

Chapter - 8 "Declaration and Payment of Dividend"

(iii) Unpaid dividend A/c (Sec. 124):

BOD recommends the dividend for a financial year



Shareholders at AGM declare the dividend for the FY

30 days

5 days

Amount of dividend to be deposited in a scheduled bank in a

separate bank A/c



Dividend to be paid to

registered shareholders

7 days

or his order or his bankers

Unpaid or unclaimed dividend to be transferred to a special account called as "Unpaid Dividend A/c"

[If not transferred, company is liable to pay interest @ 12% p.a. from the date of default]



within 90 days

Members are entitled to claim the dividend from



the unpaid dividend account

Prepare a statement containing

Name, address and unpaid

dividend to be paid to each person

↓ and

Place the statement on the website

of the company, if any and other

website as approved by C.G. for

this purpose.

Any amount remaining unpaid/unclaimed for a period of 7 years shall be transferred to IEPF. (and)

All related shares shall be transferred to IEPF.

Any claimant of the shares transferred to IEPF shall be entitled to claim the shares and dividend from the IEPF in prescribed manner.

Ex. 01.07.2022 - BOD recommend $100000 \times 25 = 25,00,000$

15.09.2022 - AGM dividend declared : $1,00,000 \times 20 = 20,00,000$ Current A/c
↓
20.09.2022 → Co. - deposit/transfer - 20,00,000 → Dividend A/c
15.10.2022 → Co. - pay the dividend - 18,50,000
22.10.2022 → Co. → unpaid dividend A/c - 1,50,000
↓
(9+30+31+20) 20.01.2023 → Co → strn. N/A/unpaid dividend ✓
22.10.2022 → Co. → Balance amt. - IEPF A/c
+ Shares

default →
↓
22.11.2022
Int @ 12% p.a.

Penalty for non-compliance of Sec. 124:

(a) Company: ₹ 1 lakh + ₹ 500 per day of default after the first
subject to a maximum of ₹ 10 lakh.

(b) Officer in default: ₹ 25,000 + ₹ 100 per day of default after the first
subject to a maximum of ₹ 2 lakh.

(iv) Investor Education and Protection Fund: - To be covered from the book -

Home work: ✓ Q.1: Mention any six amounts that are to be transferred
to IEPF.

✓ Q.2: Mention the purposes for which the amount lying in
IEPF can be utilised.

