



A Study on Dividend Payout Trends of Select Nifty Automobile Sector in NSE

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In finance, the most important factor among all will be dividend decisions. The primary objective of this research is to examine trend analysis of dividend payouts in the Nifty automobile sector in the NSE. From the listed 15 companies in the selected Nifty automobile sector in NSE, only 12 companies are giving continuous dividends to the shareholders in the financial years 2013-14 to 2022-23. The secondary data for this study is collected from companies' annual reports and money control websites. A descriptive statistical method is in use in this study. Company following an upward trend in dividend payout include Mahindra & Mahindra Ltd., TVS Motors Ltd., Balkrishna Industries Ltd., Eicher Motors Ltd., Bajaj Auto Ltd., Bosch Ltd., Hero Motors Ltd., Maruti Suzuki Ltd. Further to the other available research on the dividend policy and financial management in the Nifty automobile industry, this analysis offers better insight on the dividend distribution landscape and its impact on the way investment decisions are made within the Nifty automobile industry.

Keywords: *Dividend Payout Trends, Investment Decision Insights, Nifty Automobile Sector Analysis, National Stock Exchange.*



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1. INTRODUCTION

In ever changing financial markets the view and decision on investment, and indeed on dividends, are important factors in investor views and actions. With the automobile industry in particular, dividends are an important indicator of a company's long term viability, its management style and its financial health. We also discuss the causes driving these trends and what implications

they have for investors, stakeholders, and the industry. Application of automobile sector dividend payout trends study offered by National Stock Exchange (NSE) offers important insights into financial performance and investor's return of those companies that are operating in this fast moving sector. Dividends is a kind of profits which the company gives to their shareholders, and therefore are essential for drawing investors and

rewarding them. By studying how dividend payout has been over the years, they can learn more about stability and financial health of the automobile sector listed on the NSE.

A well-diversified company paying dividends is the sign of its stability, profitability and commitment to offer value to its owners. A record of growing dividends historically is usually viewed as a positive indicator of long term profitability, faith in the future and the determination to build shareholder wealth. Yet, a drop in dividend payments, or oddities, may make investors anxious the company wasn't solvent enough to maintain dividend payouts to shareholders. An important tool of interest is the National Stock Exchange (NSE) for measuring these changes and identifying how stable and cost-efficient policymakers are listed there. Dividend payout trends do not only help stakeholders get a thorough look at the financial dynamics that the industry is in, but also, the positioning in the market as well as the projected future growth of the industry. The focus of this introduction is on laying the ground work for the study of complex trends in dividend payouts and performance of the automobile sector in the NSE.

2. LITERATURE REVIEW

V Kale, et.al (2023) Rural Electrification Corporation Ltd., National Thermal Power Corporation Ltd., National Hydroelectric Power Corporation, Power Finance Corporation, and Power Grid Corporation of India Ltd. Examining the effect of share price through annual general meetings (AGMs) is the study's output. The research assists in identifying a pattern of dividend distribution to shareholders with the aid of the company's dividend distribution policy. Finally, an analysis of the effects of COVID-19 on the chosen power sector enterprises has been conducted.

Marisetty, N., and Babu, M. S. (2021) this research work covered cash dividend paying S&P BSE 500 firms for the period from 2008 to 2017. A total of 1,755 dividend announcements were analysed and divided into three groups: big, mid and small, according to total stock market capitalization. This categorization enabled one to compare the effects that market trends had on the stocks. A market model was used to identify the abnormal returns of the stocks on the day of the

respective dividend announcement was made using event study approach.

SKS Yadav, et.al (2021) their studies, the following were some of their payout ratio explanatory variables; earning per share, book value per share, market price per share, and promoter ownership. They use linear regression analysis and find out that the payout ratio is positively related to Earnings per Share and Promoter Ownership but it is negative related to Book Value per Share and Market Price per Share.

Hussain, S. S., and Iqbal, S. M. (2019) the research study reveals that Infosys has followed high dividend paying policy by distributing stable and good pattern of dividend against other operating businesses of the industry. On the other hand, Tech Mahindra has used low yet consistent dividend policy and has highest variability of dividends among all the companies.

R Mangla, M Goel (2017) their study aims to investigate the dividend payment trends of Indian public sector banks in the National Stock Exchange divided the public sector banks into three groups: large cap banks, mid cap banks, and small cap banks. The study period included ten years, from 2007 to 2016. Due to a rise in non-performing loans, as many as 16 PSBs, including PNB, BOB, and Canara bank, did not distribute dividends in the financial year 2015-16.

Sharma, D., and Wadhwa, R. (2017) their research undertaken investigated a study of the dividend distribution of a sample of the Indian corporate firms for the period 2002 to 2014 that include percentage age of companies declaring dividend has enhanced by 28% in twelve years. Similarly, while the non-payer group exposed a large list of companies in its cluster, there was a 51 percent decrease in the size of the non-players group from the total clusters suggesting an orientation towards the paying group. Likewise, a t-test comparison between the two groups showed that paying dividend does affect profitability and other related factors among firms.

NB Labhane, and RC Das (2015) their trend analysis indicates that their average dividend has climbed significantly, while the number of dividend-paying companies has decreased over the past 20 years, indicating that these companies have been paying out larger dividends in recent years. The dividend payout ratio is positively impacted by the government's dividend distribution tax rate.

Padre, S. R., and Bankar, B. R. (2012)

their study examines the trends in dividend payment pattern of selected Indian Pharmaceutical companies over the period of 1997-2006. By using mean to know the average pay-out of the different Pharmaceutical Companies. The Abbot Ltd was the top payer in terms of dividend pay-out and Fulford (I) Ltd had the lowest dividend pay-out. Consequently, growth-oriented firms may opt for a minimal dividend policy, as their investment and dividend strategies are interconnected.

Singhania, M. (2005) the analysis is limited to 590 companies operating in India and included from the Bombay Stock Exchange in conjunction with data obtained from the CMIE Prowess database. The basic measure adopted in this study toward the evaluation of the dividend payment patterns is the Dividend Pay-out Ratio which has been standardized with the consideration of both the bonus and right issues. In the course of the study period, the number of sample companies declaring dividends has reduced from 448 in 1992 to 376 in 2004. Still, the average Dividend Pay-out Ratio was illustrated with the contrast to show the upward trend and unsound volley between 1992 and 2004 and were around 25% to 68%.

Dittmar, A. K., and Dittmar, R. F. (2002)

this paper examined the pattern of stock repurchases with evidence of repurchases occurring in waves while using pay-out policy trends to explain the relation to earnings and economic factors. They find that repurchases increase with both the permanent and temporary earnings levels. However, the change in the amount of dividends paid or recommended here is not brought about by the fluctuations of the temporary earnings but by changes arising from permanent changes in the economy.

S Reddy Yarram (2002) analyzed the dividend patterns for a sizable sample of stocks traded on the NSE and BSE. The percentage of companies paying dividends has decreased from 60.5 percent in 1990 to 32.1 percent in 2001. Besides, paying dividends is associated with higher profits, higher company size, and growth is no impediment to dividend increases for Indian corporations.

3. STATEMENT OF THE PROBLEM

Although dividend policies and practices have been widely examined in other more general contexts, such as finance and corporate governance, not much has been studied about how these variables come to play in the automobile industry in Indian market. While several other researchers have also related their research to dividend payout patterns in different sectors and various time periods, the amount of literature on the specific workings of the Nifty automobile sector on the National Stock Exchange (NSE) is still significant. Therefore, the causes and effects of the trend of dividend distribution among the chosen policymakers listed on the NSE are important to be empirically studied. We study from 2013-2014 to 2022-2023 over 10 financial years. By doing so, academics will be able to assist investors, decision makers and business professionals to grasp the Nifty automobile sector NSE trends in dividend payouts and how they impact the stability and financial triumph of the NSE Nifty automobile sector.

4. OBJECTIVE OF THE STUDY

To analyze the trends of dividend payout by the Nifty automobile sector in the NSE India over a period of latest ten financial years from 2013-14 to 2022-23.

5. RESEARCH METHODOLOGY

Within this framework, the research focuses especially on the National Stock Exchange's trends in dividend payout for the selected Nifty automobile industry. The National Stock Exchange will employ a descriptive statistical approach to extensively examine patterns in dividend payout within the chosen automobile sector. In the financial years 2013-14 and 2022-23, the selected Nifty automobile sector companies 12 out of 15 companies are paying continuous dividend to the shareholders. The historical dividend payout trends of select Nifty auto businesses listed on the NSE have been quantitatively examined during a ten-year financial period (i.e., from 2013-14 to 2022-23). This study collected the secondary data from the selected Nifty automobile companies' annual

reports, financial databases, and money control website during the quantitative phase.

Table-1: Selected Sample Companies of Nifty Automobile Sector in the NSE

Sl. No	Name of the Company	NSE Symbol
1	Ashok Leyland Ltd	ASHOKLEY
2	Samvardhana Motherson International Ltd	MOTHERSON
3	Eicher Motors Ltd	EICHERMOT
4	Mahindra & Mahindra Ltd	M&M
5	Bajaj Auto Ltd	BAJAJ-AUTO
6	TVS Motor Company Ltd	TVSMOTOR
7	Bharat Forge Ltd	BHARATFORG
8	Balkrishna Industries Ltd	BALKRISIND
9	Bosch Ltd	BOSCHLTD
10	Hero Motocorp Ltd	HEROMOTOCO
11	MRF Ltd	MRF
12	Maruti Suzuki India Ltd	MARUTI

6. DATA ANALYSIS

Based on the dividend value, the sample of 12 Nifty Automobile sector companies are classified into two groups. The two groups are listed below.

- The select Nifty automobile sector companies are paying low-dividend per share.
- The select Nifty automobile sector companies are paying high-dividend per share.

Table-2: Dividends of Select Nifty Automobile Companies in the NSE (Rs per share)

Company Name	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average
Ashok Leyland Ltd	0	0.45	0.95	1.56	2.43	3.1	0.5	0.6	1	2.6	1.32
Samvardhana Motherson Ltd	2.5	3	2.5	2	2.25	1.5	1.5	1.5	0.65	0.65	1.8
Mahindra & Mahindra Ltd	14	12	12	13	7.5	8.5	2.35	8.25	11.5	16.25	10.53
TVS Motors Ltd	0.75	1.9	3.75	3.25	3.4	1.4	3.5	3.5	3.75	5	3.02
Bharat Forge Ltd	4.5	7.5	7.5	9.5	5	4	2	3.5	7	5.5	5.6
Balkrishna Industries Ltd	2	2.4	9	9.5	7	8	23	18	28	16	12.29
Average	3.958	4.541	5.95	6.468	4.596	4.416	5.475	5.891	8.65	7.666	

Source: <https://www.nseindia.com/companies-listing/corporate-filings-annual-reports>

Interpretation: It can be analyzed from the table 2 that, Balkrishna Industries Ltd has highest dividend 28 rupees per share in the year 2022, it has lowest dividend 2 rupees per share in the year 2014. Mahindra & Mahindra Ltd has highest dividend 16.25 rupees per share in the year 2023, it has lowest dividend 2.35 rupees per share in the year 2020. Bharat Forge Ltd has highest dividend 9.5 rupees per share in the year 2017, it has lowest dividend 2 rupees per share in the year 2020. Ashok Leyland Ltd has highest

dividend 3.1 rupees per share in the year 2019, it has no dividend in the year 2014. Samvardhana Motherson Ltd has highest dividend 3 rupees per share in the year 2015, it has lowest dividend 0.65 rupees per share in the years 2022 and 2023. In the Balkrishna Industries Ltd has in the past ten years the highest average dividend value 12.29 rupees per share.

Table-3: Dividends of Select Nifty Automobile Companies in the NSE (Rs. per share)

Company Name	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average
Eicher Motors Ltd	30	50	100	100	110	125	125	17	21	37	71.5
Bajaj Auto Ltd	50	50	55	55	60	60	120	140	140	140	87
Bosch Ltd	55	85	85	165	100	105	105	115	210	480	150.5
Hero Motors Ltd	95	30	72	85	95	87	90	105	95	100	85.4
MRF Ltd	50	6	97	60	60	60	100	150	150	175	90.8
Maruti Suzuki Ltd	12	25	35	75	80	80	60	45	60	90	56.2
Average	48.66	41	74	90	84.16	86.16	100	95.33	112.66	170.33	

Source: <https://www.nseindia.com/companies-listing/corporate-filings-annual-reports>

Interpretation: It was observed from the above table 3 the analysis of dividends of NSE Nifty Automobile Companies during the period from 2013-14 to 2022-23. Eicher Motors Ltd has highest dividend 125 rupees per share in the years 2019 and 2020, it has lowest dividend 17 rupees per share in the year 2021. Bajaj Auto Ltd has highest dividend 140 rupees per share in the years 2021, 2022 and 2023 it has lowest dividend 50 rupees per share in the years 2014, 2015. Bosch Ltd has highest dividend 480 rupees per share in the year 2023 it has lowest dividend 55 rupees per share in the year 2014. Hero Motors Ltd has highest dividend 105 rupees per share in the year 2021 and it has lowest dividend 30 rupees per

share in the year 2015. MRF Ltd has highest dividend 175 rupees per share in the year 2023, it has lowest dividend 6 rupees per share in the year 2015. Maruti Suzuki Ltd has highest dividend 90 rupees per share in the year 2023 and it has lowest dividend 12 rupees per share in the year 2014. In the past ten years the average dividend value is high 150.5 rupees per share in Bosch Ltd.

7. FINDINGS

The following are the major findings of the research.

- In the selected Nifty automobile sector total listed 15 companies out these only 12 companies are provide continuously dividend

to the shareholders during the financial years 2013-14 to 2022-23.

- The selected Nifty automobile sector by comparing all 12 companies, Bosch Ltd was recorded highest dividend value 480 rupees per share in the financial year 2022-23.
- The automobile companies such as Eicher Motors Ltd, Bajaj Auto Ltd, Bosch Ltd, Hero Motors Ltd, and Maruti Suzuki Ltd companies same trend were followed in the selected Nifty automobile sector during the financial years 2012-13 to 2022-23.
- The companies like Mahindra & Mahindra Ltd, TVS Motors Ltd, Balkrishna Industries Ltd, Eicher Motors Ltd, Bajaj Auto Ltd, Bosch Ltd, Hero Motors Ltd, and Maruti Suzuki showed an increasing trend in dividend pay-out in the selected Nifty automobile sector from the financial years 2013-14 to 2022-23.

8. SUGGESTIONS

- The researcher suggested to the investors that they should invest in companies with an upward trend in dividend payouts to get more returns on their investment.
- The trends suggest that while dividend pay-outs are expected to remain a key aspect of shareholder returns, companies will likely continue balance to between reinvesting in growth opportunities and returning capital to shareholders.

9. CONCLUSION

From the above research analysis, the study can conclude that the trends on dividend payout pattern in selected automobile sector in NSE, in the latest ten financial years 2013-14 to 2022-23, the selected Nifty automobile sector companies Mahindra & Mahindra Ltd, TVS Motors Ltd, Balkrishna Industries Ltd, Eicher Motors Ltd, Bajaj Auto Ltd, Bosch Ltd, Hero Motors Ltd, and Maruti Suzuki Ltd are showing an upward trend in dividend payouts. Hence, the researcher suggested to the investors that they should invest in the above to get more returns on their investment. This study underscores the analyzing the dividend pay-out trends of the automobile sector in NSE. As the Nifty automobile sector continues to evolve, both investors and companies must stay attuned to these trends to make informed decisions and strategies.

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