# Determining Factors of Firm Value

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**Abstract:**

Financing Decisions are the capital structure decisions which are the mixture of debt and equity. Companies' capital requirement for investment decision depends upon so many factors. The choice of a company's combination of funding sources is made up of long-term debt to total assets, debt to equity, and financial leverage. The decision is made primarily on the basis of the firm's value. The aim of the study is to determine the factors influencing firm value. The analysis is based on ten investment and financial companies were chosen for the study with 10 years' data from 2009 to 2018. The study concluded that debt to equity ratio is positively correlated with market price of the firm and there is a significant influence on value of firm

**Key words: Debt to equity, Market price, Market value of firm, Value of Firm**

## 1. Introduction:

The combination of debt and equity is called as "capital structure". the overall cost of capital is measured by the" weighted average cost of capital (WACC)". The firm's value can also be judged by discounting future cash flows, the WACC is an appropriate rate. The decision on choice of debt and equity is a vital decision with great implication for the firm's sustainability. The shareholders wealth and value of the firm is mainly determined by debt equity ratio. It influence on the firm financial performance and overall value of the firm (Modigliani & Miller, 1958). This study analysis the impact of capital mix decision on firm value. The main objective is to analyse various factors that determine market price and market capitalisation and also the influencet of debt to equity on the firm value

## 2. Literature Review

Thirumagal, & Vasantha, S. (2016). Regression analysis results reveals that the dividend, risk and liquidity of the companies has effect on shareholder's wealth. Size and Earnings of the companies has no impact on shareholder's wealth. Firm's borrowing has impact on the value of the firm. There is a correlation between leverage and efficiency of the firm. Dimitris margaritis,et.al(2008) (Shaileh rastogi 2018),There is an inverse relationship among short term debt, total debt, long term debt which has an impact on ROA. (Megha narang 2018)

The choice of debt and equity has positive influence on firm performance when return on assets (ROA) was considered as dependent variable. Financial leverage has inverse effect on the value of the firm. (Mustafa soumadi,et.al(2007). There is a positive correlation between capital structure and financial firm performance on agribusiness (Siregar risa yanti diannisa,et.al 2019) Thirumagal, & Vasantha, ( 2015,2016 & 2018 ) Regression analysis shows that the shareholders wealth is influenced by nature of risk, payment of dividend , risk and solvency of the companies but . Size and Earnings of the companies does not influence the shareholders wealth. The ratio of dividend pay-out has inverse relationship on the leverage and profitability of the companies in Energy industry

## 3. Research Methodology

The research followed in the study is both descriptive and analytical in nature

### 3.1 SAMPLING TECHNIQUE

Entire 10 company's 10 years (2009-2018) data form nifty indexes have been selected as a population size for the analysis on the basis of convenience sampling technique. These companies are as follows:

Bajaj Finance limited, M&M Financial service limited,Shriram transport finance company limited,Cholamandalam investment and finance ltd,Sundaram finance,Shriram city,Manapuram Finance,Magma finance corporation,SREI Infrastructure,Optiemus Infrastructure

### 3.2Method of Data Collection

**Secondary data**: The study used only secondary data extracted from annual report and The financial figures for the period 2009-2018 which were used in this study were gathered manually

through individual company financial reports and website of the company and the SAP module used in the company. The data for this study include market capitalization, market price per share, Tobinsq are the dependent variable used for analysis of shareholder's wealth.

**3.3 Statistical/Analytical Tools**

The following are the statistical tools and techniques used for analysis.

One Way ANOVA ,Multiple regression, Descriptive Statistics

**3.5 Hypothesis of the Study**

**$H_{01}$**: "There is no significant impact of Market capitalization (DEBT TO EQUITY) on Firm Value."

**$H_{02}$**: "There is no significant impact of Market Per Share (DEBT TO EQUITY) on Firm Value."

**$H_{03}$**: "There is no significant impact of Tobin's q (DEBT TO EQUITY) on Firm Value."

**Market capitalization** = β1 (DTE) + β2 (EPS) + β3 (DPR) + β4 (CR) + β5 (FS) + β6 (ROA) + β7 (AU)+ β8 (AT)

**Market Per Share** = β1 (DTE) + β2 (EPS) + β3 (DPR) + β4 (CR) + β5 (FS) + β6 (ROA) + β7 (AU)+ β8 (AT)

**Tobin 's q** = β1 (DTE) + β2 (EPS) + β3 (DPR) + β4 (CR) + β5 (FS) + β6 (ROA) + β7 (AU)+ β8 (AT)

**DTE**-DEBT TO EQUITY, **EPS**-EARNING PER SHARE, **DPR**-DIVIDEND PAYOUT RATIO

**P.SH**-PUBLIC SHAREHOLDING,**CR**-CURRENT RATIO,**FS**-FIRM SIZE

**ROA**-RETURN ON ASSET,**ROE**-RETURN ON EQUITY,**AU**-ASSET UTILIZATION

**AT**-ASSET TANGIBILITY

**4. Data Analysis**

**One Way ANOVA – DEBT TO EQUITY**

$Ho_{1:}$ There is significant difference between Debt to equity (DTE) of the selected Leasing & Hire Purchase companies.

**ANOVA: Single factor**

**ANOVA**

**Table 4.1.Debt to equity**

| | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 175335.796 | 9 | 19481.755 | 30.835 | .000 |
| Within Groups | 56861.955 | 90 | 631.799 | | |
| Total | 232197.751 | 99 | | | |

Since P value is less than 0.05, the hypothesis is accepted Hence there is significant difference between Debt to equity (DTE) of the selected Leasing & Hire Purchase companies.

**Table 4.2. Ranking of debt to equity**

| YR | BAJAJ FIN | M&M FIN | SHRI RAM TRSPT | CHOLA | SUNDA RAM FIN | SHRI RAM CITY | MANA PPURAM FIN | MAGMA FIN CORP | SREI INFRA | OPTIE MUS INTRA |
|---|---|---|---|---|---|---|---|---|---|---|
| 2009 | 1.48 | 3.55 | 8.56 | 11.21 | 5.44 | 6.49 | 2.8 | 8.4 | 1.98 | 0.01 |
| 2010 | 2.8 | 3.74 | 4.81 | 11.12 | 6.45 | 4.78 | 3.01 | 10.24 | 4.48 | 2.88 |
| 2011 | 3.92 | 2.88 | 2.7 | 6.23 | 5.1 | 4.71 | 2.79 | 7.14 | 1.72 | 0.86 |
| 2012 | 4.53 | 3.64 | 2.96 | 6.14 | 4.14 | 4.35 | 3.49 | 5.38 | 3.51 | 1.64 |
| 2013 | 2.85 | 3.21 | 3.22 | 7.78 | 3.57 | 4.38 | 3.35 | 7.43 | 3.84 | 1.39 |
| 2014 | 4 | 3.56 | 3.11 | 7.88 | 3.4 | 3.21 | 2.68 | 5.88 | 4.84 | 1.81 |
| 2015 | 4.71 | 3.47 | 3.71 | 7.29 | 2.93 | 2.17 | 2.61 | 6.02 | 5 | 1.35 |
| 2016 | 4.99 | 3.56 | 3.31 | 6.17 | 2.14 | 2.28 | 2.88 | 4.21 | 4.7 | 0.96 |
| 2017 | 5.13 | 4.2 | 3.42 | 5.63 | 2.63 | 2.71 | 2.48 | 3.56 | 4.08 | 0.94 |
| 2018 | 3.73 | 3.21 | 3.82 | 6.19 | 3.46 | 2.92 | 2.41 | 3.57 | 4.29 | 0.75 |
| AVERAGE | 3.81 | 3.50 | 3.99 | 7.56 | 3.93 | 3.80 | 2.85 | 6.18 | 3.84 | 1.26 |
| RANK | 6 | 3 | 8 | 1 | 7 | 4 | 9 | 2 | 5 | 10 |

**FORMULA: Debt to equity: Total debt/ total equity.**

It was found that Debt to equity is maximum for cholamandalam and minimum for Optiemus Infrastructure.

**$H_{02}$**: "There is no significant impact of Capital structure (DEBT TO EQUITY) on Firm Value."

**DTE**= β1 (EPS) + β2 (DPR) + β3 (P.SH) + β4 (FIX.A) + β5 (CUR.R) + β6 (S.G) + β7 (F.S) + β8 (OPR.LV) + β9 (ROA) + β10 (ROE) + β11 (A.U) + β12 (A.T) + β13 (C.W) + β14 (EFF)

**4.3.Descriptive statistics:**

| | **Mean** | **Std. Deviation** |
|---|---|---|
| Debt to equity | 64.18 | 46.75 |
| Earnings Per Share | 41.28 | 44.90 |
| Dividend Pay-out Ratio | 18.85 | 13.27 |
| Public shareholding | 55.63 | 12.29 |
| Fixed asset turnover | 31.04 | 44.54 |
| Current ratio | 1.25 | .51 |
| Sales growth | 15.76 | 30.75 |
| Firm size | 9.89 | .62 |
| Operating leverage | 1.09 | 7.46 |
| Return on asset | 2.25 | 1.09 |
| Return on equity | 13.76 | 5.93 |
| Asset utilization | 31.04 | 44.54 |
| Asset tangibility | .012 | .012 |

| | | |
|---|---|---|
| Credit worthiness | 3.03 | 1.47 |
| Efficiency of firm | .14 | .06 |

The analysis shows that the higher mean value for Debt to equity (64.18) followed by Earning per share (41.28), Dividend pay-out ratio (18.85),public shareholding (55.63), Fixed asset turnover ( 31.04), Current ratio (1.25), Sales growth (15.76), Firm size ( 9.89) , Operating leverage (1.09), Return on asset (2.25), Return on equity (13.76),asset utilization(31.04),Asset tangibility (0.01),Credit worthiness (3.03),Efficiency of firm (0.14)

**Regression analysis:**

**$H_{01}$**: "There is a significant impact of Capital structure (DEBT TO EQUITY) on Firm Value."

**4.2.2.Model summary**:

| **Model** | **R** | **$R^2$** | **Adjusted$^2$** | **S.E** | **Durbin-Watson** |
|---|---|---|---|---|---|
| 1 | .770[a] | .592 | .501 | 33.02243 | 1.154 |

A. **Predictors**: (Constant), Efficiency of firm, public shareholding, dividend pay-out ratio, sales growth, operating leverage, current ratio, earnings per share, asset utilization, return on equity, creditworthiness, asset tangibility, firm size, return on asset.

B. **Dependent Variable**: DEBT TO EQUITY

❖ **It was found from the above table that all the independent variables together impact dependent variable (DEBT TO EQUITY) with 59.2%.**

**4.2.3.ANOVA:**

| Model | | Sum of [2] | Df | Mean[2] | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 91932.45 | 13 | 7071.72 | 6.48 | .000[b] |
| | Residual | 63247.90 | 58 | 1090.48 | | |
| | Total | 155180.36 | 71 | | | |

A. **Dependent Variable**: DEBT TO EQUITY

B. **Predictors**: (Constant), Efficiency of firm, public shareholding, dividend pay-out ratio, sales growth, operating leverage, current ratio, earnings per share, asset utilization, return on equity, creditworthiness, asset tangibility, firm size, return on asset.

- **It was found that P value is less than 5% (0.0.5) hence it is found that there is a significant relationship between variables.**

**4.2.4.Coefficients:**

| | Unstandardized B | S.E | Standardised β | t | Sig | Tolerance | VIF |
|---|---|---|---|---|---|---|---|
| Earnings Per Share | .365 | .116 | .350 | 3.159 | .003 | .571 | 1.752 |
| Dividend Pay-out Ratio | -1.581 | .375 | -.449 | -4.215 | .000 | .620 | 1.614 |
| Public shareholding | 1.351 | .363 | .355 | 3.723 | .000 | .772 | 1.295 |
| Current ratio | 22.633 | 11.026 | .247 | 2.053 | .045 | .486 | 2.059 |
| Sales growth | -.082 | .168 | -.054 | -.484 | .630 | .573 | 1.746 |
| Firm size | -35.045 | 11.264 | -.470 | -3.111 | .003 | .308 | 3.248 |
| Operating leverage | .071 | .567 | .011 | .126 | .901 | .857 | 1.167 |
| Return on asset | -23.878 | 9.422 | -.560 | -2.534 | .014 | .144 | 6.940 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Return on equity | 1.980 | 1.646 | .251 | 1.203 | .234 | .161 | 6.203 |
| Asset utilization | -.297 | .129 | -.283 | -2.303 | .025 | .465 | 2.150 |
| Asset tangibility | -1129.83 | 547.917 | -.291 | -2.062 | .044 | .352 | 2.843 |
| Credit worthiness | 4.556 | 4.461 | .144 | 1.021 | .311 | .354 | 2.828 |
| Efficiency of firm | 77.226 | 129.305 | .100 | .597 | .553 | .249 | 4.013 |

Regression analysis shows that there is significance impact of Earning Per Share, Dividend Pay-out Ratio, Public Shareholding, Current ratio, Firm size, Return On Asset (ROA) Asset utilization (A.U) and Asset tangibility (A.T) on debt to equity

The degree of relationship between the actual values and the predicted values of long term debt to total asset is indicated by multiple correlation coefficient is .770. predicted values are obtained as a linear combination of independent variables and hence the relationship between long term debt to total asset and independent variables is quite strong and positive since the coefficient value of .770.

The goodness –of-fit of the estimated sample regression plane (SRP) is measured by the coefficient of determination. As explained by the fitted sample regression equation-square measures in term of the proportion of the variation in the dependent variables thus, the value of R square is .592 means that about 59.2 percentage of the variation in debt to equity is explained by the estimated sample regression plane that uses the independent variables and R value is 1 percentage level.

$Y=348.44+0.36X_1-1.58\ X_2+1.35\ X_3+22.63\ X_4-0.08\ X_5-35.04X_6+0.71\ X_7-23.87\ X_8+$

$1.98\ X_9-0.297\ X_{10}-1129.83\ X_{11}+4.55\ X_{12}+77.22\ X_{13.}$

**Regression analysis :**

**$H_{02}$**: “There is no significant impact of Asset tangibility, debt to equity, asset utilization, earnings per share, current ratio, dividend pay-out, public shareholding, return on asset, firm size on Market capitalization (Firm Value).”

**5.2.2. Model Summary:**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .739[a] | .546 | .488 | 8888648269.32 | 1.364 |

a**. Predictors**: (Constant), Asset tangibility, debt to equity, asset utilization, earnings per share, current ratio, dividend pay-out, public shareholding, return on asset, firm size.

b. **Dependent Variable**: MARKET CAPITALISATION

- **It was found from the above table that all the independent variables together impact dependent variable (Market capitalisation) with 54.6 %.**

| Model | | Sum of [2] | Df | Mean [2] | F | Sig. |
|---|---|---|---|---|---|---|
| | Regression | 6.65063E+21 | 9 | 7.4E+20 | 9.353 | .000[b] |
| | Residual | 5.53056E+21 | 70 | 7.9E+19 | | |
| | Total | 1.21812E+22 | 79 | | | |

**5.2.3. ANOVA:**

b. **Predictors**: (Constant), Asset tangibility, debt to equity, asset utilization, earnings per share, current ratio, dividend pay-out ,public shareholding, return on asset, firm size.

- **It was found that P value is less than 5% (0.0.5) hence it is found that there is a significant relationship between variables.**

**Co efficient**

| | Unstandardized | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| (Constant) | -1.13336E+11 | 17374918720 | | -6.523 | 0 | | |
| Debt to equity | 97734713.07 | 115021486.6 | 0.08 | 0.85 | 0.398 | 0.738 | 1.355 |
| Earnings per share | -140840398.3 | 29325724.47 | -0.5 | -4.803 | 0 | 0.598 | 1.673 |
| Dividend pay-out ratio | -218178515.6 | 84945105.5 | -0.243 | -2.568 | 0.012 | 0.727 | 1.376 |
| Public shareholding | -186745087.8 | 88674368.7 | -0.223 | -2.106 | 0.039 | 0.576 | 1.736 |
| Current ratio | 4112408828 | 2191333773 | 0.183 | 1.877 | 0.065 | 0.684 | 1.463 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Firm size | 13063237773 | 1694722627 | 1.252 | 7.708 | 0 | 0.246 | 4.068 |
| Return On Asset | 3633866913 | 1150795483 | 0.353 | 3.158 | 0.002 | 0.518 | 1.929 |
| Asset utilisation | -57659103.18 | 26453276.15 | -0.199 | -2.18 | 0.033 | 0.781 | 1.28 |
| Asset tangibility | 53843582645 | 30557777223 | 0.285 | 1.762 | 0.082 | 0.248 | 4.036 |

**Dependent Variable: Market Capitalisation**

Regression analysis shows that there is significance effect of Dividend Pay-out Ratio Public Shareholding, Firm size, Return On Asset (ROA) and asset utilisation on firm value.

There is no significance impact of debt to equity, earning per share, Current ratio and asset tangibility on firm value.

The degree of relationship between the actual values and the predicted values of long term debt to total asset is indicated by multiple correlation coefficient is .739. Predicted values are obtained as a linear combination of independent variables and hence the relationship between long term debt to total asset and independent variables is quite strong and positive since the coefficient value of .739.

The goodness –of-fit of the estimated sample regression plane (SRP) is measured by the coefficient of determination. As explained by the fitted sample regression equation-square measures in term of the proportion of the variation in the dependent variables thus, the value of R square is .546 means that about 54.6 percentage of the variation in Market capitalisation is explained by the estimated sample regression plane that uses the independent variables and R value is 1 percentage level.

$Y=-113336131054.31+97734713.070X_1 -218178515.58X_2-186745087.78X_3+4112408828.44 X_4+13063237773.36X_5-3633866913.35X_6-57659103.181X_{7+}53843582645.45X_{8.}$

**Market capitalization** = β1 (DTE) + β2 (EPS) + β3 (DPR) + β4 (CR) + β5 (FS) + β6 (ROA) + β7 (AU)+ β8 (AT)

**Regression analysis:**

**$H_{03}$**: "There is no significant impact of Asset tangibility, debt to equity, asset utilization, earnings per share, current ratio, dividend pay-out, public shareholding, return on asset, firm size. on Firm Value."

**5.2.2. Model Summary:**

| Model | R | $R^2$ | Adjusted $R^2$ | S.E | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .745[a] | .556 | .499 | 443.06376 | .896 |

a. **Predictors**: (Constant), Asset tangibility, debt to equity, asset utilization, earnings per share, current ratio, dividend pay-out, public shareholding, return on asset, firm size.

**b. Dependent Variable**: Market Per Share

The degree of relationship between the actual values and the predicted values of long term debt to total asset is indicated by multiple correlation coefficient is .745. Predicted values are obtained as a linear combination of independent variables and hence the relationship between long term debt to total asset and independent variables is quite strong and positive since the coefficient value of .745.It was found from the above table that all the independent variables together impact dependent variable (Market per share ) with 55.6%.

Table 5.2.2.1.ANOVA

| | | | | | |
|---|---|---|---|---|---|
| | Sum of $^2$ | Df | Mean $^2$ | F | Sig. |
| Regression | 17184890.9 | 9 | 1909432 | 9.727 | .000[b] |
| Residual | 13741384.7 | 70 | 196305 | | |
| Total | 30926275.6 | 79 | | | |

a. Dependent Variable: Market price Per Share

b. Predictors: (Constant), Asset tangibility, debt to equity, asset utilization earnings per share, current ratio, dividend pay-out, public shareholding, return on asset, firm size

It was found that P value is less than 0.0.5 at 5 % level of significance hence it is found that there is a significant relationship between variables.

**Table 5.2.2.2 Co-efficient**

| | | | | Collinearity Statistics | | | |
|---|---|---|---|---|---|---|---|
| | Unstandardized β | Std. Error | Standardized β | t | Sig. | Tolerance | VIF |
| (Constant) | -3241.149 | 866.071 | | | .000 | | |
| Debt to equity | -5.883 | 5.733 | -.095 | -1.026 | .308 | .738 | 1.355 |
| Earnings per share | 1.652 | 1.462 | .116 | 1.130 | .262 | .598 | 1.673 |
| Dividend pay-out ratio | -15.428 | 4.234 | -.341 | -3.644 | .001 | .727 | 1.376 |
| Public shareholding | 10.481 | 4.420 | .249 | 2.371 | .020 | .576 | 1.736 |
| Current ratio | 414.612 | 109.229 | .366 | 3.796 | .000 | .684 | 1.463 |
| Firm size | 311.684 | 84.475 | .593 | 3.690 | .000 | .246 | 4.068 |
| Return On Asset | -24.287 | 57.363 | -.047 | -.423 | .673 | .518 | 1.929 |
| Asset utilisation | -1.574 | 1.319 | -.108 | -1.194 | .237 | .781 | 1.280 |
| Asset tangibility | 1640.408 | 1523.184 | .172 | 1.077 | .285 | .248 | 4.036 |

Regression analysis show that there is significance effect of Dividend Pay-out Ratio Public Shareholding, Current ratio, Firm size, asset tangibility and asset utilisation on Market per share (firm value.)

There is no influence of debt to equity, earning per share and Return On Asset (ROA) on Market price Per Share (firm value.)

The goodness –of-fit of the estimated sample regression plane (SRP) is measured by the coefficient of determination. As explained by the fitted sample regression equation-square measures in term of the proportion of the variation in the dependent variables thus, the value of R square is .556 means that about 55.6 percentage of the variation in Market price Per Share is explained by the estimated sample regression plane that uses the independent variables and R value is 1 percentage level.

$Y=-3241.149-5.883X_1+1.62X_2-15.428X_3+10.48X_4+414.612X_5+311.684X_6-24.287X_7-1.574X_8+1640.408X_9.$

**Market per share = β1 (DTE) + β2 (EPS) + β3 (DPR) + β4 (CR) + β5 (FS) + β6 (ROA) + β7 (AU)+ β8 (AT)**

**Regression analysis:**

**$H_{04}$**: "There is no significant impact of Tobin's q (DEBT TO EQUITY) on Firm Value."

**5.2.3 Model Summary:**

| Model | R | $R^2$ | Adjusted $R^2$ | S.E | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .895[a] | .801 | .775 | .13116 | 1.168 |

a. **Predictors**: (Constant), Asset tangibility, debt to equity, asset utilization, earnings per share, current ratio, dividend pay-out, public shareholding, return on asset, firm size.

b. **Dependent Variable**: TOBIN'S q

The degree of relationship between the actual values and the predicted values of long term debt to total asset is indicated by multiple correlation coefficient is .895. Predicted values are obtained as a linear combination of independent variables and hence the relationship between long term debt to total asset and independent variables is quite strong and positive since the coefficient value of .895.

- **It was found from the above table that all the independent variables together impact dependent variable (debt to equity) with 80.1%.**

**5.2.3.1.ANOVA:**

| Model | | Sum of $^2$ | Df | Mean $^2$ | F | Sig. |
|---|---|---|---|---|---|---|
| | Regression | 4.848 | 9 | .539 | 31.308 | .000[b] |
| | Residual | 1.204 | 70 | .017 | | |

| | | | | | |
|---|---|---|---|---|---|
| Total | 6.052 | 79 | | | |

a. **Dependent Variable**: TOBIN'S q

b. **Predictors**: (Constant), Asset tangibility, debt to equity, asset utilization, earnings per share, current ratio, dividend pay-out, public shareholding, return on asset, firm size.

It was found that P value is less than 0.0.5 at 5 % level hence it is found that there is a significant relationship between variables.

**5.2.3.2. Coefficients**

| | **Unstandardized Coefficients** | | **Standardized Coefficients** | **t** | **Sig.** | **Collinearity Statistics** | |
|---|---|---|---|---|---|---|---|
| | B | S.E | β | | | **Tolerance** | **VIF** |
| (Constant) | -.807 | .256 | | -3.148 | .002 | | |
| Debt to equity | .002 | .002 | .064 | 1.025 | .309 | .738 | 1.355 |
| Earnings per share | .003 | .000 | .425 | 6.166 | .000 | .598 | 1.673 |
| Dividend pay-out ratio | -.002 | .001 | -.105 | -1.685 | .097 | .727 | 1.376 |
| Public shareholding | -.010 | .001 | -.540 | -7.681 | .000 | .576 | 1.736 |
| Current ratio | .067 | .032 | .134 | 2.078 | .041 | .684 | 1.463 |
| Firm size | .170 | .025 | .731 | 6.801 | .000 | .246 | 4.068 |
| Return On Asset | .012 | .017 | .054 | .728 | .469 | .518 | 1.929 |
| Asset utilisation | -.001 | .000 | -.179 | -2.967 | .004 | .781 | 1.280 |
| Asset tangibility | .204 | .451 | .049 | .453 | .652 | .248 | 4.036 |

Regression analysis show that there an impact of Earning Per Share, Public Shareholding, Current ratio, Firm size and asset utilisation on firm value.

The debt to equity, Dividend Pay-out Ratio, Return On Asset (ROA) and asset tangibility have impact on firm value.

The goodness –of-fit of the estimated sample regression plane (SRP) is measured by the coefficient of determination. As explained by the fitted sample regression equation-square

measures in term of the proportion of the variation in the dependent variables thus, the value of R square is .801 means that about 80.1 percentage of the variation in TOBIN'S q is explained by the estimated sample regression plane that uses the independent variables and R value is 1 percentage level.

$Y=-0.807+0.002X_1+00.3X_2-0.02X_3-0.10\ X_4+0.067X_5+0.170X_6+0.012X_7-0.001+0.204X_8.$

**Tobin's q = β1 (DTE) + β2 (EPS) + β3 (DPR) + β4 (CR) + β5 (FS) + β6 (ROA) + β7 (AU)+ β8 (AT)**

**Discussion**

ANOVA analysis show that there is a difference between the proportion of Debt on equity (DTE) of the selected Leasing & Hire Purchase companies

It was found that Debt to equity is maximum for Shriram city Finance and minimum for Optiemus Infrastructure

The study found that the higher mean value for Debt to equity (64.18) followed by Earning per share (41.28), Dividend pay-out ratio (18.85),public shareholding (55.63), Fixed asset turnover ( 31.04), Current ratio (1.25), Sales growth (15.76), Firm size ( 9.89) , Operating leverage (1.09), Return on asset (2.25), Return on equity (13.76),asset utilization(31.04),Asset tangibility (0.12),Credit worthiness (3.03),Efficiency of firm (0.14

Regression analysis show that there is an impact of Earning Per Share, Dividend Pay-out Ratio, Public Shareholding, Current ratio, Firm size, Return On Asset (ROA) Asset utilization (A.U) and Asset tangibility (A.T) on capital structure.

There is an impact of Sales growth, operating leverage, Return On Equity (ROE), Credit worthiness and Efficiency of Firm on Debt to equity

Regression analysis shows that Dividend Pay-out Ratio Public Shareholding, Firm size, Return on Asset (ROA) and asset utilisation does not influence the value of firm. But Dividend Pay-out Ratio Public Shareholding, Current ratio, Firm size, asset tangibility and asset utilisation i has effect on firm value.

Regression analysis show that there is a significance impact of Earning Per Share, Public Shareholding, Current ratio, Firm size and asset utilisation on firm value.

It was found that debt to equity, Dividend Pay-out Ratio, Return On Asset (ROA) and asset tangibility does not affect the value of firm This result coincide with the findings of Anup **chowdhury**,et.al(2010)The combination between the debt- equity ratio increases the wealth of shareholder to the higher point.

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