Dividends, buybacks and bonus shares

Dividends, buybacks and bonus shares is a free 40-minute lesson for Class 11–12 Commerce on what companies give shareholders. Students work out FY26 dividend payouts from annual reports, then read a real buyback and a real 1:1 bonus issue.

5-minute prep

- Print one worksheet per student and one set of dividend cards per group of three (end of this guide).
- Decide how students see the cards: the worksheet, the projector or the student page (cityfort.in/class/giving-back).
- Read the ground rule aloud before groups start: we describe what is disclosed, we don't judge companies.
- Skim the answer key's working for the payouts.

Class	Senior secondary, Class 11–12 (Commerce)
Time	One 40-minute period. A 10-minute version for a revision class is in the teacher guide.
Edition	2026–27 first edition v1.0
Lesson page	cityfort.in/teachers/who-owns-the-company/dividends-buybacks-and-bonus-shares

Objective

Students can explain the dividend decision, work out a payout ratio from dividend per share and earnings per share, and say what a buyback and a bonus issue change for shareholders.

CBSE units the lesson supports

- Business Studies (054), Class XII, Unit 9 (CBSE Business Studies (054)), in part
- Business Studies (054), Class XI, Unit 7 (CBSE Business Studies (054)), in part
- Financial Markets Management (805), Class XI, Unit 2 (CBSE Financial Markets Management (805)), in part

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Timing

Minutes	Step	What happens
0–4	**Hook**	Read the made-up case in Part A: a shop makes ₹1 lakh of profit in a year. Ask: what could the owners do with it? (made-up numbers)
4–14	**Three dividend decisions**	Groups take one card each: ITC, Titan or Lenskart. They work out the payout from dividend per share and earnings per share, and how much of each share's profit stayed in the company.
14–20	**Report back: why so different?**	Groups report. In FY26 ITC paid out 87.8% of its earnings per share and Titan 26.2%; Lenskart's board recommended no dividend, citing growth plans and capital needs.
20–28	**A buyback**	Whole class reads the Infosys card. In FY26 it paid ₹18,653 crore in dividends and ₹18,058 crore for a buyback of 10 crore shares. Who received each payment?
28–36	**A bonus issue**	Whole class reads the HDFC Bank card: its 1:1 bonus of Aug 2025 turned FY25 earnings per share of ₹92.81 into ₹46.41. Students list what changed and what stayed the same.
36–40	**Exit ticket**	Students answer the three exit-ticket questions on the worksheet.

Materials

- The student worksheet (one per student), or the student page on phones or the class projector
- The dividend cards from the end of the teacher guide (one set per group of three)
- A calculator per group, or a phone calculator
- The answer key (teacher only)

Discussion questions

1. ITC paid out 87.8% of its FY26 earnings per share and Titan 26.2%. What would you need to read in each annual report to explain the gap?
2. Lenskart's board gave growth plans and capital needs as its reasons for paying no dividend for FY26. Which factors of the dividend decision in your textbook do those reasons match?
3. Infosys paid shareholders ₹18,653 crore in dividends and ₹18,058 crore for its buyback in FY26. How is the money shared out differently in the two?
4. After a 1:1 bonus, each shareholder has twice as many shares. Does the company have any more money or any more business than before?
5. A dividend comes out of profit, and a bonus issue moves reserves into share capital. Where would you look in a balance sheet to see each one?

Adapting the lesson

Students still building their English: Pre-teach five words with the word bank: dividend, earnings per share, payout, buyback and bonus issue. Let students explain the made-up shop case in their home

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language first, then in English.

Students who need more support: Give the dividend cards with the formula written on each. Do the ITC payout together on the board, then let students do Titan alone. Skip the bonus card if time is short.

Students ready for more: Ask students to compare Infosys's two payments: ₹18,653 crore in dividends and ₹18,058 crore for the buyback. Which one reached every shareholder, and which reached only those whose shares were bought?

Extension: Students open one more company's annual report on NSE and find its dividend per share and basic earnings per share for the same year. They work out the payout and write one sentence on the reason the board gives, quoted with its page.

Teacher background

What is a dividend payout ratio?

It is the share of a year's profit paid to shareholders as dividends. Per share, it is dividend per share ÷ earnings per share × 100. Cityfort pages use basic earnings per share.

Do companies have to explain their dividend decisions?

SEBI's LODR Regulations make the top 1,000 listed companies by market value publish a dividend distribution policy. It must cover when shareholders may or may not expect a dividend, the factors considered, and how retained earnings will be used.

What is a buyback?

A company uses its own cash to buy back some of its shares and cancels them. SEBI's Buy-back Regulations cap a buyback at 25% of the company's paid-up capital and free reserves.

What is a bonus issue?

Shareholders get free shares in a fixed ratio, such as one for each share held. Under SEBI's ICDR Regulations a bonus comes only from free reserves, the securities premium or the capital redemption reserve, and never in place of a dividend.

Why does the lesson leave out the buyback price?

A buyback price is a share price, and these lessons use no share prices. Students read the amount paid, the number of shares and who received the money.

If your class runs a stock-market simulation, these lessons can come before it: they explain what a company does and how it reports results. They do not suggest which companies to choose, and Cityfort does not run, rank or judge simulation picks.

Teaching notes

- The shop story is made up. Use it only to show the choice between paying profit out and keeping it.
- Round payouts to one decimal; within 0.1 either way counts as right.
- If a student asks whether a high payout is good, bring the class back to the reasons each board gives in its filing.

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- Students often think a bonus issue gives shareholders money. Point to HDFC Bank's restated earnings per share: the profit is shared over twice as many shares.

CBSE units this lesson supports

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- Business Studies (054), Class XII, Unit 9, Financial Management (dividend decision and the factors affecting it): partial (three real decisions and the reasons given, not the full list of factors).
- Business Studies (054), Class XI, Unit 7, Sources of Business Finance (retained earnings as owners' funds): partial.
- Financial Markets Management (805), Class XI, Unit 2, Primary and Secondary Market (corporate actions, record date, buyback): partial (no stock split, no prices).

10-minute version

Use only the ITC and Lenskart cards: shop story (2 minutes), ITC's payout (4), Lenskart's reasons (2), one-sentence exit (2).



student page

Scan the code or type: **cityfort.in/class/giving-back**

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Cards to print and cut out

Card 1: ITC, FY26 (fill in from the filing)

- Dividend per share for FY26
- Consolidated basic earnings per share for FY26
- Payout: dividend per share ÷ earnings per share × 100
- Earnings per share kept in the business

Card 2: Titan Company, FY26 (fill in from the filing)

- Dividend per share for FY26
- Consolidated basic earnings per share for FY26
- Payout: dividend per share ÷ earnings per share × 100
- Earnings per share kept in the business

Card 3: Lenskart Solutions, FY26 (fill in from the filing)

- Dividend per share for FY26
- Consolidated basic earnings per share for FY26
- The reasons the board gave
- Earnings per share kept in the business

Sources

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2. S2: Annual Report FY26 (2025-26), incl. consolidated financial statements, Titan Company Limited, filed with NSE, 3 Jul 2026. https://nsearchives.nseindia.com/annual_reports/AR_29549_TITAN_2025_2026_A_11906853_03072026125809.pdf
3. S3: Annual Report FY26 (2025-26), incl. consolidated financial statements, Lenskart Solutions Limited, filed with NSE, 24 Jul 2026. https://nsearchives.nseindia.com/annual_reports/AR_29995_LENSKART_2025_2026_A_61306341_24072026231635.pdf
4. S4: Integrated Annual Report FY26 (revised filing), incl. consolidated financial statements, Infosys Limited, filed with NSE, 30 May 2026. https://nsearchives.nseindia.com/annual_reports/AR_29313_INFY_2025_2026_U_8985411_30052026200413.pdf
5. S5: Post-buyback public announcement: 10 crore shares bought back; shares extinguished 4 Dec 2025, Infosys Limited, filed with NSE, 5 Dec 2025. https://nsearchives.nseindia.com/corporate/Infosys_05122025154029_SE_Newspaper_Advt_05122025.pdf
6. S6: Outcome of board meeting, 11 Sep 2025: buyback approved, Infosys Limited, filed with NSE, 11 Sep 2025. https://nsearchives.nseindia.com/corporate/INFY_11092025215149_Outcome11092025.pdf
7. S7: Update on bonus issue: RBI approval; record date 27 Aug 2025, HDFC Bank Limited, filed with NSE, 13 Aug 2025. https://nsearchives.nseindia.com/corporate/HDFCBANK_13082025183928_SE_Disclosure_-_RBI_approval_-_13Aug2025.pdf

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8. S8: Integrated Annual Report FY26 (2025-26), incl. standalone and consolidated financial statements, HDFC Bank Limited, filed with NSE, 11 Jul 2026. https://nsearchives.nseindia.com/annual_reports/AR_29735_HDFCBANK_2025_2026_A_12667766_11072026001055.pdf
9. S9: Integrated Annual Report FY25 (2024-25), revised filing of 25 Jul 2025, HDFC Bank Limited, filed with NSE, 25 Jul 2025. https://nsearchives.nseindia.com/annual_reports/AR_27115_HDFCBANK_2024_2025_U_25072025220054.pdf
10. S10: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended up to 15 Oct 2026 (Regulation 43A), SEBI, 15 Oct 2026. https://www.sebi.gov.in/legal/regulations/oct-2026/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-october-15-2026-_105365.html
11. S11: SEBI (Buy-Back of Securities) Regulations, 2018, as amended up to 6 Jul 2026 (Regulation 4), SEBI, 6 Jul 2026. https://www.sebi.gov.in/legal/regulations/jul-2026/securities-and-exchange-board-of-india-buy-back-of-securities-regulations-2018-last-amended-on-july-6-2026-_103042.html
12. S12: SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended up to 21 Mar 2026 (Chapter XI, bonus issue, Regulation 294), SEBI, 21 Mar 2026. https://www.sebi.gov.in/legal/regulations/mar-2026/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-regulations-2018-last-amended-on-march-21-2026-_100581.html

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