

IMPACT OF CAPITAL STRUCTURE ON COMAPANY'S PROFITABILITY; A RESEARCH IN TEXTILE INDUSTRY OF PAKISTAN

By

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ABSTRACT

PURPOSE OF THE STUDY:

The purpose of this study is to find out the impact of Capital Structure on company's profitability in textile industry of Pakistan ,as capital structure includes debt and equity which shows the total financing of the company so this research has done to find out if there is any relation between capital structure or not.

RESEARCH METHODOLOGY AND SAMPLING:

The dependent variables of this research are DR, EQUITY, STD, LTD. While, the independent variables of this study are ROE, ROA, NI, EPS. To major the results of this study Regression tool has been used. The five companies on which this research has done are Gulahmed, Kohinoor, Nishat, Sapphire, and Crecent. 10 years data has taken all the five companies to calculate the results.

FINDINGS:

The results of this study showing that there is no relationship between capital structure and company's profitability in the textile sector of Pakistan. Moreover using the alternative hypothesis result shows that there is negative relationship between capital structure and company profitability.

PRACTICAL IMPLICATIONS:

Capital structure is important part of any company; these two factors combine creates the total finance for the company so the practical implication of this phenomenon is obvious as no company can run without financing.

KEYWORDS:

CAPITAL STRUCTURE, PROFITABILITY, ROE, ROA, NI, EPS, STD, LTD, DR

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