

DETERMINANTS OF CAPITAL STRUCTURE IN THE TEXTILE SECTOR OF PAKISTAN

By

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A thesis presented to the Department of Management Sciences, Bahria University Karachi
Campus, in partial fulfillment of the requirements
of the MBA degree



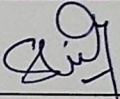
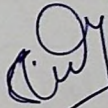
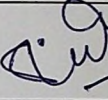
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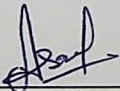
Supervisor-Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
5	1/10/16	University	Literature Review	
6	22/10/16	U	Research Design	
7	12/11/16	U	Data Analysis & critical Debate	

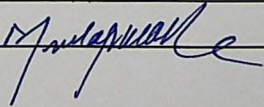
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ABSTRACT

Purpose- The Aim of this Study is to explore the important determinants in Textile sector of Pakistan and to analyze the impact of these determinants on leverage. Textile industry had prominent contribution towards the growth of economy and considered the biggest sector in Pakistan. The major purpose was to analyze the factors or determinates that have significant impact on capital structure decision making.

Methodology/sample- The study involved secondary data published by State Bank of Pakistan for six years ranging from 2009 – 2014. For the analysis Balance sheets, Income statements and financial data were used. Fifty companies were chosen for analysis. Regression and Correlation tests were applied to test the hypothesis. Financial Leverage were used as dependent variable and five independent variables were selected, Tangibility, Size, Profitability, Growth and Financial cost (expense).

Findings- The outcome shows little variation and is consist with previous studies. The relationship between financial cost and leverage (dependent) found to be positive, whereas negative relation observed between other four variables; tangibility, profitability, growth and size with leverage. Results suggest that in Pakistani environment Pecking order theory is more appropriately than any other theory. Financial cost and growth were observed insignificant and tangibility, profitability and size were found statistically significant.

Practical Implications- The outcomes of the research might help individual and corporate world to take better decision while pursue as entrepreneur or before making investment in textile sector of Pakistan.

Keywords: Leverage, Profitability, Tangibility, Growth, Size, Financial Expense (cost).

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