**Abstract**

The performance and survival of a firm depend on the choice of the source of funds and its effective utilization. The decision on the composition of funds, otherwise, known as ‘capital structure’ is an essential decision, which influences the risk and return of the investors. Leverage plays an essential role in framing the capital structure. Transport Equipment Sector is a capital intensive sector, where greater prominence has been given in framing the capital structure. In this backdrop, the study makes an attempt to identify and analyse the determinants of leverage of Indian Transport Equipment sector. Year wise analysis, summary statistics and a panel data approach have been applied to analyse the data. The study reveals that the variables, namely, profitability, size and NDTS are the key determinants of leverage of Indian Transport Equipment Sector.