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"A Study On Impact Of Capital Structure On Profitability Of Companies Listed In Indian Stock Exchange With Respect To Steel Industry"

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Abstract

Introduction- In the introduction section the background of the National stock exchange of India has been discussed. Apart from this the capital structure of the firm had also been discussed in a proper way. In addition, the introduction section contains rational and the problem statement by which the research has been developed. In the rational and problem statement part statistical data has been provided to have a better understanding of capital structure.

Literature Review- The Literature Review served as a theoretical framework for establishing the link between capital structure and the level of profitability in the context of the Indian steel industry. Specific concepts were also examined as indicators of how companies use debt and equity to optimise their revenues. Furthermore, it included how the Indian stock market assists with capital redistribution and organisational development. This study pointed out the existing research weaknesses especially concerning specific issues encountered in specific sectors by the steel companies and paved the way for more empirical analysis that aimed at filling those gaps in light of the variables of this research; namely the profitability.

Methodology- In the methodological part, the use of different methods that has been discussed like for developing this research paper researcher can use descriptive Research design or explanation Research design. The use of descriptive or explanatory Research design can be more useful and will help to develop a systematic approach of the research. In this research paper interpretivism research philosophy has been taken under consideration to develop a good interpretation over the topic and the deductive research approach has been suggested to use for developing a better experiment and hypothesis. All the ethical considerations have been discussed and apart from that, inclusion and exclusion criteria have also been added so that the research can become more effective and efficient. In the methodological section keywords have been used so that the audience can have a better understanding by which keywords the secondary data has been gathered from different authentic sources.

Findings- This chapter concludes the main body of work by summarising the key findings and analysis of the study. The chapter focused on Findings and Analysis while evaluating the effectiveness of capital structure in the Indian steel industry using collected data on the randomly selected companies listed in Indian Stock Exchange. A synthesis of the present research completed the task of identifying the influence of capital structure choices with respect to the variable of profitability, forecasting elevated financial risk and squeezed overall profit margins on the side of higher leveraging. Modern examples pointed at successful best practices such as proper working capital management, and diversified sources of financing. The chapter focused on the efficiency of managing debt and equity for improved profitability given the varied challenges in the sector alongside the fluctuating market.

Conclusion- In the conclusion section an overall conclusion of all the chapters has been provided so that a better understanding and summary can be provided at the end related to the research paper.

Keywords- Capital structure, Profitability, Indian Stock Exchange, Steel industry, Debt-to-equity ratio, Financial performance, Corporate finance, Leverage, Indian organisations, Stock market

1. Introduction

1.1 Background

The “national stock exchange of India” which is pinpoint in the area of Mumbai is the hub of the large stock exchanges of India. The “National stock exchange of India” has a market cap of 3.27 trillion dollars and it was founded in 1992. In recent times the stock market of India has been subdivided into two major parts that is the “Bombay stock exchange” and the “National stock exchange” (Vikram et al. 2022). The “capital structure theory” is a theory that helps organisations or any company to organise their finance and their economic activities. The “capital structure” of a firm or an organisation is also a combination of both equity and debt. In addition, the theory of capital structure has been big and with the phenomenon work made by Miller and Modigliani in between the period of 1950 to 1970 (Cardao-Pito, 2021).

1.2 Rationale and problem statement

The optimal capital structure mainly exists only when the equity and debt are combined to reduce the cost of capital as well as enhance the firm's profitability. From the report of statista (2024) it is analysed that, the total capital rising market across the globe is projected around 603.2 billion US dollar in 2024 and it is also projected that in 2025 it will touch approximately 615 billion US dollar. In addition, since industrialization happened in India the country has grown faster in developing the economy across the globe. The sectors like constructions, power generation, housing and transportations are rapidly growing and are contributing to the growth of the Indian economy.

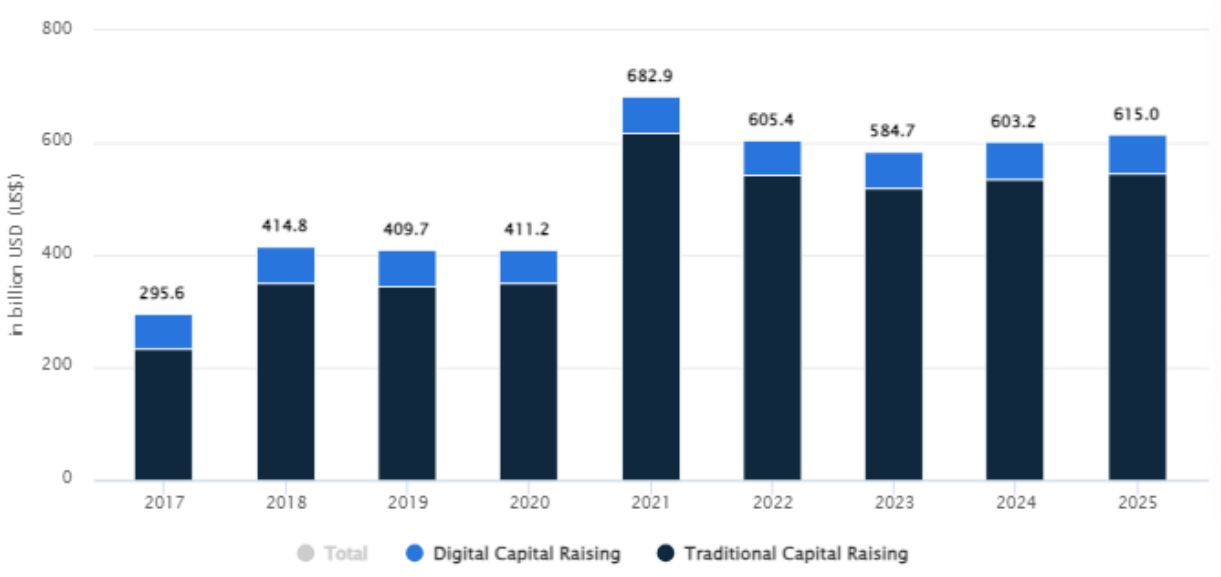

Figure 1.1: Capital raising - worldwide
(Source: Statista, 2024)

The problem statement that has been identified is the dependency of the Indian economy over the growth of the “Indian-stock-exchange” in respect to the steel industry. In addition, the jolt of capital structures on the

enhancement of profit for the companies or any other forms that are listed in the Indian stock exchange can be influenced by the change of the Indian market.

1.3 Aim and Objectives

The Aim of the research is to determine the impact of "capital structure" on the profitability of different Indian organisations listed in "Indian-Stock-exchange" with respect to Steel industries.

Objectives:

• To assess the role of the "Indian-stock-market" in developing the Indian organisations.

• To explore the conceptual overview of the Indian Stock market and the impact of "capital structure" on the Indian organisations.

• To evaluate the challenge faced by the Indian organisation because of the impact of capital structure on profitability.

• To find the mitigations for developing the Indian organisation for enhancing the profitability in respect to Steel industries.

1.4 Research Question

R1: What is the bit part of the Indian-stock-market for developing the Indian organisations?

R2: How to deliver a conceptual overview related to the Indian stock market and its impact over the capital structures on Indian organisation?

R3: What are the challenges that may arise in front of the Indian organisation because of the impact of capital structures on profitability?

R4: What are the mitigation strategies that the Indian organisations must adapt for enhancing their profitability in respect to the Indian steel industry?

1.5 Research hypothesis

The research hypothesis is mainly developed from the research work and the developed hypothesis can also be worthy for asking for an identification as well as navigating the proper adaptation of the process of research work.

H0: The opportunities for identifying the role and significance of the "Indian stock market" in developing the Indian organisations in respect to the steel industry.

H1: The clear identification of the impact of the Indian stock market over the capital structures and Indian organisation.

H2: The challenges that might appear in front of the Indian organisation due to the impact of "capital structures" on profitability.

H3: To identify the ways to mitigate the challenges and enhance the profitability of Indian organisations in respect to the steel industry.

1.6 Scope of this research

The research has a good scope to develop because of the huge availability of resources from different authentic websites and government websites related to the Indian stock market and the influence of Indian stock markets over the companies that are listed in the Indian stock exchange.

2. Literature review

2.1. Capital Structure and its Influence on Profitability: Empirical Overview

Empirical Evidence: Impact on Profitability

A number of research studies have found a disproportional relationship between level of debt and profitability in the steel industry. For example, Seth et al (2020) make an observation that the Indian manufacturing exporters including those in the steel industry experience declining profitability with increased leverage. Huge depreciation costs arising from high levels of borrowings affect gross and net margins; this is so because during lean time or when raw material prices fluctuate there is a great pressure on the business finances.

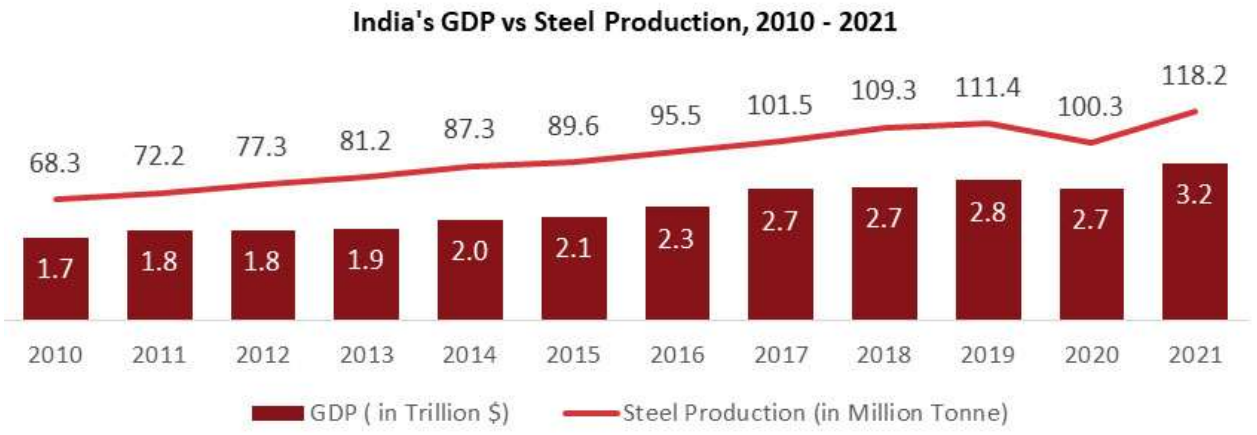

Figure 2.1: India's GDP vs Steel Production
(Source: Avalon Consulting, 2023)

According to Abdullah et al (2023), examining Indian steel companies, the effects of capital structure on firms' performance has been more apparent especially over the last decade. For instance, "India's largest steel manufacturing company", Tata Steel, saw its profit decline in the fiscals, 2015-2020 when it had a net worth figure of almost ₹1tn in debts (Tata Steel, 2024). During this period, the profit margin of Tata Steel was as low as 5.7% while companies like ArcelorMittal were targeting a profit margin of 10-12% having considerably lower debt burdens (Statista, 2024). Such a difference shows that increased leverage causes restricted capital access, and therefore lower profitability.

Debt and Financial Stress in Indian Steel Industry

As per Gurusamy (2024), though nominal, the Indian steel industry has consistently occupied an unenviable position when it comes to the industry's profitability margins; the industry's ROA trend in seven years war, on an average, 4.2% during 2017–22, more than 3 times lower than the global industry average of 7.5% (Statista, 2023). Some of this lower profitability is due to how Indian firms' capital structures, as per latest data and compilations of balance sheets, have higher debt levels than companies overseas.

Relation With the Research Goals

According to Farhan et al (2020), in conformance to the research objectives, the analysis of the "capital structure" and its effect on the profitability Reveals that while debt financing though offers room for tax exemptions, sharpens financial risk and consequently profitability in the Indian steel industry. As per Ahmed et al (2023), the Indian stock market is an important determinant of these capital structures because while it offers funds to the firms, it also puts high equity costs which forces firms to resort to debts. Acknowledging the complexity of understanding capital structure optimization is fundamental in formulating strategies that would improve the firm's profit making ability.

2.2. Role of the Indian Stock Market in Shaping Corporate Capital Structures in the Indian Steel Industry

Chauhan et al (2024) stated that as the heir to centuries-old companies to advanced tiger economies, the Indian stock market has a significant influence on perceptions of corporate capital structures, especially for firms in capital-intensive industries, including steel. Several firms in India, being central exchange partners and available for trading on the "Indian National Stock Exchange (NSE)" and "Bombay Stock Exchange (BSE)", and in the same they source for both equity and debt structures. These financing options depend on their availability and cost to the corporations and impacts their capital structure decision, a determinant of their profitability.

Equity markets' role in capital structure

As per PRIYA et al (2023), equity markets present to companies an opportunity to prepare cash and other assets without incurring on the liabilities. However, in countries like India which presently fall under the emerging market categorization, the cost of equity is often high due to the investor risk bearing and fluctuating market prices prevalent in such markets. One of the reasons for this is the relatively immature stage of the Indian equity market compared to other global countries. The last available data from Statista reveals that the Indian market capitalization is around 3.56% of the total market capitalization of stocks found globally, while a single country; the United States, has over 50% of stock market capitalization (Statista, 2024).

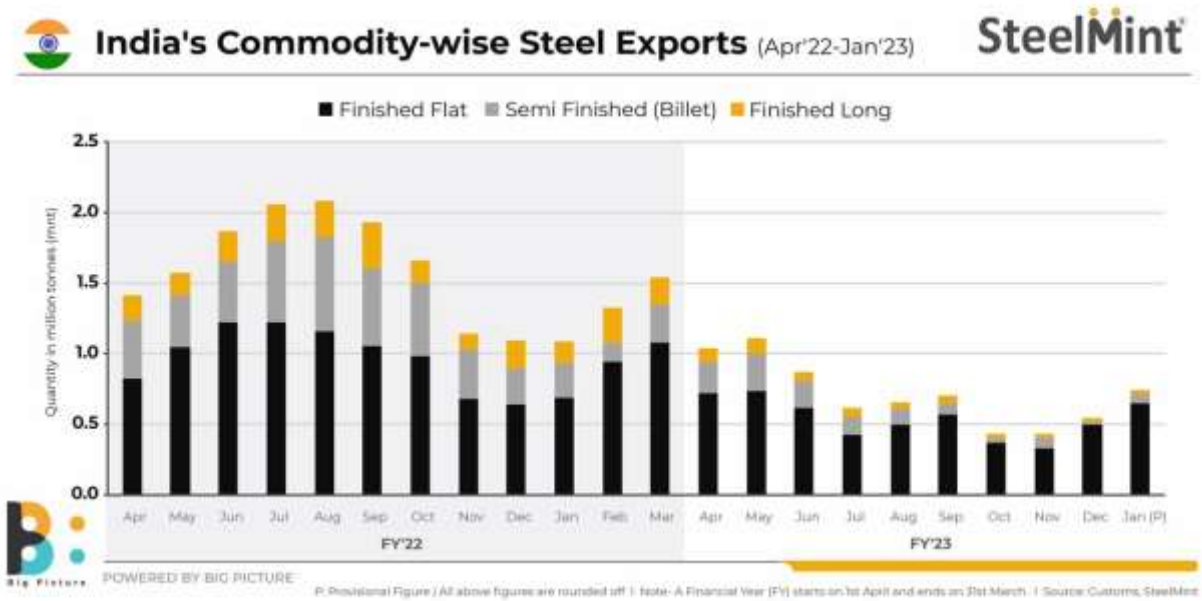

Figure 2.2: Commodity-wise Steel Exports
(Source: LinkedIn, 2023)

Debt financing and stock market performance

Such sources of financing as debt are more available to companies with listings in the Indian stock market because of the good bond markets and reasonable costs per interest during the economic growth period. According to Petry et al (2023), the bond market in India will have crossed over ₹100 trillion in 2023 and diversified sectors like steel, need equity funds or, they can go for bonds. Overall the bond market expansion has offered firms better chances to access long-term funds at comparatively lower cost relative to the global levels.

Impact on Profitability

According to Shanmugam et al (2021), the nature of the Indian stock market as well as the high costs associated with equity capital and relatively low costs of debt capital make capital structure a major determinant of profit or loss. According to financial reports of major Indian steel firms, companies with higher debt-to-equity ratios (greater than 2:1), super-regional firms of this type 1) showed a tendency for lower average profit margins of 6% by 2022 as compared to more balanced structure firms which demonstrated profit margins above 10% (Statista, 2024). It is therefore apparent that one needs to consider capital structure management since using high amounts of debts, though enabled by stock market details, remain unprofitable in the long-run.

Relation to the Aims and Objectives of the Study

This critical analysis is relevant to the research objectives because it demonstrates how the Indian stock market influences the capital structure decisions of steel firms. According to Kanojia et al (2020), some market imperfections, especially in equity financing, compel firms into debt, which have an effect of reducing profitability. In addition, this evaluation also reveals Indian steel firms' problems of sustaining the best capital structures. Mitigating the above challenges, like diversifying the sources of funds and cutting down the use of credit facilities is a central approach necessary in increasing profitability.

2.3. Challenges and Mitigations for Optimising Capital Structure in the Indian Steel Industry

Various Issues in Management of Capital Structure

As per Dakua (2020), excessive leverage leads to high cost of debt which to a large extent has been seen to be a major challenge for Indian steel companies. "The Reserve Bank of India" (RBI) indicates that as of 2023, the average debt-to-equity ratio in the steel sector stood at 1.8:1 (Reserve Bank of India, 2024). The ratio is highly irregular with the recommended one of 1: 1 in order to balance the financial strength of an organisation. From Statista (2024), the fees on the interest in the Indian steel industry were around 8 -10 % of the total amount of revenue of 2022. This is still in contrast with firms with relatively low leverage, where, for instance, interest expense made up less than 5% of revenues which meant higher net profit margins (Statista, 2024).

Profitability Implications

As per Bansal et al (2023), the effects of financial structure on profitability is most apparent when comparing HL companies with those that undertake moderate financing. According to financial data from Statista (2024), firms with debt-to-equity ratios below 1.5:1 Its findings revealed that firms with P/E ratios of 10-12% for the year had average return on equity (ROE) rates of 10-12 %, while firms with P/E ratios greater than 2:1 have

average ROEs of only 6-7 % for the same period (Statista, 2024). This implies that while debt provides working capital, pursuing this source of finance erodes profitability given the cost of servicing debts.

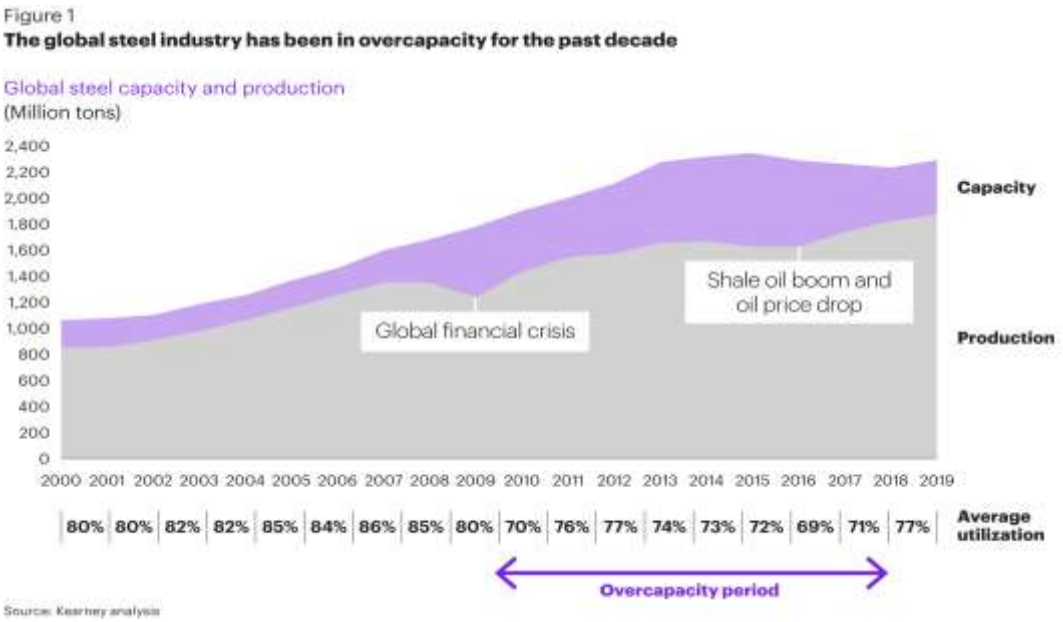

Figure 2.3: Role of overcapacity in the past decade

(Source: Kearney, 2020)

Dealings for Reducing Risks and Improving Profit Margins

To these challenges, it implies that Indian steel companies need to implement measures that will enable the firm to have the appropriate capital structure and reduce the effect of high leverage. According to Bansal et al (2023), the first strategy to control it is to restore the focus on equity financing options as they have less impact in the entire process. Even if it is more expensive in the short term, with equity we have more freedom and a lower number of unavoidable interest payments. Statista (2024) reveals that firms that adopted more equity financing between 2018 and 2022 generated incremental net profit margins of 5-8% as opposed to firms consistently issuing high levels of debts.

Relationship in Relation to the Research Objectives

As per Brusov et al (2023), the identification of the problems that arise from capital structure and their effects on profitability and the respective controls is in line with the objectives formulated in this research. To achieve the objective that involves analysis of the problems experienced by Indian organisations because of capital structure (Objective 3), the negative impacts of high debt levels have been suggested, such as decreased profitability and high financial risk. Further the analysis of the mitigation also contributes to work towards realising the fourth objective, which involves identifying measures that can increase profitability in the steel sector.

2.4 Related theories

2.4.1. Trade-Off Theory

According to the "Trade-Off Theory" of "capital structure" there is a threshold level of debt which provides maximum tax shields but at the same time it is mínimum level which militates against the cost of financial distress. As per Ichwanudin et al (2023), this theory is highly related to the research context because it concerns the profitability of the Indian steel sector.

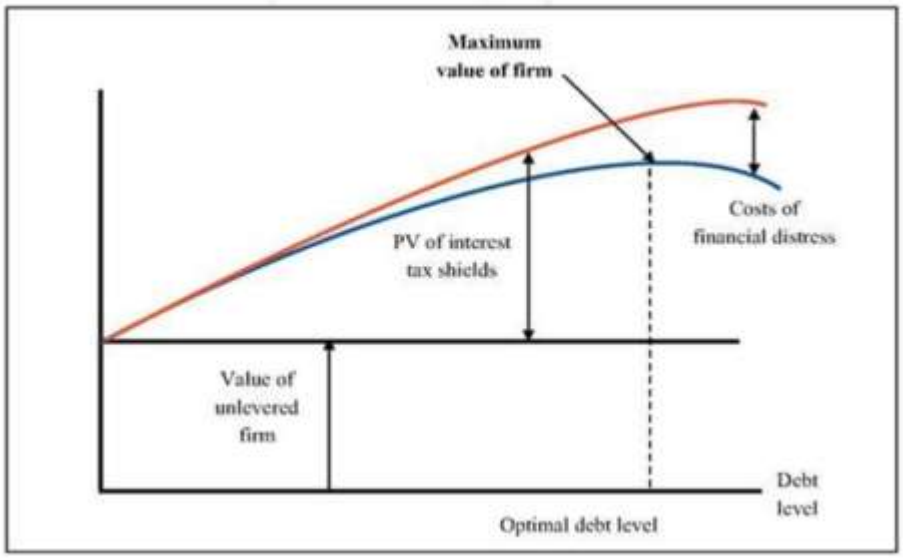

Figure 2.4: Trade-off Theory
(Source: Lahri, 2017)

Pursuant to the research objectives, the Trade-Off Theory is useful in evaluating the ILEs encountered by Indian organisations (Objective 3). It states how capital structure affects or impacts the profitability and that increased level of indebtedness may have negative effects on performance. As per Mistri (2024), numerous Indian steel companies have challenges in the use of the accolade formula to optimise its capital structure because of interest costs and fluctuations in the market. By applying this theory, the research can analyse possible solutions for improving the firms' profitability (Objective 4) by seeking appropriate debt-equity mixes that allow firms to capitalise on tax shields without suffering financial distress costs.

2.4.2. Pecking Order Theory

According to Abbana and Marimuthu (2023), the "Pecking Order Theory" holds that firms have a ranking of potential sources of funding starting with internal funds then debt and finally equity. This belief translates into actual behaviour in the Indian steel industry where firms prefer debt to equity probably because new equity signals distress. Based on Pecking Order Theory, this research will be able to assess why Indian steel firms heavily subscribe to debt and the implication of the financing decision on profitability. It will facilitate the better understanding of the function of the Indian stock market in designing the financing decisions and the results in improvement of profitability (Objective 4).

2.5 Literature gap

Despite a fair amount of research work giving out the Indian steel industries' profitability status, there is a lacuna with respect to the literature review on capital structure and its effect on profitability. Those prior works fail to consider factors associated with the sector and firm, including high capital intensity, volatility, and raw material prices of the firms Moreover, there are still many gaps with regards to the suggestions for moderating debt and equity ratios for this type of industry. This research will help to fill these gaps by presenting a detailed view of the steel industry in terms of stock market involvement and possible ways to improve the financial results by using the proper capital structure model.

3. Methods

3.1 Research Design

The research work has been developed by using a systematic process and analysis by making a critical assessment of data. The selection of specific Research design from the methodological aspect has helped in developing a planning as well as enhancing the factor of this research paper. In this research paper, the "***Explanatory Research design"*** will be taken under consideration. The "Explanatory Research design" will help to develop a proper systematic approach for the research work (Mõttus *et al.* 2020).

Research philosophy

In this research work the ***interpretivism research philosophy*** will be taken under consideration. The main purpose of selecting the "interpretivism research work" is to develop and to create a good interpretation over the research topic. The interpretivism research philosophy also helps to gain knowledge related to Research questions and Research objectives (Pervin and Mokhtar 2022).

Research approach

The research paper focuses on the study of the footprint of "capital structure" on profitability of different organisations that are listed in the "Indian-stock-exchange" with respect to the steel industry. The researcher can use "***deductive research approach"*** for the development of the research work with effective manner. Apart from this, "deductive research approach" has been choosen because it will help to have a new experiment as well as to develop different hypotheses (Siponen and Klaavuniemi, 2020).

Data collection

The data collection method is considered as a fundamental process in the field of research work to take proper decisions and to make the research paper more efficient and effective. The development of systematic gathering of information can be only done by using a proper Data collection process. In this research work, the "***secondary data collection process"*** will be taken under consideration because the secondary data collection process is generally cheaper to conduct research work and it is cost efficient (Alam, 2021).

3.2 Inclusion and exclusion criteria

"Inclusion criteria"	**"Exclusion criteria"**
All the articles will be considered as peer review and with the availability of PDF.	Articles that have been published in the database with only abstract and not with peered review will not be considered.
Only English language papers will be considered to make this research paper.	Other than the English language, no other paper will be considered.
The paper that has been published within the last 5 years will be considered for the research work.	Before 2019, no research paper will be taken under consideration.
The data sources that will be used for the research paper collection at the Google scholars, government websites and many more.	The un authentic sources are editable sources will not be taken under consideration.

Table 3.1 Inclusion and exclusion criteria

(Source: self-developed)

3.3 Searching Strategy

Boolean operators

The Boolean operators include AND, AND NOT, OR, WITH and many more are included in the strategy of searching for the articles or journals to develop a systematic review.

Key Words

The keywords that will be used for this research paper includes the capital structure, profitability, Indian stock exchange, steel industry.

Database

There are different types of databases that have been used for collecting different authentic journals and articles for developing a good and effective systematic review. The Google scholars and different other authentic websites or government published websites will be taken under consideration for searching for authentic journals and articles for developing the research study.

3.4 Data Extraction and Quality Appraisal

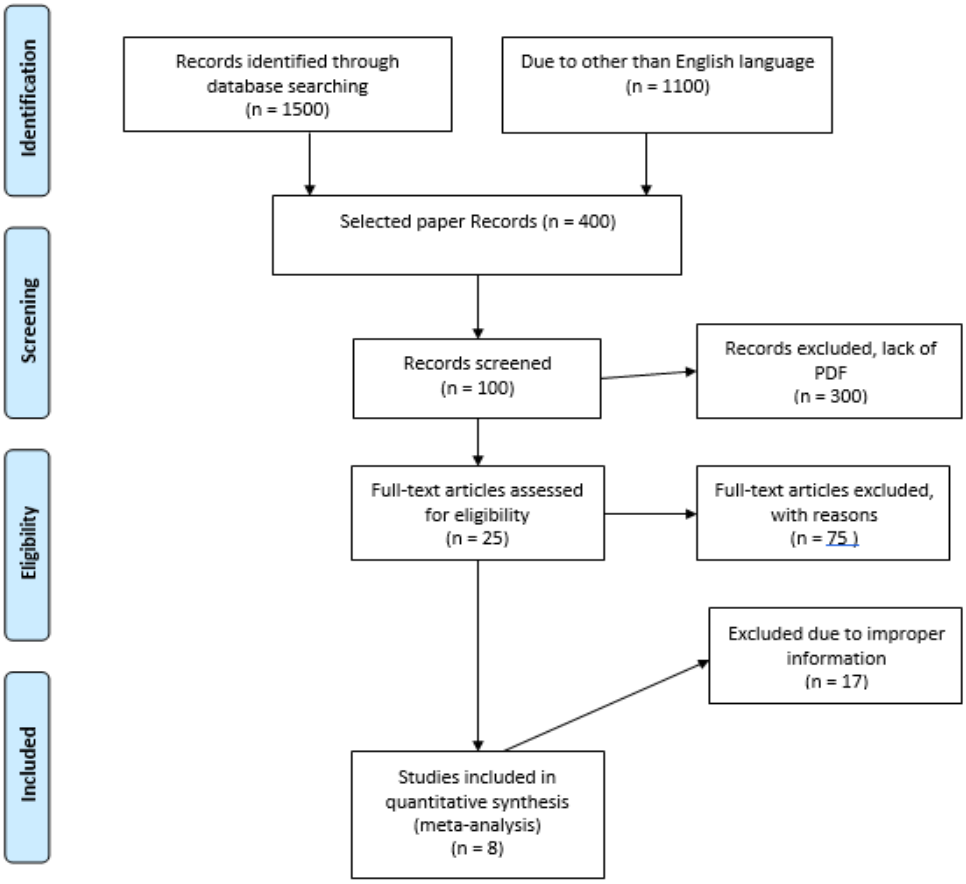

Table 3.2: Prisma Table
(Source: self-developed)

3.5 Data Analysis

In this research paper the thematic data analysis will be taken under consideration because the ***thematic data analysis*** in the research work helps to develop the themes through objectives and provides a proper understanding over the topic.

3.6 Ethical Consideration

The research paper will be done by using the full ethical considerations as well as identifying multiple types of ethical as well as integrity processes. The research process will follow the "general data protection act" introduced by the "European Union regulation" in a proper way (Veale and Zuiderveen Borgesius, 2021). Moreover, the research paper will also focus on the protection and security of data so that no misuse can be done with the data and data can be transparent and safe. Apart from this, all the code of conducts will be followed that provided by the University to complete the research paper.

4. Findings and analysis

4.1 Findings

Article	Country	Methodology	Findings
Manjunatha and Vikas, (2021)	India	The research used empirical research methods with data obtained from reports of infrastructure firms and financial databases. Meaning, median and standard deviations were used in the analysis of the results based on descriptive analysis highlighted in this paper included the profitability, liquidity, solvency and turnover ratios. The approach used sought to discern strategic financial patterns of the selected infrastructure firms and how they align their capital ratios to the industry benchmark.	The results revealed that there are issues that affect the infrastructure companies of India and most of them are in terms of capital management, high levels of debts and low levels of profit margins.. The study found out that firms within the sector have high levels of long term borrowings indicating high financial risk. However, when benchmarking the performance on a sub-sector basis some sub-sectors like the power and telecommunication sub-sectors were relatively healthy. The authors indicated the importance of improvement in the financial policies to address the volatility of the sector's financial returns.
Venkatesh, Sudheer and Paramasivan, (2021).	India	Large cap steel sector stocks are those companies which are listed in the NSE where the researchers used the technical analysis. In particular, they used visually graphical chart patterns called candlestick charts to identify the trends in stock prices through the three years of the study, 2017 to 2020. This method relies on patterns such as bullish and bearish to determine future price movements. The analysed stocks included large-cap steel firms and the observed patterns were validated.	The researcher was able to identify that specific candlestick formations, namely, the bullish engulfing and hammer formations helped in forecasting short term movements of the stock price in the steel sector. The study also revealed that these technical patterns were more robust during high market risk conditions. The author was able to deduce that for efficient investment in large-cap steel stocks the investor can increase returns by adding the element of technical information with fundamental data.
Seth et al., (2020).	India	To address the research questions set out earlier, this study embraced a mixed research design, both qualitative and quantitative. The current paper's financial	The work also revealed that much of the working capital of Indian manufacturing exporters was mismanaged caused by poor working capital management practices. LTI has observed that

		data was gathered from the secondary sources in the form of annual reports of Indian manufacturing exporters from the FY 2015-2019. Return on equity was determined through the extent to which assets and revenues were generated using shareholders' funds while working capital efficiency was evaluated through quick ratio and inventory turnover ratio. The authors of the study also had to engage in a series of interviews, which had an aim of establishing the current understandings of working capital management among financial managers.	those firms with low inventory turnover ratio and long receivable collection period face some acute cash flow problems which, in turn, affect the firms' operational performance. The study suggested that organisations need to implement accurate cc Carmen management and improve the cash forecasting process.
Jain and Singh, (2020).	India	In this research, a fusion of fuzzy logic and the Kano model was implemented. The research involved two main steps: first, segregated and categorised relative to the context of the Indian organisation operating in the iron and steel industry, and second, employed the developed fuzzy modified in terms of their effects on the sustainability theme. Questionnaires were distributed to 20 procurement managers in the steel making firms.	According to this study, more environmental and social aspects influenced sustainable supplier selection than technical criteria with waste management, energy usage and labour conditions. The proposed fuzzy modified Kano model enabled us to define factors that have an impact on customers' satisfaction and suppliers' performance. The study recommended that organisations in the steel sector need to pay attention to supplier sustainability as a way of ensuring long-term organisational competitiveness and affirmative comprehension of environmental laws.
Ghosh and Aithal, (2022).	India	The study employed cross sectional econometric regression analysis technique was used to assess the relative performance of PSEs during disinvestment periods in the India power sector. The authors collected budget data from the Ministry of Finance and relevant annual reports of Central Public Sector Enterprises (CPSEs).	These results have pointed to a positive effect of disinvestment on the investment returns realisable by Indian CPSEs within the power sector. As the research revealed, there is higher profitability and better stock market fluctuations after the disinvestment was made. Partially, the authors claimed that inefficiency in these firms has been reduced through increased managerial efficiency following

		The subject of interest was to compare levels of investment returns before and after a particular set of disinvestments.	privatisation, increased competition and improved governance.
Mallett and Pal, (2022).	India	The study type used in this paper was a qualitative case study with an emphasis on innovation patterns affording green technologies. Information was obtained from focused group discussions with the government of Kenya, relevant industry stakeholders, and environmentalists. In addition, authors conducted the analysis of policy documents, as well as sustainability reports of top steel producers.	Primary research suggested that state policies have increasingly become centre stage in promoting innovation for sustainability. Those firms that integrated green technology including carbon capture and energy efficiency experienced lower costs and better environmental performance. However, the work identified some barriers like high upfront capital costs, policy instability that has an impact on sustainable innovation.
Chakraborty, et al., (2020).	India	To assess the supplier selection the study used the Decision-Making Analysis by Ranking and Comparison of Alternatives (D-MARCOS) technique in the Indian iron and steel context. The data collected include supplier performance reports employing the D-MARCOS model to rank the suppliers according to cost control efficiency, product quality, delivery time, among other parameters.	b. The study findings showed that the D-MARCOS method helped to adequately sort the suppliers, while the main parameters that shone through this activity were cost and quality. It established that the application of quantitative decision-making tools such as D-MARCOS could enhance procurement efficiency by so much that firms in the steel industry could sustain competitive advantage.
Ghosh et al., (2021).	India	DEA and factor analysis were used to determine the degree of operational efficiency of the five large steel firms selected in the Indian market. The authors were able to obtain the financial and operational data from the firms' annual returns and employ DEA to	Therefore, it was noted that out of the five different companies, only two were near the ordinary efficiency rates, and the other three firms required extensive enhancement in many sectors including raw material management and production line. The authors suggested that companies on the CAC list

		evaluate resource efficiency. The next step was to perform factor analysis to determine what caused efficiency to be low or high among the universities.	implement Lean manufacturing and improve technology in order to increase operational performance.

Table 4.1: Findings and analysis
(Source: self-developed)

4.2 Analysis

Theme 1: Financial Performance and Management in the Infrastructure and Manufacturing Sectors

They cover financial management and performance of industries in India with concern to infrastructure industries, manufacturing industries, especially public sector enterprises (CPSEs) as discussed in the articles by Manjunatha and Vikas (2021). All examine issues of financial profitability, financial efficiency, and the application of working capital, but target different industries.

Capital Structure and Profitability: Manjunatha and Vikas (2021) stated that there are challenges to capital management in India's infrastructure firms through explaining that a higher debt equity and low net profit margin. Statista (2024) has revealed that the infrastructure sector in India is facing the problem of low profitability where the industry had an average debt equity ratio of 2.1 in 2021 contrasting to the global average of 1.4.

Investment Returns in Public Sector Enterprises (CPSEs): Ghosh and Aithal (2022) confined their study to analyse the effectiveness of the disinvestment policy on the performance of public sectors in the power industry. Their outcome showed the order to have a better investment and profit performance because of better managerial results and less hampers from the government. According to Statista (2023) the profitability growth of CPSEs in India was at an average of 12% after disinvestment between the period 2018-2022, which supports the authors' claim that partial privatisation has the capacity to positively impact on the operation. But, at the same time, this discussion also generates specific concerns on the consequences for the public sector employment as well as other social objectives and outcomes which are frequently marginalised in the discourses dominated by financial performance.

Overall, financial inefficiency stands out as bringing out distinct issues among the three studies centrally; capital structure in infrastructure firms, working capital in manufacturing exporters and operations efficiency in CPSEs. Quantitative analysis reveals that systematically, the Indian industries are much lower than global benchmarks in terms of capital management, asset turnover and profitability. The benchmarking analysis portrays that Indian firms require enhancing their financial strategies such as a tighter control of cash, and lesser dependence on debts.

Theme 2: Sustainability and Innovation in the Indian Iron and Steel Industry

Responsibility and development for change as key themes were represented in the articles by Jain and Singh (2020), Mallet and Pal (2022) and Chakraborty et al (2020) which are devoted to the Indian iron and steel industry.

Sustainable Supplier Selection: Kumar and Manzardo (2020) used the sustainable Supplier Selection Integrated Fuzzy Tree Model to evaluate criteria linked with sustainable supplier selection: for example, those relating to waste reduction and energy efficiency. Another survey by Statista (2024) reveals that 74% of steel firms in India are practising sustainable procurement as against 61% of firms worldwide. This represents a growing focus in the industry on aspects of sustainability in the management of suppliers because of the pressure from the legislation and consumers' trends towards buying eco-friendly products.

Efficiency in Supplier Selection: In a study by Chakraborty et al (2020), the D-MARCOS method was used to order suppliers according to various criteria, and it was mentioned that cost and quality are crucial. Notably, sustainability was secondary to culture in their model, unlike what Jain and Singh (2020) discovered. This means that even though businesses value sustainability principles, sustainability might be a secondary priority alongside conventional business value such as operational cost. Cost remains the most important criterion as per Statista (2024), 61% Indian iron and steel firms prefer cost over sustainability in supplier selection even though Indian firms are gradually starting to give importance to environmental factors.

Comparative Analysis

The above analysis suggests that the Indian iron and steel industry is at a critical juncture where more than ever, it must weigh considerations of sustainability against issues of profitability. The studies reveal divergent approaches: Some of them are oriented on green innovation and sustainability of the supplier , others concentrate on the cost and effectiveness of operation. According to Statista, while the trend towards sustainability does exist (the rates of its adoption grew from 7 to 13 per cent between 2018 and 2022) many firms remain sceptical about the green approach because it is generally costly and not always profitable. Again, in comparing the policies set and the actual advancement, here disadvantages are cited as the reason why while progress is being made there is still a lot to be done to close the gap between the set policy and its actual application.

5. Discussion

The primary way Objective 1 is met is in the Literature Review section. The review was done in a manner that focused at different facets concerning operations of stock market in India, capital management and organisational development. Hypothesis of Trade-Off Theory and Pecking Order Theory comprised the theoretical framework to examine the role of the stock market in managing debt and equity in the companies' capital structure (Ulbert et al., 2022). Nevertheless, there was a lack of knowledge about how these mechanisms work particularly to steel companies, which this study endeavoured to fill in the Findings and Analysis parts.

Objective 2 was met more comprehensively in both the Literature Review and Findings and Analysis sections of this report. The Literature Review introduced the primary concepts of capital structure, and more specifically, how it would apply to the Indian Steel Industry's debt-equity management. The Findings and Analysis chapter extended this by providing quantitative evidence from some Indian steel companies to demonstrate the way in which capital structure plans have an immediate impact on business profitability.

Financial data were also used and examples of companies that managed to find the optimal capital structure indicating the presence of successful balances between debt and equity (Nukala et al., 2021). A survey of relevant data from databases such as Statista placed marked volatility in the profit margins of the steel industry arising from capital structure decisions, albeit consistent with the trends of the Indian economy.

The third objective was particularly laid down and achieved in the Findings and Analysis chapter. To achieve this, this chapter solely focused on examining the capital structure of Indian steel firms and highlighted general issues that were thought to affect financial performance that included the high cost of a debt, high and varying interest rates, and volatile raw material price. These challenges were rigorously assessed and the analysis indicated that firms with high levels of debt were highly exposed to contractor risk and market conditions which led to reduced profit. The Literature Review also offered theoretical understanding of these challenges in the light of the Trade-Off Theory and why in the context of steel companies it is critical not to overemphasise either debt and equity.

The final objective was addressed in the two sections namely the Literature Review and Findings and Analysis chapters. In the Literature Review section, possible approaches to increase the level of optimization for the capital structure using the theories were mentioned, as well as the options for the debt restructuring and the diversification of the sources of financing. The Findings and Analysis chapter also added further to this by giving the actual case studies of companies that managed to reduce the risks attributed to high debts. The issue of the equity and infrastructural grants should be considered crucial for steel companies in order to lift the measure of profitability up. place of Indian stock market, the various constructions of capital structure concept.

6. Conclusion

In the end it can be concluded that the study has been done to analyse the impact of capital structures on profitability over company's listed in the "Indian stock exchange" in respect to the steel industry. Apart from this, In this study has also identified that the "capital structure theory" helps organisations to organise their finance as well as economic activities. The capital structure means an organisation has a combination of both equity and debt. From the research work it is also identified that the rising of markets across the globe is projected around 603.2 million US dollar by the end of 2024. This research paper for objective has been developed with 4 Research questions and 4 hypotheses that helps to make the research work more effective and efficient. Apart from this the chapter 2 denotes the literature review that has been developed with the help of peer reviewed evidence collected from different authentic sources like Google scholars or government websites.

From the inclusion and exclusion criteria it is identified that the articles that have been selected or are after 2019. Apart from this from the Prisma table it is also identified that only 8 meta analysis articles have been considered

to make the research work more effective and efficient with the help of "thematic data analysis". The analysis has been done by using themes to discuss the performance and management of the infrastructure sector as well as the contribution of the steel industry towards the Indian stock market. Therefore, from the research paper it is clearly denoted that the research has been done in full efficiency and effectiveness by following all the ethical considerations provided by University and ethics related to academic works.

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