



**IMPACT OF CAPITAL STRUCTURE ON PERFORMANCE OF  
MANUFACTURING COMPANIES IN THE SOUTH ASIAN  
COUNTRIES**

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## ABSTRACT

The capital structure is diversified among companies and financial performance of the companies also difference from each. There are so many industries in the world and here give priority to consider about the manufacturing industry. In this context the research is carried out to identify the impact of capital structure on performance of manufacturing companies. In this survey two variables are addressed as independent variable and four variables are discussed as dependent variable.

The study is carried out with eight south Asian countries, namely Sri Lanka, India, Pakistan, Bangladesh, Maldives, Nepal, Bhutan, and Afghanistan. The study used samples of 140 annual reports of manufacturing companies in the year of 2015. Debt on Equity Ratio and Debt on Assets Ratio used as measurements to capital structure and also Net profit ratio, Earning per Share, Return on Equity and Return on Assets used as measurements of performance of the manufacturing companies.

Based on the findings net profit ratio, earning per share, return on assets and return on equity are negatively correlated with debt to equity ratio. As well as earning per share, net profit ratio and debt assets ratio are negatively relationship with debt to assets ratio. Return on equity has positive relationship with debt to assets ratio. Also impact analysis finding represent that net profit ratio, earning per share and debt to assets ratio no significant impact with debt to equity ratio and there is significant impact, debt to equity ratio and return on equity ratio. There is no significant impact net profit ratio, earning per share, return on equity and return on assets with debt to assets ratio. There is no difference between countries regarding capital structure, but there is significant difference between countries regarding performance. Furthermore, the findings helpful managers, users and other relevant parties take their financial decisions.

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