

CAPITAL STRUCTURE PATTERNS: A STUDY OF COMPANIES LISTED ON THE BOMBAY STOCK EXCHANGE

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ABSTRACT

To understand how companies finance their operations, it is necessary to examine the determinants of their financing or capital structure decisions. Company financing decisions involve a wide range of policy issues. A sound and appropriate capital structure of a firm is significant, because of inter relationship among capital structure and various others financial decisions variables. Therefore, an ability to assess the firm's capital structure and to understand its relationship to risk, return and value is a necessary skills. So, the present study aimed to investigate the capital structure patterns of the selected companies listed with the Bombay Stock Exchange in India and to test the extent of variations in capital structure through debt equity ratio among industries as also among individual firms companies within the same industry. The resulting inferences were that the capital structures among sampled industries investigated were significantly different except broadcasting industry and debts is having an impact on the capital structure practices of the firm.

KEY WORDS: Capital Structure, Corporate Finance, Debt-Equity Ratio, Firm Value, Leverage Decision, Wealth Maximization.

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