SECTION - I

INTRODUCTION
INTRODUCTION TO DIVIDEND- A MILIEU & POLICY

“A journey of a thousand miles must begin with a single step”.

-LAO-TZU, Tao Te Ching

In the present competitive scenario, the success mantra for every corporate house depends on a sound mix of Financing, Investment and Dividend decisions that are considered to be the basic components of financial management policy. Where, financing decision involves appropriate selection and combination of capital from various sources, the investment decision is concerned with the efficient deployment of same while, dividend decision involves the determination of firm’s earnings that should be distributed to the shareholders. All the three decisions are interrelated in a way that one decision has an influence on the others. But of all these, dividend decision is of paramount connotation to the company as well as the shareholders. This is because the larger the dividend paid by the company, the fewer will be the availability of funds at its disposal for reinvestment and the more the company will have to rely on other sources of finance for its projects.

1.1 INTRODUCTION TO DIVIDEND DECISION- A MILIEU

Dividend declaration is one of the key focus areas and facet of the firm’s financial policy. The core of dividend policy includes the decision like whether to distribute profits to the shareholders in the form of dividend or to preserve it in the form of retained earnings
which, in turn, is affected by a number of factors like firm’s earnings, expansion plans, etc. Dividend policy adopted by a firm has inference in the practical life for all whether a manager or the organization’s stakeholders. Similar is the case with investors who consider dividends not only as a source of income but also as an important determinant for purpose of firm’s valuation.

Dividend policy, one of the three corporate financial decisions, has been an issue of concern among theoreticians and practitioners. Lintner (1956) brought forward a model of dividend adjustment. As per the model, a firm that is currently paying dividends at the rate of $DPS_t$, and that has a target payout ratio, will adjust its dividend rate, but less than fully, as its earnings per share (EPS) changes. Miller and Modigliani (MM) (1961) argued that dividend policy has no effect on either the price of a firm’s stock or its cost of capital, and in a perfect world, the dividend policy is irrelevant to shareholders’ wealth. This proposition has laid a solid theoretical foundation for the dividend policy. On the other hand, some researchers suppose that capital markets are not functioning properly, so dividends matter a lot. In a study conducted in Malaysia, the results evidenced that firms increase payment of dividends when their earnings increase; and they are reluctant to skip dividends when earnings fall. Also, they do tend to omit dividends when they suffer losses (Pandey, 2003). Besides that the companies also feel that the investors do expect the companies to declare dividends. But till date, no one set pattern is there by which the dividend behavior of the companies can be studied.
Various economists have offered explanations in different ways about dividend payment, such as effect of taxes, dividend signaling, agency costs issues and transaction costs in order to contribute to the widely explored yet broadly unanswered dividend arena. Over decades, economists could not come to an agreement. Thus, Black (1976) gave it a name “dividend puzzle” and two decades ago, he wrote:

"The harder we look at the dividend picture, the more it seems like a puzzle, with pieces that just don't fit together."

Even today, the declaration of dividends has often been considered as a herculean task by the firms. Brealey et al. (1992) listed dividends as one of the ten important unsolved problems in finance. Further, Allen et al. (2000) in their work supported the above proclamation that:

“Although a number of theories have been put forward in the literature to explain their pervasive presence, dividends remain one of the horniest puzzles in corporate finance”.

In recent times, however, Frankfurter et al. (2002) concluded in the same stratum that:

“The dividend “puzzle,” both as a share value-enhancing feature and as a matter of policy, is one of the most challenging topics of modern finance/financial economics. Forty years of research … has not been able to resolve it”. (p.212)
Research into dividend policy has shown not only that a general theory of dividend policy remains hard to pin down, but also that corporate dividend practice varies over time, between firms and across countries. At the time of declaration of dividends, two factors are given due consideration, one is the motives behind it and second is the market reaction after its declaration. Researchers have followed two major paths in an attempt to explain why firms pay dividends. The most well traveled first path is to develop and test various theories to explain the dividend puzzle. Some of the earliest researches focused on the Miller and Modigliani (1961)\textsuperscript{8} argument for dividend irrelevance that one dividend policy is as good as another. Common explanations of dividend relevance involve asymmetric information signaling, taxation, and agency costs. Baker and Wurgler (2004)\textsuperscript{9} proposed a new explanation called the “catering theory of dividends” and put forth that investor preferences for dividends may change over time. Each theory has some empirical support but no single theory has emerged as the dominant explanation.

The second path is to survey managers about their views toward possible reasons underlying dividend decisions (Baker and Powell, 1999\textsuperscript{10}; Baker, Veit and Powell, 2001\textsuperscript{11} and Kania and Bacon, 2005\textsuperscript{12}). Researchers could not evaluate the fundamental elements of dividend and its related aspects by merely relying on market data, but must use other interactive tools such as interviews and surveys. Bruner (2002)\textsuperscript{13} said, “The task must be to look for patterns of confirmation across approaches and studies much like one sees an image in a mosaic of stones.” To resolve the dividend puzzle, Chiang et al. (2006)\textsuperscript{14} concluded that the prime thrust of academic research must turn toward studying motivation and the perceptions on which motivation is based.
As far as the practical life is concerned, the declaration of dividend is one of the crucial aspects. From the viewpoint of managers, dividend declaration can affect the future investment plans as declaration of dividend means less availability of funds. In case of lenders, the dividend declaration would result in less availability of funds, which in turn would influence the amount available for redemption of the funds advanced by them. And in case of shareholders, the dividend declaration may be considered to be vital, as it would amount to an additional source of income.

Being an important aspect of company’s decision, the arena of dividend has attracted the researchers all over the world to uncover its underlying hidden secrets. A lot of research had been undertaken in this field, neither the research work nor the theory could give universally acceptable evidence for dividend. As Frankfurter and Wood (1997, p. 31) concluded that dividend policy:

“... cannot be modeled mathematically and uniformly for all firms at all times.”

1.2 DIVIDEND POLICY

Dividend policy of a firm refers to the policy encompassing decisions regarding declaration of dividend and its related governing aspects. It involves the decision to pay out earnings or to retain them for re-investment in the firm. The dividend payment results in reduction of cash and hence, depletion of total assets. In order to maintain asset level as well as to provide finance for investment opportunities, the firm must obtain funds
from issue of additional equity or debt. If the firm is unable to do so, its growth would be affected (Khan and Jain, 1992).16

Dividend policy of a firm affects both the shareholders’ wealth and firm’s long-term growth. This is so because the dividend decision will influence the company’s financial policies and an optimum dividend policy should strike a balance between dividend and future growth, which ultimately, maximizes the price of firm’s shares. (Brigham, 1971).17

Till date no optimum dividend policy has been designed that can be implemented in all circumstances.

1.2.1 Meaning of Dividend

Dividends are the proportion of profits that are paid out to the shareholders. Dividends can take four forms: cash, property, scrip (promissory note to pay cash), or stock dividends (Kell, Kieso and Weygandt, 1995).18

Brealey and Myers (1984) quoted that the dividend in the coming year would equal a constant proportion of earnings per share. This is not the case in practical life as managers believe that shareholders prefer a steady progression in dividends (Lintner, 1956).20 This means that even if the company has to give out a large dividend, they would only move part way towards their target payment. The more conservative the company, the more slowly it would move towards its target and therefore the adjustment rate would be lower. This indicates that the dividends depend both on the dividend paid out the year
before (lagged dividend) as well as the current earnings. Therefore, dividends can be described as a weighted average of past earnings (Brealey and Myers, 1984).^21

1.2.2 Types of Dividend

a. Regular Cash Dividend: It refers to regular dividend paid annually, proposed by the board of directors and approved by the shareholders in general meeting that is usually paid after the finalization of accounts and is generally paid in cash as a percentage of paid up capital at the end of the year. Since dividends represent cash outflow, firms with higher and more stable cash flows use cash dividend increases to signal the permanency of future cash flows, and share repurchases, which involve no such commitment, to distribute transitory cash flows and preserve financial flexibility (Jagannathan, Clifford and Weisbach, 2000)^22.

b. Interim Dividend: If Articles so permit, the directors may decide to pay dividend at any time between the two Annual General Meetings before finalizing the accounts. It is generally declared and paid when company has earned huge profits during the year and directors wish to share the profits with the shareholders. No Interim Dividend can be declared or paid unless depreciation for the full year has been provided for. It is, thus, an extra dividend paid during the year.

c. Stock-Dividend: Companies, not having good cash position, generally pay dividend in the form of shares by capitalizing the profits of current year and of past years. Such shares are issued instead of paying dividend in cash and are called 'Bonus Shares'. Stock
dividend is paid: if the company does not find sufficient amount to pay cash dividend to its shareholders or the company has larger resources of cash for productive uses. Through this method, there is no increase in wealth and the shareholders also do not receive any distribution in the form of cash. The advantages of this type of dividend is that it gives the firm an effective technique of raising capital, helps in raising the future dividends of the existing shareholders and has a psychological effect in the minds of the shareholders that the firm is competitive and profitable.

d. **Scrip Dividend:** Scrip dividends are used when earnings justify a dividend, but the cash position of the company is temporarily weak. So, shareholders are issued shares and debentures of other companies. Such dividend was allowed before passing of the Companies (Amendment) Act 1960, but thereafter this unhealthy practice was stopped.

e. **Bond Dividends:** Sometimes, dividends are paid in the form of debentures or bonds for a long-term period. The effect of such dividend is the same as that of paying dividend in form of scrip. The shareholders become the secured creditors as the bonds have a lien on the assets of the firm.

f. **Property Dividend:** Some companies also resort to the policy of making payment of dividends in the form of an asset instead of cash. The distribution of dividend is made whenever the asset is no longer required in the business such as investment or stock of finished goods. In India, distribution of dividend is permissible only in the form of cash or bonus shares and dividend in any other form is not allowed.


1.2.3 Dividend Payment Dates

The payment of dividend by a company consists of four dates: declaration date, ex-dividend date, record date and date payable (Pinches, 1996)\(^{23}\).

\textbf{a. Declaration Date:} It is the date when the board of directors meets and issues a statement declaring the cash dividend (Pinches, 1996)\(^{24}\). Basically, this date is the day when the board of directors formally declares the cash dividends and announces it to its stockholders. The declaration of a cash dividend commits the corporation to a binding legal obligation that cannot be rescinded (Kell, Kieso and Weygandt, 1995)\(^{25}\).

\textbf{b. Ex-Dividend Date:} It is the second business day preceding the record date as fixed by the firm. This date is established so that the firms are able to get the precise finalization of the total number of all stockholders by the record date. All shares owned before the ex-dividend date will receive the cash dividend. Owners of stocks purchased on or after this date will not be entitled to the next cash dividend because they will not be listed as owners of the stocks on the record date (Pinches, 1996)\(^{26}\).

\textbf{c. Record Date:} Pinches (1996)\(^{27}\) defined record date as the date when the stockholders’ books are closed to determine who the current stockholders of outstanding shares are for dividend purposes. The stockholders listed as owners of the company’s stock on the record date have the right to dividend. The time interval between the declaration date and the record date enables the corporation to update its stock ownership records. Between these two dates the number of shares outstanding should remain the same. Thus, the
purpose of the record date is to identify the persons or entities that will receive the dividend, not to determine the amount of the dividend liability (Kell, Kieso and Weygandt, 1995)\textsuperscript{28}.

\textit{d. Payment Date:} It is the date when the company gives the dividend payment to the stockowners and the payment of dividend is recorded in the account books.

1.2.4 Types of Dividend Policies

The theoretical aspects on dividend have advanced some well-accepted main theories purporting to explain the methodology of dividend policy:

\textbf{a. Pure Residual Dividend Policy:} It states that when the company’s return on equity is greater than the rate of return the investor could obtain by reinvesting those dividends in another investment, the investor would allow the corporation to act on its behalf. The firm can determine the alternative that better suits to provide benefit to the investor by first identifying the firm’s optimal capital budget and the capital required, and then maintaining the amount of earnings required to finance the same. Therefore, dividends are a function of earnings fluctuations, and this method allows for significant fluctuations in dividends with changes in earnings and corporate investment opportunities (Kania and Bacon, 2005)\textsuperscript{29}.

\textbf{b. Smooth Residual Dividend Policy:} It suggests that dividend fluctuations are kept to a minimum. According to Shapiro (1990, pp.532-533)\textsuperscript{30}, “Dividends are set equal to the
long-run residual between forecasted earnings and investment requirements. Dividend changes, in turn, are made only when this long run residual is expected to change; earnings fluctuations believed to be temporary are ignored in setting dividend payments. The clear preference is for a stable, but increasing, dividend per share”. With this payment method, the dividend payout ratio fluctuates significantly and dividends have the potential to exceed the residual if earnings are unexpectedly low.

c. **Constant Payout Residual Dividend Policy**: It suggests maintaining a constant dividend payout ratio, which causes dividends to fluctuate with earnings. In this case, the percentage of earnings paid out every year is fixed (Khan and Jain, 1992). This policy is beneficial as dividends are linked with the earnings of the company hence, saving the company from botheration of funds arrangement in case of losses or fall in earnings.

d. **Small Quarterly Dividend with Annual Bonus Dividend Policy**: It suggests a small periodic dividend and a yearly “bonus” dividend offered to investors if earnings exceed expectations. Companies that experience ample earnings and investment fluctuations often use this policy. This option benefits both the management, as they have cash flexibility, as well as the investor as they are guaranteed a small yearly dividend (Kania and Bacon, 2005).

e. **Regular Dividend Policy**: This policy involves payment of dividend at the usual rate. The investors such as retired persons, widows and other economically weaker persons prefer to get regular dividend that offers the advantages like profitable record of the
company, creates confidence amongst the shareholders, aids in long-term financing and renders financing easier and stabilizes the market value of shares.

*f. Irregular Dividend Policy:* Some companies follow irregular dividend payments on account of the reasons like uncertainty of earnings, unsuccessful business operations, lack of liquid resources and fear of effects of regular dividends on the financial standing of the company.

*g. No Dividend Policy:* A company may follow a policy of paying no dividends because of its unfavourable financial position or on account of requirements of funds for future expansion and growth.

1.2.5 Dividend Theories
Dividend theories have been proposed by numerous researchers from time to time. On the basis of various explanations, the dividend theories can be grouped into following distinct classes:

*a. The Bird-In-The-Hand Theory:* Graham and Dodd (1934)^33^ put forth that the only reason for which the company exists is to pay dividends to its shareholders. Gordon and Shapiro (1956)^34^; Gordon (1961)^35^; Gordon (1962)^36^; Gordon (1963)^37^; Solomon (1963)^38^ and Walter (1963)^39^ argued that outside shareholders prefer a high dividend policy and present income in the form of dividend to a highly uncertain capital gain by retaining earnings from a questionable future investment. As quoted by Laing (2002)^40^:
“Embrace stocks that pay healthy dividends. A bird in the hand is better than two in the bush (...). Healthy dividend payments also indicate that companies are generating real earnings rather than cooking the books.”

**b. Tax Effects Theory:** Miller and Scholes (1978)\(^{41}\); Litzenberger and Ramaswamy (1980)\(^{42}\); Lakonishok and Vermaelen (1983)\(^{43}\) and Masulis and Trueman (1988)\(^{44}\) proposed that this theory is applicable both for corporations and for individuals.

**c. Clientele Effects Theory:** This theory is closely related to the tax effect, yet different (Elton and Gruber, 1970\(^{45}\); Pettit, 1977\(^{46}\) and Booth and Johnston, 1984\(^{47}\)). Elton and Gruber (1970)\(^{48}\) studied the clientele effect and found that the price change relative to the dividend per share positively correlates with the dividend yield, which could be expected if investors in high tax brackets hold low dividend yield stocks and vice versa.

**d. Signaling Theory:** This theory assumes that dividends have signaling power and convey information to the market about the company. This signaling property of dividends was the same as offered by Bhattacharya (1979)\(^{49}\); John and Williams (1985)\(^{50}\); Asquith and Mullins (1986)\(^{51}\). Bhattacharya (1979)\(^{52}\) and Miller and Rock (1985)\(^{53}\) found that dividend payments communicate private information in a fully revealing manner.

**e. Agency Theory And Free Cash Flows Theory:** The propositions on this theory were made by Rozeff (1982)\(^{54}\); Easterbrook (1984)\(^{55}\); Jensen (1986)\(^{56}\) and Crutchley and Hansen (1989)\(^{57}\). Free cash flow is the cash flow that remains after all positive net present value (NPV) projects are undertaken. Jensen (1986)\(^{58}\) argued that managers aim to
expand the size of the firm, and thus may take on negative NPV projects instead of paying dividends. As per this theory, managers are assumed to be rational, utility maximizing individuals, who determine corporate policy based on self-serving desires. If the managers of a firm also have an ownership stake in their firm (insider holdings), they are more likely to maximize shareholder wealth. In addition, individual shareholders who are not involved in the day-to-day operations of a firm are unlikely to influence corporate policies, unless they own sufficient stock to guarantee some degree of control over management (Shleifer and Vishny, 1986).59.

f. Sociological And Psychological Theories: The explanation for these theories were offered by Shefrin and Statman (1984)60 and Frankfurter and Lane (1992)61. Shefrin and Statman (1984)62 developed a theory of dividends based on self-control by the investors wanting to restrict themselves from consuming too much in the present. They assumed that the investors don’t want to dip into capital and, therefore, they only allow themselves to consume current income such as dividends.

g. Catering Theory of Dividend: Baker and Wurgler (2004)63 put forth that investor preferences for dividends may change over time. Managers cater to investors by paying dividends when investors place a premium on payers, and by not paying when investors prefer non-payers. They proposed that this theory has three basic ingredients. First, it posits a source of uninformed investor demand for firms that pay cash dividends. Second, limits on arbitrage allow this demand to affect current share prices. Third, managers rationally weigh the short run benefits of catering to the current mispricing against the long run costs and then make the dividend payment decision.
1.2.6 Importance of Stability in Dividends

a. Confidence among Shareholders: A regular and stable dividend payment resolves the uncertainty in the minds of shareholders, assuming the fact, the company resorts not to cut the dividend rate even if its profits are lower; it maintains the rate of dividends by appropriating the funds from its reserves.

b. Income Conscious Investors: The second factor favoring stable dividend policy is that some investors are income conscious and favor a stable rate of dividend. This is basically in case of those investors who consider dividend as additional source of income and for whom the present income in the form of dividend matters more than the future capital gain on account of impact of retained earnings. Lintner (1962)\textsuperscript{64} and Gordon (1963)\textsuperscript{65} argued that return on equity falls as dividend payout increases because investors are less certain of future capital gains that are supposed to result from retained earnings than by receiving dividends, terming it as Bird-in-hand theory.

c. Stability in Market Price of Shares through Information Signaling: Other things being equal, the market price vary with the rate of dividend. The value of shares of a company having a stable dividend policy does not fluctuate widely even if the earnings of the company fall. Thus, this policy results in increasing the market price of the stock.

d. Encouragement to Institutional Investors: A stable dividend policy attracts investments from institutional investors. Such institutional investors generally prepare a
list of securities of the companies having stable dividend policy in which they invest their surpluses or their long term funds.

e. Resolution of Investors’ Uncertainty: Dividends have informational value and resolves uncertainty in the mind of investors. A company that follows a policy of stable dividends will not change the amounts of dividends if there is temporary change in earnings. Thus, when the earnings of the company falls and it continue to pay the same amount of dividends as in the past, it conveys to investors that the future of the company is brighter than suggested by the drop in earnings. In words of Soloman (1969)⁶⁶:

“In an uncertain world in which verbal statements can be ignored or misinterpreted, a dividend action does provide a clear-cut means of making a statement that speaks louder than thousand words.”

On the other hand, if a company follows a policy of changing dividends with cyclical changes in the earnings, shareholders would not be certain about the amount of dividends.

f. Raising Additional Finances: A stable dividend policy is also advantageous to the company in its efforts to raise external finance as it tends to make the share of the company a quality investment. The fact that the company has been paying dividend regularly in the past is a sufficient assurance to the investors that no default will be made by the company in paying their interest or dividend and returning their principal sum.
g. Sign of Financial Stability of the Company: Stable dividend policy indicates that the firm has sufficient funds to finance its present and future projects. It also strengthens that the firm’s financial position is sound and firm has the ability to distribute its profits and still continue to manage the business activities successfully.

1.2.7 Payment of Dividend and Companies Act

The declaration and payment of dividend is an internal matter of the company and is governed by its Articles. The power regarding appropriation of profits is given to the Board of directors. The directors are required to follow Table A or the provisions of the Companies Act 1950 in this regard. The following are the rules regarding declaration and payment of dividend:

(1) Dividend on Paid up Capital

A company may, if so authorized by its Articles, pay dividend on the paid up value of shares under section 93 of the companies Act.

(2) Provisions of Articles of Association

Rules 85 to 94 of Table A provide that:

(i) A company may declare dividend in its general meeting provided it does not exceed the amount recommended by the board of directors.

(ii) The board of directors may pay to the members such interim dividends, as appears to it to be justified by the profits of the company.
(iii) Notice of any dividend should be given to those who are entitled to receive it.

(iv) The directors may transfer an amount they think proper to the reserve fund which may be utilized for any contingencies.

(v) When dividend has been declared, it becomes a liability of the company to the shareholders from the date of its declaration but no interest can be claimed on it.

(3) Dividends only out of Profits

(a) Dividends can only be declared or paid out of:

(i) the current profits of the company

(ii) the past accumulated profits

(iii) money provided by the government for the payment of dividends in pursuance of a guarantee given by that government.

No dividend can be paid out of capital (Sec. 205 (i)). Director who is responsible for payment of dividend out of capital shall be personally liable to make good such amount to the company.

(b) Companies are not entitled to pay any dividend unless present or arrears of depreciation have been provided for out of the profits and an amount of 10 % or the mentioned has been transferred to reserve. However, central government may allow any company to declare or pay dividends out of profits before providing for any depreciation.
(c) Capital Profits may also be utilised for the declarations of dividend provided:

(i) there is nothing in the Article prohibiting the distribution of dividend out of capital profits;

(ii) they have been realised in cash: and

(iii) they remain as profits after revaluation of all assets and liabilities.

(d) Dividend cannot be paid out of accumulated profits unless current losses are made good.

(4) Payment of Dividend only in Cash [Sec. 205 (iii)]
Dividends are to be paid in cash only except in the following circumstances:

(a) By capitalizing the profits by issue of fully paid bonus shares, if Articles so permit, provided all legal formalities have been satisfied in respect of issue of bonus shares.

(b) By paying up any unpaid amount on partly paid up shares.

(5) Payment of Dividend to Specified Persons (Sec. 206)
Dividend shall be paid only to those whose names appear on the Register of members on the date of declaration of dividend or to the holders of dividend warrant, if issued by the company.

(6) Payment of Dividend within 42 days (Sec. 207)
Dividend must be paid within 42 days of its declaration except in the following circumstance:

(i) by operation of law of insolvency;
(ii) in compliance of the directions of the shareholders;
(iii) where right to receive dividend is pending decision;
(iv) where it is not due to the default of the company.
(v) if company lawfully adjusts the amount against any debt due from the shareholder.

(7) Payment of Interim Dividend

The directors of a company can pay interim dividend subject to the provisions of Articles. Interim dividend can be paid at any time between the two annual general meetings taking into account full year depreciation on fixed assets.

(8) Transfer of Unpaid Dividend to a Special Bank Account (Sec. 205 A)

According to section 205 A, Companies (Amendment) Act 1974, where a company has declared a dividend but has not posted the dividend warrant in respect therefore within 42 days to the shareholders entitled to it, such unpaid dividends shall be transferred to a special account to be opened by the company in that behalf in any Scheduled Bank to be called ‘Unpaid Dividend Account of ......Co. Ltd/Co. (Pvt) Ltd.’ If the unpaid dividend are not so transferred, the company shall pay an interest at 12 % p.a. Any unpaid amount of dividend declared before the commencement of this Amendment Act shall also be
transferred to such special account within 6 months from the date of commencement of the Act.

9. Transfer Unclaimed Dividend to Central Government

Any amount transferred to the unpaid dividend account remains unpaid or unclaimed for 3 years from the date of such transfer shall be transferred to the 'General Revenue Account' by the company along with a statement giving full particulars in respect of the sums so transferred and the last known addresses of the persons entitled to receive it and such other particulars as may be prescribed. The company is entitled so a receipt for such transfer from the Reserve Bank of India.

If a company fails to comply with the above said provisions, the company and every officer of the company who is in default shall be punishable with a fine which may extend to Rs. 500 for every day during which the default continues.

Thus, dividend refers to distribution of profits among the shareholders. The declaration of dividend is considered to be the one of the crucial aspects of the firm’s financial policy. The core of dividend policy includes the decision like whether to distribute profits to the shareholders in the form of dividend or to preserve it in the form of retained earnings. Numerous theories on dividend have been propounded from time to time considering its varied aspects. Dividend policy of the firm evolves within the legal framework and statutory restrictions, however, may vary from one company to another.
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