

Dividend [Sec 123-127]

Distribution of profits to shareholders
2(35) includes interim dividend

Types

Interim

- b/w 2 AGMs before 9% finalisation
- declared by BOD
- provision in AOA ✓
- can be revoked by SH ✓

Final

- At AGM
- Recommended by BOD (OR) → BM
- Declared by SH (OR) → AGM
- X
- X

Reg 80 of Table F

SH may reduce rate
SH cannot increase it

Sec 123 Declaration of dividend

Sources

- CY Profit
- PY Profit
- CG/SG Guarantee
- (-) Depn as per Sch II

Don't include:

- Unrealised Gain
- Notional Gain
- Revaluation profits
- Capital profits

T/f to Reserves

Such % as Co. may deem fit [0% ✓]

Separate 9%

t/f to 9% in sch. bank within 5 Days of Declaration date (AGM)
- 100% Govt Co
↓
can't be used for other purposes

Prohibition

→ Sec 8
→ Sec 73/74

Interim

- close of FY se AGM tk
- before final adoption of A/c by SH
- ratified at AGM

Sources

- PL Surplus
- CY Profits
- Profits till preceding quarter
- in case of loss → avg of 3 P/Ys - $\frac{D_1 + D_2 + D_3}{3}$

To whom

- Registered holder
- his order
- his banker

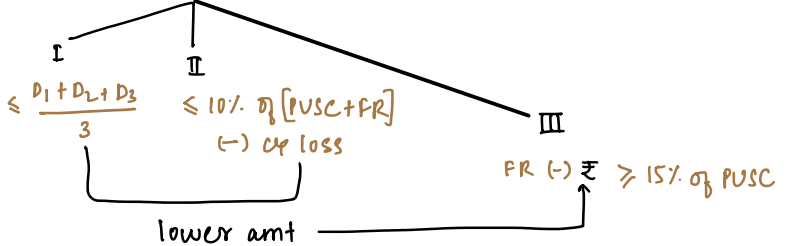
How paid

- Cash (kind)
- cheque
- dividend warrants
- e-mode
- Bonus by capitalisation

Rule 3

Inadequacy/Absence of profits
Pay dividend out of accumulated PR

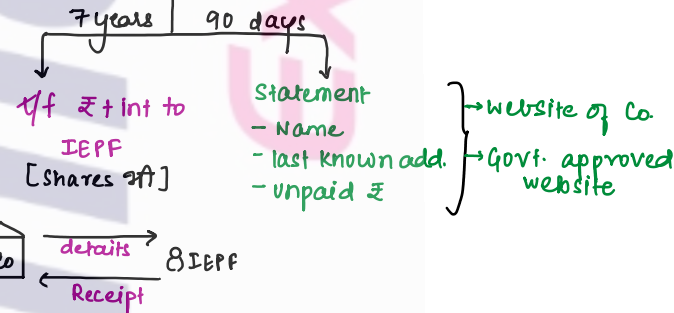
Conditions



Sec 124 Unpaid Dividend A/c

Dividend Declared (AGM) → 30 Days → Unpaid/Unclaimed → 7 Days → Scheduled Bank A/c (if not: 12% p.a.)

| Penalty :- | one time | Continuing default | Max |
|------------|----------|--------------------|-----|
| Co | 1L | 500/day | 10L |
| OID | 25K | 100/day | 2L |



* Claimant को कैसे वापस चाहिए ती: make application to Co.

Sec 125 Investor Education & Protection Fund.

Establish

CG

Constitution of Authority

- Chair person
- members ≤ 7
- CEO

Apply for payment

claiming

Sources/Credit

- IEPF 9% of 1956 Act
- VOA 4% 124
- Govt grants
- Income from investments
- Application money/Deposit/Debture/Prep sh
- Redemption unpaid for 7 years

Right to spend money

for carrying out objects/utilization

Required Resources

- Office
- Officers
- 'yes'
- others

Consultation with CAG

maintain separate A/c & records prescribed by CAG

Utilization

- Investor awareness, education, protection, refunds
- Distribution to people who suffered loss due to wrong action by any person [court ordered]
- Reimbursement of legal expenses sanctioned by NCLT [class action suit]

Audit of Fund

- by CAG
- audited A/c + AR forwarded annually to CG

AR

prepare each FY giving full account of activities → Forward to CG

CG will lay before House of Parliament

Sec 126 Dividend + Right SH + Bonus SH

held in abeyance

pending registration of t/f

t/f ₹ to unpaid dividend 9%

Registered SH authorized Co in writing

No abeyance

pay to transferee

Sec 127 Punishment for failure to distribute dividends

Dividend Declared (AGM) → 30 Days → pay ₹ [warrants posted] if not

Exemption:

- operation of law
- SH gave directions
- cannot be complied
- Dispute
- lawfully adjusted against sum due
- Other reason

Punishment: Co - interest @ 18% p.a.
CEO - 1000/day
2 years jail