

Financial Leverage and Investment Pattern in Capital Expenditure

A case of Non-Financial Companies of SAARC Countries

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by

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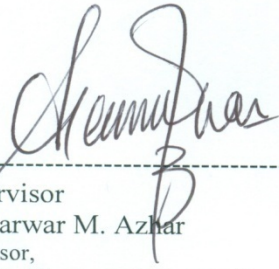
**“Financial Leverage and Investment Pattern in
Capital Expenditure: A Case of SAARC Countries”**

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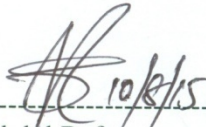
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DECLARATION

I hereby declare that the work entitled “Financial Leverage and Investment Pattern in Capital Expenditure: A case of Non-Financial Companies of SAARC Countries” is my own work and no part of this thesis has been copied from any other source except where explicit acknowledgement is made in the text.

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DEDICATION

I dedicate this project to my dearest mother, who always guided me that you can become a valuable person only because of knowledge. I am on this stage because of only Allah's blessing given to my mother who brings me on this stage of life. My all respect and successes are because of my parents and teachers. May Almighty Allah give them long life

Ammen!

ABSTRACT

This thesis was aimed to test the investment pattern for non-financial companies of SAARC Countries. For this purpose five SAARC countries were taken including; Pakistan, India, Bangladesh, Sri Lanka and Maldives. Other SAARC countries were not included because of unavailability of the data. In this study two type of leverage were used; one is Total Debts divided by Total Assets and second is Long Term Debts divided by Total Assets. This Study applies Linear Regression and Generalized Least Square Method (GLS). In Linear Regression there was a problem of heteroscedasticity in the data. So GLS was applied to see the unbiased results. This study gives three important findings; first individual countries companies' data was analyzed. Secondly the comparative analysis was applied among five SAARC countries' companies. Thirdly investment pattern was analyzed with low growth and high growth firms for selected five countries. It was found that leverage one (Total Debts/ Total Assets) is negatively influencing to investment in case of Pakistan & India but in case of Sri Lanka, Bangladesh and Maldives leverage one is positively influencing. The second type of leverage (Long Term Debts/Total Assets) is influencing negatively to investment in all selected countries except for Bangladesh in which leverage two is positively influencing. For low growth and high growth firms the influence of leverage is different for different countries.

Table of Contents

Chapter 1	1
1 Introduction	1
1.1 Background of the study.....	1
1.2 Importance of the study.....	2
1.3 Research Gap.....	5
1.4 Firm Growth Level.....	5
1.5 Statement of the Problem.....	7
1.6 Research Question.....	7
1.7 Research Objective.....	8
1.8 Selection of Sample.....	9
Chapter 2	10
2 Previous Linkage between Leverage and investment.....	10
Chapter 3	24
3 Theoretical Framework and Hypothesis.....	24
3.1 Theoretical Framework.....	24
3.2 Equation.....	25
3.3 Hypothesis.....	26
Chapter 4	27
4 Methodology.....	27
4.1 Data Collection.....	27
4.2 Description of Variables.....	28
4.3 Data Analysis Techniques.....	29
4.4 Growth opportunities and the role of leverage.....	29
4.5 Equations	29

Chapter 5	30
5 Results & Interpretations	30
5.1 Descriptive Statistics	30
5.2 Correlation Matrix	33
5.3 Regression Analysis.....	34
5.3.1 Linear Regression with Leverage One.....	34
5.3.2 Linear Regression with Leverage Two.....	36
5.4 Test for Heteroskedasticity	38
5.5 Generalized Least Square Method (GLS)	39
5.5.1 Generalized Least Square with Leverage One	40
5.5.2 Generalized Least Square with Leverage Two	42
5.6 Growth Level and Function of Leverage	45
5.6.1 Growth Level with Leverage One	45
5.6.2 Growth Level with Leverage Two	47
5.7 Comparative Analysis among SAARC Countries' Companies with GLS	49
5.8 Comparative Analysis among SAARC Countries' Companies with GLS in term of Growth Level	51
5.9 Hypothesis Acceptance/ Rejection	52
Chapter 6	53
6 Conclusion, Limitation and Recommendations	53
6.1 Conclusion	53
6.2 Limitation	55
6.3 Recommendations.....	55
References.....	56
Appendices.....	60

