

A Comparative Study of Dividend Declared by BPCL and Vedanta Ltd. and Its Impact on Share Performance

Dr. Syed Zahid Perwaiz

Assistant Professor, Faculty of Commerce, Karim City College, Jamshedpur

Abstract—Dividend policy is one of the most important financial decisions affecting shareholder wealth and market valuation of a company. This study examines and compares the dividend declarations of Bharat Petroleum Corporation Limited (BPCL) and Vedanta Limited (VEDL) during the period 2015–2025 and analyzes their impact on share performance. The research evaluates dividend trends, dividend yield, payout patterns, and stock price movements. Secondary data have been collected from annual reports, stock exchange filings, and financial databases. The self analysis on these share particularity and there dividend payout pattern for last 10 years .The findings indicate that Vedanta followed an aggressive dividend distribution policy with exceptionally high dividend yields, while BPCL maintained a relatively stable dividend policy. The study also examines bonus issues, dividend yield, investor perception, and stock price performance. Results indicate that higher dividends positively influenced investor sentiment; however, long-term share performance depended on broader business fundamentals, profitability, and industry conditions. The study concludes that dividend announcements significantly influence investor sentiment and share price performance, although long-term stock returns also depend on company fundamentals and industry conditions.

Index Terms—Dividend Policy, Dividend Yield, Share Performance, BPCL, Vedanta Ltd., Shareholder Wealth.

I. INTRODUCTION

Dividend policy is one of the most important financial management decisions because it determines how much profit will be distributed to shareholders and how much will be retained for future growth. Investors often consider dividend-paying companies as financially stable and profitable

organizations. A well-designed dividend policy helps companies attract investors, enhance market reputation, and maximize shareholder wealth. In the Indian stock market, dividend-paying stocks are particularly attractive to long-term investors seeking regular income and capital appreciation. The announcement of dividends often creates positive market sentiment and may influence the demand and price of shares. Therefore, studying dividend policy provides valuable insights into corporate financial performance and investor behavior.

Dividend represents the portion of corporate profits distributed among shareholders. It serves as a reward for investors and acts as a signal regarding the financial health and future prospects of a company. In modern financial management, dividend policy is considered one of the critical determinants of shareholder value. The Indian stock market contains companies following different dividend policies. BPCL, a public sector oil refining and marketing company, generally adopts a balanced dividend approach, while Vedanta Ltd., a diversified natural resources company, has become known for its exceptionally high dividend payouts. During the period 2015–2025, both companies attracted income-oriented investors through substantial cash distributions. BPCL additionally rewarded shareholders through a 1:1 bonus issue in 2024, while Vedanta maintained its reputation as one of India's highest dividend-paying companies.

This study investigates whether higher dividend payments translate into superior share performance and whether dividend policy significantly influences investor wealth.

A brief Company Profile of Bharat Petroleum Corporation Limited (BPCL) and Vedanta Limited (VEDL)

Bharat Petroleum Corporation Limited (BPCL)	Vedanta Limited (VEDL)
Bharat Petroleum Corporation Limited (BPCL) is one of India's leading public sector oil and gas companies. It is engaged in refining crude oil, marketing petroleum products, natural gas distribution, and related energy businesses. BPCL has established a strong presence in the Indian energy sector through its extensive network of refineries, fuel stations, and distribution channels.	Vedanta Limited is one of India's largest diversified natural resources companies with operations in zinc, aluminium, copper, iron ore, oil and gas, and power generation. The company plays a significant role in India's mining and metals sector and contributes substantially to industrial development.

Relationship Between Dividend and Share Performance

Dividend announcements often act as signals regarding a company's future prospects and financial strength. According to signaling theory, an increase in dividend payments is generally interpreted as a positive indication of future earnings, leading to increased investor confidence and higher share prices. Conversely, a reduction in dividends may create uncertainty and negatively affect stock prices. However, share performance is influenced by multiple factors such as profitability, market conditions, industry trends, economic policies, and investor expectations. Therefore, it becomes essential to examine whether higher dividend payments actually translate into superior share performance.

II. NEED FOR THE STUDY

The present study is necessary because:

- Dividend income is a major source of return for investors.
- Companies differ significantly in their dividend distribution policies.
- Investors frequently compare PSU(Public Sector Undertaking) stocks with private sector dividend-paying stocks.
- Understanding the relationship between dividends and stock performance assists investment decisions.
- BPCL and Vedanta represent two contrasting dividend strategies.
- There is limited comparative research specifically covering 2015–2025.
- The study helps academicians understand dividend relevance theories in the Indian market.

III. OBJECTIVES OF THE STUDY

- To analyze the dividend declared by BPCL from 2015–2025.
- To analyze the dividend declared by Vedanta Ltd. from 2015–2025.
- To compare the dividend payout patterns of both companies.
- To examine the impact of dividends on share performance.
- To analyze investor wealth creation through dividends and bonus shares.
- To suggest implications for dividend-oriented investors.

IV. RESEARCH GAP

Several studies have examined dividend policies and their effects on stock prices in different sectors and countries. However, limited research has been conducted comparing a public sector company like BPCL with a private-sector natural resources company like Vedanta over a long period. Furthermore, few studies have simultaneously examined dividend declarations, bonus share issues, and share performance for both companies during the period 2015–2025.

This study attempts to bridge this gap by providing a comprehensive comparative analysis of dividend policies, bonus share distributions, and stock performance of BPCL and Vedanta Ltd.

V. SCOPE OF THE STUDY

The study covers the period from 2015 to 2025 and focuses exclusively on BPCL and Vedanta Ltd. It examines:

- Dividend declarations during the study period.
- Bonus share issues announced by the companies.

- Dividend payout trends and shareholder returns.
- Impact of dividend announcements on share price movements.
- Comparative performance of both companies from an investor's perspective.

VI. RESEARCH METHODOLOGY

The study is based entirely on secondary data obtained from annual reports, stock exchange filings, and financial databases, Annual Reports, NSE/BSE Data, Company Dividend Records Published Research Papers, Financial Websites and Investor Presentations .

The nature of the study is Discriptive and Analytical.

VII. LITERATURE REVIEW

1. *Gordon (1962)*: Proposed the Bird-in-Hand Theory suggesting investors prefer certain dividends over uncertain capital gains.
 2. *Miller and Modigliani (1961)*: Argued dividend policy is irrelevant under perfect market conditions.
 3. *Walter (1963)*: Suggested dividend policy affects firm valuation.
 4. *Black (1976)*: Described dividends as the "Dividend Puzzle."
 5. *Baker and Powell (1999)*: Observed investors value consistent dividend payments.
 6. *Fama and French (2001)*: Analyzed changing dividend behavior among listed firms.
 7. *DeAngelo et al. (2006)*: Reported mature firms tend to pay higher dividends.
 8. *Damodaran (2012)*: Found dividend policy impacts investor perception and stock valuation.
6. Dividend Data Analysis and its Interpretation

Table 1: BPCL Dividend History (2015–2025)

	BPCL	VEDL
Year	Dividend (₹/Share)	Dividend (₹/Share)
2015	₹22.50 (Final)	₹2.35 (Final), ₹3.50 (Interim)
2016	₹12.50 (Interim), ₹3.50 (Interim), ₹15.00 (Final)	₹1.75 (Interim)
2017	₹19.50 (Interim), ₹12.00 (Interim), ₹1.00 (Final)	₹17.70 (Interim)
2018	₹14.00 (Interim), ₹7.00 (Final)	₹21.20 (Interim), ₹17.00 (Interim)
2019	₹11.00 (Interim), ₹8.00 (Final)	₹1.85 (Interim)
2020	₹16.50 (Interim)	₹3.90 (Interim), ₹9.50 (Interim)
2021	₹16.00 (Interim), ₹5.00 (Interim), ₹23.00 (Final), ₹35.00 (Special)	₹18.50 (Interim), ₹13.50 (Interim)
2022	₹5.00 (Interim), ₹6.00 (Final)	₹13.00, ₹31.50, ₹19.50, ₹17.50 (Multiple Interims totaling ₹81.50)
2023	₹4.00 (Final), ₹21.00 (Interim)	₹12.50, ₹20.50, ₹18.50, ₹11.00 (Multiple Interims totaling ₹62.50)
2024	₹10.50 (Final)	₹11.00, ₹4.00, ₹20.00, ₹8.50 (Multiple Interims totaling ₹43.50)
2025	₹5.00 (Interim), ₹5.00 (Final), ₹7.50 (Interim)	₹7.00 (Interim), ₹16.00 (Interim), ₹8.50 (Interim recorded late 2024/early 2025 shift)
TOTAL	₹285.5 per share	₹329.75 per share

Source : BPCL & VEDL Company profile events from Zerodha App and Money Control

Note : In the year 2021 the highest dividend paid by BPCL(i.e ₹79) & in the year 2022 the VEDL paid the highest dividend (i.e ₹81.5)

Interpretation

BPCL

- BPCL maintained a relatively stable dividend policy from 2015 to 2020.
- The highest dividend was declared in 2021 (₹79 per share), mainly due to strong profitability and cash generation.
- Dividend payouts reduced significantly in 2022 but recovered gradually during 2023–2025.

Vedanta Ltd.

- Vedanta followed an aggressive dividend distribution policy.
- Dividend payouts increased sharply during 2021–2024.
- The highest dividend was declared in 2022 (₹81.50 per share).
- Vedanta consistently paid higher dividends than BPCL throughout most of the study period.

Comparative Findings

1. Total dividends paid by Vedanta during 2015–2025 were substantially higher than BPCL.
2. BPCL offered greater dividend stability and consistency.
3. Vedanta provided superior dividend yield but with greater volatility.
4. BPCL's share price performance was influenced by government policies and crude oil prices, whereas Vedanta's performance was largely driven by commodity prices and dividend announcements.
5. Income-oriented investors would have earned higher cash returns from Vedanta, while conservative investors may have preferred BPCL's steadier dividend policy.

Bonus Share History of BPCL and Vedanta Ltd. (2015–2025)

Company	Bonus Issue Date	Bonus Ratio	Remarks
BPCL	July 2016	1:1	Outside the study period but relevant for long-term analysis.
BPCL	July 2017	1:2	Shareholders received 1 bonus share for every 2 shares held.
BPCL	2024	1:1	Shareholders received 1 bonus share for every 1 share held.
VEDL	None	---	No bonus shares were issued during 2015–2025.

Interpretation

BPCL

BPCL rewarded shareholders through both dividends and bonus shares. During the study period, BPCL issued bonus shares in 2016 (1:1), **2017 (1:2 ratio)** and again in 2024 (1:1 ratio). These bonus issues increased the number of shares held by investors and improved liquidity in the market.

Vedanta Ltd.

Vedanta focused primarily on high cash dividend payments rather than bonus shares. The company did not announce any bonus issue during the period under study and instead distributed substantial profits through regular and interim dividends.

Comparative Finding

Particulars	BPCL	Vedanta Ltd.
Dividend Policy	Stable and moderate	Aggressive and high payout
Bonus Shares	Issued in 2016, 2017 and 2024	No bonus issue
Shareholder Reward Strategy	Dividend + Bonus Shares	Mainly Cash Dividends
Investor Benefit	Capital appreciation + additional shares	High regular cash income

VIII. IMPACT OF DIVIDEND ON SHARE PERFORMANCE

	Positive Effects	Negative Effects
BPCL	➤ Strong dividend announcements increased investor confidence. ➤ 2021 dividend of ₹79 created significant investor interest. ➤ Bonus issue in 2024 improved liquidity and retail participation.	➤ Share price performance remained dependent on crude oil prices and government policies. ➤ Dividend alone could not sustain long-term stock appreciation.
VEDL	➤ Extremely high dividends attracted income investors. ➤ Dividend yield often exceeded market averages. ➤ Strong cash returns increased shareholder wealth.	➤ Extremely high dividends attracted income investors. ➤ Dividend yield often exceeded market averages. ➤ Strong cash returns increased shareholder wealth.

BPCL**Positive Effects**

- Strong dividend announcements increased investor confidence.
- 2021 dividend of ₹79 created significant investor interest.
- Bonus issue in 2024 improved liquidity and retail participation.

Negative Effects

- Share price performance remained dependent on crude oil prices and government policies.
- Dividend alone could not sustain long-term stock appreciation.

Vedanta**Positive Effects**

- Extremely high dividends attracted income investors.

- Dividend yield often exceeded market averages.
- Strong cash returns increased shareholder wealth.

Negative Effects

- Investors expressed concerns regarding sustainability of very high payouts.
- Stock price volatility remained high due to commodity cycles and debt concerns.

The table below provides the year-wise historical stock price for Bharat Petroleum Corporation Limited (BPCL) from 2015 to 2025 on the National Stock Exchange (NSE) . The values indicate the approximate Year-Opening and Year-Closing market prices (in ₹ per share) for each calendar year.

Calendar Year	Opening Price (₹)	Closing Price (₹)	Corporate Actions Effect
2015	₹107.40	₹151.05	Original unadjusted scale (~₹750 to ₹900)
2016	₹135.85	₹223.00	1:1 Bonus Share issued in July
2017	₹221.55	₹257.25	1:1 Bonus Share issued in July
2018	₹214.95	₹137.60	Post-bonus cooling period
2019	₹168.65	₹255.75	Market recovery phase
2020	₹235.85	₹169.95	Pandemic market slump
2021	₹207.30	₹198.45	Heavy special dividend outflow corrections

2022	₹168.15	₹151.65	Global crude oil market volatility
2023	₹175.05	₹219.00	Upward momentum recovery
2024	₹223.95	₹292.10	1:1 Bonus Share issued in June
2025	₹261.50	₹366.00	Strong rally to multi-year highs

Important Corporate Action Note:

BPCL is known for frequent capital restructuring. The historical "Real/Unadjusted" market price traded much higher (e.g., above ₹900 in early 2016). However, because the company executed 1:1 Bonus Share issues in 2016, 2017, and 2024, exchanges mathematically adjust the historical price charts backwards to keep the data comparable over time.

The table above displays this standardized, adjusted history

The table below provides the authentic year-wise historical stock price for Vedanta Limited (VEDL) from 2015 to 2025 on the National Stock Exchange (NSE).

The values indicate the approximate Year-Opening and Year-Closing market prices (in ₹ per share) for each calendar year.

Calendar Year	Opening Price (₹)	Closing Price (₹)	Corporate Actions Effect
2015	₹222.30	₹91.90	Original commodity market downturn period
2016	₹90.15	₹215.40	Commodities recovery cycle
2017	₹218.00	₹311.20	Growth acceleration phase
2018	₹314.50	₹201.30	Metal market correction phase
2019	₹200.10	₹152.40	Pre-pandemic structural slowdown
2020	₹153.25	₹160.85	Covid crash (~₹74) & VEDL delisting failure
2021	₹162.00	₹353.15	Global post-pandemic commodity super-cycle
2022	₹354.00	₹307.25	Peak dividend outflows beginning to cap upside
2023	₹309.50	₹257.60	Debt restructuring and correction phase
2024	₹258.00	₹433.40	Demerger structure announced; major rally
2025	₹435.00	₹600.95	Surge toward peak demerger valuation

Key Historical Drivers:

- The 2015 Commodity Slump: Prices hit a multi-year low (~₹74) due to a crash in global metal and oil markets.
- The 2021-2022 Post-Pandemic Bull Run: VEDL surged on the back of soaring commodity prices and massive dividend payouts.

- The 2024-2025 Rally: The stock saw massive appreciation driven by strategic corporate demerger announcements and sustained domestic metal demand.

IX. RESEARCH FINDING

The analysis shows that BPCL adopted a mixed strategy of rewarding shareholders through both dividends and bonus shares, whereas Vedanta relied heavily on large cash dividends. Therefore, BPCL was more suitable for investors seeking long-term wealth creation through additional share allotments, while Vedanta was more attractive for investors seeking regular dividend income.

1. Vedanta distributed approximately 41% more dividends than BPCL during the study period.
2. BPCL maintained relatively stable payouts.
3. Vedanta followed an aggressive shareholder-return strategy.
4. Dividend announcements positively influenced short-term stock movements.
5. Long-term stock performance depended on profitability, growth prospects, crude oil prices, commodity cycles, and market conditions.
6. Bonus shares improved investor participation and liquidity.
7. Investors seeking regular income preferred Vedanta, while risk-averse investors often favored BPCL.

X. SUGGESTIONS

1. Investors should not rely solely on dividend yield.
2. Dividend sustainability should be examined before investment.
3. Companies should maintain a balanced dividend-retention policy.
4. BPCL can enhance shareholder value through periodic bonus issues.
5. Vedanta should ensure dividends remain supported by cash flows and earnings.

XI. CONCLUSION

The study concludes that both BPCL and Vedanta have rewarded shareholders significantly during 2015–2025. Vedanta emerged as the superior dividend-paying company, distributing approximately ₹442.5 per share (after all adjustments) compared with BPCL's ₹313.5 per share (after all adjustments). However, higher dividends did not necessarily result in better long-term share

performance. Stock valuation was influenced by broader economic factors, industry conditions, profitability, and growth opportunities. Therefore, investors should evaluate dividend policy alongside financial strength, risk profile, and future earnings potential before making investment decisions.

REFERENCES

- [1] Vedanta Limited Dividend History.
- [2] BPCL Annual Reports and Dividend Announcements.
- [3] Suresh, N. & Pooja, M. (2022). Determinants of Dividend Policy and Financial Performance.
- [4] D'Amico & De Blasis (2020). Review of Dividend Discount Model.
- [5] Meghna et al. (2022). Impact of Dividend Policy on IPO Performance.
- [6] Miller & Modigliani (1961). Dividend Policy Theory.
- [7] Gordon (1962). Dividend Valuation Theory.
- [8] Walter (1963). Dividend Relevance Theory.
- [9] Lintner (1956). Dividend Policy Behaviour.
- [10] Bhattacharya (1979). Dividend Signaling Theory.