reserve fund. - **True**

#### **Exercise 1 | Q 4.4 | Page 102**

**State whether the following statement is true or false.**

Registered shareholder gets dividend through dividend coupons.

1. True
2. **False**

### **SOLUTION**

Registered shareholder gets dividend through dividend coupons. - **False**

#### **Exercise 1 | Q 4.5 | Page 102**

**State whether the following statement is true or false.**

Dividend is the portion of the profits of the company which is allotted to the holders of the debentures of the company.

1. True

2. False

**SOLUTION**

Dividend is the portion of the profits of the company which is allotted to the holders of the debentures of the company. - **False**

**Exercise 1 | Q 4.6 | Page 102**

**State whether the following statement is true or false.**

Every company must issue or despatch a share certificate to the allottee within three months after allotment of shares.

1. True
2. False

**SOLUTION**

Every company must issue or despatch a share certificate to the allottee within three months after allotment of shares. - **False**

**Exercise 1 | Q 4.7 | Page 102**

**State whether the following statement is true or false.**

A complaint letter should not be replied promptly.

1. True
2. False

**SOLUTION**

A complaint letter should not be replied promptly. - **False**

**Exercise 1 | Q 5.1 | Page 102**

**Find the odd one.**

1. Bonus Letter
2. Dividend Letter
3. Board of Directors

**SOLUTION**

Board of Directors

**Exercise 1 | Q 5.2 | Page 102**

**Find the odd one.**

1. Dividend Warrant
2. Interest Warrant
3. Demat

**SOLUTION**

Demat



**Exercise 1 | Q 5.3 | Page 102**

**Find the odd one.**

1. Secretary
2. Board of Directors
3. Dividend
4. **Lucid Language**

**SOLUTION**

Lucid Language

**Exercise 1 | Q 6.1 | Page 102**

**Complete the sentence.**

Dividend is recommended by \_\_\_\_\_

**SOLUTION**

Dividend is recommended by Board of Directors.

**Exercise 1 | Q 6.2 | Page 102**

**Complete the sentence.**

A company capitalises its Reserve Fund for issue of \_\_\_\_\_ shares.

**SOLUTION**

A company capitalises its Reserve Fund for issue of Bonus shares.

**Exercise 1 | Q 6.3 | Page 102**

**Complete the sentence.**

Payment of dividend must be made within \_\_\_\_\_ days of its declaration.

**SOLUTION**

Payment of dividend must be made within 30 days of its declaration.

**Exercise 1 | Q 6.4 | Page 102**

**Complete the sentence.**

Dividend is approved by the \_\_\_\_\_ in the Annual General Meeting.

**SOLUTION**

Dividend is approved by the Shareholders in the Annual General Meeting.

**Exercise 1 | Q 6.5 | Page 102**

**Complete the sentence.**

The \_\_\_\_\_ has to communicate the decisions of the management to the members by conducting correspondence.



**SOLUTION**

The **secretary** has to communicate the decisions of the management to the members by conducting correspondence.

**Exercise 1 | Q 7 | Page 102**

Select the correct option from the bracket.

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

**SOLUTION**

Group 'A'	Group 'B'
a) Return on share	<b><u>1. Dividend</u></b>
b) Capitalisation of Reserve Fund	<b><u>2. Bonus Shares</u></b>
c) Correspondence	<b><u>3. Written Communication</u></b>
<b><u>d) ECS</u></b>	4. Payment of Dividend Electronically

**Exercise 1 | Q 8.1 | Page 103**

**Answer in one sentence:**

What is dividend warrant?

**SOLUTION**

A dividend warrant is a cheque sent by a company to a shareholder for payment of dividend to the registered address of the shareholder.

**Exercise 1 | Q 8.2 | Page 103**

**Answer in one sentence:**

What is capitalisation of reserves?



### **SOLUTION**

Capitalisation of reserves is to capitalise profits of the company and to provide additional (bonus) shares to the existing equity shareholders without any additional cost.

#### **Exercise 1 | Q 8.3 | Page 103**

**Answer in one sentence:**

What is Dividend?

### **SOLUTION**

Dividend is the portion or part of the profits of the company which is distributed to the equity shareholders of the company.

#### **Exercise 1 | Q 8.4 | Page 103**

**Answer in one sentence:**

Who recommends the rate of dividend?

### **SOLUTION**

Board of Directors recommends rate of dividend.

#### **Exercise 1 | Q 8.5 | Page 103**

**Answer in one sentence.**

Which type of shareholders enjoy the benefit of Bonus Shares?

### **SOLUTION**

Existing equity shareholders of the company enjoy the benefits of Bonus Shares.

#### **Exercise 1 | Q 8.6 | Page 103**

**Answer in one sentence.**

What is meant by payment of dividend electronically?

### **SOLUTION**

A company can use an online payment facility to make payments of dividends to their shareholders i.e. electronically through ECS, NEFT, etc. It is known as the payment of dividends electronically.

#### **Exercise 1 | Q 9.1 | Page 103**

Correct the underlined word/s and rewrite the following sentence:

Dividend is recommended by shareholders.

### **SOLUTION**

Dividend is recommended by Board of directors.

#### **Exercise 1 | Q 9.2 | Page 103**

**Correct the underlined word/s and rewrite the following sentence:**

The person who purchases shares of the company is called Depositor



### **SOLUTION**

The person who purchases shares of the company is called Shareholder.

### **Exercise 1 | Q 9.3 | Page 103**

**Correct the underlined word/s and rewrite the following sentence:**

Bonus shares are issued as a free gift to the preference shareholders.

### **SOLUTION**

Bonus shares are issued as a free gift to the equity shareholders.

### **Exercise 1 | Q 9.4 | Page 103**

**Correct the underlined word/s and rewrite the following sentence:**

Payment of dividend must be made within 21 days of its declaration.

### **SOLUTION**

Payment of dividend must be made within 30 days of its declaration.

### **Exercise 1 | Q 9.5 | Page 103**

**Correct the underlined word/s and rewrite the following sentence:**

A company must issue the Share Certificate within three months of allotment of shares.

### **SOLUTION**

A company must issue the Share Certificate within two months of allotment of shares.

### **Exercise 1 | Q 10.1 | Page 103**

Arrange in proper order.

- a) Allotment of shares
- b) Application for shares
- c) Share certificate

### **SOLUTION**

- (b) Application for shares
- (a) Allotment of shares
- (c) Share certificate

### **Exercise 1 | Q 10.2 | Page 103**

Arrange in proper order.

- a) Member
- b) Applicant
- c) Bonus shares

### **SOLUTION**

- (b) Applicant
- (a) Member
- (c) Bonus shares



## EXERCISE 2 [PAGE 103]

### Exercise 2 | Q 1 | Page 103

**Explain the following term/concept:**

Capitalisation of Reserves

### SOLUTION

(1) The process of issuing the bonus shares out of the company's profits or reserves is known as "Capitalisation of Profits or Reserves."

(2) It is a reward to shareholders, distributed in proportion to the number of shares each owns. The process has no impact on a corporation book value.

### Exercise 2 | Q 2 | Page 103

**Explain the following term/concept:**

Bonus Shares

### SOLUTION

(1) Bonus issues refer to the fully paid-up shares given to its existing equity shareholders without any cost, based upon the number of shares they are own. It is given at free of cost.

(2) For this purpose, a certain proportion is decided. For instance, if a person holds 100 shares and the company declares 1:2 bonus issues, then for every 2 shares held, he gets 1 share for free of cost.

### Exercise 2 | Q 3 | Page 103

**Explain the following term/concept:**

Dividend Warrant

### SOLUTION

(1) A dividend warrant is a kind of document that reflects whether a shareholder is entitled for a dividend or not.

(2) It is an order of payment in which the dividend is paid. A company uses the dividend warrant to pay the dividend in the form of cashback.

## EXERCISE 3 [PAGE 103]

### Exercise 3 | Q 1 | Page 103

Which precautions are to be taken by the Secretary while corresponding with members?

### SOLUTION

**Followings are the 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 skills, 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 a 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 the 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 the latest amendments and other relevant laws while corresponding with Members. While drafting these letters, if necessary Secretary should consult with a legal advisor on certain matters.

**7. Consideration:** The writer should due the importance and consideration to the reader and consider the problems of the members. 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 a good image of the company in every situation. While drafting the letters, the Secretary has to try his best to remove their doubts, queries, and difficulties in a polite and courteous manner.

### Exercise 3 | Q 2 | Page 103

What are the circumstances under which Secretary undertakes correspondence with members?



### **SOLUTION**

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

1. Letter for the issue of the 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 a low rate of dividend.

### **EXERCISE 4 [PAGE 103]**

#### **Exercise 4 | Q 1 | Page 103**

**Justify the following statement**

The Company Secretary should take certain precautions while corresponding with members

### **SOLUTION**

#### **Justification:**

The company secretary should take certain precautions while corresponding with members. They are as follows:

**(a) Prompt Reply:** In any correspondence prompt reply is very important. The company Secretary must give prompt replies to any queries of the members.

**(b) Correct Information:** The letter acts as a representative of the organization. Thus, the secretary should always provide all the correct information in a concise or compact manner.

**(c) Courtesy:** The letter to the members should be polite. A courteous letter shows empathy, respect, and mutual understanding.

**(d) Lucid Language:** While corresponding with members, the secretary must use simple and lucid language. It should be easy to understand.

**(e) Accuracy:** In correspondence with members "accuracy" or perfectness is very much important. The Secretary must provide accurate information.

Thus, the company secretary should take certain precautions while corresponding with members.

#### **Exercise 4 | Q 2 | Page 103**

**Justify the following statement**

There are certain circumstances when a Secretary has to correspond with members.

## **SOLUTION**

### **Justification:**

There are circumstances under which a secretary has to enter into correspondence with members. They are as follows:

- (a) Letter for the issue of share certificate
- (b) Letter for Payment of Dividend through:
  - Dividend warrant
  - Electronic Payment of Dividend Bonus Shares.
- (c) Letter for Issue of Bonus Shares
- (d) Reply letter to the query of the member on low rate of dividend.

Thus, there are certain circumstances when a secretary has to correspond with members.

## **EXERCISE 5 [PAGE 103]**

### **Exercise 5 | Q 1 | Page 103**

#### **Attempt the following.**

Write a letter to the shareholder regarding issue of Bonus Shares.

## **SOLUTION**

### **YASH INDUSTRIES LIMITED**

Registered office: 102, New MIDC, Usha Tower, Shahu Chowk  
Mumbai – 400 031,  
CIN: L40407 MH 20050PLC710007

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

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

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

Tel.no. 022-23252323  
Fax no. 022-23600445  
Ref no. Y/MR-B /5/19-20

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 14th October 2019 Shareholders have unanimously approved the recommendation of the 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 13th 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.	Client ID No.	Date of Credit to Demat A/c
		Credit to Demat Account no.		
25	25	IN 300100	10116061	31-10-2019

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

### Exercise 5 | Q 2 | Page 103

#### Attempt the following.

Write a letter to the member for the issue of Share Certificate.

#### **SOLUTION**

#### **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)

Email: [comfort31@gmail.com](mailto:comfort31@gmail.com)

Date: 12<sup>th</sup> July, 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 Numbers	Distinctive Numbers		Total Number of Shares
		From	To	
1006	9630	301	400	100

It shall always be our endeavour to provide the best of our services to you at all times.  
Thanking you

Yours faithfully,  
For Comfort Motors Ltd.

Sign  
Mr. Anand Swami  
Company Secretary

### Exercise 5 | Q 3 | Page 103

**Attempt the following.**

Write a letter to the member for the payment of dividend through Dividend Warrant.

### **SOLUTION**

#### **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  
Fax: 022-30010331  
Ref. No. A/MR-D/7/19-20

Website: [www.anmolindustrieslimited.com](http://www.anmolindustrieslimited.com)  
E-mail: [anmol5@gmail.com](mailto:anmol5@gmail.com)  
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 31<sup>st</sup> Annual General Meeting held on 20<sup>th</sup> April 2019, the 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 the 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

### Exercise 5 | Q 4 | Page 103

#### Attempt the following.

Write a letter to the member for the payment of Interim dividend electronically.

#### **SOLUTION**

#### **GURUSAI AUTO LIMITED**

Registered Office: 31, Tulsi Complex, Lodhi Road, Camp, Pune - 411 001.  
CIN: L40103 MH 1999 PLC300477

Phone: 020-24032844  
Fax: 020-24356101  
Ref. No. S/MR-D/12/19-20

Website: [www.gurusailimited.com](http://www.gurusailimited.com)  
E-mail: [sai31@gmail.com](mailto:sai31@gmail.com)  
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 the declaration and payment of dividends.

Details of the 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 (₹)	DPI D and Client ID No.	Date of Remittance	Bank A/c. (BOB)	500	1	500	1203320007479005	6 <sup>th</sup> June, 2019	565600022105 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

### Exercise 5 | Q 5 | Page 103

**Attempt the following.**

Draft a reply letter resolving the query of the member on low rate of dividend.

#### **SOLUTION**

#### **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 made 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 their faithful members. The reasons for the 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 come over 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