

# WHICH DETERMINANTS MATTER FOR CAPITAL STRUCTURE? AN EMPIRICAL STUDY ON NBFC'S IN INDIA

**Mahabub Basha Shaik, Koshys Institute of Management Studies**

**Manyam Kethan, Koshys Institute of Management Studies**

**Ibha Rani, Kristu Jayanti College**

**Uma Mahesh, Koshys Institute of Management Studies**

**Chirukuri Sri Harsha, Koshys Institute of Management Studies**

**M K Navya, Koshys Institute of Management Studies**

**Degala Sravani, Koshys Institute of Management Studies**

## ABSTRACT

*The present study has investigated the capital structure determinants of selected Non-financial organizations related to fiscal variables of NSE, the listed firms in India from 2010 to 2019 which comprises for about 10 years with a sample of 27 firms' observations. The relevant data has a dynamic panel that has analyzed for panel regression model. The result reveals that a firm's size and growth are the most vital determinant of capital structure the capital structure is negatively impacted by profitability, whereas the growth is positively influenced by the decisions of capital structure. Tangibility, Liquidity, Business risk, and Non-debt tax shield are not significantly determining the capital structure decision of Indian firms. This study has supported the market timing theory and pecking order theory assumptions. Hence the Financial managers should concentrate on the long-term sources.*

**Keywords:** Capital Structure, Leverage, Profitability, Tangibility, and Business risk

## INTRODUCTION

A capital structure choice is a strategic management decision that affects the revenue and profitability of the firm's shareholders. Capital structure is a kind of long-term financial capital that determines how to invest best in fixed assets as well as guarantee profitability via a mix of loan and equity. Instead of deducting interest and the tax advantage from net income, some companies just deduct interest and the tax benefit. On the other hand, shareholders have a residual claim with the company's assets, while debt holders have a superior claim with the company's assets. A company's profits per share may be increased by incorporating borrowed capital into its capital structure (Chaklader & Chawla, 2016). The financial strategy known as capital structure includes borrowing money in order to maximize profits. In terms of investment, Leverage refers to debt, sometimes known as borrowed money to fund Asset acquisition. A company's Assets may be financed or purchased using either debt or equity. Leverage is the most contentious issue in finance, and it is the one that academics are still under debating.

Using Financial Leverage to fund Assets is referred to as Capital Structure. Because Capital Structure has a substantial effect on the owner's market return, and has consequences with the trading value of the shares. It is clear that the capital structure is the vital decision of the Management In specific terms, not only the Management does the business influence funding

decisions, but the funding decisions also influence Management because the incorrect mix of money is used, the performance and survival of the commercial organization may suffer significantly. Nevertheless, businesses involved in financing decisions may be concerned with a wide variety of policies outside the direct authority of the firm's Management. The company chooses an acceptable amount of Leverage to guarantee the business's viability (Hanitha vijeyaratnam & Anandasayanan, 2015). Moreover, arguments revealed how successful businesses would likely draw in more shareholders than unprofitable ones, since they provide a guarantee of profit and security. Businesses face reduced financial difficulty and liquidation as a result of their increased debt payment capacity. This increases their reputation and availability in the stock sector and reduces their financing costs. High-profitability corporations may reconfigure their financial performance by increasing or decreasing the earnings per share.

The study of Modigliani and Miller (1958) found that when all shareholders have complete information, all trading expenses are zero, and there is no tax difference between capital gains and dividends, then the capital structure has no influence on shareholder's performance. But, the actual economies are beyond ideal. Numerous finance choice theories have been created throughout time to show the purpose of the capital mix and its involvement in business value. Leverage is often used to refer to the borrowing ratio, which expresses the connection between money borrowed and owner funds in a company's capital structure. It differs across companies and sectors. Businesses with equity are referred to as unlevered. While firms with debt and equity are referred to as levered. The firm's funding decision is predicted with the current capital market conditions. There are no implications for restructuring the capital structure if the level of standards or banking sector theories does not consider an optimal capital structure for the company (Sulagna Mukherjee & Mahakud, 2010).

## LITERATURE REVIEW

There have been many studies looking at the best capital structure to maximize a business's value while keeping the cost of capital to a minimum. A company's capital structure has a dramatic effect on the value of the firm. For many years, theorists have struggled with optimum capital structure decisions. An early study was made with several assumptions, including the capital structure that was different from debt and equity with the relevant statistics to examine the firm's gross profit. Researchers, academics, practitioners, and the business sectors have a long structure of attention with the capital structure. Many researches have been conducted in this area to determine the factors of company capital structure.

Chaklader and Chawla (2016) investigated the drivers of capital structure for companies listed on the NSE CNX 500 from 2008 to 2015. According to the regression equation results, the independent variables describe 73.74 percent of the changes in capital structure. In their study, Chaklader and Chawla (2016) found that the capital structure directly relates to the size of the firm and its tangibility. However, the non-debt tax shield and liquidity have an insignificant relationship with capital structure. Another research used regression and correlation analysis to investigate the connection between the variables influencing leverage in listed manufacturing firms in Sri Lanka from 2008 to 2012. The consequence of the study found that the essential factors manufacturing firms in Sri Lanka are non-debt shield and profitability. Likely, tangibility will not create any impact on the capital structure of the manufacturing firms in Sri Lanka (Hanithavijeyaratnam & Anandasayanan, 2015).

Wellalage and Locke (2013) investigated the connection between company characteristics, Capital structure, and corporate governance in major listed firms in New Zealand. Data's of 40

companies listed on the NZX50 Stock Exchange are gathered during eight years, and observations are examined using conditional quintile regression. Company working capital, Tangibility, Tax shelter, Annual growth, Risk, Company size, and Industry may influence Capital structure decisions in developing Market companies. These factors, however, have varying effects on various degrees of Leverage quintiles. Nonetheless, the findings suggest that finance regulations should change company type and firm characteristics and should be tailored to the various borrowing needs of listed companies (Wellalage & Locke, 2013). Ghose and Kabra (2018) used an empirical survey of listed companies from 2004–2005 to 2015–2016 to investigate the significance of Capital structure in Indian enterprises. The research discovered that 32% of Indian companies chose their own Leverage. The study finds a positive effect of Tangibility, Productivity, and Industry median leverage on the Capital structure and a negative impact of profitability distinctiveness on the Leverage. These findings are consistent with theoretical predictions and previous empirical findings (Ghose & Kabra, 2018). Every company is confronted with risks and uncertainties; the larger the firm, the stronger it is anticipated to be in such hazardous in uncertain circumstances. A larger company develops stronger methods and techniques of combating market risk and uncertainty. A larger company is anticipated to have a greater chance of offsetting unpredictable losses (Bhattacharyya & Saxena, 2010).

From 2008 to 2017, the impact of capital structure on the financial performance is of Nifty 50 businesses. The findings of the models, (1 and 2) randomly indicate that increasing total Debt decreases return on Assets while increasing Equity increases return on Assets, implying that capital structure has a substantial impact on performance (Singh & Bagga, 2019). In addition, an investigation (Chadha & Sharma, 2015) empirically evaluates the influence of Capital structure on firm value of a chosen sample of 422 Indian manufacturing firms on the Bombay Stock Exchange (BSE) and examined the trends and Leverage effect. To examine the patterns and Leverage impact, yearly financial independent data of 10 years duration from 2003 to 2013 was used. The empirical research was carried out using ratio analysis and the panel data method. Using the panel data, the fixed effect regression method was applied to four distinct models. It was discovered experimentally that there is a high debt level in the capital structure of the businesses and there is no significant connection between a firm's worth and Leverage. In other words, the Indian manufacturing sector, Leverage has little effect on firm value. However, in the Indian manufacturing sector, factors such as company size, growth, profit, and age are significantly and positively associated with a firm value (Singh & Bagga, 2019). The profit drives the chosen firm-related financial variables of Indian BSE-listed companies. The research period was limited for (2009-19), a span of ten years, and forty non-banking and financial companies. The necessary data is a dynamic in nature. Therefore it was examined for a dynamic panel regression model. According to the findings, business size and growth are the most important determinants of profitability. Furthermore, company size is inversely linked to profitability, while growth is related to the fluctuation of the profit rate of BSE-listed companies in India. Other factors hurt profit fluctuation in this ratio except for risk, and the result is statistically insignificant (Sengottaiyan, 2021).

During the period of 2004–2013, the capital structure and Leverage has impact on firm value of a 422 Indian manufacturing firms. During 2004–2013, the total equity increased significantly, accounting for a larger proportion of total capital than debt. The panel data fixed effect regression method is applied to four distinct models, and it was discovered that there is no direct correlation between company value and leverage. In other words, in the Indian manufacturing sector, leverage has little effect on firm value (Chadha & Sharma, 2016). The

findings have also been verified for robustness using alternative definitions of capital structure, such as total debt to total assets and total liabilities to total assets. It has been discovered that factors such as non-debt tax shield, profit, depreciation, and industry median play a significant influence in determining the optimum leverage ratio in India (Sulagna et al., 2010). The debt ratio is favorably linked to Asset structure; Growth, profitability, and Age which are adversely related to the debt ratio (Talberg et al., 2008) Table 1.

Sl. No	Variables	Calculations	Hypothesis
1	Profitability	$\frac{\text{EBIT}}{\text{Total Assets}}$	Capital Structure is negatively impacted by profitability
2	Firm Size	(Total Assets)	Capital Structure is negatively impacted by firm size
3	Tangibility	$\frac{\text{Fixed Assets}}{\text{Total Assets}}$	Capital Structure is negatively impacted by tangibility
4	Growth	ln ln (Sales Turnover)	Capital Structure is negatively impacted by growth
5	Risk	Std. Dev. (EBIT)	Business risk inverse association with leverage
6	NDTS	$\frac{\text{Depreciation}}{\text{Total Assets}}$	Capital Structure is negatively impacted by non-debt tax shield
7	Liquidity	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	Capital Structure is negatively impacted by liquidity

### AIM OF THE STUDY

The goal is to investigate the factors of capital structure in non-financial companies and empirically investigate the effect of Productivity, Growth, Non-debt tax shield, Size, and Liquidity on Indian firms' capital structure. In a developing market such as India, for the Indian manufacturing firms to be efficient, they must have a suitable capital structure. It is critical to understand how Indian companies finance their operations and their net capital structure, Debt-equity balance, and financial development.

### METHODOLOGY

This research investigates the variables that influence the leverage of businesses listed on the National Stock Exchange (NSE). The research is focused on the top NIFTY 50 firms from 12 different business categories. Out of the listed NIFTY 50 indices, this research solely examines 27 non-financial firms and service-oriented firms. The required information was gathered from the annual reports of the chosen businesses for the fiscal years ending between 2010 and 2019. Following the previous research, “the study excludes financial and banking companies since their capital structures are not comparable to those of non-financial firms. Accounting ratios are used to derive the relevant financial variables from the companies' annual reports. The data was a panel in nature, and it was analysed dynamically using a comparison of Pooled OLS, fixed-effects, random effects, and GMM techniques. The DPD (Dynamic Panel Data) method is often regarded as Arellano and Bond's (AB) (Rev. Ec. Stud., 1991) work, although they popularized

the work of Holtz-Eakin, Newey, and Rosen (Econometrica, 1988). It is founded on the premise that the above-mentioned instrumental variables method does not fully utilize all of the knowledge provided in the sample. We may build a more valued Asset of the dynamic panel data model by doing so in a Generalized Method of Moments (GMM) context. Consider the following equations”:  $y_{it} = X_{it}\beta_1 + W_{it}\beta_2 + u_i + \varepsilon_{it}$

Where “ $X_{it}$  includes strictly exogenous repressor’s,  $W_{it}$  are predetermined repressor’s (which may include lags of  $y$ ) and endogenous repressor’s, all of which may be correlated with  $u_i$ , the unobserved individual effect. First, differencing the equation removes the  $u_i$  and its associated omitted-variable bias”.

## RESULTS AND DISCUSSIONS

The values of mean, median, and Std. Dev. for dependent and independent variables used in the target estimate are listed in Table 2.

<b>Variable</b>	<b>Mean</b>	<b>Median</b>	<b>Std. Dev</b>	<b>Min</b>	<b>Max</b>
Liquidity	0.970	0.720	0.687	0.120	3.880
Profitability	0.124	0.100	0.078	-0.110	0.360
Tangibility	0.378	0.345	0.154	0.070	0.850
Size of the Firm	4.760	4.810	0.554	3.191	6.010
NDTS	0.031	0.030	0.016	0.010	0.110
Growth	4.611	4.640	0.537	3.170	5.750
Risk	0.025	0.020	0.028	0.000	0.160
Leverage	0.282	0.300	0.155	0.000	0.680

The analysis shows that the capital structure determinates the mean value of liquidity is 0.970 times, the median of 0.720 times, ranging from 0.120 to 3.880 with the Std. Dev., of 0.687. The mean and median profitability value is 0.124 and 0.100 respectively, ranging from -0.110 to 0.360 with the Std. Dev., of 0.078. The mean and median value of Tangibility is 0.378 and 0.345 times respectively, its ranges from 0.070 to 0.850 with the Std. Dev., of 0.154. The mean value of firm size is 4.760 times, the median of 4.810 times, ranging from 3.191 to 6.010 with the Std. Dev., of 4.810. The mean value of NDTS is 0.031 times, the median of 0.030 times, ranging from 0.010 to 0.110 with the Std. Dev., of 0.016. The mean and median value of growth is 4.611 and 4.640 respectively, its ranges from 3.170 to 5.750 with the Std. Dev., of 0.537. The mean and median value of Risk is 0.025, and 0.020 times, respectively, its ranges from 0.000 to 0.160 with the Std. Dev., of 0.028. The mean value of leverage is 0.282 times, the median of 0.300 times, ranging from 0.000 to 0.680 with the Std. Dev., of 0.155.

## Pooled OLS

The explanatory variable of the study shows that the capital structure is negatively impacted by liquidity, but the result [ $t = -1.530$ ,  $p\text{-value} = 0.1273$ ] is not significant. The capital structure is negatively impacted by profitability, and the result [ $t = -8.359$ ,  $p\text{-value} = < 0.0001$ ] is statistically significant at a 1% level. The capital structure is positively impacted by tangibility, and the result [ $t = 0.459$ ,  $p\text{-value} = 0.6464$ ] is statistically insignificant. The size of the firm positively impacts the capital structure. The regression result [ $t = 6.486$ ,  $p\text{-value} = < 0.0001$ ] proved that it is significant at 5% level. The NDTs is negatively associated with the capital structure, and the result [ $t = -0.261$ ,  $p\text{-value} = 0.7946$ ] is statistically not significant. The growth is negatively associated with the capital structure. The regression result [ $t = -5.495$ ,  $p\text{-value} = < 0.0001$ ] proved that is significant at 1% level. Finally, the risk is the proxy of the firm's capital structure, which is positively associated with the capital structure, and the [ $t = -0.237$ ,  $p\text{-value} = 0.1219$ ] result is not significant.

## Fixed Effects

The explanatory variable of the study shows that the capital structure is negatively impacted by liquidity, but the result [ $t = -1.904$ ,  $p\text{-value} = 0.0581$ ] is significant at the 10% level. The capital structure is negatively impacted by profitability, and the result [ $t = -7.780$ ,  $p\text{-value} = < 0.0001$ ] is statistically significant at a 1% level. The capital structure is positively impacted by tangibility, and the result [ $t = 0.258$ ,  $p\text{-value} = 0.7963$ ] is statistically insignificant. The size of the firm positively impacts the capital structure. The regression result [ $t = 5.654$ ,  $p\text{-value} = < 0.0001$ ] proved that is significant at 1% level. The NDTs is negatively associated with the capital structure, and the result [ $t = -0.571$ ,  $p\text{-value} = 0.5686$ ] is statistically not significant. The growth is negatively associated with the capital structure. The regression result [ $t = -4.912$ ,  $p\text{-value} = < 0.0001$ ] proved that is significant at 1% level. Finally, the risk is the proxy of the firm's capital structure, which is positively associated with the capital structure and the [ $t = 0.131$ ,  $p\text{-value} = 0.8959$ ] result is not significant Table 3.

Variables	Pooled OLS				Fixed-effects			
	Coefficient	t-ratio	p-value	Sig.	Coefficient	t-ratio	p-value	Sig.
Constant	0.202	2.310	0.0217	**	0.244	2.672	0.0081	***
Liquidity	-0.017	-1.530	0.1273	NS	-0.022	-1.904	0.0581	*
Profitability	-0.935	-8.359	<0.0001	***	-0.917	-7.780	<0.0001	***
Tangibility	0.027	0.459	0.6464	NS	0.016	0.258	0.7963	NS
Size of the Firm	0.179	6.486	<0.0001	***	0.164	5.654	<0.0001	***
NDTS	-0.122	-0.261	0.7946	NS	-0.284	-0.571	0.5686	NS
Growth	-0.140	-5.495	<0.0001	***	-0.131	-4.912	<0.0001	***
Risk	0.053	0.237	0.8129	NS	0.032	0.131	0.8959	NS

Regression Result	R-squared	0.584	Adjusted R-squared	0.573	LSDV R-squared	0.608	Within R-squared	0.554
	F(7, 261)	52.407	P-value(F)	0.000	LSDV F (33, 235)	11.064	P-value (F)	0.000
	rho	0.002	Durbin-Watson	1.754	Rho	-0.031	Durbin-Watson	1.843

Note: Variables using 269 observations, included 27 cross-sectional units  
Hint: \*\*\*, \*\*, and \* indicates significant at 1%, 5% and 10% level respectively. NS – Not Significant

Table 4 DETERMINANTS OF CAPITAL STRUCTURE – RANDOM EFFECTS AND GMM MODEL						
Variables	Random-effects			GMM Model		
	Coefficient	t-ratio	p-value	Coefficient	t-ratio	p-value
const	0.202	2.310	0.021**	0.127	1.457	0.145 <sup>NS</sup>
Liquidity	-0.017	-1.530	0.126 <sup>NS</sup>	-0.015	-1.393	0.164 <sup>NS</sup>
Profitability	-0.935	-8.359	<0.0001***	-0.856	-10.480	<0.0001***
Tangibility	0.027	0.459	0.646 <sup>NS</sup>	0.009	0.133	0.895 <sup>NS</sup>
Firm size	0.179	6.486	<0.0001***	0.163	3.303	0.001***
NDTS	-0.122	-0.261	0.794 <sup>NS</sup>	-0.099	-0.184	0.854 <sup>NS</sup>
Growth	-0.140	-5.495	<0.0001***	-0.112	-2.468	0.014**
Risk	0.053	0.237	0.813 <sup>NS</sup>	0.064	0.291	0.771 <sup>NS</sup>
Leverage(-1)				0.022	0.519	0.604 <sup>NS</sup>
<u>Breusch-Pagan test</u> Null hypothesis: Variance of the unit-specific error = 0 Asymptotic test statistic: Chi-square (1) = 3.18396 with p-value = 0.0743644 <u>Hausman test</u> Null hypothesis: GLS estimates are consistent Asymptotic test statistic: Chi-square (7) = 11.5986 with p-value = 0.114554				Test for AR(1) errors: z = -4.33798 [0.0000] Test for AR(2) errors: z = -0.776819 [0.4373] Sargan over-identification test: Chi-square (43) = 293.703 [0.0000] Wald (joint) test: Chi-square (8) = 977.044 [0.0000]		

Note: Variables using 269 observations included 27 cross-sectional units  
Hint: \*\*\*, \*\*, and \* indicates significant at 1%, 5% and 10% level respectively.  
NS – Not Significant

## Random Effects

The explanatory variable of the study shows that the capital structure is negatively impacted by liquidity, but the result [t = -1.530, p-value = 0.126] is not significant. The capital structure is negatively impacted by profitability, and the result [t = -8.359, p-value = < 0.0001] is

statistically significant at a 1% level. The capital structure is positively impacted by Tangibility, and the result [ $t= 0.549$ ,  $p\text{-value} = 0.646$ ] is statistically not significant. The capital structure is positively impacted by the size of the firm. The regression result [ $t=6.486$ ,  $p\text{-value} = <0.0001$ ] proved that it is significant at 1% level. The NDTs is negatively associated with the capital structure, and the result [ $t= -0.261$ ,  $p\text{-value} = 0.794$ ] is statistically insignificant. The growth is negatively associated with the capital structure. The regression result [ $t= -5.495$ ,  $p\text{-value} = <0.0001$ ] proved that is significant at 1% level. Finally, the risk is proxy of the firm's capital structure, which is positively associated with the capital structure and the [ $t= 0.237$ ,  $p\text{-value} = 0.813$ ] result is not significant (Table 4).

### **GMM model**

The dynamic panel data regression has analysed with the help of predicted financial variables to determine the capital structure decisions. On the basis of the estimation model, one-step dependent variables are used, and other explanatory variables are predicted in return on investment. The diagnostic model has perfectly done this calculation. The Sargon and Wald test proved that the dynamic panel model is fitted well. The explanatory variable of the study shows that the capital structure is negatively impacted by liquidity, but the result [ $t=-1.393$ ,  $p\text{-value}= 0.164$ ] is not significant. The capital structure is negatively impacted by profitability, and the result [ $t=-10.480$ ,  $p\text{-value}= < 0.0001$ ] is statistically significant at 1% level. The capital structure is positively impacted by Tangibility, and the result [ $t=0.133$ ,  $p\text{-valu}=0.895$ ] is statistically insignificant. The capital structure is positively impacted by the size of the firm. The regression result [ $t=3.303$ ,  $p\text{-value}= <0.0001$ ] proved that is significant at 1% level. The NDTs is negatively associated with the capital structure, and the result [ $t=-0.184$ ,  $p\text{-value}=0.854$ ] is statistically insignificant. The growth is negatively associated with the capital structure. The regression result [ $t=-2.468$ ,  $p\text{-value}=0.014$ ] proved that is significant at 5 per cent level. Finally, the risk is the proxy of the firm's capital structure, which is positively associated with the capital structure and the [ $t=0.291$ ,  $p\text{-valu} =0.771$ ] result is not significant.

### **Contribution of the Study**

It demonstrates that Indian companies retain Goal Leverage and make minor adjustments to it. Therefore, it is shown that the capital structure decisions of Indian firms are dependent on balancing trade-offs. Overall, the study's results can help the financial managers to make capital structure choices based on their profitability, as well as the sign and degree of Goal deviation. Despite the fact that the research has practical consequences. It has limits. The current research examines just a few factors to evaluate asymmetry in capital structure choices. These independent factors are significant and have firm-specific features towards the payout of dividends, Tangibility, Growth, Size, and Earnings volatility, influences companies' capital structure choices.

## **CONCLUSION**

This study is a practical approach to the emerging regression model using dynamic panel data analysis of the determinants of capital structure of NSE-listed firms in India. The study has confined with the sample of 27 non-financial firms selected for the purposive sampling techniques. The respective financial variables were extracted from the annual reports of the



respective firms during the period of 2010-2019. The data is panel in nature and fitted in the balanced dynamic structure using econometric analysis. The robustness test conducted to the appropriateness of the test is based on the finalization of the suitable model. The robustness diagnostic test proved that the GMM model was the final model of the study concluded. The study has found that profitability is inversely influenced by the capital structure decision of Indian firms, and the result was found to be highly significant in all the regression models. The result implies that the profitable firms have structured the capital structure in high debt content securities.

Further, the shareholders are expecting more returns on their securities. Failed to this situation, the investor has diluted their holdings to other profitable firms. This effect supports the market timing theory and consistently supports eminent researchers in the Indian context. The study has significantly determined the capital structure of the firm size and growth opportunities. That regression result is significant for all four models. The large and high growth firms' decisions of the Leverage are highly influencing the market alteration for the investment content of the debt-equity position of the firms.

## REFERENCES

- Bhattacharyya, S., & Saxena, A. (2010). Does the Firm Size Matter? An Empirical Enquiry into the Performance of Indian Manufacturing Firms. *Metamorphosis: A Journal of Management Research*, 9(2), 42–55.
- Chadha, S., & Sharma, A.K. (2015). Capital Structure and Firm Performance: Empirical Evidence from India. *Vision: The Journal of Business Perspective*, 19(4), 295–302.
- Chadha, S., & Sharma, A.K. (2016). An Empirical Study on Capital Structure in Indian Manufacturing Sector. *Global Business Review*, 17(2), 411–424.
- Chaklader, B., & Chawla, D. (2016). A Study of Determinants of Capital Structure through Panel Data Analysis of Firms Listed in NSE CNX 500. *Vision*, 20(4), 267–277.
- Ghose, B., & Kabra, K.C. (2018). Dynamic Capital Structure Adjustments and Business Group Affiliations : Indian Evidence. *Business Perspectives and Research*, 6(1), 1–15.
- Hanithavijeyaratnam, & Anandasayanan, S. (2015). The Determinants of Leverage of Sri Lankan Manufacturing Companies Listed on Colombo Stock Exchange. *International Journal of Research in Business Studies and Management*, 2(2), 30–37.
- Modigliani, F., & Miller, M.H. (1958). The cost of capital, corporation finance and the theory of investment. *The American Economic Review*, 28(3), 103.
- Sengottaiyan, A., (2021) “Factors of Profitability of Indian Firms Listed in BSE”, *Quing: International Journal of Commerce and Management (Quing: IJCM)*, 1(1), 67-74.
- Singh, N.P., & Bagga, M. (2019). The Effect of Capital Structure on Profitability: An Empirical Panel Data Study. *Jindal Journal of Business Research*, 8(1), 65–77.
- Sulagna Mukherjee, & Mahakud, J. (2010). Dynamic adjustment towards target capital structure : evidence from Indian companies. *Journal of Advances in Management Research*, 7(2), 250–266.
- Talberg, M., Winge, C., Frydenberg, S., & Westgaard, S. (2008). Capital Structure Across Industries. *International Journal of the Economics of Business*, 15(2), 181–200.
- Wellalage, N.H., & Locke, S. (2013). Capital structure and its determinants in New Zealand firms. *Journal of Business Economics and Management*, 14(5), 852–866.