

CHAPTER 3

DEPARTMENTATION

3.1 DEPARTMENTATION

Departmentation refers to the process of grouping related activities or functions into specialized units or departments within an organisation. It also refers to the grouping of operating duties into jobs, the combining of jobs and mixing of companies into divisions called “Departments”. It refers to the Horizontal differentiation in an organization.

According to William H. Neuman, Departmentation is the process of Grouping activities into units for purposes of Administration. According to Louis Allen, Departmentation is a Distinct area, division or branch of an Enterprise over which a manager has authority for the performance of specified activities or functions of enterprise are grouped Homogeneously into different groups.

It is the foundation of every organisation structure. It is the process of categorizing and grouping all activities of an enterprise into different units and sub-units. Each department Headed by a person Known as Departmental manager. It provides scope for organisation's Growth (along with same product line) and expansion (addition of new product line).

Purpose: The Management of the Enterprise is made more effective by departmentation. It would have been a very difficult and complicated task to manage a large undertaking without departmentation.

The creation of a series of smaller departments enables the executives to get them specialised within a narrow range of activity. This helps the organisation to assign the work only to these who are best suited. with this type of assignment, the executives can focus their experience and interest only on that work assigned to them departmentally rather than connecting on overall company interests and policies. Departmentation further helps the executive to direct and control the work to be done under his department.

3.2 ADVANTAGES OF DEPARTMENTATION



➤ **Specialization**

In departmentation, each department performs a different function. For example, Finance department looks after finance, marketing department looks after sales etc. This results in specialization. It leads to speed, accuracy, efficiency and improvement in quality and quantity of work. Specialization leads to faster working of the department.

➤ **Growth and Expansion**

There are many different departments in the organization. Therefore, the organization can easily grow and expand without departmentation, the organization will remain small and static.

➤ **Fixing Responsibility**

It helps to fix the responsibility of a specific job on a particular department. If there is a mistake in the accounts, then the accounts department will be held responsible. Similarly, if there is a mistake in the production, the production department will be held liable, and so on.

➤ **Better Customer Service**

Departmentation results in a better customer service. The customers get quick and efficient service. The customers get quick and efficient service. Many organizations do geographic departmentation and customer departmentation.

➤ **Performance Appraisal**

In departmentation, a specific job is given to person or department. Therefore, it is very easy to do the performance appraisal, that is the performance of a person or department can be easily measured.

➤ **Management Development**

Example: Training given to Managers is called Management development. This Departmentation facilitates Management development. This is because the junior or trainee managers can be sent to different departments to get an on-the-job-Training. They are allowed to take part in the Planning, decision making, Implementation of strategies. This results in management development.

➤ **Optimum Utilization of Resources**

The Men, Money, Materials, Machines, Methods and markets put to maximum use. Example: There are many organizations that use Time Departmentation. Here, there are working shifts like Morning, evening, night shifts etc. this results in optimum utilization of resources.

➤ **Facilitates Better Control**

In Departmentation, the organisation is divided into small manageable departments. These departments can be easily Supervised and Controlled. Hence, departmentation facilitates a Better control.

3.3 FEATURES OF DEPARTMENTATION

➤ **Specialization**

Specialization helps to do a work more effectively and efficiently.

➤ **Coordination**

Coordination Implies that each one of the associated tasks is carried out in a manner that their overall performance is Synchronized in order that every Contribution undoubtedly is Obtain objectives.

➤ **Control**

Control involves analyzing whether or not the supposed effects are being performed with the aid of using numerous departments.

➤ **Stability**

A stability needs to be maintained among the value of making a branch and its contribution.

➤ **Focuses on Results**

The Idea of a department contributes in the direction of obtaining the forward outcomes ought to be chosen.

➤ **Human Consideration**

Basis of the department has to additionally think about the human issue within the organisation.

3.4 BASIS OF CLASSIFICATION

➤ Functional

It is one type of the classification where the departments are organized based on their roles within the organization. Functional classification involves grouping departments based on the specific functions or activities they perform within an organisation. Each department focuses on a specific set of tasks or activities related to a particular function. Example: a company may have sales marketing, production and many more departments performing a specific set of tasks or activities.

➤ Product

Departments are organized by a product line, accounting for the control of all aspects of that product. Example: a company that sells clothing might have separate departments for men's, women's and children's clothing.

➤ Geographic

Departments are organised by their location along with geographic lines, such as by region. It is usually used by multinational corporations. This approach is particularly useful for organisation that have multiple branches, offices or outlets spread across different areas. It can be done through regional departments, branch offices or international divisions.

➤ Customer or Market

Departments are organized according to customer types, such as by the needs of consumer, business and government clients. For instance, a bank might have separate department for personal banking and business banking.

These are the basic classifications of departmentation. There are many more other classifications.

SUNDARAM CLAYTON LIMITED

3.5 LIST OF DEPARTMENTS IN THE COMPANY

- **FINANCE DEPARTMENT**
- **PURCHASE DEPARTMENT**
- **MARKETING DEPARTMENT**
- **EXPORT WAREHOUSE SALES DEPARTMENT**
- **HUMAN RESOURCE DEVELOPMENT (HRD) DEPARTMENT**
- **LOGISTICS DEPARTMENT**
- **TOTAL QUALITY MANAGEMENT DEPARTMENT**
- **RESEARCH AND DEVELOPMENT DEPARTMENT**
- **NEW PRODUCT DEVELOPMENT DEPARTMENT**
- **SECRETARIAL DEPARTMENT**

FINANCE DEPARTMENT

The finance department is first and foremost at the heart of the company. A company's finance department serves a fundamental role in making financial decisions for internal and external affairs. It is the unit of the business, which is responsible for obtaining and handling monies on behalf of the organization. The department controls the income and expenditure in addition to ensuring effective business running with minimum disruptions. The Finance departments responsibilities also include economic analyses to improve key business strategies. The “**chief financial officer**” (CFO) of the company holds the key to the company's cash and budget.

At present, Mr. **K. Gopala Desikan** is the “Director and Chief financial officer”. At top level, the finance department in Sundaram- clayton limited, plans and manages company money, making sure a business can access cash in sustainable ways.

Functions of Finance Department

- To record the purchase and sales made by a business as well as capital spending.
- To prepare profit and loss account and balance sheet.
- To support the management in filing requisite financial data that is useful in managing funds.
- To evaluate economic trends and identify future investment and cultivate long term business plans.
- To conduct research and collect data that assists in the organisations temporary and permanent financial forecast.
- To make sure, all of the government forms and filing are sent complete and on time.
- To create strategies and financial plans that forecast what financial results will look like in future periods.
- To develop capital budgeting in the business. Capital budgeting is the function responsible for selecting between the various uses of capital, or capital projects.
- To utilize the funds appropriately.

PURCHASE DEPARTMENT

Every organisation aims to create financial stability by optimizing its operations with resources, to procure these resources, Organisations require a specific plan to fulfill their strategic and operational needs. A purchase department also known as procurement department in a company is an organisational unit that involves in the process of buying or acquiring goods and services to make supply chain management more efficient. Goods, materials and equipment procured in this process play a key role in improving the quality of products/services produced by the organisation. The main two roles of purchase department in Sundaram clayton limited is strategic purchasing and operational procurement.

Functions of Purchase Department

- To identify business requirements for goods, materials and services.
- To set up the order quantities and to make bid requests on supply contracts.
- To acquire goods at the best possible price and procure raw materials for sustaining operations.
- To compliance with industry protocols.
- To find reliable suppliers to meet the requirements for goods, materials and services.
- To coordinate with the delivery schedules for each branch of the company.
- To develop strategies along with other professionals at their organisation to plan for its future.

MARKETING DEPARTMENT

Marketing is any activity promoting products or services to consumers to make a sale.

A marketing department is a group of marketing specialists responsible for planning, creating and monitoring marketing activities within a company. The primary goal of the marketing department is to help the company generate as many sales as possible.

Steps done by marketing department in Sundaram clayton limited:

They focus on three main tasks.

- 1.Design marketing strategies to attract and engage customers.
- 2.Deliver products that satisfy customer's needs and wants.
- 3.Build long term relationship with customer.

It refers to the various efforts and strategies that a company employs to promote its product or services to potential customers.

Functions of Marketing Department

- To monitor market trends and identifies consumer needs and wants.
- To create and manage the brand image of the company.

- To analyze the market trends. Marketers may look at trends regarding interests or product used across different ages, genders and locations.
- To create promotional strategy and content and implement a wide variety of different promotional projects for their brand.
- To monitor the competition and keep track of the competitor and their works to identify the competitor strategy that works well and may use that same strategy or a different and improved strategy by the company.
- To manage marketing budget. This budget helps to show how much they intend to spend on upcoming or ongoing projects. This helps the management in budget allocation.
- To receive customer feedback by communicating with them.
- To communicate within the company so that they may coordinate with a variety of other departments in areas like budget, image and schedule.
- To decide on the emphasis to place, as well as approach to take on social issues, global marketing or the web etc.

EXPORT WAREHOUSE SALES DEPARTMENTS

This department represents the entire supply chain channel which includes streamlining of order handling, transportation, inventory management and handling, storage, packaging and clearing of the export goods. Once the product has been cleared for dispatch from the factory or the warehouse facility, the export process formally starts. A freight forwarder maintains working relationships with several vessel operators and even non vessel operating carriers to secure great deals for the shipper.

Currently Mr. P. Balasubramanian is the vice president for sales, customer order fulfilment in Sundaram clayton limited.

Functions of Export Warehouse Sales Department

- To indulge in international marketing and promotion of company products.
- To increase the sales volume of the products of the company over a period of time at the international market.
- To follow up with customers and ensure that their demands for goods and services are fulfilled.
- To involve in receipt checking and recording of customer order.
- To prepare outward invoices of sales for dispatch and to maintain proper sales journal.
- To employ appropriate strategy to carry out the sales activities.
- To collect outstanding bills from the other companies and customers.

HUMAN RESOURCE DEPARTMENT

A human resource department is the division of a company that is responsible for effectively managing a company's human resources which are ultimately its employees. This department's mission is to make sure that the company's employees are adequately, managed, appropriately compensated and effectively trained. The department is also responsible for recruiting, hiring and administering benefits.

Functions of Human Resource Department

- To help an organisation conform to government regulations or guidelines by training employees on relevant laws or regulations for which they are responsible.
- To develop competencies at the organisation level.
- To recruit, hire, train and develop the employee and their relations with the company.
- To ensure workplace safety for the employees of the company.
- To collaborate among different units of the organisation for effectively managing the company's human resources.

- To promote team spirit among the employees of the organisation.
- To improve performance and ability of the employees of the organisation.
- To develop an organisational culture in which there is good senior -subordinate relations, motivation, quality and sense of belonging.

LOGISITICS DEPARTMENT

Logistic management is that part of the supply chain which plans, implements and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customer's requirements. The logistics department in Sundaram clayton limited, is in charge of the overall process of managing the resources. They identify the prospective distributors and suppliers and determine their effectiveness and accessibility. Currently Mr. Abhishek Vivek is the senior logistics manager of Sundaram clayton limited company.

Functions of Logistics Department

- To design the precision logistics network covering different locations that make up the supply chain.
- To process the customer orders.
- To reverse logistics plans and execute the reuse or proper disposal of products and materials.
- To help in inventory management of the company by managing the resources.
- To help in material handling and warehouses management.
- To help in transportation of the company from one place to another place.
- To help in packaging and labelling process of the company.
- To get appropriate information and control over the company etc.

TOTAL QUALITY MANAGEMENT (TQM) DEPARTMENT

Total quality management is a management approach to long term success through customer satisfaction. In the total quality management department, all the members of the department of the company participate in improving processes of products, services and the culture in which they work. Sundaram clayton limited company uses strategy data, effective communication to integrate the quality discipline into the culture and activities of the organisation. It is a continual process improvement. This management helps in strengthened competitive position and improves the adaptability to changing or emerging market conditions and to environmental and other government regulations.

Functions of Total Quality Management Department

- To raise the productivity of the company by improving processes of products, services and the culture in which they work.
- To enhance the market image of company by improving the quality of the products and services.
- To increase the customer loyalty and retention and also to device ways to maintain it.
- To help in eliminating the defects and waste of the company.
- To reduce the cost and helping in better cost management.
- To help in improving the customer focus and satisfaction.
- To improve the shareholder and stakeholder value of the company.
- To install a new and innovative processes for the company's production/ manufacturing.

RESEARCH AND DEVELOPMENT(R&D) DEPARTMENT

The word research and development (R&D) is used to describe a series of activities that companies undertake to innovate and introduce new products and services. It is the first step in the development process of the company. Companies require knowledge, talent and investment in order to further their research and development needs and goals. The main types of research and development type that exist in "Sundaram clayton limited" are Basic Research, Applied Research and Development Research.

Functions of Research and Development Department

- To research about the new product: Before a new product is developed, a research and development department conducts a thorough study to support the projects. This phase includes determining product specifications, production costs and a production time line.
- To help in the new product development phase: this is the time when the new product is actually developed based on the requirements and ideas created during the research phase.
- To update about the existing products of the company by evaluating the products to ensure they are still functional.
- To help in Quality control checks of the products and services manufactured by the company.
- To create new and innovative ideas to compete the competitors of the company.
- To provide effective customer service.
- To help in finding the investors by displaying the usefulness, marketability and consumer desire for a product.
- To help in securing patents: The research and development team often creates designs and documents that are useful while filing for a patent. The team discovers on how to build a product in a way, unique enough to qualify it for a patent of its own, even if it's a vision of an existing product.

NEW PRODUCT DEVELOPMENT (NPD) DEPARTMENT

This department covers the complete process of bringing a new product to market, renewing an existing product or introducing a product in a new market. This department mainly focuses on a new product design, along with various business considerations. This department provides a Roadmap for the entire product lifecycle, detailing how to bring a new product to the market, renew an existing product, or introduce existing products to new markets. This is used not only to analyze internal business, but also to develop forward-facing market strategy. Sundaram clayton limited company, follows four steps under this department. They are:

1. Concept study
2. Creating a prototype
3. Productization
4. Manufacturing, after sales and maintenance.

Functions of New Product Development Department

- To supervise the development of the new product of the company.
- To conduct market research to ensure the success of products.
- To understand consumer behaviors and mapping the user journey to determine next steps.
- To choose appropriate marketing strategies to implement successful product launches.
- To help in revising the plans as needed to improve product visibility and consumer response.
- To help in creating awareness about the new product that is to be launched by the company through proper communication and marketing strategies.
- To help in developing of the new product, and help in bringing it to the market.
- To help in commercialization: If all the mentioned and planned strategies fall right in place by the company, then no one can stop a product from getting attention and being a product-market fit. commercialization helps in the success of a new product in the market.

SECRETARIAL DEPARTMENT

The secretarial department is a crucial part of an organisation. They handle administrative tasks like managing appointments, organising meetings, handling correspondence and maintaining records. They often act as a bridge between different departments and help ensure smooth communication within the organisation. It's the backbone of the company. The secretarial department plays a vital role in keeping things organised and running smoothly in a company, to handle tasks like scheduling meetings, managing calendars and assisting with administrative duties.

Meaning of Company Secretary:

A company secretary means a person who is a member of the institute of company secretaries of India (section 2(1) of the company secretaries act 1980). According to section 2(24) of the companies act, 1980, it includes any other individuals possessing the prescribed qualification and appointed to perform the duties which may be performed by a secretary under this act and any other ministerial and administrative duties.

A company secretary is responsible for the efficient administration of a company, particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the board of directors are implemented.

Functions of Company Secretary:

There are two types of functions done by the secretary of Sundaram clayton limited

A) Statutory Functions:

- To sign the annual return of the company.
- To register the allotment of shares.
- To convene the annual general meeting.
- To help in organising the board meetings by preparing agendas and ensure that proper protocols are followed during the meetings.
- To provide guidance on corporate governance practices and help the company adhere to good governance principles.
- To handle communication with shareholders, including distributing notices of meetings and managing shareholder inquiries.
- To help in maintaining corporate records like board meeting minutes, shareholder records and other legal filings.

B) Non Statutory Functions:

i) Functions in Relation to Directors

- To ensure that the actions of board of directors are strictly in accordance with the provisions of the law.
- To help the board of directors to make policies.
- To record the attendance of the directors.
- To prepare the minutes of the board meeting.
- To maintain all important correspondence, files, documents and records of board office.

ii) Functions in relations to office and staffs

- Secretary is responsible for the smooth functioning of the office work. He exercises an overall supervision of all clerical activities in the office.

iii) Functions in Relations to Shareholders

- To issue share certificate, share warrant and debentures.
- To issue allotment and call letters.
- To issue notices and agenda of the annual general meeting and extraordinary general meeting of shareholders.
- To maintain the proceedings of all meetings.

iv) Functions in Relations to Meeting

The secretary of the department and the company has to deal with all kinds of meetings conducted in the company.

C) Other Functions:

- To supervise, co-ordinate and control the activities of the firm.
- To handle recruitment, induction, promotion transfer and remuneration of office staffs.
- To arrange and attend the meetings, seminars, conference, routine work, records, arrange interview.
- To carry out the decisions of board of directors.
- To arrange election of office bearers, secretary and members of managing committee.
- To act as the principal executive officer of the company and sign in legal documents.
- To give advisory functions to the management regarding any legal procedures.
- To convey all decisions, policies, orders and directions of the board to the members of the staff.
- To represent the society/company in court, government and public.

3.6 MEETING

A company's meeting is a gathering or assembling or getting together the quorum for transacting a lawful business. There must be at least two persons to convene a meeting. According to **K. Kishore**, "a concurrence or coming together of at least a quorum of members by previous notice or mutual arrangement for transaction business for a common interest is meeting."

3.7 TYPES OF MEETING

1. Annual General Meeting
2. Extraordinary General Meeting
3. Board Meeting

ANNUAL GENERAL MEETING

Annual general meeting is conducted once in a year where shareholders, directors and other stakeholders come together to discuss the company's performance, financial and future plans. The annual general meeting is typically conducted within a certain time frame after the end of the company's financial year. The exact timing can vary depending upon the jurisdiction and the company's specific circumstances.

In many cases, companies are required to hold their annual general meeting within a certain number of months after the end of their financial year.

- The annual general meeting is usually mandated by law and serves as a platform for transparency and accountability.
- There shall not be more than 15 months gap between one annual general meeting and the other. Every annual general meeting shall be called during business hours, on a day that is not a public holiday.

EXTRAODRINARY GENERAL MEETING

It refers to an shareholder meeting called by a company other than its scheduled annual meeting. This type of meeting is conducted to deal with urgent matters that come up between annual shareholders meetings. This are often conducted for emergency measures such as resolving an immediate legal matter or the removal of a key manager.

Features of the meeting:

- This are held only in very urgent legal and administrative matters.
- This may be held on holidays as well as weekends because of the urgency.
- It is usually called by the board of directors.

BOARD MEETING

It is a formal meeting of the directors of the company called to debate on certain issues and problems and to take decisions to run the company smoothly in order to achieve the desired goals and objectives set. The meetings are held at definite times, at definite places. It solves some special issues, taking important decisions or to make new policies.

As per section 173(1) of companies act 2013, every company shall hold the first meeting of the board of directors within thirty days from the date of company incorporation and there after hold board meetings in such a manner that is not more than 120 days shall intervene between 2 consecutive meetings. There should be a minimum number of four meetings every year.

SECRETARIAL DUTIES IN RESPECT OF MEETINGS

A) BEFORE THE MEETING

- i) To check whether the accounts of the company is prepared and compiled with the provisions of the act
- ii) To prepare the agenda and the annual report of the directors.

- iii) To send notice of the meeting and prepare chairman's speech in consultation with the chairman.
- iv) To organise the meeting and fix the date, time and location of the meeting and notify it to the board members.
- v) To keep documents like cheque, contracts for sealing, company seal, bank passbook and other documents ready.
- vi) To submit the letter of requisitions
- vii) To assist the board in preparing the necessary draft resolutions.
- viii) To make arrangements for taking a poll in meeting, if necessary.

B) DURING THE MEETING

- i) To check that no unauthorized persons enter the general meeting.
- ii) To help the chairman by providing necessary information and help in conducting the meeting.
- iii) To setup and test all types of equipment's, for example, audio tele conference etc.
- iv) To record who is present at attendees file and create a record for all actions and decisions of the board.
- v) To see the admission cards are duly signed and collected at the entrance.
- vi) To assist the chairman of the company throughout the meeting.
- vii) To help in keeping the meeting on track by monitoring the time and reminding participants of the agenda and allotted time for each topic.
- viii) To ensure that the meeting is conducted in accordance with the company's articles of association, bylaws and any applicable laws or regulations.
- ix) To take notes of the proceedings of the meeting.

C) AFTER THE MEETING

- i) To prepare minutes of the meeting, brief them and get them signed by the chairman of the same within 30 days of meeting.
- ii) To send intimation of appointment and re appointment of directors and auditors.
- iii) To dispatch the divided warrants within 30 days and deposit the amount of dividend remaining unpaid or unclaimed in a “unpaid dividend account” within 3 days from expiry of 30 days.
- iv) To send the organised copies of annual report to the department of company affairs, government of India.
- v) To file with the registrar, the certified copies of the special resolutions passed in the meeting within 30 days from date of meeting.
- vi) To incorporate the necessary changes, if any in memorandum and Article of associations as a result of resolutions passed in the meeting.
- vii) To take actions arising on other matters, arising out of the decision of the stakeholder.
- viii) To gather feedback from meeting participants to assess the effectiveness and efficiency of the meeting. This feedback can be used to improve future meetings and address any areas of concern.

3.8 SHARE

Meaning: A company’s share capital is divided into small equal units of finite numbers. Each unit is known as a share.

- A share is a percentage of ownership in a company on a financial asset.
- Investors who hold shares of the company are known as shareholders. It is a invisible unit of capital, expressing the relationship between the company and the shareholders. A share is a definite portion of the capital of a company.

3.9 SHARE CERTIFICATE

A Share certificate is a registered evidence of title to the shares, issued by the company under its common seal, signed and stamped by one or more directors and it is also signed by the secretary of company as per the Articles.

- It is a document which is issued by the company, evidencing that a person named in such certificate is the owner of the shares of the company as stated in the share certificate. The name of every holder of share certificate shall appear in the register of the members of a company. The Indian companies act mandates companies for issuing share certificates post their incorporation.
- A share certificate that is damaged, Lost or stolen can be reissued with a replacement certificate in respect of the same number of shares.

E- SHARE CERTIFICATE

Share certificate is a document containing information about the shareholder and the number of shares issued to them on a particular date. When it is issued in electronic form to the shareholder rather than a physical paper form, it is called as “E share certificate”.

DEMATERIALISATION

It is the process of converting physical share into electronic form. An investor who wants to dematerialise his shares needs to open a Demat account with the depository participant. Investors surrenders the physical shares and in turn gets a electronic shares in demat account.

DEMAT ACCOUNT

It is a account that holds financial securities digitally and to trade shares in the share market. It is maintained by two depository organisations The national securities depository limited and the central depository services limited.

PROCEDURE FOR OPENING A DEMAT ACCOUNT

- Depository participant must be selected.
- Demat account opening form must be filled and submitted.
- Know your customer (KYC) should be filled and verification process should be done and checked.
- The agreement copies need to be signed by the investors.
- The beneficial owner identification number should be provided to the investors.

Depository Participant

It is described as an agent of the depository. They are the intermediaries between the depository and the investors. They are the registered stockbroker of a particular depository.

Converting physical holding into electronic holding:

In order to dematerialise the physical securities, the investor has to fill in Demat request form (DRF) which is available with the depository participant and submit the same along with the with physical share certificates. Separate demat request form has to be filled for each international securities identification number (ISIN).

Process of dematerialisation:

- The share certificate must be surrendered for dematerialisation to the depository Participant.
- The depository participant must submit the certificate to the registrar of the issuing company.
- The registrar should confirm it
- After dematerialisation of the certificates, the registrar updates the accounts and informs the depository participant.
- The depository, updates its account and informs the depository participant and updates the demat account investor.

3.10 TRANSFER OF SHARES

The process for buying and setting dematerialised securities is similar to the procedure for buying and selling of physical securities. The difference is in the process of delivery (in case of sale) and receipt (in case of purchase) of securities.

In case of purchase

- The broker will receive the securities in his account on the payout day & broker will give instructions on it.
- Investors will give “receipt” “instruction” to depository participant for receiving credit by filing appropriate form.

In case of sales

- The investors will give delivery instruction to depository participant. Such instructions should reach the participant’s office at least 24 hours before the pay-in.

3.11 TRANSMISSION OF SHARES IN DEMAT

Transmission is the process by which securities of demat account of the deceased account holder are transferred to the account of his legal heir/nominee. This transfer of dematerialised holding is more convenient

Procedure for Transmission

In the event of death of sole holder, the claimant should submit to the concerned depository participant an application with the Transmission Request Form (TRF) along with the following documents:

Original or death certificate downloaded from online portal of government carrying digital signature of the missing authority or a copy of death certificate duly authorised or altered by a Gazetted officer- In case of death of sole holder where the sole holder has appointed a nominee.

Now, when the Sole Holder has not appointed a nominee:

- Original or death certificate downloaded from online portal of government carrying digital signature of missing authority or a copy of death certificates should be authorized or altered by a gazette officer.
- Succession certificate/probate of will/letter of administration- incase when sole-holder has appointed a nominee.

The depository participant after ensuring the authenticity of the application, will transfer the securities to the account of claimant.

3.12 DIVIDEND

Section 2((35) of the company act, 2013 (“Companies Act”) defines “Dividend”, stating that it includes any “**interim dividend**”. It is given in proportion to the amount paid for each share held by the shareholders if so authorized by the Article of association of the company.

(Section 51, companies act). All companies except non-profit organisations, Example: companies under section 8, can declare a dividend. It refers to a record, cash or otherwise, that a company gives to its shareholders. Dividends can be issued in various forms such as cash payment, stocks or any other form. It is a reward extended to the shareholders by the company and its source is the company’s Net Profit. A company’s board of directors decides the Rate of Dividend.

3.13 SECRETARIAL DUTIES AT TIME OF PAYMENT OF DIVIDEND

1. Ensuring Compliance

The company secretary ensures that the payment of dividends follow all legal requirements and regulations, including any specific rules outlined in the company’s Article of association

2.Preparing Necessary Documentation

They are responsible for preparing the necessary paperwork, such as dividend warrants or electronic transfers, to facilitate the payment of dividends to shareholders.

3. Coordinating with Relevant Stakeholders

The secretary works closely with the finance department and other relevant stakeholders to determine the amount and timing of dividend payments.

4. Communicating with Shareholders

They handle communication with shareholders regarding dividend payments, including sending out notices, answering inquiries and addressing any concerns.

5.Maintaining Records

The secretary keeps records of dividend payments, ensuring accurate documentation and proper filing for future reference.

6.Dividend Declaration

The company secretary assists in the process of declaring dividends by preparing the necessary resolutions and documents for the board of director's approval.

7.Dividend Payment Logistics

They coordinate with company's registrar or transfer agent to ensure that dividend payments are made accurately and efficiently to all eligible shareholders.

8.Compliance with Tax Regulations

They ensure that the company complies with tax regulations related to dividend payments, including withholding tax obligations and reporting requirements.

9.Dividend Policy

The secretary may also play a role in formulating and reviewing the company's dividend policy, which outlines the criteria and guidelines for dividend payments.

- If the dividend warrant is not sent within 30 days of its declaration or the dividend is not paid within that period, then the secretary must ensure that the total amount of such unclaimed or unpaid dividend is transferred to a special account in a scheduled bank called as “unpaid dividend account” within 7 days from the expiry of 30 days from declaration of the dividend.
- If the money transferred to the special account remains unpaid for a period of 7 years, then the secretary should transfer such money to the “Investor education and protection fund”.

Main registers to be maintained

- i) Register and index of beneficial owner.
- ii) Register of equity shares.
- iii) Register of members [Sec 150(1)]
- iv) Register of charges.
- v) Register of debenture holders.
- vi) Register of contracts.
- vii) Register of agreement deeds.

3.14 CAPITAL STRUCTURE

It is a combination of debt and equity used by a company to finance its overall operations and growth. It is a mix of company's long-term debt, specific short-term debt, common equity and preference equity. This capital structure tells how a firm finances its overall operations and growth by using different sources of fund. **According to P.Chandra**, “capital structure is essentially concerned with how the firm decides to divide its cash flows into two board components, a fixed component that is marked to meet the obligations towards debt capital and a residual component that belongs equity shareholders”.

3.15 DIFFERENT TYPES OF CAPITAL STRUCTURE

- Authorised Capital
- Issued Capital
- Subscribed Capital
- Called up Capital
- Paid up Capital
- Reserve Capital

AUTHORISED SHARE CAPITAL

It is the total capital that a company accepts from its investors by issuing shares which are mentioned in the official document of the company. It is also known as registered capital or nominal capital because only with this capital a company is registered.

According to section 2(8) of the companies act 2013, the limit of authorised capital is given under the capital clause in the memorandum of association.

ISSUED SHARE CAPITAL

It is the part of authorised share capital issued to the public for subscription. This capital is the subset of authorised share capital.

SUBSCRIBED SHARE CAPITAL

It means the paid up value of the part of the authorised capital which is issued for cash or for consideration and includes the shares subscribed by the signatories to the memorandum. It is not mandatory that the issued capital should be fully subscribed to by the public

CALLED UP CAPITAL

It is the part of subscribed capital. It is the total amount of issued capital for which shareholders are required to pay. The company do not collect the entire amount of capital at once. It calls upon the part of subscribed capital when needed in installments basis. The remaining part of the capital which is not called is known as “uncalled capital”.

PAID UP CAPITAL

It is the part of the calledup capital which is paid by the shareholder. This part is called as paid up capital.

RESERVE CAPITAL

It is a part of Subscribed uncalled capital which will not be called up until and unless the company goes into liquidation. It is reserved by the company.

3.16 CAPITAL STRUCTURE OF SUNDARAM CLAYTON LIMITED AS ON MARCH 2023 (31.3.2023)

- Authorised capital
- Issued capital
- Paid up capital.

Capital structure for the year 31.3.2023 of Sundaram clayton limited (TVS holdings):

PARTICULARS	NUMBERS	RUPEES IN CRORES
<u>AUTHORISED CAPITAL</u> Equity shares of Face value: @Rs.5/-	5,00,00,000	25.00
<u>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</u> Equity shares of Face value: @Rs.5/-	2,02,32,085	10.12
	2,02,32,085	10.12

