This study is conducted to determine the any difference between the large and small firms listed at Karachi Stock Exchange regarding capital structure decisions. For this purpose, a total of 323 firms are selected as a sample. Firms are categorized into small and large firms on the basis of SMEDA definition. Debt ratio is the dependent variable for the study. The independent variables include Non debt tax shields, Liquidity, Tangibility, Growth, Profitability, Corporate Size and Dividend Payout Ratio. The different statistical techniques like Descriptive statistics, Correlation, and Regression have been applied and results are concluded on their basis.

The study revealed that capital structure choice of Large and Small firms of Pakistan is same regarding NDTS, Liquidity, Growth, and Profitability while Tangibility, Size of firms, and Dividend payout ratio differently affect the small and large firms of Pakistan. Mostly, results are consistent with the capital structure theories. This study is the addition in the existing literature as this aspect has not been explored.