

**CAPITAL STRUCTURE MANAGEMENT AND ITS IMPACT ON PROFITABILITY IN  
NEPALESE COMMERCIAL BANKS**

**(A Comparative Study of Siddhartha Bank Limited and Laxmi Bank Limited)**

**A Thesis**

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## RECOMMENDATION

This is to certify that the thesis

Submitted by:

**Rajendra Kumar Maharjan**

Entitled

### **CAPITAL STRUCTURE MANAGEMENT AND ITS IMPACT ON PROFITABILITY IN NEPALESE COMMERCIAL BANKS**

**(A Comparative Study of Siddhartha Bank Limited and Laxmi Bank Limited)**

*has been prepared as approved by the this Department in the prescribed format of  
Faculty of Management. This thesis is forwarded for examination.*

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Prof.Dr.Puspa Raj Sharma  
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## VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis presented by

Rajendra Kumar Maharjan

Entitled

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**(A Comparative Study of Siddhartha Bank Limited and Laxmi Bank Limited)**

and found the thesis to be the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment for

Master's Degree in Business Studies (M.B.S.)

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## DECLARATION

I hereby declare that the work reported in this thesis entitled "**Capital Structure Management and Its Impact on Profitability in Nepalese Commercial Banks: A Comparative Study of Siddhartha Bank Limited and Laxmi Bank Limited**" submitted to the Central Department of Management, Tribhuvan University, is my original work. It is done in the form of partial fulfillment of the requirements for the Master of Business Studies (MBS) under the supervision and guidance of Prof. Dr. Puspa Raj Sharma, Central Department of Management.

February, 2019

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## TABLE OF CONTENTS

|   | Page No.                            |
|---|-------------------------------------|
| Recommendation  | i                                   |
| Viva-Voce Sheet   | ii                                  |
| Declaration   | iii                                 |
| Acknowledgements  | iv                                  |
| Table of contents   | v                                   |
| List of tables  | vii                                 |
| List of figures   | viii                                |
| Abbreviations   | ix                                  |
| <b>CHAPTER-I: INTRODUCTION</b>                              | <b>1</b>                            |
| 1.1 Background of the study                                 | <b>Error! Bookmark not defined.</b> |
| 1.2 Statement of the problem                                | <b>Error! Bookmark not defined.</b> |
| 1.3 Objective of the study                                  | <b>Error! Bookmark not defined.</b> |
| 1.4 Importance of the study                                 | <b>Error! Bookmark not defined.</b> |
| 1.5 Limitations of the study                                | <b>Error! Bookmark not defined.</b> |
| 1.6 Organization of the study                               | <b>Error! Bookmark not defined.</b> |
| <b>CHAPTER – II: REVIEW OF LITREATURE</b>                   | <b>9</b>                            |
| 2.1 Theoretical framework                                   | <b>Error! Bookmark not defined.</b> |
| 2.1.1 Concept of capital structure                          | <b>Error! Bookmark not defined.</b> |
| 2.1.2 Capital structure theories                            | <b>Error! Bookmark not defined.</b> |
| 2.1.2.1 Net income approach                                 | <b>Error! Bookmark not defined.</b> |
| 2.1.2.2 The net operating income approach:                  | <b>Error! Bookmark not defined.</b> |
| 2.1.2.3 The traditional view                                | <b>Error! Bookmark not defined.</b> |
| 2.1.2.4 The Modigliani-Miller first study                   | <b>Error! Bookmark not defined.</b> |
| 2.1.2.5 The Modigliani-Miller approach (without tax) (1963) | <b>Error! Bookmark not defined.</b> |
| 2.2 Review of related studies                               | <b>Error! Bookmark not defined.</b> |

|                                 |                                     |
|---------------------------------|-------------------------------------|
| 2.2.1 Review of empirical works | <b>Error! Bookmark not defined.</b> |
| 2.2.2 Review of journals        | <b>Error! Bookmark not defined.</b> |
| 2.2.3 Review of theses          | <b>Error! Bookmark not defined.</b> |
| 2.3 Research gap                | <b>Error! Bookmark not defined.</b> |

|   |                                     |
|---|-------------------------------------|
| 3.1 Research design                         | <b>Error! Bookmark not defined.</b> |
| 3.2 Population and sample                   | <b>Error! Bookmark not defined.</b> |
| 3.3 Sources of data                         | <b>Error! Bookmark not defined.</b> |
| 3.4 Data collection technique               | <b>Error! Bookmark not defined.</b> |
| 3.5 Methods of data analysis                | <b>Error! Bookmark not defined.</b> |
| 3.5.1 Financial techniques to data analysis | <b>Error! Bookmark not defined.</b> |
| 3.5.2 Statistical tools                     | <b>Error! Bookmark not defined.</b> |

## CHAPTER- IV: PRESENTATION AND ANALYSIS OF DATA

|  |                                     |
|--|-------------------------------------|
| 4.1 Analysis of shareholders equity                                      | <b>Error! Bookmark not defined.</b> |
| 4.2 Analysis of debt capital   | <b>Error! Bookmark not defined.</b> |
| 4.3 Analysis of debt to equity ratio (DER) of SBL and LBL                | <b>Error! Bookmark not defined.</b> |
| 4.4 Analysis of debt to total assets of SBL and LBL                      | <b>Error! Bookmark not defined.</b> |
| 4.6 Analysis of debt to total capital ratio                              | <b>Error! Bookmark not defined.</b> |
| 4.6 Analysis of capital adequacy of the banks                            | <b>Error! Bookmark not defined.</b> |
| 4.7 Analysis of debt servicing capacity of the banks                     | <b>Error! Bookmark not defined.</b> |
| 4.8 Analysis of return on capital employed ratio (ROCE)                  | <b>Error! Bookmark not defined.</b> |
| 4.9 Return on shareholder equity (ROE)                                   | <b>Error! Bookmark not defined.</b> |
| 4.10 Analysis of return on assets ratio                                  | <b>Error! Bookmark not defined.</b> |
| 4.11 Correlation coefficient analysis                                    | <b>Error! Bookmark not defined.</b> |
| 4.11.1 Correlation coefficient between EBIT & interest payment           | <b>Error! Bookmark not defined.</b> |
| 4.11.2 Correlation coefficient between net incomes & debt capital        | <b>Error! Bookmark not defined.</b> |
| 4.11.3 Correlation coefficient between net profit and shareholder equity | <b>Error! Bookmark not defined.</b> |
| 4.2.6 Correlation coefficient between net profit and total assets        | <b>Error! Bookmark not defined.</b> |
| 4.3 Major findings   | <b>Error! Bookmark not defined.</b> |

## CHAPTER –V: SUMMARY, CONCLUSIONS &amp; RECOMMENDATIONS

5.1 Summary

5.2 Conclusions

5.3 Recommendations

**BIBLIOGRAPHY**

**APPENDICES**

**Error! Bookmark not defined.**

**Error! Bookmark not defined.**

**Error! Bookmark not defined.**

Error! Bookmark not defined.

## LIST OF TABLES

Page No.

Table 4.1: Shareholders equity position and index of SBL and LBL **Error! Bookmark not defined.**

Table 4.2: Debt capital position and index of SBL and LBL **Error! Bookmark not defined.**

Table 4.3: Debt to equity ratio of SBL and LBL (in %) **Error! Bookmark not defined.**

Table 4.4: Debt to total assets ratio of SBL and LBL (in %) **Error! Bookmark not defined.**

Table 4.5: Debt to total capital employed ratio of SBL and LBL (in %) **Error! Bookmark not defined.**

Table 4.6: Capital adequacy ratio (Core capital) (in %) **Error! Bookmark not defined.**

Table 4.7: Capital adequacy ratio (Supplementary capital) (in %) **Error! Bookmark not defined.**

Table 4.8: Capital adequacy ratio (Total capital fund) (in %) **Error! Bookmark not defined.**

Table 4.9: Interest coverage ratio of SBL and LBL (In times) **Error! Bookmark not defined.**

Table 4.10: Return on capital employed ratio of SBL and LBL (in %) **Error! Bookmark not defined.**

Table 4.11: Return on shareholder equity (ROE) (in %) **Error! Bookmark not defined.**

Table 4.12: Return on assets ratio (in %) **Error! Bookmark not defined.**

Table 4.13: Correlation coefficient between EBIT & interest payment **Error! Bookmark not defined.**

Table 4.14: Correlation coefficient between net profit & debt capital **Error! Bookmark not defined.**

Table 4.15: Correlation coefficient between net profit and shareholder equity **Error! Bookmark not defined.**

Table 4.16: Correlation coefficient between net profit and total assets **Error! Bookmark not defined.**



## LIST OF FIGURES

|   | Page No.                            |
|---|-------------------------------------|
| Figure 2.1: The effect of leverage on the cost of capital under NI approach | <b>Error!</b>                       |
| <b>Bookmark not defined.</b>  |                                     |
| Figure 2.2: The effect of leverage on the cost of capital                   | <b>Error! Bookmark not defined.</b> |
| Figure 2.3: The cost of capital behavior (Traditional view)                 | <b>Error! Bookmark not defined.</b> |
| Figure 2.4: The cost of capital behavior (Traditional view: A variation)    | <b>Error!</b>                       |
| <b>Bookmark not defined.</b>  |                                     |
| Figure 2.5: The cost of capital under M-M proposition I                     | <b>Error! Bookmark not defined.</b> |
| Figure 2.6: Cost of capital under the M-M proposition II                    | <b>Error! Bookmark not defined.</b> |
| Figure 4.1: Comparative bar biagram of net worth                            | <b>Error! Bookmark not defined.</b> |
| Figure 4.2: Comparative bar diagram of debt capital                         | <b>Error! Bookmark not defined.</b> |
| Figure 4.3: Line diagram of debt to equity ratio                            | <b>Error! Bookmark not defined.</b> |
| Figure 4.4: Line diagram of debt to total assets ratio                      | <b>Error! Bookmark not defined.</b> |
| Figure 4.5: Line diagram of debt to capital employed ratio                  | <b>Error! Bookmark not defined.</b> |
| Figure 4.6: Line diagram of capital adequacy ratio (Core capital)           | <b>Error! Bookmark not defined.</b> |
| Figure 4.7: Line diagram of capital adequacy ratio (Supplementary capital)  | <b>Error!</b>                       |
| <b>Bookmark not defined.</b>  |                                     |
| Figure 4.8: Line diagram of capital adequacy ratio (Total capital fund)     | <b>Error!</b>                       |
| <b>Bookmark not defined.</b>  |                                     |
| Figure 4.9: Line diagram of return on capital employed ratio                | <b>Error! Bookmark not defined.</b> |
| Figure 4.10: Line diagram of return on equity                               | <b>Error! Bookmark not defined.</b> |
| Figure 4.11: Line diagram of return of assets                               | <b>Error! Bookmark not defined.</b> |



## ABBREVIATIONS

|      |   |                                |
|------|---|--------------------------------|
| ABBS | : | Anywhere Branch Banking System |
| AGM  | : | Annual General Meeting         |
| ATM  | : | Automated Teller Machines      |
| C.V  | : | Coefficient of Variation       |
| CAR  | : | Capital Adequacy Ratio         |
| CBs  | : | Commercial Banks               |
| CE   | : | Capital Employed               |
| DER  | : | Debt Equity Ratio              |
| DFL  | : | Degree of Financial Leverage   |
| DOL  | : | Degree of Operating Leverage   |
| DPR  | : | Dividend Payout Ratio          |
| EAT  | : | Earnings After Tax             |
| EBIT | : | Earning Before Interest Tax    |
| EBT  | : | Earnings Before Tax            |
| EPS  | : | Earning Per Share              |
| IDC  | : | Industrial Development Centre  |
| JVBs | : | Joint Venture Banks            |
| Kd   | : | Cost of Debt                   |
| Ke   | : | Cost of Equity                 |
| Ko   | : | Overall Cost of Capital        |
| LBL  | : | Laxmi Bank Limited             |
| Ltd. | : | Long Term Debt                 |

|       |   |                            |
|-------|---|----------------------------|
| NEPSE | : | Nepal Stock Exchange       |
| NIA   | : | Net Income Approach        |
| NOI   | : | Net Operating Income       |
| NPA   | : | Non Performing Assets      |
| NRB   | : | Nepal Rastra Bank          |
| P.E   | : | Probable Error             |
| ROA   | : | Return on Assets           |
| ROCE  | : | Return on Capital Employed |
| ROE   | : | Return on Equity           |
| S.D   | : | Standard Deviation         |
| SBL   | : | Siddhartha Bank Limited    |