



**RELATIONSHIP BETWEEN PROFITABILITY AND DIVIDEND
PAYMENT IN SELECTED CEMENT COMPANIES IN INDIA-AN
EMPIRICAL ANALYSIS**

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ABSTRACT

This study is mainly aimed to examine the relationship between profitability and dividend payment in five selected cement companies of India. For this analysis, EPS, DPS and Dividend Pay-out ratio have been considered during the period 2007 to 2016. Descriptive statistics and inferential statistical tools like ANOVA have been used. The findings of this study conclude that Shree Cement has shown the highest average EPS and DPS among the selected industries. However, Dalmia Bharat has recorded highest mean value of DPR among the selected companies. The results of ANOVA test conclude the null hypothesis 1 'Average EPS earned across five cement companies is uniform', the hypothesis 2 'Average DPS paid among five selected cement industries is uniform' and the hypotheses 3 'Average DPR among five selected cement companies is uniform' have been rejected and the alternate hypotheses have been accepted. Finally, it is also found that there is significantly positive correlation between EPS and DPS in Ramco Cement. J K Cement and Dalmia Bharat out of five selected companies. Based on the results, this study suggests that the investors can buy the shares in Ramco Cement, J. K Cement and Dalmia Bharat since their fundamentals are very strong.

Key words: Earning Per Share, Dividend Per Share, Dividend Pay-out Ratio, Average, ANOVA, Correlation Coefficient, Cement Industry

INTRODUCTION

India is the second leading producer of cement in the world. This cement industry is a vital part of its economy, providing employment to more than a million people both directly or indirectly. Ever since it was deregulated in 1982, the Indian cement industry has attracted huge investments, both from Indian as well as foreign investors.

In corporate finance, the dividend decision is very significant to identify the relation between firm's financing and investment decisions. Dividends are generally denoted as reward to the shareholders for providing finance to a firm. Dividend is a payment made by a corporation to its shareholders usually as a distribution of profits. Whenever a company earns a profit it can be reinvested in the business and pay a fraction of it as a dividend to shareholders. In a competitive market, the success of a business can be measured in terms of company's profitability ratios. These ratios analyse the financial health of a business.

There are two schools of thought as far as 'Dividend Pay-out' is concerned. The first school gives importance on payment of dividend since without any Dividend Pay-out, shares would not have any value, however the other school of thought stressed on no relationship between dividend and market price of the share - 'the irrelevance theory'

Review of Literature

Several studies have been made on relationship between profitability and dividend payment in different industries. In this context some of them are briefly reviewed as follows:

Darling (1957) has conducted a study on influence of expectation and liquidity on dividend. He concluded that the expectation of the investor has an influence on dividend policy as well as the influence of liquidity also played a vital role in dividend policy.

Babiak et. al., (1968) used different models in their study to forecast the future dividend for which the study was tested with selected American companies with the help of different variables like cash flow, net profit, etc., and it was found that, these variables were able to explain the dividend.

Mohanty (1999) in his study derived the conclusion that firms took decision on dividend depending on the availability of profit and he found that firms adopt constant dividend per share and have fluctuating pay-out ratio during the study period considered by him.

Reddy (2002) examined the trends and determinants of dividend of Indian companies listed on BSE and NSE during the period 1990-2001. Factors like number of firms paying dividend, average dividend per share and the average pay out have been considered for this study. This study concludes that the omission of dividends has information content i.e. such companies expect lower earnings in the future whereas the same does not hold true in case of dividend initiations.

Gugler (2003) analysed the relationship between dividends, the ownership and control structure of the firm for a panel of Austrian firms during the period 1991-1999, and found that state-controlled firms engage in dividend smoothing, while family-controlled firms do not.

Anand (2004) analysed the factors considered by 81 CFOs in formulate dividend policy to identify the determinants of dividend policy of Indian companies. He concluded that Indian companies use dividend policy as a signalling mechanism to convey information about their prospects, therefore, affecting their market value.

Hu and Liu (2005) analysed the cash dividend payment in Chinese listed companies and found the existence of direct relationship between current earnings and dividend payout, but simultaneously debt to total asset ratio is inversely proportional to the DPR.

Das (2006) established that the company had a policy of pursuing conservative policy from 1989 to 2005 in his study. Further, he tried to find out whether any close association exists among the variables like DPS, EPS and capital employed by the way of using correlation technique and vindicated that coefficient of correlation between DPS, EPS and Capital employed was high.

Kent and Dutta (2007) in their study revealed that the dividend paying firms are significantly larger in terms of earning profit, cash flows, and growth opportunities.

Bhayani (2008) has examined the influence of earnings and lagged dividend on dividend policy of companies listed on the BSE. He found that the current year's earnings is the foremost factor affecting the dividend behaviour of a firm and concludes that Indian companies follow a stable cash dividend policy.

Azfa and Mirza (2010) investigated the ownership structure and cash flows as determinants of corporate dividend policy in Pakistan on 100 companies listed at Karachi Stock Exchange during the period 2005-2007, by using Ordinary Least Square (OLS) method. This study established that the managerial and individual ownership, cash flow sensitivity, size and

leverage are negative effect and operating cash-flow and profitability are positively related to cash dividend.

Mirzaei (2012) in their study focussed on ownership structure and dividend policy on the companies listed on Tehran Stock Exchange over a period 2004-2009. This study takes company dividend policy as a dependant variable and stockholders composition and ownership concentration as independent variables. The findings of the study conclude that the independent variable had not shown the positive relation.

Anupam Mehta (2012) empirically examined the determinants of dividend pay-out for all firms in UAE in the areas of real estate, energy sector, construction sector, telecommunications sector, health care and industrial sectors for a period of 5 years i.e., from 2005 to 2009. This study analyses a range of determinants of dividend policy like Profitability, Risk, Liquidity, Size and Leverage of the firm. This study concluded that the profitability and size are the most important determinants of dividend pay-out decisions by UAE firms.

Al- Gharaibeh et. al., (2013) conducted a study by selecting 35 Jordanian corporations listed on the Amman Stock Exchange during the period 2005-2010, using full adjustment and partial adjustment model. The results of this study conclude that the institutional ownership of a company is more it make the shareholder more in power and it increase the value of the firm because the shareholder uses their influence and did not allow a company to invest in low return projects.

Al-Nawaiseh et. al., (2013) estimated the relationship between Dividend Policy and Ownership Structure on 62 industrial firms listed in ASE during the period 2000 to 2006, by using Tobit Model or censored regression model. The independent variable of the study is Leverage Ratio, Profitability, Firm Size, Family, Multi, Institution, Insider, and Foreigner. The fraction held by Insiders (INSD), has negative impact on the level of dividends paid. The other ownership, family is negatively but not significantly but institution is positively and significant influence on the dividend policy.

Biswajit Prasad Chhatoi (2015) made an attempt to measure the relationship between profitability and dividend payment in select Indian iron & steel industry during the period 2004 to 2012. This study takes the data like; EPS, DPS, and Pay out Ratio of selected companies from the annual reports over the period. To derive meaningful inferences,

descriptive as well as inferential statistical tools have been used. The results conclude that the dividend decision is greatly influenced by profitability of the firm.

The above reviews pointed out that there is no any collective consensus on a general dividend theory regarding dividend decision making policy. Further there are no significant studies in recent years on cement companies in India in these lines. Therefore, it is essential to study dividend behaviour of cement companies in India using the different tools.

Statement of the Problem

The decision about Dividend has a significant role in the company's decision making process. Dividend decision is directly associated to the financing and investment decision of any company. It becomes imperative of a firm to decide optimum dividend decision to the shareholders. In this context, there is a need to focus on some important questions as listed below:

1. Do the companies belonging to the same industry declare same percentage of dividend?
2. Is the growth rate of the company changing, after the announcement of dividend?
3. Do the dividends declared by the companies differ significantly from each other?

Against this backdrop, this present study is mainly aimed to focus on the following objectives:

- To examine the EPS, DPS and Dividend Pay-Out Ratio (DPR) of selected Cement companies in India
- To examine the relationship between profitability and Return for selected Cement Companies

Methodology of the Study

This study has taken 5 selected cement industries viz., J.K Cement, Ramco Cement, Dalmia Cement, Shree Cement, Ultra Tech Cement.

For the purpose of this study, Cement Industry in India is considered as its universe. The companies, which have satisfied the following criteria only have been considered for this study:

1. The company should be a listed company in any one of the stock exchanges and

2. Chronological availability of the data

This study is mainly based on secondary data and it has been drawn from www.moneycontrol.com. This study covers 10 years of period. i.e from 2007 to 2016. The variables considered for this study are the annual Earning Per Share (EPS), Dividend per share (DPS), and Dividend Pay-out Ratio (DPR) of selected companies in Indian cement industry. Descriptive as well as inferential statistical tools have been used to draw the meaningful inferences. The hypotheses for the study have been tested with 95% of significance level.

Hypotheses

In order to conduct the study and examine the objectives, the following hypotheses have been formed for testing.

H₀1: Average EPS earned among selected sample is uniform

H₀2: Average DPS paid among selected sample is uniform

H₀3: Average DPR among selected sample is uniform

H₀4: EPS and DPS differ together.

Data Analysis and Interpretation of Results

Initially an attempt is made to provide a broad picture about Earning Per Share (EPS) and the annual growth of the selected companies. Similarly, the Dividend per share (DPS) and Dividend Pay-out Ratio (DPR) have been analysed with the help of the descriptive statistics.

Further this chapter also makes an attempt to measure the relationship between profitability and dividend payment with the help of inferential statistical tools like ANOVA – Single Factor test.

TABLE 1 EPS AND YEAR OVER YEAR GROWTH IN EPS OF SELECTED CEMENT COMPANIES										
Year	J.K Cement		Ramco Cement		Dalmia Bharat		Shree Cements		UltraTech Cement	
	EPS	G.Rate	EPS	G.Rate	EPS	G.Rate	EPS	G.Rate	EPS	G.Rate
2007	25.54		255.03		-0.16		50.81		62.84	
2008	37.92	-29.43	343.02	268.67	0.1	160.1	74.74	6.76	80.94	3.3
2009	20.36	-165.89	15.28	-2229.6	0.46	-21.28	165.91	120.86	78.48	-24.65
2010	32.32	-30.68	14.86	-87.97	4	-7.5	194.07	108.58	87.82	-1.54
2011	9.16	-343.68	9	-156.11	2.64	-148.88	60.19	-262.24	62.74	-77.23
2012	25.36	-10.76	16	-40.25	3.99	-62.18	177.54	143.64	89.26	18.97
2013	33.4	-42.53	17	-77.12	5.09	-73.3	288.19	226.58	96.87	4.73
2014	13.88	-226.75	6	-277.33	6.13	-76.9	225.98	98.45	78.21	-45.65
2015	22.44	-39.41	10	-50	3.09	-195.29	122.38	-62.27	73.44	-33.06
2016	14.52	-140.03	23	-20.48	8.02	-30.51	130.59	36.88	79.25	-13.42
Descriptive Statistics										
Mean	23.26	-114.35	50.46	-296.69	3.72	-50.64	159.95	46.36	80.78	-18.73
Standard Deviation	9.85	114.16	109.82	739.14	2.54	99.66	72.28	142.64	9.84	29.93
Kurtosis	-1.25	0.49	8.95	8.06	-0.29	2.24	-0.2	2.16	0.68	0.41
Skewness	0.1	-1.14	2.99	-2.77	0.12	0.89	0.32	-1.28	-0.2	-0.84
Range	28.76	332.92	337.02	2498.29	7.92	355.39	228	488.82	34.13	96.21
Minimum	9.16	-343.68	6	-2229.6	0.1	-195.29	60.19	-262.24	62.74	-77.23
Maximum	37.92	-10.76	343.02	268.67	8.02	160.1	288.19	226.58	96.87	18.97
Sum	209.36	-1029.2	454.16	-2670.2	33.52	-455.73	1439.59	417.24	727.01	-168.56
Count	9	9	9	9	9	9	9	9	9	9

Table 1 represents EPS of the selected five cement companies during the study period. Among the selected companies of Shree cements has recorded highest EPS average /Mean value of 159.95 Whereas UltraTech Cement (80.78), Ramco Cement(50.66),J.K Cement (23.36) have occupied the second, third and fourth positions in terms of mean value of EPS during the study period . Dalmia Bharat has recorded the lowest mean value of 3.2 during the same period.

The range of EPS across the selected cement companies has been varied between 7.92 (Dalmia Bharat)to 337.02(Ramco Cement).The minimum value of EPS across the selected cement companies, the Dalmia Bharat (0.1) occupied the lowest position and Ultra Tec Cement(62.74)occupied the highest position .Similarly, the maximum value of EPA has been varied between Ramco Cement (343.12) and Dalmia Bharat(8.02).

TABLE 2 DPS AND YEAR OVER YEAR GROWTH IN DPS OF SELECTED CEMENT COMPANIES										
Year	J.K Cement		Ramco Cement		Dalmia Bharat		Shree Cement		UltraTech Cement	
	DPS	G.Rate	DPS	G.Rate	DPS	G.Rate	DPS	G.Rate	DPS	G.Rate
2007	3.5		25		0		6		4	
2008	5	-65	40	-22.5	0	0	8	-67	5	-75
2009	3.5	-139.36	2	-1998	0	0	10	-70	5	-95
2010	6	-52.33	2	-98	0	0	13	-63.92	6	-77.33
2011	2	-298	1.25	-158.75	1.26	1.26	14	-78.86	6	-94
2012	5	-35	2.5	-47.5	1.5	-82.5	20	-50	8	-67
2013	6.5	-70.42	3	-80.33	2	-73	20	-80	9	-79.89
2014	3	-213.67	1	-299	2	-98	22	-68.91	9	-91
2015	4	-71	1.5	-65.17	1.5	-131.83	24	-67.67	9	-91
2016	4	-96	3	-47	2	-73	24	-76	9.5	-85.24
				Descriptive statistics						
Mean	4.25	-115.64	8.13	-312.92	1.03	-50.79	16.1	-69.15	7.05	-83.94
Standard Deviation	1.38	87.27	13.34	637.44	0.92	51.52	6.74	9.09	2.06	9.69
Kurtosis	-0.46	1.3	3.41	8.55	-2.1	-1.65	-1.62	1.72	-1.86	-0.9
Skewness	0.18	-1.43	2.07	-2.9	-0.24	-0.19	-0.23	1	-0.16	0.5
Range	4.5	263	39	1975.5	2	133.09	18	30	5.5	28
Minimum	2	-298	1	-1998	0	-131.83	6	-80	4	-95
Maximum	6.5	-35	40	-22.5	2	1.26	24	-50	9.5	-67
Sum	42.5	-1040.8	81.25	-2816.3	10.26	-457.07	161	-622.36	70.5	-755.46
Count	10	9	10	9	10	9	10	9	10	9

Table 2 describes the Dividend per share(DPS) of the selected five cement companies during the study period. Among the selected companies of cement industry, Shree Cements has recorded highest mean value of 16.10, but Ramco Cement(8.13), Ultra Tech Cement (7.05), J.K Cement(4.25) and Dalmia Bharat(1.03) have occupied second, third, fourth and fifth positions during the study period.

The range of DPS across the selected cement companies has been varied from 39 (Ramco Cement) to (2)Dalmia Bharat during the study period. The minimum value of DPS across the selected cement companies, the Dalmia Bharat(0) occupied the lowest position and Shree cement(6)occupied the highest position. Likewise, the maximum value of DPA has been varied between Ramco Cement(40) and Dalmia Bharat(2).

TABLE 3 DPR AND YEAR OVER YEAR GROWTH IN DPR OF SELECTED CEMENT COMPANIES										
Year	J.K Cement		Ramco Cement		Dalmia Bharat		Shree Cements		UltraTech Cement	
	DPR	G.Rate	DPR	G.Rate	DPR	G.Rate	DPR	G.Rate	DPR	G.Rate
2007	11.55		7.95		0		3.42		4.93	
2008	11.41	-89.82	9.57	-73.5	0	0	3.77	-86.95	4.99	-93.81
2009	12.56	-78.28	9.5	-91.24	0	0	4.44	-80.47	4.78	-99.61
2010	13.46	-79.85	8.66	-101.04	0	0	3.63	-118.68	5.04	-89.8
2011	7.91	-162.25	6.89	-118.8	44.36	44.36	5.5	-60.5	7.57	-59.01
2012	11.54	-57	9.32	-64.61	36.11	-86.74	4.67	-113.1	6.54	-109.21
2013	12.56	-79.32	10.44	-78.83	37.78	-57.8	4.84	-91.65	6.85	-88.62
2014	9.08	-129.25	5.36	-189.42	31.18	-89.99	5.73	-78.74	7.72	-81.01
2015	9.52	-85.86	7.26	-66.57	42.35	-31.27	6.18	-86.54	7.84	-90.63
2016	10.84	-76.98	8.66	-75.17	25.93	-137.39	6.13	-94.69	7.52	-96.74
				Descriptive Statistics						
Mean	11.04	-93.18	8.36	-95.46	21.77	-39.87	4.83	-90.15	6.38	-89.83
Standard Deviation	1.74	32.21	1.52	39.34	19.43	57.53	1.03	17.64	1.3	13.98
Kurtosis	-0.46	1.99	0.21	4.41	-2.11	-0.67	-1.53	0.24	-2.11	2.86
Skewness	-0.54	-1.52	-0.73	-2.02	-0.25	-0.32	-0.02	-0.2	-0.21	1.25
Range	5.55	105.25	5.08	124.81	44.36	181.75	2.76	58.18	3.06	50.2
Minimum	7.91	-162.25	5.36	-189.42	0	-137.39	3.42	-118.68	4.78	-109.21
Maximum	13.46	-57	10.44	-64.61	44.36	44.36	6.18	-60.5	7.84	-59.01
Sum	110.43	-838.62	83.61	-859.18	217.71	-358.83	48.31	-811.31	63.78	-808.44
Count	10	9	10	9	10	9	10	9	10	9

Table 3 presents the Dividend Pay-out Ratio (DPR) of the selected five cement companies during the study period. Among the selected companies of cement industry, Dalmia Bharat(21.17) has recorded highest mean value of DPR, though, J.K Cement (11.04), Ramco Cement(8.36), Ultra Tech(6.38), and Shree Cement (4.83) have occupied second, third, fourth and fifth positions during the study period.

The range of DPR across the selected cement companies has been varied from Dalmia Bharat (44.36) to Shree Cement(2.36). The minimum value of DPR across the selected cement companies, the Dalmia Bharat (0) occupied the lowest position and Shree Cement(7.91)occupied the highest position. Similarly, the maximum value of DPR has been varied between Dalmia Bharat(44.36) to Shree Cement(6.18).

Hypothesis Testing

H₀1: Average EPS earned across 5 selected Cement Companies is uniform

From the above illustration, it is evident that the EPS earned by the selected cement companies as well as growth in EPS has been highly fluctuating during the study period.

Thus in this context, this study attempted to test whether the difference among the average/mean EPS is uniform or not by applying ANOVA, single factor test.

TABLE 4 -ANOVA Summary: EPS for Selected Cement Companies

Source of Variation	SS	DF	MS	F	P-value	F crit
Between Groups	128187.5	8	16023.43	3.483626	0.003738	2.173989
Within Groups	188585.3	41	4599.642			
Total	316772.8	49				
	Growth in EPS value of cement companies					
Between Groups	616368.2	8	77046.02	0.587103	0.78175	2.208518
Within Groups	4724309	36	131230.8			
Total	5340677	44				

From the ANOVA Test result as shown in Table 4, it is clear that the calculated value of F (3.48) is greater than the critical value of F (2.17) and falls in the rejection region in case of EPS. Hence, the null hypothesis is rejected and alternative hypothesis is accepted. The probability value is also greater than 0.05, hence the null hypothesis is rejected. Therefore, it is clear that there is a significant difference in EPS of the five selected cement companies during the study period.

From Table 4, it is evident that the calculated value of F(0.59) is less than the critical value of F(2.21) in case of the growth of EPS. Therefore, the hypothesis is accepted and the alternative hypothesis is rejected. Further the probability value is also greater than 0.05. Hence hypothesis can be accepted and it is clear that there is no significant difference in the growth of EPS of the 5 cement industries considered for this study.

H₀2: Average DPS paid among 5 selected Cement Companies is uniform

TABLE 5 ANOVA Summary: DPS for Cement Companies

Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	1268.48	8.00	158.56	3.13	0.01	2.17
Within Groups	2073.72	41.00	50.58			
Total	3342.20	49.00				
	Growth in DPS Value of Cement Company					
Between Groups	411317.94	8.00	51414.74	0.56	0.81	2.21
Within Groups	3334204.86	36.00	92616.80			
Total	3745522.80	44.00				

Table 5 discloses that the calculated value of $F(3.13)$ is greater than the critical value of $F(2.17)$ and falls in the rejection regions. Hence the null hypothesis is rejected and alternative hypothesis is accepted. The probability value is also greater than 0.05 hence the null hypothesis is rejected with 95% confidence. Therefore, it is clear that there is significant difference in DPS of the five selected cement companies.

From Table 5, it is obvious that the calculated value of 0.56 is less than the critical value of $F(2.21)$ in case of growth of DPS. Hence the hypothesis is accepted and the alternative hypothesis is rejected. Further, the probability value is also greater than 0.05. Hence the null hypothesis can be accepted thus it is evident that there is no significant difference in the growth of DPS of the 5 cement companies considered for the study.

H_03 : Average DPR among 5 selected Cement Companies is uniform

TABLE 6- ANOVA Summary: DPR for Cement Companies

Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	1810.314	8	226.2892	2.673727	0.018389	2.173989
Within Groups	3470.01	41	84.63438			
Total	5280.323	49				
Growth in DPR value of cement company						
Between Groups	19875	8	2484.375	1.746458	0.121053	2.208518
Within Groups	51210.78	36	1422.522			
Total	71085.78	44				

The result of ANOVA as shown in Table 6, it is clear that 2.67 calculated value of F is greater than the critical value of $F(2.17)$ and falls in the rejection regions. Hence null hypothesis is rejected and alternative hypothesis is accepted. The probability value was also greater than 0.05 hence the null hypothesis is rejected. Therefore, it is clear that there is a significant difference in DPR of the five selected cement companies.

From the Table 6, it is clear that the calculated value of $F(1.74)$ is less than the critical value of $F(2.21)$ in case of the growth of DPR. Hence the hypothesis is accepted and the alternative hypothesis is rejected. The probability value is also greater than 0.05, hence hypothesis can be accepted. Therefore, it is evident there is no significant difference in the growth of DPR of the 5 cement companies is considered for the study.

H_04 : EPS and DPS among 5 selected Cement Companies is differ together

To test the above hypothesis, Karl Pearson's correlation coefficient has been estimated between EPS and DPS for selected 5 Cement Companies during the period 2007-2016.

TABLE 7 Correlation Result of EPS and DPS for Cement Companies

Cement Company	Correlation Coefficient
1. J.K Cement	0.843371657
2. Ramco Cement	0.995048284
3. Dalmia Bharat	0.819662114
4. Shree Cement	0.494027827
5. UltraTech Cement	0.431545392

Table 7 denotes that there is significantly positive correlation between EPS and DPS in Ramco Cement, as the coefficient value is almost 1. Similarly J.K Cement (0.84) and Dalmia Bharat (0.82) also have shown highly positive correlation.

Shree Cements (0.49) and Ultra Tech Cement (0.43) also have shown positive correlation but the coefficient values have shown less than 0.5 only. Thus it can be established that the hypothesis – Earning Per Share and Dividend Per Share vary together holds good.

Summary Conclusions

This study is to examine the relationship between profitability and dividend for selected five cement companies during the period 2007 to 2016. The major findings of the study are summed up as follows:

In terms of EPS, Shree Cements has registered highest average/mean, whereas Dalmia Bharat has shown lowest average during the period 2007 to 2016 among the selected five cement companies. Whereas Ultra Tech (80.78), Ramco Cement (50.66), J.K Cement (23.36) have occupied the second, third and fourth positions in terms of mean value of EPS.

Similarly, in terms of DPS, Shree cements has recorded highest average value of 16.10, Ramco Cement (8.13), Ultra Tech (7.05), J.K Cement (4.25) and Dalmia Bharat (1.03) have occupied second, third, fourth and fifth positions during the study period.

In terms of DPR, Dalmia Bharat (21.17) has shown highest mean value, however, J.K Cement (11.04), Ramco Cement (8.36), Ultra Tech (6.38), and Shree Cement (4.83) have occupied second, third, fourth and fifth positions during the study period.

It is evident that the EPS, DPS and DPR of five selected cement companies have been highly fluctuating during the study period.

ANOVA Test results conclude that the null hypothesis 1. 'Average EPS earned across 5 selected Cement Companies is uniform,' the null hypothesis 2 'Average DPS paid among 5 selected Cement Companies is uniform' and the null hypothesis 3 'Average DPR among 5

selected Cement Companies is uniform' have been rejected and alternative hypotheses have been accepted. However opposite results have been found in case of growth of EPS, DPS and DPR.

Further, it is found that there is significantly positive correlation between EPS and DPS in Ramco Cement, since the coefficient value is almost 1. J.K Cement (0.84) and Dalmia Bharat (0.82) too have shown highly positive correlation.

Shree Cements (0.49) and Ultra Tech Cement (0.43) also have shown positive correlation but the coefficient values have shown less than 0.5 only. Thus it can be concluded that the hypothesis that EPS and DPS vary together holds good.

Based on the findings of the study, it is suggested that the investors can buy the shares in Ramco Cement, J.K Cement and Dalmia Bharat since their fundamentals are strong and established the significant relationship between profitability and dividend payment

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