

# SS - 3



# SECRETARIAL STANDARD ON DIVIDEND



**THE INSTITUTE OF  
Company Secretaries of India**

**भारतीय कम्पनी सचिव संस्थान**

**IN PURSUIT OF PROFESSIONAL EXCELLENCE**

Statutory body under an Act of Parliament

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# **SECRETARIAL STANDARD ON DIVIDEND**

The following is the text of the Secretarial Standard-3 (SS-3) on "Dividend", issued by the Council of the Institute of Company Secretaries of India.

Adherence to this Secretarial Standard is recommendatory.

***(In this Secretarial Standard, the Standard portions have been set in bold type. These shall be read in the context of the background material which has been set in normal type. Both the Standard portions and the background material have equal authority).***

## **INTRODUCTION**

Dividend is a return on the investment made in the share capital of a company, as distinct from the return on borrowed capital, which is in the form of interest.

In commercial usage, the term "Dividend" refers to the share of profits of a company that is distributed amongst its Members.

The term "Dividend" has been inclusively defined in the Act to the effect that it includes Interim Dividend. The Act neither specifically defines the term Dividend nor makes any distinction between Interim and Final Dividend.

For the purposes of this Standard, capitalization of profits in the form of bonus shares is not Dividend.

Companies licensed under Section 8 of the Companies Act, 2013 or corresponding provisions of any previous enactment thereof are prohibited by their constitution from paying any Dividend to its Members.

**SCOPE**

This Standard prescribes a set of principles in relation to the declaration and payment of Dividend and matters related thereto.

The principles set out herein relate to declaration and payment of Dividend on equity as well as preference share capital in accordance with the provisions of the Act and are in respect of Dividend as it relates to a going concern. These are equally applicable to Final as well as Interim Dividend unless otherwise stated.

The principles enunciated in this Standard are in conformity with the provisions of the Act. In addition, the provisions of the Securities Contracts (Regulation) Act, 1956 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable to listed companies. Any specific provision relating to Dividend in the Income-tax Act, 1961 or under any other statute shall also be applicable. If due to subsequent changes in the Act or other applicable laws, a particular Standard or any part thereof becomes inconsistent with the Act or other applicable laws, the provisions of the Act or such applicable laws shall prevail.

This standard shall not apply to a company limited by guarantee not having share capital and does not deal with Dividend, if any, declared by companies under liquidation.

**DEFINITIONS**

The following terms are used in this Standard with the meaning specified:

*“Act”* means the Companies Act, 2013 (Act No. 18 of 2013) or any previous enactment thereof, or any statutory modification thereto or re-enactment thereof and includes any Rules and Regulations framed thereunder.

*“Dividend”* means a distribution of any sums to Members out of profits and wherever permitted out of free reserves available for the purpose.

*“Final Dividend”* means the Dividend recommended by the Board of Directors and declared by the Members at an Annual General Meeting.

*“Interim Dividend”* means the Dividend declared by the Board of Directors.

*“Free Reserves”* means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as Dividend. However, the following amount shall not be treated as free reserves:

- (i) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as reserve or otherwise, or
- (ii) any change in carrying amount of an asset or of a liability recognised in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value.

*“Member”*, in relation to a company, means –

- (i) the subscriber to the memorandum of the company who shall be deemed to have agreed to become member of the company, and on its registration, shall be entered as member in its register of members
- (ii) every other person who agrees in writing to become a member of the company and whose name is entered in the register of members of the company;
- (iii) every person holding shares of the company and whose name is entered as a beneficial owner in the records of a depository;

*“Preference Shareholder”* means a holder of such shares which carry a preferential right, in respect of payment of Dividend, of a fixed amount or an amount calculated at a fixed rate and in respect of capital, to repayment of capital.

*“Shareholder”* means a Member as defined above and, where the context requires or admits, includes a Preference Shareholder.

Words and expressions used and not defined herein shall have the meaning respectively assigned to them under the Act or other applicable laws.



**SECRETARIAL STANDARDS****1. Ascertainment of amount available for payment/distribution as Dividend.****1.1 Out of profits****1.1.1 Dividend shall be paid out of the profits of the financial year for which such Dividend is sought to be declared and/or out of profits for any previous financial year(s) which remains undistributed after providing for depreciation in accordance with the provisions of the Act. Dividend may also be declared out of money provided by the Central Government or a State Government in pursuance of a guarantee given by such Government for this purpose.**

Dividend shall not be declared unless carried over previous losses and depreciation not provided in the previous year(s) are set off against the profit of the company for the current year. The company may, before declaration of Dividend, transfer such percentage of profits for that financial year, as it may consider appropriate, to its reserves.

Dividend, being a portion of the profits of the company, is distributable amongst the Members of the company in accordance with the provisions of the Act. The Act requires a company to prepare a statement of profit and loss, which should give a true and fair view of the profit or loss of the company for a financial year. The terms 'profit' and 'true and fair' have not been defined by the Act. Therefore, these terms should be understood in their natural and proper sense. The statement of profit and loss shall be prepared in accordance with the generally accepted accounting principles, applicable accounting standards and presented in conformity with the requirements set out in the Act or other applicable laws.

Depreciation, as computed in accordance with Schedule II to the Act, shall be provided in the books of account of the company.

**1.1.2 A company shall not declare Dividend on its equity shares in case of non-compliance of provisions relating to the acceptance of deposits under the Act, till such time the deposits accepted have been repaid with interest in accordance with the terms and conditions of the agreement entered with the depositors.**

A company shall also not declare any Dividend, if it has defaulted in –

- (a) Redemption of debentures or payment of interest thereon or creation of debenture redemption reserve,
- (b) Redemption of preference shares or creation of capital redemption reserve,
- (c) Payment of Dividend declared in the current or previous financial year(s), or
- (d) Repayment of any term loan to a bank or financial institution or interest thereon,

till such time the default is subsisting.

No Dividend shall be declared by the company during the extended time, if any, granted by the Tribunal/Court for repayment of above liabilities.

**1.1.3 Dividend shall not be declared out of the Securities Premium Account or the Capital Redemption Reserve or Revaluation Reserve or Amalgamation Reserve or out of profits on re-issue of forfeited shares or out of profits earned prior to incorporation of the company.**

**1.1.4 Interim Dividend shall be declared and paid out of the surplus in the profit & loss account and/or out of profits of the financial year in which such Dividend is sought to be declared.**

The Board of Directors of a company may declare Interim Dividend during any financial year or at any time during the period from closure of financial year till holding of the Annual General Meeting.

While declaring the Interim Dividend, the Board shall consider the financial results for the period for which Interim Dividend is to be declared and should be satisfied that the financial position of the company justifies and supports the declaration of such Dividend.

The financial results shall take into account –

- (a) depreciation for the full year,
- (b) tax on profits of the company including deferred tax for full year,
- (c) other anticipated losses for the financial year,
- (d) Dividend that would be required to be paid at the fixed rate on preference shares.
- (e) the losses incurred, if any, during the current financial year upto the end of the quarter, immediately preceding the date of declaration of Interim Dividend.

Further, in case of clause (e) above, Interim Dividend shall not be declared at a rate higher than average Dividend declared during the immediately preceding three financial years.

**1.1.5 Where a company has issued equity shares with differential rights as to Dividend, Interim Dividend may, at the option of the Board, be declared on all or any one or more of the classes of such shares in accordance with the terms of issue.**

In case Interim Dividend is declared on only one class of equity shares, the Board shall ensure that the profit as shown in the financial results is adequate to meet the Dividend that would have to be paid on the other classes of equity shares in accordance with the terms of issue.

Where a company has issued equity shares with differential rights as to voting only, no differentiation shall be made in the declaration of Interim Dividend on such shares, unless the terms of issue provide otherwise.

## **1.2 Out of Free Reserves**

### **1.2.1 In a year in which the profits are inadequate or there are no profits, the company may declare Dividend out of Free Reserves subject to the fulfilment of the following conditions:**

- (a) The rate of Dividend declared by the company shall not exceed the average of the rates at which Dividend was declared by it in the three financial years immediately preceding the financial year of declaration of Dividend. This shall not be applicable where a company has not declared any Dividend in each of the three preceding financial years.
- (b) Total withdrawal from the accumulated profits shall not exceed one tenth of the sum of the paid up share capital and free reserves of the company as per the latest audited financial statements.
- (c) The amount so withdrawn shall first be utilised to set off the losses, if any, incurred in the financial year in which Dividend in respect of equity shares is proposed to be declared.
- (d) The balance of Free Reserves after such withdrawal shall not fall below 15% of the paid up share capital of the company as per the latest audited financial statements.

The above conditions shall not apply to a Government Company in which the entire paid up share capital is held by the Central Government or State Government(s) or jointly by both.

### **1.2.2 Interim Dividend shall not be declared out of Free Reserves.**

In the event of a loss or inadequacy of profits during a financial year, no Interim Dividend shall be declared/ paid out of Free Reserves. However, Final Dividend may be declared/paid out of Free Reserves subject to the conditions set out in paragraph 1.2.1 above.

## **2. Declaration of Dividend**

### **2.1 Dividend shall be declared only on the recommendation of the Board, made at a meeting of the Board.**

Unless the Dividend has been recommended by the Board, Members in Annual General Meeting cannot on their own declare any Dividend.

Where a company has an Audit Committee, this Committee shall consider the annual financial statements before submission to the Board. Dividend shall be recommended by the Board after consideration and approval of said financial statements. All requisite approvals shall be obtained before declaration of Dividend. Dividend shall not be declared subject to any condition such as the approval of financial institutions/banks or foreign collaborators or compliance with any other contractual obligation.

### **2.2 Dividend shall be declared only at an Annual General Meeting.**

Dividend shall relate to a financial year and shall be declared by the Members at the Annual General Meeting of the company after adoption of the financial statements of the company. Members may declare a lower rate of Dividend than the rate recommended by the Board but have no power to increase the amount or rate of Dividend recommended by the Board.

The Members may also decide not to declare the Dividend recommended by the Board. The Dividend, if declared, should be disclosed on per share basis.

### **2.3 No Dividend shall be declared on equity shares for previous years in respect of which annual financial statements have already been adopted at the respective Annual General Meetings.**

Arrears of Dividend on cumulative preference shares for previous years may, however, be declared and paid.

**2.4 Interim Dividend shall be declared at a meeting of the Board.**

While Final Dividend is recommended by the Board and declared by the Members, approval of Members is not required for declaration of Interim Dividend. Where a company has an Audit Committee, this Committee shall consider the financial results which shall thereafter be submitted to the Board for its consideration and declaration of Interim Dividend.

**2.5 Distribution of discount coupons to all the Shareholders shall not be treated as deemed Dividend.****2.6 A company is prohibited to issue Bonus shares in lieu of Dividend.****3. Entitlement to Dividend****3.1 Dividend to be paid only to the registered holders of shares entitled to Dividend or to their order or to their bankers.**

Dividend shall be paid (i) in respect of shares held in electronic form, to those Members whose names appear as beneficial owners in the statement of beneficial ownership furnished by the Depository(ies) as on the record date fixed by the company for this purpose; (ii) in respect of shares held in physical form, to those Members whose names appear in the company's Register of Members after giving effect to all valid share transfers in physical form lodged with the company before the date of book closure or as on the record date, as the case may be.

The Dividend may also be paid to the order of the Member or to his banker.

**3.2 Preference Shareholders shall be paid Dividend before Dividend is paid to the equity Shareholders of the company.**

Preference shares carry a preferential right as to Dividend in accordance with the terms of issue. However, this

right is subject to the availability of distributable profits. Since the Dividend on preference shares is governed by the terms of issue already approved by the Shareholders, the Board may declare Dividend on such shares in accordance with the terms of issue.

If there are two or more classes of preference shares, the holders of the class which has priority are entitled to their preference Dividend before any Dividend is paid in respect of the other class, if the terms of issue so provide. However, if the terms of issue are silent, Dividend shall be distributed on pro-rata basis.

In the case of Interim Dividend, while Preference Shareholders need not necessarily be paid Dividend before Interim Dividend is paid to equity Shareholders, the Board should take into account such sum as would be necessary to pay Dividend to the Preference Shareholders before consideration of Interim Dividend.

**3.3 Arrears of Dividend on cumulative preference shares shall be paid before payment of any Dividend on equity shares.**

Preference shares may be cumulative or non-cumulative. Dividend in arrears on cumulative preference shares can be paid in a later year where there are profits to justify such payment. In the case of non-cumulative preference shares, if no Dividend is paid in a year, there is no right to receive the same in future years.

After paying the Dividend on preference shares and any arrears of Dividend on cumulative preference shares, residual profit may be utilised for payment of Dividend to equity Shareholders. However, where participating preference shares have been issued, the holders thereof also have the right to participate in such residual profit, subject to the terms of issue of such shares.

**3.4 Dividend on equity shares shall be paid in accordance with the rights of the respective classes, if any, of such shares.**

Where a company issues equity shares with differential rights as to Dividend, the terms of issue of such shares shall govern the rights of each such class of holders as to receipt of Dividend.

#### **4. Dividend in Abeyance**

##### **4.1 The amount of Dividend in respect of shares for which an instrument of transfer has been delivered to the company but which have not been registered for a valid reason shall be transferred to the Unpaid Dividend Account.**

Members may authorise the company in writing to pay the Dividend to the transferee specified in the instrument of transfer and the company shall act upon such authorisation. However, where such instrument is not valid for any reason, the company shall not act upon such authorisation and intimate the concerned Member accordingly.

In case of shares which have not been transferred because the ownership thereof is in dispute, or where specific prohibitory orders have been passed by a court or statutory authority, Dividend should be kept in abeyance and be transferred to the Unpaid Dividend Account, as and when it becomes due.

#### **5. Payment of Dividend**

##### **5.1 Dividend shall be deposited in a separate bank account within five days from the date of declaration and shall be paid within thirty days of declaration. The intervening holidays, if any, falling during such period shall be included.**

The amount deposited in such bank account shall be utilised only for the payment of Dividend or for transfer to Unpaid Dividend Account/Investor Education and Protection Fund and for no other purpose.

The requirement of deposit of Dividend amount in a separate bank account within five days from the date of



its declaration, shall not apply to a Government Company in which the entire paid up share capital is held by the Central Government or State Government(s) or jointly by both or by one or more Government Company.

**5.2 Taxes as applicable on distribution of Dividend shall be paid by the company within the prescribed time.**

**5.3 Dividend shall be paid in cash and not in kind.**

Dividend payable in cash may be paid through payable at par cheque or warrant or in any electronic mode of payment approved by the Reserve Bank of India.

To curb the practices of fraudulent encashment of Dividend, the company shall endeavour to pay Dividend directly to the bank accounts of the Members through any one of the electronic modes specified by the Reserve Bank of India viz. electronic clearing services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc. Where Dividend is remitted through electronic mode, the company shall send to the Member, a statement in writing showing the amount of Dividend paid.

Where payment of Dividend is not possible through any electronic mode, such Dividend shall be paid by way of cheque payable at par or Dividend warrant.

The cheque or warrant shall be sent to the registered address of the Member and, in the case of joint holders, to the registered address of the Member named first in the Register of Members or to such person or to such address as the Member or the joint holders have directed, in writing.

When payment is made by Dividend warrant, the name of the bank and account number, if available, shall be mentioned in the warrant after the name. In case these are not available, address of the Member shall be printed after the name.

In case of payment of Dividend through warrant or cheque payable at par, if the amount of Dividend exceeds one thousand and five hundred rupees, the company shall ensure to despatch such Dividend warrant or cheque either by speed post or registered post to the concerned Member at his registered address.

In case of a Nidhi company, where the Dividend payable to a Member is one hundred rupees or less, it shall be sufficient compliance if the declaration of Dividend is announced in the local language in one local newspaper of wide circulation and announcement of the said declaration is also displayed on the notice board of the Nidhis for at least three months.

**5.4 Initial validity of the Dividend cheque or warrant shall be for three months.**

A cheque or warrant for payment of Dividend shall be valid for a period of three months from the date of issue. Where such cheque or warrant remains unpaid after the initial period of validity, a fresh instrument shall be issued in lieu thereof, within fifteen days of the receipt of a valid request in this regard and such instrument shall also have a validity of three months from the date of its issue.

Particulars of every fresh cheque or warrant issued by the company shall be entered in a Register of Dividend Warrants kept for the purpose indicating the name of the person to whom the instrument is issued, the number and amount of such instrument and the date of issue.

**5.5 A duplicate Dividend cheque or warrant shall be issued only after obtaining requisite indemnity/ declaration from the concerned Member and after ascertaining the encashment status of the original Dividend cheque or warrant.**

In case of defaced, torn or decrepit Dividend cheque or warrant, a duplicate instrument may be issued on surrender of such defaced, torn or decrepit instrument to the company.

In case of non-receipt of Dividend warrant by the Shareholder and if the same is not returned undelivered to the company, a duplicate warrant may be issued by the company after verifying the encashment status.

Particulars of every duplicate Dividend cheque or warrant issued as aforesaid shall be entered in a Register of Duplicate Dividend Warrants kept for the purpose, indicating the name of the person to whom the instrument is issued, the number and amount of the instrument in lieu of which the duplicate instrument is issued and the number & date of issue of such duplicate instrument.

**5.6 The Dividend cheque or warrant shall be accompanied by a statement in writing showing the amount of Dividend paid, Folio no./DP ID and Client ID nos., number of shares held by the concerned Member as on the record date, amount paid up on each share and the financial year to which the Dividend pertains.**

**5.7 Dividend shall be paid proportionately on the paid-up value of shares.**

Unless the Articles provide otherwise, Dividend shall be paid in proportion to the amount paid-up on the shares and for the portion of the period of the financial year in respect of which it is paid. If any shares are issued in between the financial year on the terms that they shall rank for Dividend from a particular date, Dividend on such shares shall be paid accordingly.

**5.8 Calls in arrears and any other sum due from a Member in relation to the shares of the company may be adjusted against Dividend payable to the Member.**

In the case of listed companies, calls in arrears or any other sum due from a Member in relation to the shares of the company, may be adjusted against the Dividend payable to him after giving such notice, as may be required. In the case of other companies, if the Articles so provide, any other sums due from a Member, in a capacity other than as a Member, may also be adjusted against the Dividend payable to him.

**5.9 No Dividend shall bear interest against the company except in case of default in payment of Dividend or despatch of Dividend warrant/cheque within the prescribed period.**

However, no default shall be deemed to have been committed, if –

- (a) the Dividend could not be paid by reason of the operation of any law;
- (b) a Shareholder has given directions to the company regarding the payment of Dividend and those directions cannot be complied with and the same has been communicated to the concerned Shareholder;
- (c) there is a dispute regarding the right to receive the Dividend;
- (d) the Dividend has been lawfully adjusted by the company against any sum due to it from the Shareholder; or
- (e) for any other reason, the failure to pay the Dividend or to post the cheque or warrant within the prescribed period was not due to any default on the part of the company.

**6. Unpaid Dividend**

**6.1 The amount of Dividend which remains unpaid or unclaimed after thirty days from the date of its declaration shall be transferred to a special bank account titled as 'Unpaid Dividend Account' to be opened by the company in that behalf with any scheduled bank. Such transfer shall be made within seven days from the date of expiry of the thirty days period from the date of declaration of Dividend.**

The company shall within a period of ninety days of transferring such amount to 'Unpaid Dividend Account' prepare a statement containing the names, last known addresses and the amount of Dividend to be paid to

each of the Members. Such statement shall be uploaded on the website of the company, if any, and also on the website specified by the Central Government for this purpose. Such statement shall remain on the website(s) till such time the unpaid or unclaimed Dividend is transferred to the Investor Education and Protection Fund (the Fund) and be updated by the company at regular intervals.

Any person claiming to be entitled to any amount transferred to the Unpaid Dividend Account may apply to the company for payment of such amount.

In case of a Nidhi company, any Dividend payable in cash may be paid by crediting the same to the account of the Member, if the Dividend is not claimed within 30 days from the date of declaration of the Dividend.

**6.2 Any amount in the Unpaid Dividend Account of the company which remains unpaid or unclaimed for a period of seven years from the date of transfer of such amount to the Unpaid Dividend Account, along with interest accrued, if any, shall be transferred to the Investor Education and Protection Fund.**

Any transfer to the Fund shall be made within thirty days from the expiry of seven years from the date of transfer of unpaid or unclaimed Dividend to the Unpaid Dividend Account.

With respect to transfer of unpaid or unclaimed Dividend to the Fund, the company shall ensure compliance with the following requirements:

- (a) It shall send a statement to the Investor Education and Protection Fund (IEPF) Authority in the prescribed form containing the details of transfer of unpaid or unclaimed Dividend to the Fund and obtain a receipt from the IEPF Authority in evidence of such transfer. Such statement shall be furnished within thirty days of transfer of unpaid or unclaimed Dividend to IEPF.

- (b) It shall maintain record consisting of name, last known address, amount, Folio no., DP ID / Client ID no., certificate number, beneficiary details etc. of the persons in respect of whom unclaimed or unpaid Dividend is transferred to the Fund.
- (c) It shall not transfer any Dividend to the Fund where there is a specific order of Court or Tribunal or any other statutory authority restraining such transfer. It shall furnish details of such unpaid Dividend to the IEPF Authority in the prescribed form within thirty days from the end of the financial year.
- (d) It shall file with the IEPF Authority within thirty days of the end of each financial year, a statement in the prescribed format containing the details of the unclaimed or unpaid Dividend due to be transferred to the Fund in the next financial year.
- (e) Within thirty days of closure of financial statements for a financial year, the company shall furnish another statement to the IEPF Authority stating therein reasons for deviation, if any, between the unclaimed or unpaid Dividend detailed in the earlier statement under (d) above and the actual Dividend transferred to the Fund.

Any claimant of unpaid or unclaimed Dividend transferred to the fund, shall be entitled to apply for refund from the Investor Education and Protection Fund, after following the prescribed procedure.

**6.3 Before transferring any unclaimed or unpaid Dividend to the Investor Education and Protection Fund, the company shall give an individual intimation to the Members in respect of whom such unclaimed Dividend is being transferred, at least three months before the due date of such transfer.**

The company shall intimate the concerned Members individually of the amount of Dividend remaining unclaimed or unpaid which is liable to be transferred to the Fund and advise the Members to claim such amount of Dividend from the company before such transfer.

**6.4 Any interest earned on the Unpaid Dividend Account shall also be transferred to the Investor Education and Protection Fund.**

If the Unpaid Dividend Account is kept as a fixed deposit or in any account on which interest is earned, the interest earned shall also be transferred to the Fund.

**6.5 All shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund.**

In case any Dividend is paid or claimed for any year during the said period of seven consecutive years, such shares shall not be transferred to the Fund.

Before transfer of such shares to the Fund, the company shall send individual notice to the concerned Members at least three months in advance at his latest available address registered with the company giving details of the Members and the shares due for transfer to the Fund. Such details shall also be uploaded on the website of the company, if any.

A notice shall also be simultaneously published in leading newspapers in English and regional language having wide circulation in the place where the registered office of the company is situated, informing the concerned Members that the names of such Shareholders whose shares are due for transfer and their folio number or DP ID - Client ID are available on company website duly mentioning the website address.

Any claimant of shares transferred to the Fund, shall be entitled to claim such shares in accordance with such procedure and on submission of such documents as prescribed.

The company shall not transfer any shares or Dividend amount to the Fund, where there is a specific order of Court or Tribunal or any other statutory authority restraining any transfer of shares and payment of Dividend or where

such shares are pledged or hypothecated under the provisions of the Depositories Act, 1996.

#### **7. Revocation of Dividend**

**7.1 Dividend, once declared, becomes a debt and shall not be revoked.**

#### **8. Preservation of Dividend Cheques, Warrants and Dividend Registers**

**8.1 Dividend cheques or warrants returned by the Bank, after payment thereof, and the Dividend Registers shall be preserved by the company for a period of eight years.**

Where the company has given an undertaking to the Bank for preservation or safe keeping of paid Dividend cheques or warrants for a specified period, the said instruments shall be preserved for such specified period or eight years from the date of the instrument, whichever is longer.

The Dividend cheques or warrants so preserved shall be destroyed only with the approval of the Board or in accordance with the policy approved by the Board for this purpose.

#### **9. Disclosure**

**9.1 Notes to Accounts forming part of the financial statements of the Company shall disclose the aggregate amount of Dividend proposed to be distributed to equity and Preference Shareholders for the financial year and the related amount of Dividend per share. Arrears of fixed cumulative Dividend on preference shares shall also be disclosed separately.**

**9.2 The Balance Sheet of the company shall also disclose under the head 'Current Liabilities and Provisions', the amount lying in the Unpaid Dividend Account together with interest accrued thereon, if any.**



**9.3 The amount of Interim Dividend, if any, paid during the financial year and final Dividend recommended by the Board of directors shall be disclosed in the Board's Report.**

**9.4 The Annual Report of the company shall disclose the total amount lying in the Unpaid Dividend Account of the company in respect of the last seven years and when such unpaid Dividend is due for transfer to the Fund. The amount of Dividend, if any, transferred by the company to the Investor Education and Protection Fund during the year shall also be disclosed.**

**10. *Additional Compliances for Listed Company***

In addition to the above, a Listed Company shall ensure compliance with the requirements covered under ***Annexure 'A'***.

**EFFECTIVE DATE**

This Standard shall come into effect from 1<sup>st</sup> January, 2018.

**Annexure 'A'****Additional compliances applicable to Listed Companies**

A Listed Company shall conform to the following:

- (i) The equity shares allotted by the company shall rank *pari passu* with the existing equity shares for the purpose of payment of Dividend, if the same are in existence as on the record date/ book closure.
- (ii) The company shall not issue shares in any manner which may confer on any person, superior rights as to voting or Dividend vis-à-vis the rights on equity shares that are already listed.
- (iii) The company shall give prior intimation to the Stock Exchange(s) about the Board Meeting in which Dividend is proposed to be recommended / declared, atleast two working days in advance excluding the date of the meeting and the date of the intimation.
- (iv) The company shall intimate the Stock Exchange(s), the record date fixed for the purpose of payment of Dividend at least seven working days in advance excluding the date of the intimation and the record date.
- (v) The company shall recommend or declare Dividend at least five working days before the record date fixed for the purpose. The said period of five working days is excluding the date of declaration/recommendation of Dividend and the record date fixed for the purpose.
- (vi) The company shall disclose the outcome of the Board Meeting held to consider the Dividend matters, to the Stock Exchange(s) within 30 minutes of closure of the meeting. In case of recommendation / declaration of Dividend, the intimation shall also include the date on which such Dividend shall be paid or Dividend warrant shall be despatched.
- (vii) In case of payment of Dividend through warrant or cheque payable at par, if the amount of Dividend exceeds one thousand and five hundred rupees, the company shall

despatch such Dividend warrant or cheque by speed post to the concerned Member at the registered address.

- (viii) The company shall declare and disclose Dividend on per share basis only.
- (ix) The company shall not forfeit unclaimed Dividends before the claim becomes barred by law and such forfeiture, if effected, shall be annulled in appropriate cases.
- (x) Top five hundred Listed Companies based on market capitalisation as on 31<sup>st</sup> March every financial year, shall formulate a Dividend Distribution Policy covering the prescribed parameters by Securities and Exchange Board of India (SEBI). Such policy shall be disclosed in the Annual Report of the company and also be placed on its website.
- (xi) The company shall disclose in its Corporate Governance Report the Dividend payment date under the General Shareholder Information Section.