



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India



Corporate Actions [Bonus, Stock Split and Dividends]



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Flow of Presentation

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- Recourse in case of Non-Receipt of Bonus Shares/ Dividend
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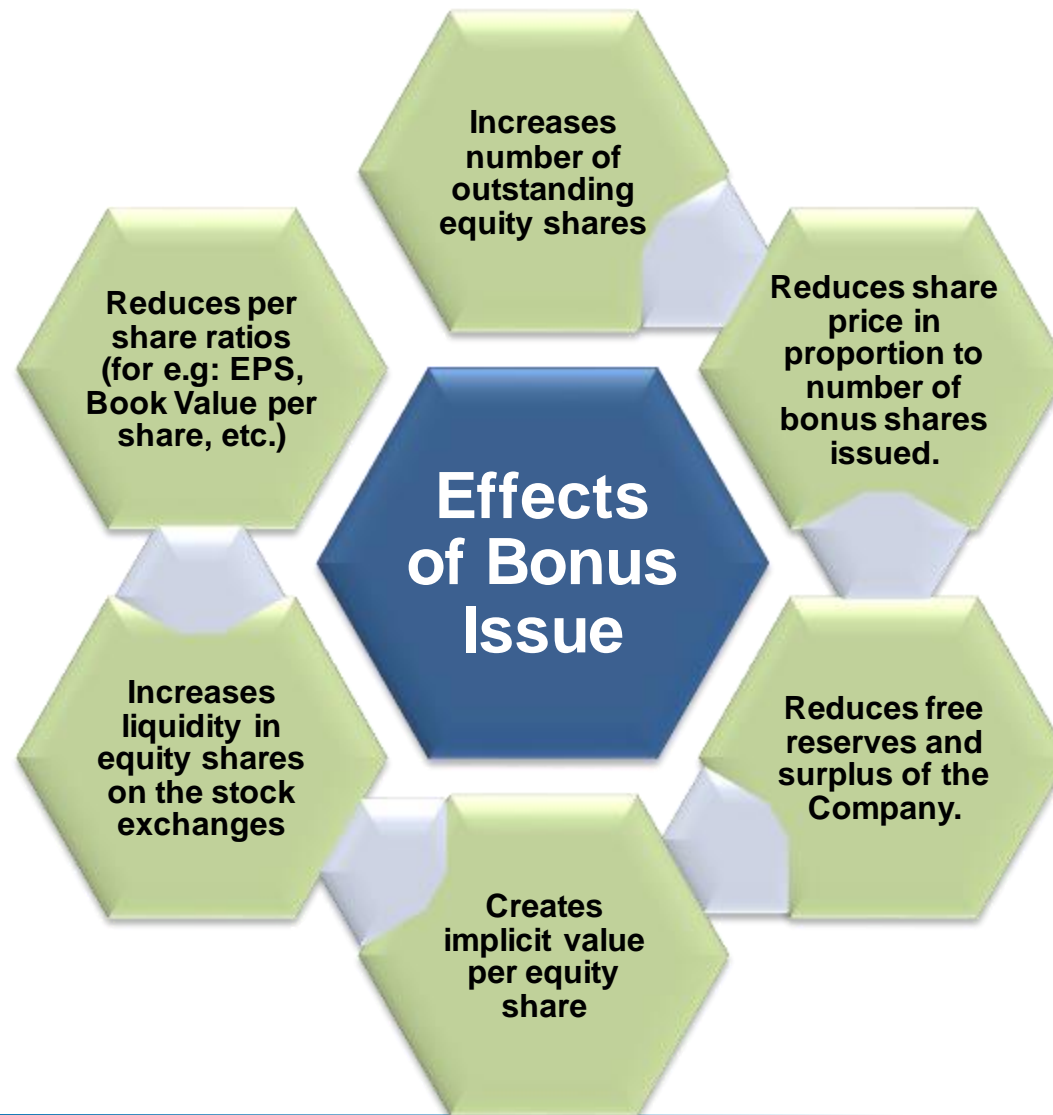


Bonus Issue - Overview

- Issued in a certain proportion **only to the existing shareholders.**
- Eg : 2:1 bonus shares → If you already own 1 share, you get 2 additional new shares.
 - Total holding of shares is now 3 shares instead of 1 share.
- No need to pay any money for these shares.
- **Who pays for the Bonus shares?**
 - Cash lying in free reserves and surplus of the Company → Moved to Capital.
 - Addition of fresh Capital → fresh equity shares are issued to eligible equity shareholders in a specific ratio.
- New shares are issued at the existing Face Value of equity shares of the Company.
- Face value remains the same post bonus issue.



Effect of Bonus Issue





Dividend - Overview

- **Dividend** = Distribution of certain portion of Company's profits to its shareholders.
- Dividend pay out ratio = $\frac{\text{Dividends Paid}}{\text{Net Earnings}}$
- Net-Profits which aren't distributed as Dividend =

Put in the Free reserves and surplus of the Company.
- **Interim dividend** : Given during the year is authorised by the Board of the Company.
- **Final dividend** : Recommended by Board of the Company.
Approved by its shareholders in the Annual General Meeting (AGM).



Stock Split vs Bonus Shares

Basis	Stock Split	Bonus Issue
Meaning	- Already owned shares split into smaller shares.	- Free additional shares given to existing shareholders based on no. of shares owned.
Reason	- To improve Liquidity by breaking it into smaller size.	- To distribute gains of accumulated earnings without paying cash to the shareholders.
Face Value (FV)	- Reduces in proportion of split ratio.	- Remains same.
Share Capital & Reserves	- No impact.	- Reserves reduced. - Money moved to Share capital as new shares are issued.
Impact on future Dividend	- Reduces in proportion to split ratio.	- Remains same.
Beneficiaries	- Shareholders (as on Record Date).	- Shareholders (as on Record Date).
Example	Stock Split = 1:10 → Every already owned share is split into 10 new shares of new FV of 1/10 of original FV.	Bonus issue = 2:1 → Shareholder gets 2 free shares for every 1 share already owned. → So finally he has 1+2 =3 shares of same FV as before.



Dividend – Important Dates

DATE	MEANING
Declaration Date	<ul style="list-style-type: none">- Date of approval of Dividend Rate (per share) by Board of Directors of Company.
Record Date	<ul style="list-style-type: none">- Proposed by Board of Directors to determine name of the eligible shareholders for dividend.- All eligible shareholders with their names in the list at the end of Record Date will be eligible to receive dividends.- Minimum gap of 5 clear working days needed between Declaration Date and Record Date.- Shares credited in Demat account two days after the actual purchase on Stock Exchange platform.- To be eligible for receiving dividend: Investors to have shares in the Demat account by record date.



Dividend – Important Dates

DATE	MEANING
Cum Dividend Date	<ul style="list-style-type: none">- Last Date to buy shares in order to be eligible to receive dividend.- One-day prior to Ex-Dividend Date.
Ex-Dividend Date	<ul style="list-style-type: none">- On this day the price of the equity share of the Company gets adjusted for the dividend pay out.- Stock exchanges determine and notify this date.- One working day prior to the Record Date
Payment Date/ Issue Date	<ul style="list-style-type: none">- Payment of dividend to be completed within 30 days of its approval.- Eligible shareholders receive the dividend amount before this date.



Bonus Issue: Impact on Price of Share

$$\text{Post Bonus Market Price of Equity Share} = \frac{\text{Pre Bonus Market Price of Share}}{\text{Post Bonus Number of Shares (Adjustment Factor)}}$$

where

➤ Bonus Ratio (A:B) {A bonus shares for every B Shares held}

➤ Adjustment Factor = $(A+B) / B$

Eg: Market Price of One Equity Share (a)	=	Rs.15/-
Bonus Ratio (b)	=	2 : 1
Adjustment Factor (c)	=	3 $\{(2+1)/1\}$
Post Split Market Price (a/c, i.e. 15/3)	=	Rs.5/- per share



Stock Split: Impact on Price of Share

$$\text{Post Split Market Price of Equity Share} = \frac{\text{Pre Split Market Price of Share}}{\text{Resultant Final Number of Shares (Adjustment Factor)}}$$

where

➤ Split Ratio (A:B) {A shares for every B Shares held}

➤ Adjustment Factor = A/B

Eg: Market Price of One Equity Share (a)	=	Rs.15/-
Stock Split (b)	=	From Face Value of Rs.10/- to Rs.5/-
Split Ratio (10/5, from “b” above)	=	2 : 1
Adjustment Factor (c)	=	2
Post Split Market Price (a/c, i.e. 15/2)	=	Rs.7.50/- per share



Dividend: Impact on Price of Share

Payment of Dividend

- Reduces of Market Price of Share by dividend (w.e.f ex-record date)
- Post Dividend Market Price of Share = Pre Dividend Price – Dividend Amount

Eg: Market Price of One Equity Share (a) = Rs.10/-
Dividend declared per Share (b) = Rs.2/-

Ex-Dividend Market Price per equity share (a – b) = Rs.8/- (10-2)



Recourse in case of Non-Receipt of Bonus Shares/ Dividends

- Issue with Non-receipt of Bonus Shares/ Dividend →
Immediately contact **RTA and Company.**

- **Important Contact Details:**

	CONTACT DETAILS
RTA	<ul style="list-style-type: none">- Company Website.- SEBI website on link: https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmlId=10.
Designated Person in Company	<ul style="list-style-type: none">- Investor Relations/ Investor Services Section of Company Website.

- Non-Satisfactory Resolution by RTA -> File a complaint against RTA with SEBI on:
 - SEBI SCORES website/ Mobile App (on Android and iOS platform).



Sample of RTA Details on Company Website

Registrars & Share Transfer Agent and Debenture Trustees

Registrar & Share Transfer Agent (RTA)

The details of Bank's Registrar & Share Transfer Agent (RTA) is as under:-

[Redacted] Ltd.

Tel.:

Fax:

Email:

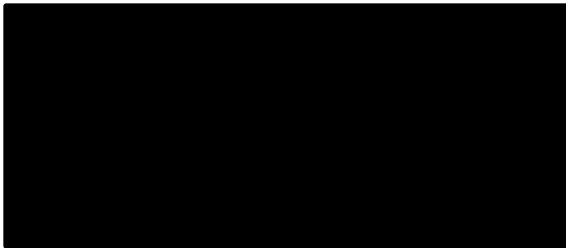
.com



Sample of Investor Complaints Contact in Listed Company

Investors Services Department

The Company Secretary
Investor Services Department,



Tel: [Redacted]

E-Mail: [investorservices@\[Redacted\]](mailto:investorservices@[Redacted])

(Exclusive Email ID designated for investors' complaints pursuant to Regulation 46(j) of SEBI (LODR) Regulations, 2015)



Thank You