Enroll From ultimate ca. com

Declaration and Payment of Dividend

- Sec 2(35) : Dividend Includes Interim Dividend.

- Dividend is a part of **Distributable** Pft which has been paid out to members

- Co. in GM may Declare dividend but it will not Exceed Rate Recommend by board

- Dividend → % of Nominal value [FV]

Dividend
- Recommend — BOD
- Approve — SH → ≯ **Rate of BOD**

• Types of Dividend

Interim Dividend

Final Dividend

24

25

30 sept

Interim Dividend

BOA

+ Finalise

Baad

Dividend

↓

Final Dividend

Interim Dividend

• It can be declared at any time by BOD till holding of AGM

• Sources

- Surplus
- Pbt ↓ CFY
- Pbt generated in the FY till the preceding declaration

Current year | upto previous year

loss → Max Rate : Avg of last 3 years Rate

Pbt → Any %

Illu :

① 24 — 31 — 25

Pbt 100cr

→ Any amt — Dividend

② 31

loss → 5cr — ID

3yrs → 7 10% 8

ID ≯ 8.33%

$\hookrightarrow \frac{10+7+8}{3} = 25/3 = 8.33$

- Declare — 5 Days

  $\hookrightarrow$ Separate Bank A/C

  $\downarrow$

  Sch Bank

$\boxed{\text{Final Dividend}}$

- Declare

  $\downarrow$

  $\boxed{\text{AGM}}$

  24 — 25 — 30 Sept '25

  AGM — Div

- BOD $\longrightarrow$ Rate Recommend

  Inc ⊗

  Dec ✓

Day 02

Shares

- Equity
- Preference
  - Cummalative
  - Non cumm

Preference share:

Share

- Right - Dividend +
- At time of WU ↓ Repayment Right

Preference share

- Cummalative
  - Dividend - Accumalate
  - Unless paid → Es will not get Dividend
- Non cummalative
  - No Accumlation
  - Right → lapse in same year

Equity share

- No Preference
- Rate of Dividend → vary
- Dividend → Availability of Profit

Sources of Dividend

- Profits → CFY
- Pfts → Previous Financial year → [Cr Bal P&L + Free Reserve]
- Both
- Money
  - CG
  - SG

- Notional gain ×
- Unrealised gain ×
- Revaluation ×
- change in Asset & lbt ×
- capital Pft ×

→ Any C/F losses / Depreciation . Not Provided in Earlier years

↓

Set off → CY

PFY		CFY	
loss -	50000	Pft -	200000
Depreciation Not Provided	60000	(-) loss	50000
		(-) Depn	60000
		Available for Dividend	90000

- C Y Profit will be calculated on Basis of Depreciation adjusted as per Schedule II

Net Pft as per Income tax Act = 90000
Depn as per ITA 30000
Depn as co. Act [sch II] . 20000

Calculate amt of Pft for Dividend

90000 + 30000 (-) 20000 = 100000

Transfer to Reserve

→ Co. at its discretion can transfer any amt to Reserve

Declaration of Dividend when there is Inadequacy of Profit [123 (2)]

Final Dividend

- ↓ loss — Rule 3
- ↓ CY Pft — ↓ No limit

① Avg 3 PFY
(Any year - No Dividend
Rule ① - N/A)

2. Reserve

↓

withdraw → 10% (PUSC + FR) [latest audited FS]

(−) CY loss

Amt

↓

max Dividend − Distribute

3 Balance left in Free Reserve

↓

min $\boxed{15\%\ \text{PUSC}}$

123(4): Deposit of amt of Dividend

5D

Declare

↳ Deposit → seperate Bank A/C

↓

$\boxed{\text{Sch Bank}}$

123 (5) **Payment of Dividend**

Pay → Registered holder → Banker (SBI)

order [Rekha]

(Amitabh Bachan)

Record date – owner

→ Dividend

Dividend → kind ✗

Dividend ↓ cash : Pay ✓

- chq
- warrant
- Elec mode

Note : If AOA approves co. can pay dividend on **PUSC**.

Declare — 30 D

- Pay ✓
- Div warrant – Post

123(5) : Nidhi Co.

Declaration — 30 Days

Not claimed → Member A/C → credit

Prohibition on Declaration of Dividend

Sec 8 Co

Default — Sec 73 + Sec 74

good → Dividend ✓

continue → Div ×

Unpaid Dividend A/C

(Sec 124)

①.

Declare

30 Days

7 Days

Special A/C – Sch Bank

Unpaid Div A/C

②

Try to UDA

Statement

- Name
- last known Address
- Amt

90 Days

Website

+

Website – Approve eg

③

UDA

Declare

×

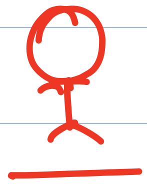
30D

(×)

7D

12% Int

Members

④ 

Claimant $\xrightarrow{\text{Apply}}$ CO

Sonam

↓

Entitle to any money → Tr UDA

⑤.

Declare — Paid — 30D — UDA — 7D — 7yrs

Not paid

↓

Amt not claimed

↓

Tr to IEPF

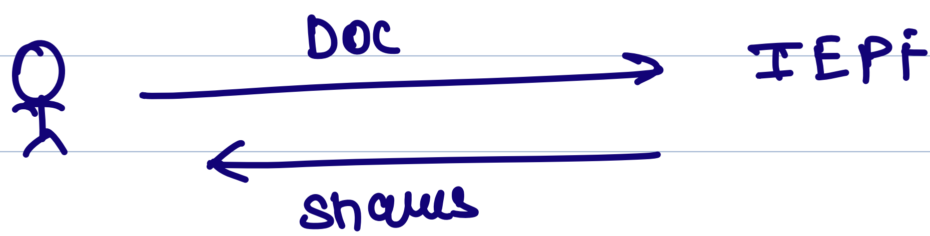
CO $\xrightarrow{\text{Statement + Amt}}$ IEPF

$\xleftarrow{\text{Receipt}}$

⑥ All those shares on which div has not been claimed for 7 years then such shares also need to be transferred to IEPF

But if within 7 years, dividend is paid / claimed in any year then it shall not be transferred.

7. Right of owner of "Transferred share" to Reclaim (wapas mangna)



Day 03

Investor Education & Protection Fund

CG

↓

MCA → IEPF

₹ credit → A/C → utilisation

1. CG → grants C Approve - Parliament.
2. CG, SG, CO] — Donation
3. Amt → UDA
4. CG — general Revenue A/C } Balance

   ↓ ↓

   (Co ammnd Act 1999) Co Act 2013

   → IEPF
5. Amt in IEPF — Co Act 1956

   sec 205C
6. Income from Invest

IEPF ₹ → Invest FD

Int → IEPF ₹

7 Amt Rd through Disgorgement or Disposal of Security

convict court

Harshad Mehta → Personation for Acquisition

Acquiring

gain

8 Application Money

CO ← ₹ – Application

Refund → 7 yrs claim ✗

↓

IEPF

9 Matured Deposit

Accept — mature — unclaimed 7 → IEPF

10. Matured Debenture

11. Interest

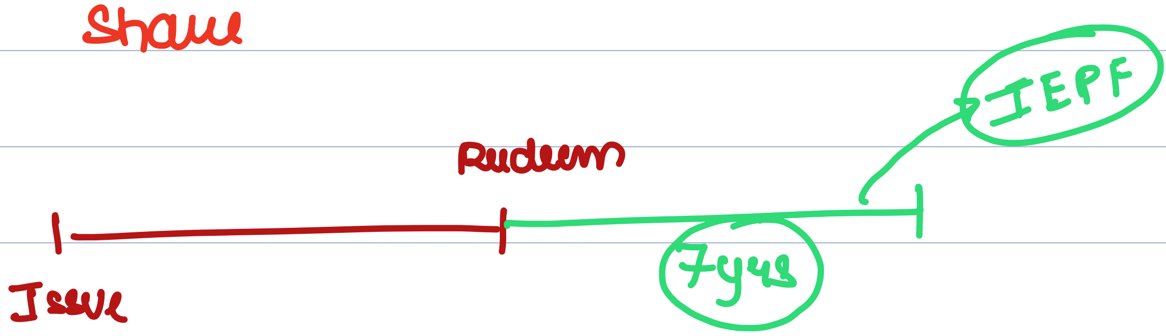
12. Amt Rd from sale Proceeds

Sale Proceeds of Fractional share arising out of Bonus / merger / Amalgamation

↓

Pending for 7 or more years

13. Redemption amt of Preference Share



(14) Other amts : Rule 3 - IEPF autho

1. Sec 125 (2) - (a) to (n)

2. Shares → Div claim ×
↓
7 yrs

(3) any resultant benefits arising out of shares held by autho in pt 2 above

Bonus

(4) grants, Fees & Charges pd by authority

(5) all sums pd by authority from such other as decl by

eg.

6. all Income Earned by authority in any year.

Shares	→	Dividend
Invest	→	Int

7. all amt payable as per act

9. all money collected by autho.

Utilisation of Fund

1. **Refund**

- Dividend
- Debentures
- Deposit
- Appln money

Int

② . Promotion of Investor Education and Protection

③ Disgorgement Amt

↓

<u>Distribute</u> → Among Eligible & Identifiable Applicants

↓

$\boxed{\text{loss}}$

wrong action of Individual

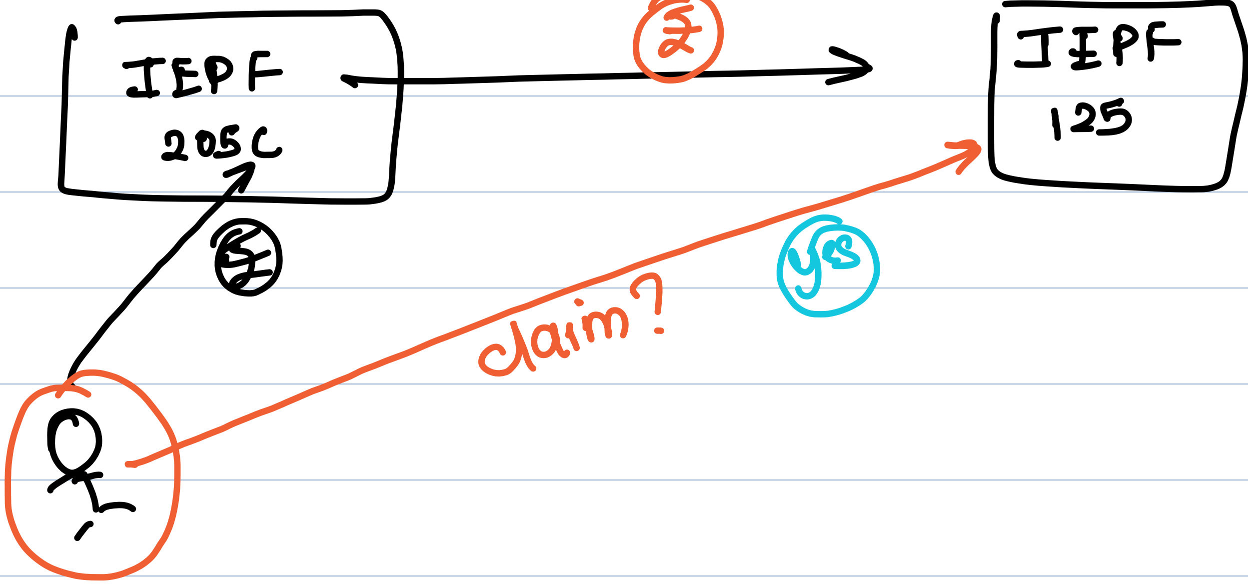
④ Reimbursement — legal Exp

↓

class Action suit (sec 37)

⑤ Incidental Exp

Refund of amt



Provision Regarding IEPF

① Constitution of authority

- MCA
- Chairperson – Secretary of MCA [Ex- officio]
- CEO
- 6 member

② CG → Autho

Resources

Office Officers Employees

③ CAG ⟶ A/C maintain

↓

Form ✓

④ Autho ⟶

⑤ ⟶ Purpose

⑤ CAG $\xrightarrow{\text{Audit}}$ Fund ⟵ Autho

CAG $\xrightarrow{\text{AR}}$ CG ⟵ Annual Report ⟵ Autho

CG ↓ MCA

MCA $\xrightarrow{\text{(AR + Audit R)}}$ House of Parliament

Right of Dividend, Right shares and Bonus share to be held in Abeyance Pending Registration of shares transfer.

- Trf to UDA unless authn in writing by Reg holder to pay div to transferee

- Shares - Abeyance

Punishment : Failure to Pay Dividend within 30 Days

CO

30

- Pay ×
- Div warrant
  - └ post ×

Punishment

Every Dir

Jail - 2 yrs
+
Fine - 1000/day

CO

S.I.

18%

Investor

×

Exemptions

① Dividend Paid × → operation of law

② SH ↓ Direction (+) CO ↓ Direction comply ⊗ + Inform ↓ communicate ↓ SH

③ Dispute Regarding Right to Receive dividend

④ Dividend → lawfully Adjust ✓

Div → calls in arrears (adjust)

Appln - 25

Allot - 25

CO

M&A

250,000

100000

150000

25 × 10000 = 250,000

10000

×

100

5 Any other reason

Conv Not due to Default of co.