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## TRENDS AND PROGRESS IN CORPORATE DIVIDEND OF SELECTED IT COMPANIES IN INDIA

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### ABSTRACT

*The aim of this paper is to find behavior of EPS, DPS and DPR in selected IT companies in India. Selected companies for the study include Tata consulting services Pvt Ltd, Infosys pvt ltd, Wipro software technologies, HCL technologies and tech Mahindra pvt Ltd. The determinants' have taken for the study includes EPS AND DPS of above stated companies. The data collected for the studies are of 10years from 2008 to 2017. Mean, Standard deviation, coefficient of variations, trend Analysis and ANOVA has been used as statistical tools for the study. Results have shown that there is no significant relationship between EPS and DPS among the selected companies in this study. The outcome may be useful for companies in their financing decisions.*

### **STATEMENT OF THE PROBLEM:**

In view of the importance of dividend decision of a firm, a study on the dividend practices of a firm becomes essential. Dividends represent an annual rate of return paid to the shareholders for making use of their funds in the business. Dividend rates declare by the firms depends mainly on the profitability levels of the firm. Do the companies belonging to the same industry declare similar rate of dividend? What is the rate of growth while dividend is declared? Do the dividends declared by the companies differ significantly from one company to the other? In order to find solution to these questions, the present study has been undertaken.

## **REVIEW OF LITERATURE:**

**S.lalitha Mani & S.Priya (2010)** have concluded a study titled, ‘Trends and progress in corporate dividend of selected steel companies in India’ According to them, there has been significant difference in mean value of dividend per share among the companies. The calculated F value has been greater than the variable value at 1% level. It can be said that the companies belonging to the steel industry have declared dividends, which have varied significantly among the companies.

**Rao (1993)** discussed in his research about ‘Financial appraisal of Indian Automotive Tyre Industry’. Main objective of study was intended to probe into the financial condition-financial strength and weakness-of the Indian tyre industry. He has been measured and evaluates the financial performance through inter-company and inter-sector analysis for the period of 1981-1988.He has found that the fixed assets utilization in many of the tyre undertakings was not as productive as expected and inventory was managed fairly well. He has considered that the tyre industry's overall profit performance was subjected to inconsistency and ineffective. He has suggested some recommendations to improve financial performance

**Pai, Vadivel & Kamala (1995)** have studied about the diversified companies and financial performance. Main purpose of research was found out the relationship between diversified firms and their financial performance. For the purpose of research, they have selected seven large firms and analyzed those firm which having different products-both related and otherwise-in their portfolio and operating in diverse industries. In this study, a set of performance measures / ratios was employed to determine the level of financial performance and variation in performance from one firm to another has been observed and statistically established. They revealed that the diversified firms studied have been healthy financial performance.

**Vijayakumar A. (1996)** has studied about ‘Assessment of Corporate Liquidity - a discriminate analysis approach’ in this research he has revealed that the growth rate of sales, leverage, current ratio, operating expenses to sales and vertical integration was the important variables which Liquidity position in twenty-eight selected sugar factories in co-operative and private sectors. In research a discriminate analysis has been used by the researcher, to undertaken to distinguish the good risk companies from poor risk companies based on current and liquidity ratios. In this study

discriminating 'Z' scores have been calculated with the help of discriminate function and according to the 'Z' scores the companies are ranked in the order of liquidity.

### **OBJECTIVE OF THE STUDY:**

- To examine the trends in the distribution of dividends in IT Industry.

### **METHODOLOGY:**

- i. Share holders population should be greater than 10000.
- ii. Availability of data for a period of 10 Tears.
- iii. Declaration of dividend for almost all the years of study.
- iv. The selected samples have chosen at random under convenient sampling

### **STATISTICAL TOOLS USED:**

- i. **Mean, Standard Deviation and coefficient of variations** has been used for the study.
- ii. **Linear Annual Growth Rate** used to find trends of data.
- iii. **Trend analysis;** the growing or declining directions of the long term series has been determined by the trend analysis
- iv. **ANOVA:** Anova test has been used to examine whether the mean values of dividend per share differ from one company to another.

### **RESULTS AND FINDINGS:**

#### **TREND ANALYSIS OF TCS PVT LTD:**

The table 1 explains that the dividend per share of TCS Pvt Ltd has shown fluctuating trend during the study period. It was constant in 2008, 2009, and 2011 with ₹14 dividends per share. After that it has been showing fluctuating trend from 2012 to 2017 with increasing trend in earnings per share. Table 2 shows that the company had paid a mean dividend per share to ₹ 31.5 per share during the study period. Deviations of mean has been 20.61 with a coefficient of variations of 66.38. The increasing trend in TCS has shown a positive linear annual growth rate of 30.26 in dividend per share. The figure (1a) and (1b) has illustrated that the trend line of the

earnings per share in future. The trend line of dividend per share has not been parallel to X axis, which has been indicated that TCS Pvt Ltd has not followed a stable dividend policy.

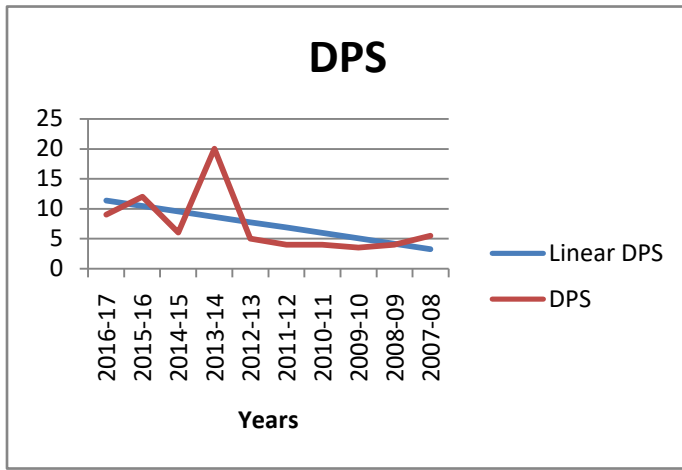
Table 1:BEHAVIOR OF EPS,DPS AND DPR

Year	TCS			INFOSYS			WIPRO			HCL TECHNOLOGIES			TECH MAHINDRA		
	EPS	DPS	DPR	EPS	DPS	DPR	EPS	DPS	DPR	EPS	DPS	DPR	EPS	DPS	DPR
2016-17	143.9	47	34.85	70.31	25.8	48.43	45	4	10.28	66.1	6	39.34	43.7	9	44.05
2015-16	133.6	44	35.28	65.33	24.3	40.51	42	6	16.44	42.5	16	39.9	40.5	12	37.27
2014-15	111.6	79	77.94	117.1	59.5	41.14	40	12	34	54.8	30	32.6	34	6	22.04
2013-14	105.6	32	32.7	209.3	63	33.83	37	8	24.65	103	10	10.73	154	20	15.41
2012-13	77.44	22	30.93	184.1	42	25.42	29	7	28.04	67.2	12	20.67	73.6	5	4.97
2011-12	58.46	25	46.98	161.9	47	32.26	27	6	26.32	42.9	12	34.28	55.2	4	4.69
2010-11	50.71	14	30.21	134.4	60	50.16	25	6	27.82	30.6	7.5	31.24	70.6	4	7.91
2009-10	39.62	20	55.91	125.4	25	22.88	36	6	19.02	24.7	4	21.48	68.5	3.5	6.1
2008-09	60.04	14	26.06	118	23.5	22.46	31	4	15.02	25.3	7	35.58	92.4	4	4.81
2007-08	57.46	14	27.25	91.91	33.3	40.82	26	6	26.69	20.3	9	56.93	33.7	5.5	20.24

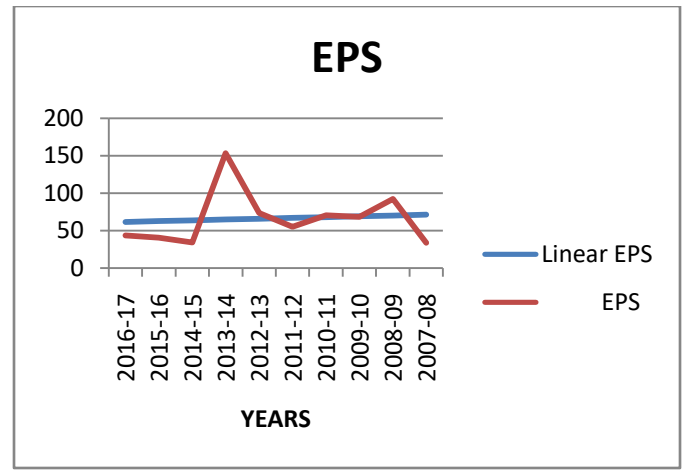
(Source-Money Control.com)

TABLE 2:Mean,Standard Deviation And Coefficient of Variation Of DPS

Companies	Mean	S.D	C.V	LAGR
TCS	31.05	20.61	66.38	30.26
INFOSYS	40.32	16.17	40.17	40.32
WIPRO	6.5	2.27	34.93	6.5
HCL	11.35	7.41	65.29	11.35
TECH MAHINDRA	7.3	5.21	71.37	7.3



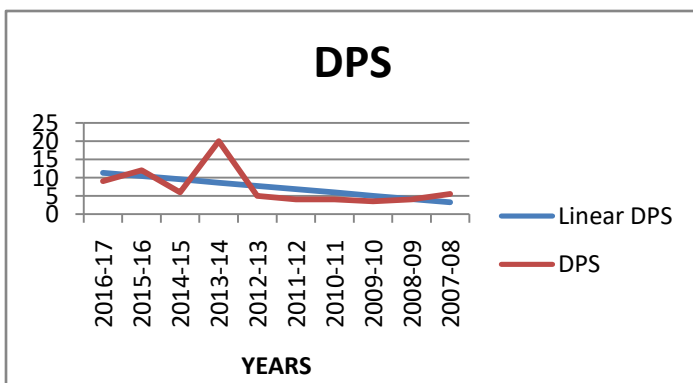
(1.a)



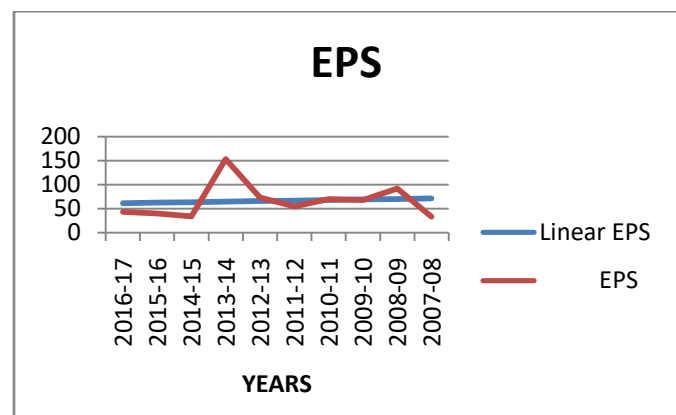
(1.b)

### TREND ANALYSIS OF INFOSYS PVT LTD.

The table 1 explains that the dividend per share of Infosys Pvt Ltd has shown high fluctuations during the study period, with increasing trend in earnings per share from 2008 to 2014. After that it has shown declining trend in EPS of Infosys. Table 2 shows that the company had paid a mean dividend per share to ₹ 40.32 per share during my study period. Deviations of mean has been 16.17 with a coefficient of variations of 40.17. The increasing trend in Infosys has shown a positive linear annual growth rate of 40.32 in dividend per share. The figure (2a) and (2b) has illustrated that the trend line of the earnings per share in future. The trend line of dividend per share has not been parallel to X axis, which has been indicated that Infosys Pvt Ltd has not followed a stable dividend policy.



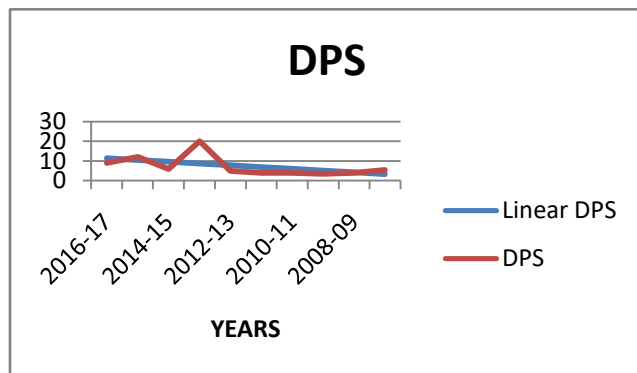
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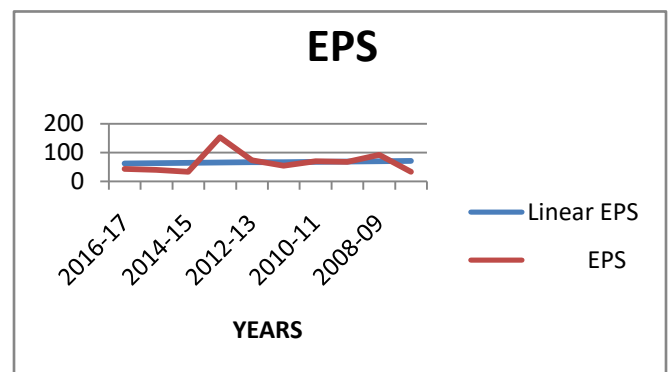
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## TREND ANALYSIS OF WIPRO PVT LTD.

The table 1 explains that the dividend per share of Wipro Pvt Ltd has shown Moderate fluctuations during the study period. it was constant in 2008,2010,2011,2012 and 2016 with ₹ 6 dividend per share with increasing trend in EPS from 2011 to 2017.. It was fluctuated in rest of the periods. Table 2 shows that the company had paid a mean dividend per share to ₹ 6.5 per share during my study period. Deviations of mean has been 2.27with a coefficient of variations of 34.93. The increasing trend in Infosys has shown a positive linear annual growth rate of 6.5 in dividend per share. The figure (3a) and (3b) has illustrated that the trend line of the earnings per share in future. The trend line of dividend per share has not been parallel to X axis, which has been indicated that Wipro Pvt Ltd has not followed a stable dividend policy.



(3.a)

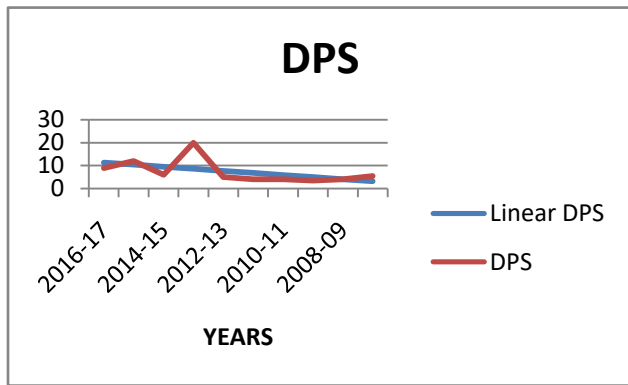


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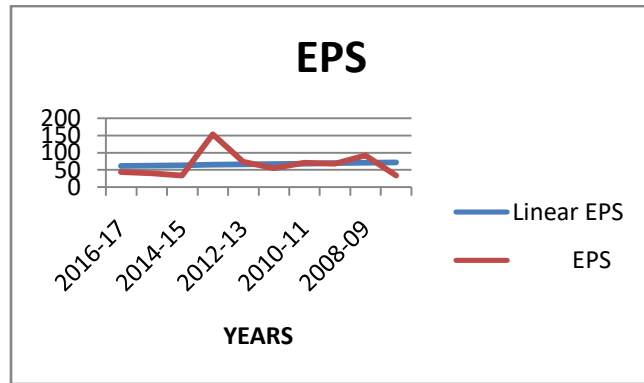
## TREND ANALYSIS OF HCL TECHNOLOGIESPVT LTD.

The table 1 explains that the dividend per share of HCL Pvt Ltd has shown moderate variations during the study period with fluctuating trend in EPS .During 2011 to 2014 EPS of the company has been increased. After it has shown fluctuating trend. Table 2 shows that the company had paid a mean dividend per share to ₹ 11.35 per share during my study period. Deviations of mean have been 7.41 with a coefficient of variations of 65.29. The increasing trend in HCL has shown a positive linear annual growth rate of 11.35.5 in dividend per share. The figure (4a) and (4b) has illustrated that the trend line of the earnings per share in future. The trend line of dividend per

share has not been parallel to X axis, which has been indicated that HCL Pvt Ltd has not followed a stable dividend policy.



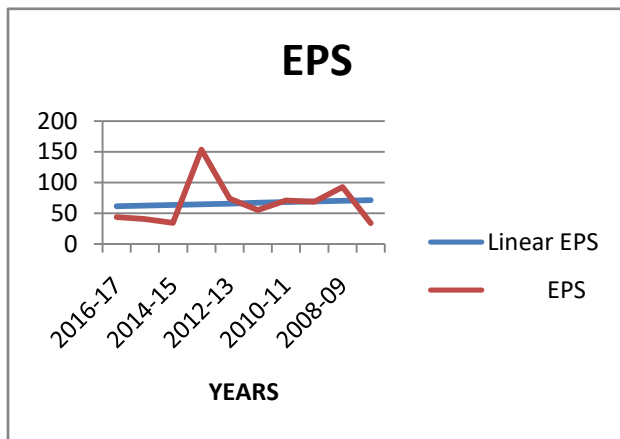
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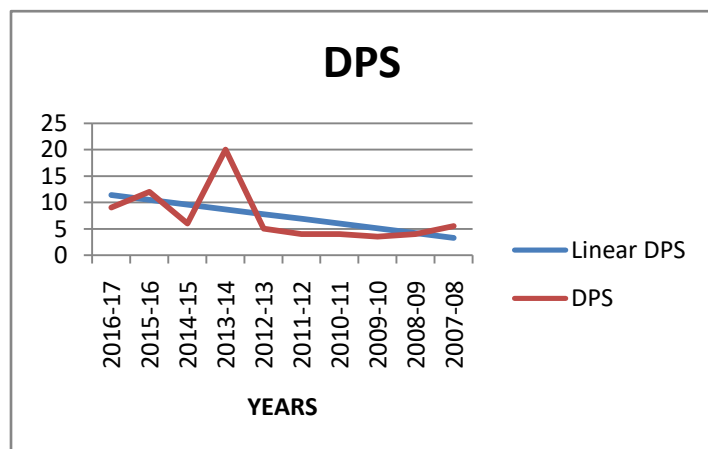
(4.b )

### TREND ANALYSIS OF TECH MAHINDRA PVTLTD.

The table 1 explains that the dividend per share and earnings per share of Tech Mahindra Pvt Ltd has shown very fluctuating trend during entire study period. It was very high (EPS Rs 154) in the year 2013-14 and it was very low (EPS Rs.33.7) in the year 2008-2009 .Table 2 shows that the company had paid a mean dividend per share to ₹ 7.3 per share during my study period. Deviations of mean has been 5.21with a coefficient of variations of 71.37.The increasing trend in tech Mahindra has shown a positive linear annual growth rate of 7.3 in dividend per share. The figure (5.a) and (5.b) has illustrated that the trend line of the earnings per share in future. The trend line of dividend per share has not been parallel to X axis, which has been indicated that tech Mahindra Pvt Ltd has not followed a stable dividend policy.



( 5.a )



(5.b)

**ANOVA TEST:**

In order to find out whether Mean values of dividend per share of the companies differ from each other, the following hypothesis has been framed and tested by performing analysis of variance (ANOVA) test.

Table-3 ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	55348.37	4	13837.09293	13.35573685	5.33E-07	2.605975
Within Groups	41441.65	40	1036.041147			
Total	96790.02	44				

**HO: There is no significant difference in mean values of dividend per share among the companies.**

Table 3 has shown that there has been significant difference in mean values of dividend per share among the companies. The calculated F value has been greater than the variable value at 1% level. It can be said that the companies belonging to the steel industry have declared dividends, which have varied significantly among the companies.

**CONCLUSION:**

TCS, Wipro, Infosys, HCL technologies and Tech Mahindra have not followed a stable dividend per share policy, and the trend line of the above companies have also very different. Its dividend



per share depends on its earnings. The mean value of Infosys has high earnings per share of ₹ 40.32 per share. Which has been the highest in the IT industry and it has been found that Infosys has the highest growth rate as compared to other selected companies. It can be said that the companies belonging to the IT industry have declared dividends, which have varied significantly among the companies during the study period.

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