The Effect of Dividend Payouts and Non-Payouts on the Share Price and Market Capitalization : An Empirical Study of Selected Indian Companies

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Abstract

Distribution of dividends is a challenging and critical decision for corporate companies. An effective dividend policy is essential for striking a balance between meeting shareholders' expectations and the future financial needs of corporate companies. The periodic dividend payout will boost investors' and shareholders' confidence and help the company to build a strong reputation, but it will deteriorate the financial reserves of the company. The non-payment of dividends, however, will result in cost-effective surplus reserves for companies' future operations. In this complex situation, two questions need to be answered with dividend non-paying companies' price action, and the same need to be justified empirically: Do dividend payouts uplift the demand for shares of the company, causing prices to take an uptrend in the stock market as a post-effect? Do the dividend payouts help in building the overall market valuation of the company? For this study, six public companies listed on the National Stock Exchange of India were selected using the judgmental sampling method: Tech Mahindra, TCS, and Maruti Suzuki as dividend-paying companies; Mahindra CIE, Godrej Properties, and Indiabulls Real Estate as non-paying dividend companies. Their price action in response to the dividend payout and non-payout are considered and carefully analyzed using the Microsoft Excel application. The price changes in response to dividend payouts were evaluated for four consecutive years; their effect on market capitalization was also assessed, and findings were presented separately for regular dividend-paying and non-paying companies. The study concluded that Tech Mahindra, TCS, and Maruti Suzuki showed phenomenal price growth, and market capitalization was seen soon after the dividend declaration. In contrast, Mahindra CIE, Godrej Properties, and Indiabulls Real Estate prices declined in response to dividend non-payouts. Hence, it is concluded that dividend payouts have several positive effects, such as improving investor goodwill and increasing investment inflows, which in turn leads to an increase in share price and market capitalization.

Keywords : **dividend, market capitalization, share price, stock price, dividend payout companies, dividend non-payout companies**

JEL Classification Codes : G11, E44, G41, O16

Paper Submission Date : July 22, 2022 ; Paper sent back for Revision : September 16, 2022 ; Paper Acceptance Date : September 30, 2022

A company's main objective is to increase the wealth of its shareholders by distributing dividends from the cash inflows generated from successful business operations. Surplus cash inflows are used to payout dividends to their shareholders (Khan & Jain, 2018). Dividend distribution or payouts is the cash outflow that reduces cash available for the future needs of a firm. The dividend policy is paradoxical to the principle of retention. Retained earnings are beneficial for meeting capital expenditures and buyback stocks and

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DOI : https://doi.org/10.17010/ijrcm/2022/v9i4/172660

debentures (Firth et al., 2016). Ever since business entities were established, dividend policy has been an important subject in financial management. In corporate firms, the dividend policy is considered as a principal strategic decision (Frankfurter, 2003). The dividend policies determine how much of the company's income should be dispersed to shareholders and how much should be retained for future investments and contingencies (Fajaria & Isnalita, 2018).

On the contrary, the high dividends contribution can increase the value of the share price and the wealth of the shareholders. Therefore, organizations must develop a robust dividend policy. It is critical in corporate finance as the company's operations and shareholders' wealth would be affected by the dividend policy (Baker & Weigand, 2015). The dividend policy is determined by the firm's profitability, risk, size, and financial leverage (Wadhwa, 2019).

Review of Literature

An extensive literature review was conducted to look into the study's objectives. Ramli (2010) conducted a study to analyze the association between large shareholders and the dividend policy of listed companies listed on the Malaysian exchange. The researcher considered non-financial public listed companies of the Malaysian stock exchange registered in 2002–2006 — the secondary data used in this study. The researcher used Tobit regression to examine the impact on dividend payouts by the large shareholders. The OSIRIS database was the primary source of financial data, and the rest of the data were collected from the annual reports. The Tobit regression results suggested that dividend policy is affected by the controlling shareholders. This study discovered that Malaysian companies' dividend policy is affected by large shareholders.

Zakaria et al. (2012) investigated the dividend policy's impact on the share price volatility of Malaysia's construction and material-listed companies. The study's primary objective was to analyze the share price of the Malaysian listed construction and material companies' impact on the firm's dividend policy. This study took 6 years, from 2005–2009. The researcher considered 106 construction and material companies in Bursa Malaysia and employed a secondary data stream to download financial data. The data collected about dividend per share (DPS), earnings per share (EPS), earnings before interest and tax, total debt, total equity, total assets, and market value to book value from DataStream. The researcher used least-square regression to analyze the association between variables. This study suggested more share price changes to a higher dividend payout ratio. Results showed that there was no significant impact between earnings fluctuations and investment growth on the changes in theshare price of the company.

Hashemijoo et al. (2012) studied "the impact of dividend policy on share price volatility in the Malaysian stock market." The study aimed to analyze the association between dividend policy and price fluctuations, focusing on consumer product firms listed in Malaysian markets. This study considered the secondary data source (2005–2010). The researcher used multiple regression tools to analyze the association between share price fluctuations and two vital dividend policy measurements, that is, dividend payout and dividend yield. The researcher considered 84 companies as a sample from the 142 consumer product companies in the Bursa Malaysian stock exchange market. The study revealed a significant association between share price fluctuations, dividend yield, and dividend payout, which are essential measures of dividend policy. The research also revealed a significant negative association between share price fluctuations and size. The researcher found that fluctuations in share price were impacted by the dividend yield and size.

Abdullah et al. (2018) studied "the effect of dividend policy on share price" to analyze the association between DPS and share price and evaluate the association between retained earnings and share price. The researcher considered the secondary data. This study considered four industries (automobile, cement, textile, and pharmacy). Seven companies were selected from each industry, and overall, 28 were selected from 2005–2009. Researchers used statistical tools, such as regression analysis and correlation coefficient, to know the association

between the market price per share (MPPS) and DPS and MPPS and retained earnings per share (REPS). The regression analysis showed a positive association between DPS and MPPS and MPPS and REPS. The correlation coefficient showed a positive association between DPS and share price. The analysis also indicated that highly paid industries have more MPPS than low payouts. This study concluded that the influence of the dividend policy on market prices supports the relevant theory of dividend policy, that is, the Walter model and Gordon model.

Banafa (2015) investigated "dividend payouts and firm's value in Kenya." The study's objective was to analyze the association between a firm's value and dividend payouts. Secondary data were the primary source for this study. The regression analysis tool was employed to analyze the dividend pay-outs' impact on net profit after tax. Results obtained by applying regression analysis were dividend payouts, total assets, and revenue impact on the net profit after tax of up to 80.7% (*p*-value 0.00) of net profit after tax. Researchers found that the performance of some listed companies in Kenya was affected by the total assets and revenue.

Tawiah and Bogeh (2014) examined the "dividend pattern of automobile and IT industries of India." The primary motive of this study was to identify the dividend policy of the automobile and IT industries impacted by the global financial crisis. In this investigation, secondary data were the principal source. The data were collected from audited published annual reports of 10 years (i.e., from 2003–2013) of selected companies. The researcher selected five companies from the automobile and IT industries to conduct an analysis. The trend analysis was used to evaluate the trend in dividend patterns among the selected industries. The study concluded that the financial crises of 2008 have influenced the IT and automobile industries but strongly influenced the profit after tax of the automobile industries.

Kandpal and Kavidayal (2015) investigated "a study of dividend policy and its effect on the market value of shares of selected banks in India." The primary objective of this study was to analyze the effect of dividend policy in selected banks in India on the share price. Researchers chose 30 Indian banks listed and traded on the BSE and secondary data collected for 2003–2013. This study used correlation and regression tools to determine dividends' effect on the share price. The result showed a positive association between some public and private sector banks with the dividend payout ratio and a positive correlation with total assets. A significant portion of private and public banks showed statistical significance by applying regression analysis. Researchers concluded that the dividend policy significantly impacts the share price of an organization.

Sharif et al. (2015) examined the "effect of dividend policy on stock price" to analyze whether there is an association between share prices and dividend policy. Secondary data were used as the main source. Data were collected through the Karachi stock exchange (KSE) website and annual reports of the KSE-100 index companies. This study used pooled regression to know the association between dividend payout and retention ratios and stock prices. The researcher analyzed 45 non-financial companies listed on the KSE-100 index. This study finds an insignificant relationship with market price by the retention ratio and dividend per share and an extremely positive relationship with stock price by the dividend payout ratio. There was an association between the EPS and stock price. This study suggested to firms that stock price will have upward movement by the regular payments of dividends and otherwise decrease of the stock price to downward by the profit retention ratio.

Hosain (2016) studied "determinants of dividend payout policy." The study examined the determinants of the dividend policy of 10 selected private companies listed on the Dhaka Stock Exchange. The researcher collected data through a secondary source in the form of annual reports of private banks, Dhaka stock exchange annual reports, and local and international journals. This research considered the eight factors leverage, firm size, liquidity, growth opportunity, firm risk, ownership structure, previous year's dividends, and profitability. This study used a fixed regression tool to analyze the association between dividend payout and dividend determinants. The results showed that liquidity and leverage are significant variables in forecasting future dividend actions. Liquidity, firm growth, and previous years divided positively and significantly affected the dividend payout ratio. Researchers found a strong positive relationship with the dividend payout ratio and a negative association with financial leverage.

Anu Riya et al. (2017) investigated the "impact of dividend policy determinants of listed companies on the Indian capital market" to analyze the association between dividend policy determinants and whether the dividend policy determinants affect market price. The researcher considered the secondary data source (2007–2016). The researcher used a regression analysis tool to analyze the impact of dividend policy on market price. For this study, 150 balance sheets and profit and loss statements from the selected three industries were taken (pharmaceutical, energy, and media) as a sample. A total of 15 companies were selected by the researcher, five companies from each industry. Results suggested that by applying regression analysis, market prices are influenced by the determinants of dividend policy, such as net profit ratio, dividend yield, dividend payout ratio, and return on equity. The researcher suggested that investors were not concerned with a company's dividend policy because they can sell a portion of their portfolio of equities if they want cash.

Hooshyar et al. (2017) studied "the factors affecting dividend policy in a listed firm on Tehran Stock Exchange." The study's objective was to analyze the elements that influence the dividend policy based on the panel data method. This study was based on secondary data. About 160 firms were included in terms of 630 observations as a sample. The study's central hypothesis was that the dividend policy is significantly affected by financial leverage, current ratio, and profitability. The researcher used the dividend policy model as a function of financial leverages, current ratio, current ratio, profitability, size, and control variables. The hypothesis test results showed that the dividend policy of listed firms in the Tehran stock exchange was significantly affected by the financial leverages, so the respective hypothesis stands accepted. Profitability affects dividend policy significantly, and profitability positively impacts firm size. Firm size positively affects dividend policy significantly, so the respective hypothesis is accepted.

Iftikhar et al. (2017) studied the "impact of dividend policy on the stock price of firms," with the primary objective of the study to analyze the impact of dividend policy on the stock price of the banking sector firms. This study gathered 10 years of secondary data from financial reports, banks' websites, and the stock exchange and applied a statistical correlation to determine dividend policy's relationship with the stock price. The result showed a significant positive impact on stock prices by the dividend payout and dividend per share. The researcher concluded that the dividend policy significantly affected the firm's performance.

Sharma and Wadhwa (2017) have examined the trend in dividend payouts of Indian firms over 12 years. They conducted a *t*-test between dividend-paying and non-paying companies to assess the significant difference between them. This study on dividend trends for a large sample of stocks traded on the BSE revealed that the percentage of companies paying dividends increased by 28% over 12 years. Non-paying companies increased by 58%. The study revealed that dividend payouts are determined by the firm's profitability and other related factors.

Thirumagal and Vasantha (2018) investigated "determinants of dividend payout," intending to examine the reasons for dividend payouts of Indian companies and to know the determinants of dividend payout based on the market capitalization of selected companies (i.e., automobile, infrastructure, construction, IT, and energy) during 2001–2015. Data were collected from secondary sources. The researcher used the panel data regression tool to determine the dividend policy determinants. The researcher considered the firm's size, leverage, past dividend, company risk, and profitability as the main reasons for dividends in selected industries and their capitalization. This research suggested that investors should identify top companies who anticipate returns in the form of a dividend. This study found that investors have not preferred payouts rather than retention.

Sumathi and Jothi (2018) studied the "impact of dividend policy on shareholders' wealth referencing the automobile companies in India." The study's objective was to ascertain the correlation between shareholder wealth and dividend policy and identify the influence of dividend policy on shareholder wealth. The researcher used secondary data as the principal source. The secondary data were collected through the capital line database for 10 years (2006–2007 to 2015–2016). The study used market price, dividend per share, price-earnings ratio, and return on equity as variables. The researcher selected eight automobile companies (Ashok Leyland, Eicher, Hero, M&M, Maruti Suzuki, SML, Tata, and TVs) and used correlation coefficient descriptive statistics and

regression as statistical tools to find the association between the variables of selected companies. Finally, the researcher concluded that the previous year's MPPS and DPS have a significant association with shareholder wealth. The study suggested that they manage the various unnecessary costs intending to raise the EPS, and automotive companies slowly enforce the dividend strategy.

Sumathy and Rajasekaran (2019) studied "determinants of dividend policy in Indian automobile industry." The study's main objective was to analyze factors that govern the dividend policy of the automobile industry. The secondary data were used as the primary source. Secondary data were gathered from prowess managed by the Centre for Monitoring Indian Economy. The researcher selected the companies that were paying dividends continuously from 2008–20009 to 2017–2018 as sample size. The researcher used the correlation tool to identify the nature of the association between independent and dependent variables. Finally, the study declared that the size significantly influences dividend policy, price, liquidity, profitability, previous year's dividend, and retained earnings regulated the dividend payout. Results showed that the company's dividend payouts are determined by liquidity, size, price earnings, retained earnings, profitability, and the previous year's dividend.

Rationale of the Study

While making equity investment decisions, investors look for dividend payout, revenue, profit growth, leverages, and macroeconomic factors. The investor uses rational thought to answer the question (Sen, 2016). Is investing in a particular company a wise choice? Is the company financially stable? Or does the price of shares rise after an investment? Dividends provide answers to all these questions by helping investors understand a company's financial position. The success of initial public offers (IPOs) and offer-for-sale (OFS) is also influenced by the firm's regular dividend payouts (Singh et al., 2018). Thus, companies that pay dividends will draw investors' attention. Even when companies pay regular dividends to their shareholders, the markets frequently do not reward them. Occasionally, simple financial results can drive stock prices to record highs, regardless of dividend payments. Based on the company's dividend distribution, investors evaluate its financial stability, operational efficiency, and commitment to the interests of its investors. In simpler terms, it serves as a litmus test for investors to determine whether the company is worth investing in for higher returns. In India, how investors perceive dividend distribution is a researchable question. Additionally, the following questions arise in the mind of the investors:

- Does the dividend payout increase the company's reputation or not?
- What percentage of dividend yield is attractive to investors?
- Will the dividend payout increase a company's capitalization through the distribution of regular dividends?
- How will investors view a business that does not pay dividends to its shareholders?
- Does the market continue to reward with an increased market capitalization in the absence of dividend payments?

Therefore, dividend payouts and their impact on stock price and market capitalization are the central questions of this study to verify these assumptions with empirical evidence.

Research Methodology

The following are the objectives formulated based on literature gaps and to address the research questions:

(1) To assess the impact of dividend payout on the stock price and market capitalization of selected companies as a result of dividend payment.

(2) To assess the impact of dividend non-payment on the stock price and market capitalization of the selected companies.

This study is descriptive in nature. To meet the study's objectives, six Indian companies were selected using the judgmental sampling method. These are public limited companies listed on the National Stock Exchange of India (NSE). Of the six companies, three regular dividend-paying companies were chosen randomly, namely, Tech Mahindra (established in 2006), Tata Consultancy Services (TCS) (2004), and Maruti Suzuki (2003). The analysis also included three companies that had not paid dividends for 4 years consecutively, namely, Mahindra CIE Automotive (established in 2007), Godrej Properties (2010), and Indiabulls Real Estate (2007). These companies are represented in the NSE index and sectorial indices. They also represent the IT, Automobile, and Real Estate sectors. The research considered 4 years of data from selected companies, from 2015–2016 to 2018–2019. The judgmental sampling method, which is a non-probabilistic sampling method, was used due to the time and resource availability.

Although the study was conducted in 2020–2021, it was observed that from 2019–2020 onwards, the world financial markets experienced a phase of high volatility due to the COVID-19 pandemic, regardless of how strong the company fundamentals were (Bora & Basistha, 2021). Countries across the globe announced lockdowns and imposed strict restrictions; as a result, companies were forced to shut down their operations and sales, which led to the eventual posting of losses in financial accounts. From 2019–2022, the emergence of different coronavirus variants affected the financial markets worldwide. Therefore, the study has taken consistent economic conditions to assess the impact of dividend payouts and non-payouts on stock prices and market valuations to get accurate outcomes. Hence, the data on dividend distribution and price movements were taken only for the financial years 2015–2016, 2016–2017, 2017–2018, and 2018–2019 pre-COVID times when the economy was stable. During 2015–2019, the selected divided non-paying companies reported consistent sales, net profits, and reserves compared to previous years' financial statements and indeed considered the dividend payouts due to the better financial position (Dey & Brown, 2021).

As the study needed companies' financial statements and price data, the study was conducted with secondary data alone, and this data must be error-free. Therefore, data were collected from the NSE and the Bombay Stock Exchange (BSE). The companies disclose the date to these exchanges under the Companies Act, 2013 and the Securities and Exchange Board of India (SEBI) (listing obligations and disclosure requirements) regulations, 2015. Moreover, the data were gathered from NSE, BSE, Screener websites, and respective companies. In India, corporate companies must disclose their unaudited financial statements once every 3 months, that is, Q1 from April–June, Q2 from July–September, Q3 from October–December, and Q4 from January–March in every financial year, but once a year, the annual audited financial statements are presented to the regulatory bodies and shareholders. The sample screens of authentic financial statement data collected from *screer.com* website is presented in the Appendix (refer to Appendix Figure A1 – Appendix Figure A6). The stock price and market capitalization are represented in its national currency, Indian Rupee, denoted by the symbol "₹." The one crore is equivalent to 10 million, denoted by "Cr."

For this study, the share prices before the quarter results declaration (i.e., a day before the board meeting date announcement), after the quarter results declaration, and the ex-dividend date were taken. This criterion was adopted because the investors positively expect dividends from the company before the board meeting announcements, and the market will respond to the announcements accordingly. However, it is difficult to conclude why the price is increasing soon after the financial results. It may be attributed to other factors like good financial results, positive macro outlook, revenue guidance for upcoming quarters, etc. Therefore, in this study, the price movements from a day before the company's board meeting date announcement (to consider quarter/annual results and dividends) to the ex-dividend date (usually, charts reflect an uptrend: the lowest and highest price in the given period) were taken into consideration. During this period, the price tends to stretch to the

maximum extent to factor in the effect of dividend yield. Similarly, the price correction may also reflect poor results, uncertain macro outlook, weak revenue guidance, and other reasons that cannot be attributed to the non-payment alone. Hence, for non-dividend payout companies, the price movements were observed from the date of the board meeting announcement to the following quarter period (usually, charts reflect a downtrend: highest price and lowest prices in the selected period are taken).

The data were collected and analyzed by using the Microsoft Excel application. As the study was conducted during the COVID-19 pandemic, the sample response was weak, and data collection was limited to selected companies of BSE- and NSE-listed companies. The study was conducted in India with a sample size of six companies, including both dividend-paying and non-paying companies. These six companies may represent a few sectors; therefore, the current study is subjected to sample size limitation and non-representation of all other industries.

Analysis and Results

This study analyzed dividend payout companies, such as Tech Mahindra, TCS, and Maruti Suzuki Ltd, and non-payout companies, such as Mahindra CIE Automotive, Godrej Properties, and Indiabull Real Estate. The research considered only four (2016–2019) years of data from selected companies. First, let us analyze the impact of dividend payout on stock price and market capitalization. Later, we will move forward to non-dividend-paying companies to evaluate the effect of non-payout on share price and market capitalization.

Dividend Pay-Out Companies

Table 1 represents dividend distribution per share paid by the respective companies to their respective shareholders. (a) Tech Mahindra has continuously increased dividend payouts per share in selected periods ; (b) TCS has increased the dividend distribution per share to shareholders first 3 years of the selected period, and TCS decreased the fourth-year distribution of dividends ; (c) The Maruti Suzuki of the selected periods continuously

Table 1. ***Changes in Share Price before Dividend Announcement and After Dividend Distribution***

Sl. No.	Stock Name	Particulars	2015–2016	2016–2017	2017–2018	2018–2019
1	Tech Mahindra	Dividend payout (₹)	₹ 6.00	₹ 9.00	₹ 14.00	₹ 14.00
		Before dividend	485.55	377.25	632.05	652.50
		After dividend	503.65	419.95	680.75	680.20
		Change in ₹	**18.10**	**42.70**	**48.70**	**27.70**
		Change in %	3.73	11.32	7.71	4.25
2	TCS	Dividend payout (₹)	₹ 27.00	₹ 27.50	₹ 29.00	₹ 18.00
		Before dividend	2,612.50	2,451.55	1,741.25	2,183.10
		After dividend	2,667.65	2,470.20	1,840.00	2,277.95
		Change in ₹	**55.15**	**18.65**	**98.75**	**94.85**
		Change in %	2.11	0.76	5.67	4.34
3	Maruti Suzuki	Dividend payout (₹)	₹ 35.00	₹ 75.00	₹ 80.00	₹ 80.00
		Before dividend	5,053.65	7,612.85	9,132.60	5,816.00
		After dividend	5,601.10	8,157.85	9,427.95	6,597.3
		Change in ₹	**547.45**	**545.00**	**295.35**	**781.30**
		Change in %	10.83	7.16	3.23	13.43

raises dividend payouts per share. Dividend distribution per share by the selected companies in the selected period.

Tech Mahindra

- In 2015–2016, before the dividend declaration of Tech Mahindra, the share price was ₹ 485.55, and after the dividend declaration, the share price moved up to ₹ 503.65. The share price of Tech Mahindra was increased by ₹ 18.10.
- In 2016–2017, before the dividend declaration, the share price of Tech Mahindra was ₹ 377.25, and after the dividend declaration, the share price zoomed to ₹ 419.95 Cr. Tech Mahindra's share price grew by ₹ 42.10 in 2016–2017.
- In 2017–2018, before the dividend declaration, the share price was ₹ 632.05, and after the dividend declaration, the share price of Tech Mahindra increased to ₹ 680.75. In 2017–2018, the share price of Tech Mahindra was raised by ₹ 48.70.
- In 2018–2019, before the dividend declaration, the share price was ₹ 652.50, and after the dividend declaration, the share price rose to ₹ 680.20. Tech Mahindra's share price increased by ₹ 27.70 in 2018–2019.
- After the dividend distribution by Tech Mahindra, the percentage of the share price increased by 3.73%, 11.32%, 7.71%, and 4.25% in 2015–2016, 2016–2017, 2017–2018, and 2018–2019, respectively.

Tata Consultancy Services

- The TCS share price was ₹ 2,612.50 before the dividend in 2015–2016, and after the dividend distribution, the share price raised to ₹ 2667.65 Cr. The share price increased by ₹ 55.15 due to dividend distribution in 2015–2016.
- In 2016–2017, before the dividend declaration, the share price of the TCS was ₹ 2,451.55, and after the dividend declaration, the share price jumped to ₹ 2,470.20.
- The TCS share price was ₹ 1741.25 before the dividend distribution in 2017–2018, and the share price increased to ₹ 1,840.00 after the dividend declaration in 2017–2018.
- In 2018–2019, before the dividend declaration, the TCS share price was ₹ 2,183.10, and after the dividend distribution, the TCS share price was ₹ 2,277.95.
- After dividend distribution to the shareholders, the share price of TCS increased by 2.11%, 0.76%, 5.67%, and 4.34% in 2015–2016, 2016–2017, 2017–2018, and 2018–2019, respectively.

Maruti Suzuki

- In 2015–2016, Maruti Suzuki's share price was ₹ 5,053.65 before the dividend distribution and ₹ 5,601.10 after the dividend distribution. The share price of Maruti Suzuki was raised by ₹ 547.45.
- The share price of Maruti Suzuki was ₹ 7,612.85 before the dividend declaration and ₹ 8,157.85 after the dividend distribution in 2016–2017. Maruti Suzuki's share price appreciated by ₹ 545 in 2016–2017.
- In 2017–2018, Maruti Suzuki's share price was ₹ 9,132.60 before the dividend distribution, and after the dividend distribution, the share price was ₹ 9,427.95. Share price appreciated by ₹ 295.35 in 2017–2018.
- The share price of Maruti Suzuki was ₹ 5,816.00 before the dividend distribution, and the share price elevated to ₹ 6,597.3 after the dividend distribution in 2018–2019. Capital appreciated by ₹ 781.30 in 2018–2019.

↳ After the distribution of the dividends by the company, the share price increased by 10.83%, 7.16%, 3.23%, and 13.43% in 2015–2016, 2016–2017, 2017–2018, and 2018–2019, respectively.

Market Capitalization of Divided Payout Companies

The study tried to assess the changes in the market capitalization of Tech Mahindra company as a factor of dividend distribution. Table 2 presents the share price of Tech Mahindra company before the dividend announcement and after dividend distribution (ex-date).

↳ After the distribution of the dividends, the market capitalization of Tech Mahindra rose to ₹ 48,617 Cr from ₹ 46,870 Cr in 2015–2016. Market capitalization value increased ₹ 1,747 Cr by offering dividends to shareholders.

↳ In 2016–2017, from a market capitalization value of ₹ 36,416 before the declaration of dividends increased to ₹ 40,538 after dividend distribution. By distributing dividends, the market capitalization value increased ₹ 4,121 Cr.

↳ In 2017–2018, the market capitalization value of Tech Mahindra was increased to ₹ 65,713 Cr from the market capitalization value of ₹ 61,012 Cr before the distribution of dividends. By providing dividends, the market capitalization increased ₹ 4,701 Cr.

↳ Before the distribution of the dividends, the market capitalization value was ₹ 62,986 Cr, which increased to ₹ 65,660 Cr after the distribution of dividends in 2018–2019. The market capitalization value increased by ₹ 2,673 Cr by providing dividends to the shareholders.

The study identified the changes in the market capitalization value of TCS company as a factor of dividend distribution. Table 3 presents the share price of TCS company before the dividend announcement and after dividend distribution (ex-date).

Table 2. ***Change in the Market Capitalization of Tech Mahindra***

Particulars	2015–2016	2016–2017	2017–2018	2018–2019
No. of shares	96,53,12,635	96,53,12,635	96,53,12,635	96,53,12,635
Price before divided	₹ 485.55	₹ 377.25	₹ 632	₹ 653
Price after dividend	₹ 503.65	₹ 419.95	₹ 681	₹ 680
Market capitalization before dividend	₹ 46,870 Cr	₹ 36,416 Cr	₹ 61,012 Cr	₹ 6,298 Cr
Market capitalization after dividend	₹ 48,617 Cr	₹ 40,538 Cr	₹ 65,713 Cr	₹ 6,566 Cr
Change in the market value	₹ 1,747 Cr	₹ 4,121 Cr	₹ 4,701 Cr	₹ 2,673 Cr

Table 3. ***Change in the Market Capitalization of Tata Consultancy Services***

Particulars	2015–2016	2016–2017	2017–2018	2018–2019
No. of shares	3,75,23,84,706	3,75,23,84,706	3,75,23,84,706	3,75,23,84,706
Price before divided	₹ 2,612.50	₹ 2,451.55	₹ 1,741.05	₹ 2,183.10
Price after dividend	₹ 2,667.65	₹ 2,470.20	₹ 1,840.00	₹ 2,277.95
Market capitalization before dividend	₹ 9,80,310 Cr	₹ 9,19,915 Cr	₹ 6,53,308 Cr	₹ 8,19,183 Cr
Market capitalization after dividend	₹ 10,01,004 Cr	₹ 9,26,914 Cr	₹ 6,90,438 Cr	₹ 8,54,774 Cr
Change in the market value	₹ 20,694 Cr	₹ 6,999 Cr	₹ 37,130 Cr	₹ 35,591 Cr

↳ Before the distribution of the dividends, the market capitalization value was ₹ 98,031/- increased to ₹ 10,01,004 Cr after the distribution of dividends in 2015–2016. The market capitalization value increased by ₹ 20,694/- by providing dividends to the shareholders.

↳ In 2016–2017, the market capitalization value of the TCS was increased to ₹ 9,26,914 Cr from the market capitalization value of ₹ 9,19,915 Cr before the distribution of dividends. By providing dividends, the market capitalization increased ₹ 6,999 Cr.

↳ In 2017–2018, the market capitalization of TCS was ₹ 6,53,308 Cr before the declaration of dividends, and the same increased to ₹ 6,90,438 Cr after dividends distribution. By distributing dividends, the market capitalization value increased ₹ 37,130 Cr.

↳ In 2018–2019, after the dividends' distribution, the TCS market capitalization value was increased to ₹ 8,54,774 Cr from the market capitalization value of ₹ 8,19,183 Cr before distributing the dividends in 2018–2019. Market capitalization increased by ₹ 35,591 Cr by distributing dividends.

The study assessed the changes in the market capitalization of Maruti Suzuki company as a factor of dividend distribution. Table 4 presents the share price of Maruti Suzuki before the dividend announcement and after the dividend distribution (ex-date).

↳ In 2015–2016, the market capitalization value of the Maruti Suzuki was increased to ₹ 1,69,195 Cr from the market capitalization value of ₹ 1,52,660 Cr before the distribution of dividends. By providing dividends, the market capitalization increased to ₹ 16,535 Cr.

↳ Before the distribution of the dividends, the market capitalization value was ₹ 2,29,969 Cr, which increased to ₹ 2,46,432 Cr after the distribution of dividends in 2016–2017. The market capitalization increased by ₹ 16,463 Cr by providing dividends to the shareholders.

↳ After the dividends' distribution, Maruti's market capitalization value increased to ₹ 2,84,799 Cr from a market capitalization of ₹ 2,75,877 Cr before the distribution of the dividends in 2017–2018. Market capitalization value raised by ₹ 8,922 due to dividend payout.

↳ In 2018–2019, the market capitalization was ₹ 1,75,689 Cr before the declaration of dividends and increased to ₹ 1,99,291 Cr after dividends distribution. By distributing dividends, the market capitalization value increased ₹ 23,602 Cr.

The current study attempted to analyze the efficiency of dividend distribution on market capitalization, which means the cost of dividend payout and changes in market capitalization. Table 5 analyzes the efficiency of dividend payout in a lucid manner.

Table 4. ***Change in the Market Capitalization of Maruti Suzuki***

Particulars	2015–2016	2016–2017	2017–2018	2018–2019
No. of shares	30,20,80,060	30,20,80,060	30,20,80,060	30,20,80,060
Price before divided	₹ 5,053.65	₹ 7,612.85	₹ 9,132.60	₹ 5,816.00
Price after dividend	₹ 5,601.10	₹ 8,157.85	₹ 9,427.95	₹ 6,597.30
Market capitalization before dividend	₹ 1,52,660 Cr	₹ 2,29,969 Cr	₹ 2,75,877 Cr	₹ 1,75,689 Cr
Market capitalization after dividend	₹ 1,69,195 Cr	₹ 2,46,432 Cr	₹ 2,84,799 Cr	₹ 1,99,291 Cr
Change in the market value	₹ 16,535 Cr	₹ 16,463 Cr	₹ 8,922 Cr	₹ 23,602 Cr

Table 5. ***Change in the Value of the Company as a Factor of Dividend Distribution***

Stock Name	Particulars	2015–2016	2016–2017	2017–2018	2018–2019
Tech Mahindra	Dividend payout amount per share (in ₹)	6.00	9.00	14	14
	No. of shares	96,53,12,635	96,53,12,635	96,53,12,635	96,53,12,635
	Cost of dividend (in ₹)	579 Cr	868 Cr	1,351 Cr	1,351 Cr
	Change in the price as a factor of dividend distribution (in ₹)	1,747	4,121	4,701	2,673
	The efficiency of dividend payout in %	**301.7**	**474.4**	**347.86**	**197.86**
TCS	Dividend payout amount per share (in ₹)	27.00	27.50	29.00	18.00
	No. of shares	3,75,23,84,706	3,75,23,84,706	3,75,23,84,706	3,75,23,84,706
	Cost of dividend (in ₹)	10,131 Cr	10,319 Cr	10,881 Cr	6,754 Cr
	Change in the price as a factor of dividend distribution (in ₹)	9,756	9,943	10,506	6,379
	The efficiency of dividend payout in %	**96**	**96**	**97**	**94**
Maruti Suzuki	Dividend payout amount per share (in ₹)	35.00	75.00	80.00	80.00
	No. of shares	30,20,80,060	30,20,80,060	30,20,80,060	30,20,80,060
	Cost of dividend (in ₹)	1,057 Cr	2,265 Cr	2,416 Cr	2,416 Cr
	Change in the price as a factor of dividend distribution (in ₹)	1,027	2,235	2,386	2,386
	The efficiency of dividend payout in %	**97.1**	**98.7**	**98.75**	**98.75**

In 2015–2016, 2016–2017, 2017–2018, and 2018–2019, Tech Mahindra paid a dividend of ₹ 6, ₹ 9, ₹ 14, and ₹ 14, respectively. The company holds 96,53,12,635 shares. The total cost incurred by the company as dividends are ₹ 579 Cr, ₹ 868 Cr, ₹ 1,351 Cr, and ₹ 1,351 Cr consecutively.

TCS paid a dividend of ₹ 27, ₹ 27.50, ₹ 29, and ₹ 18 per share to the 3,75,23,84,706 company shares during 2015–2016, 2016–2017, 2017–2018, and 2018–2019, respectively. The total dividends cost incurred (i.e., ₹ 10,131 Cr, ₹ 10,319 Cr, ₹ 10,881 Cr, and ₹ 6,754 Cr consecutively) to the company in the selected period. By paying dividends, the market capitalization of the company is increased by 96%, 96%, 97%, and 94% (i.e., ₹ 9,756 Cr, ₹ 9,943 Cr, ₹ 1,050 Cr, and ₹ 6,379 Cr) on total dividends cost in 2015–2016, 2016–2017, 2017–2018, and 2018–2019, respectively. The meager increase in market capitalization indicates that despite the payout of funds, the market is replacing the same with increased market capitalization. It is a sign of the positive attitude of investors toward the dividend payout companies.

Maruti Suzuki paid a dividend of ₹ 35/-, ₹ 75/-, ₹ 80/-, and ₹ 80/- during 2015–2016, 2016–2017, 2017–2018, and 2018–2019, respectively, to the 30, 20,80,060 shares held by the company. The total dividends cost incurred in the selected financial period is ₹ 11,027 Cr, ₹ 2,265 Cr, ₹ 2,416 Cr, and ₹ 2,416 Cr to the company. The corresponding percentages are 97.1%, 98.7%, 99%, and 99%. Market capitalization was grown to ₹ 1,057 Cr, ₹ 2,265 Cr, ₹ 2,416 Cr, and ₹ 2,386 Cr on total dividend cost. The investors augmented the market capitalization as a factor of dividend payout as a matter of goodwill.

Dividend Non-Payout Companies

In this study, the share price of dividend non-payout companies was compared between the before and after quarter results. Non-dividend distribution is discounted in the post-quarter results announcement. The selected

dividend non-payout companies have not announced any dividends in quarter results in the selected period, so the company share price and market capital value were eroded. The following tables show the share price and market capital value before and after quarter results of selected non-dividend payout companies.

Market Capitalization of Dividend Non-Payout Companies

Mahindra CIE Automotive

From Table 6, the following observations are drawn:

- In 2015–2016, in all four quarters, the company's stock price after quarter results decreased by ₹ 16.8, ₹ 5.9, ₹ 5.1, and ₹ 11.1 in Q1, Q2, Q3, and Q4, respectively. Market capital decreased by ₹ 634 Cr, ₹ 223 Cr, ₹ 195 Cr, and ₹ 420 Cr, respectively.

- At after quarter results, the company market capital and share price decreased by ₹ 4,71,86,82,990.9/-, ₹ 3,29,73,92,933/-, and ₹ 54,95,65,488.9/- and ₹ 12.5/-, ₹ 8.7/-, and ₹ 1.4/- in first three quarters in 2016–2017. Quarter four results did not exist in 2016–2017.

- In 2017–2018, in the first three quarters, the company's share price decreased by ₹ 4.8, ₹ 20.7, and ₹ 1.9, and market capitalization declined by ₹ 180 Cr, ₹ 784 Cr, and ₹ 72 Cr. During the same year, fourth-quarter results were not available.

- In the first three quarters of 2018–2019, the company share price and market value decreased by ₹ 3.9/-, ₹ 35.2/-, and ₹ 6.0/- and ₹ 147 Cr, ₹ 8/-, ₹ 133 Cr, and ₹ 227 Cr. Fourth-quarter results are not available.

Table 6. ***Change in the Share Price and Market Capitalization of Mahindra CIE Automotive***

Period	2015–2016 Stock Price in (₹)	Market Capital in Crore (₹)	2016–2017 Stock Price in (₹)	Market Capital in Crore (₹)	2017–2018 Stock Price in (₹)	Market Capital in Crore (₹)	2018–2019 Stock Price in (₹)	Market Capital in Crore (₹)
No. of Shares	37,90,10,682		37,90,10,682		37,90,10,682		37,90,10,682	
Share price before quarter results (SPBQ) (A)								
Q1	202.7	7,680	226.2	8,573	227	8,601	224.2	8,497
Q2	178.1	6,750	244.8	9,276	260	9,854	206.7	7,834
Q3	193.7	7,341	243.3	9,219	259.8	9,846	149.8	5,677
Q4	189.8	7,191	–	–	–	–	–	–
Share price after quarter results (SPAQ) (B)								
Q1	185.9	7,045	238.7	9,045	222.2	8,421	220.3	8,349
Q2	172.2	6,526	236.1	8,946	239.3	9,069	171.5	6,500
Q3	188.6	7,146	241.8	9,164	257.9	9,774	143.8	5,450
Q4	178.7	6,771	–	–	–	–	–	–
Changes in share price and market capital (B–A)								
Q1	–16.8	–635	12.5	472	–4.8	–180	–3.9	–147
Q2	–5.9	–224	–8.7	–330	–20.7	–784	–35.2	–1,334
Q3	–5.1	–195	–1.4	–55	–1.9	–72	–6	–227
Q4	–11.1	–420	–	–	–	–	–	–

Table 7. ***Change in the Share Price and Market Capitalization of Godrej Properties***

Period	2015–2016 Stock Price in (₹)	Market Capital in Crore (₹)	2016–2017 Stock Price in (₹)	Market Capital in Crore (₹)	2017–2018 Stock Price in (₹)	Market Capital in Crore (₹)	2018–2019 Stock Price in (₹)	Market Capital in Crore (₹)
No. of Shares	25,20,23,386		25,20,23,386		25,20,23,386		25,20,23,386	
	Share price before quarter results (SPBQ) (A)							
Q1	288	7,258	363.4	9,158	804.4	20,271	729.5	18,383
Q2	364.3	9,179	–	–	718.4	18,104	902.9	22,755
Q3	359.1	9,048	704.4	17,752	612.1	15,426	933.8	23,533
Q4	–	–	–	–	–	–	–	–
	Share price after quarter results (SPAQ) (B)							
Q1	267.4	6,737	354.5	8,932	764.3	19,262	703.3	17,723
Q2	357.6	9,012	–	–	687.7	17,331	882.3	22,236
Q3	305.5	7,698	692.6	17,453	605.9	15,270	859.5	21,661
Q4	–	–	–	–	–	–	–	–
	Changes in share price and market capital (B–A)							
Q1	−20.7	−520	−8.9	−225	−40.1	−1,009	−26.2	−660
Q2	−6.6	−167	–	–	−30.7	−772	−20.6	−519
Q3	−53.6	−1,350	−11.9	−298	−6.2	−156	−74.3	−1872
Q4	–	–	–	–	–	–	–	–

Godrej Properties

From Table 7, the following observations are drawn:

- In 2015–2016, in four quarters, the company's share price after quarter results decreased by ₹ 20.7/-, ₹ 6.6/-, and ₹ 53.6/-. The market capital decreased by ₹ 520 Cr, ₹ 1,167 Cr, and ₹ 1,350 Cr. The Q4 data are not available for 2015–2016.

- After quarter results, the company market decreased by ₹ 225 Cr in Q1 and ₹ 298 Cr in Q3. There was a depletion of ₹ 8.9 and ₹ 11.9 in share price in Q1 and Q3 during 2016–2017. Q2 and Q4 data are not available for 2016–2017.

- The company's share price and market capital decreased by ₹ 40.1 and ₹ 1,009 Cr in Q1, ₹ 30.7/- and ₹ 777 Cr in Q2, and ₹ 6.2/- and ₹ 156 Cr in Q3. Quarter four results were not available in 2017–2018.

- In 2018–2019, the company share price and market capital value decreased by ₹ 26.2/- and ₹ 660 Cr in Q1, ₹ 20.6/- and ₹ 519 Cr in Q2, and ₹ 74.3/- and ₹ 187 Cr in Q3. Q4 results were not available in 2018–2019.

Indiabulls Real-Estate

From Table 8, the following observations are drawn:

- After quarter results, the company market capital and share price decreased by ₹ 299 Cr and ₹ 6.6/- in Q1, ₹ 293 Cr and ₹ 6.5/- in Q2, and ₹ 935 Cr and ₹ 20.6/- in Q3 in 2015–2016. Q4 results were not available in 2015–2016.

Table 8. ***Change in the Share Price and Market Capitalization of Indiabulls Real Estate***

Period	2015–2016 Stock Price in (₹)	Market Capital in Crore (₹)	2016–2017 Stock Price in (₹)	Market Capital in Crore (₹)	2017–2018 Stock Price in (₹)	Market Capital in Crore (₹)	2018–2019 Stock Price in (₹)	Market Capital in Crore (₹)
No. of Shares	45,42,71,332		45,42,71,332		45,42,71,332		45,42,71,332	
Share price before quarter results (SPBQ) (A)								
Q1	51.5	2,337	81.5	3,700	239.7	10,888	70.5	3,202
Q2	85.2	3,868	219.7	9,980	150	6,814	80.1	3,638
Q3	86.5	3,929	222.5	10,107	77.5	3,520	73	3,316
Q4	–	–	–	–	–	–	–	–
Share price after quarter results (SPAQ) (B)								
Q1	44.9	2,037	75.4	3,425	193.4	8,785	68.3	3,102
Q2	78.7	3,575	215.9	9,807	143.1	6,498	65.2	2,959
Q3	65.9	2,993	202.9	9,217	70	3,179	65.2	2,961
Q4	–	–	–	–	–	–	–	–
Changes in share price and market capital (B–A)								
Q1	−6.6	−299	−6.1	−274	−46.3	−2,103	−2.2	−99
Q2	−6.5	−293	−3.8	−172	−6.9	−315	−15	−679
Q3	−20.6	−935	−19.6	−890	−7.5	−340	−7.8	−354
Q4	–	–	–	–	–	–	–	–

- The share price and market capital of the company decreased by ₹ 6.1 and ₹ 274 Cr in Q1, ₹ 3.8 and ₹ 172 Cr in Q2, and ₹ 19.6 and ₹ 890 Cr in 2016–2017 in Q3. Quarter four results are not available.

- In 2017–2018, the company share price and market value decreased by ₹ 46.3/- and ₹ 2,103 Cr in Q1, ₹ 6.9 and ₹ 315 Cr in Q2, and ₹ 7.5/- and ₹ 340 Cr in Q3. The fourth-quarter results were not available for 2017–2018.

- In 2018–2019, in four quarters, the company's share price after quarter results decreased by ₹ 2.2/- in Q1 ₹ 15.0/- in Q2, and ₹ 7.8/- in Q3. Moreover, market capital dropped by ₹ 99 Cr/- in Q1, ₹ 679 Cr in Q2, and ₹ 354 Cr in Q3. In 2018–2019, Q4 results were not available.

Findings and Conclusion

The current research on dividend payouts and their impact on share price found that the share price of the selected dividend payout companies (Tech Mahindra, TCS, and Maruti Suzuki) increased in all selected periods because the companies have paid dividends to the shareholders periodically. Moreover, market capitalization value is significantly appreciated due to regular dividends to the shareholders.

The dividend non-outs company (Mahindra CIE Automotive, Godrej Properties Ltd, and Indiabulls Real Estate Ltd) share price and market capitalization dropped in all quarters in the selected period because of the non-distribution of dividends to the shareholders. Therefore, it is concluded that dividend payouts positively affect the share price and market capitalization value of the companies in the market.

The study concludes that a higher dividend would impact the share prices' upward movement further. A negligible dividend does not influence the sentiments of the investors. The higher the dividend yield, the higher the price fluctuations in the market are identified. The dividend payment may not be possible in financial distress. There was a negative association between the funds' retention ratio and a company's share price. Therefore, the

shareholders lack interest in investments in such companies. However, the higher dividend payment will affect the financial leverage negatively. Hence, maintaining the optimum balance between raising investors' expectations of dividend and the future financial needs of the companies are challenging for managers. It is concluded that dividends alone do not increase the share price but will be a strong reason for price action on either an uptrend or a downtrend.

Studies revealed that few investors look exclusively for higher and regular dividend-paying companies, which are a sign of good financial strength, operational efficiency, and meeting investors' needs. Thus, dividend payouts are essential for listed companies to instill confidence in the shareholders and investors. Profits determine the dividends payouts, EPS, liquidity, and retained earnings. Companies adopt stringent cost-minimizing strategies to increase EPS, thereby enforcing a dividend policy in the company.

This study examined the impact of dividend payouts on the stock price. As the factor of dividend distribution, the shareholder's wealth is maximized by providing dividends to the shareholders. The dividend is one of the main factors for the increase in share price and market capitalization of companies. The dividend pay-outs impact the share of the company. Regular dividend payout increases the share price and market capitalization. In contrast, the non-dividend payout company's share price and market value continue to decrease because of the lack of dividend distribution to the shareholders during the selected period. In some contexts, the market lifts the price to a level where the DPS equals the increased share price (e.g., if results are average, before the dividend share price is ₹ 100, if the dividend announced is ₹ 2, the price will go up to a minimum of ₹ 102 before it corrects downwards).

Dividend payouts play a significant role in lifting the share price and market capitalization value, so a company should pay dividends to shareholders to increase the share price and market capitalization value. If dividends are declared, the impact on the share price is positive, if not, it shows the impact negatively on the stock, and then the share price sharply falls. The study suggests that instead of announcing higher dividend yields at a time, a minimum dividend needs to be declared to maintain the excellent faith of investors and shareholders as a policy.

Authors' Contribution

Dr. Sudhakar Madhavedi is a researcher in financial services. As he has a passion for studying financial markets, he conceived the novel idea of studying the effect of dividends on the share price of company stock. He prepared the objectives, scope, limitations, research design, data collection, and periodicity of the study. Later, the co-author, Mr. Sandeep Bojja, collected the authentic sources, including NSE, BSE, and company websites, and compiled the data using MS Excel. The authors analyzed the data and drew inferences from the collected data; the same is presented lucidly. Dr. Sudhakar Madhavedi drafted an article in total with the support of a co-author for submission to a reputed journal.

Conflict of Interest

The authors certify that they have no affiliations with or involvement in any organization or entity with any financial or non-financial interest in the subject matter or materials discussed in this manuscript. This is purely academic research work.

Funding Acknowledgement

The authors received no financial support for this research or authorship for the publication of this article.

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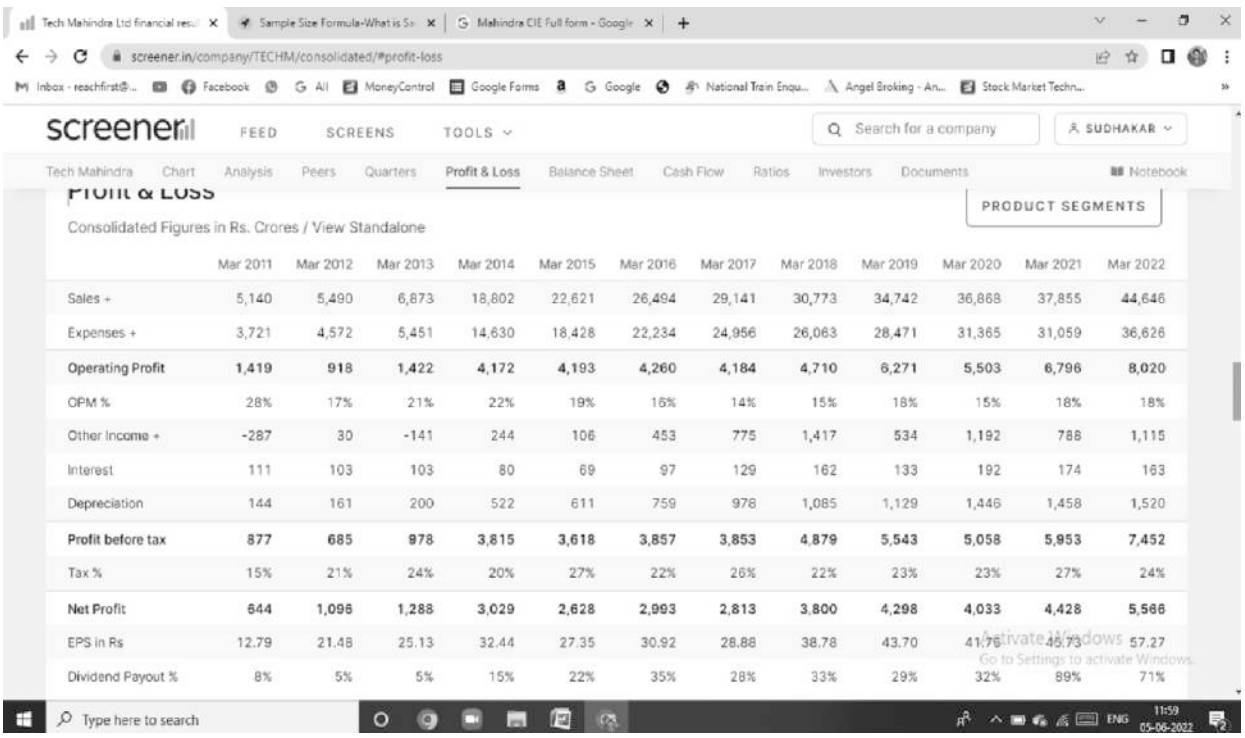
Appendix

Appendix Figure A1. ***Tech Mahindra***



screener.in/company/TECHM/consolidated/#profit-loss

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Tech Mahindra | Chart | Analysis | Peers | Quarters | Profit & Loss | Balance Sheet | Cash Flow | Ratios | Investors | Documents | Notebook

Profit & Loss

PRODUCT SEGMENTS

Consolidated Figures in Rs. Crores / View Standalone

	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Sales +	5,140	5,490	6,873	18,802	22,621	26,494	29,141	30,773	34,742	36,868	37,855	44,646
Expenses +	3,721	4,572	5,451	14,630	18,428	22,234	24,956	26,063	28,471	31,365	31,059	36,626
Operating Profit	**1,419**	**918**	**1,422**	**4,172**	**4,193**	**4,260**	**4,184**	**4,710**	**6,271**	**5,503**	**6,796**	**8,020**
OPM %	28%	17%	21%	22%	19%	16%	14%	15%	18%	15%	18%	18%
Other Income +	-287	30	-141	244	106	453	775	1,417	534	1,192	788	1,115
Interest	111	103	103	80	69	97	129	162	133	192	174	163
Depreciation	144	161	200	522	611	759	978	1,085	1,129	1,446	1,458	1,520
Profit before tax	**877**	**685**	**978**	**3,815**	**3,618**	**3,857**	**3,853**	**4,879**	**5,543**	**5,058**	**5,953**	**7,452**
Tax %	15%	21%	24%	20%	27%	22%	26%	22%	23%	23%	27%	24%
Net Profit	**644**	**1,096**	**1,288**	**3,029**	**2,628**	**2,993**	**2,813**	**3,800**	**4,298**	**4,033**	**4,428**	**5,566**
EPS in Rs	12.79	21.48	25.13	32.44	27.35	30.92	28.88	38.78	43.70	41.76	45.73	57.27
Dividend Payout %	8%	5%	5%	15%	22%	35%	28%	33%	29%	32%	89%	71%

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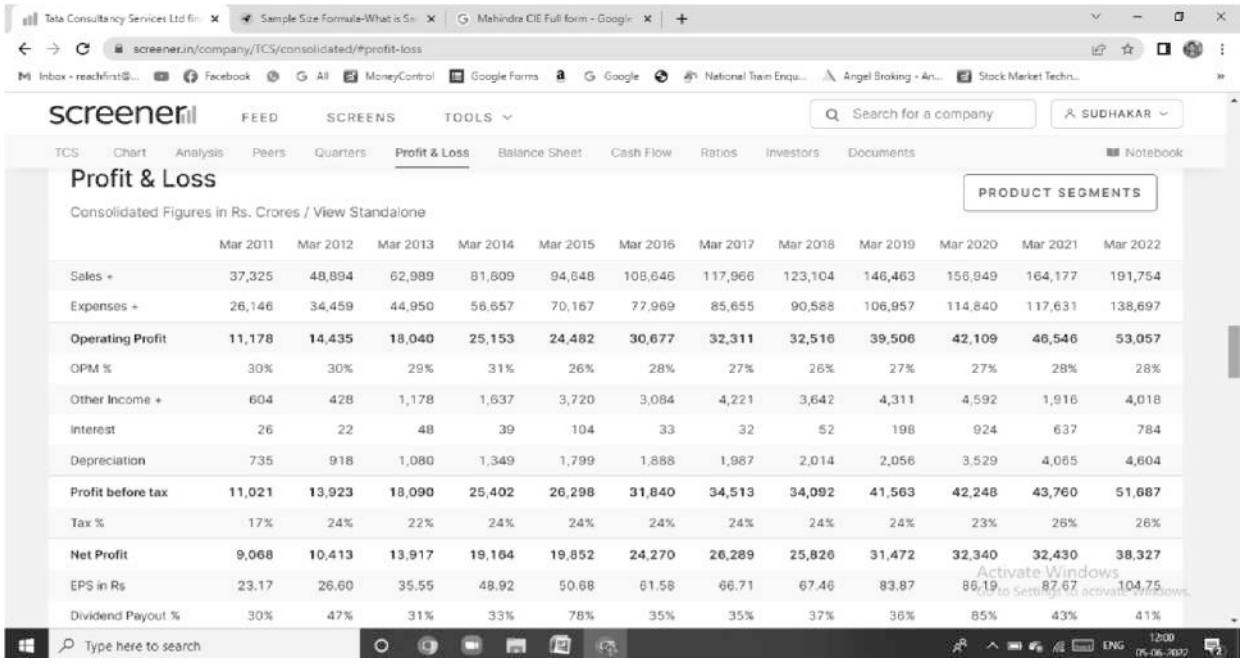
Appendix Figure A2. ***TCS***



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Profit & Loss

PRODUCT SEGMENTS

Consolidated Figures in Rs. Crores / View Standalone

	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Sales +	37,325	48,894	62,989	81,809	94,648	108,646	117,966	123,104	146,463	156,949	164,177	191,754
Expenses +	26,146	34,459	44,950	56,657	70,167	77,969	85,655	90,588	106,957	114,840	117,631	138,697
Operating Profit	**11,178**	**14,435**	**18,040**	**25,153**	**24,482**	**30,677**	**32,311**	**32,516**	**39,506**	**42,109**	**46,546**	**53,057**
OPM %	30%	30%	29%	31%	26%	28%	27%	26%	27%	27%	28%	28%
Other Income +	604	428	1,178	1,637	3,720	3,084	4,221	3,642	4,311	4,592	1,916	4,018
Interest	26	22	48	39	104	33	32	52	198	924	637	784
Depreciation	735	918	1,080	1,349	1,799	1,888	1,987	2,014	2,056	3,529	4,065	4,604
Profit before tax	**11,021**	**13,923**	**18,090**	**25,402**	**26,298**	**31,840**	**34,513**	**34,092**	**41,563**	**42,248**	**43,760**	**51,687**
Tax %	17%	24%	22%	24%	24%	24%	24%	24%	24%	23%	26%	26%
Net Profit	**9,068**	**10,413**	**13,917**	**19,164**	**19,852**	**24,270**	**26,289**	**25,826**	**31,472**	**32,340**	**32,430**	**38,327**
EPS in Rs	23.17	26.60	35.55	48.92	50.68	61.58	66.71	67.46	83.87	86.19	87.67	104.75
Dividend Payout %	30%	47%	31%	33%	78%	35%	35%	37%	36%	85%	43%	41%

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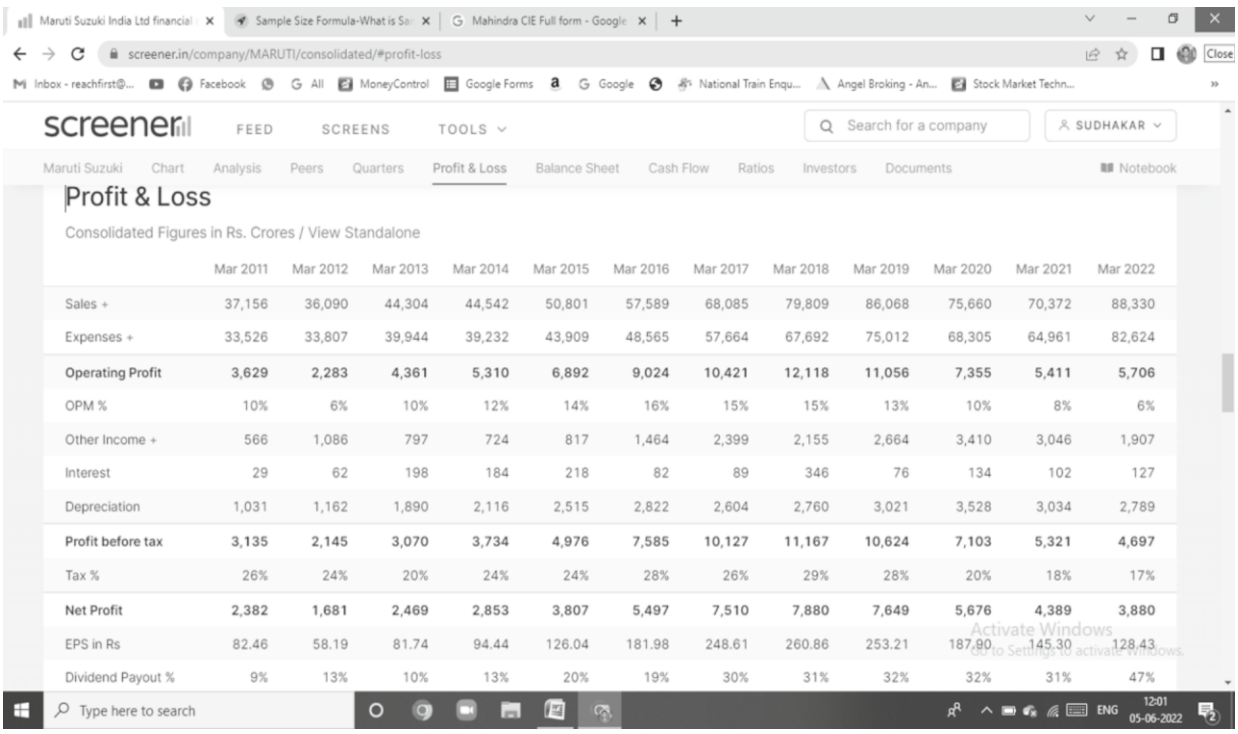
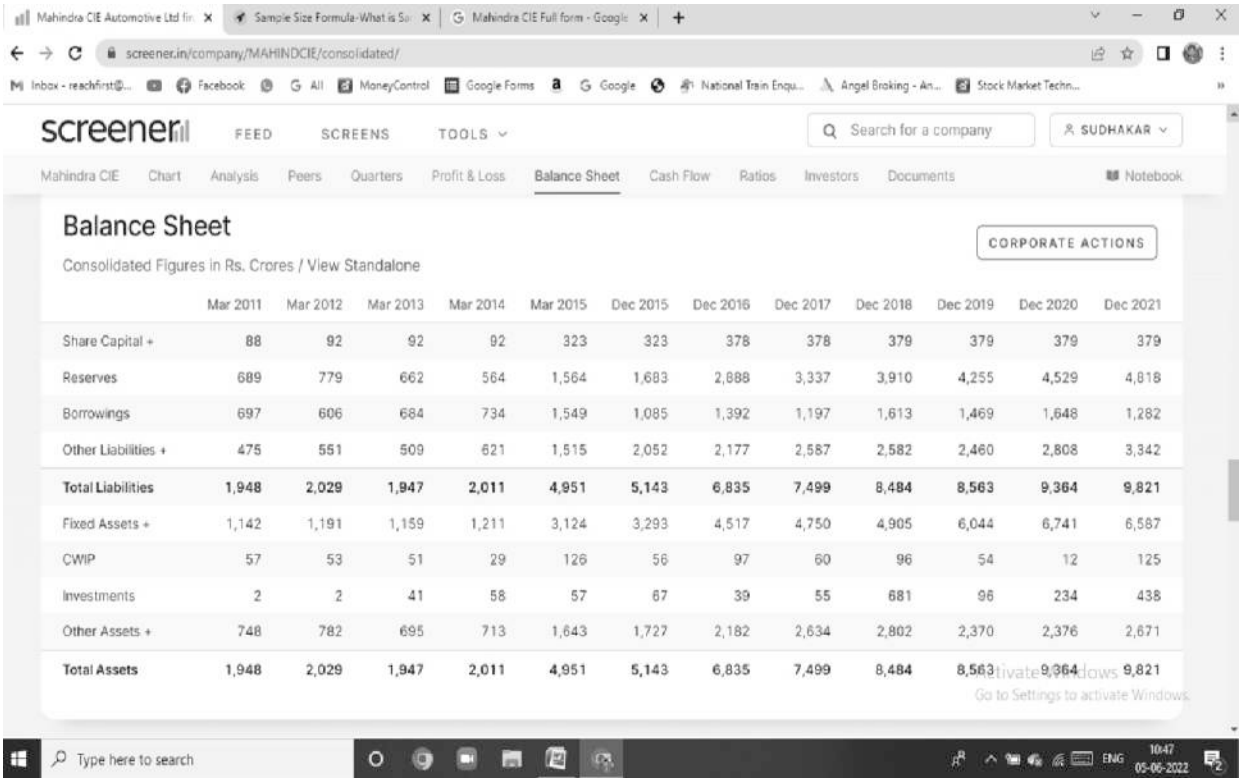
Appendix Figure A3. ***Maruti Suzuki***



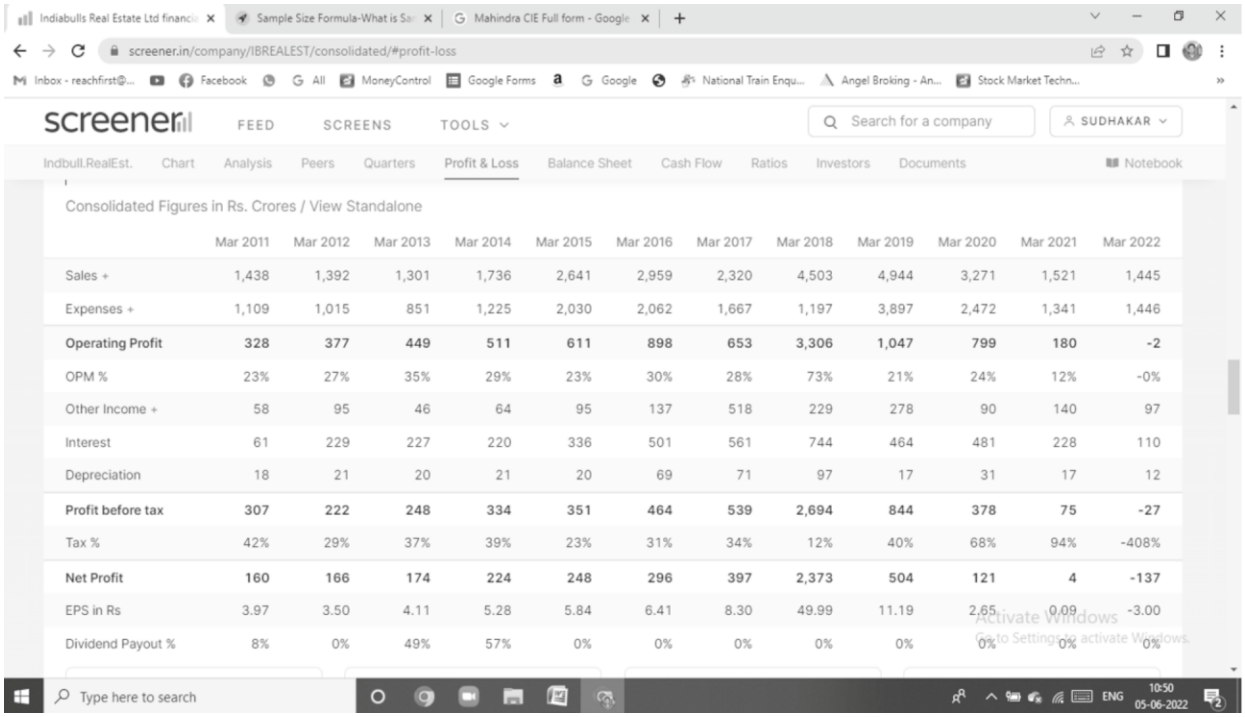
	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Sales +	37,156	36,090	44,304	44,542	50,801	57,589	68,085	79,809	86,068	75,660	70,372	88,330
Expenses +	33,526	33,807	39,944	39,232	43,909	48,565	57,664	67,692	75,012	68,305	64,961	82,624
Operating Profit	**3,629**	**2,283**	**4,361**	**5,310**	**6,892**	**9,024**	**10,421**	**12,118**	**11,056**	**7,355**	**5,411**	**5,706**
OPM %	10%	6%	10%	12%	14%	16%	15%	15%	13%	10%	8%	6%
Other Income +	566	1,086	797	724	817	1,464	2,399	2,155	2,664	3,410	3,046	1,907
Interest	29	62	198	184	218	82	89	346	76	134	102	127
Depreciation	1,031	1,162	1,890	2,116	2,515	2,822	2,604	2,760	3,021	3,528	3,034	2,789
Profit before tax	**3,135**	**2,145**	**3,070**	**3,734**	**4,976**	**7,585**	**10,127**	**11,167**	**10,624**	**7,103**	**5,321**	**4,697**
Tax %	26%	24%	20%	24%	24%	28%	26%	29%	28%	20%	18%	17%
Net Profit	**2,382**	**1,681**	**2,469**	**2,853**	**3,807**	**5,497**	**7,510**	**7,880**	**7,649**	**5,676**	**4,389**	**3,880**
EPS in Rs	82.46	58.19	81.74	94.44	126.04	181.98	248.61	260.86	253.21	187.90	145.30	128.43
Dividend Payout %	9%	13%	10%	13%	20%	19%	30%	31%	32%	32%	31%	47%

Appendix Figure A4. ***Mahindra CIE Automotives***



	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021
Share Capital +	88	92	92	92	323	323	378	378	379	379	379	379
Reserves	689	779	662	564	1,564	1,683	2,888	3,337	3,910	4,255	4,529	4,818
Borrowings	697	606	684	734	1,549	1,085	1,392	1,197	1,613	1,469	1,648	1,282
Other Liabilities +	475	551	509	621	1,515	2,052	2,177	2,587	2,582	2,460	2,808	3,342
Total Liabilities	**1,948**	**2,029**	**1,947**	**2,011**	**4,951**	**5,143**	**6,835**	**7,499**	**8,484**	**8,563**	**9,364**	**9,821**
Fixed Assets +	1,142	1,191	1,159	1,211	3,124	3,293	4,517	4,750	4,905	6,044	6,741	6,587
CWIP	57	53	51	29	126	56	97	60	96	54	12	125
Investments	2	2	41	58	57	67	39	55	681	96	234	438
Other Assets +	748	782	695	713	1,643	1,727	2,182	2,634	2,802	2,370	2,376	2,671
Total Assets	**1,948**	**2,029**	**1,947**	**2,011**	**4,951**	**5,143**	**6,835**	**7,499**	**8,484**	**8,563**	**9,364**	**9,821**

Appendix Figure A5. ***Indiabulls Real Estate***



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Consolidated Figures in Rs. Crores / View Standalone

	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Sales +	1,438	1,392	1,301	1,736	2,641	2,959	2,320	4,503	4,944	3,271	1,521	1,445
Expenses +	1,109	1,015	851	1,225	2,030	2,062	1,667	1,197	3,897	2,472	1,341	1,446
Operating Profit	**328**	**377**	**449**	**511**	**611**	**898**	**653**	**3,306**	**1,047**	**799**	**180**	**-2**
OPM %	23%	27%	35%	29%	23%	30%	28%	73%	21%	24%	12%	-0%
Other Income +	58	95	46	64	95	137	518	229	278	90	140	97
Interest	61	229	227	220	336	501	561	744	464	481	228	110
Depreciation	18	21	20	21	20	69	71	97	17	31	17	12
Profit before tax	**307**	**222**	**248**	**334**	**351**	**464**	**539**	**2,694**	**844**	**378**	**75**	**-27**
Tax %	42%	29%	37%	39%	23%	31%	34%	12%	40%	68%	94%	-408%
Net Profit	**160**	**166**	**174**	**224**	**248**	**296**	**397**	**2,373**	**504**	**121**	**4**	**-137**
EPS in Rs	3.97	3.50	4.11	5.28	5.84	6.41	8.30	49.99	11.19	2.65	0.09	-3.00
Dividend Payout %	8%	0%	49%	57%	0%	0%	0%	0%	0%	0%	0%	0%

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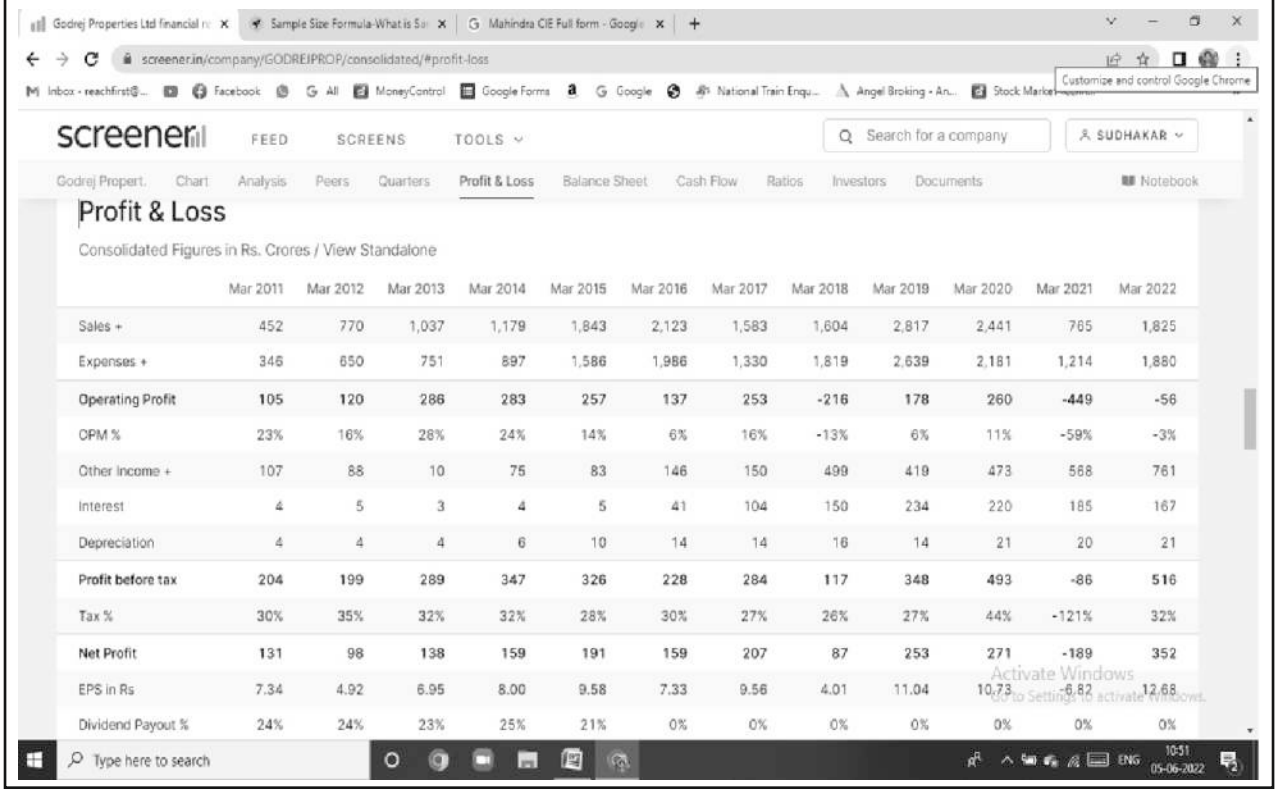
Appendix Figure A6. ***Godrej Properties***



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Profit & Loss

Consolidated Figures in Rs. Crores / View Standalone

	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Sales +	452	770	1,037	1,179	1,843	2,123	1,583	1,604	2,817	2,441	765	1,825
Expenses +	346	650	751	897	1,586	1,986	1,330	1,819	2,639	2,181	1,214	1,880
Operating Profit	**105**	**120**	**286**	**283**	**257**	**137**	**253**	**-216**	**178**	**260**	**-449**	**-56**
OPM %	23%	16%	28%	24%	14%	6%	16%	-13%	6%	11%	-59%	-3%
Other Income +	107	88	10	75	83	146	150	499	419	473	568	761
Interest	4	5	3	4	5	41	104	150	234	220	185	167
Depreciation	4	4	4	6	10	14	14	16	14	21	20	21
Profit before tax	**204**	**199**	**289**	**347**	**326**	**228**	**284**	**117**	**348**	**493**	**-86**	**516**
Tax %	30%	35%	32%	32%	28%	30%	27%	26%	27%	44%	-121%	32%
Net Profit	**131**	**98**	**138**	**159**	**191**	**159**	**207**	**87**	**253**	**271**	**-189**	**352**
EPS in Rs	7.34	4.92	6.95	8.00	9.58	7.33	9.56	4.01	11.04	10.73	-6.82	12.68
Dividend Payout %	24%	24%	23%	25%	21%	0%	0%	0%	0%	0%	0%	0%

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Dr. Sudhakar Madhavedi is working as an Assistant Professor at Kshatriya College of Engineering. He did his PhD at the University of Hyderabad. He has more than 13 years of teaching experience in the field of management. He has published several research papers in journals of national and international repute.

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