

AN ANALYTICAL STUDY OF CAPITAL STRUCTURE OF PHARMACEUTICAL COMPANIES IN GUJARAT.

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Parwani Ashwin Hareshlal

(Enrollment No.: 189999903024)

Under the supervision of

Dr. Priyanka Shah



GUJARAT TECHNOLOGICAL UNIVERSITY

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AN ANALYTICAL STUDY OF CAPITAL STRUCTURE OF PHARMACEUTICAL COMPANIES IN GUJARAT.

a. Abstract

Capital Structure is an integral and important part of financial management having long term consequences. This research study attempts to investigate the association of different variables with capital structure. The variables Current ratio, Sales Growth Ratio, Effective tax rate, Firm Size, Asset structure, Net profit ratio, Asset Utilisation Ratio, Inventory ratio, Debtors ratio, Creditors Ratio, Cash, Bank and other marketable securities/sales and Debt-Equity ratio of various pharmaceutical companies (i.e. Ishita Drugs & Inds. Ltd., Hester Biosciences Ltd., Gujarat Themis Biosyn Ltd., Alembic Pharmaceuticals Ltd., Eris Lifesciences Ltd., Denis Chem Lab Ltd., Coral Laboratories Ltd., Chemcon Speciality Chemicals Ltd., Cadila Healthcare Ltd., Bharat Parenterals Ltd., Lactose (India) Ltd., Lincoln Pharmaceuticals Ltd., Zenith Health Care Ltd., Lyka Labs Ltd., Parmax Pharma Ltd., Sakar Healthcare Ltd., Samrat Pharmachem Ltd., Shree Ganesh Remedies Ltd., Sun Pharmaceutical Inds. Ltd., Themis Medicare Ltd., Torrent Pharmaceuticals Ltd., Unjha Formulations Ltd., Vikram Thermo (India) Ltd.) have been examined for a period of ten years from 2010-11 to 2019-20 with a view to neutralize cyclical effects of the economy and develop better understanding of the behaviour of the said variables. The research study pointed out that companies having turnover above Rs. 1000 crore the variables Firm size, Asset structure, Asset utilization ratio, Inventory ratio and creditor ratio were found to be significant variables having impact on capital structure and current ratio, Sales growth ratio, effective tax rate, net profit ratio, debtors ratio and Cash, Bank and other marketable securities/sales were found to be insignificant and doesn't have impact on capital structure. For the companies having turnover below Rs.1000 crore the variables Firm size and Debtor ratio have significant impact on capital structure while variables current ratio, sales growth ratio, effective tax rate, Asset structure, net profit ratio, asset utilization ratio, inventory ratio, creditor ratio and cash bank and other marketable securities/ sales are found to be insignificant and doesn't have impact on capital structure. From the primary survey it is found that all the variables namely current ratio, sales growth ratio, effective tax rate, firm size, asset structure, net profit ratio, asset utilization ratio, inventory ratio, debtor ratio, creditor ratio and cash, bank and other marketable securities/sales affect the capital structure.

Key Words : Capital Structure, Pharmaceutical, Profitability

b. Brief description on the state of the art of the research topic

The capital structure of a company is the mixture of stock, debt, and hybrid securities that it employs to fund its assets for long-term investment decisions in order to optimize the firm's value. Thus, capital structure decisions are among the most crucial for any business since they impact the business's worth. Traditionally, corporate finance entails three critical considerations. There are three types of capital budgeting decisions: capital structure decisions, capital budgeting decisions, and working capital management decisions. Considering essential and essentially permanent long-term funding of a business is one of these three capital structure considerations. Moreover finance is the lifeblood of businesses. Financial management tasks include investment decisions, financing decisions, and dividend decisions to meet financial management objectives such as wealth maximization and shareholder value creation. Despite a plethora of studies focused on the most important drivers of capital structure, there is still disagreement over which factors have a major impact on a firm's capital structure. The capital structure of a company refers to the many choices it has for funding its assets. A company's capital structure is a specific mixture of debt, stock, and other forms of money that it employs to fund its long-term assets. The primary distinction in capital structure is that between debt and equity. Gearing or leverages are used to calculate the proportion of loan funding. There are several elements that influence a company's capital structure, and a company should push itself to identify what its finest, or best, combination of funding is? Capital structure should be assessed in terms of its influence on the firm's value. In other words, the optimal capital structure is a mixture of debt and equity that maximises the firm's value. The capital structure of a firm affects its value by influencing either its projected earnings or its cost of capital, or both. Several experts have described the theoretical link between capital structure, total cost of capital (k), and firm valuation.

Literature review

(Pahuja and sahi, 2015) analysed relation between determinants of capital structure and debt equity ratio of Indian companies by considering Bombay stock exchange stocks i.e., 30 company listed during 2008-2010. The study considers five factors influencing capital structure such as growth, profitability, liquidity, tangibility and scale. The study used ordinary least square regression model to arrive at a result that growth and liquidity shows positively meaningful with the leverage endorsing perking order theory. (Akinyomi, Oladele John Olagunju, Adebayo, 2013) uses a descriptive study design to analyze the determinants of the

capital structure in Nigeria. The population included 86 manufacturing companies listed on the Nigerian Stock Exchange. Using the easy random sampling process, the survey firms were chosen. Secondary data derived from the annual accounts of 24 randomly chosen industrial companies over a span of 10 years resulted in observations of 240 firms each year. The results of the regression analysis showed that, on the one hand, leverage (a capital structure measure) has a negative relationship with business size and tax, and, on the other hand, a positive relationship with asset tangibility, profitability and expansion. However, the essential relationship is formed only with asset tangibility and business size. It is proposed that parallel experiments be carried out in different fields for prospective researchers. (K. Alkhatib, 2012) has examined the determinants of listed firms' leverage. 121 listed firms on the Jordanian Stock Exchange were included in the research survey, extended from 2007 to 2010. The survey represented the manufacturing and utility industries, while the research omitted the finance industry. The regression model was used for data analysis; the explanatory variables consisted of firm liquidity, growth rate, profit, size, and tangibility, while the leverage ratio was the independent variable. The findings indicate that no statistically relevant relationship exists for both the manufacturing and utility industries. The findings for the manufacturing sector, when the two industries were divided, showed that liquidity and tangibly have a significant leverage relationship, while the results for the services sector indicated that the growth rate, liquidity and tangibility have a significant leverage relationship.

c. Definition of the problem

Capital structure is a part of strategic exercise enhance long term impact on profitability of Pharmaceutical companies, however which aspect of capital structure to be considered for greater attention is a matter of concern.

d. Objective and Scope of the work

The research objectives, in this study are:

- (1) To understand the variables affecting capital structure.
- (2) To assess the impact of the capital structure variables on profitability.
- (3) To develop better understanding of capital structure of the enterprises.

Scope of the Work

In this study we have considered capital structure of pharmaceutical companies in Gujarat. The variables of capital structure have been studied in detail with reference to their influence on profitability of enterprises using research based approach. In addition perception of decision makers on various aspects of capital structure have also been mapped.

e. Original contribution by the thesis.

The thesis has aptly brought out that amongst several aspects of capital structure, asset structure, asset utilisation ratio, inventory ratio and creditor ratio have been the most important factor upon which the corporate managers need to concentrate for better profitability.

f. Methodology of Research Results / Comparisons

In the first chapter it is clearly brought out that capital structure of a company is the mixture of stock, debt, and hybrid securities that it employs to fund its assets for long-term investment decisions in order to optimize the firm's value.

Naturally these aspects of capital structure involve several variables. In this study, we have considered the following variables: Current ratio, Sales Growth Ratio, Effective tax rate, Firm Size, Asset structure, Net profit ratio, Asset Utilisation Ratio, Inventory ratio, Debtors ratio, Creditors Ratio, Cash, Bank and other marketable securities/sales and Debt-Equity ratio.

The variables are expressed in terms of ratios and each of them is explained below:

$$\text{Debt Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Laibilities}}$$

$$\text{Sales Growth Ratio} = \frac{(\text{Current period net sales} - \text{Prior period net sales})}{\text{Prior Period net sales}} \times 100$$

$$\text{Effective tax rate} = \frac{\text{Tax paid}}{\text{Profit before tax}}$$

$$\text{Firm Size} = \text{Ln of Sales}$$

$$\text{Asset Structure} = \frac{\text{Fixed Assets}}{\text{Total Assets}}$$

$$\text{Net Profit Ratio} = \frac{\text{Profit After Tax}}{\text{Net sales}} \times 100$$

$$\text{Asset Utilisation Ratio} = \frac{\text{Net Sales}}{\text{Total Assets}}$$

$$\text{Inventory Ratio} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

$$\text{Debtors Ratio} = \frac{\text{Debtors + Bills Receivable}}{\text{Credit sales}} \times 365$$

$$\text{Creditors Ratio} = \frac{\text{Creditors + Bills Payable}}{\text{Credit Purchase}} \times 365$$

$$\text{Cash, Bank and other marketable securities by sales ratio} = \frac{\text{Cash, Bank and other marketable securities}}{\text{Net sales}}$$

From amongst the variables mentioned above Debt Equity Ratio is treated as dependent variable and the remaining variables i.e. Current ratio, Sales Growth Ratio, Effective tax rate, Firm Size, Asset structure, Net profit ratio, Asset Utilisation Ratio, Inventory ratio, Debtors ratio, Creditors Ratio, Cash, Bank and other marketable securities/sales are treated as independent variables.

In this study first the research has been carried out using secondary data. Then a questionnaire base survey was carried out to map the perception of decision makers and find out whether their perception was in line with empirical results or not.

RESEARCH DESIGN

Secondary Data – Descriptive research design.

Primary Data – Cross sectional convenient sampling design.

Technique – Convenience snowball technique.

Data Analysis

The data for all the variables i.e. Current ratio, Sales Growth Ratio, Effective tax rate, Firm Size, Asset structure, Net profit ratio, Asset Utilisation Ratio, Inventory ratio, Debtors ratio, Creditors Ratio, Cash, Bank and other marketable securities/sales and Debt-Equity ratio was entered for each company and for all the ten years. Then the measures of central tendency viz. average, median and standard deviation were worked out. Then Multiple Regression Analysis technique was used to study the relationship of independent variables with dependent variable and to know the extent of influence independent variables exercise over the dependent variable.

F test and multi co linearity tests were undertaken to better understand how the variables behave. To facilitate the process SPSS program has been used.

Results / Comparisons

Results and discussions of Companies having turnover Above Rs.1000 crore

Table-1 Co-efficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	1.249	0.545		2.293	0.027	.146	2.353		
CR	-0.063	0.065	-0.145	-0.979	0.334	-0.195	0.068	0.336	2.979
SGR	0.001	0.001	0.186	1.511	0.139	0.000	0.003	0.488	2.050
ETR	0.092	0.239	0.055	0.388	0.700	-0.390	0.575	0.366	2.735
FS	-0.136	0.055	-0.627	-2.447	0.019	-0.248	-0.023	0.113	8.880
AS	0.980	0.147	0.729	6.644	0.000	0.681	1.278	0.615	1.627
NPR	0.002	0.001	0.215	1.780	0.083	0.000	0.005	0.507	1.971
AUR	-0.145	0.042	-0.593	-3.431	0.001	-0.230	-0.059	0.248	4.040
IR	-0.033	0.014	-0.503	-2.362	0.023	-0.061	-0.005	0.163	6.139
DR	-0.010	0.008	-0.319	-1.272	0.211	-0.026	0.006	0.117	8.524
CDR	0.033	0.015	0.432	2.256	0.030	0.003	0.063	0.202	4.950
CBM	-0.287	0.399	-0.106	-0.720	0.476	-1.095	0.521	0.343	2.916

a. Dependent Variable: Debt-equity ratio

Table -2 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1					
Regression	1.571	11	0.143	8.834	0.000 ^b
Residual	0.614	38	0.016		
Total	2.185	49			

a. Dependent Variable: Debt-equity ratio(times)

b. Predictors: (Constant), CR, SGR, ETR, FS, AS, NPR, AUR, IR, DR, CDR, CBM

Table- 3 Descriptive Statistics

	Mean	Std. Deviation	N
DER	.20168	.211178	50

CR	1.43548	.484000	50
SGR	21.5292	34.39670	50
ETR	.130469337105946	.125939982625709	50
FS	7.858370580935355	.976407250167989	50
AS	.310816535524758	.157132898594940	50
NPR	15.700305511442716	20.258884873439830	50
AUR	1.089682382840480	.864588466449191	50
IR	6.7368	3.25704	50
DR	8.0446	6.74547	50
CDR	6.126469679190816	2.725905140467998	50
CBM	.048575621043076	.077745151595996	50

Table – 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.848	0.719	0.638	0.127143	0.719	8.834	11	38	.000
a. Predictors: (Constant) CR, SGR, ETR , FS, AS , NPR, AUR, IR, DR, CDR, CBM									
b. Dependent Variable: Debt-equity ratio(DER)									

For the companies having turnover above Rs. 1000 crore

The standardised regression co-efficients of independent variables current ratio, firm size, asset utilisation ratio, Inventory ratio and debtor ratio and cash ,bank and other marketables securities have negative association with Debt-equity ratio while sales growth ratio, effective tax rate, asset structure, net profit ratio and creditor ratio have positive association with debt equity ratio.

The significance level of variables firm size, asset structure, asset utilisation ratio, inventory ratio and creditor ratio is less than 0.05 which make them technically relevant and have impact on debt equity ratio.

The VIF statistics of all variables are less than 10, which points out the absence of multicollinearity.

The coefficient of determination i.e. adjusted R^2 is 0.638. This points out that the above stated model can justify 63.8 % variations in DER.

Results and discussions of Companies having turnover below Rs.1000 crore

Table-5 Co-efficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error				Beta	Lower Bound	Upper Bound	Tolerance
constant	11.609	4.240		2.738	0.007	3.236	19.981		
CR	-0.902	0.798	-0.138	-1.130	0.260	-2.479	0.674	0.358	2.793
SGR	0.017	0.021	0.066	0.790	0.431	-0.025	0.059	0.777	1.287
ETR	-3.940	3.625	-0.090	-1.087	0.279	-11.099	3.219	0.779	1.284
FS	-1.634	0.721	-0.232	-2.266	0.025	-3.058	-0.210	0.513	1.949
AS	-0.149	0.980	-0.021	-0.152	0.879	-2.084	1.785	0.276	3.620
NPR	0.009	0.045	0.016	0.196	0.845	-0.081	0.098	0.788	1.269
AUR	0.450	0.241	0.269	1.870	0.063	-0.025	0.926	0.259	3.854
IR	0.001	0.043	0.002	0.021	0.983	-0.083	0.085	0.801	1.248
DR	-0.649	0.238	-0.281	-2.722	0.007	-1.119	-0.178	0.504	1.982
CDR	0.144	0.251	0.057	0.577	0.565	-0.350	0.639	0.559	1.788
CBM	-10.862	11.725	-0.093	-0.926	0.356	-34.018	12.293	0.537	1.862

a. Dependent Variable: Debt-equity ratio

Table -6 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1					
Regression	1523.133	11	138.467	2.291	.012 ^b
Residual	9728.812	161	60.427		
Total	11251.945	172			

a. Dependent Variable: Debt-equity ratio(DER)

b. Predictors: (Constant), CR, SGR, ETR, FS, AS, NPR, AUR, IR, DR, CDR, CBM

Table- 7 Descriptive Statistics

	Mean	Std. Deviation	N
DER	0.8847	8.08816	173
CR	1.6936	1.24101	173
SGR	14.4214	31.28327	173
ETR	0.226344673917310	0.185289778110967	173

FS	3.779400352706640	1.147449024658801	173
AS	0.574504107779682	1.151289202797260	173
NPR	5.080488090178116	14.719110073825833	173
AUR	2.294475940244461	4.832559957708512	173
IR	11.7666	15.50169	173
DR	5.5508	3.50178	173
CDR	6.255671090053577	3.163247035692248	173
CBM	.062572965802984	.068974153754073	173

Table – 8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.368 ^a	0.135	0.076	7.77351	0.135	2.291	11	161	0.012
a. Predictors: (Constant) CR, SGR, ETR , FS, AS , NPR, AUR, IR, DR, CDR, CBM									
b. Dependent Variable: Debt-equity ratio(DER)									

For the companies having turnover below Rs. 1000 crore

The standardised regression co-efficients of independent variables current ratio, effective tax rate, firm size, asset structure, debtor ratio and cash ,bank and other marketables securities have negative association with Debt-equity ratio while sales growth ratio, net profit ratio, asset utilisation ratio, inventory ratio and creditor ratio have positive association with debt equity ratio.

The significance level of variables firm size and debtor ratio is less than 0.05 which make them technically relevant and does impact debt equity ratio.

The VIF statistics of all variables are less than 10, which points out the absence of multicollinearity.

The coefficient of determination i.e. adjusted R^2 is 0.076. This points out that the above stated model can justify 7.6 % variations in DER.

Comparative analysis

Current Ratio

In case of companies above Rs. 1000 crore turnover. The regression coefficient value is - 0.145 with a significance level of 0.334 as compared to regression coefficient of -0.138 with significance level 0.260 in case of companies below Rs. 1000 crore turnover. The relationship though remains negative in both segments, the value of regression coefficient in the segment of companies above Rs 1000 crore is marginally higher, but with higher irrelevance.

Sales Growth Ratio

In case of companies above Rs. 1000 crore turnover. The regression coefficient value is 0.186 with a significance level of 0.139 as compared to regression coefficient of 0.066 with significance level 0.431 in case of companies below Rs. 1000 crore turnover. The relationship though remains positive in both segments, the value of regression coefficient in the segment of companies above Rs 1000 crore is marginally higher, but with higher irrelevance.

Effective tax rate

In case of companies above Rs. 1000 crore turnover. The regression coefficient value is 0.055 with a significance level of 0.700 as compared to regression coefficient of -0.090 with significance level 0.279 in case of companies below Rs. 1000 crore turnover. The relationship is opposite in direction in both segments, the value of regression coefficient in the segment of companies above Rs 1000 crore is marginally higher, but with lower irrelevance.

Firm Size

In case of companies above Rs. 1000 crore turnover. The regression coefficient value is - 0.627 with a significance level of 0.019 as compared to regression coefficient of -0.232 with significance level 0.025 in case of companies below Rs. 1000 crore turnover. The relationship though remains negative in both segments, the value of regression coefficient in the segment of companies above Rs 1000 crore is marginally lower, but with higher relevance.

Asset structure

In case of companies above Rs. 1000 crore turnover. The regression coefficient value is 0.729 with a significance level of 0.000 as compared to regression coefficient of -0.021 with significance level 0.879 in case of companies below Rs. 1000 crore turnover. The relationship is opposite in direction in both segments, the value of regression coefficient in the segment of companies above Rs 1000 crore is very high, with higher relevance.

Net profit ratio

In case of companies above Rs. 1000 crore turnover. The regression coefficient value is 0.215 with a significance level of 0.083 as compared to regression coefficient of 0.016 with significance level 0.845 in case of companies below Rs. 1000 crore turnover. The relationship though remains positive in both segments, the value of regression coefficient in the segment of companies above Rs 1000 crore is marginally higher, but with lower irrelevance.

Assets Utilisation ratio

In case of companies above Rs. 1000 crore turnover. The regression coefficient value is -0.593 with a significance level of 0.001 as compared to regression coefficient of 0.269 with significance level 0.063 in case of companies below Rs. 1000 crore turnover. The relationship is opposite in direction in both segments, the value of regression coefficient in the segment of companies above Rs 1000 crore is very low, but with higher relevance.

Inventory ratio

In case of companies above Rs. 1000 crore turnover. The regression coefficient value is - 0.503 with a significance level of 0.023 as compared to regression coefficient of 0.002 with significance level 0.983 in case of companies below Rs. 1000 crore turnover. The relationship is opposite in direction in both segments, the value of regression coefficient in the segment of companies above Rs 1000 crore is marginally lower, but with higher relevance.

Debtors Ratio

In case of companies above Rs. 1000 crore turnover. The regression coefficient value is - 0.319 with a significance level of 0.211 as compared to regression coefficient of -0.281 with significance level 0.007 in case of companies below Rs. 1000 crore turnover. The relationship though remains negative in both segments, the value of regression coefficient in the segment of companies above Rs 1000 crore is marginally lower, but with higher irrelevance.

Creditor ratio

In case of companies above Rs. 1000 crore turnover. The regression coefficient value is 0.432 with a significance level of 0.030 as compared to regression coefficient of 0.057 with significance level 0.565 in case of companies below Rs. 1000 crore turnover. The relationship though remains positive in both segments, the value of regression coefficient in the segment of companies above Rs 1000 crore is marginally higher, but with higher relevance.

Cash, Bank and other marketable securities/sales

In case of companies above Rs. 1000 crore turnover. The regression coefficient value is - 0.106 with a significance level of 0.476 as compared to regression coefficient of -0.093 with significance level 0.356 in case of companies below Rs. 1000 crore turnover. The relationship though remains negative in both segments, the value of regression coefficient in the segment of companies above Rs 1000 crore is marginally lower, but with higher irrelevance.

From the above comparative analysis it is observed that Asset structure and Asset utilisation ratio, are very relevant, while firm size, Inventory ratio and creditor ratio are moderately relevant in case of companies above Rs. 1000 crore turnover. While in case of companies turnover less than Rs. 1000 crore turnover the variables Firm Size and Debtors ratio are highly relevant.

Adjusted R Square in case of companies having turnover above Rs. 1000 crore is 0.638 which is comparatively better than adjusted R square i.e. 0.076 of companies having turnover below Rs. 1000 crore.

The value of F is 8.834 with significance of 0.000 of companies having turnover above Rs. 1000 crore while the value of F is 2.291 with significance 0.012 of companies having turnover below 100 crore which shows that comparatively companies with turnover more than Rs. 1000 crore stands better on this front.

Value of VIF in both segments is below 10.0 which shows absence of multicollinearity.

From the primary survey it is found that the decision makers in the industry perceive that all the variables namely current ratio, sales growth ratio, effective tax rate, firm size, asset structure, net profit ratio, asset utilization ratio, inventory ratio, debtor ratio, creditor ratio and cash, bank and other marketable securities/sales affect the capital structure. Thus it is clearly found that in case of companies with turnover above 1000 crore their perception in case of firm size, asset structure, asset utilization ratio, Inventory ratio and creditors ratio confirms to empirical results and for other variables perception differ.

It is further found that in case of companies below Rs. 1000 crore perception of decision makers confirms to numerical results for the variables firm size and debtor ratio. For other variables namely current ratio, sales growth ratio, effective tax rate, asset structure, net profit ratio, asset utilization ratio, inventory ratio, creditor ratio and cash, bank and other marketable securities/sales affect the capital structure perception differ from empirical results.

g. Achievements with respect to objectives

Objectives	Achievements
To understand the variables affecting capital structure.	These variables Current ratio, Sales Growth Ratio, Effective tax rate, Firm Size, Asset structure, Net profit ratio, Asset Utilisation Ratio, Inventory ratio, Debtors ratio, Creditors Ratio, Cash, Bank and other marketable securities/sales and Debt-Equity ratio have been examined in detail with their area of influence. This has resulted into better understanding of variables.
To assess the impact of the capital structure variables on profitability.	The impact of each variable was looked into detail with the help of multiple regression analysis. Computerised package of analyses namely SPSS was used to refine the exercise as a result impact of each variable has been clearly assessed and important variables were identified.
To develop better understanding of capital structure of the enterprises.	These objectives have been achieved as a result of rigorous data collection and analysis. The researcher is in a position to suggest to the corporate as to which variables have to be given more importance and how such determination can be determined.

h. Conclusion

From the research study it is found that for companies having turnover above Rs. 1000 crore the variables Firm size, Asset structure, Asset utilization ratio, Inventory ratio and creditor ratio were found to be significant variables having impact on capital structure and current ratio, Sales growth ratio, effective tax rate, net profit ratio, debtors ratio and Cash, Bank and other marketable securities/sales were found to be insignificant and doesn't have impact on capital structure. For the companies having turnover below Rs.1000 crore the variables Firm size and Debtor ratio have significant impact on capital structure while variables current ratio, sales growth ratio, effective tax rate, Asset structure, net profit ratio, asset utilization ratio, inventory

ratio, creditor ratio and cash bank and other marketable securities/ sales are found to be insignificant and doesn't have impact on capital structure. From the primary survey it is found that all the variables namely current ratio, sales growth ratio, effective tax rate, firm size, asset structure, net profit ratio, asset utilization ratio, inventory ratio, debtor ratio, creditor ratio and cash, bank and other marketable securities/sales affect the capital structure.

The study has importance for corporate managers to take strategic decisions pertaining to capital structure especially in view of paradigm shift in favour of equity component.

i.List Of All Publications

- (1) **Ashwin H. Parwani**, Priyanka Shah, Ashvin Dave “Sustainable Impact of Capital Structure on Financial Performance of Small Medium enterprises: Evidences from India” in the journal Empirical Economics Letters , ISSN:1681-8997, Vol. 20, Special Issue 1, August, 2021.pg 37-43 (**ABDC**)
<http://www.eel.my100megs.com/volume-20-number-august-1-special-issue.htm>
- (2) **Ashwin H. Parwani**, Dr. Priyanka Shah, Dr. Ashvin Dave “A Diagnostic Study of Capital Structure and Profitability of Indian Pharmaceutical Sector Companies” in the journal Annals of the Romanian Society for Cell Biology, ISSN:1583-6258, Vol. 25, Issue 6, 2021, Pages. 12045 – 12051.
<https://www.annalsofrscb.ro/index.php/journal/article/view/7816> (**Scopus**)
- (3) Ashvin Dave , **Ashwin Parwani** , Tejas Dave and Ashish B Joshi “Impact of Capital Structure on Financial Performance: Evidence from Steel Company of India – Tata Steel” in the journal Bioscience Biotechnology Research Communications, page 50-53, Special Issue Vol 14 No (12) (2021), P-ISSN: 0974-6455 E-ISSN: 2321-4007 , DOI: <http://dx.doi.org/10.21786/bbrc/14.12.10> (**WoS**)
- (4) A. Dave , **A. Parwani** , T. Dave and A.B. Joshi ,” Impact Of Working Capital Management On financial Performance: Indian Pharmaceutical Sector” in the journal Vidyabharati International Interdisciplinary Research Journal, page 522-528, Special Issue on Multidisciplinary Academic Research in Current Era (October 2021), ISSN: 2319-4979.
<http://www.viirj.org/specialissues/2021/SP2111/Part%202.pdf> (**WoS**)

- (5) A. Dave , **A. Parwani** , T. Dave and A.B. Joshi ,” Determinants Of Working Capital Management: Evidence From Pahraceutical Company Of India – CIPLA” in the journal Vidyabharati International Interdisciplinary Research Journal, page 529-534, Special Issue on Multidisciplinary Academic Research in Current Era (October 2021), ISSN: 2319-4979.
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