

Relationship between Corporate Social Responsibility, Dividend Payout, EBITDA, and Earnings per Share: An Empirical Analysis of 40 Listed Companies in NSE

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Abstract – Corporate Social Responsibility (CSR) has been extensively studied in the past to assesses the relationship between CSR of companies and (Earning per share) EPS and (Earnings before interest depreciation tax and amortization (EBIDTA). A case study of 40 large size companies in India that are listed in National Securities Exchange (NSE). The research uses secondary data for primary analysis and applies MS Excel to analyze data. The data was collected from annual company reports and NSE website for the past 5 years. The research used CSR spending and EPS and dividends to analyze the impact of CSR of companies and there earnings per share and dividends payable.

It was found that the relationship between CSR and Dividend per share (DPS) is positive, which implies that higher the CSR higher will be DPS. It was also assessed that there is no significant relationship between CSR spending and earnings per share (EPS). Positive relationship is assessed between CSR and EBIDTA from 2013 to 2016. But is shows negative correlation in the year 2017.

Key Words: Corporate Social Responsibility (CSR), Earning Per Share (EPS), Earning before interest depreciation taxes amortization (EBIDTA), Dividends

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1. INTRODUCTION

Corporate Social Responsibility

Corporate Social Responsibility is defined as a "Framework of measurable corporate policies and procedures and resulting behavior designed to benefit the workplace and, the individual, the organization, and the community" (Tai & Chuang, 2014). Role of Corporate social responsibility have become essential in business activities and necessary for organization to identify their roles in society and concern about social and ethical standards to their businesses (Lichtenstein, Drumwright, & Braig, 2004). As a result of social and government intervention, CSR activities have increased in recent years. According to (Garriga & Melé, 2013), CSR is an approach used by an organization to meet their stakeholder obligations. It is defined as the behavior that is expected by society or morally required by a business stakeholder to justify business objectives (Whetten, Rands, & Godfrey, 2002 p.374).

Organization stakeholder's are the one who take interest in organization's activities and activities and operations done by an organization impact them indirectly and directly(O'Connor & Meister, 2008).Although it is defined as important dimension of business activities , but practical feature of CSR have developed recently in literature (Lindgreen, Swaen, & Johnston, 2009). CSR enable organizations and business practices to take social stand and thereby to improve their status in the society. Businesses nowadays, are integrating environmental and social concerns in their interactions and operations to enhance equity to stakeholders while pursuing organizational goals. Organizations are also actively engaging on social responsibilities activities to take part in solving community problems.

Earnings per share

Earnings Per Share (EPS) is defined as the share of a company's earnings, net of taxes and preferred stock dividends, which is distributed to each share of common stock (Consler, Lepak, &

Havranek, 2011). It can be estimated by dividing net profit available for equity shareholder (usually quarterly or annually) by the aggregate number of shares amid a similar term. The quantity of shares outstanding can vary, therefore a weighted average is commonly utilized (Besley & Brigham, 2006 p.20). EPS is viewed as most vital variable in deciding a share's price. This variable is also used in calculating the price-to-earnings valuation ratio. A company's significant EPS may create positive change in the confidence of investors and there will be change in the impression of the customers also. This will lead to increase in demand and finally rise in the market price of the share can be seen (Islam, Khan, Choudhury, & Adnan, 2014).

$$EPS = \frac{\text{Net Income} - \text{Dividends on preferred stock}}{\text{Average outstanding shares}} \times 100$$

Dividends

Dividend is considered as one of the major financial decision taken by the firms. It represents the viewpoint of the management and adds to the returns of the investors (Garrett & Priestley, 2000). Dividend policy are determined by the internal rate of return (r) and cost of capital (k) of an organization, which further help in maximizing the shareholders' wealth (Samiksha S, 2017). Dividend is used while evaluating shareholders returns and weighted average cost of capital (WACC).

EBITDA

Earnings before Interest, Tax, Depreciation, and Amortization (EBITDA) are used in financial markets so as to assess financial statements, firm financial valuations, and credit analyses (Rozenbaum, 2017). It is an important indicator to show whether companies are properly valued financially. Another importance of EBIDTA is that it helps the investors to measure the enterprise and firm value of the company.

2. AIMS AND OBJECTIVES

The main objective of this study is to analyze the relationship between CSR spending and EPS. However, in order to assess and address the aim of the study, the following objectives need to be addressed;

- To find the correlation between CSR spending and EPS
- To find the correlation between EBIDTA and CSR spending
- To find the correlation between CSR spending and Dividends payable

3. RATIONALE OF STUDY

Corporate social responsibility spending is based upon responsibility towards the society and the environment. In CSR spending the business practices are aimed towards promotion of the interest of society and social responsibilities. However, the spending for CSR is based on the assessments of EPS, EBITDA, and dividend payouts.

As mentioned in the earlier sections, EBIDTA helps investors to measure the enterprise and firm value of the company. So better the EBIDTA, the better is the investments. Higher the investments, higher are the capacity of the organizations towards CSR spending. Similar cases apply for EPS and dividend payouts. These factors are directly responsible towards investments and financial support to the company. Since CSR is an expenditure of any respective company it is very important that they receive investments to improve their operational functions and social responsibilities. It is also important for the companies to understand that CSR and financial performances are positively correlated.

Therefore, dividend payouts, EBITDA, and EPS being the main indicators of financial performance of a company; the study aimed to assess their correlation to CSR spending. Assessing the relationship and the reliability will help assess the importance of prioritizing CSR spending on the basis of dividend payouts, EBITDA, and EPS. This estimation will help to assess if company engagement with CSR will lead to higher EBITDA, dividends, and EPS.

4. LITERATURE REVIEW

Factors effecting shareholder values

Shareholder value is derived from the market's impression of a business' capacity to create returns today and later on. Put simply,

$$\text{Shareholder Value} = \text{Current Performance} + \text{Expectations for Future Performance}$$

There exist some internal factors that are controlled, changed, managed, or even manipulated by management of a company. Some of the important ratio of an organization also impacts value of the shareholder, such as Debt to equity ratio (DER), dividend payout ratio (DPR) and return on equity (ROE). It was found that DER have positive and significant impact on creation of shareholder value, which means that higher the DER, the greater the creation of shareholder value (Leon, 2017).

$$DER = \frac{\text{Total Liabilities}}{\text{Total Shareholders' Equity}}$$

On the other hand dividend payout ratio (DPR) have positive effect on shareholder's value, Higher the dividend payable to shareholders higher will be their wealth (Abdoli, Shurvarzi, & Farokhad, 2012).

$$DPR = \frac{\text{Yearly Dividends per share}}{\text{Earnings per Share}}$$

or

$$DPR = \frac{\text{Dividends}}{\text{Net Income}}$$

Other factor which affects shareholder's wealth positively is Return on Equity (ROE). This implies that higher the return of equity, greater will be the creation in shareholders' value (Gnecco, Pina, & Park, 2013). To assess the improvement in shareholders' wealth and value creation for shareholders, concept called Economic value added (EVA) has been developed by the experts. EVA explicitly consider capital cost on equity and identifies that, because of the higher risk faced by the equity owners, the level of capital cost on equity is higher (Leon, 2017).

$$EVA = (\text{rate of return} - \text{cost of capital}) \times \text{capital}$$

There exist some internal factors that are controlled, changed, managed, or even manipulated by management of a company. It was found that DER have positive and significant impact on creation of shareholder value, which means that higher the DER, the greater the creation of shareholder value (Abdoli et al., 2012; Mardiyati, Ahmad, & Putri, 2015)

According to the models of (Copeland, Koller, & Murrin, 1996), Weighted average cost of capital (WACC) which is used to evaluate the cost in capital structure of the company on the proportion of equity, debt, and preferred stock as well e effective cash tax rate are important in determining shareholders' value.

$$WACC = (E/V \times Re) + ((D/V \times Rd) \times (1 - T))$$

Where,

E = market value of the firm's equity (market cap)

D = market value of the firm's debt

V = total value of capital (equity plus debt)

E/V = percentage of capital that is equity

D/V = percentage of capital that is debt

Re = cost of equity (required rate of return)

Rd = cost of debt (yield to maturity on existing debt)

T = tax rate

Other factors are external factors that are not under control of the company such as tax rate, interest rate in the levels of the company that effects shareholder's value directly or indirectly. These variables are also known as macro-economic variable and micro-economic variable that influences shareholder's wealth. Macro-economic variables include exchange rate, inflation rate, unemployment level of the country, interest rate levels in an economy, economic growth, export incentives, policies, and regulation in free trade and exchange controls.

According to (Michael L Blyth, Elizabeth A. Friskey, 1986), there are micro-economic variables that impact wealth a company creates. Elements like entry barriers, Threat of substitute products, Competitors affect company's rate of return and thereby shareholder's wealth.

5. EMPIRICAL STUDIES

A study by (Gómez-Bezares, Przychodzen, & Przychodzen, 2016) assess the impact of Corporate social responsibility on stock market returns and shareholder's value. The data collected from 2006-2012 for FTSE 350 companies. It was found that that corporate sustainability is associated with stock return volatility negatively, and investing in companies with CS creates higher returns during peak phases and on the other hand during bear phases reduces shareholders' losses.

A study by (Becchetti, Ciciretti, & Hasan, 2007) investigates the impact of CSR in capital market. This is explored by assessing the market reaction to entry and exit of corporate from 'Domini 400 Social Index' between 1990 and 2004. The finds analyzed that CSR drives partnerships to refocus their vital objectives from the expansion of investors' an incentive to the augmentation of the objectives of a more extensive arrangement of partners.

(Bafna, 2017) explored the relationship between spending on CSR and financial performance of the companies in India using data from 2014-2016. Study use Correlation analysis and Regression analysis to investigate the relationship and the impact on the variables. Findings suggest that CSR present only a slight correlation but no significant impact with Earnings per Share and Return on Assets of a company.

In study by (Chetty, Naidoo, & Seetharam, 2015) investigated the impact of CSR on Firm's firm's Corporate Financial Performance (CFP). The data used from 2004 to 20136 in South Africa. The study uses regression analysis to see the impact of CSR and CFP, it shows that CSR activities results

in no significant differences in financial performance.

A study by (Khodaparasti, Forouzanfar, & Forouzanfar, 2015) used listed banks in Nigeria to study the impact of CSR on Return On Capital Employed (ROCE), Dividend Per Share (DPS), and Earning Per Share (EPS). Data collected from 2010-2014 and simple regression analysis was done to analyze the results. Study shows that EPS and DPS have negative critical association with CSR while ROCE has a positive huge association with CSR.

6. RESEARCH GAP

From the literature review, there is research gap in assessing the impact of CSR spending on EPS, dividends and EBIDTA. There is no study that focused in estimating the impact of CSR spending in Indian Companies over equity value. The studies also do not indicate the impact of EBITDA, EPS and dividend payments on company’s CSR spending and responsibilities, especially in the case of India.

7. METHODOLOGY

A total of 40 company’s CSR spending data were assessed, along with their dividend payouts and earnings per share values, for the past 5 years listed in NSE across India. \. The company list has been presented in the appendix-I. The research uses a secondary quantitative research that analyzes numeral data to determine the effect of CSR spending to Shareholders’ value, earning per share, dividends payable and earnings before interest depreciation, tax, and amortization in India. An inductive research approach helped to determine the relationship where CSR spending is the independent variable and EPS, Dividends, and EBIDTA are the dependent variable. The study uses secondary data collected from NSE website and annual reports for primary analyses. Data is analyzed as descriptive and inferential statistics for results discussion and conclusion of the research.

Information about CSR spending about companies’ activities have been derived from National Stock exchange (NSE) the annual reports published by the companies from tome period 2013-2017. Sample size of the study includes 40 companies which are listed in National stock exchange (NSE). Variables such as (earnings before interest depreciation taxes and amortization EBIDTA, earnings per share EPS and dividends payable are extracted from the balance sheet of the each company.

The focus of the study is on quantitative analysis of the data collected. Data is primarily tabulated in a table and percentage analysis used as a basic tool for analysis. The MS Excel package was used to curate and form the datasheet. The statistical tool STATA was used for sample analysis, percentage analysis, and correlations amongst EBITDA, EPS, dividend payouts, and CSR spending.

Table 1: NSE registered company names and their registered office locations

Company Name	Registered office
Amara Raja Batteries Ltd.	Andhra Pradesh
Bharat Heavy Electricals Ltd	Multiple locations
Bharat Rasayan Ltd.	New Delhi
Bharti Airtel Ltd	Multiple locations
Blue Star Ltd.	Mumbai
Chambal Fertilisers& Chemicals Ltd	New Delhi
Container Corporation Of India Ltd	New Delhi
Dalmia Bharat Sugar & Industries Ltd	New Delhi
DCM Shriram Consolidated Ltd.	New Delhi
Deep Industries Ltd.	New Delhi
Dhampur Sugar Mills Ltd	New Delhi
DLF Ltd	Gurgaon
EimcoElecon (India) Ltd.	Gujarat
Emkay Tools	Multiple locations
Energy Development Company Ltd.	West Bengal
Engineers India Ltd	New Delhi
Esab India Ltd.	Chennai
Globus Spirits Ltd	New Delhi
Godfrey Phillips India Ltd	Mumbai
Gujarat State Fertilizers & Chemicals Ltd.	Gujarat
Harita Seating Systems	Tamil Nadu
Hero MotoCorp Ltd (Hero)	New Delhi
Hikal Ltd. Ltd.	Mumbai
Hindustan Unilever Ltd.	Multiple locations
HT Media Ltd	New Delhi
Indiabulls Securities Ltd.	New Delhi
Indian Oil Corporation Ltd	New Delhi, UP
Indo Count Industries Ltd.	Gurgaon
Indraprastha Gas Ltd	New Delhi
Jai Corp Ltd.	Mumbai
Jayshree Tea & Industries Ltd.	West Bengal
Jindal Saw Ltd (Jindal)	New Delhi
JK Tyre& Industries Ltd	New Delhi
Kwality Ltd	New Delhi
Mitcon Consultancy & Engineering Services Limited	New Delhi
Radico Khaitan Ltd	New Delhi
The Andhra Sugars Limited	Andhra Pradesh
The State Trading Corporation Of India Ltd	New Delhi
TT Ltd	New Delhi

Wealth first portfolio managers limited	Gujarat
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Table 1 represents the 40 companies chosen for the study and their location of registered offices across India. These companies include both north Indian and Non-North Indian companies listed in National stock exchange companies.

8. FINDINGS

Descriptive analysis

Descriptive statistics shows the mean, standard deviation, minimum value, and maximum value for different variable from 2013 to 2017. For the company Amara Raja Batteries Limited, CSR spending increased from Rs. 16,000,000.00 in 2015 to Rs. 96,300,000.00 in 2017. While one company Bharat Rasayan Limited, it decreased from 6500000 lakh in 2016 to 2900000 in 2017. During this period EPS has increased from 79.75 to 128.87. For the Chambal fertilizers and chemicals limited both CSR and EPS were increasing from 2013 to 2017 i.e. CSR increased from Rs. 1220000 to 90600000 and EPS increased from Rs. 7.06 to 10.44.

Table 2: Corporate Social Responsibility

Variable: CSR (Corporate social responsibility) spending					
Year	Obs.	mean	Std. dev.	Min.	Max.
2017	39	3210000000	15500000000	0	94600000000
2016	37	251000000	593000000	0	3100000000
2015	37	179000000	421000000	0	2060000000
2014	37	140000000	485000000	0	2740000000
2013	37	15800000	74200000	0	438000000

From the above table, representing mean value of corporate social responsibility is increased from Rs. 15800000 in 2013 to Rs. 3210000000 in 2017. This shows that amount spend on CSR is rising over the time as some of the companies obtain large profits and take interest in welfare of the society.

Table 3: Dividend per share

Variable: Dividend per share					
Year	Obs.	mean	Std. dev.	Min.	Max.
2017	40	3.10025	5.186761	0	30
2016	38	3.117895	5.42964	0	32
2015	36	3.044167	5.167775	0	30
2014	36	4.159167	7.962341	0	40
2013	37	5.094865	11.3555	0	60

Mean value of Dividend per share has increased from 3.1 in 2013 to 5.09 in 2017. After critically examining the relationship between CSR and DPS from table 1 and table 2, it can be stated that although both CSR and dividend per share are increasing but the rate of increase in CSR is greater than rate of change in increase in DPS.

Table 2: Earnings before interest, depreciation, taxes, and amortization

Variable: EBIDTA					
Year	Obs.	mean	Std. dev.	Min.	Max.
2017	40	174702.2	575683.8	483	3598964
2016	40	132120	382048.9	487	2337075
2015	40	2400000000	10000000000	0	63100000000
2014	37	128445.7	334324.8	0	1911952
2013	36	86787.9	195852.6	0	1051154

In this table 3, 2015 shows highest value as there be one outlier company which gained enormous amount of profit in 2015. Therefore there is no specific trend of mean value of before interest, depreciation, taxes, and amortization.

Variable: EPS (Earning per share)

Year	Obs.	mean	Std. dev.	Min.	Max.
2017	38	26.09184	36.88922	-3.28	185.13
2016	38	19.76974	30.90468	-5.35	169.11
2015	39	18.68564	29.12633	-6.64	156.86
2014	38	28.21105	54.67864	-13.22	267.82
2013	38	19.52158	31.1706	0	162.98

The earnings per share show variation in the earnings of the shareholders. Highest Earning per share i.e. 185.12 was paid by Hero Moto Corp Ltd (Hero) in 2017. Whereas It can be also seen that there is negative EPS, this implies that how much money the company has lost per share. It happens when company is not able to earn enough profits in that case the company is losing money. Since for the estimation of 2013 change in CSR, 2012 is the previous year and we do not take data for 2012 into account. Therefore for all the companies, 2013 change in CSR cannot be estimated. Moreover, CSR data for some of the companies and for some specific years is not available.

After determining change in CSR spending in percentage, companies can be divided into three groups. First, which shows a rising trend over the years (CSR spending), Second group will be consist of those companies which are paying less

of the amount every year in comparison to last year, showing declining trend. This represents that how companies spending for CSR has changed from 2013-2017.

The formula for % change in CSR;

$$\% \text{ change} = \frac{\text{current year CSR spending} - \text{previous year CSR spending}}{\text{Previous year spending}} \times 100$$

The third group will be consisting of those companies who are not paying CSR. This can be due to the fact that these companies aim to generate profit only. And there is no interest in spending for the interest of the society. Or other reason can be these companies do not have adequate profits and funds to pay for corporate social responsibility.

It can be concluded that in the first group of companies like Amara Raja Batteries Ltd., Chambal Fertilizers & Chemicals Ltd, Container Corporation Of India Ltd, and others there is a continuous increase in the CSR responsibility. There might be several reasons to this, first one is these companies might be earning huge profits and therefore they have enough funds to pay for corporate social responsibility. Another reason might be that these companies are more interested in promoting social welfare of the society.

On the contrary, in the second group, other companies show declining trend in the spending on CSR. Such companies are Deep Industries Ltd., Dhampur Sugar Mills Ltd, JK Tyre & Industries Ltd, Energy Development Company Ltd., Eimco Elecon (India) Ltd., Energy Development Company Ltd., Jindal Saw Ltd (Jindal), Indian Oil Corporation Ltd, EimcoElecon (India) Ltd., Esab India Ltd. and many more. It might be the case that they have started spending for CSR but then they may be left with not enough funds. Therefore they reduced the amount paying for CSR.

Correlation Analysis

From the year wise correlation it, can be stated that in year 2013, most of the companies were not paying for CSR responsibility or this may be due to the fact that companies were not aware about their responsibility about social welfare, participation in charity. Only some big companies like Reliance, Lewis and others were spending for CSR responsibility. This could happen because these companies were earning enough profit earnings and therefore adequate retained earnings to do better for the society as well.

Table 3: Correlation Analysis

2013	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	0.0342	1.0000		
EBIDTA	0.0379	0.1799	1.0000	
EPS	0.2568	0.8627	0.1435	1.0000
2014	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	-0.0564	1.0000		
EBIDTA	0.1764	0.1723	1.0000	
EPS	-0.0069	0.9427	0.0422	1.0000
2015	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	0.1119	1.0000		
EBIDTA	0.2265	0.1777	1.0000	
EPS	0.1018	0.8392	-0.0117	1.0000
2016	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	0.2978	1.0000		
EBIDTA	0.4655	0.3523	1.0000	
EPS	0.2729	0.8299	0.2362	1.0000
2017	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	0.0046	1.0000		
EBIDTA	-0.0041	0.0872	1.0000	
EPS	-0.0361	0.7497	0.1494	1.0000

After 2013 and 2014, from the data it was assessed that, companies have started paying for corporate social responsibility. Below table 6 shows 10 companies correlation, and it was assessed that the relationship between CSR spending and Dividend is significantly positive for most of the companies like Deep Industries Limited, Bharti Airtel Ltd, Container Corporation Of India Ltd, Hindustan Unilever Limited and Dalmia Bharat Sugar & Industries Ltd.

Whereas spending on CSR is negatively related to Earning per share except Deep Industries Limited, Hindustan Unilever Limited, Kwalitiy Ltd, and Dalmia Bharat Sugar & Industries Ltd. It can be implied that these companies' profits have jumped to very high profits. Or these companies are able to provide good working conditions and generated good employment opportunities through CSR spending. Therefore earning per share of the shareholders shows strong relationship with CSR payments. On the other hand, most of the companies i.e. Bharti Airtel Ltd, Container Corporation Of India Ltd, DLF Ltd, Godfrey Phillips India Ltd, HT Media Ltd, and Radico Khaitan Ltd. are showing negative link of CSR with EPS. One of the reason could be reduction in profits after CSR spending which further leads to less of the profits remaining for shareholders to get EPS. Therefore there is a negative relationship between these two variables. And another reason can be that these companies are not much involved in CSR activities.

Relationship of CSR with Earnings before interest, depreciation, taxes, and amortization is significantly negative for the companies like Bharti Airtel Ltd, Godfrey Phillips India Ltd, HT Media Ltd. There

might be loss in the profits due to increasing CSR spending. And other companies shows strong significant relationship between CSR spending and

Table 4: Correlation Analysis for companies

<i>Bharti Airtel Ltd</i>	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	0.1423	1.0000		
EBIDTA	-0.2066	0.4687	1.0000	
EPS	-0.2066	0.8364	0.7156	1.0000
<i>Container Corporation Of India Ltd</i>	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	0.1958	1.0000		
EBIDTA	0.0571	-0.7306	1.0000	
EPS	-0.5660	0.6828	-0.6113	1.0000
<i>DLF Ltd</i>	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	.	1.0000		
EBIDTA	0.5234	.	1.0000	
EPS	-0.9397	.	-0.4933	1.0000
<i>Godfrey Phillips India Ltd</i>	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	-0.9992	1.0000		
EBIDTA	-0.4169	0.4153	1.0000	
EPS	-0.9873	0.9879	0.5066	1.0000
<i>HT Media Ltd</i>	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	.	.		
EBIDTA	-0.8097	.	1.0000	
EPS	-0.8373	.	0.7481	1.0000
<i>Radico Khaitan Ltd</i>	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	.	.		
EBIDTA	0.1478	.	1.0000	
EPS	-0.0665	.	0.7680	1.0000

<i>Kwality Ltd</i>	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	.	.		
EBIDTA	0.1746	.	1.0000	
EPS	0.2933	.	0.5233	1.0000
<i>Hindustan Unilever Limited</i>	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	0.9428	1.0000		
EBIDTA	0.2902	0.2051	1.0000	
EPS	0.8321	0.8209	-0.0280	1.0000
<i>Dalmia Bharat Sugar & Industries Ltd</i>	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	0.7414	1.0000		
EBIDTA	0.7564	0.8741	1.0000	
EPS	0.7603	0.9202	0.9871	1.0000
<i>Deep Industries Limited</i>	CSR spending	Dividend	EBIDTA	EPS
CSR spending	1.0000			
Dividend	0.8102	1.0000		
EBIDTA	0.7174	0.9499	1.0000	
EPS	0.8102	0.9502	0.8919	1.0000

9. CONCLUSIONS

Key findings

The main purpose of this study is to explore the relationship between CSR and indicators of financial

performance i.e. EPS, DPS, and EBIDTA. This research study shows that in from 2013 to 2017, there is positive relationship between CSR and Dividends. The study verifies the study that higher the payment for CSR higher will be the dividend or higher the dividend higher will be the spending on CSR.

On the contrary, relationship between EPS and CSR keeps on fluctuating, which led to the conclusion that there is no significant relationship between these two variables. Also this result is verified by the study of (Bafna, 2017). Also there is negative relationship between CSR and EBIDTA only for year 2017. But from 2013-2016 there is slightly positive correlation between CSR and EBIDTA. This can be due to the fact that higher the profit of the companies before interest, depreciation, taxes and amortization, higher will be amount can paid by the company for CSR. Therefore, there is positive relationship between these two variables.

Also from the correlation analysis, the established relationship between EPS and DPS can be verified that there is positive strong relation between the two (Kiboi, 2015). This also means that higher the EPS higher will DPS. It can also be implied that higher the EBIDTA higher will be the Dividend payout.

On the other hand, there is positive relationship between CSR spending and earnings per share in 2013, 2015 and 2016. This can be due the fact most of the companies have started paying for corporate social responsibility after 2013, so the true impact may not be seen here. Or it might be the case of long term effect.

From correlation analysis, it can be interpreted that there while CSR spending and Dividend are positively correlated to each other, which implies that higher the CSR spending higher will be Dividend. On the contrary, CSR spending is negatively correlated with Earnings before interest depreciation, taxes, and amortization and Earnings per share for the year 2017. The relationship between CSR spending and EBIDTA is changed from year 2016 to 2017. Before 2016 there is slight positive correlation between CSR and EBIDTA.

Uses of research findings

The research finding will give a deep insight about the relationship between these selected variables, to the researchers. Furthermore, companies can define their CSR spending according to the change in EPS and change in DPS over the years. This will also provide information to the government in setting mandatory CSR for the companies. For instance if companies are occurring higher losses due to CSR , government can reduce the percentage of mandatory CSR for them. And finally, this will give an overview of Indian

companies listed in NSE, shareholders, dividend holders about their EBIDTA, EPS and DPS respectively.

Study Limitations

The study include data for only five years, however impact of CSR spending can be long term, which will show true impact of CSR payment on EPS, DPS and earnings of the company. Since most of the company do not pay for corporate social responsibility therefore it is quite difficult to assess the impact of CSR on these variables. Also there are some small companies and some are large companies, therefore true impact of these variables over the years is difficult to analyze.

Future scope

In the future, there could be separate analysis for large companies and Small companies to estimate the relationship between these variables separately. Also there could be assessment of long term effect and short term effect of CSR on EPS, DPS, and EBIDTA. Moreover, author can include more companies listed in Bombay Stock Exchange (BSE) as well, in the research study. This will give an overall view of Indian companies about their CSR spending listed in NSE and BSE. Furthermore, a comparison can be made between NSE and BSE companies and their impact on respective EPS, DPS, and EBIDTA.

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Appendix-I

Company Names

Amara Raja Batteries Ltd.
Bharat Heavy Electricals Ltd
Bharat Rasayan Ltd.
Bharti Airtel Ltd
Blue Star Ltd.
Chambal Fertilisers & Chemicals Ltd
Container Corporation Of India Ltd

Dalmia Bharat Sugar & Industries Ltd

DCM Shriram Consolidated Ltd.

Deep Industries Ltd.

Dhampur Sugar Mills Ltd

DLF Ltd

EimcoElecon (India) Ltd.

Emkay Tools

Energy Development Company Ltd.

Engineers India Ltd

Esab India Ltd.

Globus Spirits Ltd

Godfrey Phillips India Ltd

Gujarat State Fertilizers & Chemicals Ltd.

Harita Seating Systems

Hero MotoCorp Ltd (Hero)

Hikal Ltd. Ltd.

Hindustan Unilever Ltd.

HT Media Ltd

Indiabulls Securities Ltd.

Indian Oil Corporation Ltd

Indo Count Industries Ltd.

Indraprastha Gas Ltd

Jai Corp Ltd.

Jayshree Tea & Industries Ltd.

Jindal Saw Ltd (Jindal)

JK Tyre & Industries Ltd

Kwality Ltd

MITCON CONSULTANCY & ENGINEERING SERVICES LIMITED

RadicoKhaitan Ltd

The Andhra Sugars Limited

The State Trading Corporation Of India Ltd

TT Ltd

Wealth first portfolio managers limited

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