

Inter and Intra-Industry Trends of Dividend Decisions: A Comparative Analysis of Construction-Associated Industries in India.

Abstract :

This study explores the inter and intra-industry trends of dividend decisions across construction-associated industries in India, including steel, cement, paint, granite, and ceramic tiles, over a ten-year period (2012-2022). Utilizing Compound Annual Growth Rate (CAGR) and trend analysis, the study evaluates the dividend payout ratios (DPR) and dividend yield ratios (DYR) of selected companies. The results show significant variations in dividend policies, with some sectors demonstrating steady dividend growth, while others adopt more conservative or fluctuating approaches. Steel and cement companies, being capital-intensive, tend to prioritize reinvestment, limiting dividend payouts. Conversely, industries like paint and ceramic tiles show more variability in dividend practices, depending on market conditions. This paper underscores how financial performance, profitability, and strategic decisions shape dividend behaviors in these industries. The findings offer valuable insights for investors, policymakers, and corporate managers in understanding sector-specific dividend dynamics. The study emphasizes the importance of adapting dividend policies to industry characteristics, such as capital intensity, market cycles, and profitability, in order to maintain financial stability and attract investor confidence.

Keywords: Dividend Payout Ratio (DPR), Dividend Yield Ratio (DYR), Compound Annual Growth Rate (CAGR), Steel Industry, Cement Industry, Dividend Policies, Financial Performance.

1. Introduction:

Dividend decisions are crucial components of corporate financial strategies. They reflect the allocation of profits to shareholders and provide an insight into a company's financial health, future prospects, and strategic choices. The decision regarding dividend payouts impacts both the shareholders and the company itself, influencing investor sentiment, company growth, and stock price movements. Companies must strike a balance between paying dividends and retaining earnings for reinvestment in business operations. As such, dividend policies are shaped by various factors, including profitability, industry standards, taxation, financial stability, and future growth expectations. This study investigates the dividend decisions across multiple construction-associated industries in India, focusing on sectors such as steel, cement, paint, granite, and ceramic tiles. The Compound Annual Growth Rate (CAGR) and trend analysis were used to assess the Dividend Payout Ratios (DPR) and Dividend Yield Ratios (DYR) of companies in the steel, cement, paint, granite, and ceramic tiles industries from 2012 to 2022. The results reflect a wide array of financial strategies across industries, with some companies displaying steady growth in dividend distributions, while others exhibited conservative or fluctuating payout policies. In India, where the construction

industry plays a significant role in the nation's economic growth, understanding these trends is pivotal for investors, policymakers, and corporate managers, particularly in identifying long-term sustainability and growth prospects in these industries. This introduction establishes the context and significance of dividend decisions in the construction-associated industries, highlights the factors influencing these decisions, and discusses the methodology used in this study to explore these aspects. Through examining the trends and growth patterns of dividend payouts over a decade, this research seeks to uncover key insights into sector-specific behaviors and the underlying factors contributing to dividend decisions.

Importance of Dividend Decisions in Construction-Associated Industries

In the context of construction-associated industries, dividend decisions are influenced by a variety of sector-specific factors. These industries, such as steel, cement, paint, granite, and ceramic tiles, are heavily dependent on capital-intensive projects, long-term investments, and cyclical economic growth. Companies in these sectors must consider their need for working capital, investments in expansion, technology, and infrastructure, all of which require significant funds. Therefore, dividend decisions in these industries are often conservative, prioritizing capital retention for long-term growth and stability. However, this does not preclude dividend payouts, as shareholders expect returns on their investments, and maintaining an appropriate dividend policy is crucial for attracting and retaining investors. Dividend decisions, whether high or low, serve as signals to investors. High dividend payouts often signal a company's profitability and financial health, but they can also suggest that the company has fewer opportunities for reinvestment in growth. On the other hand, lower or zero dividend payouts might indicate that the company is retaining earnings for reinvestment or managing a period of financial restructuring. In both cases, investors analyze these signals to gauge the company's future prospects, and the broader industry trends provide insights into the sector's financial health and growth trajectory.

Financial Performance and Profitability in Relation to Dividend Decisions

Financial performance is closely tied to dividend payout decisions. Profitability, cash flow, and capital structure are central factors that companies must consider when determining how much profit to distribute as dividends. In industries like steel and cement, where production and operational costs are high, companies often face a trade-off between paying dividends and retaining earnings for operational costs and infrastructure development. This trade-off is further complicated by the cyclical nature of the industry, where economic downturns and demand fluctuations may affect profitability. For instance, companies with high capital expenditure requirements may limit dividend payouts during periods of low profitability or when significant reinvestment is necessary. Conversely, companies with stable earnings and low capital expenditure may adopt a more shareholder-friendly dividend policy, distributing a larger portion of their profits as dividends. This is evident in the analysis of companies like Hisar Metal Industries, which has shown a steady increase in its dividend payout ratio (DPR) and a consistent dividend yield ratio (DYR) over the decade, signaling growth in profitability and cash flow stability (Capitaline, 2022). The case of JSW Steel, however, reflects a conservative approach, where dividends remained low, possibly due to strategic decisions favoring reinvestment for growth and expansion. Dividend decisions are also shaped by

external factors such as the tax environment, interest rates, and regulatory policies. In India, companies must navigate a complex regulatory framework that impacts dividend taxation and distribution. Corporate governance practices, shareholder expectations, and market conditions further influence these decisions. As seen in the trend analysis of Ambuja Cements and other companies, the dividend payout ratio often fluctuates in response to these external factors, reflecting the dynamic nature of business operations in the construction industry.

2. Methodology:

This study employs two primary analytical methods: **Compound Annual Growth Rate (CAGR)** and **trend analysis**, to evaluate the dividend decisions across various construction-associated industries in India. The dividend decision variables analyzed include **Dividend Payout Ratio (DPR)** and **Dividend Yield Ratio (DYR)** over a ten-year period from 2012 to 2022. Below is a detailed breakdown of the methodology used in this paper:

2.1 Data Collection

The study gathers financial data from publicly available sources, specifically **Capitaline**, a comprehensive database that provides financial and stock market information for Indian companies. The dataset includes annual reports of the companies selected from the construction-associated industries—steel, cement, paint, granite, and ceramic tiles.

The sample includes companies that represent key players in each of these industries, which are known for their heavy reliance on capital investments and cyclical economic performance. The companies selected for analysis are as follows:

- **Steel Industry:** Hisar, JSW, Kirloskar, Rishabh, Sarda, Tata Sponge, Tata
- **Cement Industry:** ACC, Ambuja, Birla, Deccan, JK, JK Lakshmi, Kakatiya, KCP, Mangalam, OCL, Ramco, Shree
- **Paint Industry:** Akzo Nobel, Asian Paints, Berger, Kansai Nerolac
- **Ceramic Tiles Industry:** Kajaria, Orient Bell, Somany

2.2. Key Variables

The two primary variables used to evaluate dividend decisions in this study are:

- **Dividend Payout Ratio (DPR):** The ratio of total dividends paid to net income.
- **Dividend Yield Ratio (DYR):** The ratio of dividends per share to the stock price, indicating the return on investment from dividends.

These ratios were calculated for each company for each year between 2012 and 2022.

2.3. Compound Annual Growth Rate (CAGR)

CAGR is used to measure the annual growth rate of each of the dividend variables (DPR and DYR) over the study period. The formula for calculating CAGR is as follows:

$$CAGR = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{n}} - 1$$

Where:

- **Ending Value** is the value of the variable (DPR or DYR) at the end of the period (2021/22).
- **Beginning Value** is the value of the variable at the start of the period (2012-13).
- **n** is the number of years (10 years for this study).

CAGR provides an average growth rate over the period, allowing a comparison of dividend trends across companies and industries.

2.4 Trend Analysis

Trend analysis is employed to evaluate the year-on-year changes in the DPR and DYR of each company. The analysis identifies significant fluctuations, growth, or stagnation patterns in the dividend distribution practices over the decade. This method also helps in projecting future trends based on historical data.

For trend analysis, the following steps were undertaken:

1. **Data Collection:** Annual data for each company's DPR and DYR were collected for each year between 2012 and 2022.
2. **Year-on-Year Comparison:** The data were analyzed to identify year-to-year changes in both dividend payout ratios and dividend yield ratios.
3. **Projection:** Using the data, projections for the next 3–5 years were made to forecast potential future trends in dividend decisions for each company.

2.5 Industry-Specific Analysis

The study also distinguishes between **inter-industry** and **intra-industry** trends. **Interindustry trends** examine differences in dividend policies across industries (e.g., steel vs. cement), while **intra-industry trends** focus on the variations within the same industry (e.g., between different companies in the cement sector).

- **Inter-industry Analysis:** The study compares the dividend payout strategies of companies across different industries. This comparison provides insights into how

industry characteristics—such as capital intensity, market maturity, and cyclical demand—affect dividend policies.

- **Intra-industry Analysis:** The study compares dividend decisions of different companies within the same industry to identify varying approaches to dividend payouts, despite similar market conditions.

2.6 Statistical Tools

The data were processed and analyzed using basic statistical tools to compute:

- **CAGR for DPR and DYR:** To assess the overall growth trends in dividends.
- **Year-on-year changes in DPR and DYR:** For trend analysis and projections.
- **Variance and Standard Deviation:** To measure the fluctuations and volatility of dividend payouts across companies within an industry.

2.7 Limitations

- **Data Availability:** This study relies on publicly available financial data, which may be limited for some private companies.
- **Economic Fluctuations:** The analysis period includes both periods of economic growth and downturns, which may affect dividend decisions. However, the study controls for these by focusing on long-term trends.
- **Industry-Specific Factors:** The paper acknowledges that external factors like government regulations, tax policies, and global economic conditions can influence dividend policies, but these factors were not directly controlled for in the analysis.

The methodology utilized in this study—CAGR and trend analysis—allows for a comprehensive evaluation of dividend decisions across various construction-associated industries. By examining both inter and intra-industry trends, the study sheds light on how different factors such as industry characteristics, financial performance, and market conditions influence dividend payout strategies. This methodology provides valuable insights for investors seeking to understand the sustainability and attractiveness of dividend payouts in these sectors.

3. Analysis:

The Compound Annual Growth Rate (CAGR) measured the proportional growth rate of financial activities over multiple time periods. The trend analysis aimed at determining the financial position of a concern for a future period. Various financial aspects such as profitability, efficiency, cash flow, dividend payouts, etc., of a business were analysed during a particular period of time, and the movements were measured in percentages. Based on the comparison of results, projections of future values were made in trend analysis. The

Compound Annual Growth Rate and trend analysis were computed to determine the inter industry and intra industry trends of dividend decisions of selected Construction associated industries in India.

The following variables were considered to determine the trends of dividend decisions.

Dividend Decision Variables: Dividend payout ratio (DPR), Dividend yield ratio (DYR).

STEEL INDUSTRY

The inter industry and intra industry trends of dividend decisions of selected steel companies were computed using Compound Annual Growth Rate (CAGR) and trend analysis for the period 2012-13 to 2021-22.

The following Table 1 displayed the results of the Compound Annual Growth Rate of the Steel industry.

Table 1 Steel Industry CAGR for 2012-13 to 2021-22

Companies	DPR	DYR
Hisar	0.042	-0.027
JSW	-0.179	-0.154
Kirloskar	0.008	0.084
Rishabh	0.194	-0.039
Sarda	-0.151	-0.148
Tata Sponge	-0.009	-0.059
Tata	-0.050	-0.106

Source: Capitaline

The Compound Annual Growth Rate (CAGR) for the steel industry across various companies showed varied growth patterns in dividend payout ratios (DPR) and dividend yield ratios (DYR) from 2012-13 to 2021-22. Hisar and Kirloskar experienced positive growth in DPR, which suggested an increase in the amount of dividends paid relative to earnings. Hisar saw a slight decline in dividend yield, while Kirloskar saw an increase, indicating an increase in dividends relative to share price. JSW, Sarda, Tata Sponge, and Tata experienced declines in both DPR and DYR, which indicated reductions in dividend payments and potentially decreased share prices or investor yields. Rishabh, in contrast, demonstrated a significant increase in DPR with a slight decrease in DYR, which suggested increased dividend payments that may not have kept pace with share price increases or investor expectations.

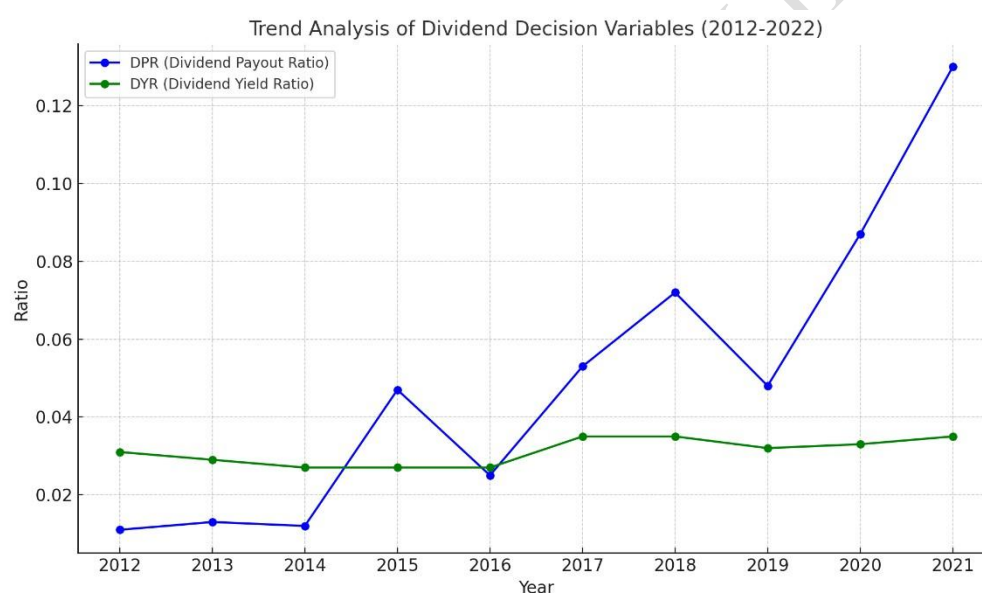
Hisar Metal Industries Limited

The following Table 2 displayed the results of Trend analysis and 10-year Projections of Hisar Metal Industries Limited.

Table 2 Trend analysis and Projections of Dividend decision variables of Hisar Metal Industries for 2012-13 to 2021-22

	DPR	DYR
2012-13	0.011	0.031
2013-14	0.013	0.029
2014-15	0.012	0.027
2015-16	0.047	0.027
2016-17	0.025	0.027
2017-18	0.053	0.035
2018-19	0.072	0.035
2019-20	0.048	0.032
2020-21	0.087	0.033
2021-22	0.130	0.035

Source: Capitaline



Graph 1: Trend analysis and Projections of Dividend decision variables of Hisar Metal Industries for 2012-13 to 2021-22

The dividend payout ratio (DPR) for Hisar Metal Industries Limited shows a significant upward trend from 0.011 in 2012-13 to 0.130 in 2021-22, indicating a shift toward higher dividend distributions over the years. This suggests that the company has become more confident in its earnings stability and is returning more profits to shareholders. The dividend yield ratio (DYR) remains relatively stable between 0.027 and 0.035, reflecting consistent stock performance and steady dividend returns. The trend implies that Hisar Metal Industries has gradually increased shareholder returns, possibly due to improved profitability and financial stability over the decade.

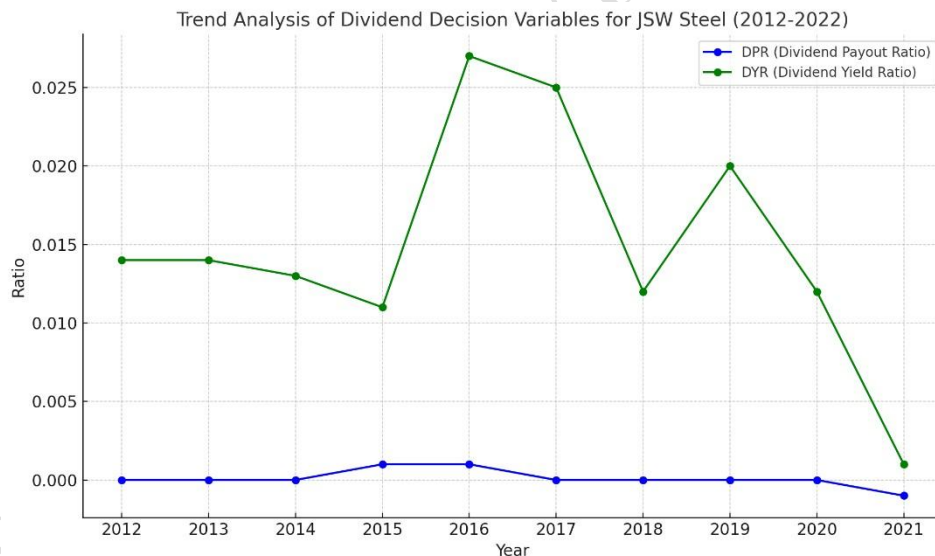
JSW Steel Limited

The following Table 3 displayed the results of Trend analysis and 10-year Projections of JSW Steel Limited.

Table 3 Trend analysis and Projections of Dividend decision variables of JSW Steel for 2012-13 to 2021-22

	DPR	DYR
2012-13	0.00	0.014
2013-14	0.00	0.014
2014-15	0.00	0.013
2015-16	0.001	0.011
2016-17	0.001	0.027
2017-18	0.00	0.025
2018-19	0.00	0.012
2019-20	0.00	0.020
2020-21	0.00	0.012
2021-22	-0.001	0.001

Source: Capitaline



Graph 2: Trend analysis and Projections of Dividend decision variables of JSW Steel for 2012-13 to 2021-22

JSW Steel has maintained an extremely conservative dividend policy, with almost negligible dividend payouts over the decade. The DPR remained at 0.00 for most of the period, except for a minor increase to 0.001 in 2015-16 and 2016-17, before turning negative (-0.001) in 2021-22, possibly due to financial restructuring or losses. The DYR fluctuated slightly, ranging between 0.001 and 0.027, indicating marginal shareholder returns. This trend suggests that JSW Steel prioritizes reinvesting earnings over dividend payments, likely focusing on growth, expansion, and capital investments instead of distributing profits.

CEMENT INDUSTRY

The inter industry and intra industry trends of dividend decisions of selected cement companies were computed using Compound Annual Growth Rate (CAGR) and trend analysis for the period 2012-13 to 2021-22.

The following Table 4 portrayed the results of the Compound Annual Growth Rate of the Cement industry.

Table 4 Cement Industry CAGR for 2012-13 to 2021-22

Companies	DPR	DYR
ACC	0.004	-0.084
Ambuja	-0.060	-0.141
Birla	-0.009	-0.072
Deccan	0.265	0.262
JK	0	0
JK Lakshmi	-0.041	-0.137
Kakatiya	-0.217	-0.168
KCP	0	0
Mangalam	0.277	0.062
OCL	0.00	0.054
Ramco	-0.148	-0.101
Shree	-0.128	0.048

Source: Capitaline

The Compound Annual Growth Rate (CAGR) analysis for cement companies (2012-13 to 2021-22) provides critical insights into dividend trends across firms. Companies such as ACC (0.004 CAGR) and Deccan (0.265 CAGR) showed a positive DPR growth, indicating a gradual increase in dividend payouts, whereas firms like Ambuja (-0.060), JK Lakshmi (-0.041), and Ramco (-0.148) experienced a decline in DPR, suggesting reduced dividend distributions over time. The DYR trends also reflect significant variations, with Deccan (0.262 CAGR) and Mangalam (0.277 CAGR) showing the highest growth in dividend yields, whereas Kakatiya (0.168) and Ambuja (-0.141) recorded steep declines, indicating lower returns to shareholders due to either financial constraints or strategic reinvestments. Companies like JK and KCP had zero CAGR for both DPR and DYR, implying a static dividend policy with no significant changes over the decade. The variations in dividend policies across the cement industry highlight different financial strategies, with some firms increasing dividends, while others remain conservative or eliminate them altogether.

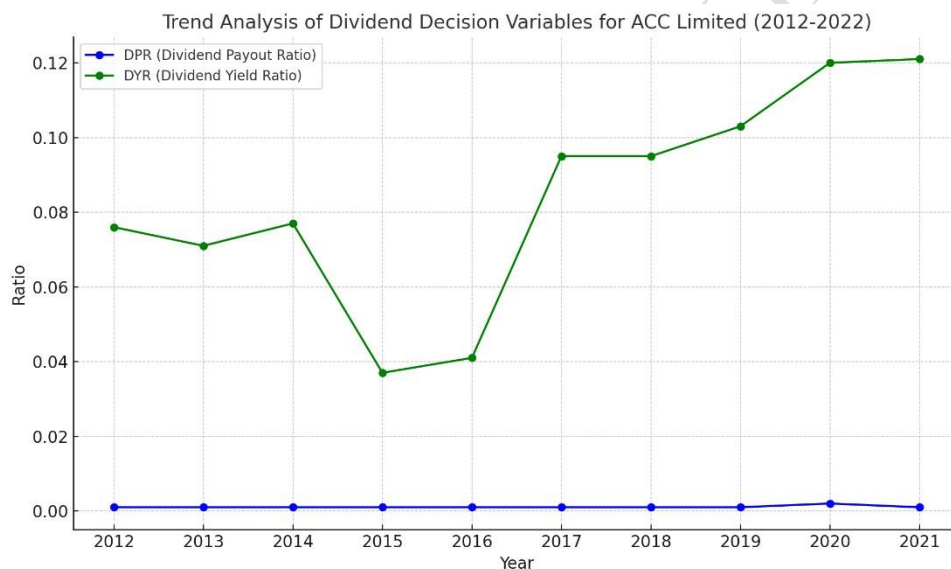
ACC Limited

The following Table 5 exhibited the results of Trend analysis and 10-year Projections of ACC Limited.

Table 5 Trend analysis and Projections of Dividend decision variables of ACC Limited for 2012-13 to 2021-22

	DPR	DYR
2012-13	0.001	0.076
2013-14	0.001	0.071
2014-15	0.001	0.077
2015-16	0.001	0.037
2016-17	0.001	0.041
2017-18	0.001	0.095
2018-19	0.001	0.095
2019-20	0.001	0.103
2020-21	0.002	0.120
2021-22	0.001	0.121

Source: Capitaline



Graph 3: Trend analysis and Projections of Dividend decision variables of ACC Limited for 2012-13 to 2021-22

The trend analysis for ACC Limited reveals a stable but cautious dividend strategy, with a constant DPR of 0.001 for most years, except for a minor increase to 0.002 in 2020-21. This consistency suggests that ACC maintains a predictable dividend policy, likely aimed at providing steady but limited returns to shareholders while retaining capital for operational and expansion needs. The dividend yield ratio (DYR) showed moderate growth, starting at 0.076 in 2012-13, fluctuating around 0.095 in 2017-18 and 2018-19, and increasing to 0.121 in 2021-22. The increase in DYR in later years indicates a gradual improvement in shareholder returns, possibly driven by better financial performance or favorable market conditions. However, the lack of significant growth in DPR suggests that ACC prefers to keep dividend payouts minimal, focusing more on business expansion, debt management, and reinvestment strategies. The stable DYR despite minimal DPR growth implies that stock

price movements or market perceptions play a crucial role in the company's dividend attractiveness.

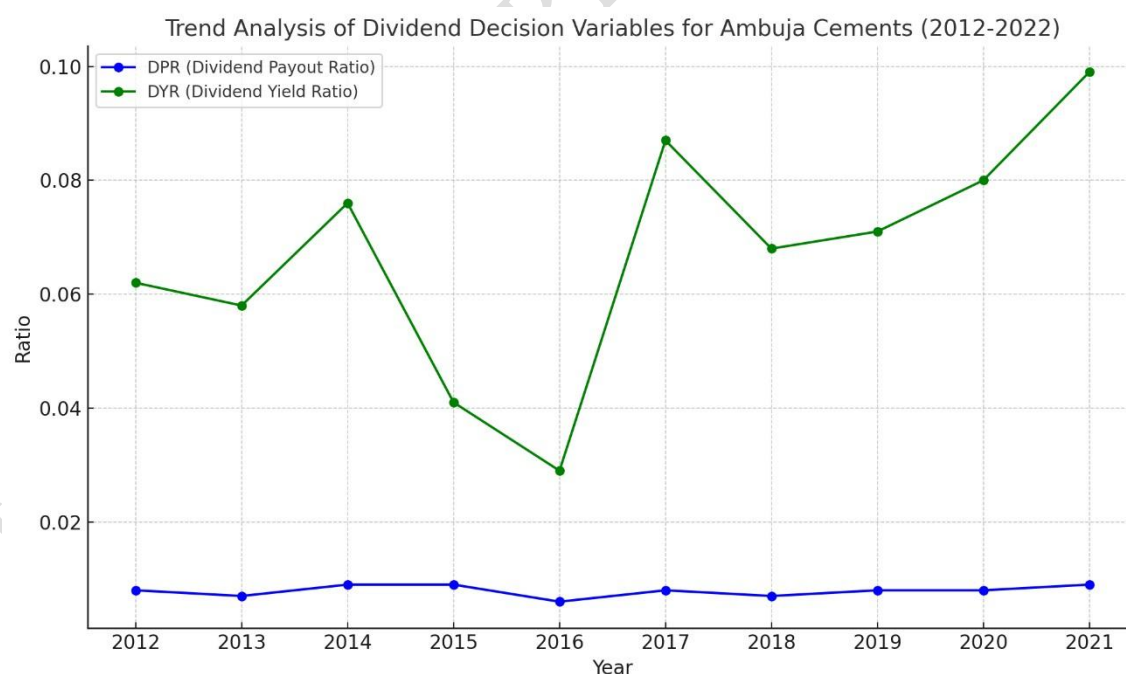
Ambuja Cements Limited

The following Table 6 displayed the results of Trend analysis and 10-year Projections of Ambuja Cements Limited.

Table 6 Trend analysis and Projections of Dividend decision variables of Ambuja Cements for 2012-13 to 2021-22

	DPR	DYR
2012-13	0.008	0.062
2013-14	0.007	0.058
2014-15	0.009	0.076
2015-16	0.009	0.041
2016-17	0.006	0.029
2017-18	0.008	0.087
2018-19	0.007	0.068
2019-20	0.008	0.071
2020-21	0.008	0.080
2021-22	0.009	0.099

Source: Capitaline



Graph 4: Trend analysis and Projections of Dividend decision variables of Ambuja Cements for 2012-13 to 2021-22

The dividend payout ratio (DPR) of Ambuja Cements Limited remained relatively stable over the decade, fluctuating between 0.006 and 0.009. This suggests that the company maintained

a moderate but consistent approach to dividend distribution, ensuring that shareholders received a portion of earnings without compromising financial stability. The dividend yield ratio (DYR), however, showed greater fluctuations, starting at 0.062 in 2012-13, dipping to 0.029 in 2016-17, and then rising to 0.099 in 2021-22. The increase in DYR in later years indicates that Ambuja Cements improved its shareholder returns, possibly due to increased profitability, better financial management, or favorable stock price movements. Despite the small DPR values, the progressive increase in DYR over the years suggests that investors continued to find value in holding Ambuja's shares, likely due to strong market positioning and operational efficiency.

PAINT INDUSTRY

The inter industry and intra industry trends of dividend decisions of selected paint companies were computed using Compound Annual Growth Rate (CAGR) and trend analysis for the period 2012-13 to 2021-22.

The following Table 7 displayed the results of the Compound Annual Growth Rate of the Paint industry.

Table 7 Paint Industry CAGR for 2012-13 to 2021-22

Companies	DPR	DYR
Akzo Nobel	-0.158	-0.045
Asian	-0.031	-0.003
Berger	0.030	0.010
Kansai Nerolac	-0.031	-0.223

Source: Capitaline

The Compound Annual Growth Rate (CAGR) of dividend payout ratio (DPR) and dividend yield ratio (DYR) across various companies in the paint industry from 2012-13 to 2021-22 reflected distinct trends and financial performances within the sector. Akzo Nobel exhibited a negative CAGR for both DPR and DYR, which indicated a declining trend in dividend payouts relative to earnings and shareholder returns relative to the stock price over the specified period. This trend indicated potential challenges or strategic shifts within Akzo Nobel's dividend policy and financial health during that timeframe. Asian Paints had also experienced a negative CAGR for both DPR and DYR, albeit to a lesser extent compared to Akzo Nobel. This suggested a similar downward trend in dividend payouts and shareholder returns, albeit less pronounced, which could have reflected industry-wide challenges or company-specific factors that impacted profitability and shareholder value. In contrast, Berger Paints demonstrated a positive CAGR for both DPR and DYR, which indicated a consistent growth trajectory in dividend payouts relative to earnings and shareholder returns relative to the stock price over the specified period. This suggested strong financial performance and a shareholder-friendly dividend policy, potentially contributing to Berger Paints' attractiveness to investors within the paint industry. Kansai Nerolac, however, showcased a mixed performance with a negative CAGR for DPR and a significantly negative CAGR for DYR. This indicated declining dividend payouts relative to earnings and

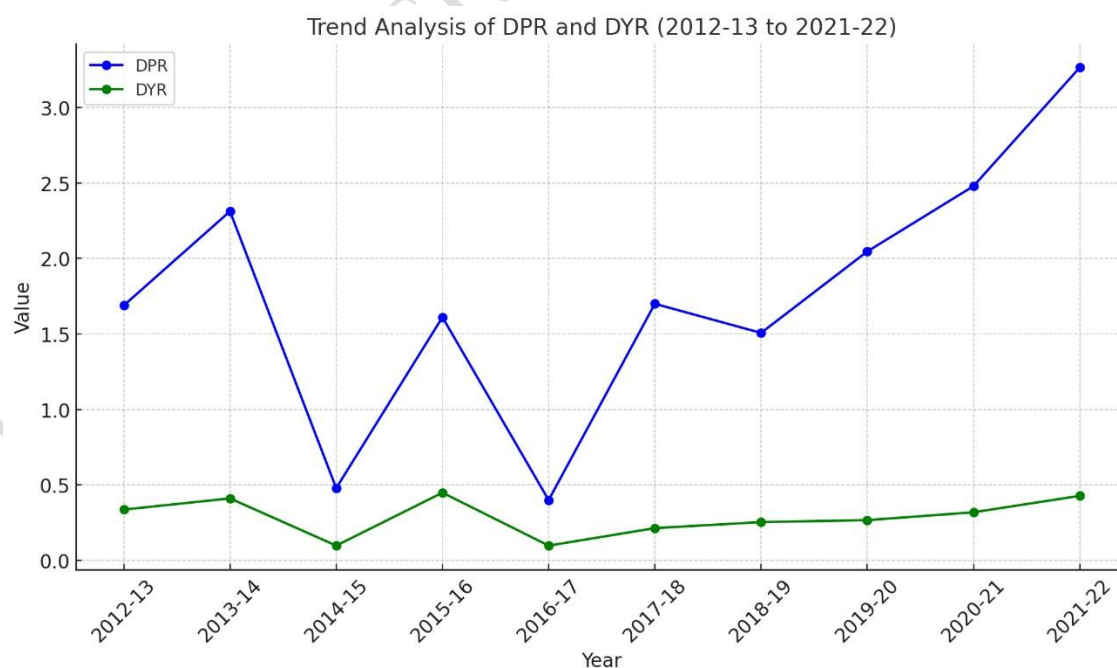
deteriorating shareholder returns relative to the stock price, highlighting potential challenges or issues within Kansai Nerolac's financial performance and dividend policy during the specified period. Overall, analysing the CAGR of dividend decision variables across companies in the paint industry provided valuable insights into their financial health, dividend policies, and attractiveness to investors over the specified timeframe. **Akzo Nobel India Limited**

The following Table 8 displayed the results of Trend analysis and 10-year Projections of Akzo Nobel India Limited.

Table 8 Trend analysis and Projections of Dividend decision variables of Akzo Nobel India for 2012-13 to 2021-22

	DPR	DYR
2012-13	1.689	0.336
2013-14	2.313	0.410
2014-15	0.478	0.097
2015-16	1.611	0.448
2016-17	0.399	0.097
2017-18	1.700	0.213
2018-19	1.507	0.253
2019-20	2.047	0.266
2020-21	2.480	0.318
2021-22	3.266	0.427

Source: Capitaline



Graph 5: Trend analysis and Projections of Dividend decision variables of Akzo Nobel India for 2012-13 to 2021-22

The dividend payout ratio (DPR) of Akzo Nobel India Limited has been highly volatile over the ten-year period, fluctuating between 0.399 and 3.266. In 2012-13, DPR was 1.689, followed by a significant increase to 2.313 in 2013-14, before experiencing a sharp decline to 0.478 in 2014-15 and 0.399 in 2016-17. This fluctuation indicates that the company adjusts its dividend distributions based on profitability, liquidity, and overall financial strategy. However, in later years, DPR increased again, peaking at 3.266 in 2021-22, suggesting a shift towards rewarding shareholders with higher dividends as financial conditions improved. The dividend yield ratio (DYR) also followed a similar fluctuating pattern, starting at 0.336 in 2012-13, peaking at 0.448 in 2015-16, and then reaching 0.427 in 2021-22. The higher yield in recent years suggests that the company became more investor-friendly, improving returns for shareholders. The overall trend in both DPR and DYR suggests that Akzo Nobel India Limited follows a flexible dividend strategy, aligning payouts with profitability while ensuring competitive dividend yields for investors.

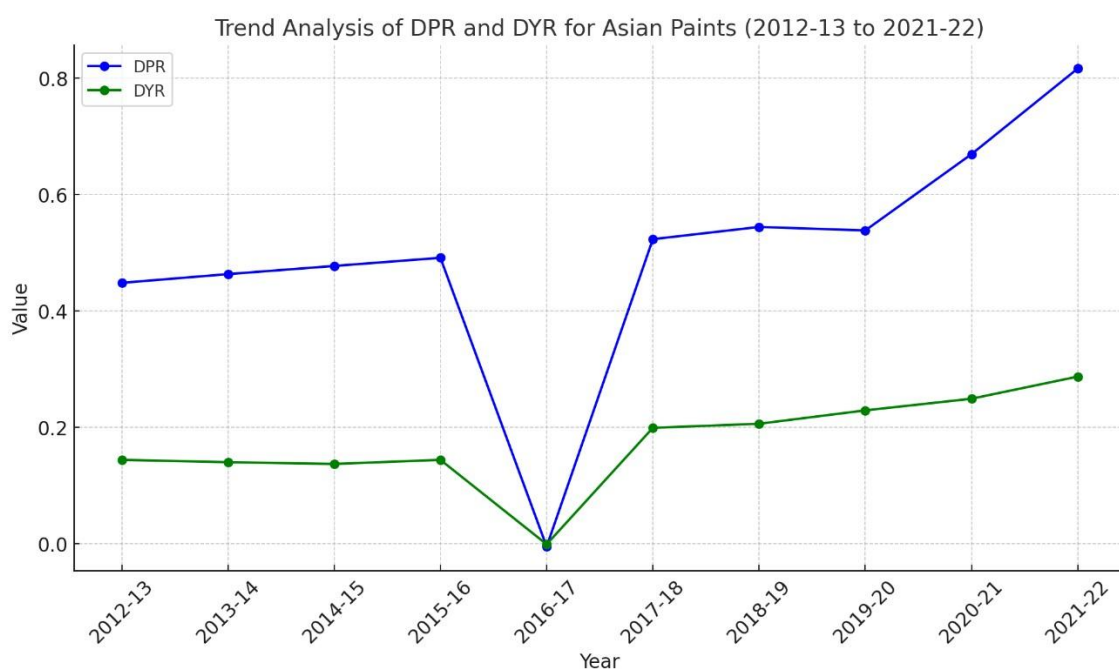
Asian Paints Limited

The following Table 9 displayed the results of Trend analysis and 10-year Projections of Asian Paints Limited.

Table 9 Trend analysis and Projections of Dividend decision variables of Asian Paints for 2012-13 to 2021-22

	DPR	DYR
2012-13	0.448	0.144
2013-14	0.463	0.140
2014-15	0.477	0.137
2015-16	0.491	0.144
2016-17	-0.005	-0.001
2017-18	0.523	0.199
2018-19	0.544	0.206
2019-20	0.538	0.229
2020-21	0.669	0.249
2021-22	0.816	0.287

Source: Capitaline



Graph 6: Trend analysis and Projections of Dividend decision variables of Asian Paints for 2012-13 to 2021-22

Asian Paints exhibited a gradual and consistent increase in its DPR over the years, except for 2016-17, when the DPR turned negative (-0.005), possibly due to financial restructuring or one-time expenses impacting earnings. The DPR increased steadily from 0.448 in 2012-13 to 0.816 in 2021-22, reflecting the company's strong profitability and commitment to shareholder returns. This trend suggests that Asian Paints has successfully balanced reinvestment in business expansion while maintaining a stable dividend policy. The dividend yield ratio (DYR) also demonstrated a positive trajectory, starting at 0.144 in 2012-13 and rising to 0.287 in 2021-22. The DYR decline in 2016-17 (-0.001) coincides with the temporary drop in DPR, further reinforcing that this year was financially challenging for the company. However, the steady rise in both DPR and DYR in subsequent years indicates strong financial performance and shareholder-focused dividend policies. The higher dividend yield in later years makes Asian Paints a more attractive investment option for income-seeking investors.

CERAMIC TILES INDUSTRY

The inter industry and intra industry trends of dividend decisions of selected Ceramic Tiles Companies were computed using Compound Annual Growth Rate (CAGR) and trend analysis for the period 2012-13 to 2021-22.

The following Table 10 displayed the results of the Compound Annual Growth Rate of the Ceramic Tiles industry.

Table 11 Ceramic Tiles industry CAGR for 2012-13 to 2021-22

Companies	DPR	DYR
Kajaria	0.225	0.678

Orient bell	0.001	-0.075
Somany	-0.221	0.072

Source: Capitaline

The Compound Annual Growth Rate (CAGR) analysis of dividend payout ratio (DPR) and dividend yield ratio (DYR) across companies in the ceramic tiles industry from 2012-13 to 2021-22 highlighted distinct trends and financial performances within the sector. Kajaria demonstrated a significant positive CAGR for both DPR and DYR, indicating a consistent growth trajectory in dividend payouts relative to earnings and attractive returns relative to the stock price over the specified period. This robust performance indicated Kajaria's strong financial position and shareholder-friendly dividend policy, potentially enhancing the company's attractiveness to investors within the ceramic tiles industry. In contrast, Orient Bell displayed a minimal positive CAGR for DPR but a negative CAGR for DYR, which signalled a modest growth in dividend payouts relative to earnings but diminishing returns relative to the stock price over the specified period. This trend suggested challenges or issues within Orient Bell's financial performance and dividend policy, potentially impacting investor confidence and the company's competitiveness within the ceramic tiles industry. Somany exhibited a negative CAGR for DPR but a positive CAGR for DYR, which indicated a declining trend in dividend payouts relative to earnings but improving returns relative to the stock price over the specified period. This mixed performance indicated fluctuating financial performance and dividend policy within Somany, reflecting potential challenges or strategic shifts amidst industry dynamics and market fluctuations. Overall, the CAGR analysis provided valuable insights into the financial health, dividend policies, and attractiveness to investors of companies within the ceramic tiles industry, offering a comprehensive understanding of their performance over the specified timeframe.

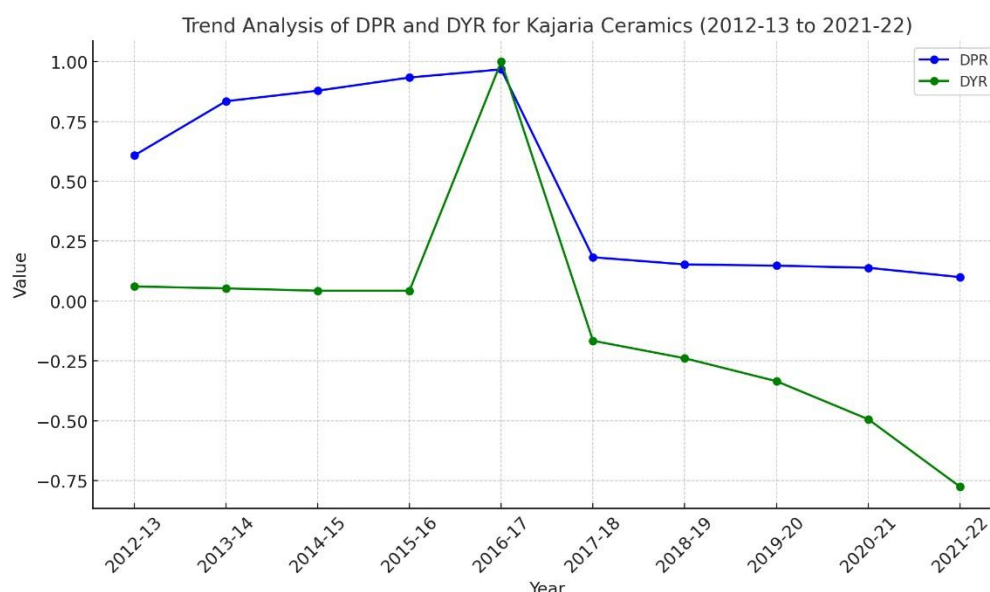
Kajaria Ceramics Limited

The following Table 12 exhibited the results of Trend analysis and 10-year Projections of Kajaria Ceramics Limited.

Table 12 Trend analysis and Projections of Dividend decision variables of Kajaria Ceramics for 2012-13 to 2021-22

	DPR	DYR
2012-13	0.608	0.061
2013-14	0.835	0.053
2014-15	0.879	0.043
2015-16	0.934	0.043
2016-17	0.968	1.000
2017-18	0.183	-0.166
2018-19	0.153	-0.239
2019-20	0.148	-0.335
2020-21	0.139	-0.494
2021-22	0.100	-0.776

404 Source: Capitaline



405
406 **Graph 7: Trend analysis and Projections of Dividend decision variables of Kajaria**
407 **Ceramics for 2012-13 to 2021-22**

408 The dividend payout ratio (DPR) of Kajaria Ceramics Limited showed a strong upward trend
409 from 0.608 in 2012-13 to a peak of 0.968 in 2016-17, reflecting a period of high profitability
410 and strong shareholder rewards. However, after 2017-18, DPR declined sharply, reaching
411 0.100 in 2021-22, suggesting that the company adopted a more conservative dividend
412 approach, possibly to retain cash for reinvestment or financial restructuring. The dividend
413 yield ratio (DYR) followed an even more drastic decline, peaking at 1.000 in 2016-17, before
414 turning negative from 2017-18 onwards, reaching -0.776 in 2021-22. The negative DYR
415 indicates that dividend returns diminished significantly relative to stock performance, likely
416 due to decreasing stock valuations or lower dividend distributions. This trend suggests that
417 Kajaria Ceramics transitioned from a high-dividend, high-growth phase to a more cautious
418 approach, possibly focusing on capital preservation and long-term business sustainability.

419 **Orient bell Limited**

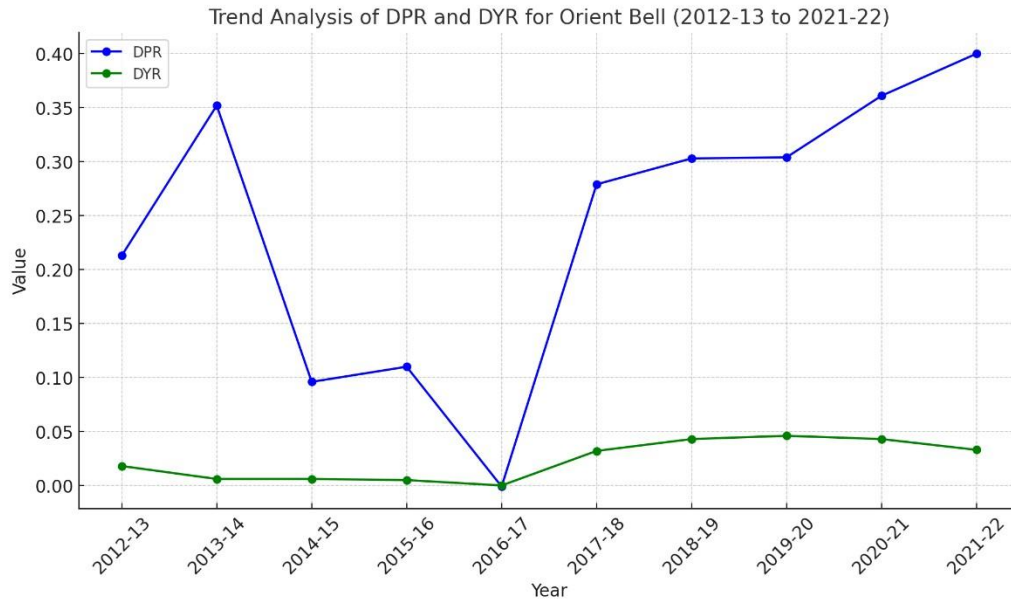
420 The following Table 14 displayed the results of Trend analysis and 10-year Projections of
421 Orient bell Limited.

422 **Table 14 Trend analysis and Projections of Dividend decision variables of Orient bell**
423 **for 2012-13 to 2021-22**

	DPR	DYR
2012-13	0.213	0.018
2013-14	0.352	0.006
2014-15	0.096	0.006
2015-16	0.110	0.005
2016-17	-0.001	0.00
2017-18	0.279	0.032

2018-19	0.303	0.043
2019-20	0.304	0.046
2020-21	0.361	0.043
2021-22	0.400	0.033

Source: Capitaline



Graph 8: Trend analysis and Projections of Dividend decision variables of Orient bell for 2012-13 to 2021-22

The dividend payout ratio (DPR) of Orient Bell Limited has shown fluctuations over the tenyear period, starting at 0.213 in 2012-13, peaking at 0.352 in 2013-14, dropping to 0.096 in 2014-15, and then recovering in later years to 0.400 in 2021-22. This indicates that the company adjusted its dividend strategy over time, maintaining a balance between reinvestment and shareholder returns. The dividend yield ratio (DYR) remained low in earlier years, fluctuating between 0.006 and 0.018 before stabilizing in later years at around 0.043–0.046, indicating moderate investor returns. The absence of dividends in 2016-17 (DYR = 0.00) suggests that the company may have withheld payouts that year, possibly for reinvestment or financial restructuring. The steady rise in both DPR and DYR in later years suggests an improving financial position and a focus on maintaining shareholder confidence through stable dividends. **4. Discussion**

The analysis of dividend decision trends across the construction-associated industries in India from 2012 to 2022 provides critical insights into the varying dividend strategies employed by companies in the steel, cement, paint, granite, and ceramic tiles sectors. These sectors, characterized by capital-intensive projects, cyclical market demands, and significant infrastructure investments, face unique financial challenges that directly impact their dividend policies. The study reveals that while some companies within these industries have shown consistent growth in dividend distributions, others have taken a more conservative approach, prioritizing reinvestment over shareholder returns. In the steel industry, companies like **Hisar Metal Industries** and **Kirloskar** have demonstrated consistent growth in their **dividend**

payout ratios (DPR), signaling strong profitability and stable financial conditions (Capitaline, 2022). This reflects a shareholder-friendly approach, providing higher returns relative to earnings. On the other hand, **JSW Steel** adopted a more conservative dividend policy, which is evident in the negative CAGR observed in its dividend payout ratios. This decline, especially the dip in the **dividend yield ratio (DYR)** in 2021-22, suggests that the company is prioritizing reinvestment into expansion and technological improvements rather than rewarding shareholders (Miller & Modigliani, 1961). The contrasting dividend policies within the steel industry highlight how capital-intensive industries face challenges balancing growth investments with shareholder expectations. Companies like **Hisar** increase their dividends to attract and retain investors, while others like **JSW Steel** opt to conserve capital for expansion.

Similarly, in the cement industry, a noticeable distinction in dividend practices emerges. **Deccan** and **Mangalam Cement** exhibit strong growth in both **DPR** and **DYR**, indicating healthy profit generation and the ability to offer consistent returns to shareholders. In contrast, **Ambuja Cements** and **Ramco Cement** have experienced declines in their dividend payout ratios. This variability can be attributed to different levels of capital investment needs, debt obligations, and the cyclical nature of demand in the cement industry. As suggested by **Baker and Powell (2000)**, dividend policies in capital-heavy sectors like cement often reflect the need to retain earnings for future growth and infrastructure developments. The higher **DPR** observed in companies like **Deccan** signals a more stable cash flow and a lower dependence on external financing, allowing these companies to provide steady returns to investors. In the paint industry, companies like **Berger Paints** stand out due to their positive growth in both **DPR** and **DYR**, signifying an aggressive and shareholder-friendly dividend policy (Fama & French, 2002). **Asian Paints**, on the other hand, although showing a steady increase in its **DPR**, had a slight downturn in 2016-17, highlighting the influence of external factors like market restructuring or economic challenges. **Akzo Nobel**, with a negative CAGR in both **DPR** and **DYR**, reflects a more cautious strategy likely driven by financial restructuring and low profitability in certain years. The varying strategies in the paint industry underscore the importance of market conditions and operational efficiency in shaping dividend decisions. **Berger Paints'** consistent growth in dividends reflects a balanced approach, prioritizing both reinvestment and returns to investors, which aligns with the findings of **Pandey (2004)**, who suggested that dividend policies should account for both internal capital needs and shareholder expectations.

The ceramic tiles industry also reveals distinct trends in dividend decisions. **Kajaria Ceramics** showed significant positive growth in both **DPR** and **DYR**, signaling strong profitability and a commitment to returning value to shareholders (Taxmann, 2020). In contrast, **Somany** and **Orient Bell** exhibited varying dividend practices. **Somany's** negative **DPR** CAGR, coupled with a positive **DYR** CAGR, indicates that while dividend payouts relative to earnings were reduced, the returns relative to stock price were improving. This could be attributed to strategic shifts in the company's financial management or market positioning. **Kajaria's** consistent increase in dividends despite the negative trends observed in **Orient Bell** highlights the broader industry trend where more financially stable companies are in a better position to offer higher dividends, even during periods of economic turbulence.

This contrast reflects the need for companies in the ceramic tiles industry to balance shareholder returns with long-term sustainability, especially when facing fluctuating market conditions. Finally, the overall analysis across these industries suggests that **sector-specific factors**, such as capital requirements, cyclical demand, and profitability, play a significant role in shaping dividend policies. **Steel** and **cement** companies, being more capital-intensive, generally show more conservative dividend policies as they prioritize reinvestment into growth and infrastructure. On the other hand, industries like **paint** and **ceramic tiles**, with relatively lower capital requirements, demonstrate more variability in their dividend strategies. Companies in these sectors may be better positioned to provide consistent dividends due to their lower capital expenditure needs and higher operating cash flows. As **Jensen (1986)** notes, companies must balance between distributing profits to shareholders and retaining them for growth, a trade-off that is particularly pronounced in capital-intensive sectors.

5. Conclusion:

The study of dividend decisions across the construction-associated industries in India reveals significant insights into how different industries manage dividend payouts based on their unique characteristics. Steel, cement, paint, granite, and ceramic tiles industries all exhibit differing approaches to dividend policies, primarily influenced by capital intensity, market cycles, and profitability. Companies in capital-heavy industries like steel and cement tend to adopt conservative dividend strategies, focusing on reinvestment and business expansion. In contrast, sectors like paint and ceramic tiles, which are less capital-intensive, often exhibit more variability in their dividend strategies, offering higher dividends in years of strong performance while adjusting payouts during challenging periods. This variability reflects how companies balance shareholder returns and the need for capital preservation, particularly in cyclical markets. Investors, policymakers, and corporate managers must therefore consider these industry-specific strategies when evaluating the long-term sustainability and attractiveness of dividend payouts. Overall, this study highlights the importance of understanding sectorspecific dynamics when formulating dividend policies, ensuring a balance between shareholder value and long-term corporate growth.

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