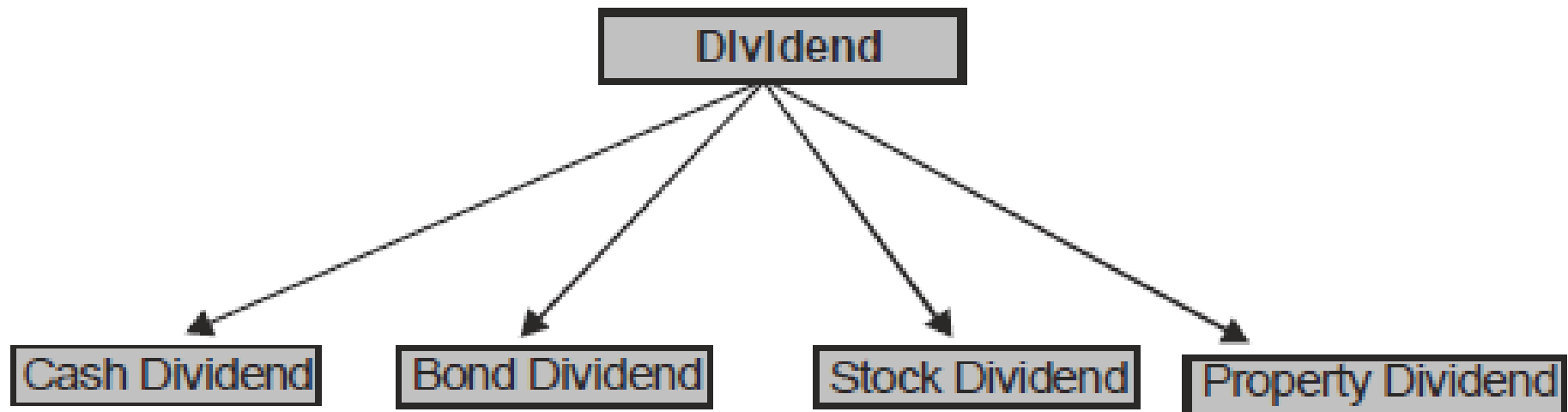


DIVIDEND POLICY

DEEPALI GUPTA SHIVHARE

Dividend Decision

- Dividend refers to the business concerns net profits distributed among the shareholders. It may also be termed as the part of the profit of a business concern, which is distributed among its shareholders.



Cash Dividend, Stock Dividend, Bond Dividend, Property Dividend

- dividend is paid in the form of cash to the shareholders, it is called cash dividend. It is paid periodically out the business concerns EAIT (Earnings after interest and tax).
- Stock dividend is paid in the form of the company stock due to raising of more finance. Under this type, cash is retained by the business concern. Stock dividend may be bonus issue. This issue is given only to the existing shareholders of the business concern.
- Bond dividend is also known as script dividend. If the company does not have sufficient funds to pay cash dividend, the company promises to pay the shareholder at a future specific date with the help of issue of bond or notes.

Property & Interim Dividend

- Property dividends are paid in the form of some assets other than cash. It will be distributed under exceptional circumstances. This type of dividend is not allowed under the Indian Company Act 1956.
- Interim Dividend is also known as cash dividend. It is an extra dividend declared & paid between two annual general meetings, when the company has enough large earnings during a year & the board of directors wish to pay them to the shareholders.

Dividend theories

