INTRODUCTION

The process of liberalization and economic reforms undertaken since July 1991, have opened the economy for an accelerated growth. A series of financial and economic reforms have been announced by the Government which include relaxation of the industrial regulatory involvement, liberalizing international trade, easing of exchange control, encouraging foreign investment reforms in the financial sector and in taxation as well as in government subsidy and disinvestment in public sector enterprises. These measures have far reaching impact on Indian economy in general and on our corporate sector in particular.

In this scenario many new companies are entering day to day in the market for raising funds by issuing share capital and sometimes by issuing debt instruments. These companies fail to use their funds economically, as they generally don't know how far the decision of raising funds is correct and what should be the proportion of equity, debt, short-term debts, and accounts payable in the Capital structure. Some companies do not plan their capital structure. These companies may prosper in the short-run but ultimately they will have to face considerable difficulties with unplanned capital structure. These companies will also fail to use their funds economically. Consequently, it is being increasingly realized that a company should plan its capital structure to maximize the uses of funds and to be able to adapt more easily to the changing conditions.

The present study `Capital Structure Analysis of Leading Companies in India" will suggest ways and means to optimize the Capital structure, which will (minimize the cost of capital) and maximize the value of the firm.

The present study has been covered under a period of ten years i.e. the financial years from 2002-03 to 2011-12. The primary purpose of the present study has been to obtain a deep insight into and full familiarity with the financial position of the selected leading companies in India. The changes that have been taken place, therein over a given period of time have been studied. For this purpose, figures and information collected from the published annual accounts and other various sources will be classified, tabulated, analyzed with suitable technique and then objective conclusions have been drawn.
The present study will provide guidelines to the management of selected companies to assess the optimization of capital structure in the light of plans, policies and objectives. It will also be helpful to study the changes, if any, that have taken place in the various times of sources of finance. It will earnestly propose to measure and evaluate the performance of the leading companies during the period of the last ten years. This study will provide good guidelines to the world of management, Government, investors, creditors, workers, consumers and many others so as to make them take timely decision in their own spheres of interest and concern.

At present, a large part of the society is investing money in shares and debentures of different companies. General public do not understand the complexities of capital structure. The study hopefully will guide how the society can take better decision of capital investment in the light of capital structure adopted by the companies under the study.