INTERRELATIONSHIP IN CAPITAL STRUCTURE
DETERMINANTS OF SELECTED POWER SECTOR COMPANIES

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ABSTRACT

This paper is analysis the explanatory power of some of the theories that have been proposed in the literature to explain variations in capital structures across firms. In particular, this study investigates various ratios of selected power sector firms based on from 2006 to 2015 comprising 5 companies. The study is to analyze the effect of Debt-Equity ratios on other ratio. An analysis of determinants of leverage based on total debt ratios may mask significant differences in the determinants of long and short-term forms of debt. Therefore, this paper studies determinants of total debt ratios as well as determinants of short-term and long-term debt ratios.

But we also find significant differences in the determinants of long and short-term forms of debt. Due to data limitations, it was not possible to decompose short-term debt and long-term debt into its elements, but the results suggest that future analysis of capital choice decisions should be based on a more detailed level.

KEY WORDS: Return on Net worth, Return on Assets, Size, Interest Coverage Ratio, Debt-Equity Ratio
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