

10.1 Precautions to be taken by the Secretary while corresponding with Directors**10.2 Circumstances under which a Secretary has to enter into correspondence with Directors****10.3 Specimen letters****INTRODUCTION :**

The directors occupy a very important position in the management of the company. The Board of Directors are the elected representatives of the shareholders. Directors are responsible for decision making, framing plans and policies. Directors exercise their powers and authorities collectively as a Board.

10.1 PRECAUTIONS TO BE TAKEN BY THE SECRETARY WHILE CORRESPONDING WITH DIRECTORS

Directors are not present everytime at company's office therefore they require information from Secretary, which helps the directors in making proper decisions. Also, Secretary should always remember that Directors occupy key position and are superiors so the communication with them should be cautious and tactful.

The following points are to be kept in mind by the Secretary while corresponding with Directors:-

1) Prompt Reply :

In any correspondence prompt reply is very important. The company Secretary must give prompt replies to any queries of the directors. Secretary should provide quick reply on business matters without any delay to the directors.

2) Politeness :

A courteous letter shows empathy, respect and mutual understanding. It is helpful for getting favourable response and built up goodwill of the organization. Secretary should not use any harsh words while corresponding with directors.

3) Initiative :

The Secretary must take a lead in making arrangements for the board meetings. Secretary reminds the directors to convey general meetings of the shareholders on time. Secretary also helps the directors in smooth conduct of the meetings.

4) Accuracy :

The Secretary must provide accurate information. Correct numerical, factual presentation about the business activities to the directors and helps them to take accurate and wise decisions.

5) Brevity :

The Secretary should always provide all the information in concise or compact manner. Correspondence with the directors must be brief and to the point. Secretary should provide maximum information in minimum words. A letter should not be lengthy. Un-necessary details, irrelevant information or explanation, lengthy paragraphs, etc. should be avoided.

10.2 CIRCUMSTANCES UNDER WHICH A SECRETARY HAS TO ENTER INTO CORRESPONDENCE WITH DIRECTORS :

The following are some of the circumstances under which a Secretary enters into correspondence with the Directors-

1. Notice and Agenda of Routine Board Meeting.
2. Disclose personal interest of Director in a contract.
3. Report to the Director who was absent for a meeting.
4. Reminding the Director of the provision regarding absenteeism at the Board Meetings.

10.3 SPECIMEN LETTERS :

1) Draft of Notice and Agenda of a Routine Board Meeting :

Sec.173 (1) of the Companies Act, 2013

Every company shall hold the first meeting of the Board of Directors within 30 days from the date of its Incorporation. Minimum Four Meetings of Board of Directors must be held every year. The gap between two consecutive Board Meetings should not be more than 120 days.

A meeting of the Board shall be called by giving not less than 7 days notice along with agenda in writing to every Director at his address registered with the company. Such notice shall be sent by hand delivery or by post or by electronic means.

Diamond Company Ltd.

Registered Office: 30, Diamond House,
M.G. Road, Camp, Pune-411001
CIN: L10013 MH2015PLC300477

Phone : 020-20041977
Fax : 020-70052010

Website: www.diamondlimited.com.
Email: Diamond 12@gmail.com.

Ref. No.: D/DR/11/18-19

30th March, 2018

The Director,
Mr. Anju N. Rangwala,
5, Ganesh Apartment,
J.M. Road, Deccan,
Pune-411004

Sub : Notice of the Board Meeting dated 25th April 2018.

Dear Sir,

Notice is hereby given that the Meeting of the Board of Directors of the company will be held on Thursday, 25 April 2018 at 11.00 A.M. at the registered office of the company, for transacting the following business.

AGENDA

1. To read the notice convening the board meeting.
2. To take note of the minutes of the previous Board Meeting.
3. To consider and approve the applications for the Transfer of Shares.
4. To consider the financial position of the company for the year ended 31st March, 2018
5. To open Dividend Account.
6. To discuss and decide any matter with the permission of the chair.

You are hereby requested to be present at the Board Meeting.

Thanking you,

Yours faithfully,
For Diamond Company Ltd.

Sign
Company Secretary

2. Disclose personal interest of Director in a contract.

Sec.184 of the Companies Act, 2013 provides the manner and periodicity in which every director shall disclose his concerns or interest in the company.

The Director shall not participate at the Meeting of the Board, in which such a contract or arrangement is discussed in which the director is interested.

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Pune - 411001

CIN: L30309 MH2016 PLC123075

Phone : 020-20041977

Website: www.diamondlimited.com.

Fax : 020-50062018

Email: Diamond30@gmail.com.

Ref. No.: D/DR/12/18-19

15th June, 2018

The Director,
Mr. Atul N Shah,
48, Gurwar Peth,
Pune-411007

Sub : Disclosure of personal interest.

Dear Sir,

This is to bring to your kind notice that the meeting of the Board of Directors of the company will be held on 7th July, 2018. The Board has decided to appoint sole selling distributors on commission basis for selling products of the company. This will help to accelerate the sale of the products of our company.

I have received information from a reliable source that, one of your relative Ms. Neelam R. Shah has applied for appointment as sole selling Agent.

I wish to know whether the said information is true. In case you have any personal interest in her appointment, kindly disclose your nature of interest as per Sec. 184 of the Companies Act, 2013.

Please send your reply as early as possible.

Thanking you,

Yours faithfully,
For Diamond Company Ltd.

Sign
Company Secretary

3. Report to the Director who was absent for a meeting

Sec.118 (1) of the Companies Act, 2013. Every company is required to prepare minutes of the proceeding of General Meetings, Board Meetings and other Meetings, within 15 days of the conclusion of such meetings.

If any Director remains, absent in the Board Meeting, then as per his request, the Secretary sends a letter to the concerned Director. In this letter, Secretary gives important details of the Board Meeting and draft minutes of that meeting for his kind consideration.

Diamond Company Ltd.

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M.G. Road, camp, Pune-411001
CIN: L30309 MH2016 PLC123075

Phone : 020-30041977

Website: www.diamondlimited.com.

Fax : 020-50062018

Email: Diamond30@gmail.com.

Ref. No.: D/DR/13/18-19

12th November, 2018

The Director,

Mr. Mahesh N. Saluja,

Sr.No.78, Guru Niwas,

Kondhwa, Pune-411048

Sub : Report of Board Meeting held on 5 November, 2018.

Dear Sir,

Please find enclosed herewith copy of draft Minutes of the Board Meeting held on 5th November, 2018 which you could not attend.

I would like to draw your attention to point No. 8 of the minutes of the Board Meeting. A proposal to open a new branch office at Mumbai, Mira Road (E) which was moved by Mr.A.N.Shah. Mr. M.H.Gunjral seconded the proposal. After a detailed discussion the said proposal was passed with majority of present directors.

The other items of the agenda being of routine nature, need no explanation.

Thanking you,

Yours faithfully,
For Diamond Company Ltd.

Sign
Company Secretary

Encl : Copy of the draft Minutes of Board Meeting

4. Reminding the Director of the provision regarding absenteeism at Board Meeting

Sec.167 (1) (b) of the Companies Act, 2013 provides that if a Director remains absent from all the meetings of the Board, held during a period of twelve months, with or without the leave of absence from the Board, he shall be deemed to have vacated his office.

The purpose of this provision ensures that Directors perform their duties diligently and do not skip the Board Meetings.

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Fax : 020-50062018

Email: Diamond30@gmail.com.

Ref. No.: D/DR/14/18-19

31st December, 2018

The Director,
Mr. Ashish V. Shroff,
78, Narayan Peth,
Pune-411030

Sub : Information about Absenteeism in the Board Meeting.

Dear Sir,

I am instructed by the Chairperson, to bring to your kind attention, about the fact that you could not attend all the Board Meetings, which were held from 1st April, 2018.

You are requested to note that Section 167(1) (b) of the Companies Act, 2013 provides that a director has to vacate his office, if concerned director remains absent from all the meetings of the Board for a period of twelve months, with or without leave of absence from the board.

I, therefore, request you to kindly attend the next Board Meeting scheduled on 25th January, 2019 to avoid disqualification under section 167(1) (b). The notice and agenda of the Board Meeting has been already forwarded to you.

Thanking you,

Yours faithfully,
For Diamond Company Ltd.

Sign
Company Secretary

SUMMARY

- ❑ The Secretary acts as a link between the members and the directors. The Secretary constantly communicates with Directors regarding business polices and daily administration.
- ❑ The Secretary has to correspond with Directors on important occasions such as Draft Notice and Agenda of Routine Board Meeting, Disclosure of Personal interest of Directors in a Contract, Report to the Director who was absent for a meeting, requesting Director to be present as an expert, Retirement of Director etc. and other matters.



EXERCISE

Q.1 A. Select the correct answer from the options 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 Sec.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 OPC 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'		Group 'B'	
a)	Directors	1)	At least 2 Directors
b)	Absenteeism of Director in Board Meetings	2)	At least 3 Directors
c)	Public Company	3)	Disqualification of director
d)	Private Company	4)	Representatives of shareholders
e)	Notice of a Routine Board Meeting	5)	21 clear days
		6)	7 days
		7)	70 days
		8)	Representative of public
		9)	At least 20 directors
		10)	At least 30 directors

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

- 1) An elected body of representatives of Shareholders.
- 2) An employee of a company who provides guidance and advice to the Board of Director about business matters.
- 3) A meeting of all the directors of a company.
- 4) A written invitation given to the Director to attend the meeting.

D. State whether the following statements are True or False.

- 1) A director can be removed before the expiry of his term.
- 2) Directors act as trustees of the company.
- 3) A director can remain absent for any number of Board Meetings,
- 4) Directors act as agent and trustees of the company.
- 5) Company Secretary need not attend the board meetings.
- 6) Director can take decisions individually.

E. Complete the sentences.

- 1) The elected representatives of the shareholders are called as
- 2) The meeting of all Directors is called as
- 3) The notice period for Board Meeting shall not be less than

F. Select the correct option form the bracket.

Group 'A'	Group 'B'
1) Notice of Board Meeting	-----
2) -----	Meeting of all directors
3) Duty of Directors	-----

(Board Meeting, Not less than 7 days, Disclosure of personal interest)

G. Answer in one sentence.

- 1) When does a Director vacate his office due to absenteeism at Board Meeting?
- 2) Can a Director who was absent at Board Meeting get a copy of minutes of that Board Meeting?

H. Correct the underlined word and rewrite the following sentences.

- 1) Secretary is a elected representative of the shareholders.
- 2) Secretary is responsible for decision making and framing policies of a company.

Q.2 Explain the following terms/concepts.

- 1) Director
- 2) Board of Directors
- 3) Conciseness
- 4) Politeness
- 5) Initiative
- 6) Notice and Agenda of board meeting

Q.3 Answer in brief.

- 1) What are the points to be considered by a secretary while corresponding with the directors?
- 2) Under what circumstances will a Secretary correspond with a Director?

Q.4 Justify the following statements.

- 1) Directors exercise their powers and authorities collectively as a Board.
- 2) The Secretary should take certain precautions while corresponding with Directors.
- 3) The Board of Directors are the elected representatives of the shareholders.
- 4) The Secretary has to correspond with Directors on important occasions.

Q.5 Attempt the following.

- 1) Draft the notice and agenda of routine board meeting.
- 2) Write a letter to the director requesting him to disclose his personal interest in a contract.
- 3) Write a letter to the director who was absent for a Board Meeting to inform him about proceedings of the meeting.
- 4) Write a letter to the director reminding him about the provision regarding absenteeism at the Board Meeting.

