

**A STUDY ON RELATIONSHIP BETWEEN FINANCIAL  
ASPECTS AND CAPITAL STRUCTURE OF LISTED  
COMPANIES IN SRI LANKA:  
A SECTOR WISE COMPARISON**

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## ABSTRACT

This study investigates the relationship between financial aspects and capital structure of listed companies in Sri Lanka based on sector wise classification.

This study includes Sample of 116 listed companies on the Colombo Stock Exchange during the period of 2009 and 2010. This study analyzed the financial statements of 116 listed companies based on following three categories: financial service sector, non financial service sector and manufacturing and plantation sector.

According to this study, the results show that financial sector has very high leverage level than manufacturing and plantation sectors and non financial sector has the leverage in moderate level. Profitability, tangibility, growth and capital intensity are negatively related to leverage while non debt tax shield, tax and size are correlated to leverage of the financial service companies, tangibility, growth and capital intensity are positively related to leverage while profitability, non debt tax shield and size are positively correlated to leverage of non financial service sector and tangibility and growth are negatively related to leverage while tax positively correlated to leverage of manufacturing and plantation companies.

The Researcher

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