

Dividend

Section 123

Conditions for Dividend

Sources of Dividend

- Current Year Profits
- Past Accumulated Profits
- Government Grants

No Dividend - From Revaluation Reserves/unrealized gains etc.

Transfer to Reserve - Company may transfer any sum to Reserve as may deem appropriate.

Dividend out of Free Reserve - Follow Rules

No default in Deposit - No Dividend If Default subsists u/s 73 or 74.

Adjustment of Carried Forward Losses and Depreciation - Against the profits of current year

Deposit in a scheduled bank in a separate account - within 5 days from the date of declaration of such dividend.

Payment - To Registered shareholder of such share or to his order or to his banker

Section 124

Unpaid Dividend

Payment of Dividend - within 30 days of declaration

If not paid / claimed within 30 days of declaration - Transfer to Unpaid Dividend Account within 7 days

Interest on default for non-transfer to Unpaid dividend account - @ 12% p.a

Statement of unpaid shareholders to be posted on website - within a period of 90 days

Transfer of UD to IEPF A/c - which remains unpaid or unclaimed for a period of 7 years

Section 125

IEPF

CG to set up IEPF /ac

Amount to be transferred in IEPF

- Unclaimed Dividend+Deposits+Debentures+
- Redemption of Preference Shares + Application Money + Sale of fractional Shares - if Remains unpaid for 7 or more years
- Grant from CG
- Donations from CG/SG
- amount lying in the IEPF under sec. 205C of the Companies Act, 1956
- Amount received u/s 38(4)

Use of IEPF A/c

Section 126

Dividend etc. in Abeyance

Shares related rights to be kept in abeyance during pendency of registration of transfer

AND

Such declared dividend shall be transferred to "Unpaid Dividend Account".

Exception

If unless there is a written authorization from the registered holder to pay the dividend in the name of transferee mentioned in the document of transfer.

Section 127

Punishment for Non-Payment of Dividend

Directors in Default

Imprisonment - up to 6 Months AND
Fine - Minimum ₹ 1,000 per Day
AND

Company

Simple Interest @- 18% p.a.

No Penalty if default

- Due to operation of any law.
- Impossible directions imposed by shareholder;
- Dispute regarding the right to receive dividend;
- Lawfully adjusted by the company
- Failure not due to any default on the part of the Company.

Interim Dividend

BOD may declare ID

- during any F/Y or
- at any time during the period from closure of financial year till holding of AGM
- out of the surplus in P & L a/c or
- out of profits of the F/Y for which such ID is sought to be declared or
- out of profits generated in the F/Y till the quarter preceding the date of declaration of the ID

In case of loss - Company has incurred loss during the current F/Y up to the end of the quarter immediately preceding the date of declaration of interim dividend,

Maximum Dividend - Average dividends declared by the company during immediately preceding three F/Ys.