INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories
Indexed & Listed at:
Ulrich's Periodicals Directory ©, ProQuest, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,
Indian Citation Index (ICI), J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],
Index Copernicus Publishers Panel, Poland with IC Value of 5.09 (2012) & number of libraries all around the world.
Circulated all over the world & Google has verified that scholars of more than **6575 Cities** in **197 countries/territories** are visiting our journal on regular basis.
Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA
http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR

IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF** ______________________________________.

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript titled '____' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR	:
Designation/Post*	:
Institution/College/University with full address & Pin Code	:
Residential address with Pin Code	:
Mobile Number (s) with country ISD code	:
Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No)	:
Landline Number (s) with country ISD code	:
E-mail Address	:
Alternate E-mail Address	:
Nationality	:

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation **etc**. ***The qualification of author is not acceptable for the purpose***.

NOTES:

a) The whole manuscript has to be in ***ONE MS WORD FILE*** only, which will start from the covering letter, inside the manuscript. ***pdf. version** is liable to be rejected without any consideration*.

b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail**:

New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.

d) The total size of the file containing the manuscript is expected to be below **1000 KB**.

e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.

f) ***The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours*** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.

g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.

2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters**, **centered** and **fully capitalised**.

3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name**, **designation**, **affiliation** (s), **address**, **mobile/landline number** (s), and **email/alternate email address** should be given underneath the title.

4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.

5. **ABSTRACT:** Abstract should be in **fully Italic printing**, ranging between **150** to **300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA**. ***Abbreviations must be mentioned in full***.

6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.

7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.

8. **MANUSCRIPT:** Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. *It should be free from any errors i.e.* ***grammatical, spelling*** *or* ***punctuation.*** *It must be thoroughly edited at your end*.

9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.

11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:

INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
LIMITATIONS
SCOPE FOR FURTHER RESEARCH
REFERENCES
APPENDIX/ANNEXURE

The manuscript should preferably be in ***2000 to 5000 WORDS***, But the limits can vary depending on the nature of the manuscript.

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR**, **centered**, **separately numbered** & self-explained, and the **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. *It should be ensured that the tables/figures are referred to from the main text*.
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. ***The author (s) should mention only the actually utilised references in the preparation of manuscript*** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parenthesis.
- ***Headers, footers, endnotes*** *and* ***footnotes*** *should* ***not be used*** *in the document****.*** However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

ANALYSIS OF COST OF EQUITY AND LEVERAGE OF POWER SECTOR

ARUNIMA RUDRA
M. Phil. RESEARCH SCHOLAR
INDIAN INSTITUTE OF SOCIAL WELFARE AND BUSINESS MANAGEMENT (IISWBM)
KOLKATA

ABSTRACT
In this paper we have calculated the cost of equity of companies working in power sector and checked under which method the cost of equity is more relatable to the market growth rate. Also, we have calculated the various types of leverage to assess the structure of assets and their nature of financing. Finally, the paper concludes on the basis of analysis that cost of equity calculated under CAPM method is more relatable with the market growth rate. CAPM is the more effective method to calculate the cost of equity than other methods.

KEYWORDS
cost of equity, leverage, power companies.

JEL CODE
G13.

I. INTRODUCTION
Cost of capital is one of the main parameters to undertake every capital budgeting project. Many companies use a combination of debt and equity to finance their capital. For those companies, analysts and investors typically mean the weighted average of a firm's cost of debt and cost of equity blended together (WACC) while explaining cost of capital. The cost of capital metric is used by companies internally to assess whether a capital project is worth the expenditure of resources. Therefore, investors make investment decisions depending on the expected or required level of interest rate determined by the risk scale of a given project. It also includes the uncertainty regarding the time required before the expected returns are gained. Generally, the greater the risk for the investor, the higher the expected returns. Without any hope of greater returns, investors would not consider carrying out projects with higher risk levels at all; In order to assess the economic effectiveness of the projects, investors use a variety of methods, the most widespread of which is the discounted cash flow analysis (DCF). This technique takes the time value of money and uses the cost of capital to update (as of the assessment date) future financial results into account.
Leverage means that a percentage change in one amount causes a relatively large amount of change in other amounts. The process of increasing the earning per share to the equity shareholders by changing the fixed operating cost and fixed financial cost with respect to the change in sales is called leverage. Leverages are of three types: 1) operating leverage 2) financial leverage 3) combined leverage.

LITERATURE REVIEW
Based on various empirical literature it is proved that the relationship between leverage and K_E is extensive, but inconclusive. While some studies prove a positive relationship between cost of equity(K_E) and leverage(L), others show that returns are either insensitive or decline with leverage. Fama and French (1992) and George and Hwang (2007) in their studies determine that equity returns are not sensitive, even decline with book leverage, but Nielsen (2006) and Penman et al. (2007) find that while size and book-to-market factors are controlled, equity returns are not sensitive, rather fall with market leverage. However, a large number of studies tested different definitions of expected returns to determine whether there is any empirical relationship.
An empirical study conducted by Sharma and Rao (1969) showed that apart from tax advantages the cost of capital was affected by debt. This result was supported by another study conducted by Pandey (1985). Chandra (1997) has conducted a study to establish the effect of leverage on shareholders' return. This study has concluded that profitability has a strong influence on the financial leverage as well as on the shareholders' return in engineering industry in India.
Dhaliwal et al. (2006) examine the associations among the firm's implied K_E, leverage and corporate and investor level taxes. Their results conclude that the equity risk premium associated with leverage declines with the corporate tax benefits from debt.
The Capital Assets Pricing Model (CAPM) established by Sharpe (1964), Lintner (1965) and Mossini (1966) builds upon the "Portfolio Theory" presented by Harry Markowitz (1959). The Capital Assets Pricing Model (CAPM) assistances the basis for significant the required rate of return on all risky assets. The Capital Assets Pricing Model (CAPM) is mostly used by the finance managers or investors in finding the risk of the investment and to expect the expected return of the stock (Jagannathan & Wang, 1993). The Capital Assets Pricing Model (CAPM) is based on certain assumptions; (Van Horne, 2006). Unsystematic risk can be avoided by the portfolio diversification; however, investors are satisfied for the systematic risk of basic security which cannot be expanded away; higher the systematic risk higher will be the return the investors expect (Lau & Quay, 1974). Beta (β) is the measure of systematic risk and having Positive relationship with return.

OBJECTIVES
Here, in this paper, we will find out the most effective way of calculating the cost of equity. We have taken three companies from the power sector. We will calculate the cost of equity of these companies.
Also, we will calculate the 3 types of leverage of these companies and will try to find out the most effective one for these companies.
The objectives of the paper are as follows:
- To calculate the cost of equity of the three companies and to show that the CAPM method is the more reliable one.
- To find out the appropriate leverage indicator of these companies.

METHODOLOGY
We have taken three companies such as: Torrent Power, TATA Power, and CESC Limited. We have taken these companies because they are private companies. Data is collected from secondary sources i.e. from the Annual Report of these companies.
First, we will find out the cost of equity of these companies. Then we will calculate the leverage of these companies.
Cost of Equity
There are 6 methods for calculating the cost of equity, described as below:
1) Historical rate of return method

$$Ke = \left(\frac{Average\ dividend\ per\ share}{Purchase\ price\ per\ share}\right) + Rate\ of\ increase\ in\ share\ price$$

2) Earnings price Ratio Model

$$Ke = \frac{E}{P}$$

Where
E = Earnings per share
P = Current market price per share

3) Dividend Growth Model

$$Ke = \frac{D}{P} + g$$

Where
D = Dividend per share
P = Current market price per share
g = growth rate in dividend = b x r
b = (net profit – dividend) / net profit
r = Net profit / capital employed

4) Earning Growth Model

$$Ke = \frac{E}{P} + g$$

Where
E = Earnings per share
P = Current market price per share
g = growth rate in earning = b x r
b = (Net profit – Earning) / net profit
r = Net profit / capital employed

5) Bond yield plus risk premium method

$$Ke = pre\ tax\ interest\ rate\ in\ longterm\ debt + risk\ premium$$

Where risk premium is a judgmental factor. It is expected to be 2% to 4%.

6) Capital Asset Pricing Model

$Ke = R_f + \beta\ (K_m - R_f)$
Where R_f= Risk free return
K_m = Market return or expected return
β= Risk factor

Leverage

Thereare of three types of leverages: 1) operating leverage 2) financial leverage 3) combined leverage.

1) Operating Leverage

Operating leverage arises when fluctuations in sales are accompanied by disproportionate fluctuations in operating profit. This is due to presence of fixed cost in the cost structure of the firms. Since the power sector companies have huge level of fixed cost, they have the advantage of operating leverage.

$$DOL = \frac{Q(S-V)}{EBIT}$$

Where Q = volume of sales
V = Variable cost per unit
S = Selling price per unit

2) Financial Leverage:

It is the firm's ability to use fixed financial charges to magnify the effects of changes in EBIT on the firm's EPS.

Degree of financial leverage $(DFL) = \frac{EBIT}{EBIT-INTEREST}$ when there is no preference share capital in the capital structure

If there is preference share capital in the capital structure,

$$DFL = \frac{EBIT}{EBT - \frac{Pd}{(1-t)}}$$

3) Combined leverage:

Degree of Combined leverage $(DCL) = \frac{Contribution}{EBT}$ when there is no preference share capital in the capital structure

If there is preference share capital in the capital structure,

$$DFL = \frac{Contribution}{EBT - \frac{Pd}{(1-t)}}$$

ANALYSIS AND FINDINGS

COST OF EQUITY STUDY

We have calculated cost of equity percentage for the three private sector power companies. For this purpose, we have used certain data as provided in the annual reports as well as some published figures such as share price on certain dates.

TABLE 1: DATA OBTAINED FROM THE ANNUAL REPORT 2016-17 AND 2017-18

Particulars	Unit	Tata power	Torrent power	CESC Ltd.
Dividend paid in 2017-18	Cr.	384	127	190
Dividend paid in 2016-17	Cr.	380	0	160
Earnings in 2017-18 - EBT	Cr.	1428.8	1375.53	864.66
Earnings in 2016-17 - EBT	Cr.	1321.68	583.94	861
share number in 2017-18	No.	2707605570	480616784	132557043
Average dividend per share	Rs.	1.420	2.640	14.348
Purchase price per share	Rs.	92.75	320.85	966.2
Rate of increase in share price	%	11	13.83	15
EPS	Rs.	12.05	19.18	65.23
Share price on 31-3-17	Rs.	90.35	230.35	841.2
Share price on 31-3-18)	Rs.	81.9	234.1	966.2

After doing the analysis, we have got the results which are shown below in the table:

TABLE 2: RESULTS OBTAINED FROM THE ANALYSIS

Methods	Tata power	Torrent power	CESC Ltd.
1. Historical rate of return method	-8%	3%	16%
2. Earning price Ratio Model	15%	8%	7%
3. Dividend Growth Model	-13%	5%	5%
4. Earnings growth model	-4%	6%	6%
5. Bond yield and Risk premium method	12%	Not Available	12%
6. CAPM Model	13%	10%	13%

Under CAPM model calculation, we have considered beta value as published.[16] As we can see from the above table, the average cost of equity for the three power companies is around 12% for the method 5 and method 6.

But for method 5, pretax interest rate in long term debt was not available for Torrent power. Also, the risk premium is a judgmental value.

Whereas, the advantages of CAPM are as follows[14]:

- It considers only systematic risk, where most investors have diversified portfolios reflecting elimination of unsystematic risk.
- The relationship between required return and systematic risk has been theoretically-derivedsubject to frequent empirical research and testing.
- A better method of calculating the cost of equity than the dividend growth model (DGM) which explicitly considers a company's level of systematic risk relative to the stock market as a whole.
- This method is superior to the WACC in providing discount rates as a tool in investment appraisal.

We compared the cost of equity as calculated from the method 6 with the growth of BSE Sensex.[15]

We have seen that the market growth rate is around 11%, which is near the result we have calculated under CAPM model.

LEVERAGE STUDY

We have calculated the Degree of operating leverage (DOL), Degree of financial leverage (DFL) and Degree of combined leverage (DCL) for these three companies from the published annual reports. The Results are as follows:

TABLE 3: DOL, DFL AND DCL OF THREE COMPANIES

2017-18	Units	Tata power	Torrent power	CESC Ltd.
EBIT	Cr.	2860	2215	1377
Interest	Cr.	1431	840	484
Contribution or fixed cost	Cr.	3849	3519	2701
Degree of operating leverage(DOL)(Contribution/EBIT)		1.3	1.6	2.0
Degree of financial leverage(DFL) EBIT/EBT		2.0	1.6	1.5
Degree of combined leverage(DCL) contribution/EBT		2.7	2.6	3.0

It can be seen from the above table for CESC, the DOL is high and DFL is low which means high level of fixed cost structure and low level of debt financing. High operating leverage signifies that company is making few sales with high margins. Low financial leverage signifies that a better approach towards the debt capital has been adopted by the management. This results in a decrease in management decision making on earning per share. It reflects the optimum situation.

For Tata Power, the DOL is low and DFL is high which imply abetter situation for maximizing return with minimum possible risk. Hence, full advantage of debt financing can be taken.

For Torrent power the DOL as well as DFL is low which implies these leverages show that the amount of fixed costs is very small and proportion of debts in capital is also low.

CONCLUSION

To conclude, we can say that the cost of equity calculated under CAPM method is more relatable to the market growth rate. CAPM is the more effective method to calculate the cost of equity. In case of leverage, we have seen that for high DOL and low DFL, management can partly dilute the adverse effect of high operating leverage by having low financial leverage. For low DOL and high DFL, operating cost is low so full advantage of debt financing can be taken. In case of low DOL and low DFL, management is taking a very cautious approach towards debt financing. It is difficult to maximize the return to the shareholders in this case.

REFERENCES

1. Dhaliwal, D.S., Trezavant, R., Wang, S. (1992), Taxes, investment-related tax shields and capital structure. *Journal of the American Taxation Association*, Vol.14(1), ISSN:1558-8017, pp.1-21
2. Fama, E. F., & French, K. R. (1992). The cross-section of expected stock returns, *The Journal of Finance, Vol.*47(2), ISSN:0022-1082, pp 42-56.
3. George, T., Hwang, C. (2010), A resolution of the distress risk and leverage puzzle in the cross-section of stock returns. *Journal of Financial Economics,* Vol.96, Issue1, *ISSN*, 0304-405X, pp.56-79.
4. Horne, Van (2006), *Fundamentals of Financial Management*, Prentice Hall, 10th, Edition, *ISBN* 978-0-273-71363-0, pp 230-258
5. *Lau* et al., S.C. *Lau*, S.R. *Quay*, (1974), The Tokyo Stock Exchange and the capital asset pricing model. *Journal of Finance*, Vol.29, Issue 2, ISSN: 0022-1082 pp. 507-514.
6. Lintner, J. (1965), The valuation of risk assets and the selection of risky investments in stock portfolios and capital budgets, *The review of economics and statistics*, Vol.47, Issue 1(Feb,1965), ISSN:0034-6535, pp.13-37.
7. Markowitz, H. (1952). Portfolio Selection. *The journal of finance,* Vol.7 (1), ISSN: 0022-1082, pp.77-91.
8. Nielsen, A. (2006), Corporate Governance, Capital Structure Choice and Equity Prices, *Working Paper, Princeton University*.
9. Pandey, I.M., (1985), 'The Financial Leverage in India: A Study', *Indian Management*, 10th Edition, 2010(March), ISBN: 9788125937142, pp. 21–34.
10. Penman, S., Richardson, S., Tuna, I. (2007), The book-to-price effect in stock returns: Accounting for leverage. *Journal of Accounting Research,* Vol.45, Issue2, ISSN:0021-8456, pp.427-467.
11. Sharma, L., and K. Rao, (1969), 'Leverage and Value of the Firm', *Journal of Finance, Volume24, Issue 4 (September) ISSN* 0973 - 8711*,* pp. 25–30
12. Shekhar, Chandra, (1997), 'Financial Leverage: Its Determinants and its Impact on Cost of Capital and Shareholders' Return', *Journal of Accounting and Finance,* Vol. XI (2), *ISSN*: 2576-1293, pp. 82–93.

WEB REFERENCES

13. http://www.jstor.org/stable/1910098 Accessed on October15 at 7am
14. https://www.accaglobal.com/in/en/student/exam-support-resources/fundamentals-exams-study-resources/f9/technical-articles/CAPM-theory.html-Accessed on October15 at 7am
15. https://www.bseindia.com/markets/Equity/newsensexstream.aspx-Accessed on October16, 2020 at 9pm
16. https://www.topstockresearch.com/INDIAN_STOCKS/POWER/PriceRangeOf_Torrent_Power_Ltd.html –Accessed on October15, 2020 at 8 pm
17. Jagannathan, R. and Wang, Z.Y. (1993) *The CAPM Is Alive and Well. Staff Report 165,* Federal Reserve Bank of Minneapolis, viewed on October8, 2020, file:///C:/Users/Hp/Downloads/sr165.pdf at 9am
18. Mossin, J. (1966). Equilibrium in a capital asset market. *Econometrica: Journal of the econometric society,*Volume 34, Issue 4, pp. *768-783*, viewed on October10,2020,http://www.jstor.org/stable/1910098 at 3pm

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as, on the journal as a whole, on our e-mail **infoijrcm@gmail.com** for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals