

**Determinants of Capital Expenditure on Manufacturing Companies in  
Sri Lanka**

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**Abstract**

This study investigates the impact of determinants of capital expenditure on manufacturing sector in Sri Lanka. Free cash flow, ROA, financial leverage and size of the firm are the independent variables represents the determinants of capital expenditure which is the dependent variable. Data are collected from 15 manufacturing companies during the period of 2010-2014. Multiple regression model is used to develop a relationship between capital expenditure and the determinants of that. I find that there is a relationship between ROA and capital expenditure and there is a relationship between size of the company and capital expenditure.

**Key words:** *Free cash flow, returns on assets, financial leverage and size of the firm*