

**COMPARATIVE ANALYSIS OF CAPITAL STRUCTURE
AMONG PUBLIC LIMITED COMPANIES IN
MANUFACTURING SECTOR IN SRI LANKA**



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ABSTRACT

Capital structure is crucial for any business organization in financing. One of the most important decisions confronting a firm in finance is the design of its capital structure. This refers to the various financing options of the asset by a firm. A business concern can go for different levels of the mixtures of equity, debt and /or other financial facilities. These situations compel business managers to devise various strategies of managing internally generated revenue to enhance their chances of making profit and meeting existing shareholders expectations. Therefore, a crucial issue is to understand and examine the level of capital structure.

According to this problem the researcher questions can be identified as, “is there any variation in capital structure among public limited companies in manufacturing sector in Sri Lanka?” Therefore the objectives of the research can shows as, “to find the variation in capital structure among public limited manufacturing companies in Sri Lanka.”

Secondary data was used in this study which was collected from financial reports published by Colombo Stock Exchange in Sri Lanka. Quantitative approach was conducted in this study. In order to carry out the study, capital structure was measured by debt to equity ratio, long-term debt to equity ratio, debt to capital ratio, and long-term debt to capital ratio. There are 41 companies on the CSE under manufacturing sector. For conducting this research, five years data (2013-2017) were gathered from 20 companies. Financial ratios, descriptive statistics and graphical charts were used to present the conclusion.

The research discussion showed that, same level of capital structure maintained by the Sri Lankan manufacturing companies. This study reached a conclusion there is no significant variation in capital structure among public limited companies in manufacturing sector in Sri Lanka.

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