CHAPTER III

Methodology

In research, the methodology needs to be cautiously designed to arrive at the results that are as objective as realistic. An able bodied comprehensible modus operandi empowers the research investigator to re-examine the study milieu. Good methodology follows the standards of the established conventions. Thus, research methodology is important to carry out a research, which describes the entire methodological approaches employed in the study. Mostly, in the case of the empirical studies, the consistencies of the findings are solely based on empirical methodologies it has employed. The ensuring paragraphs in this chapter deal with the methodology adopted in selection of sample companies and analysis of data for this study. It outlines the objectives and scope of the study, procedure followed for the selection of the sample and the collection of data, classification of the sample and the technique followed in analysing the data for the period of study. Further, the hypotheses set and limitations of the study have also been described in consecutive sections.

The problem

The title of the study is “Analysis of Capital Structure and Profitability of selected large scale companies in Indian Paper Industry”.

Objectives of the Study

The primary purpose of the present study is to obtain a true insight into the capital structure and profitability of Indian paper industry. For carrying out the study, the following specific objectives have been set.

1. To study the pattern of capital structure of selected large scale companies in Indian paper industry.

2. To analyse the profitability of selected large scale companies in Indian paper industry.
3. To examine the impact of capital structure with special reference to size and growth of selected large scale companies in Indian paper industry.

4. To test the empirical relationship between capital structure and cost of capital of selected large scale companies in Indian paper industry.

5. To investigate the effect of capital structure on profitability of selected large scale companies in Indian paper industry.

6. To determine the factors that influence the capital structure of selected large scale companies in Indian paper industry.

7. To recapitulate the key findings of the study and to offer suitable suggestions for improving the capital structure and profitability of selected large scale companies in Indian paper industry.

Hypothesis

The hypotheses set for the present study are:

(1) Hypotheses for the analysis of pattern and trend of capital structure

(i) There is no significant difference in the mean capitalization of the selected companies and the years during the study period.

(ii) There is no significant difference in the proportion of debt and net worth among the selected companies and the years.

(ii) There is no significant difference in the short-term and long-term debt proportion among the selected companies and between the years.

(iii) There is no significant difference in the debt equity ratio between the years and among the sample companies.

(2) Hypotheses for the analysis of profitability

(i) There is no significant difference in the mean percentage of profitability ratios among the selected companies and the years.
(3) Hypotheses for the cost of capital and its impact on capital structure

(i) There is no significant difference in the cost of debt among the companies and the years.

(ii) There is no significant difference in the cost of equity among the companies and the years.

(iii) There is no significant difference in the weighted average cost of capital among the years and among the selected companies.

(iv) There is no significant relationship between weighted average cost of capital and capital structure of the selected companies.

(4) Hypotheses for the impact of capital structure and profitability

(i) There is no significant relationship between return on equity and short-term debt to total capital.

(ii) There is no significant relationship between return on equity and long-term debt to total capital.

(iii) There is no significant relationship between return on equity and total debt to total capital.

(5) Hypotheses for the analysis of determinants of capital structure

(i) A firm with higher percentage of fixed assets will have higher debt ratio.

(ii) There is no significant relationship between the corporate size and capital structure.

(iii) Firm’s with higher growth rate will have higher leverage.

(iv) There is no significant relationship between the liquidity and capital structure.

(v) There is no significant relationship between the business risk and capital structure.
(vi) There is no significant relationship between the debt-service capacity and capital structure.

(vii) There is no significant relationship between the non-debt tax shields and capital structure.

The above hypotheses have been taken for the study and they have been tested with the help of ‘F’ test.

Research Design

A research design is a definite plan for obtaining a sample from a given population. Research design means a sketch or a drawing of a research project’s structure. It comprises a series of prior pronouncements that, taken together, provide a road map for carrying out a research project. This empirical study investigated the pattern of capital structure and profitability of large scale paper companies in Indian paper industry. Hence, this study has followed both the analytical and the descriptive research designs.

Selection of sample

It is not possible in practice for an individual research worker to approach all the bits and pieces in the universe. Researcher selects only a small amount of bits and pieces from the universe for the purpose of the study on the basis of stratified sampling. The sample so selected constitutes the sample design for the purpose. Keeping in view of the scope of the study, it is decided to include all the large scale paper companies under Indian paper industry working before or from the year 1996-97 to 2009-2010. But, owing to several constraints such as the non-availability of financial statements or the non-working of a company in a particular year and merger and acquisition etc., it is compelled to restrict the number of sample companies to ten.

The Capitaline and CMIE database publish key financial data of Indian corporate sector systematically. Hence, Capitaline and CMIE databases proved to be complimentary to finalize the sample for the study. The exhaustive list of paper industry in India from Capitaline was cross checked with CMIE database to sort
out companies to fit in as the sample for the study. The comprehensive list of companies prepared from the database was modified by sorting out the firms using the following criteria.

(i) Those were not in operation for a year during the period of study.

(ii) Those were in operation but non-availability of data for the whole study period.

(iii) Those that were merged with another company during the period of study.

(iv) Those that had below 50,000 MT installed capacity.

The details of the total number of companies available in Indian paper industry are presented in Table 1.

<table>
<thead>
<tr>
<th>Category</th>
<th>Capacity Range in tonnes</th>
<th>Number of units</th>
<th>Capacity (TPA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMALL</td>
<td>Up to 1000</td>
<td>299</td>
<td>12,90,382</td>
</tr>
<tr>
<td></td>
<td>2000 -5000</td>
<td>69</td>
<td>75,522</td>
</tr>
<tr>
<td></td>
<td>5000 – 10000</td>
<td>107</td>
<td>2,96,980</td>
</tr>
<tr>
<td></td>
<td>10000 – 20000</td>
<td>123</td>
<td>9,17,880</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>20000–50000</td>
<td>116</td>
<td>16,69,460</td>
</tr>
<tr>
<td>LARGE</td>
<td>&gt;50000</td>
<td>21</td>
<td>38,93,048</td>
</tr>
</tbody>
</table>

Source: Industry & CPPRI
The details of the total number of companies available in large scale sector of the Indian paper industry are presented in Table 2. It is evident from the table that there are 21 large scale paper companies in India.

**Table 2**

**List of large scale paper companies in India**

<table>
<thead>
<tr>
<th>S.NO</th>
<th>Company Name</th>
<th>Year of Establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Pradesh Paper Mills Limited</td>
<td>1964</td>
</tr>
<tr>
<td>2</td>
<td>Ballarpur Industries Limited</td>
<td>1945</td>
</tr>
<tr>
<td>4</td>
<td>Emami Paper Mills Limited</td>
<td>1982</td>
</tr>
<tr>
<td>5</td>
<td>Hindustan News Print Limited</td>
<td>1983</td>
</tr>
<tr>
<td>6</td>
<td>Hindustan Paper Corporation Limited</td>
<td>1970</td>
</tr>
<tr>
<td>7</td>
<td>ITC Paperboards Limited</td>
<td>1975</td>
</tr>
<tr>
<td>8</td>
<td>JK Paper Mills Limited</td>
<td>1960</td>
</tr>
<tr>
<td>9</td>
<td>Mysore Papers Limited</td>
<td>1936</td>
</tr>
<tr>
<td>10</td>
<td>Orient Paper and Industries Limited</td>
<td>1965</td>
</tr>
<tr>
<td>11</td>
<td>Pudumjee Pulp and Paper Mills Limited</td>
<td>1964</td>
</tr>
<tr>
<td>12</td>
<td>Pudumjee Industries Limited</td>
<td>1965</td>
</tr>
<tr>
<td>13</td>
<td>Rama News Print and Papers Limited</td>
<td>1991</td>
</tr>
<tr>
<td>14</td>
<td>Ruby Macons Limited</td>
<td>1986</td>
</tr>
<tr>
<td>15</td>
<td>Sathya Paper Mills Limited</td>
<td>1980</td>
</tr>
<tr>
<td>16</td>
<td>Seshasayee Paper and Boards Limited</td>
<td>1960</td>
</tr>
<tr>
<td>17</td>
<td>Shreyans Industries Limited</td>
<td>1979</td>
</tr>
<tr>
<td>18</td>
<td>Sirpur Paper Mills Limited</td>
<td>1939</td>
</tr>
<tr>
<td>19</td>
<td>Star Paper Mills Limited</td>
<td>1936</td>
</tr>
<tr>
<td>20</td>
<td>Tamil Nadu Newsprint and Papers Limited</td>
<td>1979</td>
</tr>
<tr>
<td>21</td>
<td>West Coast Paper Mills Limited</td>
<td>1955</td>
</tr>
</tbody>
</table>

*Source: Prowess databases.*
The list of large paper companies selected included in the present study along with the year of incorporation, ownership pattern and its market share is presented in Table 3. It is evident from Table 3 that sample companies represent 60.37 percentage of market share in the Indian paper industry. Thus, the findings based on the occurrence of such representative sample may be presumed to be true representative of paper industry in the country.

**Table 3**

**Selected paper companies for the study**

<table>
<thead>
<tr>
<th>S. No</th>
<th>Name of the Company</th>
<th>Year of incorpn.</th>
<th>Ownership</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Andhra Pradesh Paper Mills Limited</td>
<td>1964</td>
<td>Bangur L.N.,</td>
<td>2.84</td>
</tr>
<tr>
<td>2.</td>
<td>Ballarpur Industries Limited</td>
<td>1945</td>
<td>Avantha group</td>
<td>9.26</td>
</tr>
<tr>
<td>3.</td>
<td>Hindustan Paper Corporation Limited</td>
<td>1983</td>
<td>Govt. of India</td>
<td>4.49</td>
</tr>
<tr>
<td>4.</td>
<td>Hindustan Newsprint Limited</td>
<td>1970</td>
<td>Govt. of India</td>
<td>10.49</td>
</tr>
<tr>
<td>5.</td>
<td>JK Paper Mills Limited</td>
<td>1960</td>
<td>Singhania Harishanker</td>
<td>4.51</td>
</tr>
<tr>
<td>6.</td>
<td>Mysore Paper Mills Limited</td>
<td>1936</td>
<td>State Govt. of Karnataka</td>
<td>8.73</td>
</tr>
<tr>
<td>8.</td>
<td>Seshasayee Paper and Boards Limited</td>
<td>1960</td>
<td>Ervin group</td>
<td>2.63</td>
</tr>
<tr>
<td>9.</td>
<td>Tamil Nadu Newsprint and Papers Ltd.</td>
<td>1979</td>
<td>State Govt. of Tamil Nadu</td>
<td>4.50</td>
</tr>
<tr>
<td>10.</td>
<td>West Coast Paper Mills Limited</td>
<td>1955</td>
<td>Bangur group</td>
<td>3.11</td>
</tr>
</tbody>
</table>

**Total Market Share**  

*Source: Prowess database*
Period of study

The period 1997-98 to 2009-10 is selected for this study of Indian paper industry. This 13 years period is chosen in order to have a fairly, reasonably reliable and up-to-date financial data would be available.

Sources of data

The data required for the study have been obtained from secondary sources. The study is mainly based on secondary data. The major sources of data analysed and interpreted in this study related to all those companies selected is collected from “PROWESS” database, which is the most reliable and the empowered corporate database of Centre for Monitoring Indian Economy (CMIE). It contains a highly normalized database build on a sound understanding of disclosure in India on around 15,000 companies, which include public, private, co-operative and joint sector companies. The database provides financial statements, ratio analysis, fund flow, cash flow, product profiles, returns and risk on the stock market etc.

Besides Prowess database, relevant secondary data have also been collected from BSE Stock exchange official directory, CMIE publications, published annual reports of the companies, annual survey of industries, business news papers, Reports on Currency and Finance, Centre for Industrial and Economic Research (CIER’s) Industrial Data Book, publications of the Indian Pulp and Paper Technical Association (IPPTA), Libraries of various research institutions, through internet and from official websites of the selected companies. Various journals and periodicals on finance and industry have also been reviewed.

Data Analysis

The financial and statistical analysis approach plays a vital role in the financial environment. To enjoy the benefit of financial and statistical analysis researcher has collected, assembled and correlated the data, classified the data appropriately and condensed them into a related data series, stated the resulted information in a comprehensive form, text, tables are analyzed and interpreted the
reported data. The financial and statistical techniques applied in the study are given below.

**Selection of Variables**

Some key financial variables have been identified for the purpose of analysis of capital structure. The computation of these variables has been made for a period of thirteen years. An epigrammatic explanation of the selected variables is outlined below.

**Leverage**

It shows the degree to which an investor or business is utilizing borrowed money. A firm with high leverage ratio represents high financial risk than a firm with relatively low risk. If competition equalizes earnings, then high debt should result in higher return on net worth. It is argued that firms have low debt because they operate in industries with high degree of business risk and thus expect negative relations between leverage and profitability, if owners are risk averse. It seems that the relationship between leverage and rate of return is indeterminate priority. Neither a very high leverage nor a very low leverage represents a sound picture. The debt equity ratio is used in this study as the measure of leverage.

**Debt equity ratio**

The debt to equity ratio measures how much money a company should safely be able to borrow over long periods of time. It does this by comparing the company's total debt (including short-term and long-term obligations) and dividing it by the amount of owner's equity. The result after dividing debt by equity is the percentage of the company that is indebted (or "leveraged"). The normal level of debt to equity has changed over time and depends on both economic factors and society's general feeling towards credit.

**Financial leverage**

Financial leverage expressed as a ratio between Earnings before Interest and Taxes (EBIT) to Earnings before Taxes (EBT) has been used to study the
determinants of capital structure. This is the measure which most of the researchers used in their study. The reason of accepting this ratio as financial leverage lies with the fact of its conceptual simplicity over other measures and its ability to more completely reflect a firm’s total reliance on borrowed capital.

**Size**

Size of a firm plays an important role in the financing decisions of the management. Larger companies have more access to capital market and can raise funds from a variety of sources in comparison to small concerns. The size of a concern can be measured in many ways, i.e. by capital employed, paid-up capital, total assets, fixed assets etc. The measure to be selected precisely depends upon the nature of problem at hand. For the study of capital structure normally fixed assets and total assets are taken as measures of size.

**Growth**

In a changing environment growth is a pre-requisite for the long-term survival of the business concern. The growing companies require an additional dose of capital for expansion. Therefore, growth can be one of the significant variables of capital structure. In this study, growth of sales was taken as a measure of growth of companies.

**Framework of analysis**

Various statistical and accounting tools used for the analysis and interpretation of the capital structure and profitability of selected large scale companies in Indian paper industry are; Ratio analysis, Arithmetic Mean, Co-efficient of Variation, Trend analysis, Compound Annual Growth Rate, Correlation analysis, t-test, Regression analysis, Analysis of Variance and Capital Asset Pricing Model.

**Ratio analysis**

Accounting ratios facilitate meaningful and purpose-oriented decision making in a business situation. In that respect, its utility will be determined on the
basis of the purpose of computation of the ratio. Ratio analysis involves the process of computing, determining and presenting the relationship of items or groups of items. Various ratios are computed to analyze the pattern and trends of capital structure and profitability have been explained at the relevant places in different chapters. To make the analysis and interpretation more precise and accurate the values like Mean, CV and CAGR have been computed from the ratios.

**Descriptive statistics**

The most common descriptive statistics are those that concern the average and the variability of the set of data and those that describe the degree of relationship between two variables. The descriptive statistics like mean, standard deviation, co-efficient of variation are employed to arrive at a single value that describes the characteristics of the entire group. In this study it is used to assess the pattern of capital structure, growth, size and factors determining capital structure and the empirical relationship between capital structure and cost of capital of selected large scale companies in Indian paper industry

**Arithmetic Mean**

The mean is the most commonly used type of average and is often referred to simply as the average. The arithmetic mean also called as the average value, is the quantity obtained by summing two or more numbers or variables and then dividing by the number of variables.

**Co-efficient of Variation**

It represents the ratio of the standard deviation to the mean and it is a useful statistic for comparing the degree of variation from one data series to another, even if the means are drastically different from each other. The series for which the co-efficient of variations are greater is said to be more variable or conversely less consistent, less uniform, less stable or less homogeneous. On the other hand, the series for which co-efficient of variation is less, is said to be less variable or more consistent, more uniform, more stable or more homogeneous. In
ratio analysis of financial data, less co-efficient of variation in a ratio is taken to mean relatively better control of the management on that ratio.

**t-test**

The t test is used as a parametric tool for testing the significance of correlation co-efficient results. Along with the mean and CV values for each group of ratios, the values of ‘t’ static have been computed in order to determine whether the mean of the sample (particular unit) deviates significantly from population (industry) mean. If the calculated value of ‘t’ exceeds the table value, it indicates that the difference between mean and µ is significant. If it is less than the table value, the difference between mean and µ is not significant. Hence the sample distribution closely resembles the population distribution with mean µ.

**Trend indices**

It is used to measure the change in the relative proportion of various components of the capital structure to leverage. In order to compute the index of change in variable, the following formula has been used.

\[ I_t = \frac{Y_t}{y_0} \times 100 \]

Where,

- \( Y_t \) - value of the variable in the year t for which the index is to be computed
- \( Y_0 \) - value of the variables in the base year.

In order to measure the change in the relative proportion of various ratios, such indices have been computed.

**Correlation analysis**

The correlation co-efficient is a measure of linear association between two variables. Values of the correlation co-efficient are always between -1 and +1. A correlation co-efficient of +1 indicates that two variables are perfectly related in a positive linear sense, a correlation co-efficient of -1 indicates that two variables are perfectly related in a negative linear sense and a correlation co-efficient of
zero indicates that there is no linear relationship between the two variables. It involves measuring the magnitude and direction of the relationship between two or more variable. It is used to determine the extent to which changes in the value of an attribute are associated with changes in another attribute. In this study it is used to find the degree of relationship between capital structure and cost of capital.

**Analysis of Variance**

It is a statistical technique of testing whether the means of a specified classification differ significantly. In this study the analysis of variance has been used to test whether the group means of the dependent variable differ significantly or not, based on the clarification of independent variables of selected large scale companies in Indian paper industry during the study period.

**Regression analysis**

In regression analysis the pattern of relationship and the closeness of the relationship between two or more variables are determined. In this study both simple regression and multiple regressions have been used to analyse the capital structure and profitability. Simple regression models have been used to test the theoretical relationship between the debt equity and profitability ratios. The independent variables selected for the study are - Operating Profit (OP), Profit after Tax (NP), Return on Capital Employed (ROCE), Return on Net worth (RONW), Earnings per Share (EPS), and Market Price of Share (MPS). The analysis is made with the help of Statistical Package of Social Sciences (SPSS). To perform simple regression, the study computes the values of all the independent variables and dependent variable taking the data of selected companies in the paper industry for the study period.

**Specification of the multiple regression models**

Many factors influence the capital structure of companies. This study has been conducted by choosing eight independent variables and one dependent variable to analyse the determinants of the selected large scale paper companies in
India. Multiple regression models have been used to test the theoretical relationship between the financial leverage and determinants of capital structure.

\[ Y = a + b_1 \text{TAN} + b_2 \text{CS} + b_3 \text{GR} + b_4 \text{PR} + b_5 \text{LI} + b_6 \text{BR} + b_7 \text{DSC} + b_8 \text{NDTS} + e \]

Where,

TAN - measures the Asset Tangibility

CS - Corporate size is the natural logarithm of sale of firms (i) in the year (t)

GR - Growth rate measures rate of growth of the total assets.

PR - Profitability measures the proportion of EBIT to total assets

LI - Liquidity is the ratio between current assets and current liabilities

BR - Business risk measures the changes in EBIT due to changes in sales

DSC - Debt-service capacity measures the proportion of EBIT to interest

NDTS - Non-debt tax shields is the ratio of depreciation to total assets

\( \alpha \) - Constant term for the firm (i) in the year (t) and

\( \beta \)'s - Regression co-efficient of the independent variables

The relationship between debt and profitability is estimated in the following regression models;

\[ \text{ROE} = \alpha + \beta_1 (\text{SDTC}) + \beta_2 (\text{STA}) + \beta_3 (\text{GS}) + e \quad (1) \]

\[ \text{ROE} = \alpha + \beta_1 (\text{LDTC}) + \beta_2 (\text{STA}) + \beta_3 (\text{GS}) + e \quad (2) \]

\[ \text{ROE} = \alpha + \beta_1 (\text{TDTC}) + \beta_2 (\text{STA}) + \beta_3 (\text{GS}) + e \quad (3) \]

Where,

ROE - Return on equity (EBIT divided by equity) for firm i in time t.

SDTC - Short-term debt to total capital for firm i in time t.
LDTC - Long-term debt to total capital for firm i in time t.

TDTC - Total debt to total capital for firm i in time t.

STA - Size of total assets for firm i in time t.

GS - Growth of sales for firm i in time t and
eit - error term.

**Capital Asset Pricing Model (CAPM)**

The most widely used and simplest technique for estimating the cost of equity capital is the CAPM. Various approaches are used to compute the cost of equity when a firm earns profits. But if the firm suffers losses, does it mean that it does not have any cost of equity because these approaches may result into negative figure, which may be ridiculous. The equity does have some cost; in such a situation CAPM is the best model to calculate the cost of equity. This model holds that firm’s equity cost is the risk free rate of return for a stock plus premium representing the volatility of share prices. According to this model, cost of equity is the shareholders’ expected rate of return and this expected rate of return is calculated by applying the following formula-

\[ k_e = R_f + \beta (R_m - R_f) \]

Where, \( \beta \) - the beta value

\( R_f \) - risk-free rate of return

\( R_m \) - the rate of return on market portfolio.

The interest rate of Government securities has been considered as a proxy for the risk free rate of return. The market rate of return has been calculated by using Index numbers of security price (Bombay stock exchange) from year to year (on monthly average basis) base. The yearly return of the index numbers has been computed by using the following formula-
\[ R_m = \left( \frac{\text{Index number for current year - Index number for the previous year}}{\text{Base years index number}} \right) \times 100 \]

The Beta (\(\beta\)) is the risk-free co-efficient which measures the volatility of a given script of a company with respect to volatility of market. It is calculated by comparing return on a share to return in the stock market. Mathematically, beta is the statistical measure of volatility. It is calculated as covariance of daily return on the stock market indices and the return on daily share prices of a company, divided by return on daily stock market indices. The beta co-efficient has been calculated as follows-

\[ \beta_j = \frac{\text{COV}_{im}}{Q_m^2} \]

Where,

\(\beta_j\) - Beta of the security

\(\text{COV}_{im}\) - Co-variance between return of security and return of market and

\(Q_m^2\) – Variance of market return

**Overall cost of capital (K_o)**

The opportunity cost of an investment is the rate of return that a company would otherwise be able to earn at the same risk level as the investment that has been selected. For example, when an investor purchases stock in a company, they expect to get a return on that investment. Since the individual expects to get back more than their initial investment, the cost of capital is equal to this return that the investor receives. It is calculated to study the impact of capital structure on cost of capital. The weighted average cost of capital otherwise called as overall cost of capital can be calculated as:

\[ \text{WACC} (K_o) = P_d (K_d) + P_e (K_e) \]

Where,

\(K_o\) - Overall weighted average cost of capital
P_d - Proportion of debt to total capital

K_d - Cost of debt

P_e - Proportion of equity to total capital

K_e - Cost of equity

Limitations of the study

There are some limitations in the study, which are generally inherent in all such studies conducted at the human being level. The most important among them are:

1) This study mainly relies on the secondary data, which are collected from published annual reports and as such its findings depend entirely on the accuracy of such data. No primary data has been collected from the sample units. Hence, internal view of the firm cannot be characterised in this study.

2) The capital structure of small scale and medium scale companies have not been considered in the present study.

3) The period of study is confined to a period of 13 financial years and hence the changes before and after the study period is not considered.

4) The present study is largely based on ratio analysis which has its own limitations.

5) The price level changes are not considered because the financial statement does not keep pace with the changing price level.

However, all these limitations, do not, in any way, affect the worth of this research work.

Chapter scheme

In order to present this research work in a lucid way, it has been divided into six chapters. The layout of these chapters is delineated below:
Chapter I This is conceptual in nature and has been divided into ten sub parts, which include introduction, meaning of capital structure, importance of capital structure, trading on equity, principles covering capital structure, need and significance of the study, selection of paper industry, scope of the study, statement of the problem.

Chapter II This chapter presents a brief review of related literatures on the subject.

Chapter III It encompasses the research methodology of the study. This chapter contains the problem, objective of the study, hypotheses, research design which includes selection of sample, period of study, sources of data, selection of variables, data analysis, limitations of the study and chapter scheme.

Chapter IV It brings out analysis of the pattern of capital structure and its trend of the selected companies in Indian paper industry. It also includes analysis of profitability and its trends during the study period.

Chapter V It is committed to the empirical analysis of capital structure. This chapter is divided into six sections. The first section includes analysis of empirical relationship between capital structure and size, the second part explains the empirical relationship between capital structure and growth, the third section contains impact of cost of capital on capital structure the fourth and fifth part tests the empirical relationship between capital structure and profitability and the last part explains the determinants of capital structure of selected companies in Indian paper industry during the study period.

Chapter VI It embodies the summary of conclusions and some workable recommendations for the smooth and efficient functioning of Indian paper industry.

Towards the end of this research work, comprehensive bibliographies on the subject and some appendices have also been added.
References


