INTRODUCTION

In finance, capital structure refers to the way a corporation finances its assets through some combination of equity, debt, or hybrid securities. A firm's capital structure is then the composition or 'structure' of its liabilities. The Modigliani-Miller theorem, proposed by Franco Modigliani and Merton Miller, forms the basis for modern thinking on capital structure, though it is generally viewed as a purely theoretical result since it disregards many important factors in the capital structure decision process, factors like fluctuations and uncertain situations that may occur in the course of financing a firm[1]. In today's global recessionary Economic environment the sustainability of a firm heavily depends on the ability and sources of its financial management function. Traditionally corporate finance involves three important determinants of capital structure. Although there has been abundance of research focusing on the most important determinants of capital structure. This study aims to identify the determine of capital structure factors of Andrew Yule &Corporation Limited. The factors considered are financial leverage, size, return on investment, tangibility, non-debts tax shield, tax liability on capital structure. The data collected from Andrew Yule &Corporation Limited web site, period of the study is ten year (2005-2006 to 2014 -2015). The result generally consisting theory of capital structure, predictions as well as previous research papers.

Keywords: capital structure, Andrew Yule, investment

STATEDMENT OF THE PROBLEM

Financial requirement is continuous one for any business organization. Whenever a company needs any funds for medium or long-term purpose, the finance...
The manager of the company has to decide on its source. This is referred to as capital structure decision and is a critical one since it is to be decided whether the financial needs are to be fulfilled by issue of equity or debt or internal source or a combination of these. Importance of capital structure decision lies in deciding the source of finance considering various factors theoretically identified. This study attempts to identify the determinants of capital structure of multiproduct company in India. Andrew Yule Corporation Limited is a major player in the industry. Hence, capital structure of a company is determined by various factors. The significant of factors according to the industry to which it belongs. Every industry has its own natures, diversified industry differs from other industries, since it products various line of products. Capital structure decision of the industry is difficult one. Andrew Yule & corporation limited is one of the diversified companies. The researcher has made an attempt to study the determinants of capital structure of the company.

**OBJECTIVES**

The study has been made with the following objectives;
1. To identify the factors determining the capital structure of Andrew Yule & Corporation Limited.
2. To measure the combined impact of such factors on the capital structure of Andrew Yule & Corporation Limited

**METHODOLOGY**

**Selection of the company**

The researcher has been selecting the Andrew Yule & Corporation Limited. It is the top companies in diversifies business in terms of sale. The influence of select factors on the capital structure changes were analyzed over the period of ten years from 2005 - 06 to 2014- 15 [3].

**Data collection and source**

This study mainly considered accounting variable, they were extracted from profits and loss account and balance sheet of the selected company, which were taken from the annual reports of the said company of the concerned years.

**Scope of the study**

This study is intended to analyze the influence of factors of capital structure changes in terms of debt equity ratio. This is considered as dependent factor and the variables financial leverage, size return of investment, tangibility, non-debts tax shield, and tax liability are considered as independent factors. These factors are taken for the study on the basis of past research works reviewed by the researcher. Other factors are considered out of scope of the study.

**Tools of analysis and measurement of variables**

Dependent variable: D/E ratio total debts/total equity,
Independent variables: Size natural logarithm of sale,
ROI = EBIDA/GFA+CAN,
Tangibility = Net Fixed Assets/Total Assets,
Non Debt Tax Shield = Depreciation/EBIT,
Tax liability = Tax paid/ EBIT

The study used regression analysis as statistical tool to find influence of selected independent variables on changes of capital structure.

**DATA ANALYSIS AND INTERPRETATION**

Table 1: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.997*</td>
<td>.994</td>
<td>.981</td>
<td>.06923</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), tax liability, size, tangibility, non-debts, ROI

Interpretation

Table 1 Shows that the calculated value of R, R square and adjusted R square of selected determinants of capital structure of Andrew Yule & Corporation Limited stood at 0.997, 0.994 and 0.981 respectively. All the selected factors namely financial leverage, return on investment, tangibility, non-debt tax shield and tax liability explained capital structure of the company to the extent of 98.1 percent as shows by the result of adjusted R².

Table 2: ANOVA*

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.283</td>
<td>6</td>
<td>.380</td>
<td>79.382</td>
<td>.002*</td>
</tr>
<tr>
<td>Residual</td>
<td>.014</td>
<td>3</td>
<td>.005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2.297</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: dept equity
b. Predictors: (Constant), tax liability, size, tangibility, non-debts, ROI

Available Online: [http://saspjournals.com/sjebm](http://saspjournals.com/sjebm)
Interpretation

Table 2 shows the result of ANOVA for the regression analyze model used for the study in order to test the influence of selected independent variable on changes of capital structure. The study has analyzed influence of selected independent variables on change of capital structure of the selected company. The overall regression analysis in table 2 the overall statistical fitness of the regression model is indicated F= 79.382 which means is that the model is fit.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>6.209</td>
<td>1.206</td>
<td>5.147</td>
<td>.014</td>
</tr>
<tr>
<td>Financial leverage</td>
<td>-.582</td>
<td>.123</td>
<td>-.342</td>
<td>-4.739</td>
</tr>
<tr>
<td>Size</td>
<td>-.915</td>
<td>.101</td>
<td>-.766</td>
<td>-9.074</td>
</tr>
<tr>
<td>Return on investment</td>
<td>1.667</td>
<td>.164</td>
<td>.840</td>
<td>10.171</td>
</tr>
<tr>
<td>Tangibility</td>
<td>9.874</td>
<td>1.034</td>
<td>.969</td>
<td>9.549</td>
</tr>
<tr>
<td>Non debt tax shield</td>
<td>.905</td>
<td>.223</td>
<td>.346</td>
<td>4.065</td>
</tr>
<tr>
<td>Tax liability</td>
<td>1.996</td>
<td>.359</td>
<td>.520</td>
<td>5.566</td>
</tr>
</tbody>
</table>

A. Dependent Variable: Dept Equity

Interpretation

Financial leverage

Financial leverage is one of the variables which influence capital structure of the company. It was calculated as the Changes in Earning per Share divide by Changes in Earning before Income Tax of the company. The result showed that the co-efficient of regression analysis was negative at -0.342; it means financial leverage negatively influenced on capital structure of the company and it was significant at five percent level as shows by result of p value 0.018. Hence financial leverage has significant negative influence on capital structure of the company.

Size of the firm

Firm size is one of the variables which influence capital structure of the company. It was calculated as the log of sale of the company. The result showed that the co – efficient of regression analysis was negative at -0.766, it means firm size negatively influenced on capital structure of the company and it was significant at one percent level as shows by result of p value 0.003. Hence firm size has significant negative influence on capital structure of the company.

Return on investment

The return on investment is one of the variables which influence capital structure of the company. It was calculated as earnings before interest and tax, depreciation and amortization by grass fixed assets + current net assets of the company. The results shows that the co-efficient of regression analysis was positive at 0.840, it means return on investment positively influenced on capital structure of the company and it was significant at one percent level showed by the P value at 0.002. Hence return on investment had significant positive influence on capital structure of the company.

Tangibility

Tangibility is one of the variables which influenced capital structure of the company. It was calculated as depreciation by (EBIT) Earnings before Interest and Tax of the company. The result showed that the co-efficient of regression analysis was positive at 0.969, it means tangibility influenced capital structure of the company positively it was significant at one percentage level shows by P value 0.002. Hence tangibility had significant positive influence on capital structure of the company.

Non-debts tax shield

Non-debts tax shield is one of the variables which influenced capital structure of the company. It was calculated as depreciation by (EBIT) Earnings before Interest and Tax of the company. The result showed that the co – efficient of regression analysis was positively at 0.346, it means non debts tax shield positively influenced capital structure of the company and it was significantly and positively influenced on capital structure of the company.

Tax liability

Tax liability is the one of the variables which influenced capital structure of the company. It was calculated as tax paid divided by (EBIT) Earnings before Interest and Tax of the company. The results showed that the co-efficient of regression analysis was positive at 0.520; it means taxliability positively influenced capital structure of the company and it was significant at five percent level as shown by the result of P value (0.011), hence tax liability had significant influence because, firms with higher profits may able to generate retained earnings in sufficient amounts or sometimes would be contributing positively towards equity due to their profits.
and positive influence on capital structure of the company. Corporate taxes are usually levied by all of government the tax liability are measured by tax paid by profit before tax.

CONCLUSION

The research has been undertaken to analyze the determinants of capital structure of Andrew Yule & Corporation Limited. A total of seven factors were considered for the study. The factors financial leverage, size, return on investment, tangibility, non-debts tax shield and tax liability explained capital structure of the company of the extent of 98.1 percent the result of adjusted R². All the selected factors had significant impact on capital structure of the company, among them the factors financial leverage and size had negative impact on capital on capital structure and other selected factors had positive impact on capital structure.

REFERENCES