BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Sections 11 and 11B of the Securities and Exchange Board of India Act, 1992

In the matter of Kavveri Telecom Products Ltd.

In respect of –

Sr. No.	Noticee	PAN
1	Kavveri Telecom Products Ltd.	AAACK7399F
2	C Shivakumar Reddy	AFKPS1146L
3	R H Kasturi	ADDPK6263D
4	L Nicholas	-
5	L R Venugopal	-
6	Shankarnarayan BS	AKPPB3901L
7	Jagadish C V	-

1. Background –

1.1. The present matter emanates from several complaints received from the shareholders of Kavveri Telecom Products Ltd. ('**KTPL**'/ the '**Company**')

alleging non-payment of dividend declared for the financial year 2011-12. The shares of the Company are listed on NSE and BSE.

1.2. Pursuant to the above, SEBI issued letter dated February 13, 2013 to the Company asking it to furnish information regarding declaration and payment of dividends under the Companies Act, 1956 and reasons if any, for default.

1.3. KTPL by way of letter dated March 13, 2013 informed SEBI that they had not been able to pay dividend to the shareholders as cash flow had been adversely affected.

2. Issuance of Show Cause Notice ("SCN")

2.1. In view of the above, SCN bearing number EFD/DRA2/SPV/RK/29053/ 2016 dated October 20, 2016 was issued to the Noticees.

2.2. The said SCN states that

a. the Company has not paid the dividend declared to be paid to the shareholders for the financial year 2011-12;

b. as per the provisions of Section 205(1A) of the Companies Act, 1956, the Noticees were required to deposit the amount of dividend in a separate account within 5 days of such declaration, and as per Section 207 of the Companies Act, 1956, the Noticees were under the obligation to disburse the dividend declared to shareholders within a period of 30 days from the date of declaration of dividend;

c. it was alleged that the Noticees had failed to pay the dividend declared by the company to the Shareholders within the prescribed time, thereby violating the provisions of Sections 205(1A) and 207; and

d. Considering the above, the Noticees were asked to show-cause as to why proceedings u/s 11 and 11B of the SEBI Act, 1992 should not be initiated against them.

3. Relevant Provisions –

3.1. The relevant provisions in this regard are as under :

Section 205 (1A), Companies Act, 1956

205. DIVIDEND TO BE PAID ONLY OUT OF PROFITS

"1 …

(1A) The Board of directors may declare interim dividend and the amount of dividend including interim dividend shall be deposited in a separate bank account within five days from the date of declaration of such dividend."

Section 207, Companies Act, 1956

207. PENALTY FOR FAILURE TO DISTRIBUTE DIVIDENDS WITHIN THIRTY DAYS

"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 director of the company shall, if he is knowingly a party to the default, be punishable with simple 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:

Provided that no offence shall be deemed to have been committed within the meaning of the foregoing provisions in the following cases, namely: -

(a) where the dividend could not be paid by reason of the operation of any law ;

(b) where a shareholder has given directions to the company regarding the payment of the dividend and those directions cannot be complied with ;

(c) where there is a dispute regarding the right to receive the dividend ;

(d) where the dividend has been lawfully adjusted by the company against any sum due to it from the shareholder ; or

(e) where, for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the company."

4. Personal Hearing, and Replies and Written Submissions from the Noticees –

4.1. Consequent to the issuance of the SCN, a reply dated November 17, 2016 was received from the Noticees. Further, the Noticees were provided an opportunity of personal hearing before me on September 13, 2019. The Noticees, by way of email dated September 12, 2019, requested postponement of the said personal hearing to enable them to prepare all the documents in the matter. Accordingly, a further opportunity of personal hearing was granted to the Noticees on February 04, 2020.

4.2. During the personal hearing on February 04, 2020, Mr. Prakash Shah, Advocate entered appearance on behalf of all the Noticees. Pursuant to the said personal hearing, additional written submissions dated March 09, 2020 have been received from the Noticees.

4.3. In this regard, a summary of the replies and submissions made by the Noticees in the matter is as under:

a. the Company was not able to pay the dividend, as declared, owing to special circumstances like the 2G judgment of the Hon'ble Supreme Court which affected the business of the Company, as the company was a supplier of antennas and other equipment to cellular companies, and the consequent recalling of advances by the banks;

b. the Company had a total dividend amount payable of Rs. 3,01,85, 390 to the shareholders of the Company for the financial year 2011-12, and the Company has paid Rs. 1,99,22, 980.42 to 5,255 shareholders.

c. Rs. 93.41 lakh of dividend amount has been waived by the promoters namely, R.H. Kasturi (Rs. 35.46 lakh), C. Shivakumar Reddy (Rs. 31.70 lakh), C. Uma Reddy (Rs. 26.25 lakh);

d. the dividend has been paid along with 18% interest per annum till the date of payment i.e., June 20, 2013;

e. the Company has computed interest proportionally for the number of delayed days in compliance with the provisions of Section 207 of the Companies ACT, 1956; and

f. all the investor grievances for alleged non-payment of dividend during the financial year 2011-12 have been resolved.

5. Consideration and findings –

5.1. As already stated, the present proceedings have arisen pursuant to the complaints received from the shareholders for non-payment of dividend. In this regard, the Noticees have stated that all the complaints have been resolved, pursuant to the disbursement of dividend. A list providing details of the complaints received and the dates of resolution, as submitted by the Company, is provided hereunder:

Table- 1

Registration No	**VIP Reference No.**	**Complaint Name**	**Complaint Against**	**Closing Date**
SEBIE/AP12/0000404/1	1	Madhya Pradesh Stock Exchange Limited	Kavveri Telecom Products	30/04/2013
SEBIE/AP12/0000456/1	2	Kaushikbhai Himatlai. Ramanandi	Kavveri Telecom Products	30/01/2013
SEBIE/AP12/0000460/1	3	Hypnos Fund Limited	Kavveri Telecom Products	30/04/2013

SEBIEMP12/0000461/1	4	Leman Diversified Fund	Kavveri Telecom Products	30/4/2013
SEBIE/AP12/0000462/1	5	Mahendra Vasudev Vyas	Kavveri Telecom Products	10/05/2013
SEBIE/AP12/0000463/1	6	Pragna Mahendra Vyas	Kavveri Telecom Products	10/01/2013
SEBIE/AP13/0000071/1	7	Samra Jan Trust	Kavveri Telecom Products	30/04/2013
SEBIE/AP13/0000072/1	8	Ali Mohammed Jan Trust	Kavveri Telecom Products	30/04/2013
SEBIE/AP13/0000073/1	9	Mohammed Muaz Jan Trust	Kavveri Telecom Products	30/4/2013
SEBIE/AP13/0000074/1	10	Misbah Jan	Kavveri Telecom Products	30/04/2013
SEBIE/AP13/0000231/1	11	Madhvi Gupta	Kavveri Telecom Products	06/05/2013

SEBIE/AP13/0000381/1	12	Biju Janardhanan	Kavveri Telecom Products	06/05/2013
SEBIE/AP13/0000393/1	13	Deval Shah	Kavveri Telecom Products	03/07/2013
SEBIE/AP13/0000394/1	14	Affluence Commodities Private Limited	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000395/1	15	Affluence Fincon Service Private Limited	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000397/1	16	Affluence Gems Private Limited	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000398/1	17	Amee Shah	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000399/1	18	Deven Shah	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000400/1	19	Malay Kothari	Kavveri Telecom Products	02/07/2013

SEBIE/AP13/0000401/1	20	Hitesh Panara	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000402/1	21	Chintan Shah	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000403/1	22	Malay Kothari HUF	Kavveri Telecom Products	02/07/2013
SEB!E/AP13/0000404/1	23	Manubha1a Pandya	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000405/1	24	Aruna 1 Pandya	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000408/1	25	Ranjan J Shah	Kavveri Telecom Products	02/07/2013
SEME/AP13/0000409/1	26	Devangshu Shantilal Kothari Huf	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000410/1	27	Isl Consulting Limited	Kavveri Telecom Products	02/07/2013

SEBIE/AP13/0000411/1	28	Enrich Consulting Pvt Ltd	Kavveri Telecom Products	12/08/2013
SEBIE/AP13/0000412/1	29	Reem Build Pvt Ltd	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000413/1	30	Afik Developers Pvt Ltd	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000415/1	31	Arvindkumar Amulakh Tanna	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000416/1	32	Piyush Mahendrabhai Pujara	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000417/1	33	Trupti Sanjay Sang Hvi	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000418/1	34	Gunwantiben Aniritlal Sanghvi	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000419/1	35	Sanjay Amritlal Sanghvi	Kavveri Telecom Products	02/07/2013

SEBIE/AP13/0000420/1	36	Shani Patel	Kavveri Telecom Products	10/07/2013
SEBIE/AP13/0000421/1	37	Kunjan Patel	Kavveri Telecom Products	9/07/2013
SEBIE/AP13/0000423/1	38	Parer(Mehta	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000424/1	39	Dave Vinodrai P	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000425/1	40	Greenbelt Realty Pvt.Ltd	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000426/1	41	Samor Properties Pvt.Ltd	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000427/1	42	Arris Idealcom Pvt.Ltd	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000428/1	43	Uday Infrastructure International Private Umited	Kavveri Telecom Products	02/07/2013

SEBIE/AP13/0000429/1	44	Steel Private Limited	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000431/1	45	Arya Fintrade Services India Pvt Ltd	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000432/1	46	Vallabh Realtors Pvt Ltd	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000434/1	47	Kifs Commodities Pvt Ltd	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000437/1	48	Skeet Comsec Trading Llp	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000439/1	49	Labhubhai Mohanbhai Makwana	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000440/1	50	Jhankhanatrivedi	Kavveri Telecom Products	02/07/2013
SEBIE/AP13/0000467/1	51	Shivani Jain	Kavveri Telecom Products	17/06/2013

SEBIE/KN14/0000144/1	52	Devalshah	Kavveri Telecom Products	19/05/2014
SEBIE/KN14/0000197/1	53	Deval Shah	Kavveri Telecom Products	31/05/2016
SEBIE/KN14/0000123/1	54	Girish	Kavveri Telecom Products	20/07/2016
SEBIP/AP11/0000223/1	55	P. Nataraian	Kavveri Telecom Products	30/03/2012
SEBIP/AP13/0000182/1	56	Ramesh J Soni	Kavveri Telecom Products	17/06/2013

5.2. The Company has also submitted an Affidavit dated February 19, 2020, affirmed by C. Shivakumar Reddy, Managing Director of the Company, stating that the dividend declared for the Financial Year 2011-2012 was paid in full to all eligible shareholders with 18% interest per annum till the date of payment.

5.3. The status of the above mentioned complaints filed on SEBI's SCORES system was checked. It was observed that the said complaints have been closed. In this regard, the documents/information provided by the Company on SEBI's SCORES system while closing the complaints were perused with respect to a set

of investors. The relevant details as gathered from such perusal are provided hereunder:

Table-2

Sl. No.	**Complainant**	**Details**
1.	Mahendra Vasudev Vyas	The Company has informed that the dividend for the year 2011-12 was sent to the said complainant by way of a Demand Draft bearing no. 55407 dated 13.03.2013 for Rs. 627. Further, by way of a Demand Draft bearing no. 055776 dated 13.03.2013 for Rs. 14 was sent to the complainant as balance interest payment. A copy of the said demand draft has also been provided.
2.	P. Natrajan	The Company has informed that the dividend for the year 2011-12 was credited in the bank account of the said complainant. A copy of the letter addressed by the RTA, Integrated Enterprises (India) Limited to complainant informing him of the disbursal of dividend has also been provided.
3.	M P Stock Exchange Limited	The Company has informed that the dividend for the year 2011-12 was sent to the said complainant by way of a Demand Draft bearing no. 55404 dated 13.03.2013 for

		Rs. 78. A copy of the said demand draft has also been provided.
4.	Deval Shah	The Company has informed that the dividend for the year 2011-12 was credited in the bank account of the said complainant on 26.06.2013 with an interest at the rate of 18% p.a. for 236 days.
5.	Jankhana Tripathi	The Company has informed that the dividend for the year 2011-12 was credited in the bank account of the said complainant on 26.06.2013 with interest at the rate of 18% p.a. for 236 days.
6.	Ramesh Soni	The Company has stated that the complainant was informed that there were no holdings in the DP Client ID 1203490000029586 as on the record date of 20.09.12 vide letter dated 07.05.2013 through registered post. A copy of the letter addressed by the RTA, Integrated Enterprises (India) Limited to the complainant informing him of the above has also been provided.

5.4. Further, a certificate issued by Integrated Registry Management Services Private Limited confirming the payment of dividend amounting to Rs.1,99,22,980.42 to 5,255 shareholders for the financial year 2011-12 has also been submitted by the Noticees.

5.5. Furthermore, four payment vouchers respectively for Rs. 3,908; Rs. 1,59,207; Rs. 93,00,000; Rs. 1,04,59, 862 on account of disbursement of dividend along with supporting bank statements, reflecting the debit of such amounts, have been submitted.

5.6. From the aforesaid facts and documents submitted by the Noticees, it appears that the dividends declared to be paid to the shareholders have been disbursed.

5.7. I note that the invocation of the provisions of Section 11 and 11B in the SCN is with respect to a) the failure of the Company to disburse the dividend declared for the financial year 2011-12; and b) the receipt of complaints from the shareholders consequent to the failure of the Company to disburse the dividend declared.

5.8. I find that the complaints of the shareholders on SEBI's SCORES system have been closed upon payment of dividend with interest at 18% p.a by the Company, declared for financial year 2011-12, to the shareholders as on the record date of 20.09.2012. I also find that prosecution has been initiated by SEBI, in respect of delay in payment of dividend, by way of a criminal complaint bearing no. CC 116/2016 under Section 90, read with Sections 200, 204, 228 and 235 of the Code of Criminal Procedure, 1973 for violation of Sections 205(8) and 207, read with Sections 55A, 205(1A), 205 A and 621 of the Companies Act, 1956 before the

Court of Special Economic Offences in Bangalore. Considering the above, and the submissions made, documents submitted and the facts as ascertained from the records, I am not inclined to pass any further directions in the matter. The SCN is accordingly disposed of.

Place: Mumbai **G. MAHALINGAM**

Date: January 15, 2021 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA