

## **The Impact of Capital Structure on Financial Performance: With Special Reference to The Beverage Food and Tobacco Industry**

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### **Abstract**

Capital structure decisions are very important for all the business companies as it directly affected to companies' financial performance. Capital structure is the mix of the debt and the equity capital that can be used to finance firms' assets. The focus of this study to examine significant impact of capital structure on financial performance for the beverage food and tobacco industry listed in Colombo stock exchange. Further it examined the relationship between capital structure and profitability and liquidity. This research used firm size as a control variable to identify the relationship between firm size and capital structure in the beverage food and tobacco industry. Population of this study is all 50-beverage food and tobacco companies listed in Colombo stock exchange. The sample of this research is consisting with 20 beverage food and tobacco companies which are listed in CSE Sri Lanka. Random sampling method is used for identifying the research sample of this study.. This study covers from 2015 to 2019 time period . All the data for this research is taken from secondary data sources. This study uses quantitative methods to analyze the annual reports using various models and ratios to provide quantitative data to the study. After collecting the data, analysis will be doing by descriptive statistics, multiple regression, correlation analysis, and testing the assumptions. E-views will be used as a software in analyzing data.

**Key words:** *Capital Structure, Financial Performance, Liquidity, Profitability*