



DIVIDEND POLICY OF PAYING AND NON-PAYING CEMENT COMPANIES IN INDIA



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ABSTRACT

In this paper, we investigated the prominent variables influencing the dividend policy of selected companies in Cement Industry. The models mainly relied upon are the basic Lintner's Model, Brittain's Cash Flow Model, Brittain's Explicit Depreciation Model, and Darlings Model. We used a sample of 38 cement companies chosen from 85 listed companies in Bombay Stock Exchange (BSE) on the basis of investment in fixed assets. The selected companies are classified as "small" and "large" size based on the paid up equity capital. The objective of this paper is to establish relationship among the said models with reference to dividend paying and non-paying companies. The results show that variables viz., size of the company, Cash Flow, Previous Year Dividend, Depreciation, Interest payment, and Change in sales in a year over the preceding two years affect the dividend policy of the companies. The flow of Net Debt has large influence for non-paying companies, while PAT, Depreciation, Investment, Demand and Liquidity position have greater influence on dividend paying companies.