



## Sector-Wise Dividend Payment by all Listed Companies in Dhaka Stock Exchange: An Empirical Analysis

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### Abstract

**Purpose:** The purpose of this article is to examine the sector-wise dividend payment of all the listed companies in the Dhaka Stock Exchange (DSE). This paper also indicates the highest and lowest percentage of dividend paid by companies in each sector, as well as illustrates the reason for distributing such amount of dividend.

**Design/methodology/approach:** The empirical analysis was done by using the last fifteen years (i.e., 2004-2018) of dividend payment by all listed firms in DSE. Data was collected from the secondary sources to perform the analysis. On collected data, average dividend amount was calculated for each listed company by adding the percentage of cash and stock dividend paid by those companies. Trend analysis was performed on the average dividend to see which company among all listed companies is distributing a high or low percentage of dividend to their shareholders' over the years.

**Findings:** The results from this article show that companies in the declining industry fail to meet their shareholders' expectations in terms of dividend payment. On the other hand, companies in booming industries are consistently disbursing dividend for their shareholders'. Besides, companies are in the growth stage, and the multinational companies are distributing a considerable percentage of dividend.

**Practical implications:** The results of this article will be helpful for the fund managers', investment analysts' and investors' who makes decisions to invest in the capital market because the paper presented the historical average dividend payment by listed companies.

**Originality/value:** This article presents the average dividend payment by companies listed in stock exchange in an emerging economy, also finds out sector-wise dividend payment and suggests some remedial for companies.

## **1. Introduction**

This paper is prepared based on the sector-wise dividend payment of the last fifteen (15) years by all the listed companies in Dhaka Stock Exchange (DSE). The paper gives an insight about the dividend payment of all the listed companies in Dhaka Stock Exchange. We have shown which company provides the highest and lowest amount of dividend in each sector and the reason for giving such dividend of the company. A dividend is a portion of a company's profits that the company may decide to distribute to its shareholders. Most of the companies that are listed in DSE gives more or less dividend. Some listed companies didn't give any dividend. All the banks that are listed at Dhaka Stock Exchange consistently give stock dividend except ICB Islamic Bank Limited. In the case of cement, engineering, insurance, miscellaneous, tannery, telecommunication, textile sector, there are one or two companies which give a higher amount of dividend in the last 15 years.

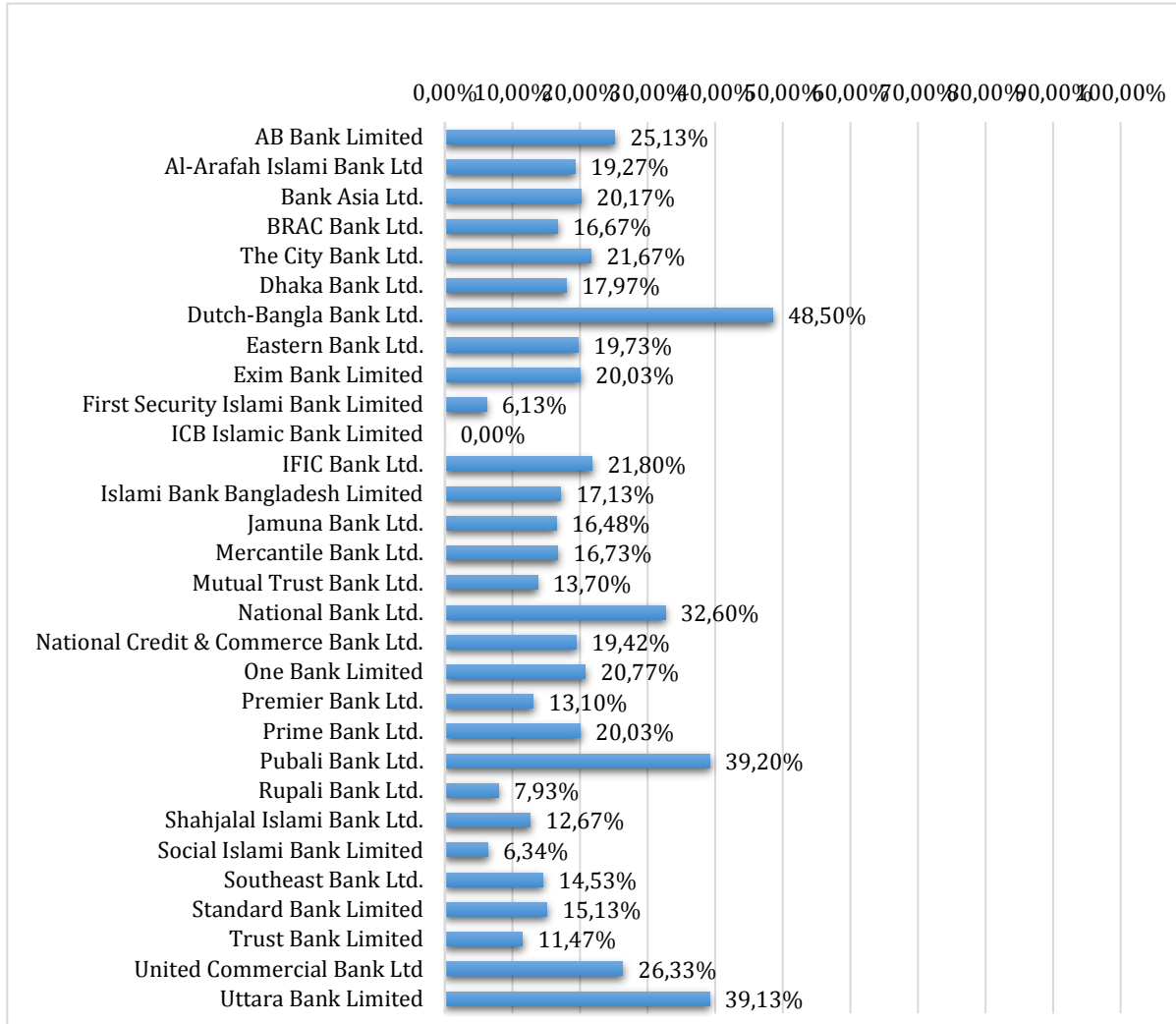
In contrast, the companies of ceramic, finance, IT, services and real estate, travel and leisure sector gives an average amount of dividend. The paper and printing and jute sector provide the lowest amount of dividend. In the case of pharmaceuticals and chemicals sector, three companies give an enormous amount of average dividend in the last 15 years.

## **2. Objectives**

- ✓ To analyze sector-wise dividend payment of all listed companies in DSE.
- ✓ To determine in each sector, which company gives the highest and lowest dividend.
- ✓ To find out the reason for giving such high and low dividend by the listed companies.

### 3. Analysis

#### 3.1 Banking Sector



**Figure 1:** Average dividend of last 15 years in the Banking Sector

From the chart mentioned above, we can see that Dutch-Bangla Bank Limited has given the maximum average dividend among all of the listed banks. In 2007, Dutch-Bangla Bank Limited gave a stock dividend of 394.17% while the second-best stock dividend is 200% which was provided by the Pubali Bank Limited in the year 2005. It is because of Basel III rules. These rules aim to strengthen the regulation, supervision and risk management of banks. Also, Dutch-Bangla Bank Limited has given the best cash dividend in the bank sector. After Dutch-Bangla Bank Limited, Pubali Bank Limited, Uttara Bank Limited and National Bank Limited have provided the most amount of average dividend in the bank sector. All of them have given a higher amount of stock dividend. However, First Security Islami Bank Limited has given the lowest amount of dividend in the bank sector. It is because this company has provided most of the year stock dividend rather than a cash dividend.

Moreover, ICB Islamic Bank Limited didn't provide any dividend in the last 15 years. The leading cause is that the recent liquidity crisis hits this bank. According to Bangladesh Bank Officials, "ICB Islamic Bank has sought restructuring of the repayment package for depositors of its predecessor Oriental Bank on grounds of a liquidity crunch. The bank still has to return Tk 444.34 crore of now-defunct Oriental Bank's clients, which it was supposed to do by November 2021". That's the reason this bank hasn't provided any dividend.

### 3.2 Cement Sector

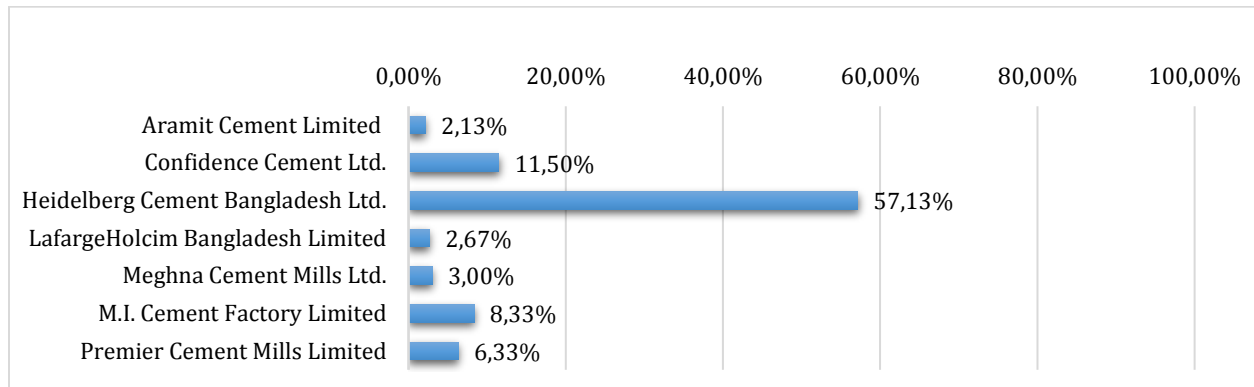


Figure 2: Average dividend of last 15 years in the Cement Sector

From the above chart, we can see that Heidelberg Cement Bangladesh Limited has given the highest amount of average dividend of all the listed cement companies. This company has provided high dividend because they were at the maturity level. So their market risk factor was low, which would enable them to give a high dividend. Also, the high dividend policy to maintain its brand value. Whereas, Aramit Cement Limited offers a low amount of average dividend. The reasons are - lower brand value, higher management cost, high raw material cost and smaller sell amount.

### 3.3 Ceramic Sector

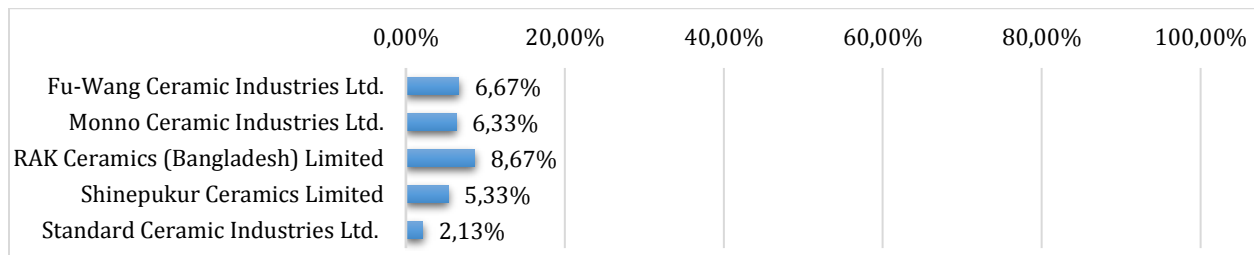
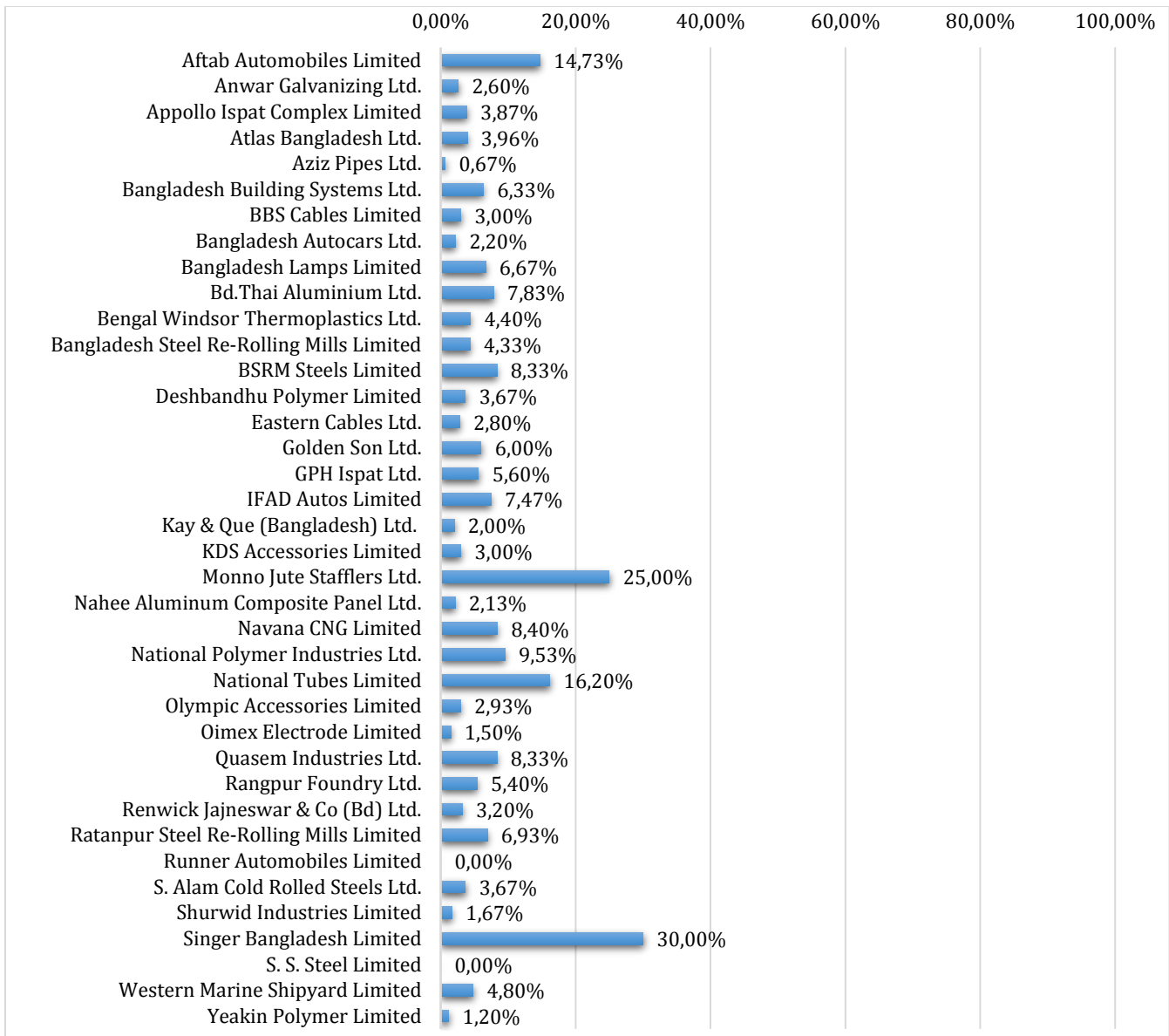


Figure 3: Average dividend of last 15 years in the Ceramic Sector

RAK Ceramics (Bangladesh) Limited has given the highest amount of average dividend in the last 15 years among the listed ceramic companies in DSE. Their paid-up capital is high, but their sponsor directors are holding the maximum portion of shares of 72.08%. Also business condition is good enough. For that they can give high dividend than the others. Standard Ceramic Industries Limited has provided the lowest amount of dividend in the last 15 years. It is because their earning per share isn't good enough to pay a dividend.

### 3.4 Engineering Sector

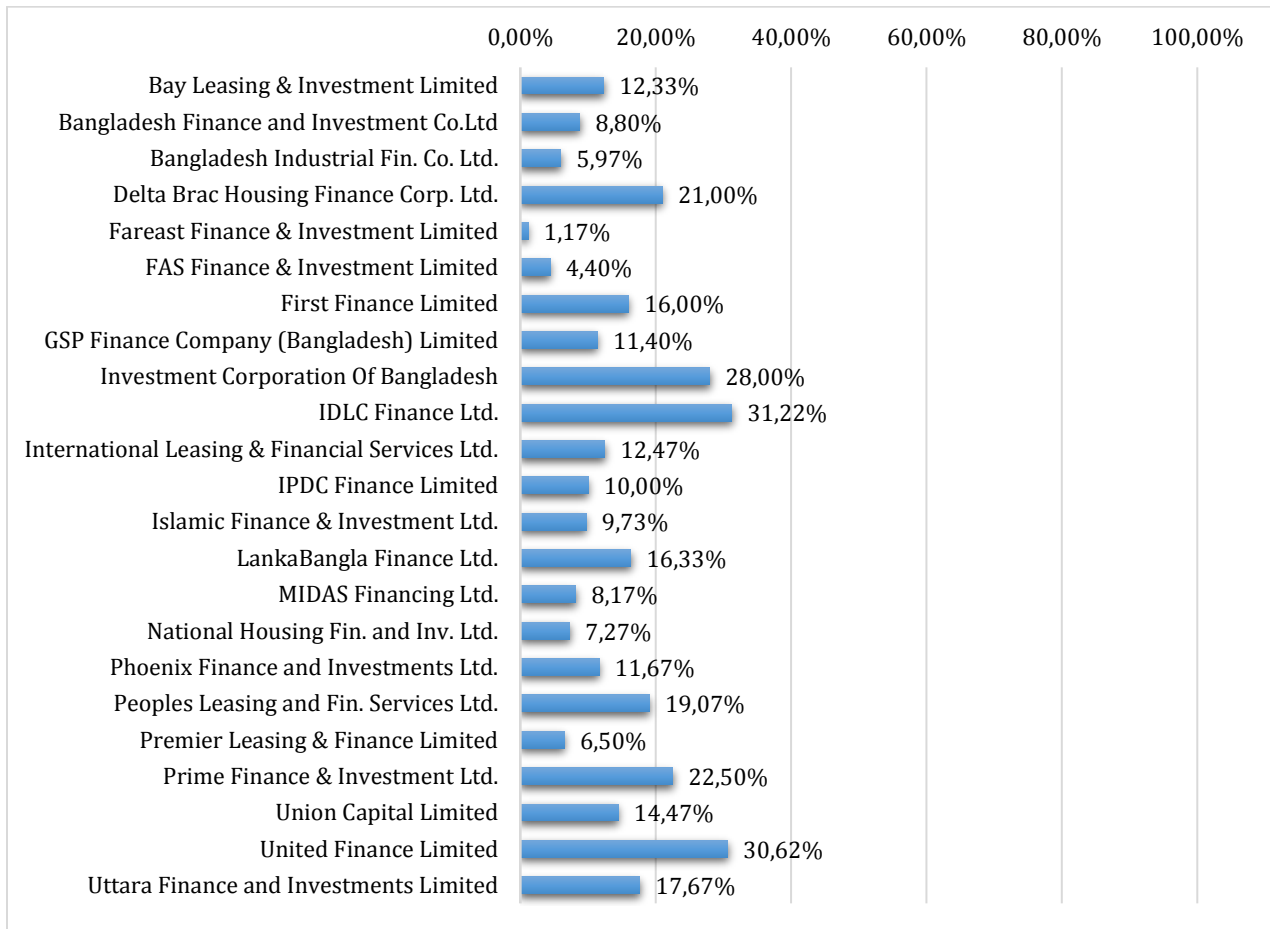


**Figure 4:** Average dividend of last 15 years in the Engineering Sector

Among the 38 listed engineering companies in DSE, Singer Bangladesh Limited has given the highest amount of average dividend in the last 15 years, and it is 30%. It is because of their highest cash dividend and high stock dividend. And the reason was the company had been enjoying good earnings growth in the last five years, which represent the market share of Singer Bangladesh Limited was on the rise. Considering the current year performance of the company is expected to generate good earning in the coming year. In spite of their excellent profit in the last year, they declared a 30% bonus dividend but no cash dividend at all. The reason could be they might have the plan to reinvest their undeclared profit. That is why they are giving the highest dividend. Among the engineering sector, Monno Jute Stafflers Limited has delivered the second-

highest dividend in the last 15 years, which is 25%. They have given the highest stock dividend in the previous 15 years. Therefore, their average dividend amount for the last 15 years is showing inflated. Aziz Pipes Limited has given the lowest amount of ordinary dividend in the engineering sector. It is because they could not increase their business in a competitive market. Among the engineering sector, the Runner Automobiles Limited and the S.S. Steel Limited has not provided any cash or stock dividend as because they are recently listed at the DSE.

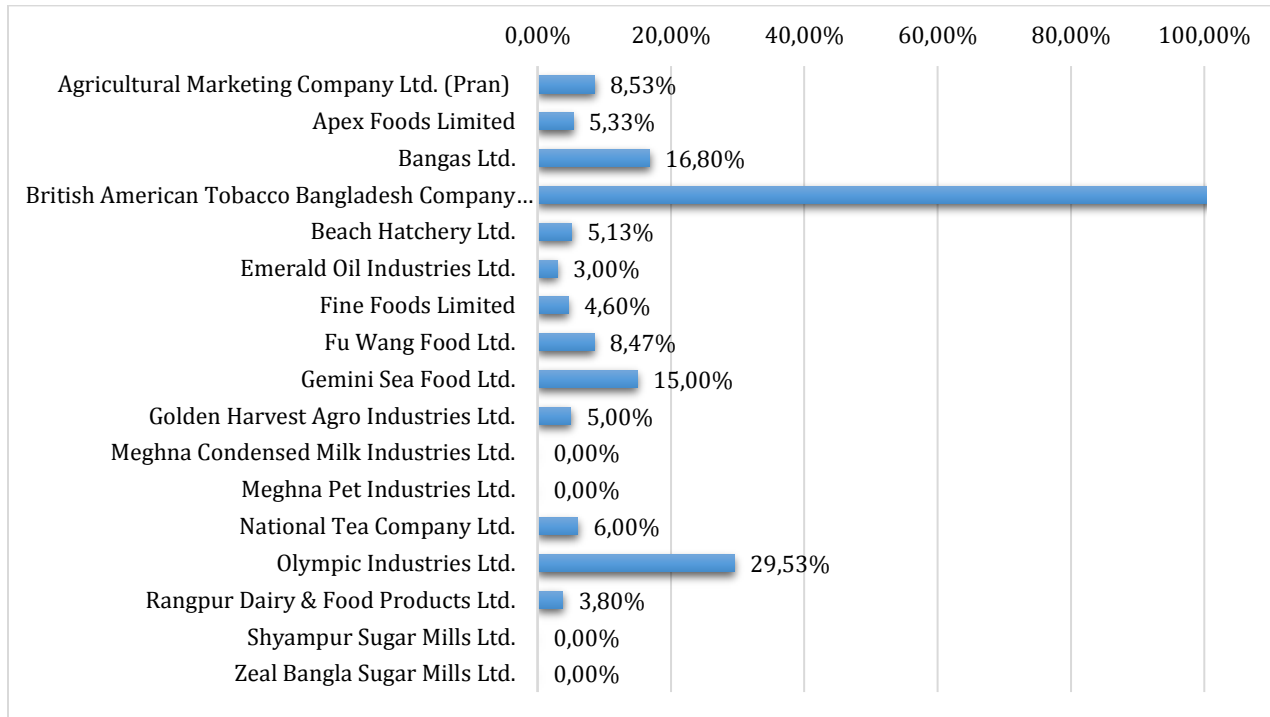
### 3.5 Financial institutions



**Figure 5:** Average dividend of last 15 years in the Financial Institutions

IDLC Finance Limited gives the highest amount of average dividend among the listed 23 financial institutions in DSE. They have given the last 15 years an average dividend of 31.22%. The main reason for their high dividend is their performing well in the market. As a result, their earnings are well enough. Also, their corporate governance is well maintained over the last 15 years. However, Fareast Finance and Investment Limited had given the slightest amount of dividend. It is because of their non-performing loan, weak corporate governance, liquidity crisis and ineffective management.

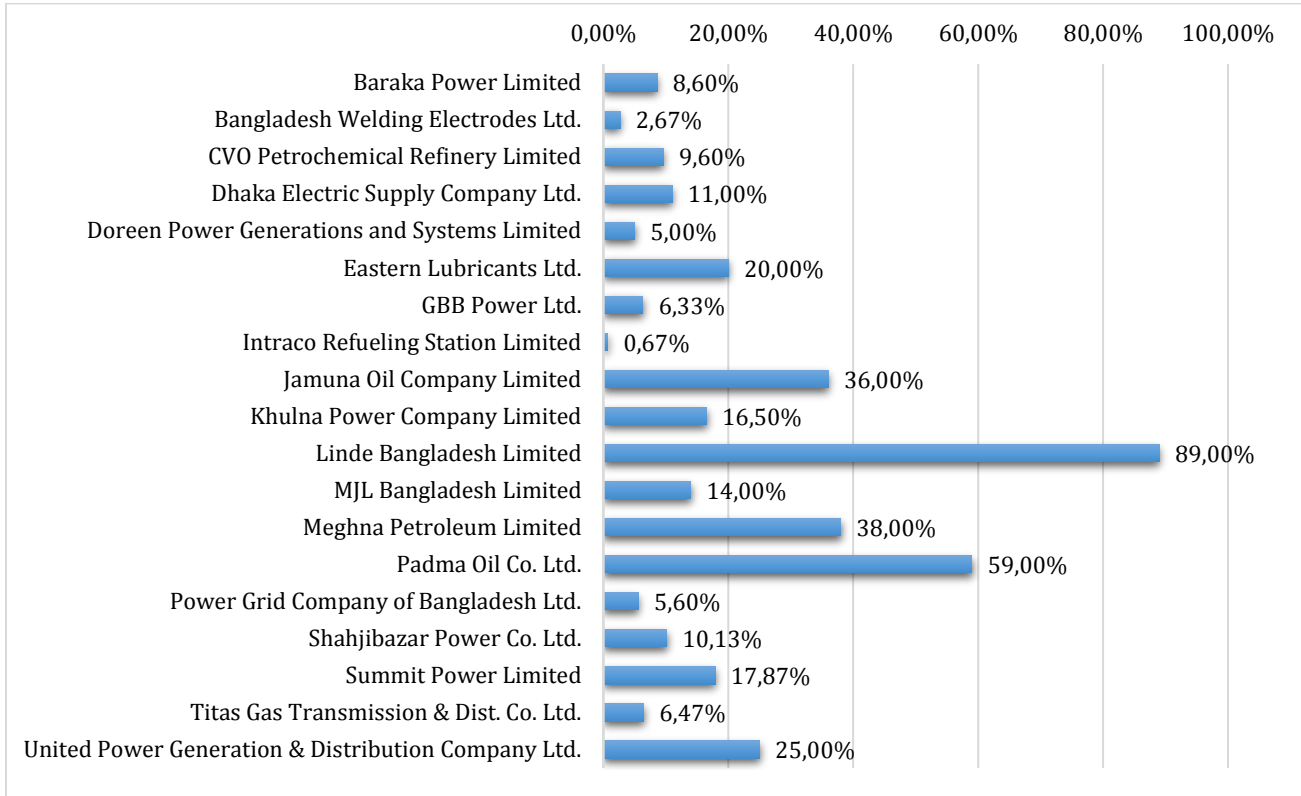
### 3.6 Food and Allied Sector



**Figure 6:** Average dividend of last 15 years in the Food & Allied Sector

Here we can see that British American Tobacco Bangladesh Company Limited gives the highest dividend among the Food and Allied Sector. That is because the company is in the maturity growth stage. Besides, in future, the company has no reinvestment plan, so it will provide them with the opportunity to give a high dividend. Company's earnings per share is another reason to provide a maximum dividend. On the other hand, Emerald Oil Industries Limited has given the minimum amount of dividend. Last few years they couldn't pay any dividend because the company had taken a considerable amount of loan from the bank and failed to return it. As a result, the company's production had been shut down. However, Meghna Condensed Milk Industries Limited and Meghna Pet Industries Limited have not given any types of dividend in the last 15 years. It is because these companies' business operations are limited. Also, Shyampur Sugar Mills Limited and Zeal Bangla Sugar Mills Limited didn't give any dividend because of the corruption of the companies.

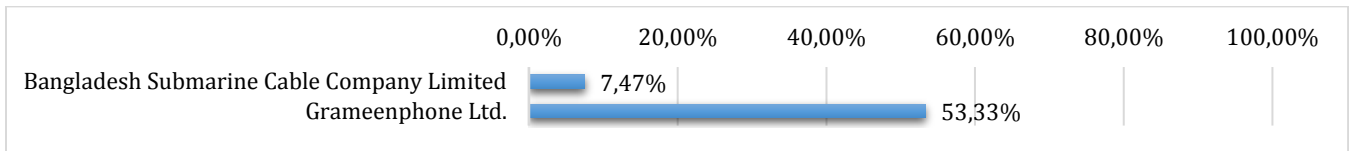
### 3.7 Fuel and Power Sector



**Figure 7:** Average dividend of last 15 years in the Fuel & Power Sector

Linde Bangladesh Limited has provided the highest amount of average dividend in the last 15 years in the Fuel and Power Sector, and it is about 89.00%. The reason for giving high cash dividend is they are performing well in the market and day by day increased their EPS. In the engineering sector, the Intraco Refueling Station Limited gives the lowest amount of average dividend. They have only given the dividend in the year 2018. The company was listed at the DSE in the year 2018.

### 3.8 Telecommunication Sector



**Figure 8:** Average dividend of last 15 years in the Telecommunication Sector

Grameen phone Limited gives a higher amount of average dividend than Bangladesh Submarine Cable Company Limited. It is because, after the year 2015, their capital expenditure has decreased. As a result, they can provide a higher amount of dividend after 2015. On the other side, Bangladesh Submarine Cable Company Limited gives an average dividend of 7.47%. It is because according to their business capacity, their earnings are not up to the mark.



### 3.9 Insurance Sector

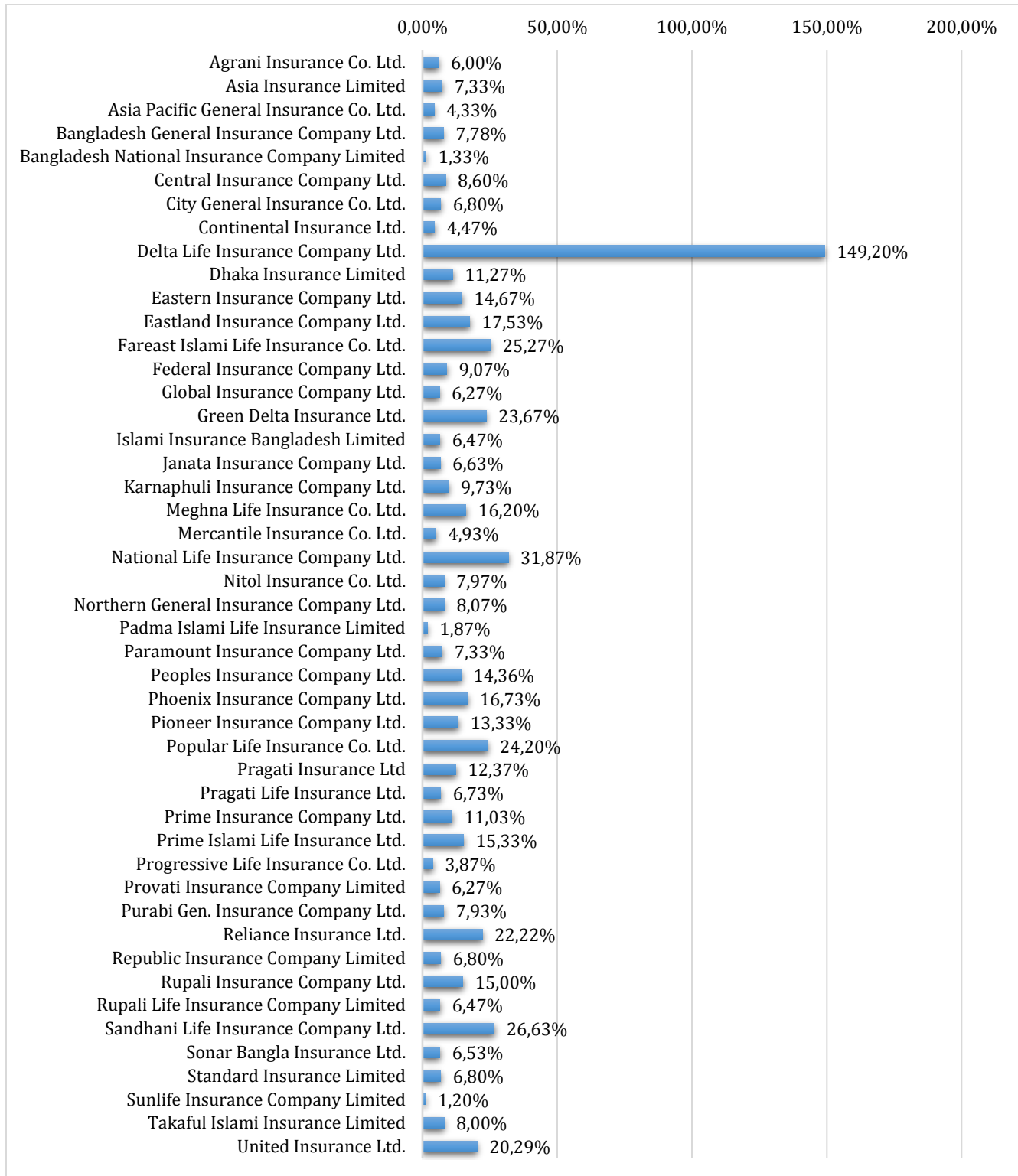
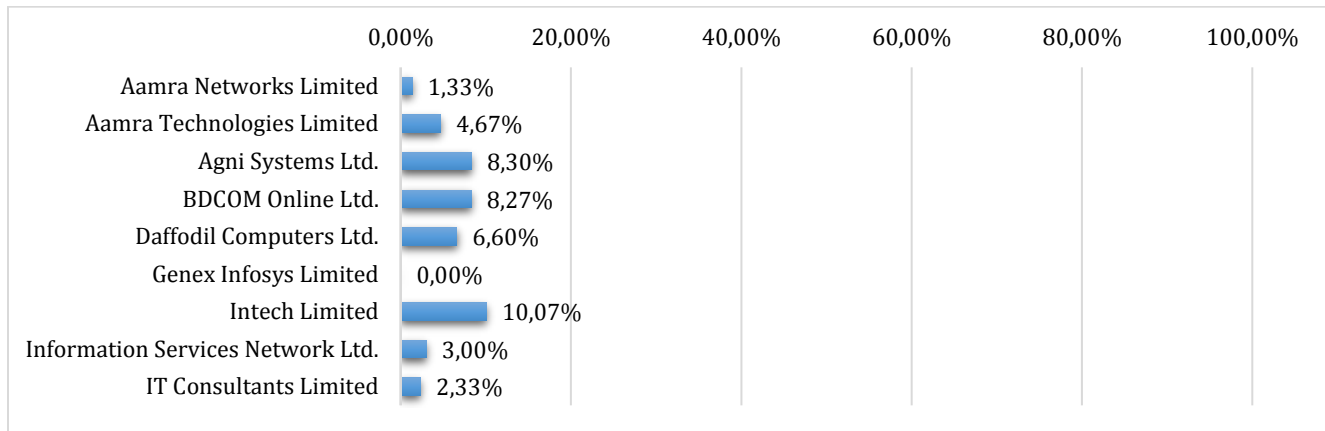


Figure 9: Average dividend of last 15 years in the Insurance Sector

Delta Life Insurance Company Limited has given the highest dividend among the Insurance sector in DSE. The dividend payout rate is 149.20%. In the last 15 years, they have given the best and tremendous amount of stock dividend than the other companies. In the year of 2012, they have given stock dividend 2100%. For this reason, their average dividend of last 15 years becomes high. Whereas, the Sunlife Insurance Company Limited given the base amount of ordinary dividend. Sunlife Insurance Company Limited has been performing poorly in the market.

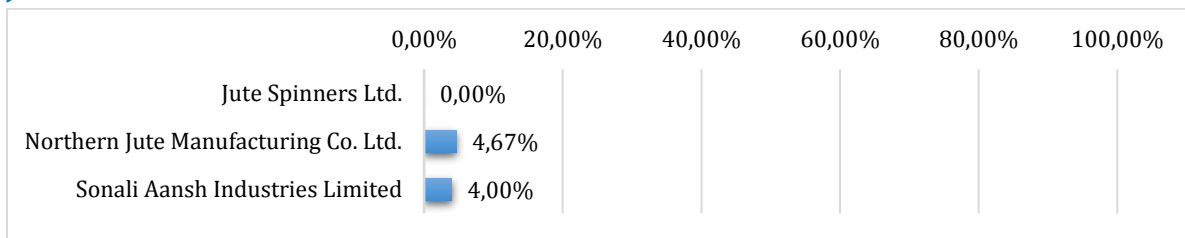
### 3.10 IT Sector



**Figure 10:** Average dividend of last 15 years in the IT Sector

Intech Limited gives the highest amount of average dividend in the IT Sector. It is because in the last 15 years they have provided a consistent amount of dividend. They are doing business regularly, and they have a plan to expand their business operations. Recently Intech Limited has signed an 'Exclusive Commercial Agreement' with Indian Minfy Technologies Private Limited to provide Amazon web services in Bangladesh. Conversely, Genex Infosys Limited didn't give any dividend because the company is newly listed.

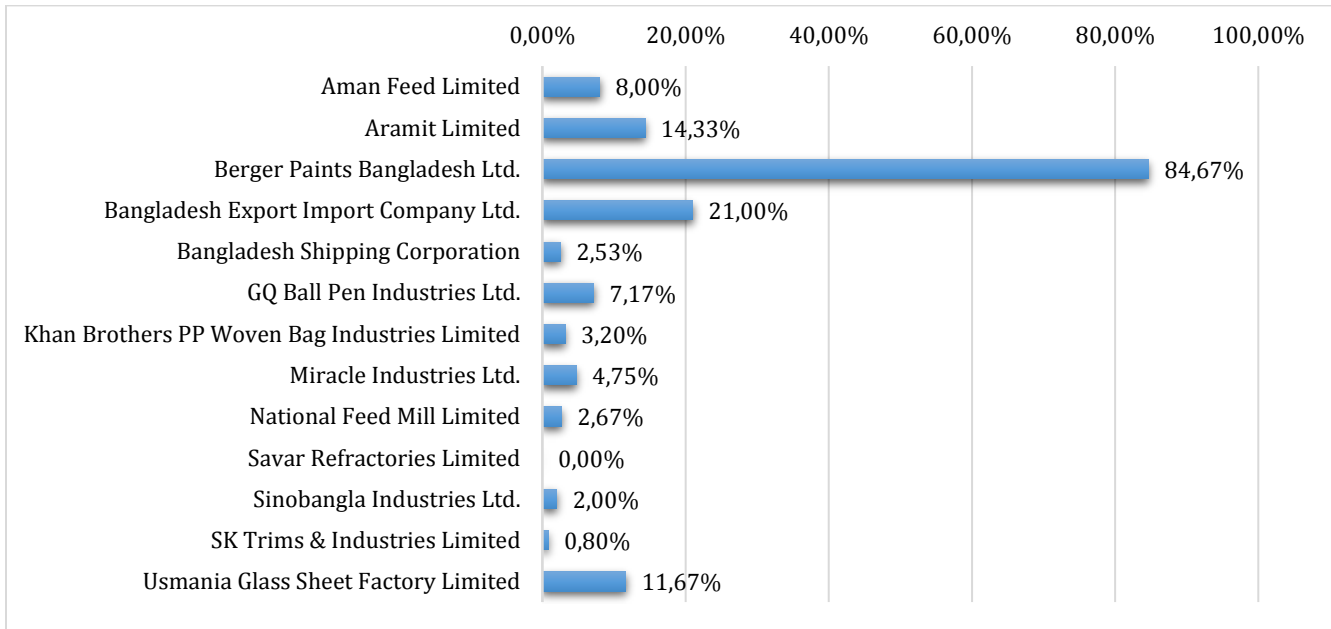
### 3.11 Jute Sector



**Figure 11:** Average dividend of last 15 years in the Jute Sector

Northern Jute Manufacturing Company Limited gives the maximum amount of average dividend in the Jute sector. They provide a little bit more dividend than the Sonali Aansh Industries Limited. The Northern Jute Manufacturing Company Limited has provided a dividend of 4.67%. It is because the Northern Jute Manufacturing Company Limited is performing better than the other two companies in this sector. The Jute Spinners Limited didn't give any dividend in the last 15 years. Because the company is at the sustain level and their production remained suspended for more than two years since June 2016.

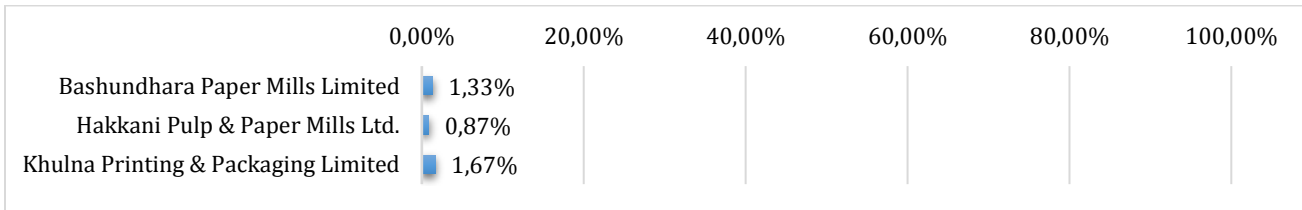
### 3.12 Miscellaneous Sector



**Figure 12:** Average dividend of last 15 years in the Miscellaneous Sector

In the miscellaneous sector, we can see that Berger Paints Bangladesh Limited has provided the highest volume of average dividend in the last 15 years. The dividend is 84.67% on average. The reason for giving a maximum dividend was the company's standard amount of reserve fund and its corporate reputation. Similarly, they have provided a high dividend to maintain its brand value. In this sector, SK Trims and Industries Limited gives an average 0.80% dividend which is the lowest in this sector. While SK Trims and Industries Limited gives the lowest dividend; the Savar Refractories Limited gives no types of dividend in the last 15 years. It is because of their poor performance of production and marketing etc.

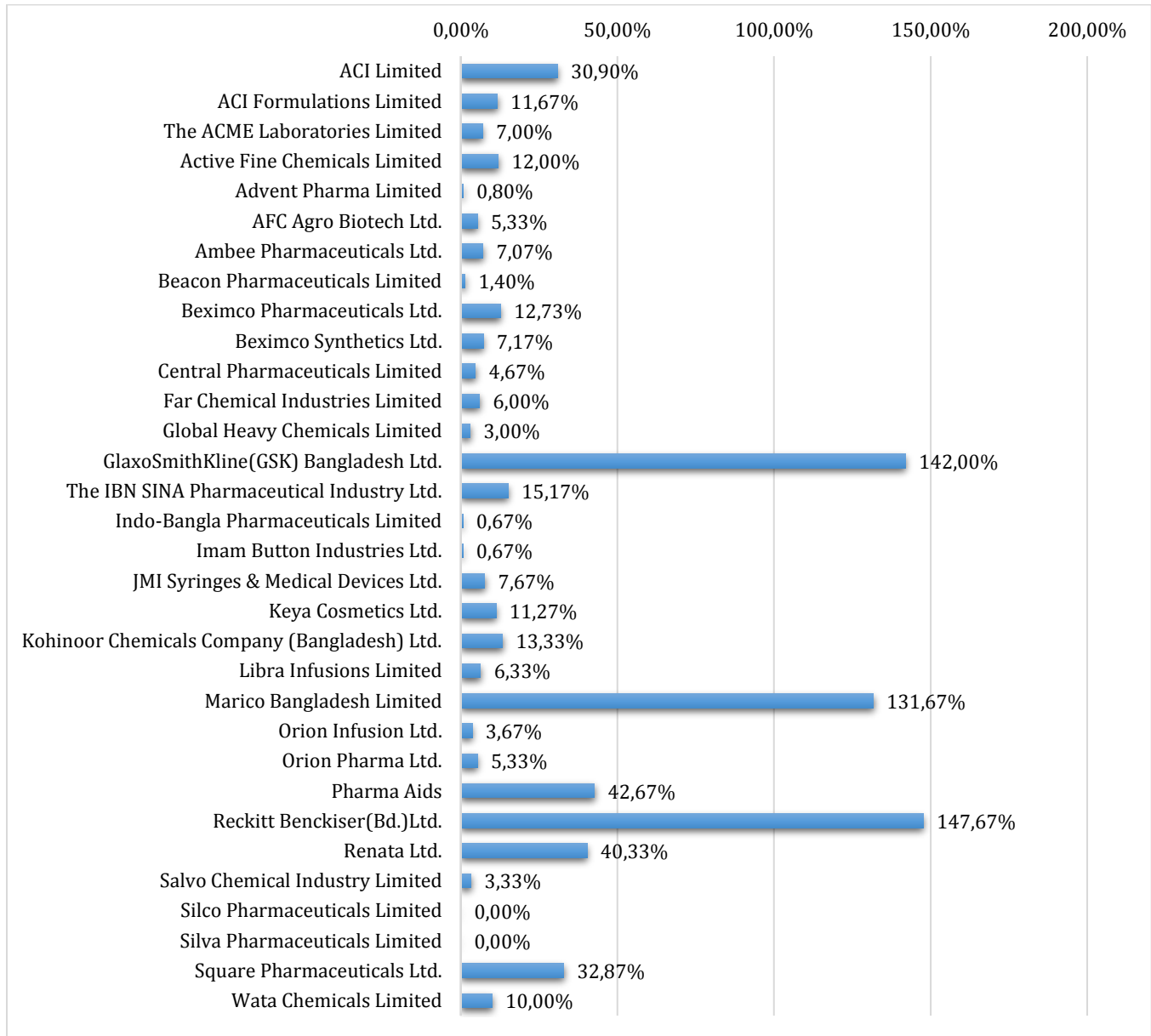
### 3.13 Paper and Printing Sector



**Figure 13:** Average dividend of last 15 years in the Paper & Printing Sector

In paper and printing sector, all the listed company provide a little amount of dividend in the last 15 years. Here, Khulna Printing and Packaging Limited provide the uppermost amount of average dividend, which is 1.67%. The reason is that the company's performance was better than the other two listed companies.

### 3.14 Pharmaceuticals and Chemicals Sector



**Figure 14:** Average dividend of last 15 years in the Pharmaceuticals & Chemicals Sector

Reckitt Benckiser (Bangladesh) Limited and GlaxoSmithKline (GSK) Bangladesh Limited gives the maximum amount of average dividend among the listed Pharmaceuticals and Chemicals sector. The dividend is about 147.67% and 142.00%. The reasons are a higher sponsor or director shares holding, well maintained corporate reputation and a standard amount of reserve. Likewise, they have low paid-up capital. On the other hand, Indo-Bangla Pharmaceuticals Limited and Imam Button Industries Limited has given the lowest dividend. As because Indo-Bangla Pharmaceuticals Limited has newly listed in DSE and Imam Button Industries Ltd. has been performing poorly in the market. Moreover, the Silco Pharmaceuticals Limited and

Silva Pharmaceuticals Limited didn't give any dividend, because both companies also recently listed at the DSE.

### 3.15 Services and Real Estate Sector

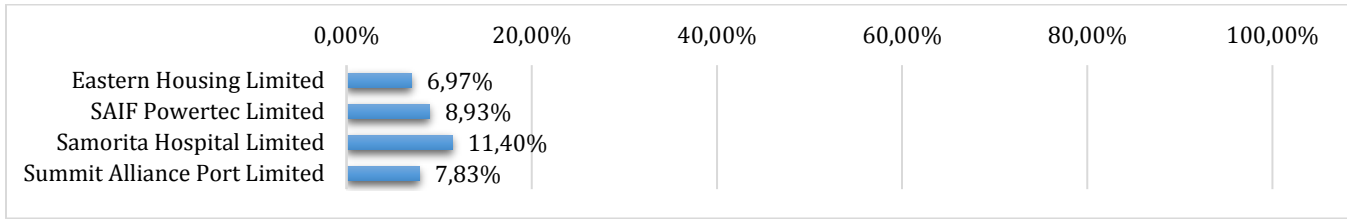


Figure 15: Average dividend of last 15 years in the Services & Real Estate Sector

In this sector, Samorita Hospital Limited has provided the uppermost amount of average dividend in the last 15 years. The reason for giving high dividend is they are performing well in the market. For that reason, their earnings per share become high. However, Eastern Housing Limited provides the least amount of average dividend in the last 15 years in this sector. Nowadays there are a lot of real estate companies, and it makes a competitive market because day by day their earning becoming low than in previous years.

### 3.16 Tannery Sector

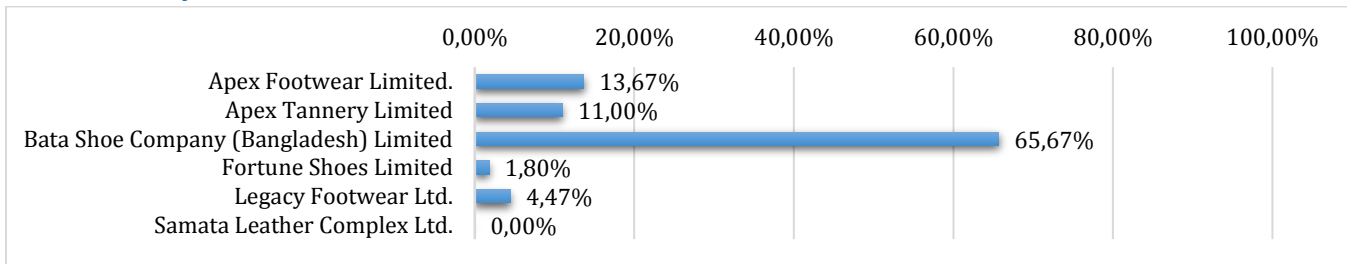


Figure 16: Average dividend of last 15 years in the Tannery Sector

Among the six Tannery companies in this sector, the Bata Shoe Company (Bangladesh) Limited gives the highest amount of average dividend. But, they didn't provide any stock dividend. Instead, they have given the highest amount of cash dividend in the last 15 years in this sector. In 2015, 2016 and 2017 they give 320.00%, 330.00% & 335.00% cash dividend, which is enormous in quantity. Correspondingly, to maintain their brand image, they have to provide a large amount of dividend. However, Samata Leather Complex Limited didn't give any cash or stock dividend due to their poor performance of the last few years they couldn't earn any profit to give any dividend.

3.17 Textile Sector

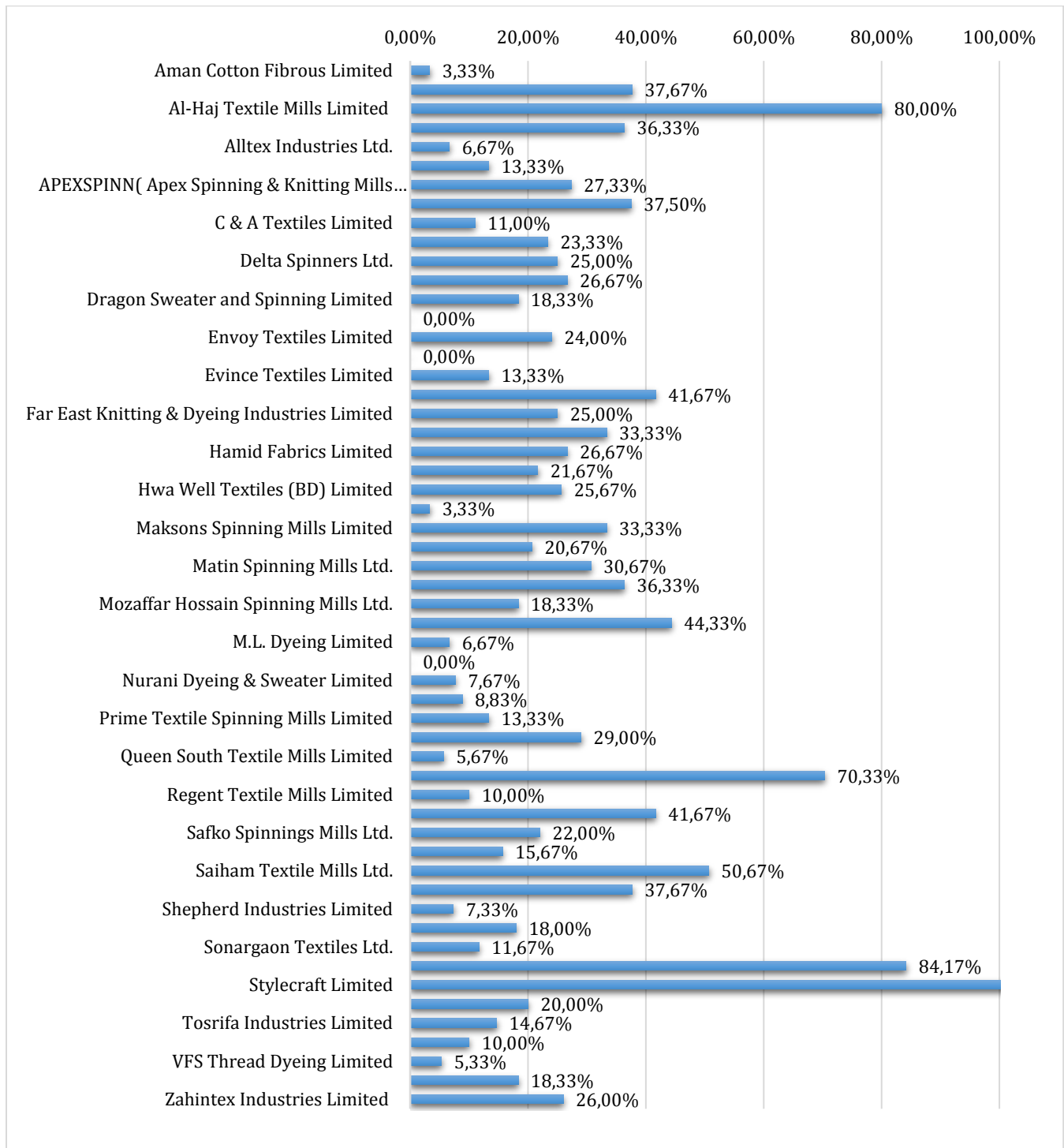
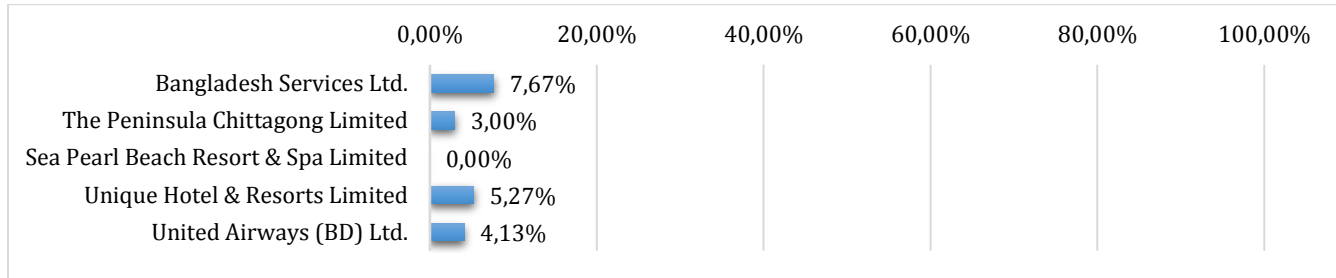


Figure 17: Average dividend of last 15 years in the Textile Sector

Among the listed textile companies in the textile sector, Stylecraft Limited gives the top-notch amount of average dividend. The dividend is about 211.67% which is higher than other companies. Whereas, Esquire Knit Composite Limited and New Line Clothings Limited didn't give any dividend because they are newly enlisted at the DSE. Similarly, Dulamia Cotton Spinning Mills Limited didn't provide any dividend because their reserve fund is in negative mode.

### 3.18 Travel and Leisure Sector



**Figure 18:** Average dividend of last 15 years in the Travel & Leisure Sector

Here we can see that among the four listed travel and leisure companies, Bangladesh Services Limited provides the uppermost amount of average dividend in the last 15 years. They provide the highest stock dividend among the other companies. It is because of their public portion of shares 0.13% and government holding the maximum percentages of 99.68%, and the Peninsula Chittagong Limited gives the lowest amount of average dividend, which is 3.00%. Because their paid-up capital is high, and their earning per share becomes low. However, Sea Pearl Beach Resort and Spa Limited didn't give any dividend in the last 15 years because the company newly listed.

## 4. Findings

After completing the analysis, we have found some issues about dividend of all the sectors in the Dhaka Stock Exchange. And it has an impact on the payment of dividend. Those problems are given below:

Stylecraft Limited provides the highest amount of average dividend than all the companies in the DSE. They offer an ordinary dividend of 211.67%. British American Tobacco Bangladesh Company Limited stands second in this case. They give an average dividend of 163.33%.

We can see that the companies in the jute industry give a lower amount of dividend than the other companies. It is because the jute sector was in the declining level. To improve the sector government have already taken some steps. Government offers loan moratorium facilities to the jute sector businesses. There are 30 listed bank companies in the DSE. Among them, 29 banks have excess reserve over 50% of their capital, which will give them the ability to provide a consistent dividend.

From this financial year, 2019-2020 government-imposed tax-free dividend income for investors in the capital market has been raised to Tk 50,000 from existing Tk 25,000, to incentivize the small investors, and strengthening this sector.

## 5. Recommendation

- ✓ Receiving a cash dividend is always a superior option. Because cash dividends help in establishing the prices of equity, it attracts investors, particularly those who want returns in the form of dividends. It increases the equity share price.
- ✓ In a sense stock dividend is not profitable because it does not affect shareholders wealth and more costly to administer than a cash dividend. The stock dividend can be unfavorable if the company

declares periodic small stock dividends. But companies that pay stock dividends are giving their shareholders the choice of keeping their profit or turning it to cash.

- ✓ Well-established companies should provide a consistent dividend to maintain their image in the competitive market and attract more investors. As more investors invest in the market, the stock price naturally increases.

## 6. Conclusion

Most of the listed companies in the Dhaka Stock Exchange give an amount of dividend. Among them, some companies provide cash dividend, some companies give a stock dividend, and some provide both cash and stock dividend. Companies try to give dividend because it will increase their dividend payouts from year to year. It will also maintain their image in the capital market, and it will improve their performance in the competitive market. As a result, their earnings will be high, and they will make a profit. Moreover, some companies give a dividend to maintain their category. Among all the companies listed in the Dhaka Stock Exchange, some companies give a massive average dividend in the last 15 years. Most of them are well-established companies. However, some companies offer the lowest amount of dividend. The government already have taken some steps to improve their status. At last, we can say that most of the companies give a dividend to attract more investors, and it will represent their performance in the capital market. As a result, their goodwill and earnings per share will be increased. So the companies will make more and more profit.

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