

## 10. CORRESPONDENCE WITH DIRECTORS.

**Q.1 a Select the correct answer from the option given below and rewrite the statements:**

(1) Representatives of shareholders are ..... .

**(a) Directors** (b) employees (c) servants

(2) The notice of the meeting of the Board of Directors must be accompanied by.....

**(a) Agenda** (b) minutes (c) resolution

(3) ..... looks after the management of a company.

**(a) Board of Directors** (b) Auditor (C) Company Secretary

(4) The Directors take decisions at meeting.

(a) Annual General **(b) Board** (c) Statutory

(5) According to Section 167 (1) (b) of the Companies Act, 2013 if a director absents himself from all the meetings of the Board. for a period of ..... months or more. with or without the leave of the Board, he shall be deemed to have vacated his office.

**(a) 12** (b) 10 (c) 9

(6) Every company except CFO and small company shall hold minimum..... Board Meetings in each year.

**(a) 4** (b) 3 (c) 5

(7) The gap between two consecutive Board Meetings should not be more than .....days.

**(a) 120** (b) 110 (c) 130

B) Match the pairs:

Group A	Answer
Directors	<b>Representative of shareholder</b>
Absenteeism of directors in board meeting	<b>Disqualification of directors</b>

Public company	At least 3 directors
Private company	At least 2 directors
Notice of a routine board meeting	7 days

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

1) An elected body of representatives of Shareholders.

**Ans: Board of directors.**

2) An employee of a company who provides guidance and advice to the Board of Director about business matters.

**Ans: Company secretary.**

3) A meeting of all the directors of a company.

**Ans: Board meeting.**

4) A written invitation given to the Director to attend the meeting.

**Ans: Notice of a board meeting.**

**D) State whether the Following statement are true or false:**

(1) A director can be removed before the expiry of his term.

**Ans: True**

(2) Directors act as trustees of the company.

**Ans: True**

(3) A director can remain absent for any number of Board Meetings.

**Ans: False**

(4) Directors act as agent and trustees of the company.

**Ans: True**

(5) Company Secretary need not attend the board meetings.

**Ans: False**

(6) Director can take decisions individually.

**Ans: False**

(7) Secretary gives information to the directors.

**Ans: True**

**F) Select the correct option from the bracket:**

Group A	Group B
Notice of board meeting	<b>Not less than 7 days</b>
<b>Board meeting</b>	Meeting of all directors
Duty of directors	<b>Disclosure of personal interest</b>

**G) Answer in one sentences:**

**(1) When does a Director vacate his office due to absenteeism at Board Meeting?**

**Ans.** If a Director remains absent from all the meetings of the Board held during a period of 12 months, with or without the leave of absence from the Board, has to vacate his office.

**(2) Can a Director who was absent at Board Meeting get a copy of minutes of that Board Meeting?**

**Ans.** A Director who was absent at the Board meeting, on his request can get a copy of minutes of that Board meeting from the secretary.

**H) Correct the underline words and rewrite the following statements:**

(1) Secretary is a elected representative of the shareholders.

**Ans: Director is a elected representative of the shareholder.**

(2) Secretary is responsible for decision making and framing policies of a company.

**Ans: Board of directors is responsible for decision making and framing policies of a company**

**Q.2 Explain the following terms /concept:**

**(1) Director.**

**Ans** (1) The elected representatives of the shareholders are called Directors of the company. The shareholders vest in them all the powers of managing the affairs of the company. In the company management the role of Directors is threefold. Via (a) as the agents of the company (b) as the trustees of the company and (c) as the managing partners.

(2) The directors occupy key (important) position in the management of the company. They are responsible for decision making. Framing policies and plans. They exercise their powers and authorities collectively as a Board. They sometimes do not remain in company' office. So they ask for the information from the secretary, which helps them to make proper decisions.

## **(2) Board of Directors.**

**Ans** (1) The collective term applied to the full complement of the directors of a company. It is Board of directors rather than individual members of it Which is responsible for directing the activities of the company, framing plans and policies decision making and carrying out other important functions of the management of the company. The directors exercise their powers collectively as a Board. They cannot exercise their powers in individual capacity.

(2) The directors are superiors and occupy important (key) position in the management of the company. They are authorised by the shareholders to utilise the capital acquire assets appoint the personnel to conduct the affairs of the company for the benefit of the shareholders. The Board of Directors is the policy-framing and decision making organ of the company. The Board of directors elects their representative from amongst them as Managing Director. The managing director is required to execute the policy framed by the Board.

## **(3) Conciseness.**

**Ans.** (1) The term 'concise' means brief and to the point. A good business letter must be brief and to the point. It is very essential that the letter should not be lengthy. Businessmen have too many letters to read. They want to know the contents of the letter at a glance.

(2) The letter should not contain unnecessary details, long descriptions, irrelevant details, lengthy sentences, redundant words, etc. Repetition should be avoided and the words having double meanings should not be used. The letter written should provide maximum information in minimum words. However, conciseness should not reduce clarity.

## **(4) Politeness.**

**Ans.** (1) Politeness means courtesy, kindness, presentation of good (excellent)

manners. The language of a business letter must be polite, convincing and unoffending. A politeness in the letter helps to build cordial relationship between letter writer and reader. The use of words like "please", "very kind of you", "much obliged", "thankful to you", etc. creates a good impression on the reader.

(2) Polite words and respect for the feelings of others are the prerequisites of courtesy. However, courtesy (politeness) does not mean flattery or humility. The letter may be firm but the tone must be courteous. A courteous (polite) letter builds up the goodwill and image of the organisation.

### **(5) Initiative.**

**Ans.** (1) Initiative means ability or the power or opportunity to act or take charge before others do. Initiative can also mean a personal quality that shows a willingness to get the things done and take responsibility. It is the start of something with the hope that it will continue.

(2) A company secretary is required to take initiative (a lead) in making arrangements for the board meetings. Company secretary informs the directors to convene Board meeting, shareholders meeting on schedule time. He takes initiative to convene different meetings of the company. Secretary also takes initiative to help directors in smooth conduct of the meetings.

### **(6) Notice and Agenda of Board meeting:**

**Ans.** (1) Notice of a board meeting is a formal and advance. Invitation in writing given to all the directors entitled to attend The Board meeting. The notice of the Board meeting contains information such as venue, day, date, time of the meeting. It is sent to every director at least 7 days prior to the date of Board meeting either by hand delivery or by the post. It may be sent by electronic means. .

(2) Agenda of Board meeting is a list of items of business serially arranged on which discussion is invited in a Board meeting so as to arrive at certain decisions. Agenda is sent with or may be a part of the notice of the meeting. It is drafted by a secretary in consultation with the chairman. The chairman takes up for discussion the items usually in the same order as on agenda. He can change 'the order with the consent of the house.

### **Q.3 Answer in brief:**

**(1) What are the points to be considered by a secretary while corresponding with the directors?**

**Ans.** The points to be considered by a secretary while corresponding with the

directors.

**(1) Prompt reply:** The secretary should give prompt reply to the questions or queries raised by the directors. Prompt reply is Very important and necessary in every correspondence. A prompt and complete reply to director's letters or queries, show gentle and polite behavior on the part of the secretary.

**(2) Politeness:** A courteous (polite) letters show empathy, respect and mutual understanding. The language of the letter drafted to the directors must be polite and courteous. The approach of the letters should be friendly, skilful, submissive and natural. It helps to get prompt and favourable reply and also helps to built up goodwill of the organisation.

**(3) Initiative:** An initiative means the start of something with the hope that it will continue. It is an ability to assess and initiate things independently. In a company, the secretary is required to take initiative in making arrangement of the board meetings and shareholders' meetings. The secretary informs the directors to convene general meetings of the company on schedule time.

**(4) Accuracy:** The secretary must furnish accurate, complete, up-to-date, true and error-free information about every aspect of the business to the directors. The correct numerical, factual presentation about the business activities helps the directors to take accurate, appropriate and wise decisions.

**(5) Brevity :** The letter written by the Secretary to the directors should be precise, brief and to the point. Unnecessary information, irrelevant message or explanation, lengthy paragraphs, etc. should not be included in the letters. The secretary should provide maximum information in minimum words. He should provide all the information in concise or compact manner.

**(2) Under what circumstances will a Secretary correspond with a Director?**

**Ans. Circumstances under which secretary correspond with a director:**

(1) Sending notices and Agenda of the Board Meetings, Annual General Meeting and Extraordinary General Meeting as per the rules of the Articles of Association of the Company.

(2) Asking a director to disclose his personal interest, if any in a contract as required under Section 184 of the Companies Act, 2013.

(3) If any director remains absent in the Board Meeting, then as per his request, the secretary sends a letter to concerned director to give important details of the Board Meeting and draft minutes of that meeting for his kind information.

(4) Reminding the director of provisions made under Section 167 (l) (b) of the Companies Act, 2013 regarding absenteeism of all the meetings of the Board, held during a period of 12 months with or Without the leave of absence from the Board. In such a case the concerned director is required to vacate his office.

(5) Requesting a director to be present at a meeting as an expert.

(6) Informing a director in respect of his premature removal or retirement from the post of the director of the company.

#### **Q.4 Justify the following statement:**

**(1) Directors exercise their powers and authorities collectively as a Board.**

**Ans.** (i) Although the shareholders are the owners they cannot manage their company. Following the principle of democracy, they elect their representatives from amongst them, called the Directors, at the Annual General Meeting. They vest the Directors with the powers of managing the affairs of the company. Directors are the men of commercial skill and business tact. They are authorised by the shareholders to utilize the capital, acquire the assets, and appoint the personnel to conduct the affairs of the company for the benefit of the shareholders of the company.

(ii) The directors exercise their powers and take decisions collectively as a Board. They cannot exercise their powers and take decisions in their individual capacity. The Board of Directors is the policy-framing and decision-making organ of the company.

As agents of the company, the directors must act within the scope of their authority and in the name of the principal, i.e. company. They would be personally liable if they take decisions in their own name and in their individual capacity. Their acts are not binding on the shareholders or on each other unless the Articles provide so.

**2) The secretary should take certain precaution while corresponding with directors:**

**Ans:** The points to be considered by a secretary while corresponding with the directors.

**(1) Prompt reply:** The secretary should give prompt reply to the questions or queries raised by the directors. Prompt reply is Very important and necessary in every correspondence. A prompt and complete reply to director's letters or queries, show gentle and polite behaviour on the part of the secretary.

**(2) Politeness:** A courteous (polite) letters show empathy, respect and mutual understanding. The language of the letter drafted to the directors must be polite and courteous. The approach of the letters should be friendly, skilful, submissive and natural. It helps to get prompt and favourable reply and also helps to built up goodwill of the organisation.

**(3) Initiative:** An initiative means the start of something with the hope that it will continue. It is an ability to assess and initiate things independently. In a company, the secretary is required to take initiative in making arrangement of the board meetings and shareholders' meetings. The secretary informs the directors to convene general meetings of the company on schedule time.

**(4) Accuracy:** The secretary must furnish accurate, complete, up-to-date, true and error-free information about every aspect of the business to the directors. The correct numerical, factual presentation about the business activities helps the directors to take accurate, appropriate and wise decisions.

**(5) Brevity:** The letter written by the Secretary to the directors should be precise, brief and to the point. Unnecessary information, irrelevant message or explanation, lengthy paragraphs, etc. should not be included in the letters. The secretary should provide maximum information in minimum words. He should provide all the information in concise or compact manner.

**(3) The Board of Directors are the elected representatives of the shareholders.**

**Ans.** (1) In a joint stock company, there is separation of the ownership from the management. Although the shareholders are the owners of the company, they never participate in the management. The shareholders elect their representatives from amongst themselves. The elected representatives are called 'directors'. The directors form themselves into a body called a Board of Directors. Thus, the Board of Directors is the elected representatives of the shareholders.

(2) The shareholders delegate their powers of management to the Board. The Board after discussion decides the matters frame the policies and takes policy decisions. The managing Directors with the help of the managerial staff implements the policies.

**4) The secretary has to correspond with directors on important occasion:**

**Ans:** Circumstances under which secretary correspond with a director:

(1) Sending notices and Agenda of the Board Meetings, Annual General Meeting and Extraordinary General Meeting as per the rules of the Articles of Association of the Company.

(2) Asking a director to disclose his personal interest, if any in a contract as required under Section 184 of the Companies Act, 2013.

(3) If any director remains absent in the Board Meeting, then as per his request, the secretary sends a letter to concerned director to give important details of the Board Meeting and draft minutes of that meeting for his kind information.

(4) Reminding the director of provisions made under Section 167 (l) (b) of the Companies Act, 2013 regarding absenteeism of all the meetings of the Board, held during a period of 12 months with or Without the leave of absence from the Board. In such a case the concerned director is required to vacate his office.

(5) Requesting a director to be present at a meeting as an expert.

(6) Informing a director in respect of his premature removal or retirement from the post of the director of the company.

**Q.5 Attempt the following:**

**1) Draft the notice and agenda of routing board meeting**

Ans:

**KUNAL COMPANY LIMITED**

Registered office: 235/B, KIL HOUSE, DR.D.N. Marg,  
Churchgate, Mumbai – 400 020,  
CIN: L11027MH2009PLC311488

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

E-mail: [Kmtrld@mtnl.net.in](mailto:Kmtrld@mtnl.net.in)

Date : 15th July, 2019

Tel.no. 022-2333 8353

Fax no. 022-2444 5464

Ref no. KIL / DI / 22 / 2019

The Directors,  
Mr. Venkatesh S. Kamath,  
117, N.C. Kelkar Road,  
Dadar (W), Mumbai – 400 028,

Sub: Notice of the Board meeting dated 10th August 2019.

Dear Sir,

This is to inform you that the meeting of the board of directors of the company will be held on 10th August, 2019 at 11.30 Am. At the registered office of the company at 234 / D , KIL House , Dr. D.N. Marg , Churchgate, Mumbai – 400 020 for transaction the following business:

**AGENDA:**

1. To read the notice convening, the board meeting.
2. To confirm the minutes of the previous board meeting.
3. To Consider the proposal of opening a new branch of our company in Kolkata.
4. To consider and approve the application for the transfer of shares.
5. To consider the financial position of the company for the year ended 31st march, 2019 .
6. To open dividend account.
7. To discuss and decide any other Business with the permission of the chair.

You are hereby requested to be present at the meeting.

Thanking you,  
Your faithfully,  
For **Kamal company Ltd.**  
Sd/-  
Company secretary

2) Write a letter to the directors requesting him to disclose his personal interest in a contact :

**Ans:**

**JAY BHARAT COMPANT LIMITED**  
**Registered office:** 64, bharat bhavan, G.K. Marg,  
Lower parel, Mumbai – 400 013 .  
CIN: L10338MH2008PLC246078.  
**Tel no.** (022)-2498 2549  
**Fax no.** (022)-2498 7868

**Reg no.** D/DR/18/18-19  
**Website:** [www.jaybharatilimited.com](http://www.jaybharatilimited.com)  
**Email:** jaybharat 07@gmail.com  
**Date:** 15th July ,2019

The directors,  
Mr. sameer M. Tendulkar,  
84/A, Garud residency,  
S.V. Road ,panvel ,  
New Mumbai – 410 206.

Sub: Disclosure of personal interest

Dear Sir,

This is to inform you that the meeting of the Board of Directors of the company will be held on 7th August, 2019. As you will notice the item No. 4 on the agenda deals with the consideration tenders for supply of machine tools. Fixtures and accessories to our plant at Nasik. Messrs Kulkarni manufacturing firm of Mumbai have submitted their tender for the supply of those materials. It is learnt from a reliable source that you happen to be one of the partners of the said firm.

I wish to know whether the said information is true or not. In case If you have a personal Interest in the matter. Kindly disclose the nature of your interest in the firm as per Section 184 of the Companies Act, 2013 to the chairman through a suitable letter. Your disclosure will be treated as confidential.

As early reply is requested

Thanking you ...  
Your faithfully,  
For Jay Bharat Company Ltd  
Sd./-  
Company secretary

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3) Write a letter to the director who was absent for a board meeting to inform him about proceeding of the meeting.

**Ans:**

SHAH & NAHAR COMPANY LIMITED  
124 B, Shah Apartment, cumballa hill.  
Mumbai – 400 026.  
CIN: L20223MH2009PLC421085.

Tel no. (022)- 2382 4818.  
Fax no. (022)- 2382 6789.  
Ref no. SNI/DI/21/2019  
Website: [www.shahnaharlimited.com](http://www.shahnaharlimited.com)  
Email: [Snltd@mtnl.net.in](mailto:Snltd@mtnl.net.in)  
Date: 15th July, 2019

The Directors,  
Mrs. Archana A. Tawde,  
54, siddhivinayak Apartment,  
Shivaji Park, Dadar (west),  
Mumbai- 400 028 .

**Sub : Report of last board meeting held on 4th July 2019**

Dear Madam.

I am enclosing herewith a copy of the minutes of the last Board meeting held on 4th July. 2019. Which you could not attend.

I would like to draw your kind attention to Item No. 3 of the enclosed minutes.

**Item No. 3:** It was decided in the last meeting to import some latest machines and equipment as a part of the modernisation project of the Company. This meeting resolved upon raising capital by the issue of equity rights and by inviting fixed

deposits to finance the project. The following decisions were taken unanimously.

(1) The Company should issue 8.50.000 equity shares of ₹ 10 each to the members of the public and the existing shareholders should be given rights to buy two shares for every one share held by them.

(2) The Company should accept Fixed Deposits from the members of the public for a duration of 2 and 3 years with interest at the rates of 10% and 11% p.a. respectively. It is possible to raise about 2 crore rupees through this source.

The other items in the minutes, being of a routine nature. Need no explanation.

I shall be glad to give you further details if you so desire.

**Encl.:** A copy of the minutes.

Your faithfully,  
**Shah & Nahar company Ltd.**  
Sd./  
Company secretary

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4) Write a letter to the directors reminding him about the provision regarding absenteeism at the board meeting :

**Ans:**

**NAVNEET COMPANY LIMITED**  
Navneet Bhavan, Bhavani Shankar Road,  
Dadar (W), Mumbai 400 028.  
CIN: L32324MH2000PLC246258

**Tel. No. (022) 6662 6378**  
**Fax No. (022) 6662 4182**  
**Ref. No. NCL [DR 129 /2019**  
**Website : [www.navneetlimited.com](http://www.navneetlimited.com)**  
**E-mail: [navneet40@gmail.com](mailto:navneet40@gmail.com)**

**Date :** 11th January, 2019

The Director.

Mr. Uday J. Maru.

62. Vikas Complex,

Thane 400 601.

**Sub. : Information about absenteeism in the Board Meeting.**

Dear Sir.

I am instructed by the chairman to bring to your kind notice that you have

remained absent for all the Board meetings, which were held from 1st April 2018.

The next Board Meeting will be held on 29th January, 2019 and the notice convening the meeting has already been dispatched to you. You are requested to note that under Section 167(1) (b) of the Companies Act, 2013, "the office of a Director becomes vacant if he absents himself from all the meetings of the Board for a period of 12 months with or without obtaining prior leave of absence from the Board."

I would, therefore request you to kindly attend the ensuing meeting without fail so that the unpleasant legal consequences of absence from the Board Meetings can be avoided.

Thanking you,  
Yours faithfully,  
**For Navneet Company Ltd.**  
Sd./  
Company Secretary