

## ABSTRACT

Dividend payouts are distributions of profits by a company to its shareholders, typically in the form of cash or additional shares and many researchers have tried to examine its relationship with capital structure. Firms engage in the examination of its capital structure with the primary objectives of optimizing the cost of capital, mitigating financial risk, and maximizing shareholder value. This study investigates the association between capital structure and dividend disbursements, with the primary objective of bridging a noted gap in prior research, which has frequently been characterized by a concentrated focus on specific industry sectors. The research employs a meticulous selection process considering technical and dividend criteria to ensure a diverse dataset inclusive of multiple sectors. Technical criteria involve factors such as listing history, tradability status, default history, trading activity, and minimum free-float. The dividend criteria include conditions related to recent and prior-year cash dividends, Dividend Payout Ratio. This comprehensive approach is designed to provide insights into the interplay between capital structure and dividend payouts across multiple sectors. Study was conducted based on the shortlisted 15 distinct firms over the period from 2017 to 2021. The dependent variable under scrutiny was dividend per share, serving as a metric for assessing dividend payouts. The independent variables considered were indicative of key financial dimensions, with capital structure elucidated through the equity ratio, profitability gauged by earnings per share, and liquidity assessed via the current ratio. Results propose that dividend per share exhibits a positive and statistically substantial but weak association with both equity ratio and current ratio. And the relationship with earnings per share is notably strong and statistically significant, and no negative association is observed in the dataset.

**Keywords: Dividend policy, capital structure, Pakistan Stock Exchange, Liquidity, Profitability**