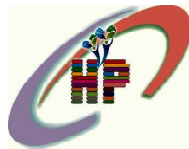


PROFITABILITY V/S DIVIDEND POLICY

DR. AVANI SHAH



Harshwardhan Publication Pvt.Ltd.
Limbaganesh, Dist. Beed, Pin-431126
Mobi. 09850203295, 07588057695

PROFITABILITY V/S DIVIDEND POLICY

© Dr. Avani Shah

❖ **Publisher :**

Harshwardhan Publication Pvt.Ltd.
Limbaganesh, Dist. Beed (Maharashtra)
Pin-431126, vidyawarta@gmail.com

❖ **Printed by :**

Harshwardhan Publication Pvt.Ltd.
Limbaganesh, Dist. Beed, Pin-431126

❖ **Page design & Cover :**

Shaikh Jahurodden

❖ **Edition: June 2016**

ISBN 978-93-85882-49-4

❖ **Price : 200/ -**



❖ P R E F A C E ❖

The concept of dividend policy has become an interesting issue in financial literature. Many researches have been made on dividend decision. Dividend is that part of the net earnings of a corporation that is distributed to its stockholders. It is a payment made to the equity shareholders for their investment in the company. In other words, Dividend is a reward to equity shareholders for their investment in the company. It is a basic right of equity shareholders to get dividend from the earnings of a company. Their shares should be distributed among the members within the limit of an act and with rational behaviour of directors. So, to provide fair and adequate return to shareholders in dividend form, increasing firms' value and shareholders' wealth maximization are main goals of financial manager.

The study entitled "Profitability v/s Dividend policy" studies whether the dividend pay-out is affected by company's profitability. In order to justify the objectives and to validate the findings of this research work, the researcher has applied various relevant analytical tools and techniques as well as relevant analytical practices have been duly deployed and incorporated to provide systematic grounding for this research work. In order to evaluate the data concerning the financial statements of sample companies, the researcher has used different analytical tools like Ratio analysis.

At the end major findings by researcher, conclusions and suggestions to overcome the major limitations faced by companies regarding dividend policies of companies have been specified so as to make the research work more meaningful and purposeful.

- Avani Shah

I N D E X

PREFACE	
DETAILS	Page No.
<u>CHAPTER-1</u> INTRODUCTION	05
<u>CHAPTER-2</u> RESEARCH METHODOLOGY	15
<u>CHAPTER-3</u> COMPANY PROFILE	22
<u>CHAPTER-4</u> ANALYSIS AND INTERPRETATION OF PROFITABILITY V/s DIVIDEND PAYOUT	27
<u>CHAPTER-5</u> FINDINGS, CONCLUSION AND SUGGESTIONS	89
BOBLOGRAPHY AND WEBLOGRAPHY	96



CHAPTER-1

INTRODUCTION



CONTENT

- 1.1 Introduction to dividend policy
- 1.2 Dividend-Definition
- 1.3 Dividend policy: Indian scenario
- 1.4 Dividend policy: International scenario
- 1.5 Legal Restrictions

1.1 INTRODUCTION TO DIVIDEND POLICY

Shareholders are the owners of the company as they provide capital to the company and risk is directly associated with the ownership. As the equity shareholders bear the risk, they expect a fair return in the form of dividend from the management of the company. Therefore it becomes foremost duty of the management to satisfy the shareholders, especially equity shareholders', by offering fair returns on their investment, so as to ensure financial stability.

Once company makes profit, management must decide on what to do with those profits?

- 1) They could continue to retain the profits with the company?

OR

- 2) They could payout the profits to the owners of the firm in the form of dividends.

Once the company decides to pay dividends they need to establish a permanent dividend policy which may impact

investors and perceptions of the company in the financial market. As a result dividend policy has been an issue of interest in financial literature.

1.2 DIVIDEND – DEFINATION

According to the Institute of Chartered Accountants of India, dividend is "a distribution to shareholders out of profits or reserves available for this purpose."¹

"The term dividend refers to that portion of profit (after tax) which is distributed among the owners / shareholders of the firm."²

"Dividend may be defined as the return that a shareholder gets from the company, out of its profits, on his shareholdings."³

1.3 DIVIDEND POLICY: INDIAN SCENARIO

Dividend policy can be classified into two categories:

- 1) Managed dividend policy
- 2) Residual dividend policy

Residual dividend policy simply describes that after making all desirable investment by using NPV norms whatever amount left in cash with firm. The effect of this will be seen in dividend amount in form of high variation and sometimes zero.

Managed dividend policy: Managers adopt managed dividend policy because they believe that dividend policy positively influences to investors and it impact on share price valuation.

Optimal dividend policy is increase the company's stock price and it resulted into maximization of shareholders' wealth. Many times the value of firm can be affected by dividend decisions which ultimately create debatable issue.

Dividend policy has direct correlations with their earnings, which means if earnings are increased, dividend is also increased, whereas decrease in earnings resulted decrease in dividends. Same way the dividend policy of the firms depends on its present financial condition. For e.g. Those firms who have

high growth and longer cash flow are paying higher dividends out of their earnings but many of the firms adopt different dividend policies which in turn creates complexity in their decisions.

Many firms are in favour of not losing their credits against their shareholders and hence they prefer to follow “sticky” dividend policy since they are of the opinion that dividend cuts are not acceptable to the shareholders. According to most of the firms, earnings should have no impact on dividends.

Third, many firms are of the belief that dividends and earnings have no relation and so they adopt smoother dividend policy. As a result, much difference is found between dividend policies of different firms in terms of growth rates, cash flows & project investment in hand.

Financial Manager is the one who has to play a key role in every firm, since he is responsible of taking all financial decisions since shareholders wealth has direct impact with the market price which is sub function of companies investment, financing and dividend decisions.

Dividend policy creates huge impact on different stakeholders such as Managers, lenders, investors and other shareholders in below manner:

For Investors, dividend is considered as the regular source of income since it helps in evaluating the firm’s strength. For manager, very important decision about dividend is to properly utilize the profits of the firms since high dividend would create reduction in retained earnings and vice-a-versa. For lenders, firms paying high dividend are not preferable since they result in lesser retained investment.

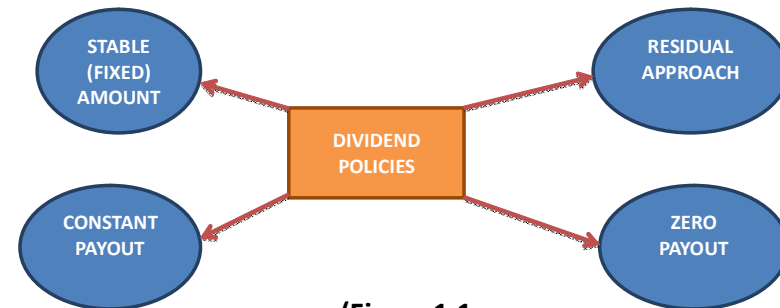
For satisfying the requirement of shareholders, generally most of the firms prefer to adopt stable dividend policy. Below are certain reasons why shareholder demands for stable dividend payouts:

- 1) High risk taking shareholders prefer to invest in those firms which provide high returns on their investments.
- 2) Small savers & pensioners invest in share to get returns in order to meet their daily needs.
- 3) In order to operate their current operation smoothly, Educational institutions and charity firms prefer those companies which pay regular dividend every year. Clientele effect is clustering of shareholders in companies that match their preference in dividend policies.

1.4 DIVIDEND POLICY: INTERNATIONAL SCENARIO

In International market, Most of the Multinational companies have to depend on dividends in order to meet their current expenses; however they had to adopt different dividend policies for different types of dividend payouts: 1) Dividends to external shareholders 2) Dividends among group companies for facilitating profits among different groups.

However there is a different dividends policy which is preferably used by different Multinational companies:



**(Figure 1.1
Dividend policy preferred by Multinational companies)**

(Source: www.kfknowledgebank.kaplan.co.uk)

STABLE (FIXED) AMOUNT:

It is type of dividend policies in which dividend per share rises and so most of the multinational firms prefer to adopt this dividend policy. According to “Ratchet pattern” dividends are

maintained when earnings fall below dividends level. Major advantage of using this dividend policies is that “It never creates bad news for the investors” and does not affect clientele of investors by distributing their tax position if increase in dividends is too large.

CONSTANT PAYOUTS:

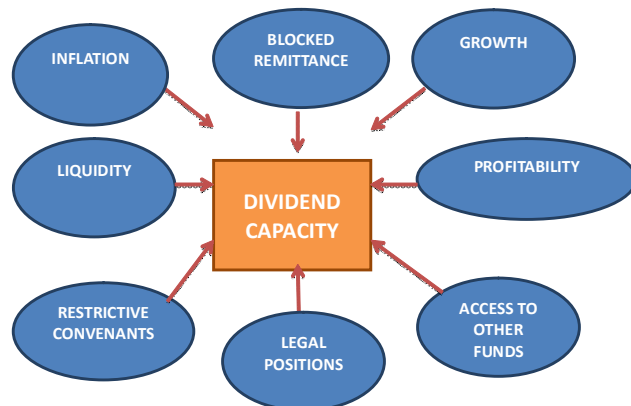
It is a type of dividend policy which is least preferred by most of the multinational companies. It is because companies cannot afford to provide constant dividends payouts in today’s highly fluctuating markets where dividend per share changes frequently.

ZERO PAYOUTS:

Very few multinational companies adopt this type of dividend policies.

RESIDUAL APPROACH :

It includes various financial concerns because if NPV of the company is positive, project should be accepted by the company otherwise the funds needs to be returned to shareholders in dividend forms without asking for any other funds via “right issue”. Its major disadvantage is higher fluctuations in dividend which is turn creates bad news for the investors.



(Figure 1.2 Dividend Capacities)

(Source: www.kfknowledgebank.kaplan.co.uk)

Blocked Remittance: Blocked remittance plays a very important role by imposing strict exchange controls and thereby helps in limiting dividend payouts of multinational company.

Factors for avoiding Blocked remittances can be as follows:

- By increasing transfer pricing paid by foreign subsidiary to parent company.
- By lending equivalent to dividends to parent company.
- By making payments in the forms of royalties, patents and by management fees and charges to parent companies.
- By charging additional head office overheads to subsidiary companies.

1.5 LEGAL RESTRICTIONS

Every country has its own set of laws relating to dividend payment and distribution. Some of the common restrictions imposed are:⁴ (1) The Capital Impairment Restriction, which states that a firm’s capital cannot be used for payment of dividends (2)The Net Earnings Restriction, which states that dividend, must be paid out of the firm’s present or past profits (3)The Insolvency restriction, which states that dividend, cannot be paid if a firm is insolvent.

DIVIDEND POLICY IN INDIA: LEGAL ASPECTS

The provisions for dividend are contained in the Indian Companies Act and the Companies (Amendment) Act 2000 (Sec.2 (14A), 205,205A and 207). Accordingly, Dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years. Though there may be variation in dividend amount, it is customary to pay dividends in cash forms for public companies in India.

Payment of dividends should be made to registered shareholders only. A company which has declared dividends must make the payments or post the dividend warrants within 30 days (The period for payment of dividend has been reduced from 42

PROFITABILITY V/S DIVIDEND POLICY

13

days to 30 days) from the date of declaration of dividends. Section (207) now provides that if dividend has been declared but not paid or the dividend warrant has not been posted within the specified period then every director who knowingly defaults in this regard will be punishable with simple imprisonment for a term extending to three years and will also be liable to a fine of Rs. 1000 for every day of continuing default and the company will be liable to pay a simple interest at 18 per cent per annum during the period of default.

Unclaimed dividends if any must be transferred to a special account called unpaid dividend A/c in any scheduled bank. (Sec 205A) has also been amended to incorporate provisions relating to interim dividend. Under Indian Law a corporation pays dividend upon a recommendation by the board of directors and approval by a majority of shareholders. The shareholders have the right to decrease but not increase the amount of dividend recommended by the board of directors. Moreover each Indian companies is required to transfer a minimum percentage of its profits of the financial year to reserves before it is permitted to declare or pay a dividend out of its profits for that financial year. The minimum percentage ranges from 2.5 to 10%, depending on the percentage of its profits that the relevant company proposes to pay as a dividend. It is further provided in the act that, in the event of an inadequacy or absence of profits in any year, a dividend or interim dividend may be declared for the year out of the accumulated profits, transferred to reserves subject to certain conditions mentioned in the Act.

REFERENCES

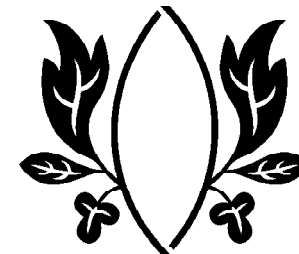
- Guidance Note on Terms used in Financial Statements, ICAI
 - R.P. Rustagi, Financial Management, Galgotia Publishing Company, 2001.
-

PROFITABILITY V/S DIVIDEND POLICY

14

- Dr. S.N. Maheshwari, Elements of Financial Management, Sultan Chand and Sons, 1999.
- Partington, Garaham H., 1987, "Variables influencing dividend policy in Australia: Survey Results", Journal of Business Finance and Accounting 16, p.165-182
- Megginson, W.L., Corporate Finance Theory, Reading, Addison-Wesley, 1997.
- Moyer McGuiganKretlow, Contemporary Financial Management, Eight edition, Southwestern College Publishing.
- Ravi M Kishore, Dividend Policies and Share Valuation, Taxmann's Financial
- Lintner John. Distribution of incomes of corporations among dividend, retained earnings and taxes, American Economic Review, May 1956.
- Wwww. kfkknowledgebank.kaplan.co.uk <http://kfkknowledgebank.kaplan.co.uk/KFKB/Wiki%20Pages/International%20dividend%20policy.aspx>

□□□





CHAPTER-2

RESEARCH METHODOLOGY



CONTENT

- 2.1** Introduction
- 2.2** Statement of Problem
- 2.3** Significance of Study
- 2.4** Objectives of Study
- 2.5** Hypothesis of Study
- 2.6** Research Design
 - 2.6.1** Based on secondary data (Quantitative research)
- 2.7** Sampling Design
- 2.8** Source of Data Information and Collection
- 2.9** Sampling Technique
- 2.10** Analysis and Interpretation of Data
 - 2.10.1** Based on secondary data (Quantitative research)
- 2.11** LIMITATIONS OF STUDY

2.1 INTRODUCTION

The purpose of this chapter is to present the objectives, hypothesis of the study. This chapter describes collection of data and research techniques applied. This chapter also defines usefulness of study, scope and limitations of the study. It describes the layout of the study.

In this thesis, a study is made regarding dividend policies to know the impact of profitability on Indian companies has been conducted. An attempt is made to give a short overview of important dividend theories, analysis of selected variable using some statistical tools. Some ratios are used to justify this topic. Moreover the simple regression method is used. 30 companies from 10 different sectors are taken for study purpose during the period from 2007-2012.

2.2 STATEMENT OF THE PROBLEM

The study is entitled as follows:

“Profitability v/s Dividend policy”.

The study is based on Secondary data. An analysis of dividend policy can be evaluated with the help of secondary data as reflected in annual reports of selected companies during the period of this study.

2.3 SIGNIFICANCE OF STUDY

- Getting clear picture about comparative analysis of dividend policies.
- For knowing the past trends of dividend payments and to forecast future layouts of the companies.
- For improving dividend policies of the companies.
- For promoting Ethics and human values in the companies.
- Useful for the prospects shareholders.

2.4 OBJECTIVES OF STUDY

The major objectives of the study are as follows:

- To know the satisfactory levels regarding company's dividend policy.
- To know the relation of different variables on dividend pay-out of selected companies other than profitability.
- To know whether the dividend pay-out is affected by company's profitability.

2.5 HYPOTHESIS OF STUDY

Null

- There is no significant influence of profitability on dividend payout.

Alternative

- There is significant influence of profitability on dividend payout.

2.6 RESEARCH DESIGN

The task of data collection begins after research problem has been defined and research design plan chalked out.

2.6.1 Based on secondary data (Quantitative research)

The intent of this study would be to understand the overall performance of dividend policy for 30 companies of 10

different industries (Banks, IT-Software, pharmaceutical, Automobile, Steel, Cement, Telecom service, Realty, Power & FMCG) for five financial years. Five-year period as “a long enough time period to smooth the usual fluctuations of earnings that occur through time, but not so long as to produce serious measurement errors due to changes in economic and political environment over time, change in stage of company life cycle, etc. which may force a company to review its dividend policy.”

2.7 SAMPLING DESIGN

The intent of this study was to understand the overall performance of dividend policy for 30 listed companies of 10 different industries (Banks, IT-Software, pharmaceutical, Automobile, Steel, Cement, Telecom service, Realty, Power & FMCG) for five financial years.

2.8 SOURCES OF DATA INFORMATION AND COLLECTION

Information collected for comparative study of dividend policy would be mainly from secondary sources such as:

- Authenticated Companies websites on internet.
- Annual Report provided by selected companies of last five financial years.

2.9 SAMPLING TECHNIQUE

To know the impact of profitability on dividend policies companies have been selected by using simple random sampling. The study has been taken during the period from 2007-2012.

2.10 ANALYSIS AND INTERPRETATION OF DATA

2.10.1 Based on secondary data (Quantitative research)

To test the above mentioned hypothesis various statistical tools have been used in addition to ratio analysis. The data is analysed by using simple regression; statistical technique is used to assess the magnitude and direction of relationship between independent variables and dependent variable. In this thesis four factors such as profitability have been selected to

test the relationship with dividend payout ratio of the companies under study. These variables (called independent variables in regression analysis). The study has tested to what extent practical observations support theoretical aspects by examining various variables either by mere observation or with the use of statistical techniques such as simple regression etc. Regression analysis has been performed by using SPSS. Regression analysis has been made through ENTER method.

Simple regression has been used,

- To determine profitability is significantly associated with dividend payout ratio

Interpretation of model: Methodology

The R^2 value (the “R Square” column) indicates how much of the total change in the dependent

Variable can be explained by the independent variable.

The adjusted R-squared is a modified version of R-squared that has been adjusted for the number of predictors in the model. The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. If

$p > 0.05$ null hypothesis (H_0) is accepted and if $p < 0.05$ alternate hypothesis (H_1) is accepted.

Regression models:

2) To know the influence of profitability on dividend payout: The dependent variable y is the company’s dividend payout ratio and independent variable profitability is x

The regression equation used to know the influence of profitability on dividend payout is,

$$Y = a + b(x)$$

Where,

Y is the firm’s dividend payout ratio

a = Intercept of regression equation

b = regression coefficient associated with independent variable (B value or slope)

2.11 LIMITATIONS OF STUDY

- Study for the subject is limited to thirty companies of Ten different industries

REFERENCES

- C. R. Kothari, Research Methodology, methods and techniques, new age international publishers.
- Damodar Gujarati, Econometrics by Example, Second Edition, Palgrave Macmillan.



CHAPTER-3

COMPANY PROFILE



COMPANY PROFILE DETAILS

NO. OF COMPANIES	NAME OF COMPANIES	INDUSTRY	YEAR OF ESTABLISHMENT	HEAD QUART	PRODUCT/ SERVICES	CHAIRMAN /MD	FOUNDER	TYPE OF COMPANY
1	Dabur India Ltd.	FMCG	1884	Gaziabad, Uttar Pradesh, India	Ayurvedic and Natural Health Care	Dr. Anand Burman	Dr. S K Burman	Public company
2	Nestle India Ltd.	Food Processing	1866	Vevey, Canton of Vaud, Switzerland	Consumer Food	Etienne Szivo	Henri Nestlé, Charles Page, George Page	Société Anonyme
3	Britannia Industries Limited	Food Processing	1892	Kolkata, West Bengal, India	Bakery product, including biscuits, bread, cakes and rusk, and dairy products, including milk, butter, cheese, ghee and dahi	Nusli Wadia	R. S. Agarwal/ R.S. Goenka	Public Ltd Company
4	NTPC Limited	Electric Utility	1975	New Delhi, India	Electric Power, Natural Gas	Arup Roy Choudhury		State-owned enterprise Public Company
5	Power Grid Corporation of India Limited (POWER GRID)	Electric Utility	1989	Gurgaon, India	Transmission & Distribution; Energy Trading	Shri RN Nayak		Government -Owned Corporation
6	Tata Power	Electric Utility	1911	Mumbai, Maharashtra, India	Electric Power, Natural Gas	Cyrus Palonji Mistry	Dorabji Tata	Public Company
7	Cipla Global Limited	Pharmaceuticals	1935	Mumbai, Maharashtra, India	Pharmaceuticals & Diagnostics	Y. K. Hamid	Dr. K.A. Hamid	Public Company
8	Dr. Reddy's Laboratories Ltd	Pharmaceuticals	1984	Hyderabad, Telangana, India		Kallam Satish Reddy	Anji Reddy	Public Company
9	Sun Pharmaceutical Industries Limited	Pharmaceuticals	1983	Mumbai, Maharashtra, India	Pharmaceuticals & Generic drugs	Israel Makov	Dilip Sanghavi	Public Company
10	Infosys	IT Services, IT Consulting	1981	Bangalore, Karnataka, India	IT, business consulting and outsourcing Services	K.V. Kamath	Narayan Murthy, Nandan Nilekani, Raghavan, S.Gopal krishnan, S.D.shibulal	Public Company
11	Tata Consultancy Services Limited	IT Services, IT Consulting	1968	Mumbai, Maharashtra, India	IT, business consulting and outsourcing Services	Natrajanhan drasekaran	J.R.D Tata	Public Company

12	Wipro Limited	IT Services, IT Consulting	1945	Mumbai, Maharashtra, India	IT, business consulting and outsourcing Services	Azim Premji	M.H.Premji	Public Company
13	HDFC Bank Limited	Banking, Financial Services	1994	Mumbai, Maharashtra, India	Credit card, Consumer Banking, Corporate Banking, Finance and Insurance, Investment Banking, Mortgage Loan, Private Banking, Private Equity, Wealth Management	Aditya Puri		Public Company
14	State Bank of India	Banking, Financial Services	1806	Mumbai, Maharashtra, India	Consumer Banking, Corporate Banking, Finance and Insurance, Investment Banking, Mortgage Loan, Private Banking, Private Equity, Wealth Management, savings, securities, assets management, Credit cards, General Insurance	Arundhati Bhattacharya		Public Company
15	Axis Bank	Banking, Financial Services	1994	Mumbai, India	Credit cards, consumer banking, corporate banking, finance and insurance investment banking, mortgage loans, wealth management	Dr. Sanjiv Mishra (Chairman)		Private Company
16	Eicher Motors Limited	Automotive	1948	Gurgaon, India	Commercial vehicles, engines	Siddhartha Lal		Public Company
17	TVS Motor Co. Limited	Automotive	1978	Chennai, India	Motorcycles, scooter, three-wheeler vehicles and spare	Venu Srinivasan		Public Company

PROFITABILITY V/S DIVIDEND POLICY

25

18	Hero Motocorp Ltd.	Automotive	1982	New Delhi, India	Motorcycles, Scooters	Dr. Brij Mohan Lal Munjal		Public Company
19	JSW Steel Ltd	Steel	1982	Mumbai, Maharashtra, India	Steel, flat steel products, long steel products, wire products, plates	Sajan Jjindal		Public Company
20	Tata Steel Limited	Steel	1907	Mumbai, Maharashtra, India	Steel, flat steel products, Long steel products, wire products, plates	Cyrus Palonji Mistry	Dorabji Tata	Private
21	Bhushan Steel	Steel	1987	New Delhi, India	Cold rolled, galvarised, Bhushan Galume, Colour, Coated tiles, Drawn Tubes, Strips, Wire Rods, alloy billets, sponge iron	Brij Singhal	-	Private
22	ACC Limited	Cement	1936	Mumbai, India	Cement	N.S. Sekhsarai	<u>Public Company</u>	Public Company
23	Ambuja Cements Limited	Cement	1986	Mumbai, Maharashtra, India	Cement	Suresh Neotia	<u>Suresh Neotia</u>	Public Company
24	J.K cement Limited	Cement	1994	Kanpur, India	Cement	Gaur Hari Singhania	<u>Lal Juggal Singhania & Lal Kamapat Singhania</u>	Public Company
25	Infrastructure Development Finance Company	Financial Services	1997	Chennai, India	infrastructure financing and project implementation services	Rakesh Mohan	-	Public Company
26	Mahindra & Mahindra Financial Services Limited	NBFC	1991	Mumbai, Maharashtra, India	Related financial services	Ramesh Iyer	-	Public Company
27	JM financial Ltd.	Finance - Investment	1986	Mumbai, Maharashtra, India	Related financial services	Nimesh Kampani	-	Public Company

PROFITABILITY V/S DIVIDEND POLICY

26

28	DLF Limited (Delhi Land & Finance)	Real Estate	1946	New Delhi, India	Offices, Apartments, Shopping Maals, Hotels, Golf courses, infrastructures		Chaudhary <u>Raghendra Singh</u>	Public Company
29	National Buildings Construction Corporation Limited	Real Estate Development & Construction Business	1960	New Delhi, India	Power Sector, Real Estate, Environment, PMC, EPC, Post Completion Maintenance works, Roads, Bridges, Hospitals, Mass Housing, Institutions & Office		Dr Anoop kumar Mittal	Public Company
30	JMC Projects (India) Ltd.	Real Estate	1982	Ahmedabad, India	Civil & Structural works for Commercial & Residential Buildings, Industrial, Infrastructure & Power Plant		-	Public Company





CHAPTER-4

Analysis and interpretation of profitability V/s dividend payout



CONTENT

- 4.1 Introduction
- 4.2 Analysis of selected Companies
 - 4.2.1 Dabur India Ltd.
 - 4.2.2 Nestle India Ltd.
 - 4.2.3 Britannia Industries Ltd.
 - 4.2.4 NTPC Ltd.
 - 4.2.5 PowerGrid Ltd.
 - 4.2.6 Tata Power
 - 4.2.7 CiplaGlobalLtd.
 - 4.2.8 Dr.ReddyLtd.
 - 4.2.9 SunPharma Ltd.
 - 4.2.10 Infosys
 - 4.2.11 TCS Ltd.
 - 4.2.12 Wipro Ltd.
 - 4.2.13 HDFC Bank Ltd.
 - 4.2.14 SBI
 - 4.2.15 Axis Bank
 - 4.2.16 Eicher Motors Ltd.
 - 4.2.17 TVS Ltd.
 - 4.2.18 Heromotocorp Ltd
 - 4.2.19 JSW Steel Ltd.
 - 4.2.20 Tata Steel Ltd.
 - 4.2.21 Bhushan Steel
 - 4.2.22 ACC Ltd.
 - 4.2.23 Ambuja Cement Ltd.
 - 4.2.24 J.K.Cement Ltd.
 - 4.2.25 IDFC
 - 4.2.26 Mahindra and Mahindra Financial Ltd.
 - 4.2.27 J.M.Financial Ltd.
 - 4.2.28 DLF Ltd.
 - 4.2.29 NBCC Ltd.
 - 4.2.30 JMC Projects Ltd.
- 4.3 Summary Details

4.1 INTRODUCTION

A major aspect of dividend policy is dividend payout ratio. i.e. distribution of percentage share of dividends from companies' profit. Most of the researchers found that dividend payout is correlated with subsequent unexpected earnings. Using data from 1025 US companies BenzartziS, Michaely R and Thaler R⁵ found that when there is a rise in dividend there is significant upwards drift in earnings over the next three years and concluded that dividend increase indicate past successes and that dividend increase signals that the current earning increase is permanent. The dividend announcement provides information to shareholders about the current earnings upon which their estimation of the firm's future (Expected) earnings is based⁶.

A firm with history of the stable earnings is usually more willing to pay a higher dividend than a firm with erratic earnings⁷. For assessing how profitability affects dividend payout, Dividend Payout and Return on net worth Ratio is used. To know the influence of profitability on dividend payout, simple regression method is used. For the purpose of simple regression analysis, dividend payout rate, which is defined as the ratio of dividends per share for the firms dividend policy. The study is based on five years data for thirty selected companies of ten different industries. Time period used for the study is from 2007-2012. Factors or explanatory variables which are considered for the study purpose are as under:

• PROFITABILITY:

It is believed that profitability is the prominent factor to decide dividend policy. Theoretically profitability and dividend have positive relation, if there is a rise in profitability usually rise in dividend rate is expected. Profitability indicates how well the management has used the net worth. Profitability is the index of the business which measures the earnings power of

the company. For measurement, Return on Net worth Ratio is used. This measure is an important indicator of measuring profitability of the company. The return on Net worth Ratio is also known as the return on equity funds Ratio. It measures the firm's management to realize an acceptable return on capital investment. It can be calculated by,

$$\frac{\text{Net Profit after taxes} - \text{Pref.Dividend}}{\text{Net Worth}} * 100$$

Net Worth

Where,

$$\text{Net Worth} = \text{Equity Share capital} + \text{Reserves} - \text{Fictitious Assets}$$

4.2 ANALYSIS

Hypothesis No-1

H₀ = There is no significant influence of least related variable on dividend payout of selected companies.

H₁ = There is significant influence of least related variable on dividend payout of selected companies.

4.2.1 DABUR INDIA LTD

Influence of profitability on dividend payout using simple regression method for Dabur India Ltd. can be extracted from below table.

DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
38.46	59.96
41.96	50.58
40.24	57.86
49.24	42.81
52.04	35.54

**:TABLE 4.1:
SIMPLE RERESSION ANALYSIS FOR DABUR INDIA LTD.**

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.983 ^a	.966	.954	1.26508

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **DABUR INDIA LTD.** is 98.3% that refers there is a positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. The R² value (the "R Square" column) indicates how much the total change in the dependent variable can be explained by the independent variable. The adjusted R-squared is a modified version of R-squared that has been adjusted for the number of predictors in the model. Value of adjusted R-Square for **DABUR INDIA LTD** is .954. It indicates that approx. 95.4% of the change in dividend payout is due to the changes in profitability. Remaining 4.6% change in dividend payout is due to the other variables.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	135.536	1	135.536	84.687	.003 ^b
	Residual	4.801	3	1.600		
	Total	140.337	4			

a. Dependent Variable: DPR
b. Predictors: (Constant), PROFITABILITY

The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. The above table shows that the independent variables statistically significantly predict the dependent variable, $F(1, 3) = 84.687$, $p < 0.05$ (i.e., the regression model is fit for the data). It indicates that null hypothesis is rejected. It means that there is significant impact

of profitability on the dividend payout of the **DABUR INDIA LTD.**

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	72.431	3.099		23.370	.000	62.567	82.294
	PROFITABILITY	-.568	.062	-.983	-9.203	.003	-7.65	-.372

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 72.431 - (0.568 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. In the above table, the unstandardized coefficient for profitability is equal to -0.568. This means that for every additional increase in profitability, dividend payout decreases by 0.568

4.2.2 NESTLE INDIA LTD

Influence of profitability on dividend payout using simple regression method for Nestle India Ltd. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	41.52	112.83
2008-09	71.39	112.69
2009-10	57.12	95.70
2010-11	48.63	75.48
2011-12	43.79	59.38

TABLE 4.2: SIMPLE REGRESSION ANALYSIS FOR NESTLE INDIA

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.462 ^a	.213	-.049	12.43380
a. Predictors: (Constant), PROFITABILITY				

The above table indicates that the value of R for **NESTLE INDIA LTD.** is 46.2%, that refers there is a Weak linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **NESTLE INDIA LTD.** is -0.049. It indicates that there is no change in dividend payout is due to the change in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	125.779	1	125.779	.814	.434 ^b
	Residual	463.798	3	154.599		
	Total	589.577	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the Dependent variable, F (1, 3) = 0.814, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **NESTLE INDIA LTD.**

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	30.727	24.760		1.241	.303	-48.071	109.525
	PROFITABILITY	.239	.265	.462	.902	.434	-.603	1.080
a. Dependent Variable: DPR								

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend pay out} = 30.727 + (0.239 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to 0.239. This means that for every additional increase in profitability, dividend payout Increase by 0.239.

4.2.3 BRITANNIA LTD

Influence of profitability on dividend payout using simple regression method for Britannia LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	22.51	25.27
2008-09	52.97	21.88
2009-10	51.26	29.40
2010-11	53.44	32.19
2011-12	54.37	35.91

TABLE 4.3:
SIMPLE REGRESSION ANALYSIS FOR BRITANNIA

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.402 ^a	.162	-.118	14.46870

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **BRITANNIA LTD** is 40.2% that refers there is a Weak linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **BRITANNIA LTD** is -0.118. It indicates that there is no change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	121.269	1	121.269	.579	.502 ^b
	Residual	628.030	3	209.343		
	Total	749.299	4			

a. Dependent Variable: DPR
b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the dependent variable, F (1, 3) 0.579, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **BRITANNIA LTD**.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error				Beta	Lower Bound
1	(Constant)	18.146	38.342		.473	.668	-103.876	140.168
	PROFITABILITY	.994	1.306	.402	.761	.502	-3.163	5.151

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend pay out} = 18.146 + (0.994 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to 0.994. This means that for every additional increase profitability, dividend payout Increase by 0.994.

4.2.4 NTPC LTD

Influence of profitability on dividend payout using simple regression method for NTPC LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	46	14.09
2008-09	42	15.21
2009-10	42	13.14
2010-11	42	13.41
2011-12	41	12.59

TABLE 4.4: SIMPLE REGRESSION ANALYSIS FOR NTPC

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.343 ^a	.118	-.177	2.11443

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **NTPC LTD**. Is 34.3%, that refers there is a weak linear correlation

between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **NTPC LTD.** is -0.177. It indicates that there is no change in dividend payout due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.788	1	1.788	.400	.572 ^b
	Residual	13.412	3	4.471		
	Total	15.200	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the Dependent variable, F (1, 3) = 0.400, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of **NTPC LTD.**

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	33.548	14.346		2.338	.101	-12.108	79.205
	PROFITABILITY	.661	1.046	.343	.632	.572	-2.667	3.990
a. Dependent Variable: DPR								

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend pay out} = 33.548 + (0.661 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to 0.661. This means that for every additional increase in profitability, dividend payout Increase by 0.661.

4.2.5 POWERGRID

Influence of profitability on dividend payout using simple regression method for **POWERGRID** can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	33.16	11.27
2008-09	33.16	11.56
2009-10	30.93	12.80
2010-11	30.04	12.63
2011-12	30.01	13.86

TABLE 4.5: SIMPLE REGRESSION ANALYSIS FOR POWERGRID

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.905 ^a	.819	.758	.78415
a. Predictors: (Constant), PROFITABILITY				

The above table indicates that the value of R for **POWERGRID** is 90.5%, that refers there is a positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **POWERGRID** is .758. It indicates that approx. 75.8% of the change in dividend payout is due to the changes in profitability. Remaining 24.2% change in dividend

payout is due to the other variables.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.335	1	8.335	13.556	.035 ^b
	Residual	1.845	3	.615		
	Total	10.180	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the Dependent variable, F (1, 3) = 13.556, p < 0.05 (i.e., the regression model is fit for the data). It indicates that null hypothesis is rejected. It means that there is significant impact of profitability on the dividend payout of the POWERGRID.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error				Lower Bound	Upper Bound
		1	(Constant)	48.751			4.710	
	PROFITABILITY	-1.392	.378	-.905	-3.682	.035	-2.594	-.189
a. Dependent Variable: DPR								

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 48.751 - (1.392 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant. In the above table, the unstandardized coefficient for profitability is equal to -1.392. This means that for every additional increase in profitability, dividend payout Decreases by -1.392.

4.2.6 TATA POWER

Influence of profitability on dividend payout using simple regression method for TATA POWER can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	27.17	11.66
2008-09	26.32	11.37
2009-10	30.39	9.39
2010-11	31.55	9.37
2011-12	27.59	10.87

TABLE 4.6: SIMPLE REGRESSION ANALYSIS FOR TATA POWER OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.954 ^a	.910	.880	.77678
a. Predictors: (Constant), PROFITABILITY				

The above table indicates that the value of Adjusted R for TATA POWER is 95.4%, that refers there is a positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the Tata Power. Value of adjusted R- Square for TATA POWER is 0.880. It indicates that approx. 88% of the change in dividend payout is due to the changes in profitability. Remaining 12% change in dividend payout is due to the other variables.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18.360	1	18.360	30.428	.012 ^b
	Residual	1.810	3	.603		
	Total	20.170	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the Dependent variable, $F(1, 3) = 30.428, p < 0.05$ (i.e., the regression model is fit for the data). It indicates that null hypothesis is rejected. It means that there is significant impact of profitability on the dividend payout of the **TATA POWER**.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
		1	(Constant)	49.337			3.775	
	PROFITABILITY	-1.968	.357	-.954	-5.516	.012	-3.104	-.833

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:
 Predicted dividend pay out = $49.337 - (1.968 * \text{Profitability})$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant. In the above table, the unstandardized coefficient for profitability is equal to -1.968. This means that for every additional increase in profitability, dividend payout Decreases by 1.968.

4.2.7 CIPLA GLOBAL LTD.

Influence of profitability on dividend payout using simple regression method for CIPLA LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	22.18	18.66
2008-09	20.00	17.86
2009-10	14.85	18.28
2010-11	16.67	14.52
2011-12	14.23	14.89

TABLE 4.7: SIMPLE REGRESSION ANALYSIS FOR CIPLA LTD.

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.578 ^a	.334	.112	3.21382

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **CIPLA LTD.** is 57.8%, that refers there is a partial positive correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **CIPLA LTD.** is 0.112. It indicates that approx. 11.2% of the change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.534	1	15.534	1.504	.308 ^b
	Residual	30.986	3	10.329		
	Total	46.520	4			

a. Dependent Variable: DPR
 b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the dependent variable, $F(1, 3) = 1.504, p > 0.05$ (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **CIPLA LTD.**

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
		1	(Constant)	.805			13.759	
	PROFITABILITY	.996	.813	.578	1.226	.308	-1.589	3.582

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 0.805 + (0.996 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant. In the above table, the unstandardized coefficient for profitability is equal to 0.996. This means that for every additional increase in profitability, dividend payout Increase by 0.996.

4.2.8 DR.REDDY LTD

Influence of profitability on dividend payout using simple regression method for DR. REDDY LTD can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	13.35	9.88
2008-09	18.88	10.67
2009-10	22.59	14.31
2010-11	21.42	14.84
2011-12	25.67	13.58

TABLE 4.8: SIMPLE REGRESSION ANALYSIS FOR DR.REDDY LTD.

OUTPUT:				
Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805 ^a	.648	.531	3.16963
a. Predictors: (Constant), PROFITABILITY				

The above table indicates that the value of R for **DR. REDDY LTD**.is 80.5%, that refers there is a Positive correlation

between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **DR REDDY LTD**. is .531. It indicates that approx. 53.1% of the change in dividend payout is due to the changes in profitability. Remaining 46.9% change in dividend payout is due to the other variables.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	55.481	1	55.481	5.522	.100 ^b
	Residual	30.140	3	10.047		
	Total	85.621	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the Dependent variable, F (1, 3) = 5.522, p >0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **DR. REDDY LTD**.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-.674	9.071		-.074	.945	-29.543	28.196
	PROFITABILITY	1.664	.708	.805	2.350	.100	-.589	3.917
a. Dependent Variable: DPR								

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under: Predicted dividend payout = -0.674 + (1.664*Profitability)

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when

PROFITABILITY V/S DIVIDEND POLICY

all other independent variables are held constant. In the above table, the unstandardized coefficient for profitability is equal to 1.664. This means that for every additional increase in profitability, dividend payout increases by 1.664.

4.2.9 SUNPHARMA LTD

Influence of profitability on dividend payout using simple regression method for SUNPHARMA LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	14.03	2.41
2008-09	22.51	24.56
2009-10	31.6	15.72
2010-11	26.12	20.71
2011-12	25.93	21.55

TABLE 4.9:

SIMPLE REGRESSION ANALYSIS FOR SUNPHARMA LTD.

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.623 ^a	.388	.184	5.84718

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **SUNPHARMA LTD.** is 62.3%, that refers there is a partial positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R-Square for **SUNPHARMA LTD** is .184. It indicates that approx. 18.4% of the change in dividend payout is due to the changes in profitability

PROFITABILITY V/S DIVIDEND POLICY

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	65.025	1	65.025	1.902	.262 ^b
	Residual	102.568	3	34.189		
	Total	167.593	4			

a. Dependent Variable: DPR
b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the Dependent variable, F (1, 3) = 1.902, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of **SUNPHARMA LTD.**

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	16.208	6.251		2.593	.081	-3.684	36.101
	PROFITABILITY	.461	.334	.623	1.379	.262	-.603	1.524

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 16.208 + (0.461 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant. In the above table, the unstandardized coefficient for profitability is equal to 0.461. This means that for every additional increase in profitability, dividend payout increase by 0.461

4.2.10 INFOSYS

Influence of profitability on dividend payout using simple regression method for Infosys can be extracted from

below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	16.94	33.14
2008-09	23.12	32.67
2009-10	24.91	26.11
2010-11	41.87	26.30
2011-12	43.14	26.84

TABLE 4.10: SIMPLE REGRESSION ANALYSIS FOR INFOSYS

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.743 ^a	.552	.402	9.12574

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **INFOSYS** is 74.3%, that refers there is Positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **INFOSYS** is .402. It indicates that approx. 40.2% of the change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	307.525	1	307.525	3.693	.150 ^b
	Residual	249.837	3	83.279		
	Total	557.363	4			

a. Dependent Variable: DPR
b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the dependent variable, F (1, 3) = 3.693, p > 0.05 (i.e., the regression model is unfit for the data).

It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **INFOSYS**.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	101.305	37.332		2.714	.073	-17.503	220.113
	PROFITABILITY	-2.458	1.279	-.743	-1.922	.150	-6.528	1.613

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 101.305 - (2.458 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant. In the above table, the unstandardized coefficient for profitability is equal to -2.458. This means that for every additional increase in profitability, dividend payout Decreases by 2.458.

4.2.11 TCS LTD

Influence of profitability on dividend payout using simple regression method for TCS LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	31.9	40.96
2008-09	30.5	34.87
2009-10	32.7	37.12
2010-11	35.2	38.66
2011-12	37.2	44.16

TABLE 4.11: SIMPLE REGRESSION ANALYSIS FOR TCS LTD.

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763 ^a	.583	.444	2.00049
a. Predictors: (Constant), PROFITABILITY				

The above table indicates that the value of Adjusted R for **TCS LTD.** is 76.3%, that refers there is a positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **TCS LTD** is .444. It indicates that approx. 44.4% of the change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.774	1	16.774	4.191	.133 ^b
	Residual	12.006	3	4.002		
	Total	28.780	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the dependent variable, $F(1, 3) = 4.19, p > 0.05$ (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **TCS LTD.**

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	11.042	11.006		1.003	.390	-23.984	46.068
	PROFITABILITY	.574	.280	.763	2.047	.133	-.318	1.465
a. Dependent Variable: DPR								

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 11.042 + (0.574 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to 0.574. This means that for every additional increase in profitability, dividend payout increases by 0.574.

4.2.12 WIPRO LTD

Influence of profitability on dividend payout using simple regression method for WIPRO LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	28.61	26.52
2008-09	19.71	23.76
2009-10	17.98	27.69
2010-11	30.33	22.72
2011-12	31.43	19.24

TABLE 4.12: SIMPLE REGRESSION ANALYSIS FOR WIPRO LTD.

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.633 ^a	.400	.200	5.62313

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **WIPRO LTD.** is 63.3%, that refers there is a partial positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **WIPRO LTD.** is 0.200. It indicates that approx. 20% of the change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	63.319	1	63.319	2.003	.252 ^b
	Residual	94.859	3	31.620		
	Total	158.178	4			

a. Dependent Variable: DPR
b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the Dependent variable, F (1, 3) = 2.003, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **WIPRO LTD.**

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	54.290	20.421		2.659	.076	-10.699	119.279
	PROFITABILITY	-1.196	.845	-.633	-1.415	.252	-3.885	1.493

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:
Predicted dividend payout = 54.290 – (1.196*Profitability)

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant. In the above table, the unstandardized coefficient for profitability is equal to -1.196. This means that for every additional increase in profitability, dividend payout decreases by 1.196.

4.2.13 HDFC BANK LTD

Influence of profitability on dividend payout using simple regression method for **HDFC BANK LTD.** can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	18.48	235.99
2008-09	18.87	15.33
2009-10	17.78	13.70
2010-11	19.41	15.47
2011-12	19.46	17.27

TABLE 4.13: SIMPLE REGRESSION ANALYSIS FOR HDFC BANK LTD

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.245 ^a	.060	-.253	.78274

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **HDFC BANK LTD** is 24.5%, that refers there is a weak positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **HDFC BANK LTD** is -0.253. It indicates that there is no change in dividend payout is due to the changes in profitability.

PROFITABILITY V/S DIVIDEND POLICY

ANOVA ^a						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	.117	1	.117	.192	.691 ^b
	Residual	1.838	3	.613		
	Total	1.955	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the dependent variable, F (1, 3) = 0.192, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **HDFC BANK LTD.**

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
	1	(Constant)	18.903			.422		44.760
	PROFITABILITY	-.002	.004	-.245	-.438	.691	-.014	.011
a. Dependent Variable: DPR								

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 0.422 - (0.002 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to -0.002. This means that for every additional increase in profitability, dividend payout Decreases by 0.002.

PROFITABILITY V/S DIVIDEND POLICY

4.2.14 SBI

Influence of profitability on dividend payout using simple regression method for SBI can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	20.18	21.29
2008-09	20.19	24.47
2009-10	20.78	21.12
2010-11	23.05	23.01
2011-12	20.06	22.02

TABLE 4.14: SIMPLE REGRESSION ANALYSIS FOR SBI

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.159 ^a	.025	-.299	1.43669
a. Predictors: (Constant), PROFITABILITY				

The above table indicates that the value of R for **SBI** is 15.9%, that refers there is weak positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **SBI** is -.299. It indicates that there is no change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	.161	1	.161	.078	.798 ^b
	Residual	6.192	3	2.064		
	Total	6.353	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the dependent variable, F (1,3)

PROFITABILITY V/S DIVIDEND POLICY

= 0.078, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of SBI.

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	17.611	11.612		1.517	.227	-19.344 54.566
	PROFITABILITY	.145	.518	.159	.279	.798	-1.504 1.793

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 17.611 + (0.145 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to 0.145. This means that for every additional increase in profitability, dividend payout increases by 0.145.

4.2.15 AXIS BANK

Influence of profitability on dividend payout using simple regression method for AXIS BANK can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	23.49	12.21
2008-09	23.16	17.77
2009-10	22.57	15.67
2010-11	19.78	106.05
2011-12	18.15	18.60

TABLE 4.15: SIMPLE REGRESSION ANALYSIS FOR AXIS BANK

PROFITABILITY V/S DIVIDEND POLICY

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.429 ^a	.184	-.088	2.44747

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **AXIS BANK** is 42.9% that refers there is a weak positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **AXIS BANK** is -0.088. It indicates that there is no change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.047	1	4.047	.676	.471 ^b
	Residual	17.970	3	5.990		
	Total	22.017	4			

a. Dependent Variable: DPR

b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the dependent variable, F (1, 3) = 0.676, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is rejected. It means that there is no significant impact of profitability on the dividend payout of **AXIS BANK**.

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
	1	(Constant)	22.280			1.506		14.798
	PROFITABILITY	-.025	.030	-.429	-.822	.471	-.122	.072

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 22.280 - (0.025 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to -0.025. This means that for every additional increase in profitability, dividend payout Decreases by .025.

4.2.16 EICHER MOTORS LTD.

Influence of profitability on dividend payout using simple regression method for EICHER MOTORS LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	36.03	8.11
2008-09	49.84	9.65
2009-10	39.28	16.52
2010-11	34.68	23.06
2011-12	37.30	23.01

TABLE 4.16:

SIMPLE REGRESSION ANALYSIS FOR EICHER MOTORS LTD.

OUTPUT :

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.510 ^a	.260	.013	6.02366

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **EICHER MOTORS LTD.** is 51%, that refers there is a partial positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **EICHER MOTORS LTD** is .013. It indicates that approx 1.3% of the change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	38.197	1	38.197	1.053	.380 ^b
	Residual	108.853	3	36.284		
	Total	147.050	4			

a. Dependent Variable: DPR
b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the dependent variable, F (1, 3) = 1.053, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **EICHER MOTORS LTD.**

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
	1	(Constant)	46.418			7.327		6.335
	PROFITABILITY	-.435	.424	-.510	-1.026	.380	-1.784	.914

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 46.418 - (0.435 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to -0.435. This means that for every additional increase in profitability, dividend payout Decreases by .435.

4.2.17 TVS MOTORS LTD.

Influence of profitability on dividend payout using simple regression method for TVS MOTORS LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	104.48	3.86
2008-09	106.06	3.84
2009-10	64.52	10.16
2010-11	26.83	19.50
2011-12	24.81	21.28

TABLE 4.17:

SIMPLE REGRESSION ANALYSIS FOR TVS MOTORS LTD.

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.991 ^a	.983	.977	5.99461

The above table indicates that the value of R for **TVS MOTORS LTD.** is 97.7%, that refers there is a strong positive linear correlation between explanatory variables such as profitability

and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **TVS MOTORS LTD** is .977. It indicates that approx. 97.7% of the change in dividend payout is due to the changes in profitability. Remaining 2.3% change in dividend payout is due to the other variables.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6208.625	1	6208.625	172.772	.001 ^b
	Residual	107.806	3	35.935		
	Total	6316.431	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the dependent variable, F (1, 3) = 172.772, p < 0.05 (i.e., the regression model is fit for the data). It indicates that null hypothesis is rejected. It means that there is significant impact of profitability on the dividend payout of the **TVS MOTORS LTD.**

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	120.746	4.996		24.171	.000	104.848	136.645
	PROFITABILITY	-4.724	.359	-.991	-13.144	.001	-5.868	-3.580
a. Dependent Variable: DPR								

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 120.746 - (4.724 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for

PROFITABILITY V/S DIVIDEND POLICY

profitability is equal to -4.724. This means that for every additional increase in profitability, dividend payout Decreases by 4.724.

4.2.18 HERO MOTOCORP LTD.

Influence of profitability on dividend payout using simple regression method for HERO MOTOCORP LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	39.18	32.41
2008-09	31.15	33.72
2009-10	98.39	64.42
2010-11	108.81	65.22
2011-12	37.78	55.44

TABLE 4.18:

SIMPLE REGRESSION ANALYSIS FOR HERO MOTOCORP LTD.

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833 ^a	.694	.592	23.83500

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for HERO MOTOCORP LTD. is 83.3%, that refers there is a strong positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for HERO MOTOCORP LTD. is .592. It indicates that approx. 59.2% of the change in dividend payout is due to the changes in profitability.

PROFITABILITY V/S DIVIDEND POLICY

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3864.531	1	3864.531	6.802	.080 ^b
	Residual	1704.321	3	568.107		
	Total	5568.852	4			

a. Dependent Variable: DPR

b. Predictors: (Constant), PROFITABILITY

statistically significantly predict the Dependent variable, F (1, 3) = 6.802, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the HERO MOTOCORP LTD.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-33.642	38.579		-.872	.447	-156.419	89.135
	PROFITABILITY	1.925	.738	.833	2.608	.080	-.424	4.273

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = -33.642 + (1.925 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to 1.925. This means that for every additional increase in profitability, dividend payout Increases by 1.925.

4.2.19 JSW STEEL LTD.

Influence of profitability on dividend payout using simple regression method for JSW STEEL LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	16.83	22.13
2008-09	10.40	5.40
2009-10	10.16	20.55
2010-11	14.98	11.88
2011-12	12.01	8.78

TABLE 4.19: SIMPLE REGRESSION ANALYSIS FOR JSW STEEL LTD. OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.416 ^a	.173	-.103	3.07558

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **JSW STEEL LTD.** is 41.6%, that refers there is a weak positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **JSW STEEL LTD.** is -0.103. It indicates that there is no change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.941	1	5.941	.628	.486 ^b
	Residual	28.378	3	9.459		
	Total	34.318	4			

a. Dependent Variable: DPR
b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the Dependent variable, $F(1, 3) = 0.628$, $p > 0.05$ (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **JSW STEEL LTD.**

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	10.587	3.199		3.309	.045	.406	20.768
	PROFITABILITY	.166	.210	.416	.792	.486	-.502	.835

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 10587 + (0.166 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to 0.166. This means that for every additional increase in profitability, dividend payout increases by 0.166.

4.2.20 TATA STEEL LTD.

Influence of profitability on dividend payout using simple regression method for TATA STEEL LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	25.41	17.09
2008-09	24.57	16.87
2009-10	14.97	13.53
2010-11	16.9	14.68
2011-12	18.01	12.73

TABLE 4.20: SIMPLE REGRESSION ANALYSIS FOR TATA STEEL LTD.

OUTPUT :

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.888 ^a	.788	.717	2.50807
a. Predictors: (Constant), PROFITABILITY				

The above table indicates that the value of R for **TATA STEEL LTD** is 88.8%, that refers there is a strong positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R-Square for **TATA STEEL LTD** is .717. It indicates that approx. 71.7% of the change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	70.149	1	70.149	11.152	.044 ^b
	Residual	18.871	3	6.290		
	Total	89.020	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the dependent variable, $F(1, 3) = 11.152$, $p < 0.05$ (i.e., the regression model is fit for the data). It indicates that null hypothesis is rejected. It means that there is significant impact of profitability on the dividend payout of the **TATA STEEL LTD**.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-12.100	9.669		-1.251	.299	-42.872	18.672
	PROFITABILITY	2.141	.641	.888	3.339	.044	.101	4.181
a. Dependent Variable: DPR								

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = -12.100 + (2.141 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to 2.141. This means that for every additional in increase profitability, dividend payout increases by 2.141.

4.2.21 BHUSHAN STEEL

Influence of profitability on dividend payout using simple regression method for BHUSHAN STEEL can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	2.5	26.07
2008-09	2.5	20.71
2009-10	1.28	28.84
2010-11	1.42	17.05
2011-12	1.04	13.84

TABLE 4.21:
SIMPLE REGRESSION ANALYSIS FOR BHUSHAN STEEL

OUTPUT :

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.363 ^a	.132	-.158	.75301

a. Predictors: (Constant), PROFITABILITY

Above table indicates that the value of R for **BHUSHAN STEEL LTD.** is 36.3%, that refers there is a weak positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **BHUSHAN STEEL LTD.** is -0.158. It indicates that there is no change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.258	1	.258	.455	.548 ^b
	Residual	1.701	3	.567		
	Total	1.959	4			

a. Dependent Variable: DPR

b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the Dependent variable, F (1, 3) = 0.455, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **BHUSHAN STEEL LTD.**

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.876	1.337		.655	.559	-3.379	5.130
	PROFITABILITY	.041	.061	.363	.674	.548	-.152	.234

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 0.876 + (0.041 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to 0.041. This means that for every additional increase in profitability, dividend payout increases by 0.041.

4.2.22 ACC LTD

Influence of profitability on dividend payout using simple regression method for ACC LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	31	24.62
2008-09	27	26.71
2009-10	51	17.31
2010-11	71	18.42
2011-12	53	14.37

TABLE 4.22: SIMPLE REGRESSION ANALYSIS FOR ACC LTD.

OUTPUT:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.781 ^a	.610	.480	12.91487

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **ACC LTD** is 78.1%, that refers there is a nearer to strong positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **ACC LTD** is 0.480. It indicates that approx. 48% of the change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	782.818	1	782.818	4.693	.119 ^b
	Residual	500.382	3	166.794		
	Total	1283.200	4			

a. Dependent Variable: DPR
b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the Dependent variable, F (1, 3) = 4.693, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of the **ACC LTD**.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	101.386	25.940		3.908	.030	18.833	183.938
	PROFITABILITY	-2.701	1.247	-.781	-2.166	.119	-6.668	1.267

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 101.386 - (2.701 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to -2.701. This means that for every additional increase in profitability, dividend payout Decreases by .701.

4.2.23 AMBUJA CEMENT LTD

Influence of profitability on dividend payout using simple regression method for AMBUJA CEMENT LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	28	24.72
2008-09	35	18.83
2009-10	37	17.24
2010-11	46	15.29
2011-12	50	14.73

TABLE 4.23:

SIMPLE REGRESSION ANALYSIS FOR AMBUJA CEMENT LTD. OUTPUT :

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.925 ^a	.856	.808	3.86053

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **AMBUJA**

CEMENT LTD is 92.5%, that refers there is a strong positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the Company. Value of adjusted R- Square for **AMBUJA CEMENT LTD** is .808. It indicates that approx. 80.8% of the change in dividend payout is due to the changes in profitability. Remaining 19.2% change in dividend payout is due to the other variables.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	266.089	1	266.089	17.854	.024 ^b
	Residual	44.711	3	14.904		
	Total	310.800	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the dependent variable, $F(1, 3) = 17.854, p < 0.05$ (i.e., the regression model is fit for the data). It indicates that null hypothesis is rejected. It means that there is significant impact of profitability on the dividend payout of **AMBUJA CEMENT LTD**.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	76.157	8.915		8.542	.003	47.785	104.529
	PROFITABILITY	-2.035	.482	-.925	-4.225	.024	-3.568	-.502
a. Dependent Variable: DPR								

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 76.157 - (2.035 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to -2.035. This means that for every additional increase in profitability, dividend payout Decreases by 2.035.

4.2.24 J.K.CEMENT LTD

Influence of profitability on dividend payout using simple regression method for J.K CEMENT LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	15.43	25.17
2008-09	20.17	12.00
2009-10	18.56	16.69
2010-11	21.8	4.58
2011-12	19.71	11.60

TABLE 4.24:

SIMPLE REGRESSION ANALYSIS FOR J.K.CEMENT LTD.

OUTPUT :

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.991 ^a	.983	.977	.36180
a. Predictors: (Constant), PROFITABILITY				

The above table indicates that the value of R for **J.K.CEMENT LTD** is 99.1%, that refers there is a strong positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **J.K.CEMENT LTD** is

.9777. It indicates that approx. 97.7% of the change in dividend payout is due to the changes in profitability. Remaining 2.3% change in dividend payout is due to the other variables.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22.169	1	22.169	169.364	.001 ^b
	Residual	.393	3	.131		
	Total	22.562	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the dependent variable, F (1,3) = 169.364, p < 0.05 (i.e., the regression model is fit for the data). It indicates that null hypothesis is rejected. It means that there is significant impact of profitability on the dividend payout of J.K.CEMENT LTD.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	23.477	.371		63.301	.000	22.297	24.657
	PROFITABILITY	-.310	.024	-.991	-13.014	.001	-.386	-.234
a. Dependent Variable: DPR								

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 23.477 - (0.310 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for

profitability is equal to -0.310. This means that for every additional increase in profitability, dividend payout Decreases by .310.

4.2.25 IDFC

Influence of profitability on dividend payout using simple regression method for IDFC can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	20.24	13.27
2008-09	20.76	12.14
2009-10	18.47	15.15
2010-11	22.96	11.12
2011-12	22.55	12.65

TABLE 4.25: SIMPLE REGRESSION ANALYSIS FOR IDFC OUTPUT :

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.884 ^a	.782	.709	.98258
a. Predictors: (Constant), PR				

The above table indicates that the value of R for IDFC is 88.4%, that refers there is a strong positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for IDFC is .0.709. It indicates that approx. 70.9% of the change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.384	1	10.384	10.755	.046 ^b
	Residual	2.896	3	.965		
	Total	13.280	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PR						

The above table shows that the independent variables statistically significantly predict the Dependent variable, F (1, 3) = 10.755, p <.05 (i.e., the regression model is fit for the data). It indicates that null hypothesis is rejected. It means that there is significant impact of profitability on the dividend payout of the IDFC.

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
		1	(Constant)	34.814			4.236	
	PR	-1.074	.327	-.884	-3.280	.046	-2.116	-.032
a. Dependent Variable: DPR								

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 34.814 - (1.074 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to -1.074. This means that for every additional increase in profitability, dividend payout Decreases by 1.074.

4.2.26 MAHINDRA AND MAHINDRA FINANCIAL LTD

Influence of profitability on dividend payout using simple regression method for MAHINDRA FINANCE LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	24.63	13.48
2008-09	24.84	14.61
2009-10	21.10	19.94
2010-11	22.46	18.60
2011-12	23.48	21.01

TABLE 4.26:

SIMPLE REGRESSION ANALYSIS FOR MAHINDRA FINANCE LTD.

OUTPUT :

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.747 ^a	.558	.411	1.19660
a. Predictors: (Constant), PROFITABILITY				

The above table indicates that the value of R for MAHINDRA FINANCE LTD. is 74.7%, that refers there is a positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for MAHINDRA FINANCE LTD. is 0.411. It indicates that approx. 41.1% of the change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.423	1	5.423	3.787	.147 ^b
	Residual	4.296	3	1.432		
	Total	9.718	4			
a. Dependent Variable: DPR						
b. Predictors: (Constant), PROFITABILITY						

The above table shows that the independent variables statistically significantly predict the dependent variable, $F(1, 3) = 3.787, p > 0.05$ (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of **MAHINDRA FINANCE LTD.**

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	29.460	3.209	9.180	.003	19.247	39.672
	PROFITABILITY	-.351	.181	-.747	-.147	-.926	.223

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 29.460 - (0.351 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to -0.351 this means that for every additional increase in profitability, dividend payout Decreases by 0.351.

4.2.27 J.M.FINANCIAL LTD.

Influence of profitability on dividend payout using simple regression method for J.M FINANCIAL LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	1.10	82.26
2008-09	188.23	0.48
2009-10	39.62	2.86
2010-11	448.01	0.62
2011-12	105.98	2.59

TABLE 4.27:

SIMPLE REGRESSION ANALYSIS FOR J.M.FINANCIAL LTD.

OUTPUT :

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.509 ^a	.259	.013	176.61047

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **J.M.FINANCIAL LTD.** is 50.9%, that refers there is a partial positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **J.M.FINANCIAL LTD.** is .013. It indicates that approx. 1.3% of the change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	32773.429	1	32773.429	1.051	.381 ^b
	Residual	93573.770	3	31191.257		
	Total	126347.199	4			

a. Dependent Variable: DPR

b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the Dependent variable, $F(1, 3) = 1.051, p > 0.05$ (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of **J.M.FINANCIAL LTD.**

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
1	(Constant)	201.165	90.164		2.231	.112	-85.775	488.106
	PROFITABILITY	-2.509	2.448	-.509	-1.025	.381	-10.300	5.281

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 201.165 - (2.509 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to -2.509. This means that for every additional increase in profitability, dividend payout Decreases by .509.

4.2.28 DLF LTD

Influence of profitability on dividend payout using simple regression method for DLF LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	26.49	22.84
2008-09	21.90	12.52
2009-10	44.24	5.98
2010-11	27.24	9.02
2011-12	32.38	7.24

TABLE 4.28: SIMPLE REGRESSION ANALYSIS FOR DLF LTD.

OUTPUT :

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.559 ^a	.313	.084	8.19135

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **DLF LTD.** is 55.9%, that refers there is a partial positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **DLF LTD.** is 0.084. It indicates that approx. 8.4% of the change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	91.683	1	91.683	1.366	.327 ^b
	Residual	201.295	3	67.098		
	Total	292.977	4			

a. Dependent Variable: DPR

b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the dependent variable, F (1, 3) = 1.366, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of **DLF LTD.**

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	38.572	7.854		4.911	.016	13.575	63.568
	PROFITABILITY	-.705	.603	-.559	-1.169	.327	-2.624	1.214

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 38.572 - (0.705 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to -0.705. This means that for every additional increase in profitability, dividend payout Decreases by .705.

4.2.29 NBCC LTD

Influence of profitability on dividend payout using simple regression method for NBCC LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	62	83.44
2008-09	35	34.80
2009-10	26	21.32
2010-11	31	21.45
2011-12	35	24.84

TABLE 4.29: SIMPLE REGRESSION ANALYSIS FOR NBCC LTD.

OUTPUT :

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981 ^a	.962	.949	3.16465

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **NBCC LTD.** is 98.1%, that refers there is a strong positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **NBCC LTD.** is .949. It indicates that approx. 94.9% of the change in dividend payout is due to the changes in profitability. Remaining 5.1% change in dividend payout is due to the other variables.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	756.755	1	756.755	75.562	.003 ^b
	Residual	30.045	3	10.015		
	Total	786.800	4			

a. Dependent Variable: DPR

b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the Dependent variable, $F(1, 3) = 75.562$, $p < 0.05$ (i.e., the regression model is fit for the data). It indicates that null hypothesis is rejected. It means that there is significant impact of profitability on the dividend payout of **NBCC LTD.**

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
1	(Constant)	18.464	2.637		7.003	.006	10.073	26.854
	PROFITABILITY	.520	.060	.981	8.693	.003	.330	.711

a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 18.464 + (0.520 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to 0.520. This means that for every additional increase in profitability, dividend payout increases by 0.520.

4.2.30 JMC PROJECTS LTD

Influence of profitability on dividend payout using simple regression method for JMC PROJECTS LTD. can be extracted from below table.

YEAR	DIVIDEND PAYOUT	PROFITABILITY (RETURN ON NET WORTH)
2007-08	15.81	16.99
2008-09	9.87	17.32
2009-10	10.97	15.53
2010-11	13.05	10.63
2011-12	10.06	12.29

TABLE 4.30: SIMPLE REGRESSION ANALYSIS FOR JMC PROJECTS LTD

OUTPUT :

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.091 ^a	.008	-.322	2.87308

a. Predictors: (Constant), PROFITABILITY

The above table indicates that the value of R for **JMC PROJECTS LTD.** is 9.1%, that refers there is a weak positive linear correlation between explanatory variables such as profitability and the dependent variable i.e. dividend payout of the company. Value of adjusted R- Square for **JMC PROJECTS LTD.** is -0.322. It indicates that there is no change in dividend payout is due to the changes in profitability.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.205	1	.205	.025	.885 ^b
	Residual	24.764	3	8.255		
	Total	24.968	4			

a. Dependent Variable: DPR

b. Predictors: (Constant), PROFITABILITY

The above table shows that the independent variables statistically significantly predict the Dependent variable, F (1, 3) = 0.025, p > 0.05 (i.e., the regression model is unfit for the data). It indicates that null hypothesis is accepted. It means that there is no significant impact of profitability on the dividend payout of **JMC PROJECTS LTD.**

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
1	(Constant)	10.840	7.177		1.510	.228	-11.999	33.679
	PROFITABILITY	.076	.485	.091	.157	.885	-1.468	1.620

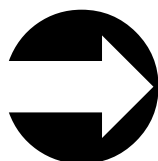
a. Dependent Variable: DPR

From the above table, the general form of the equation to predict dividend payout from profitability can be obtained as under:

$$\text{Predicted dividend payout} = 10.840 + (0.076 * \text{Profitability})$$

Unstandardized coefficients indicate how much the dependent variable varies with an Independent variable when all other independent variables are held constant.

In the above table, the unstandardized coefficient for profitability is equal to 0.076. This means that for every additional increase in profitability, dividend payout increases by 0.076.



4.3 SUMMARY DETAILS:

SR NO	NAME OF COMPANIES	VARIABLE	R-VALUE	ADJUSTED R-VALUE	P-VALUE	NULL HYPOTHESIS ACCEPTED OR REJECTED
1	Dabur India Ltd.	profitability	0.983	0.954	0.003	Rejected
2	Nestle India Ltd.	profitability	0.462	-0.049	0.434	Accepted
3	Britannia Industries Limited	profitability	0.402	-0.118	0.502	Accepted
4	NTPC Limited	profitability	0.343	-0.177	0.572	Accepted
5	Power Grid Corporation of India Limited (POWERGRID)	profitability	0.905	0.758	0.035	Rejected
6	Tata Power	profitability	0.954	0.88	0.012	Rejected
7	Cipla Global Limited	profitability	0.578	0.112	0.308	Accepted
8	Dr. Reddy's Laboratories Ltd	profitability	0.805	0.531	0.1	Accepted
9	Sun Pharmaceutical Industries Limited	profitability	0.623	0.184	0.262	Accepted
10	Infosys	profitability	0.743	0.402	0.15	Accepted
11	Tata Consultancy Services Limited	profitability	0.763	0.444	0.133	Accepted
12	Wipro Limited	profitability	0.633	0.2	0.252	Accepted
13	HDFC Bank Limited	profitability	0.245	-0.253	0.691	Accepted
14	State Bank of India	profitability	0.159	-0.299	0.798	Accepted
15	Axis Bank	profitability	0.429	-0.088	0.471	Accepted
16	Eicher Motors Limited	profitability	0.51	0.013	0.38	Accepted

PROFITABILITY V/S DIVIDEND POLICY

87

17	TVS Motor Company Limited	profitability	0.991	0.977	0.001	Rejected
18	Hero Motocorp Ltd.	profitability	0.833	0.592	0.08	Accepted
19	JSW Steel Ltd	profitability	0.416	-0.103	486	Accepted
20	Tata Steel Limited	profitability	0.888	0.717	0.044	Rejected
21	Bhushan Steel	profitability	0.363	-0.158	0.548	Accepted
22	ACC Limited	profitability	0.781	0.48	0.119	Accepted
23	Ambuja Cements Limited	profitability	0.925	0.808	0.024	Rejected
24	J.K cement Limited	profitability	0.991	0.977	0.001	Rejected
25	Infrastructure Development Finance Company	profitability	0.884	0.709	0.046	Rejected
26	Mahindra & Mahindra Financial Services Limited	profitability	0.747	0.411	0.147	Accepted
27	JM Financial Limited	profitability	0.509	0.013	0.381	Accepted
28	DLF Limited (Delhi Land & Finance)	profitability	0.559	0.084	0.327	Accepted
29	National Buildings Construction Corporation Limited	profitability	0.981	0.949	0.003	Rejected
30	JMC Projects (India) Ltd.	profitability	0.091	-0.322	0.885	Accepted

PROFITABILITY V/S DIVIDEND POLICY

88

REFERENCES

- Benzartzi S Michaely R and ThalerR,'Do changes in dividends signal the future or the past?', Journal of finance July 1997 52 (3),p.1007
- Miller,Merton,and Kevin Rock, "Dividend Policy Under Asymmetric Information", Journal of Finance,Vol.40,September 1985,p.1031-1051
- Moyer McguiganKretlow,Contemporary Financial management, Eight edition, Southwestern college Publishing,2001,p.523





CHAPTER-5
FINDINGS, CONCLUSION
AND SUGGESTIONS



CONTENT

- 5.1** Introduction
- 5.2** Findings of the study
- 5.3** Conclusion
- 5.4** Suggestions

5.1 INTRODUCTION

Dividend policy is very important in the management of company's earnings. So decisions related to dividend policy have a significant effect on credit standing of the firm, its share prices and its future growth. The valuation of any company depends on its earnings. Due to decentralization of ownership and management in company's organizational structure, it is obvious that should decide the dividend policy in which the trusts of shareholders are maintained.

Remarkable observations were found among this variables for different companies in different industries. The study has shown the influence of profitability on dividend payout ratio for different companies. Apart from this, the study also shows how the fluctuations in dividend payout ratio has taken place, year by year due to variation in different independent variables. It was found that dividend payout ratio has noticed significant dip in Automobile, Financial, Realty, Steel sector where as in other sectors such as FMCG, Power Generation, Banking, it remains consistent and in Cement, IT Software, and Pharmaceutical, it has shown increasing trend.

5.2 FINDINGS OF THE STUDY

- The empirical results reveal that Profitability is significantly influenced to dividend payout of Dabur India Ltd., Power Grid Corporation of India Limited (POWERGRID), Tata Power, TVS Motor Company Limited, Tata Steel Limited, Infrastructure Development Finance Company, Ambuja Cements Limited, J.K cement Limited, and NBCC. From the data (Table 7.1, 7.5, 7.6, 7.17, 7.20, 7.23, 7.24, 7.25 and 7.29) it can be observed that dividend and profitability are positively related. It means each year a steady increase in earnings has led to steady increase in dividends and Dividend payout of Nestle India Ltd., Britannia Industries Limited, NTPC Limited,

Cipla Global Limited, Sun Pharmaceutical Industries Limited, Infosys, Tata Consultancy services Limited, Wipro Limited, HDFC Bank Limited, State Bank of India, Axis Bank, Eicher Motors Limited, Hero Motocorp Ltd., JSW Steel Ltd, Bhushan Steel, , Mahindra & Mahindra Financial Services Limited, J.M. Financial, DLF Limited (Delhi Land & Finance) and JMC Projects (India) Ltd. are not significantly influenced by profitability.

- As per theory a high profitable companies pay higher dividend but in this study it is observed that even a higher profitable companies pay lower dividend and a company with low profit pay high dividend. For example, companies like ACC LTD. pay DPY 31% in the year 2007-08 with 24.62% profitability whereas in the year 2011-12 it has paid 53% DPY with profitability of 14.37%. Moreover it is also observed that in case of Axis bank dividend payout ratio has declined in the year 2009-10 and 2010-11 even though the profitability has increased in the year 2010-11 which depicted that rise in profitability is not always associated with rise in dividend payout. Moreover it is also observed that in Heromotocorp Ltd., Profitability remains stable inspite of drastic increase in dividend payout in the year 2010-11.
- Appendixes shows that the companies selected to have continuous dividend payment record during the selected time period for study purpose and general trend observed is that the dividends have either remained constant or increased; instances of decline in dividends have been very rare.
- Fluctuation in dividend payment is high in case of J.M. Financial Ltd. TVS Motors Ltd., Heromotocorp Ltd. Whereas the companies like NTPC Ltd., Powergrid, Tata power, TCS., HDFC Bank, State bank of India, IDFC, Mahindra and Mahindra Financial Ltd. were manage to pay stable dividend.

- As per theory it is said that company's dividend policy is affected by the factors like Liquidity, Leverage, Provision for taxation and Size and Growth. But this study reveals that in some of the companies there were higher fluctuations in dividend payout which are not due to these independent variables. It is found by observing annual reports that company's dividend payout policy is affected by management decisions.

5.3 CONCLUSION

The result of the survey has provided some interesting insight regarding dividend policy and dividend payout behaviour. The companies selected are observed to have continuous dividend payment records and general trend shows that the dividends have either remained constant or increased however instances of decline in dividends have been very rare.

It is observed that though in many instances results do support theoretical expectations about dividend policy, there are number of cases where the results are inconsistent with theoretical aspects. It also reveals that each firms though belonging to the same industry and facing same business environment has its own and unique dividend policy which is due to company-specific needs and factors. As per theory, profitability and dividend payout should have positive relation. The study reveals that dividend payout does not go hand in hand with profitability in many companies. It reflects that in most of the companies, profitability has weak influence on dividend payout and in some of the companies; profitability has strong influence on dividend payout.

Dividend policy has been the subject of considerable research by financial economists but despite extensive research, the dividend controversies still remains unresolved. In a survey of literature on dividend policy, Allen and Michaely⁸ concluded

that "much more empirical and theoretical research on the subject of dividends is required before a consensus can be reached. "Fisher Black⁹ had said, "The harder we look at the dividend picture, the more it seems like a puzzle, with pieces that just don't fit together. "The same situation is observed in this study too; hence a fair, clear and complete picture of the dividend decision is still not made.

5.4 SUGGESTIONS

Dividend policy is set largely at the discretion of the management. One of the major important factor management has to consider is shareholders' interest. By study to know the impact of profitability on dividend policies of selected companies, following suggestions can be made:

- Every year declaration of dividends is necessary. As shareholders' are the owners of the company and risk is directly associated with the ownership. As shareholders bear the risk, so they expect a fair return in form of dividend. So it is suggested to the companies to provided fair dividends to the shareholders for better investment options and goodwill of the company.
- Since reduction in dividend may create a negative impression in the mind of shareholders which will affect the credit position of the company so it is suggested to the companies that dividend raised should not be reduced.
- Management of each company sets its unique dividend policy which depends on a few "determinants" or factors affecting dividend policy because Dividend policy of a company should depend on various internal firms specific factors hence companies should design internal policies in such a way that best interest of both the shareholders and the company are satisfied.
- Contrary to above point, it has been found that majority of

youngsters prefers to invest their income only in those companies which provides capital appreciation. However to them, it is suggested that rather than making investment in only capital appreciating firms, they should also focus on dividend paying firms which in turn would help them to receive consistent gain.

- Specific corrective actions are suggested to those companies whose dividend payout signals drastic fluctuations.
- It was found that there were certain companies like NTPC Limited, Powergrid Ltd, Tata Power, Sun Pharma Industries Ltd, Wipro, HDFC Bank Ltd, Axis Bank, JSW Steel Ltd, Ambuja Cement Ltd etc whose Leverage is having least correlation with dividend payouts. Hence suggestion is made to such companies to reduce their borrowing and thereby they can increase their dividend payouts.

REFERENCES

- M.Y. Khan & P.K. Jain, Financial Management (Text & Problems), Tata Mcgraw Hill Publishing Co. Ltd., Fifth reprint 1995.
- Allen, Franklin and RoniMichaely, "DividendPolicy", Workingpaper, The Wharton school, University of Pennsylvania, 1994
- Black, Fisher "The dividend Puzzle "The journal of portfolio Management Vol.2, No.3, 1976, p.5-8



BIBLIOGRAPHY AND WEBLIOGRAPHY

BIBLIOGRAPHY

- Guidance Note on Terms used in Financial Statements, ICAI
- R.P. Rustagi, Financial Management, Galgotia Publishing Company, 2001.
- Dr. S.N. Maheshwari, Elements of Financial Management, Sultan Chand and Sons, 1999.
- Partington, Garaham H., 1987, " Variables influencing dividend policy in Australia: Survey Results", Journal of Business Finance and Accounting 16, p.165-182
- Megginson, W.L., Corporate Finance Theory, Reading, Addison-Wesley, 1997.
- Moyer McGuiganKretlow, Contemporary Financial Management, Eight edition, Southwestern College Publishing.
- Ravi M Kishore, Dividend Policies and Share Valuation, Taxmann's Financial
- Lintner John. Distribution of incomes of corporations among dividend, retained earnings and taxes, American Economic Review, May 1956.
- M.Y. Khan & P.K. Jain, Financial Management (Text & Problems), Tata Mcgraw Hill Publishing Co. Ltd., Fifth reprint 1993.
- Allen, Franklin and RoniMichaely, "DividendPolicy", Workingpaper, The Wharton school, University of Pennsylvania, 1994
- Black, Fisher "The dividend Puzzle "The journal of portfolio Management Vol.2, No.3, 1976, p.3-8
- Partington, G. H. (1987). Variables influencing dividend policy in Australia: Survey Results. Journal of Business Finance and Accounting 16, p.163-182.

- Megginson, W. (1997). In Corporate Finance Theory, Reading, Addison-Wesley (p.333).
- Partington, G. H. (1987). Variables influencing dividend policy in Australia: Survey Results. Journal of Business Finance and Accounting 16, p.163-182.
- Gaver, J. a. (1993). Additional Evidence on the Association between Investment Opportunity Set and Corporate Financing, Dividend and Compensation policies. Journal of Accounting and Economics, p.183-209
- T.N.Pandey, Budget 1997: New Tax Concept Relating to Dividend Income, Chartered Secretary, April 1997, p.363-366
- C. R. Kothari, Research Methodology, methods and techniques, new age international publishers.
- Damodar Gujarati, Econometrics by Example, Second Edition, Palgrave Macmillan.
- John Consler, Greg M. Lepak, Susan F. Havranek, (2011) "Earnings per share versus cash flow per share as predictor of dividends per share", Managerial Finance, Vol. 37 Iss: 5, pp.482–488
- Joshua Abor, Godfred A. Bokpin, (2010) "Investment opportunities, corporate finance, and dividend payout policy: Evidence from emerging markets", Studies in Economics and Finance, Vol. 27 Iss: 3, pp.180–194
- Prof. Ranpreet Kaur, D. s. (2014). The study of dividend policy: A review of irrelevance theory. International Journal of Innovative Research in Science and Management, p1to12.



WEBLIOGRAPHY

- www.daburindia.com
- www.nestleindia.com
- www.britanniindustries.com
- www.ntpc.com
- www.powergridltd.com
- www.ciplaglobaltd.com
- www.Dr.reddy ltd.com
- www.sunpharmaltd.com
- www.infosys.com
- www.tcs.com
- www.wiprotd.com
- www.hdfcbankltd.com
- www.sbi.com
- www.axisbank.com
- www.eichermotorsltd.com
- www.tvsltd.com
- www.heromotocorppltd.com
- www.jswsteelltd.com
- www.tatasteelltd.com
- www.bhushan.com
- www.accltd.com
- www.ambujacementltd.com
- www.jkcementltd.com
- www.idfc.com
- www.mahindraandmahindrafinanceltd.com
- www.jmfinancialltd.com
- www.dfltd.com
- www.nbccltd.com
- www.jmcprojectsltd.com
- www.kalpanknowledgebank.com
- www.kfknowledgebank.kaplan.co.uk

- <http://www.ccf.org.cn/cicf2012/papers/20120104143625.pdf>
- <http://ssrn.com/abstract=1216171>
- <http://kfknowledgebank.kaplan.co.uk/KFKB/Wiki%20Pages/International%20dividend%20policy.aspx>

(Footnotes)

1. Guidance Note on Terms used in Financial Statements, ICAI
2. R.P. Rustagi, Financial Management, Galgotia Publishing Company, 2001, p. 806
3. Dr. S.N. Maheshwari, Elements of Financial Management, Sultan Chand and Sons, 1999, p. C 71
4. Moyer McGuiganKretlow, Contemporary Financial Management, Eight edition, Southwestern College Publishing, p.520
5. Benzartzi S Michaely R and ThalerR,'Do changes in dividends signal the future or the past?', Journal of finance July 1997 52 (3),p.1007
6. Miller,Merton,and Kevin Rock, "Dividend Policy Under Asymmetric Information", Journal of Finance,Vol.40, September 1985,p.1031-1051
7. Moyer Mc guiganKretlow,Contemporary Financial management, Eight edition, Southwestern college Publishing,2001,p.523
8. Allen, Franklin and RoniMichaely,"Dividend Policy", Working paper, The Wharton school, University of Pennsylvania,1994
9. Black,Fisher"The dividend Puzzle "The journal of portfolio Management Vol.2,No.3,1976,p.5-8

