

DEPENDENCE OF DIVIDEND ON INDEPENDENT VARIABLES – A CASE STUDY ON INDIA BASED LEADING PHARMACEUTICAL COMPANY: GLAXOSMITHKLINE

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Abstract

This paper aims at establishing a relationship between the dividend distributed to the shareholders by an individual firm and a few selected independent variables upon which amount of dividend depends, viz; degree of combined leverage of a firm, its taxation policy, its growth and its age. For the purpose of establishing such relationship we need to understand the following major terms: "Degree of combined leverage", "dividend distributed", "taxation policy". The term leverage can be defined as the use of various financial instruments or borrowed capital to increase the potential return of an investment. Dividend can be defined as that part of a firm's earnings which is distributed to the shareholders. What actually follows is the amount of dividend depends on the earnings of

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