

SPECIMEN FORMAT FOR THESES OF MONTH

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Title of the thesis : Impact of Capital Structure and Dividend Policy on
Firm value of select Pharmaceutical Companies in
India

(i) In Roman Script

(ii) In roman Script

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Abstract within 300 words:

The major objective of any organization is to attain the optimal capital structure and the proper dividend decision which enhances the firm value. It was always a challenge to make a proper decision and it is also a vital issue in corporate finance. Capital structure and dividend policy are the examples of financing and investment decisions that affect the level of funds available in the firm. So, this study is conducted, to examine the impact of capital structure and dividend policy on firm value of select Pharmaceutical Companies in India. This research study has selected 31 companies belonging to Pharmaceutical industry in India. It is categorized into three sections; Large Capital Companies, Mid Capital Companies and Small Capital Companies. These sample companies were selected on the basis of Average Market Capitalization and their enlistment in BSE. The Descriptive Statistics, Correlation, Multiple Regression Analysis, Panel Data Regression Analysis, Compound Annual Growth Rate and Trend Analysis were the tools used to analyze the data from 2007 to 2021. This study also gives a theoretical contribution to the future researchers. From the research the analysis indicates confirmation of Pecking Order Theory and Trade off Theory in the case of capital structure and the Dividend Relevance Theory according to the dividend policy of select Pharmaceutical Companies in India.

This research study findings on implementation will enhance the financial strength and financial stability in Pharmaceutical Industry. This industry will contribute significantly to the economic development of India.

Keywords: Capital Structure, Dividend Policy, Firm Value, Panel Data Regression and Pharmaceutical Companies in India.

i) Major objectives :

1. To analyze the factors determining Capital Structure and Dividend policy of select Pharmaceutical Companies in India.
2. To examine the impact of Capital Structure on Firm Value of select Pharmaceutical Companies in India.
3. To assess the impact of Dividend Policy on Firm Value of select Pharmaceutical Companies in India.
4. To determine the impact of Capital Structure on Dividend Policy of select Pharmaceutical Companies in India.
5. To identify the relationship between Capital Structure, Dividend Policy and Firm Value of select Pharmaceutical Companies in India.
6. To find out the intra-industry differences in Capital Structure and Dividend Policy of select Pharmaceutical Companies in India.

ii) Hypothesis:

H₀₁: There is no significant impact of Capital Structure on Firm Value of select Pharmaceutical Companies in India.

H₀₂: There is no significant impact of Dividend Policy on Firm Value of select Pharmaceutical Companies in India

H₀₃: There is no significant impact of Capital Structure on Dividend Policy of select Pharmaceutical Companies in India.

H₀₄: There is no significant impact of Capital Structure on Dividend Policy of select Pharmaceutical Industries in India.

H₀₅: There is no significant relationship between the Capital Structure, Dividend Policy and Firm Value of select Pharmaceutical Companies in India.

iii) Methodology :

The Pharmaceutical companies in India are taken as sample for the study. It is classified into Large Capital Companies, Mid Capital Companies and Small Capital Companies. This classification is based on the average market capitalization of companies. The study covers a period of fifteen financial years from (2007-2021).The study is analytical and quantitative in nature.This industry is one of the top sectors in the FDI inflows of the country.The secondary data is collected from Annual Reports, Money control website,Capital line Database,AMFI Website and the IBEF reports.The necessary information for the research study was also collected from various websites, magazines, books etc.

iv) Findings:

Capital Structure and Dividend Policy

In Large Capital Companies,

The Sun Pharma, the GR has the highest mean (0.48), which means that this company is utilizing the equity capital to generate better income and to enhance their sales volume.

The Divi's Labs, has the highest mean value of LTDR (24.84) and it has the maximum mean in Firm Value (17.57). It shows that this company utilizes the debt wisely to enhance their firm value.

The Dr.Reddy Labs, has the highest mean value of STDR (16.41).It indicates that they were good at managing their current obligations.

The Cipla has the utmost mean value of DPR (4.53). It indicates that this company is good at their dividend payouts to the shareholders.

The Aurobindo Pharma, maximum mean value of ROE (90.74).It shows that this company is generating profits by utilizing the maximum of equity.

The Lupin Pharma has the highest mean value of DYR (3.29) with a decrease in the firm value (2.27).So, this company payout more dividends than retaining their earnings for further business operations.

The Torrent Pharma has the highest mean value of DT (1.78).It shows that the debt level can be increased if there are incentives for additional debt in the form of tax reductions and the imposition of debt interest on profit.

In Mid Capital Companies

The Alkem Labs has the highest mean value of ROE (53.72), it indicates that this company is generating profits of around 53 percent by utilizing their equity capital.

The IPCA Labs has the maximum mean value of FV (5.22) and the DER (2.15).It means that the increase in Debt capital will also enhance the firm value.

The Glaxosmithkline ltd has the highest mean value of ROA (17.45).It shows that this company is utilizing the assets around 17 percent for generating their profits.

The Ajanta Pharma has the highest mean value of CR (9.46).It means that this company is good at their current obligations.

The Nacto Pharma, DER (2.74) has the highest mean value, which means that it utilizes the Debt capital wisely for their enhancement of operating efficiency.

The Glenmark, DPR (0.52) has the maximum mean value, it indicates that this company issue maximum of dividends to the shareholders.

In Small Capital Companies,

The Aarti Drugs, the mean value of FV (4.33) and DER (2.74) is higher, it shows that this company has good financial ability to manage their debt capital and firm value.

In Orchid Pharma, the TDR has the lowest mean value (0.06) with increase in firm value (8.63), which means that this company is utilizing the debts to enhance their firm value.

In IOL Chemicals (2.10) and Bliss GVS (3.02), the DER has the maximum mean value which means that this company utilizes the debt capital rather than equity.

In Amrutanjan Healthcare ltd, the DPR has the minimum mean value (0.02),it shows that this company is issuing only minimum of dividend to the shareholders.

In Novartis ltd, the LTDR has the highest mean value (1.31), it means that this company is utilizing the maximum of long term debt.

The STDR has the highest mean value of (1.87) in Bliss GVS Pharma, this company has better financial ability to manage their regular short term obligations.

In SMS Pharma, the DER has the lowest mean value (0.49), it indicates that this company utilizes the minimum amount of debt for their financial activities.

In Orchid Pharma, the TDR has a minimum mean value (0.06). Thus, it shows that this company utilizes minimum of assets in their debt capital.

In Amrutanjan Healthcare Ltd, the DPR has a minimum mean value (0.02), which means that this company has to increase its operating efficiency to enhance their dividend payouts.

In Novartis Ltd, the LTDR has the highest mean value (1.31). It indicates that this company is good at their financial ability to manage the long term debts.

In Bliss GVS, the DYR has the maximum mean value (3.40). Thus, it shows that the company is financially good to pay better dividend payments to the shareholders.

In SMS Pharma, the DER has the lowest mean value (0.49), it means that this company depend on debt rather than equity.

In Anuh Pharma, the mean value of DER, TDR, LTDR, STDR, DPR and DYR is higher than the standard deviation. So, it indicates that there is a consistency in Debt capital, Dividend Payout and Firm value.

In Linclon Pharma, the firm value has the highest mean value (9.47), which shows that this company is good at their operating efficiency to enhance their firm value.

In Kappac Pharma, the DYR has the minimum mean value (0.04), it indicates that this company is issuing minimum dividends to the shareholders.

The Jenburkt Pharma, has the fluctuation in ROE (7.87), it means that this company utilizes debt capital or other funding sources efficiently to enhance their financial performance rather than equity.

In Brooks labs, the mean value of DER (1.31) is also highest but the standard deviation is greater, it shows that there is an inconsistency in debt capital.

In Kilitch Drugs, the STDR has the minimum mean value (0.02), as this company is quiet low in their liquidity.

In Bal Pharma, the mean value of DER (2.14) is less than the standard deviation,it means that this company is can use debt with low interest to enrich their operating efficiency and firm value.

In Alpa Labs, the ROA (30.04) has the highest mean value,it indicates that this company utilizes the assets efficiently for their financial operations.

In Gennex labs, the LTDR has the lowest mean value (0.04), this company is utilizing the minimum of long term debt for the financial activities.

In Alembic Pharma, the TDR has the highest mean (7.43), it means that this company utilizes the maximum of debt capital compared to equity in its capital structure.

Overall, it is figured out there is a consistency in the LTDR, DPR, DYR, Growth and Quick Ratio in the select large capital companies.In LTDR,DPR and Interest Coverage Ratio there is a consistency in mid capital companies.The LTDR,STDR and Quick Ratio is consistent in small capital companies.

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