**Abstract**

Dividend policy is a key decision area in the field of financial management; it is the fulcrum around which all other financial policies resolve. Dividends signal company’s financial wellbeing. Dividend policy of the firm affects both the long term financing and the wealth of shareholders. Some observers of corporate behaviour assume that dividend policy is determined easily because it determines the unused portion of corporate profits. In this paper, an effort has been made to evaluate the growth and working of the IT Companies with reference to the dividend policy. The study is diagnostic and exploratory in nature and makes use of secondary data. This study concludes that the IT Companies have significantly improved their working performance and there the investors are paid good.