



A Study of Dividend Payout Trends in Indian Corporate Sector

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Abstract

One of the most significant and crucial choices a company makes is whether to declare a dividend or to retain earnings for internal growth. It not only represents a company's financial health but also its financial performance. Profits in excess of operating expenses may be distributed to shareholders as dividends or reinvested in business as retained earnings. A company's "dividend policy" is the method by which its profits are distributed among its equity owners, including the rate at which dividends are paid to preference shareholders. Therefore, the creation of dividend policy is one of the most crucial areas of financial management that shareholders care about. There are a number of considerations for a business to address when deciding on a dividend policy. That is to say, a company's dividend policy might be influenced by a number of external circumstances. The present research aims to analyze dividend distribution patterns and pinpoint the variables influencing dividend policy.

Keywords: Dividend Payout, Trends, Indian, Corporate Sector, Financial Management, Dividend Policy.

Introduction

Dividend policy remains an academic issue among financial experts despite its relevance. This policy has the largest gap between academics and practitioners of corporate financial policy. Dividend payments and business valuation show contradicting tendencies in study. Academic consensus demonstrates that dividends don't matter much for the market or signal investors (1). Corporate executives and financial experts feel a firm's dividend policy is important for informing stakeholders. Economic theory argues that it's unimportant. Practitioners feel its public information that demonstrates the gravity of the market's response to dividend policy announcements (2). Production, marketing, and financing are key

corporate operations. Finance is hard to separate from manufacturing, marketing, and other tasks, but its functions are clear.

Decision Areas: With the complexity of contemporary company, financial management is no longer limited to the procurement of money, but also to the wise and efficient use of funds available to the business firm, bearing in mind the enterprise's goals and the expectations of fund sources. The decision areas are as under:-

Investment Decision: Investment choice, often called capital budgeting decision, is the firm's decision to invest in long-term assets for future advantages. Future benefits are hard to predict due to uncertainty. Investing decisions should consider risk and reward (3).

Financing Decision: The finance manager decides how to finance an asset after establishing its nature and cost. Financing decisions drive fund-raising. The finance manager must choose a source from the available financial resources to raise the needed funds. Equity or debt may raise funds (4).

Liquidity Decision: Liquidity choice involves working capital management. It focuses on day-to-day assets and obligations.

Dividend Decision: Finance managers must also decide an organization's dividend policy. Profits may be dispersed as dividends or reinvested. Consider shareholder value while setting dividend policy. Other variables also affect dividend policy (5).

The Impact of Dividends on a Company's Value

Investors worry deeply about the dividend policy that management establishes. Profits may either be distributed to shareholders or kept. The alternative chosen would be one that maximizes shareholder wealth or share market value, which is the fundamental goal of corporate financial management (6). A discussion over whether or not stock prices are affected by a company's dividend policy is currently ongoing. In a nutshell, there really isn't a good explanation.

Dividend Policy: Legal Aspects

In the form of dividends, shareholders are compensated for their ownership. Shares of stock or cash are both viable options for disbursing dividends to investors. The dividend includes any interim dividends payable under Section 2(14A) of the Companies Act. Only shareholders whose names are listed in the Register of Members are eligible to receive dividends. A dividend policy converts profits into cash and stock (7).

Factors Affecting Dividend Policy

A company's dividend choice is one of its most critical. Micro level represents corporate success and financial health. The amount of national savings is reflected in the dividend policy at the macro level (8). The dividend policy of a firm may be influenced by a number of factors. The quantitative nature of some of the factors is a consideration. Following are some considerations while deciding on a dividend policy (9):

- Current Earnings after Tax
- Past Years' Profits
- Cash Position of the Company
- Cash Flow during the Year
- Liquidity Ratios
- Capital Expenditure
- Capital Employed
- Pattern of Past Dividends
- Share Price Behaviour
- Inflation

Research Methodology

The research uses purposive sampling to choose nine Indian manufacturing sectors. Top 10 firms from each of the nine industries were chosen, for a total of 87 companies. Business World's 2012 "BW Real 500" was considered. Certain firms were omitted from the top 10 in each industry owing to missing data. Companies that hadn't paid a dividend for more than two years throughout the research period weren't considered. So, a sample 87 companies from nine industries were chosen.

Period of the Study

India liberalized in 1991. After several years, liberalization's effects may be seen. This research covers the data from 1998-99 to 2011-12.

Collection of Data

The data used in this study came from a secondary source called the Capitaline Corporate Database by Capital Market Publishers (I) Ltd., Mumbai.

Analysis of Data

The present study required editing, categorizing, and tabulating the original data. These investigations included basic arithmetic operations like percentages, averages, and ratios, as

well as statistical approaches including dispersion, simple correlation, and backward stepwise regression.

Results

This research paper evaluates the dividend payment pattern and dividend policies in Indian companies post-liberalization. Dividend Payout Ratio (DPR) is used to analyze the dividend policies of chosen companies. Table 1 analyzes the average dividend payout of the selected companies. The average dividend payment is the DPR arithmetic mean. Each company's DPR was compared with the concerned industry's DPR. The average DPR of an industry is the arithmetic mean of all chosen companies DPRs.

Table 1 also assesses the chosen firms' dividend-paying consistency over the research period and therefore, Coefficient of Variation (CV) of DPR is determined. Each company's CV was compared with its industry. The CV of an industry is the mean of all chosen firms' CVs. A company with a lower CV than its sector signals stronger dividend consistency and a greater CV reflects more erratic in paying dividends. In this table, the arithmetic mean of all the industries' and CV of DPR values was used to get the grand average.

Table 1: Company-Wise Mean and DPR Variation

Industry	Company	Mean	CV
Apparel & Textiles Mean - 0.3381 CV - 0.5813	Bombay Dyeing & Manufacturing Company Ltd.	0.3865	0.7278
	Century Enka Ltd.	0.4200	0.5283
	Garden Silk Mills Ltd.	0.3514	0.6331
	Indo Rama Synthetics (India) Ltd.	0.8129	1.8579
	KSL and Industries Ltd..	0.1030	0.1965
	Nahar Spinning Mills Ltd	0.3197	0.1113
	Raymond Ltd.	0.2394	0.3742
	Rajasthan Spinning and Weaving Mills Ltd.	0.2549	0.4473
	SRF Ltd.	0.2838	0.5083
	Vardhman Spinning and Mills Ltd.	0.2047	0.4284
Auto Ancillaries Mean - 0.2436 CV - 0.4645	Amtek Auto Ltd.	0.1151	0.4057
	Apollo Tyres Ltd	0.2817	0.5222
	Balkrishna Industries Ltd.	0.2716	0.3637
	Bharat Forge Ltd.	0.3596	0.2762
	Bosch Ltd.	0.1086	0.1655
	Ceat Ltd.	0.2722	1.6996
	Exide Industries Ltd.	0.2728	0.3255
	Motherson Sumi Systems Ltd.	0.3588	0.1549

	MRF Ltd.	0.1286	0.6196
	Sundram Fasteners Ltd	0.2687	0.1115
Automobiles Mean - 0.3699 CV - 0.4939	Ashok Leyland Ltd.	0.4970	0.1126
	Eicher Motors Ltd.	0.3351	1.0748
	Hero Honda Motors Ltd.	0.4249	0.4174
	Mahindra & Mahindra Ltd.	0.3378	0.3420
	Maruti Suzuki India Ltd.	0.1247	0.9329
	Punjab Tractors Ltd.	0.4237	0.4116
	Swaraj Mazda Ltd.	0.3078	0.1176
	Tata Motors Ltd.	0.3739	0.7693
	TVS Motor Company Ltd.	0.2273	0.2671
Cement Mean - 0.3663 CV - 0.6389	Ambuja Cements Ltd.	0.3536	0.3176
	Century Textiles & Industries Ltd. (Cement Division)	0.2678	1.0142
	Chettinad Cement Corporation Ltd.	0.2805	0.7050
	Dalmia Cement (Bharat) Ltd.	0.1319	0.3065
	Grasim Industries Ltd.	0.2176	0.3129
	Madras Cements Ltd.	0.2273	0.5801
	OCL India Ltd.	0.1961	0.6600
	Shree Cement Ltd.	0.6243	1.2151
Chemicals Mean - 0.3001 CV - 0.4291	Aarti Industries Ltd.	0.2340	0.2755
	BASF India Ltd.	0.4417	0.1452
	Deepak Fertilizers & Petrochemicals Corp Ltd.	0.2893	0.1086
	Godrej Industries Ltd.	0.2691	0.4840
	Gujarat Flourochemicals Ltd.	0.2918	0.1935
	India Glycols Ltd.	0.2097	0.0377
	Jubilant Organosys Ltd.	0.2283	0.6350
	Meghmani Organics Ltd.	0.2691	0.4840
	Pidilite Industries Ltd.	0.1576	0.5210
	Tamil Nadu Petro Products Ltd.	0.7802	1.6897
Engineering Mean - 0.2761 CV - 0.4048	ABB Ltd.	0.2446	0.2195
	Bharat Heavy Electricals Ltd.	0.2471	0.3266
	Cummins India Ltd.	0.1914	0.8259
	Emco Ltd.	0.3276	0.1950
	Kirloskar Brothers Ltd.	0.2375	0.6218
	Kirloskar Oil Engines Ltd.	0.1094	0.2063
	Lakshmi Machine Works Ltd.	0.2422	0.4370
	Siemens Ltd.	0.3601	0.0624
	SKF India Ltd.	0.8328	0.1467

	Thermax Ltd.	0.3546	0.2408
FMCG Mean - 0.3454 CV - 0.3359	Britannia Industries Ltd.	0.3561	0.6511
	Dabur India Ltd.	0.2330	0.2462
	GlaxoSmithkline Consumer Healthcare Ltd.	0.2049	0.2410
	Godfrey Phillips India Ltd.	0.1980	0.9444
	Gujarat Ambuja Exports Ltd.	0.4173	0.2626
	ITC Ltd.	0.1718	0.4011
	Nestle India Ltd.	0.4259	0.5184
	Nirma Ltd.	0.2903	0.4117
	Ruchi Soya Industries Ltd.	0.3208	0.2721
	Tata Tea Ltd.	0.0982	0.1651
Oil & Gas Mean - 0.3436 CV - 0.2763	Bharat Petroleum Corporation Ltd.	0.2794	0.2843
	Bongaigaon Refinery and Petrochemicals Ltd.	0.3249	0.3429
	Chennai Petroleum Corporation Ltd.	0.1558	0.2376
	Castrol India Ltd.	0.2901	0.3047
	GAIL (India) Ltd.	0.2432	0.1712
	Gujarat Gas Company Ltd.	0.2972	0.2887
	Hindustan Petroleum Corporation Ltd.	0.4746	0.2395
	Indian Oil Corporation Ltd.	0.8545	0.2667
	Oil & Natural Gas Corpn Ltd.	0.3310	0.0943
	Reliance Industries Ltd.	0.2936	0.5914
Pharmaceuticals Mean - 0.2875 CV - 0.4868	Aurobinda Pharma Ltd.	0.3681	0.1908
	Cadila Healthcare Ltd.	0.0781	0.2338
	Cipla Ltd.	0.2785	0.1427
	Dr Reddy's Laboratories Ltd.	0.2085	0.2744
	Glaxosmithkline Pharma Ltd.	0.1683	0.8946
	Glenmark Pharmaceuticals Ltd.	0.5405	0.2178
	Lupin Ltd.	0.1756	0.4599
	Orchid Chemicals & Pharmaceuticals Ltd.	0.3701	1.1898
	Piramal Healthcare Ltd.	0.4691	1.0190
	Sun Pharmaceuticals Industries Ltd.	0.3813	0.2812
Grand Average: Mean - 0.3190 ; CV - 0.4568			

From Table 1, it is clear that four companies of Apparel & Textiles Industry had more generous payout policies and remaining six had less liberal dividend policy. But the CV of industry indicated that three companies had more consistency whereas seven companies had inconsistency in paying dividend. The overall results of Apparel & Textiles regarding

dividend payout were better when compared with grand average of selected industries. As regards, Auto Ancillaries Sector, three of the ten randomly selected companies had conservative dividend policies whereas the remaining seven companies had more generous dividend policies. However, the CV of the industry showed that three companies had uniformity in paying dividend while seven had variability. The overall performance of this industry concerning to dividend practice is not satisfactory keeping in view the total average of all industries.

In case of Automobiles Industry, four companies were having more DPR average than industry mean depicting that these companies were paying good dividends. CV of the industry reflected that six out of nine companies had more consistency in dividend paying trend. In general, the Automobiles Industry had better performance while comparing with overall average of selected industries. The companies selected from Cement Industry not showed good results. Seven out of eight companies had low average DPR than the industry average. Similarly, five companies' CV was on higher side than the industry. Both the results highlighted that companies had not much interest in paying dividends. This industry was having less consistency when compared with grand average.

The practices of Chemical Industry relating to dividend payout trend were not satisfactory. Only two companies namely; BASF India Ltd. and Tamil Nadu Petro Products Ltd had more generous dividend policy than the norm in the sector whereas the remaining eight companies were not having good dividend payout trend. Keeping in view the CV of industry, an equal number of companies had consistency and inconsistency in maintaining dividend payout trend. The overall performance of chemical sector is somehow not good when compared with the grand average of all industries. Taking into account the Engineering Industry, five out of ten selected companies had more average DPR and rest five had less average DPR than industry's mean indicating that dividend payout trend among companies were moderate. CV of the industry depicted that seven companies were maintaining good consistency in paying dividend. The overall performance of the industry was also better signaling good profitability and better payout trend.

In case of FMCG Sector, seventy percent of the companies had more DPR average than the industry's mean DPR showing the companies' lenient view toward dividend payment. The consistency and inconsistency in dividend payout trend were almost equal in the selected companies. The dividend payments made by FMCG firms were more reliable when

compared with grand average. The dividend policies of Oil & Gas Industry, were almost similar to that of Chemical industry as the DPR of two companies was higher than the industry's average whereas the remaining eight companies were having lower DPR. Keeping in view the CV of industry, the selected companies had maintaining similar consistency and inconsistency as were maintained by Chemical sector and FMCG sector. However, the overall dividend payout trend of this industry were better as compared to total industries' average.

The data regarding dividend payout ratio of Pharmaceutical Industry is analyzed at last which showed that fifty percent companies had higher DPR and fifty percent had lower DPR than the industry's mean indicating moderate dividend payment trend. But, on the basis CV, it can be said that nine companies had more consistency in paying dividends. As a whole, the Pharmaceuticals' businesses couldn't reach the average level of dividend payments among Indian industries.

Table 2: Indian Industry Dividend Trend

Industry	Company	DPR=B0+B1t	t Value	
Apparel & Textiles	Bombay Dyeing & Manufacturing Company Ltd.	DPR=0.216+0.033t	(1.032)	
	Century Enka Ltd.	DPR=0.081+0.062t**	(4.398)	
	Garden Silk Mills Ltd.	DRP=0.557-0.037t	(-1.687)	
	Indo Rama Synthetics (India) Ltd.	DPR=-1.008+0.331t**	(2.511)	
	KSL and Industries Ltd.	DPR=0.041+0.011t	(0.666)	
	Nahar Spinning Mills Ltd.	DPR=0.288+0-006t	(0.457)	
	Raymond Ltd.	DPR=0.254-0.003t	(-0.244)	
	Rajasthan Spinning and Weaving Mills Ltd.	DPR=0.423-0.031t**	(-3.973)	
	SRF Ltd.	DPR=0.310-0.005t	(-0.317)	
	Vardhman Spinning and General Mills Ltd.	DPR=0.264-0.011t	(-1.155)	
Auto Ancillaries	Amtek Auto Ltd.	DPR=0.117-0.0001t		(-0.022)
	Apollo Tyres Ltd.	DPR=-0.022- .032t**		(-2.460)
	Balkrishna Industries Ltd.	DPR=0.351-0.014t		(-1.354)
	Bharat Forge Ltd.	DPR=0.441-0.015t		(-1.421)
	Bosch Ltd.	DPR=0.100+0.001t		(0.708)
	Ceat Ltd.	DPR=0.505-0.042t		(-0.815)
	Exide Industries Ltd.	DPR=0.379-0.019t		(-2.433)
	Motherson Sumi Systems Ltd.	DPR=0.363-0.001t		(-0.13)
	MRF Ltd.	DPR=0.147-0.003t		(-0.368)
	Sundram Fasteners Ltd.	DPR=0.259+0.002t		(0.466)
Automobiles	Ashok Leyland Ltd.	DPR=0.581-0.015t**		(-4.488)
	Eicher Motors Ltd.	DPR=0.155+0.032t		(0.805)
	Hero Honda Motors Ltd.	DPR=0.324+0.018t		(0.936)
	Mahindra & Mahindra Ltd.	DPR=0.393-0.01t		(-0.793)
	Maruti Suzuki India Ltd.	DPR=0.015-0.005t		(-0.348)
	Punjab Tractors Ltd.	DPR=0.462-0.007t		(-0.348)

	Swaraj Mazda Ltd.	DPR=0.255+0.0095t	(0.716)
	Tata Motors Ltd.	DPR=0.576-0.037t	(-1.183)
	TVS Motor Company Ltd.	DPR=0.095+0.03t**	(2.553)
Cement	Ambuja Cements Ltd.	DPR=0.373-0.004t	(-0.268)
	Century Textiles & Industries Ltd.	DPR=0.384-0.021t	(-0.688)
	Chettinad Cement Corporation Ltd.	DPR=0.323-0.008t	(-0.336)
	Dalmia Cement (Bharat) Ltd.	DPR=0.192-0.011t**	(-4.071)
	Grasim Industries Ltd.	DPR=0.319-0.019t**	(-4.297)
	Madras Cements Ltd.	DPR=0.264-0.007t	(-0.443)
	OCL India Ltd.	DPR=0.371-0.032t	(-3.141)
	Shree Cement Ltd.	DPR=0.635-0.002t	(-0.021)
Chemicals	Aarti Industries Ltd.	DPR=0.167+0.012t	(1.935)
	BASF India Ltd.	DPR=0.494-0.010t	(-1.439)
	Deepak Fertilizers & Petrochemicals Corp Ltd.	DPR = 0.265+0.004t	(1.327)
	Godrej Industries Ltd.	DPR=0.139+0.024t	(1.873)
	Gujarat Flourochemicals Ltd.	DPR=0.092+0.003t	(1.308)
	India Glycols Ltd.	DPR=0.409-0.033t**	(-2.611)
	Jubilant Organosys Ltd.	DPR=0.260-0.019t**	(-2.662)
	Meghmani Organics Ltd.	DPR=0.254-0.008t	(-2.291)
	Pidilite Industries Ltd.	DPR=0.245+0.008t	(1.456)
	Tamil Nadu Petro Products Ltd.	DPR=0.274+0.090t	(0 .608)
Engineering	ABB Ltd.	DPR=0.490-0.046t**	(-7.738)
	Bharat Heavy Electricals Ltd.	DPR=0.135+0.013t**	(3.504)
	Cummins India Ltd.	DPR=0.309+0.021t	(0 .854)
	Emco Ltd.	DPR=0.536-0.053t**	(-3.058)
	Kirloskar Brothers Ltd.	DPR=0.236+0.010t	(0.733)
	Kirloskar Oil Engines Ltd.	DPR=0.254-0.002t	(-0.194)
	Lakshmi Machine Works Ltd.	DPR=0.286-0.007t	(-0.808)
	Siemens Ltd.	DPR=0.155+0.003t	(0.377)
	SKF India Ltd.	DPR=0.610-0.047t**	(-9.842)
	Thermax Ltd.	DPR=0.193+0.028t	(1.164)
FMCG	Britannia Industries Ltd.	DPR=0.206+0.005t	(0.754)
	Dabur India Ltd.	DPR=0.297+0.022t	(2.165)
	GlaxoSmithkline Consumer Healthcare Ltd.	DPR=0.287+0.008t	(1.092)
	Godfrey Phillips India Ltd.	DPR=0.416-0.0101t	(-1.596)
	Gujarat Ambuja Exports Ltd.	DPR=0.293-0.017t	(-0.824)
	ITC Ltd.	DPR=0.17+0.027t**	(-8.891)
	Nestle India Ltd.	DPR=0.925-0.017t	(-1.293)
	Nirma Ltd.	DPR=-0.024+0.039t**	(3.240)
	Ruchi Soya Industries Ltd.	DPR=0.118-0.0032t**	(-2.953)
	Tata Tea Ltd.	DPR=0.449+0.004t	(-0.337)
Oil & Gas	Bharat Petroleum Corporation Ltd.	DPR=0.332-0.006t	(-0.656)
	Bongaigaon Refinery and Petrochemicals Ltd.	DPR=0.155+0.025t	(1.385)
	Chennai Petroleum Corporation Ltd.	DPR=0.301-0.002t	(-0.191)
	Castrol India Ltd.	DPR=1.065-0.038t	(-1.676)
	GAIL (India) Ltd.	DPR=0.290+0.007t**	(2.927)
	Gujarat Gas Company Ltd.	DPR=0.416-0.032t	(-1.903)
	Hindustan Petroleum Corporation Ltd.	DPR=0.368-0.008t	(-0.636)
	Indian Oil Corporation Ltd.	DPR=0.297-0.003t	(-0.345)
	Oil & Natural Gas Corpn Ltd.	DPR=0.256+0.020t**	(5.249)
	Reliance Industries Ltd.	DPR=0.211-0.010t**	(-4.324)
Pharmaceuticals	Aurobinda Pharma Ltd.	DPR=0.077+0.0002t	(-0,088)
	Cadila Healthcare Ltd.	DPR=0.331-0.0095t**	(-2.996)

	Cipla Ltd.	DPR=0.132+0.014t**	(3.157)
	Dr Reddy's Laboratories Ltd.	DPR=0.13+0.007t	(0.401)
	Glaxosmithkline Pharma Ltd.	DPR=0.525+0.003t	(0.203)
	Glenmark Pharmaceuticals Ltd.	DPR=0.319-0.026t**	(-9.123)
	Lupin Ltd.	DPR=0.752-0.0695t	(-1.542)
	Orchid Chemicals & Pharmaceuticals Ltd.	DPR=0.606-0.025t	(-0.453)
	Piramal Healthcare Ltd.	DPR=0.436-0.0099t	(-0.828)
	Sun Pharmaceuticals Industries Ltd.	DPR=0.177+0.005t	(1.413)

Table 2 showed the t values of selected companies. On this basis, it was found out that three out of ten companies of Apparel & Textiles Industry had significant relationship but two companies had positive relation and one had negative relation. In Auto Ancillaries Industry, analysis explained that one company was statistically significant but relationship was negative signaling poor dividend payments. In case of Automobiles Sector, only two companies were having significant relationship, one positive and one negative relationship highlighting the companies' view toward dividend payout trends.

Two companies of Cement Industry showed negative significant relationship meaning thereby that the selected companies had poor performance in relation to dividend distribution. Chemical Sector were having the similar situation as was depicted by Cement Industry because the two companies had the significant relationship at 5% level. But, the negative results were indicating dividend growth in the companies was not good. While interpreting the results of Engineering Industry, four companies had significant relationship out of which three were having negative relation and one had positive relation. These results showed poor dividend payout trend by selected companies.

In the area of FMCG industry, one company was having positive relationship and two were having negative relationship. These results reflected less satisfactory dividend payment trend of the companies. From the Oil & Gas Industry, three companies were statistically significant at 5% level. Two of these were having positive relationship depicting positive dividend payout trend by the selected companies. In case of last chosen Pharmaceuticals industry, one company's rise was statistically significant in the positive direction whereas the two companies' performance was statistically significant in the negative direction showing not good growth in dividend payout trend.

From the above interpretation, it had summarized that out of total 87 companies, 33 companies had a positive dividend payment trend and out of these 8 companies' trends were statistically significant. From the remaining 54 companies, 15 companies had a substantial negative dividend payment trend.

Table 3: Analysis of Dividend Payout Ratio and Current Ratio of Selected Indian Companies

Company	Correlation Coefficient between DPR and CR		Kendall	Spearman
	Pearson			
Apparel & Textiles				
Bombay Dyeing & Manufacturing Company Ltd.	0.14		0.02	0.05
Century Enka Ltd.	0.63		.511(*)	.685(*)
Garden Silk Mills Ltd.	0.57		0.33	0.43
Indo Rama Synthetics (India) Ltd.	-0.12		-.598(*)	-.730(*)
KSL and Industries Ltd.	-0.36		-0.22	-0.42
Nahar Spinning Mills Ltd.	0.21		0.02	0.02
Raymond Ltd.	0.3		0.38	0.492
Rajasthan Spinning and Weaving Mills Ltd.	-.841(**)		-.644(**)	-.818(**)
SRF Ltd.	-0.62		-0.24	-0.35
Vardhman Spinning and General Mills Ltd.	-0.21		-0.11	-0.19
Auto Ancillaries				
Amtex Auto Ltd.	0.24		0.11	0.2
Apollo Tyres Ltd.	0.25		0.16	0.28
Balkrishna Industries Ltd.	0.05		0.46	0.553
Bharat Forge Ltd.	0.19		0.37	0.52
Bosch Ltd.	0.45		0.24	0.3
Ceat Ltd.	0.26		0.37	0.48
Exide Industries Ltd.	0.53		.511(*)	.648(*)
Motherson Sumi Systems Ltd.	-0.26		-0.2	-0.24
MRF Ltd.	0.32		0.24	0.32
Sundram Fasteners Ltd.	-0.15		-0.11	-0.23
Automobiles				
Ashok Leyland Ltd.	.868(**)		.733(**)	.879(**)
Eicher Motors Ltd.	-0.08		0.15	0.12
Hero Honda Motors Ltd.	-0.76		-.556(*)	-.721(*)
Mahindra & Mahindra Ltd.	0.18		0.02	-0.01
Maruti Suzuki India Ltd.	0.03		-0.07	-0.04
Punjab Tractors Ltd.	-0.24		-0.25	-0.35
Swaraj Mazda Ltd.	-0.37		-0.16	-0.19
Tata Motors Ltd.	0.51		0.18	0.26
TVS Motor Company Ltd.	-0.59		-0.02	-0.06
Cement				
Ambuja Cements Ltd.	0.35		0.16	0.27
Century Textiles & Industries Ltd.	-0.1		0.11	-.911(**)

Chettinad Cement Corporation Ltd.		0.15		0.24		0.15	
Dalmia Cement (Bharat) Ltd.		.929(**)		.600(*)		.770(**)	
Grasim Industries Ltd.		.842(**)		.733(**)		.842(**)	
Madras Cements Ltd.		-0.13		-0.11		-0.29	
OCL India Ltd.		0.27		0.07		0.13	
Shree Cement Ltd.		0.19		-0.06		0.05	
Chemicals							
Aarti Industries Ltd.			0.19		-0.02		0.01
BASF India Ltd.			0.42		0.24		0.35
Deepak Fertilizers & Petrochemicals Corp Ltd.			-0.45		-0.37		-0.46
Godrej Industries Ltd.			-0.2		0.07		0.02
Gujarat Flourochemicals Ltd.			-0.21		-0.07		-0.08
India Glycols Ltd.			-0.05		0.07		0.03
Jubilant Organosys Ltd.			0.37		0.44		0.4
Meghmani Organics Ltd.			-.711(*)		-.500(*)		-.659(*)
Pidilite Industries Ltd.			-0.22		-0.29		-0.37
Tamil Nadu Petro Products Ltd.			-0.24		0.09		0.21
Engineering							
ABB Ltd.	.955(**)			.822(**)		.915(**)	
Bharat Heavy Electricals Ltd.	0.2			0.07		-0.07	
Cummins India Ltd.		.791(**)		.644(**)		.794(**)	
Emco Ltd.	0.12			0.27		0.23	
Kirloskar Brothers Ltd.	-0.38			-0.28		-0.33	
Kirloskar Oil Engines Ltd.	0.18			0.07		0.12	
Lakshmi Machine Works Ltd.	-0.54			-0.17		-0.18	
Siemens Ltd.	0.41			0.17		0.22	
SKF India Ltd.	0.46			0.09		0.33	
Thermax Ltd.	-0.53			-0.2		-0.39	
FMCG							
Britannia Industries Ltd.	-0.28			-0.12		-0.1	
Dabur India Ltd.		.777(**)		.644(**)		.830(**)	
GlaxoSmithkline Consumer Healthcare Ltd.	-0.18			-0.16		-0.16	
Godfrey Phillips India Ltd.	-0.01			-0.14		-0.18	
Gujarat Ambuja Exports Ltd.	0.06			0.2		0.29	
ITC Ltd.	-0.22			-0.24		-0.39	
Nestle India Ltd.	0			0.16		0.24	
Nirma Ltd.	0.24			0.33		0.46	
Ruchi Soya Industries Ltd.	-0.1			-0.23		-0.33	
Tata Tea Ltd.	-0.07			0.11		0.24	
Oil & Gas							
Reliance Industries Ltd.	0.54			0.38		0.44	

Bongaigaon Refinery and Petrochemicals Ltd.	0.2			-0.18			-0.23		
Chennai Petroleum Corporation Ltd.	0.39			0.2			0.32		
Indian Oil Corporation Ltd.	-0.4			-0.34			-0.55		
Castrol India Ltd.	-0.786(**)			-0.600(*)			-0.745(*)		
Hindustan Petroleum Corporation Ltd.	-0.647(*)			-0.42			-0.62		
Gujarat Gas Company Ltd.	0.18			0.41			0.55		
Bharat Petroleum Corporation Ltd.	-0.52			-0.29			-0.37		
GAIL (India) Ltd.	0.62			0.47			0.61		
Oil & Natural Gas Corporation Ltd.	0.36			0.24			0.42		
Pharmaceuticals									
Aurobinda Pharma Ltd.	-0.05			-0.07			-0.16		
Cadila Healthcare Ltd.	0.782(**)			0.33			0.39		
Cipla Ltd.	0.31			0.16			0.21		
Dr Reddy's Laboratories Ltd.	-0.29			-0.42			-0.661(*)		
Glaxosmithkline Pharma Ltd.	0.26			-0.02			-0.02		
Glenmark Pharmaceuticals Ltd.	-0.46			-0.24			-0.39		
Lupin Ltd.	0.36			0.3			0.27		
Orchid Chemicals & Pharmaceuticals Ltd.	0.39			0.3			0.29		
Piramal Healthcare Ltd.	-0.06			0.16			0.29		
Sun Pharmaceuticals Industries Ltd.	0.25			-0.02			-0.03		

Table 3 depicted the correlation coefficient between Dividend Payout Ratio and Current Ratio. The analysis showed that 48 companies (55%) had positive correlation and the remaining 39 companies (45%) had negative relationship concerning to DPR and CR. Total seventeen companies had significant correlation coefficient, out of which six companies' relationship were positively significant and remaining eleven companies' relationship were negatively significant. Theoretically, more liquidity increases dividend payout ratio. But, the above analysis highlighted the relationship between DPR and CR were not good meaning thereby the study didn't match the theoretical concept.

Table 4: Analysis of Backward Regression of DPR on CE, CEAT, PD and IE of Selected Indian Companies

Variable	Regression Coefficient	t Ratio
Intercept	0.3719435	8.37*
CE	0.0002673	3.39*
CEAT	-0.000963	-3.06*
PD	-0.003033	-2.49
IE	-0.003692	-3.22*
R = 0.8398; Adjusted R ² = 0.4695		
Note: *Significant at 5 % level		

Table 4 showed that the CE, CEAT, PD, and IE of the sampled enterprises in the Indian Corporate Sector accounted for 70.53 percentage points of the total variance in DPR across the research period. The research showed that the chosen companies' DPR was significantly boosted by their earnings and interest expenditures in previous years. However, the analysis also highlighted that the CEAT of the chosen companies' considerably affected their DPR, however, in a manner that was inconsistent with the theoretical explanation.

Conclusion

This research was analytical and a company's dividend choice was critical. This research examined dividend distribution patterns of selected Indian companies. The research evaluated the impact of several variables on the dividend policies of chosen companies. The research examined dividend trends and variables impacting dividend policy of 87 Indian companies across nine sectors. Empirical study's results are preliminary, further study may be done on dividend decisions from multiple angles to examine how significant dividend policy management is for Indian corporate enterprises in different sectors. A business firm's dividend policy is impacted by the components in the research as well as additional aspects not accounted for.

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