RESEARCH REVIEW JOURNALS
Volume-03
Issue-09
September-2018

ISSN: 2455-3085 (Online)
RESEARCH REVIEW International Journal of Multidisciplinary
www.rrjournals.com [UGC Listed Journal]

Capital Structure analysis of a Micro and Partnership Enterprise - A case study of Power Plant Engineering Works

Dr. Podile Venkateswararao

Professor & Principal Investigator, Project: DST/NSTMIS/05/04/2017-18, Andhra Loyola Institute of Engineering and Technology, Vijayawada (India)

ARTICLE DETAILS

Article History
Published Online: 07 September 2018

Keywords
Capital structure, Debt- Equity ratio, Degree of Financial Leverage, Degree of Operating leverage, Interest coverage ratio, Solvency ratio

***Corresponding Author**
Email: vraopodile[at]gmail.com

ABSTRACT

The financial manger has to strike a balance between various sources of funds so as to maximize return of an Enterprise without affecting risk composition in the business. An optimal capital structure is very much essential to maximize the owner's wealth of any Enterprise. In this paper, an attempt is made to analyze the capital structure in Power Plant Engineering Works. Power Plant Engineering Works is a reputed Indian electric transformer manufacturer company catering to people in Visakhapatnam, Kakinada, Rajahmundry, Srikakulam and Vizianagaram regions of Andhra Pradesh. It is a Micro and Partnership enterprise. Its institutional clients include big giants like VCTTL, CPWD and BHEL. In this paper composition of capital structure in the enterprise for a period of ten years is analyzed. Leverage analysis was also done. Debt- Equity ratio, Proprietary Ratio, Solvency Ratio, Fixed Assets to Net worth Ratio, Fixed Assets Ratio, Current Assets to Proprietary Ratio and Interest Coverage Ratio are calculated for the study period. Chi-square test is used for testing Hypotheses.

1. Introduction

Finance decision is one of the important decisions of financial management in any Enterprise. It deals with capital structure or finance mix of an Enterprise. Capital structure refers to the combination of debt and equity. The financial manger has to strike a balance between various sources of funds so as to maximize return of an Enterprise without affecting risk composition in the business. An optimal capital structure is very much essential to maximize the owner's wealth of any Enterprise. In this paper, an attempt is made to analyze the capital structure in Power Plant Engineering Works. Power Plant Engineering Works is a reputed Indian electrical transformer manufacturer catering to people in Visakhapatnam, Kakinada, Rajahmundry, Srikakulam and Vizianagaram regions of Andhra Pradesh. It is a Micro and Partnership enterprise. Power Plant Engineering Works was serving people for the last Twenty four years. The company is popular for offering quality and reliable products to the customers. Their institutional clients include big giants like VCTTL, CPWD and BHEL. This Enterprise has an annual turnover of Rs.100.70 lakhs as per 2015-16 annual accounts. The total Assets of the company are Rs.116.9 lakhs.

2. Review of Literature

J. H. Chua et al., (1993)[1] made a study on the capital structure of forty three private companies in Canada from 1993-1998. Shyam-Sunder, L. et al., (1999)[2] studied on the pecking order Models for corporate financing in one hundred fifty seven industrial units in US existed between 1971 and 1989. Kaur, R. et al., (2009)[3] investigated on the determinants of capital structure in eight best doing Textile units in India from 2003-04 to 2007-08. Bhayani, S. J (2009)[4] had conducted study on impact of Financial Leverage on cost of capital and valuation of Indian cement Industry. Dr. A.Vijayakumar (2011)[5] examined the trade-off and pecking order hypotheses in twenty automobile firms in India and found that more profitable companies had less debt. S. Ramaratnam et al., (2013)[6] examined the determinants of capital structure in Pharmaceutical companies in India. Thomas, A. E (2013)[7] examined the capital structure of twenty one units in Indian cement industry from 2003-04 to 2007-08. Srivastava, N., (2014)[8] had examined the determinants of leverage in ten cement companies in India over a period of 2008-2012. Lyubomira Koeva-Dimitrova (2016)[9] had analyzed the capital structure of the medical diagnostic-consultative centres in Varna city for the purpose of assessing their long-term solvency and existence of financial risk. Radojko Lukić et al., (2016)[10] investigated the determinants of capital structure in Serbia's commercial sector. Venkateswararao.Podile (2017)[11] had examined the recent MSME policy of Andhra Pradesh. Venkateswararao.Podile et al., (2017)[12] examined working capital management in PL Plast Pvt Ltd. Venkateswararao.Podile et al., (2017)[13] had examined various Government schemes supporting MSMEs in India. Chandrika Prasad Das et al., (2018)[14] had conducted a study in India to find out the determinants of capital structure and their impact on financial performance by using secondary data taken from fifty top manufacturing companies and by using regression model. Venkateswararao.Podile et al., (2018)[15] examined working capital management in Sri Rama Chandra Paper Boards Ltd. Venkateswararao.Podile (2018)[16] examined working capital management in Tulasi seeds Pvt.Ltd. Venkateswararao.Podile et al., (2018)[17] studied working capital management in Sri Nagavalli solvent oils Pvt. Ltd. Venkateswararao.Podile et al., (2018)[18] analysed working capital management in Naga Hanuman Solvent Oils Private Limited. Venkateswararao.Podile (2018)[19] examined working

capital management in Cuddapah Spinning Mills Ltd. Venkateswararao.Podile et al., (2018)[20] studied working capital management in Kristna Engineering Works. Venkateswararao.Podile et al., (2018)[21] examined working capital management in Radhika Vegetables Oils Pvt. Ltd. Venkateswararao.Podile et al., (2018)[22] examined working capital management in Power Plant Engineering Works in Andhra Pradesh. Venkateswararao.Podile et al., (2018)[23] examined working capital management in Nagas Elastomer Works. Venkateswararao.Podile et al., (2018)[24] had studied working capital management in M.G.Metallic Springs Pvt. Ltd. Venkateswararao.Podile et al., (2018)[25] had studied working capital management in Sri Srinivasa Spun Pipes Company. Venkateswararao.Podile et al., (2018)[26]had studied working capital management in Raghunath Dye Chem Pvt. Ltd. Venkateswararao.Podile et al., (2018)[27] had examined working capital management in Maitreya Electricals Pvt. Ltd. Venkateswararao.Podile et al., (2018)[28] had examined working capital management in Laxmi Vinay Poly Print Packs Pvt. Ltd. Venkateswararao.Podile et al., (2018)[29] had done capital structure analysis of M.G.Metallic Springs Pvt. Ltd. Venkateswararao.Podile et al., (2018)[30]had done capital structure analysis of Naga Hanuman Solvent Oils Private Limited. Venkateswararao.Podile et al., (2018)[31]had done capital structure analysis of Raghunath Dye Chem Pvt. Ltd. Venkateswararao.Podile et al., (2018)[32]had done capital structure analysis of Nagas Elastomer Works. Venkateswararao.Podile et al., (2018)[33]had done capital structure analysis of Tulasi Seeds Pvt. Ltd. Venkateswararao.Podile et al., (2018)[34]had done capital structure analysis of Maitreya Electricals Private Limited. It was found that most of the studies dealt with capital structure in large companies. Some of the studies dealt with MSME policies. Some other studies though dealt with MSMEs, they were confined to working capital management. Few studies dealt with capital structure analysis in MSMEs. There was no study on capital structure analysis of a Micro and Partnership enterprise which is an electrical transformer manufacturer. Hence, this study is taken up.

3. Objectives

The general objective of the study is to analyze the capital structure of Power Plant Engineering Works. The specific objectives include the following.

1. To examine composition of capital structure in Power Plant Engineering Works during the period of study.
2. To analyze the status of Degree of Operating Leverage, Degree of Financial Leverage and Degree of Combined Leverage in Power Plant Engineering Works during the period of study.
3. To investigate long term solvency position Power Plant Engineering Works during the period of study.
4. To examine the coverage of financial expenses in the Micro and Partnership enterprise during the period of study.
5. To offer suggestions for improvement of capital structure decisions, if required.

4. Hypotheses

H_{01}: Degree of Operating Leverage in Power Plant Engineering Works is uniform during the period of study.
H_{02}: Degree of Financial Leverage in Power Plant Engineering Works is uniform during the period of study.
H_{03}: Degree of Combined Leverage in Power Plant Engineering Works is uniform during the period of study.
H_{04}: Debt - Equity Ratio in Power Plant Engineering Works is uniform during the period of study.
H_{05}: Proprietary Ratio in Power Plant Engineering Works is uniform during the period of study.
H_{06}: Solvency Ratio in Power Plant Engineering Works is uniform during the period of study.
H_{07}: Fixed Assets to Net worth Ratio in Power Plant Engineering Works is uniform during the period of study.
H_{08}: Fixed Assets Ratio in Power Plant Engineering Works is uniform during the period of study.
H_{09}: Current Assets to Proprietary funds Ratio in Power Plant Engineering Works is uniform during the period of study.
H_{10}: Interest Coverage Ratio in Power Plant Engineering Works is uniform during the period of study

5. Methodology

The present study is mainly based on secondary data. The data is taken from the financial statements including balance sheet, trading account and profit and loss account of Power Plant Engineering Works. The period of study is ten years covering the financial years from 2006-07 to 2015-16.The data gathered is analyzed through the technique of percentages and certain appropriate ratios relating to capital structure of the enterprise. Degree of Operating Leverage, Degree of Financial Leverage and Degree of Combined Leverage are calculated during study period for leverage analysis. The ratios covered include Debt – Equity Ratio, Proprietary Ratio, Solvency Ratio, Fixed Assets to Net worth Ratio, Fixed Assets Ratio, Current Assets to Proprietary Ratio and Interest Coverage Ratio. Chi-square test is used for testing the hypotheses formed.

6. Composition of capital structure

The data in table-1 represent the fact that Share capital as a percentage of total equity capital is 100 during all the years of study. It is also observed that reserves and surplus as a percentage of total equity capital is zero during all the years of the study. Net income of every previous financial year is added to the capital account of the partners in the current year. This is the reason for reserves and surpluses in the micro and partnership enterprise to be zero during all the years. Total equity capital as a percentage of total capital has varied between 16.0 during 2011 and 73.7 during 2016. It is also observed that long term debt as a percentage of total debt had varied between 24.4 during 2011 and 68.7 during 2009. On the other hand, short term debt as a percentage of total debt has varied between 31.3 during 2009 and 75.6 during 2011. Total debt capital as a percentage of total capital has varied between 26.3 during 2016 and 84.0 during 2011.

Table-1: Structure and Composition of Capital structure in Power Plant Engineering Works during 2006-2007 to 2015-2016

(Figures in Lakhs)

Particulars	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Equity capital										
Capital	12.3	12.4	10.1	12.3	15.2	18.3	26.0	29.8	39.6	86.2
% of Total Equity capital	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Reserves & Surplus	0	0	0	0	0	0	0	0	0	0
% of Total Equity capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity Capital	12.3	12.4	10.1	12.3	15.2	18.3	26.0	29.8	39.6	86.2
% of Total Capital	39.4	37.8	27.4	16.5	16.0	22.7	31.2	40.9	35.6	73.7
Debt Capital										
Long Term Debt	4.9	5.2	18.4	19.6	19.5	20.2	17.5	18.5	30.2	9.6
% of Total Debt capital	25.9	25.5	68.7	31.6	24.4	32.4	30.5	43.0	42.1	31.3
Short Term Debt	14.0	15.2	8.4	42.5	60.5	42.2	39.9	24.5	41.5	21.1
% Total Debt capital	74.1	74.5	31.3	68.4	75.6	67.6	69.5	57.0	57.9	68.7
Total Debt Capital	18.9	20.4	26.8	62.1	80.0	62.4	57.4	43.0	71.7	30.7
% of Total Capital	60.6	62.2	72.6	83.5	84.0	77.3	68.8	59.1	64.4	26.3
Total Capital	31.2	32.8	36.9	74.4	95.2	80.7	83.4	72.8	111.3	116.9

Source: Annual Reports of Power plant Engineering Works 2006-07 to 2015-2016.

7. Leverage Analysis

Leverage analysis is useful for understanding the ability of the enterprise to magnify the effect of changes in sales on operating profit, the effect of changes in operating profit on Net Income and the effect of changes in sales on Net Income.

Degree of Operating Leverage

The Degree of Operating Leverage has varied between -3.42 and 6.81 during the period of study. Operating leverage is favorable during 2007, 2008 and 2009 as DOL is greater than one. Operating leverage is un-favorable during other seven years as DOL is less than one. It is found in the significance test that Degree of Operating Leverage is not uniform during the period of study.

Table-2: Degree of Operating Leverage

(Figures in Lakhs)

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Percentage change in EBIT	28.6	22.2	300.0	13.6	4.0	11.5	39.7	13.6	21.7	-15.2
Percentage Change in Sales	4.2	4.8	260.8	27.7	6.1	-21.5	-11.6	-26.7	33.1	6.4
DOL	6.81	4.63	1.15	0.49	0.66	-0.53	-3.42	-0.51	0.66	-2.38

Source: Annual Reports of Power plant Engineering Works from 2006-07 to 2015-2016

Calculated value of Chi-Square for Degree of Operating Leverage = 109.0. The Critical value of Chi-Square at 9 degrees of freedom at 5% level of Significance is 16.919. Calculated value is greater than Critical Value i.e., 109.0>16.919, Hence, H_{01} is Rejected.

Degree of Financial Leverage

The Degree of Financial Leverage has varied between -4.18 and 4.68 during the period of study. Financial leverage is favorable during 2007, 2008, 2009, 2010 and 2013 as DFL is greater than one. Financial leverage is un-favorable during other five years as DFL is less than one. It is found in the significance test that Degree of Financial Leverage is not uniform during the period of study

Table-3: Degree of Financial Leverage

(Figures in Lakhs)

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Percentage change in Net income	100.0	100.0	450.0	63.6	-16.7	-13.3	169.2	5.7	18.9	-11.4
Percentage change in EBIT	28.6	22.2	300.0	13.6	4.0	11.5	39.7	13.6	21.7	-15.2
DFL	3.50	4.50	1.50	4.68	-4.18	-1.16	4.26	0.42	0.87	0.75

Source: Annual Reports of Power plant Engineering Works from 2006-07 to 2015-2016

Calculated value of Chi-Square for Degree of Financial Leverage = 47.7. The Critical value of Chi-Square at 9 degrees of freedom at 5% level of Significance is 16.919. Calculated value is greater than Critical Value i.e., 47.7>16.919, Hence, H_{02} is Rejected.

Degree of Combined Leverage

The Degree of Combined Leverage has varied between -14.59 and 23.81 during the period of study. Combined leverage is favorable during 2007, 2008, 2009 and 2010 as DCL is greater than one. Combined leverage is un-favorable during other six years as DCL is less than one. It is found in the significance test that Degree of Combined Leverage is not uniform during the period of study.

Table-4: Degree of Combined Leverage

(Figures in Lakhs)

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Percentage change in Net income	100.0	100.0	450.0	63.6	-16.7	-13.3	169.2	5.7	18.9	-11.4
Percentage Change in Sales	4.2	4.8	260.8	27.7	6.1	-21.5	-11.6	-26.7	33.1	6.4
DCL	23.81	20.83	1.73	2.30	-2.74	0.62	-14.59	-0.21	0.57	-1.78

Source: Annual Reports of Power plant Engineering Works from 2006-07 to 2015-2016.

Calculated value of Chi-Square for Degree of Combined Leverage = 373.3. The Critical value of Chi-Square at 9 degrees of freedom at 5% level of Significance is 16.919. Calculated value is greater than Critical Value i.e., 373.3>16.919, Hence, H_{03} is Rejected.

8. Capital structure Ratios

Capital structure ratios are useful for understanding long term solvency of the Enterprise. Long term solvency means ability of the enterprise to meet long term obligations.

Debt-Equity Ratio

The Debt-Equity ratio of the Enterprise varied between 0.4 during 2016 and 5.3 during 2011. It is found in the significance test that Debt-Equity ratio is uniform during the period of study. Debt- Equity ratio is high during 2009, 2010, 2011, 2012 and 2013 indicating low margin of safety to lenders.

Table-5: Debt-Equity Ratio

(Figures in Lakhs)

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Outside funds	18.9	20.4	26.8	62.1	80.0	62.4	57.4	43.0	71.7	30.7
Share Holders funds	12.3	12.4	10.1	12.3	15.2	18.3	26.0	29.8	39.6	86.2
Debt-Equity Ratio	1.5	1.6	2.7	5.0	5.3	3.4	2.2	1.4	1.8	0.4

Source: Annual Reports of Power plant Engineering Works from 2006-07 to 2015-2016.

Calculated value of Chi-Square for Debt-Equity Ratio = 9.1. The Critical value of Chi-Square at 9 degrees of freedom at 5% level of Significance is 16.919. Calculated value is less than Critical Value i.e., 9.1<16.919, Hence, H_{04} is accepted.

Proprietary Ratio

The Proprietary ratio of the Enterprise varied between 0.16 during 2011 and 0.74 during 2016. It is found in the significance test that Proprietary ratio is uniform during the period of study. Proprietary ratio is low during the period of the study except during 2016. Low ratio indicates low long term solvency.

Table-6: Proprietary Ratio

(Figures in Lakhs)

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Share Holders funds	12.3	12.4	10.1	12.3	15.2	18.3	26.0	29.8	39.6	86.2
Total Assets	31.2	32.8	36.9	74.4	95.2	80.7	83.4	72.8	111.3	116.9
Proprietary Ratio	0.39	0.38	0.27	0.17	0.16	0.23	0.31	0.41	0.36	0.74

Source: Annual Reports of Power plant Engineering Works from 2006-07 to 2015-2016.

Calculated value of Chi-Square for Proprietary ratio = 0.7. The Critical value of Chi-Square at 9 degrees of freedom at 5% level of Significance is 16.919 Calculated value is less than Critical Value i.e., 0.7<16.919, Hence, H_{05} is accepted.

Solvency Ratio

The Solvency ratio of the Enterprise varied between 0.26 during 2016 and 0.84 during 2011. It is found in the significance test that Solvency ratio is uniform during the period of study. Solvency ratio is high during the period of study except during 2016 indicating low long term solvency.

Table-7: Solvency Ratio

(Figures in Lakhs)

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Liabilities to outsiders	18.9	20.4	26.8	62.1	80.0	62.4	57.4	43.0	71.7	30.7
Total Assets	31.2	32.8	36.9	74.4	95.2	80.7	83.4	72.8	111.3	116.9
Solvency Ratio	0.61	0.62	0.73	0.83	0.84	0.77	0.69	0.59	0.64	0.26

Source: Annual Reports of Power plant Engineering Works from 2006-07 to 2015-2016

Calculated value of Chi-Square for Solvency ratio = 0.4. The Critical value of Chi-Square at 9 degrees of freedom at 5% level of Significance is 16.919 Calculated value is less than Critical Value i.e., .0.4<16.919, Hence, H_{06} is accepted.

Fixed Assets to Net worth Ratio

The Fixed Assets to Net worth ratio of the Enterprise varied between 0.16 during 2016 and 1.18 during 2009. It is found in the significance test that Fixed Assets to Net worth

ratio is uniform during the period of study. Fixed Assets to Net worth ratio is less than one except during 2009, indicating that owner funds are more than fixed assets in the enterprise, which is good for the enterprise.

Table-8: Fixed Assets to Net worth Ratio

(Figures in Lakhs)

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fixed Assets	10.0	10.5	11.9	11.0	10.2	10.0	11.4	10.5	18.3	14.1
Share Holders funds	12.3	12.4	10.1	12.3	15.2	18.3	26.0	29.8	39.6	86.2
Ratio	0.81	0.85	1.18	0.89	0.67	0.55	0.44	0.35	0.46	0.16

Source: Annual Reports of Power plant Engineering Works from 2006-07 to 2015-2016.

Calculated value of Chi-Square for Fixed Assets to Net worth ratio = 1.3. The Critical value of Chi-Square at 9 degrees of freedom at 5% level of Significance is 16.919 Calculated value is less than Critical Value i.e., 1.3<16.919, Hence, H_{07} is accepted.

Fixed Assets Ratio

The Fixed Assets ratio of the Enterprise varied between 0.15 during 2016 and 0.60 during 2008. It is found in the significance test that Fixed Assets ratio is uniform during the period of study. Fixed Assets ratio is always less than 0.5 except during first two years indicating that majority of long term funds are available for financing working capital requirements. This is good for the enterprise.

Table-9: Fixed Assets Ratio

(Figures in Lakhs)

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fixed Assets	10.0	10.5	11.9	11.0	10.2	10.0	11.4	10.5	18.3	14.1
Total Long Term funds	17.2	17.6	28.5	31.9	34.7	38.5	43.5	48.3	69.8	95.8
Fixed Assets Ratio	0.58	0.60	0.42	0.34	0.29	0.26	0.26	0.22	0.26	0.15

Source: Annual Reports of Power plant Engineering Works from 2006-07 to 2015-2016.

Calculated value of Chi-Square for Fixed Assets ratio = 0.6. The Critical value of Chi-Square at 9 degrees of freedom at 5% level of Significance is 16.919 Calculated value is less than Critical Value i.e., 0.6 <16.919, Hence, $H_{08}$is accepted.

Current Assets to Proprietary Funds Ratio

The Current Assets to Proprietary Funds ratio of the Enterprise varied between 1.04 during 2016 and 4.97 during 2011. It is found in the significance test that Current Assets to Proprietary Funds ratio is uniform during the period of study.

Table-10: Current Assets to Proprietary Funds Ratio

(Figures in Lakhs)

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Current Assets	21.2	22.3	22.5	58.3	75.6	62.3	60.8	53.9	79.3	89.7
Share Holders funds	12.3	12.4	10.1	12.3	15.2	18.3	26.0	29.8	39.6	86.2
Ratio	1.72	1.80	2.23	4.74	4.97	3.40	2.34	1.81	2.00	1.04

Source: Annual Reports of Power plant Engineering Works from 2006-07 to 2015-2016.

Calculated value of Chi-Square for Current Assets to proprietary funds ratio = 6.1. The Critical value of Chi-Square at 9 degrees of freedom at 5% level of Significance is 16.919 Calculated value is less than Critical Value i.e., 6.1<16.919, Hence, H_{09} is accepted.

Interest Coverage Ratio

The Interest Coverage ratio of the Enterprise varied between 1.13 during 2007 and 1.76 during 2013. It is found in the significance test that Interest Coverage ratio is uniform during the period of study. Interest coverage ratio is always greater than one indicating that the enterprise is always in a position of serving its debt by paying financial expenses in time.

Table-11: Interest Coverage Ratio

(Figures in Lakhs)

Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EBIT	0.9	1.1	4.4	5.0	5.2	5.8	8.1	9.2	11.2	9.5
Interest	0.8	0.9	3.3	3.2	3.7	4.5	4.6	5.5	6.8	5.6
Interest Coverage Ratio	1.13	1.22	1.33	1.56	1.41	1.29	1.76	1.67	1.65	1.70

Source: Annual Reports of Power plant Engineering Works from 2006-07 to 2015-2016.

Calculated value of Chi-Square for Interest coverage ratio = 0.3. The Critical value of Chi-Square at 9 degrees of freedom at 5% level of Significance is 16.919 Calculated value is less than Critical Value i.e., 0.3<16.919, Hence, H_{10} is accepted.

9. Conclusion

Operating leverage is favorable for three years, financial leverage is favorable for five years and combined leverage is favorable for four years during the period of study. Degree of

Operating Leverage, Degree of Financial Leverage and Degree of Combined Leverage are not uniform during the period of the study. All capital structure ratios are uniform during the period of study. A high Debt-Equity ratio during five years of the study, low proprietary ratio and High solvency ratio during the period of study indicated low margin of safety to lenders. Fixed Assets to Net worth ratio is less than one except during 2009, indicating that owner funds are more than fixed assets in the enterprise, which is good for the enterprise. Fixed Assets ratio is always less than 0.5 except during first two years indicating that majority of long term funds are available for financing working capital requirements. This is also good for the enterprise. Interest coverage ratio is always greater than one indicating that the enterprise is always in a position of serving its debt by paying financial expenses in time. To conclude, capital structure management in micro and proprietary enterprise is satisfactory and there is also scope for further improvement.

References

1. Chua, J. H. & Woodward, R. S. (1993). The Pecking Order Hypothesis and Capital Structures of Private Companies. Financial Management, 22(01), 18.
2. Shyam-Sunder, L. & Myers, S. C. (1999). Testing static trade-off against pecking order models of capital structure. Journal of Financial Economics, 51(02), 219-244.
3. Kaur, R. & Rao, N. K. (2009). Determinants of Capital Structure: Experience of Indian Cotton Textile Industry, Vilakshan: The XIMB Journal Of Management, 06(02), 97-112.
4. Bhayani, S. J. (2009). Impact of financial leverage on cost of capital and valuation of firm: A study of Indian cement industry. Paradigm, 13(02), 43-49.
5. Vijayakumar, A. (2011). An Empirical Investigation of the Trade-Off and Pecking Order Hypotheses on Indian Automobile Firms. International journal of research in commerce, economics & management, 01(05), 94-100.
6. Ramaratnam, M. S. & Jayaraman, R. (2013). Determinants of capital structure with special reference to Indian pharmaceutical sector: Panel data analysis. Journal of Commerce and Accounting Research, 02(04), 45-50.
7. Thomas, A. E. (2013). Capital Structure and Financial Performance of Indian Cement Industry. BVIMR Management Edge, 06(02), 44-50.
8. Srivastava, N. (2014). Determinants of leverage of Indian companies: An empirical analysis. The International Journal of Business & Management, 02(03), 49-53.
9. Lyubomira Koeva-Dimitrova. (2016). Capital Structure analysis of the Medical Diagnostic-Consultative centres in Varna. Journal of IMAB-Annual Proceeding, 22(03),1261-1264.
10. Radojko Lukić, Nenad Lalić, Srdjan Lalić, Nataša Tešić & Dragan Milovanović. (2016). The Analysis of Capital Structure in the Trading Companies. International Journal of Economics and Statistics,.4, 39-49.
11. Dr. Venkateswararao.Podile. (2017). MSME Policy of Andhra Pradesh – A fillip to MSME sector. International Journal of Business and Administration Review, 03(18), 67-69.
12. Dr. Venkateswararao.Podile, Surya Chandrarao.D & Hema Venkata Siva Sree.Ch. (2017). Working capital Management in P.L.Plast Pvt Ltd. IOSR Journal of Business Management, 19(04), 61-65.
13. Dr. Venkateswararao.Podile, Surya Chandrarao.D & Hema Venkata Siva Sree.Ch. (2017). Vigorous attempts to boost and buoying up MSMEs in India. IOSR Journal of Business Management, 19(05), 24-28.
14. Chandrika Prasad Das & Rabindra Kumar Swain. (2018). Influence of Capital Structure on Financial Performance. Parikalpana - KIIT Journal of Management, 14(01),161-170.
15. Venkateswararao.P. & Hema Venkata Siva Sree.Ch. (2018). Working capital Management in Sri Rama Chandra Paper Boards Ltd. International Journal of Research in Management, Economics and Commerce, 08(02), 54-59.
16. Dr. Venkateswararao.Podile. (2018). Working capital Management in Tulasi seeds Pvt.Ltd - A case study in Andhra Pradesh. International Journal of Research in Management, Economics and Commerce, 08(02), 262-266.
17. Dr. Venkateswararao.Podile & Hema Venkata Siva Sree.Ch. (2018). Working capital Management in Sri Nagavalli solvent oils Pvt. Ltd. IOSR Journal of Business Management, 20(02), 79-84.
18. Dr. Venkateswararao.Podile & Hema Venkata Siva Sree.Ch. (2018). Working capital Management in Naga Hanuman Solvent Oils Private Limited - A case study of Andhra Pradesh. International Journal of Research in Management, Economics and Commerce, 08(03), 114-119.
19. Dr. Venkateswararao.Podile. (2018). Working capital Management in Cuddapah Spinning Mills Ltd - A case study in Andhra Pradesh. International Journal of Research in Engineering, IT and Social Sciences, 08(03), 1-5.
20. Dr. Venkateswararao.Podile & Hema Venkata Siva Sree.Ch. (2018). Working capital Management in Kristna Engineering Works - A case study in Andhra Pradesh. International Journal of Research in Engineering, IT and Social Sciences, 08(03), 61-66.
21. Dr. Venkateswararao.Podile & Hema Venkata Siva Sree.Ch. (2018). Working capital Management in small enterprise- A case study in Radhika Vegetables Oils Pvt. Ltd. IOSR Journal of Business Management, 20(03), 69-74.
22. Dr. Podile. Venkateswararao & Hema Venkata Siva Sree.Ch. (2018). Working capital Management in Power Plant Engineering Works- A case study of Andhra Pradesh. International Journal of Exclusive Management Research, 08(04), 1-7.
23. Dr. Podile. Venkateswararao, Hema Venkata Siva Sree.Ch. & N.Janardhanarao, (2018). Working capital Management in a Micro Enterprise- A case study of Nagas Elastomer Works. International Journal of Scientific Research and Review, 07(07), 275-282.
24. Dr. Podile. Venkateswararao, Dr. Hema Venkata Siva Sree.Ch & Gaddam. Sravan Kumar. (2018).Working capital Management in M.G.Metallic Springs Pvt. Ltd. - A case study in Andhra Pradesh. International Journal of Research in Engineering, IT and Social Sciences, 08(07), 108-113.
25. Dr. Podile. Venkateswararao, Dr. K. Sudha Rani & Dr. Hema Venkata Siva Sree.Ch.(2018). Working capital Management in a Micro Enterprise - A case study of Sri Srinivasa Spun Pipes Company. Asian Journal of Multidimensional Research, 07(07), 185-194.
26. Dr. Podile. Venkateswararao, Dr. Hema Venkata Siva Sree.Ch & Gaddam. Sravan Kumar.(2018). Working capital Management in a Small Enterprise - A case study of Raghunath Dye Chem Pvt. Ltd. International Journal of Management, IT & Engineering, 08(08), 331-337.
27. Dr. Podile. Venkateswararao, Dr. K. Sudha Rani & Dr. Hema Venkata Siva Sree.Ch. (2018). Working capital Management in Maitreya Electricals Pvt. Ltd. - A case study of Andhra

Prdesh. ZENITH International Journal of Multidisciplinary Research, 08(08), 296-304.

28. Dr. Podile. Venkateswararao, Dr. K. Sudha Rani & Dr. Hema Venkata Siva Sree.Ch. (2018). Working capital Management in a Micro Enterprise - A case study of Laxmi Vinay Poly Print Packs Pvt. Ltd. International Journal of Research in Engineering, IT and Social Sciences, 08(08),1-6.
29. Dr. Podile. Venkateswararao, & Dr. Chinta. Hema Venkata Siva Sree. (2018). Capital Structure Analysis of a Small Enterprise - A Case Study of M. G. Metallic Springs Pvt. Ltd. International Journal of Research in Engineering, IT and Social Sciences, 08(08),149-154.
30. Dr. Podile. Venkateswararao, Fr. Kataru Anil Kumar, & Dr. Chinta. Hema Venkata Siva Sree. (2018). Capital Structure Analysis of a Small Enterprise - A Case Study of Naga Hanuman Solvent Oils Private Limited, International Journal of Scientific Research and Review, 07(08), 548-555.
31. Dr. Podile. Venkateswararao, Fr. Kataru Anil Kumar, & Dr. Chinta. Hema Venkata Siva Sree. (2018). Capital Structure Analysis of A Small Enterprise - A Case Study Of Raghunath Dye Chem Pvt. Ltd. Asian Journal of Multidimensional Research, 07(08), 281-292.
32. Dr. Podile. Venkateswararao, Fr. Kataru Anil Kumar, & Dr. Chinta. Hema Venkata Siva Sree. (2018). Capital Structure Analysis of a Micro and Proprietary Enterprise - A Case Study of Nagas Elastomer Works, International Journal of Research in Engineering, IT and Social Sciences, 08(08), 269-275.
33. Dr. Podile. Venkateswararao, Fr. Kataru Anil Kumar, & Dr. Chinta. Hema Venkata Siva Sree. (2018). Capital Structure Analysis of a Large Enterprise - A Case Study of Tulasi Seeds Pvt. Ltd. Journal of Emerging Technologies and Innovative Research, 05(08), 973-979.
34. Dr. Podile. Venkateswararao, Fr. Kataru Anil Kumar, & Dr. Chinta. Hema Venkata Siva Sree. (2018). Capital Structure Analysis of a Small Enterprise – A case study of Maitreya Electricals Private Limited. RESEARCH REVIEW International Journal of Multidisciplinary, 03(09), 179–185. http://doi.org/10.5281/zenodo.1412759.

