ACR 15

ASSIGNMENT

LAKSHMI
Date
Page

1) What is your expectation from a company's stock price when the company has consistently increased dividends in the past, but has recently cut it down.

* When a company that has consistently increased its dividends suddenly cut its dividend, the stock price is generally expected to decline.

* This is because dividend cut often signal to investors that the company may be facing financial difficulties or expects weaker future earnings.

* Dividend cuts are often viewed as a sign that the company is struggling to generate enough cash flow or profits to sustain its previous payout levels.

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* Investors may interpret this as a warning that the company's future financial health is at risk.

* For companies that have a strong track record of increasing dividends, any deviation from that pattern could lead to a significant loss of investor confidence, causing the stock price to fall.

* The stock's yield would be reduced after a dividend cut, which may not make the stock less attractive to investors looking for dividend income.