Capital Structure, Cost of Capital, and Value Creation: An Empirical Study

[1]Harshvardhan Kumar, [2]Dan Philip Issac, [3]Sharka Anjum, [4]Ishika, [5]Dr. Rohit Bansal

[1234]MBA Student, Lovely Professional University

[5]Associate Professor, Lovely Professional University

email: singhharshvardhan430@gmail.com

ABSTRACT

In the highly leveraged world of auto manufacturing, taking on debt is usually just part of the game. But Bosch Limited, a leading tier-1 automotive supplier listed on both the NSE and BSE, follows a very different approach. This paper examines the financial strategy of Bosch, exploring how the company structures its capital, prices it, and ultimately translates those choices into real shareholder value. By analysing five years of audited standalone financials (FY 2021-22 to FY 2025-26), we examine whether Bosch's strictly zero-debt approach holds up against traditional corporate finance theories. To put some hard numbers behind this strategy, we used the Capital Asset Pricing Model (CAPM) and the Weighted Average Cost of Capital (WACC) to estimate the company's true hurdle rate. The results confirm that Bosch is completely unlevered. With a debt-to-equity ratio of 0.00x, equity carries the entire 100% weight. Plugging in a 7.10% risk-free rate, a beta of 0.85, and a 6.00% equity risk premium, both the cost of equity and the WACC settle right at 12.20%. For a firm with zero debt, the WACC is simply equal to its cost of equity.

Does this conservative approach leave value unrealised? To find out, we benchmarked Bosch against two industry peers: Schaeffler India and Samvardhana Motherson International. While Samvardhana Motherson uses debt to lower its nominal WACC via interest tax shields, Bosch clearly prioritizes long-term solvency and operational flexibility. The strategy appears to be paying off. Bosch is generating a Return on Capital Employed (ROCE) of 21.54%. Since that easily clears their 12.20% WACC by 9.34 percentage points, the company is creating a healthy Economic Value Added (EVA) spread.

Ultimately, this heavily equity-funded model is consistent with the Pecking Order Theory in action. More importantly, it gives Bosch the financial flexibility to fund its significant pivot toward electric mobility and software-defined vehicles. By avoiding the heavy debt loads that constrain other firms during industry slumps, Bosch has positioned itself to navigate the auto sector's inevitable cyclical downturns without taking on excessive financial risk.

Keywords: Corporate Finance, Cost of capital, Zero-Leverage, Cost of Equity, Pecking Order Theory, Automotive Technology, Strategic Financial Management

1. INTRODUCTION

The automotive components industry is one of the key industries in India's manufacturing sector, contributing not only to industrial production but also to exports and employment, providing a substantial number of jobs for a highly skilled workforce. This has undergone significant transformation over the last decade: Bharat Stage IV has evolved into Bharat Stage VI, Corporate Average Fuel Efficiency (CAFE) standards have been tightened, and the government has initiated several schemes, including FAME and the Production Linked Incentive (PLI) programme that encouraged increased adoption of electric vehicles. This means that component makers are continuing to invest significant resources in research and development, software integration and new powertrain technologies while also dealing with the ebb and flow of demand, as well as volatile raw material prices. In this context, the mix of financing that a company uses, namely

debt, equity and hybrid instruments, provides significant insight into the resilience of the company, its cost of capital, and its long-term value creation potential. According to the textbook theory, an optimal capital structure is the balance between financial distress costs and tax advantages that is achieved by borrowing the right amount of money and using the right mix of debt and equity. In reality, however, big companies, particularly those that belong to a multinational, frequently end up at the extremes. Bosch Limited (NSE: BOSCHLTD) (BSE: 500530) is the listed Indian entity of the Germany-based Robert Bosch Group, a leading global company in the fields of mobility solutions, industrial technology, consumer goods and energy and building technology. Bosch's manufacturing base and revenues are in the billions of rupees, but the company has no long-term bank loans or corporate debentures on its books; it funds its operations and capital expenditure from retained earnings. This study will accomplish three objectives:

1. Present and confirm the historical capital structure and financial performance of Bosch Limited on the basis of the audited annual report data for the period FY 2021-22 to FY 2025-26 (years ended 31 March 2022 to 31 March 2026).

2. Calculate Cost of Equity (Ke), Cost of Debt (Kd) and Weighted Average Cost of Capital (WACC) using the Capital Asset Pricing Model and the balance sheet.

3. Analyse the financing structure, WACC and value creation of Bosch Limited and compare it with two other companies from the industry, namely Schaeffler India Limited and Samvardhana-Motherson International Limited, to draw appropriate inferences regarding the pros and cons of unlevered financing in a capital-intensive industry.

2. THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1 The Foundations of Capital Structure Theory

The theories of modern capital structure go back to the propositions issued by Modigliani and Miller in 1958. In their Proposition I (the Irrelevance Theorem), they state that, under the conditions of “frictionless markets” (no corporate taxes, no personal taxes, symmetric information, no transaction costs, and equal borrowing interest rates for individual and corporate borrowers), the value of the company to its shareholders is independent of its financing. In this respect value is determined by the earning power of the firm's assets and not by the nature of the claims against the earnings.

With the inclusion of taxes into their model, Modigliani and Miller revisited their model in 1963. Interest paid on debt is tax deductible, whereas dividends are paid out of the after-tax profit of the firm, thus giving a company an interest tax shield which increases the after-tax cash available to the capital providers. The value of a levered firm (VL) is equal to the value of an identical unlevered firm (VU) plus the present value of that tax shield:

$$\mathbf{VL = VU + (t \times D)}$$

where t is the tax rate on the company's statutory income, and D is the nominal amount outstanding in terms of debt with interest payments.

At its face value, it would seem that a firm should concentrate on getting 99.99% debt financing to keep its weighted average cost of capital to a minimum and value to a maximum. Usually companies don't do this, and this is why later theories attempted to bridge the divide between what companies actually do and what the model implies.

2.2 The Trade-Off Theory of Capital Structure

Kraus and Litzenberger’s Static Trade-Off Theory (1973), developed further by Myers (1984), fills that gap by adding in the deadweight costs of financial distress and liquidation. As leverage rises, so does the chance that a firm cannot cover its obligations, and that risk does not grow in a straight line — it accelerates.

Under this theory, firm value peaks at some optimal debt-to-equity ratio (D*/E*), the point where the marginal benefit of an additional rupee of tax shield just offsets the marginal cost of expected distress:

$$\mathbf{V_L = V_U + PV(Interest\ Tax\ Shield) - PV(Costs\ of\ Financial\ Distress)}$$

Distress costs are not limited to legal and accounting fees. They also show up indirectly — lost sales when customers worry about warranty support, suppliers demanding tighter credit terms, and key engineers or managers choosing to leave. In a cyclical business such as automotive components, where revenue tracks the broader economy, heavy leverage raises the odds of distress during downturns, which is usually reason enough for cautious management teams to carry

less debt than a pure tax-shield model would recommend.

2.3 The Pecking Order Theory

A different explanation for why profitable manufacturers often carry little debt comes from Myers and Majluf's Pecking Order Theory (1984). Rather than assuming everyone has the same information, this theory starts from the fact that managers know more about a firm's true value and its investment pipeline than outside investors do.

Because of the gap, investors tend to read a new equity issue as a signal, often correctly, that insiders believe the stock is overpriced. That is why issuing equity typically pushes the share price down and dilutes existing shareholders. To avoid that penalty and to protect shareholder value, firms tend to follow a financing hierarchy:

1. Internal retained earnings first, since internally generated cash carries no information-asymmetry cost and no flotation fees.

2. Straight debt next, once "internal funds" run short because debt holders have priority claims and face less uncertainty than equity holders.

3. External equity is usually considered, as a last resort used when firm's borrowing capacity is exhausted or covenants begin to restrict operations.

Under this theory, firms are not chasing a specific debt-to-equity target at all. What shows up on the balance sheet is really the accumulated outcome of past profitability and investment needs. Highly profitable companies with strong cash generation — Bosch Limited being a case in point — build up cash reserves, pay down whatever debt they carry, and end up operating with low or zero leverage.

3. RESEARCH METHODOLOGY AND COMPUTATIONAL FORMULAS

3.1 Data Sourcing and Research Design

This is a quantitative, empirical study that is based on audited secondary data from Bosch Limited's standalone balance sheet, statement of profit and loss and notes to accounts for FY 2021-22 to FY 2025-26. The peer group companies of Schaeffler India Limited and Samvardhana Motherson International Limited were sourced from their own audited annual reports and cross-verified from the filings with BSE and NSE.

3.2 Mathematical Formulation of the Cost of Capital

Computing the hurdle rate for a firm requires the computation of the cost of each capital component, which is weighted to arrive at the overall cost of capital for the firm.

3.2.1 Cost of Equity (Ke) via the Capital Asset Pricing Model

The cost of equity depicts the required rate of return needed to lure equity investors into buying shares of the company. This is mathematically expressed as:

$$\mathbf{Ke = Rf + \beta \times (Rm - Rf)}$$

Where:

• Rf, the risk-free rate equals the average yield to maturity of 10-year Indian Government Securities

• β (Beta) reflects the sensitivity of the stock to systematic, non-diversifiable risk. It uses the returns of the benchmark index NSE Nifty 50 as a proxy for the market portfolio. A Beta of less than 1.00 indicates that the stock is less risky than the market as a whole while greater than 1.00 beta indicates greater volatility than the market

• Rm − Rf equals the Equity Risk Premium (ERP) which reflects the risk premium demanded by the investors for bearing the risk of Indian equity market as opposed to investing in risk-free assets.

3.2.2 Cost of Debt (Kd)

The cost of debt is the effective interest rate a company pays on its borrowings, net of the tax shield: Kd = (Total Annual Interest Expense ÷ Total Interest-Bearing Borrowings) × (1 − t) where t is the marginal corporate tax rate under Indian

income-tax law (25.17%). For a company with zero borrowings, interest expense is zero, so Kd works out to 0.00%.

3.2.3 Weighted Average Cost of Capital (WACC)

WACC blends the two component costs weighted by how much of the capital base each source represent:

WACC = (We × Ke) + (Wd × Kd)

We = E ÷ (E + D) and Wd = D ÷ (E + D). E is the total book value of shareholder equity (paid-up equity capital plus accumulated reserves) and D is the total interest-bearing debt (short-term and long-term borrowings combined).

3.2.4 Economic Value Added (EVA) and the Value Creation Spread

To check whether Bosch is actually creating economic value — not just running a low-cost balance sheet — the study compares Return on Capital Employed (ROCE) against WACC:

EVA = NOPAT − (Capital Employed × WACC)

Value Creation Spread = ROCE – WACC

NOPAT (Net Operating Profit After Tax) is EBIT × (1 − t). Capital Employed is taken as shareholder equity plus total interest-bearing debt. ROCE is [EBIT × (1 − t)] ÷ Capital Employed.

4. EMPIRICAL FINANCIAL DATA ANALYSIS AND STEP-BY-STEP COMPUTATIONS FOR BOSCH LIMITED

This section presents the standalone balance sheet and profit and loss data from the financial statements of Bosch Limited. Figures are given in millions of Indian rupees (Mio-INR). To maintain consistency with standard Indian financial reporting, 1 crore = 10 million.

4.1 Standalone Balance Sheet Data (31 March 2026 and 31 March 2025)

Equity Share Capital: INR 295 million (29.5 Cr), comprising 29,493,640 fully paid equity shares.

This figure has not changed during the whole study period; this means no equity dilution has occurred.

Other equity (Reserves and Surplus): In FY 2024-2025 INR 137,882 million (INR 13,788.20 Cr) and FY 2025-2026 INR 148,172 million (INR 14,817.20 Cr). This reflects the changes in retained earnings and statutory reserves.

Total Shareholder Equity: In FY 2024-25 INR 138,177 million (INR 13,817.70 Cr) and FY 2025-2026 INR 148,467 million (INR 14,846.70cr).

Borrowings (Long-Term and Short-term): Both non-current and current borrowings are zero (D = INR 0.00 Cr). Trade payables, lease liabilities under Ind AS 116 and other operating provisions are not bank debt or debentures and are excluded from D.

Revenue from Operations: In FY 2024-25 INR 180,874 million (INR 18,087.40 Cr) and in FY 2025-26 INR 200,347 million (INR 20,034.70 Cr).

Profit After Tax: In FY 2024-25 INR 20,133 million (INR 2,013.30 Cr) and in FY 2025-26 INR 27,703 million (INR 2,770.30 Cr).

4.2 Multi-Year Trend Analysis (FY 2021–22 to FY 2025–26)

Table 1 presents the standalone capital structure metrics, operating scale, profitability indicators, and computed cost of capital figures for Bosch Limited across the five-year window.

Parameter	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	5-Yr Trend
Equity Share Capital (INR Cr)	29.50	29.50	29.50	29.50	29.50	Constant
Other Equity / Reserves (INR Cr)	10,943.00	10,975.60	12,027.40	13,788.20	14,817.20	+35.40%
Total Shareholder Equity, E (INR Cr)	10,972.50	11,005.10	12,056.90	13,817.70	14,846.70	+35.31%
Long-Term Borrowings (INR Cr)	0.00	0.00	0.00	0.00	0.00	Zero
Short-Term Borrowings (INR Cr)	0.00	0.00	0.00	0.00	0.00	Zero
Total Debt Capital, D (INR Cr)	0.00	0.00	0.00	0.00	0.00	Zero Debt
Debt-to-Equity Ratio (D/E)	0.00x	0.00x	0.00x	0.00x	0.00x	Zero Gearing
Revenue from Operations (INR Cr)	11,781.00	14,929.00	16,727.00	18,087.40	20,034.70	+70.06%
Profit After Tax, PAT (INR Cr)	1,217.00	1,424.30	2,490.20	2,013.30	2,770.30	+127.63%
Weight of Equity (We)	100.00%	100.00%	100.00%	100.00%	100.00%	100% Equity
Weight of Debt (Wd)	0.00%	0.00%	0.00%	0.00%	0.00%	0% Debt
Cost of Equity (Ke)	11.32%	12.34%	12.20%	12.11%	12.20%	11.32–12.34%
WACC	11.32%	12.34%	12.20%	12.11%	12.20%	Equal to Ke

Note: PAT is shown as reported, including exceptional items. FY 2023–24 and FY 2025–26 PAT include exceptional gains from the sale/divestment of businesses.

4.3 Step-by-Step Derivation of the Cost of Capital

4.3.1 Proportional Capital Weights

Using the balance sheet figures for FY 2025–26 — D = INR 0.00 Cr and E = INR 14,846.70 Cr:

$W_d = D \div (E + D) = 0.00 \div (14{,}846.70 + 0.00) = 0.0000$ (0.00%)

$W_e = E \div (E + D) = 14{,}846.70 \div (14{,}846.70 + 0.00) = 1.0000$ (100.00%)

4.3.2 Cost of Equity (Ke) Computation via CAPM

For FY 2025–26, the CAPM inputs are:

- Risk-Free Rate (Rf): 7.10%, the multi-quarter average yield on 10-year Government Securities.
- Beta (β): 0.85, from a 36-month regression of Bosch's weekly returns against the Nifty 50. A beta this far under 1.00 reflects Bosch's large cash holdings, diversified product base, and debt-free balance sheet.
- Equity Risk Premium (ERP = Rm − Rf): 6.00%, the historical premium demanded in the Indian equity market.

Applying the CAPM formula:

$K_e = 7.10\% + 0.85 \times 6.00\% = 7.10\% + 5.10\% = 12.20\%$

The same calculation across the five-year window:

- FY 2021–22: Rf = 6.40%, β = 0.82, ERP = 6.00% → Ke = 6.40% + (0.82 × 6.00%) = 6.40% + 4.92% = 11.32%
- FY 2022–23: Rf = 7.30%, β = 0.84, ERP = 6.00% → Ke = 7.30% + (0.84 × 6.00%) = 7.30% + 5.04% = 12.34%
- FY 2023–24: Rf = 7.10%, β = 0.85, ERP = 6.00% → Ke = 7.10% + (0.85 × 6.00%) = 7.10% + 5.10% = 12.20%
- FY 2024–25: Rf = 6.95%, β = 0.86, ERP = 6.00% → Ke = 6.95% + (0.86 × 6.00%) = 6.95% + 5.16% = 12.11%
- FY 2025–26: Rf = 7.10%, β = 0.85, ERP = 6.00% → Ke = 7.10% + (0.85 × 6.00%) = 7.10% + 5.10% = 12.20%

4.3.3 Cost of Debt (Kd) Computation

Because Bosch Limited holds zero contractual debt, total interest paid on bank borrowings and debentures is zero:

Gross Interest Expense on Borrowings = INR 0.00 Cr

K_d = 0.00% (no borrowings, so interest expense and Wd are both zero)

The finance costs recorded in Note 24 relate to lease liabilities under Ind AS 116, not to contractual financing charges on borrowed capital.

4.3.4 Final Weighted Average Cost of Capital (WACC)

Combining the capital weights and cost components:

WACC = (W_e × K_e) + (W_d × K_d)

WACC = (1.0000 × 12.20%) + (0.0000 × 0.00%) = 12.20% + 0.00% = 12.20%

Because Bosch Limited is entirely equity-financed, its WACC is mathematically identical to its Cost of Equity (WACC = Ke = 12.20%).

5. COMPARATIVE INDUSTRY PEER BENCHMARKING ANALYSIS

To put Bosch Limited's unlevered structure in context, it is benchmarked here against two other major automotive component manufacturers in India: Schaeffler India Limited and Samvardhana Motherson International Limited. Table 2 lays out the comparison.

Metric	Bosch Ltd. (Target)	Schaeffler India (Peer 1)	Samvardhana Motherson (Peer 2)
Capital Structure Strategy	Conservative Unlevered	Quasi-Unlevered	Highly Leveraged
Total Shareholder Equity (INR Cr)	14,846.70	5,340.20	29,880.00
Total Debt Capital, D (INR Cr)	0.00	15.20	13,450.00
Debt-to-Equity Ratio (D/E)	0.00x	0.003x	0.45x
Systematic Equity Beta (β)	0.85	0.95	1.25
Cost of Equity (Ke)	12.20%	12.80%	14.60%
Pre-Tax Cost of Debt	0.00%	7.50%	8.10%
Marginal Corporate Tax Rate (t)	25.17%	25.17%	25.17%
After-Tax Cost of Debt (Kd)	0.00%	5.61%	6.06%
Weight of Equity (We)	100.00%	99.72%	68.96%
Weight of Debt (Wd)	0.00%	0.28%	31.04%
Calculated WACC	12.20%	12.78%	11.95%

Metric	Bosch Ltd. (Target)	Schaeffler India (Peer 1)	Samvardhana Motherson (Peer 2)
Return on Capital Employed (ROCE)	21.54%	27.90%	13.43%
Return on Equity (ROE)	19.33%	20.80%	14.74%
Value Creation Spread (ROCE − WACC)	+9.34%	+15.12%	+1.48%

5.1 Analysis of Leverage and Cost of Capital Discrepancies

Indian auto component manufacturers follow two markedly different approaches to financing their operations.

Samvardhana Motherson International uses debt extensively, carrying about INR 13,450 crore of debt with a D/E ratio of around 0.45x. Much of this borrowed capital funded overseas acquisitions and plant expansion. Such borrowing raises financial risk, which is why its beta is 1.25 and its cost of equity rises to 14.60%. The offsetting benefit is the interest tax shield, which pulls its after-tax cost of debt down to 6.06%. Since debt makes up nearly a third of its capital mix (around 31%), its overall cost of capital, the WACC, falls to 11.95%. This is consistent with the Trade-Off Theory: debt provides cheaper funding, but at the price of higher financial risk.

Bosch and Schaeffler India follow the opposite approach. Bosch has a D/E ratio of 0.00x, and Schaeffler India is practically zero at 0.003x. This aligns well with the Pecking Order Theory, under which companies prefer to use their own cash before approaching lenders.

Because Bosch does not borrow, it forgoes the interest tax shield, so its WACC of 12.20% is higher than Samvardhana Motherson's 11.95%, although it remains below Schaeffler India's 12.78%. In return, Bosch avoids interest obligations, debt covenants and debt pressure if the market turns down, and its lower beta of 0.85 indicates lower systematic risk for investors. Bosch thus trades away a slightly cheaper funding rate for balance sheet stability and flexibility, which is valuable when the industry is volatile.

6. STRATEGIC IMPLICATIONS, ECONOMIC VALUE ADDED, AND CAPITAL ALLOCATION

6.1 Economic Value Added (EVA) and Wealth Generation

A low cost of capital is of limited value unless the firm earns a good return on the capital it employs. Economic Value Added (EVA) addresses this by looking at the gap between what a firm earns on its assets and what it costs to fund them.

For Bosch, the 12.20% WACC is effectively the hurdle rate that its operations must clear. With a return on capital employed of 21.54%, its value creation spread comes out to roughly +9.34% after subtracting the WACC. Any positive spread means the firm is creating real wealth for shareholders.

A comparison with the peers makes this clearer. Schaeffler India records the highest spread, +15.12%, owing to a 27.90% return on capital, which may reflect the strong profitability of its bearing and transmission businesses. Bosch sits in the middle with a solid spread of +9.34%.

Samvardhana Motherson is a contrasting case. Its spread is only +1.48%, despite a WACC of 11.95% that is lower than Bosch's because of its cheaper after-tax cost of debt. Integration costs from global acquisitions, higher interest burden and organisational complexity may be compressing its margins. Having the lowest cost of capital is therefore not sufficient; what matters is the gap between actual returns and funding costs.

6.2 Strategic Flexibility During the Electric Vehicle (EV) Transition

The shift toward electric vehicles (EVs), cleaner powertrains and technologies such as Advanced Driver Assistance Systems (ADAS) is reshaping the industry. For tier-1 suppliers, this creates a few major challenges.

First, the pace of technology adoption is uncertain. EV adoption differs widely across two-wheelers, passenger cars and heavy trucks, so suppliers must keep funding electric technology while continuing to run their legacy internal combustion engine (ICE) lines to generate cash. Second, the capital required is substantial: power electronics and battery technology

need years of heavy investment before they generate profit.

A zero-debt structure gives Bosch a clear advantage here. A heavily indebted company must generate cash every quarter to service interest, regardless of market conditions, and a sudden dip in sales or an additional redesign can easily trigger a cash crunch. Bosch, by contrast, holds over INR 14,800 crore in equity reserves with no borrowings to service. This allows it to keep investing in EV research and development and in capacity expansion with little risk to its solvency.

7. CONCLUSION AND POLICY RECOMMENDATIONS

7.1 Summary of Core Findings

This study examined how Bosch handles its capital, its overall cost of funding, and whether it creates real value. The main findings are as follows.

Bosch has no interest-bearing borrowings, with a D/E ratio of 0.00x. Its capital base, about INR 29.50 crore in equity share capital and over INR 14,800 crore in reserves, is built purely on equity. Because there is no interest-bearing debt, its WACC is identical to its cost of equity: using a beta of 0.85, a 7.10% risk-free rate and a 6% risk premium gives a WACC of 12.20%. Bosch is consistent with the Pecking Order Theory, relying on internal cash to fund capital expenditure instead of borrowing from banks or issuing equity. Its 21.54% return on capital comfortably exceeds the 12.20% benchmark, leaving a healthy +9.34% spread in economic value.

7.2 Recommendations for Corporate Management

Going forward, management could consider a few measures to sharpen financial performance.

First, management could consider low-cost, short-term debt or commercial paper to fund greenfield EV projects. Borrowing at around 7.50% pre-tax (roughly 5.61% after tax) would create a useful tax shield and, holding the cost of equity constant, would bring the WACC below 12% once debt exceeds about 3% of the capital base, without exposing the company to any real danger.

Second, with reserves above INR 14,800 crore and capital expenditure already covered internally, management should maintain strong dividend payouts and could also consider share buybacks to prevent the equity base from growing excessively and to protect return on equity (ROE). Finally, management should remain disciplined about hurdle rates: any new proposal in EV technology or ADAS should be funded only if its internal rate of return (IRR) exceeds the 12.20% benchmark.

REFERENCES

- Bosch Limited. (2022). Annual report 2021–22: Enabling mobility transformation. Bengaluru: Bosch Limited.
- Bosch Limited. (2023). Annual report 2022–23: Innovating for a connected future. Bengaluru: Bosch Limited.
- Bosch Limited. (2024). Annual report 2023–24: Powering tomorrow, together. Bengaluru: Bosch Limited.
- Bosch Limited. (2025). Standalone and consolidated financial statements for the year ended March 31, 2025. Bengaluru: Bosch Limited.
- Bosch Limited. (2026). Annual report 2025–26: Financial statements and statutory reports. Bengaluru: Bosch Limited.
- Brigham, E. F., & Ehrhardt, M. C. (2020). Financial management: Theory & practice (16th ed.). Boston, MA: Cengage Learning.
- Damodaran, A. (2012). Investment valuation: Tools and techniques for determining the value of any asset (3rd ed.). Hoboken, NJ: John Wiley & Sons.
- Fama, E. F., & French, K. R. (2004). The Capital Asset Pricing Model: Theory and evidence. Journal of Economic Perspectives, 18(3), 25–46.
- Graham, J. R., & Harvey, C. R. (2001). The theory and practice of corporate finance: Evidence from the field. Journal of Financial Economics, 60(2-3), 187–243.

- Kaur, M., & Narang, S. (2006). Economic value added and corporate performance: A case study of Infosys Technologies Limited. Apeejay Journal of Management and Technology, 1(1), 101–114.
- Kraus, A., & Litzenberger, R. H. (1973). A state-preference model of optimal financial leverage. The Journal of Finance, 28(4), 911–922.
- Modigliani, F., & Miller, M. H. (1958). The cost of capital, corporation finance and the theory of investment. The American Economic Review, 48(3), 261–297.
- Modigliani, F., & Miller, M. H. (1963). Corporate income taxes and the cost of capital: A correction. The American Economic Review, 53(3), 433–443.
- Myers, S. C. (1984). The capital structure puzzle. The Journal of Finance, 39(3), 574–592.
- Myers, S. C., & Majluf, N. S. (1984). Corporate financing and investment decisions when firms have information that investors do not have. Journal of Financial Economics, 13(2), 187–221.
- Pandey, I. M. (2022). Financial management (12th ed.). New Delhi: Pearson Education India.
- Reserve Bank of India. (2024). Handbook of statistics on the Indian economy 2023–24. Mumbai: Reserve Bank of India.
- Samvardhana Motherson International Limited. (2024). Annual report 2023–24: Proud to be part of your journey. Noida: Samvardhana Motherson International Limited.
- Schaeffler India Limited. (2024). Annual report 2023: Motion technology for sustainable progress. Pune: Schaeffler India Limited.
- Stewart, G. B. (1991). The quest for value: A guide for senior managers. New York, NY: HarperBusiness.
- Suresh, K., & Ramana, D. V. (2021). Determinants of capital structure: Empirical evidence from Indian manufacturing firms. Vikalpa: The Journal for Decision Makers, 46(2), 85–99.