



Dividend policy impact on Market price and Profitability with reference to Indian Pharma Industry

NITIN MAKWANA
Research Scholar,
Rai University, Ahmedabad

PROF. DR. PARESH SHAH
Research Supervisor,
Rai University, Ahmedabad

Abstract:

The principle objective of this examination is to comprehend the profit conduct of drug organizations. For the investigation five organizations has been chosen which covers the period from 2007-2016. To check the connection among profit and certain factors like stock value, income, other pay, net benefit and market capital relationship test is utilized. With the assistance of this test it is presumed that there is relationship between's profit per offer and stock value, income, other pay, net benefit and market capital.

Keywords: Dividend Policy, Profitability, Market Price, Indian Pharma Industry

1. Introduction

Profit is considered as a significant wellspring of data just as income to financial backers. Profit estimate given by directors assumes a critical part in speculation choices. Financial backers think about profit as the sign of higher future development and well administration of the organizations. According to the pertinence hypothesis of profit the ordinary profit emphatically affects share costs. Along these lines, standard and high profit paying organizations stay at the first spot on the list for the speculation. Certain a period administration avoids the profit in the expectation of higher pace of return by putting the benefits in the productive ventures. They accept that from the profit sum financial backers would not have the option to get great return however they can. Also, this will be productive to the financial backers over the long haul when organization will create gigantic benefits and around then financial backers will get most extreme get back from their speculation as capital increase. Thus, by any reasons administrations attempt to disregard the profit choice.

2. Objective of the Study

The fundamental reason for the investigation is to get knowledge into the profit conduct of Indian drug industry. For this reason, analyst has inspected the connection between profit per offer and a few factors like net benefit, other pay, income, stock cost and market capital.

3. Research Methodology

For the examination five NSE recorded drug organizations have been chosen. The chose organizations are Cadila Healthcare Ltd., Cipla, Dr. Reddy's medical care ltd., Lupin and Torrent drug ltd. The information needed for the examination is gathered from the yearly reports of the organizations and site of National stock trade. The examination covers the time of ten years to such an extent that from the year 2007-2016. Connection coefficient test was utilized to comprehend the connection between profit per offer and factors.

4. Conclusion

This examination is done principally to inspect the connection among profit and certain boundaries like income, net benefit, other pay, market capital and stock cost. From the connection investigation it tends to be inferred that there is relationship between's profit per offer and factors like net benefit, income,

other pay, stock cost and market capital in drug industry. Accordingly, profit strategy of an organization is influenced by its income, benefit and other.

References

1. Baker, H.K. & Powell (2001). Factor influencing dividend policy decision of Nasdaq firms, the financial review. Journal of Business and Economics
2. De Angelo, H. & Stulz, R. (2006). Dividend policy and earned capital mix, a test of life cycle theory. Journal of Financial Economics
3. Mahapatra, R.P. and Sahu P.K.(1993). A Note on Determinants of corporate dividend behaviour in India: An Econometric Analysis Decision,20,1-22
4. Nissim, (2001). Dividend changes and future profitability Journal of Finance
5. Pandey, I.M. (2005). Financial Management (9th edition) New Delhi, Vikas Publishing House
6. Ross. S.A., Westerfield R.W. (2002) corporate Finance Journal of business
7. http://www.raijmr.com/ijrhs/wp-content/uploads/2017/11/IJRHS_2016_vol04_issue_06_01.pdf