

Atul has paid dividends since 1952, bar one year. Listen to that record

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Maxim: *Prefer a long, unbroken dividend record.* — Benjamin Graham

Graham asked careful investors for twenty unbroken years of dividends. In a year when India Inc paid out its smallest share of profits in over a decade, his test still separates cash from claims.

A dividend is the one line in a company's accounts that has to be paid in cash, to every shareholder, on a fixed date.

That makes it unusually hard to dress up. In August, a Mint analysis of BSE 500 companies found they paid ₹5.13 trillion in dividends in FY26, 8.2% more than a year earlier. But profits grew faster, and the share of profits paid out fell to 27.6%, its lowest in 12 years, against an average of about 35.5%, as republished on [TradingView](#). Companies may be keeping cash for good reasons: expansion, debt repayment, caution. But it is a reminder that a dividend is a decision, made again every year.

Some companies have made it the same way for generations. Atul, the Gujarat chemicals maker, said in its [2016–17 annual report](#) that it had paid dividends every year since it began operations in 1952, with one exception, 1999–2000. In July 2026, reporting record sales of ₹6,203 crore for FY26, its board recommended a dividend of ₹30 a share, [FilingReader reported](#). That single gap is worth noticing. A record that long makes a missed year an event, and the event carries information about how hard times were and how the board responded.

Graham's twenty-year test

In *The Intelligent Investor*, Benjamin Graham gave the defensive investor seven tests for choosing a stock. Alongside size, a strong balance sheet and some earnings in each of the past ten years sat this one: "Uninterrupted payments for at least the past 20 years," as [Buffettpedia's summary](#) of the chapter records.

The logic is simple. Reported profits depend on accounting choices; a cheque does not. A company that has paid shareholders through recessions, rate cycles and bad years has shown, in the most expensive way possible, that its earnings turn into cash, and that its board takes the obligation seriously. Twenty years is long enough to include a few storms.

Markets treat a broken record harshly. Roni Michaely, Richard Thaler and Kent Womack studied US companies that started or stopped paying dividends. Firms that omitted a dividend fell 7% in the three days around the news, and kept lagging the market by 11% over the following year, while firms that started paying rose 3.4% at once and beat the market by 7.5% over the next year, according to their [NBER paper](#). The market, it seems, took a year to digest what a stopped dividend was saying.

A record is evidence, not a guarantee

General Electric shows the limit of the rule. GE had paid dividends since the 1890s. In November 2017 it halved its quarterly payout from 24 cents to 12, only its second cut since the Great Depression, after

free cash flow had deteriorated for six straight years, [CNN reported](#). A year later, alongside a quarterly loss of \$22.8 billion, it cut the dividend to a single cent, a move it said would save nearly \$4 billion, [Marketplace noted](#). The century-long record did not protect shareholders. But the shrinking cash flow behind it was visible for years to anyone who checked whether the dividend was still being earned.

The Indian lesson is about who the dividend is for. Vedanta has been one of the market's most generous payers, declaring ₹5 a share on 8 October 2026 after ₹34 across three payouts in FY26, per [INDmoney](#). Its London parent, Vedanta Resources, has no operations of its own and services its debt mainly through dividends from Vedanta, Crisil noted in a [February 2026 rating rationale](#); the parent's net debt was about \$4.8 billion at the end of 2025. Minority shareholders share in those payouts too. But a dividend driven partly by a parent's borrowing needs is a different signal from one paid out of surplus, and worth reading as such.

Over long periods, steady payers have mainly offered a smoother ride. Since 2005, the S&P 500 Dividend Aristocrats, companies that have raised dividends for at least 25 straight years, returned about 10.5% a year against 10.4% for the S&P 500, but their worst fall was about 44% against 51%, [S&P Dow Jones Indices](#) reported. That is Graham's point: not higher returns, but fewer nasty surprises.

Reading a dividend record properly

A long record earns a company the benefit of the doubt, not a free pass. Three checks turn it into something useful.

First, count the years. Exchange websites list every corporate action, and a ten-year summary sits in most annual reports. Graham's twenty years of unbroken payment is a demanding bar; a company that clears it has paid through at least a couple of downturns.

Second, ask whether the dividend is earned. Compare it with cash flow from operations minus capital spending, not just with profit. A payout that keeps rising while free cash flow shrinks, or while debt climbs alongside it, is being borrowed rather than earned.

Third, ask who needs it. A promoter or parent with heavy debts may want large dividends whatever the business needs. That does not make the dividend bad, but it changes what the dividend tells you.

Remember, too, that since the dividend distribution tax was abolished in 2020, dividends are taxed in your hands at your slab rate. For a high-bracket investor, a fat yield is worth less than it looks.

If you do one thing: For each stock you hold for income, check two numbers: how many years in a row it has paid a dividend, and whether its free cash flow over the last three years covered those payments. A long record with shrinking cover deserves a closer look.

The quiet signal

Dividends are unfashionable in a market that prizes growth, and this year's 12-year-low payout ratio shows companies are holding on to more of their cash. That is not wrong in itself. But it makes the companies that keep paying, through good years and bad, easier to spot.

Atul's single missed year over many decades tells you more than a glossy investor presentation can: that cash came in, year after year, and the board chose to share it. Graham did not promise that such companies would make you rich. He suggested they would rarely make you poor. For a defensive investor, that is the better promise.

Sources

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