

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:6114  
ANSWERED ON:03.05.2013  
PENALTY ON COMPANIES  
Singh Shri Pashupati Nath

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government/Securities and Exchange Board of India (SEBI) imposes any penalty on the companies who fail to pay dividend to their shareholders;
- (b) if so, the details and conditions thereof; and
- (c) the details of companies penalised in this regard during each of the last three years and the current year?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): As per Section 205A of the Companies Act, 1956 if a dividend has been declared by a company but has not been paid within thirty days from the date of the declaration to any shareholder entitled to the payment of the dividend, the company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid, to a special account called 'Unpaid Dividend Account' to be opened by that company in any scheduled bank. If a default is made in transferring the total amount referred or any part thereof to the unpaid dividend account of the concerned company, the company shall pay, from the date of such default, interest on so much of the amount as has not been transferred to the said account, at the rate of twelve per cent per annum and the interest accruing on such amount shall enure to the benefit of the members of the company in proportion to the amount remaining unpaid to them. If a company fails to comply with any of the requirements of Section 205 A, the company, and every officer of the company who is in default, shall be punishable with fine which may extend to five thousand rupees for every day during which the failure continues. As per Section 207 of the Companies Act, where a dividend has been declared by a company but has not been paid, or the warrant in respect thereof has not been posted, within thirty days from the date of the declaration, to any shareholder entitled to the payment of the dividend, every imprisonment for a term which may extend to three years and shall also be liable to a fine of one thousand rupees for every day during which such default continues and the company shall be liable to pay simple interest at the rate of eighteen per cent per annum during the period for which such default continues. As per Section 15C of the SEBI Act, if any listed company, after having been called upon by the SEBI in writing, to redress the grievances of investors which may also include non-payment of dividends, fails to redress such grievances within the time specified by SEBI, such company shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

(c): The details of listed companies penalised by SEBI during the last three years and the current year for non redressal of investor grievances for complaints regarding non-receipt of dividends are as follows:

Financial Year	Name of the company order	Penalty amount (Rs.) adjudication	Date of the
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2013-14

(till 22/4/2013) I. Usha India Ltd. 26,33,000 18/04/2013

2012-13 1. Satguru Agro Industries Ltd 2,00,000 28/06/2012

2. Jord Engineers India Ltd 2,00,000 28/06/2012

3. Lohia Polyesters Ltd. 5,00,000 20/11/2012

4. Gujarat Filaments 5,00,000 9/10/2012  
Ltd.

5. Earnest Healthcare 10,00,000 12/11/2012  
Ltd

2011-12 1. ICES Software Ltd 30,000 9/3/2012

2010-11 1 Nexus Software Ltd. 10,00,000 28/07/2010

2. Motorola Enterprise 25,00,000 25/3/2011  
Ltd.

During the years 2009-10, 2010-11, 2011-12 and 2012-13, the following number of prosecutions have been launched u/s 205 A and u/s 207 of the Companies Act, 1956 for failure of companies to deposit the unpaid dividends to be transferred to special unpaid dividend account and penalty for failure to distribute dividend to the members within the stipulated period as per the Act, respectively.

Financial Relevant Section of No. of prosecutions  
Year the Companies Act

2012-13 Nil Nil

2011-12 205A 1

207 2

2010-11 205A Nil

207 Nil

2009-10 205A 2

207 Nil