

# **FINANCIAL SIGNALLING DUE TO CHANGES IN CAPITAL STRUCTURE**

A Thesis

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**RECOMMENDATION**

This is to certify that the thesis

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**Financial Signalling due to Changes in Capital Structure**

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

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And found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for Master's Degree in Business Studies (M.B.S.).

**VIVA-VOCE COMMITTEE**

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## DECLARATION

I hereby declare that this thesis entitled “**Financial Signalling due to Changes in Capital Structure**”, submitted to Shanker Dev Campus, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirements for the degree of Master of Business Studies (M.B.S.) under the supervision of my thesis supervisors Associate Professor Achyut Raj Bhattarai and Lecturer Manoj Bhattarai, Shanker Dev Campus, Faculty of Management, Tribhuvan University.

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Prepared in partial fulfillment of the requirements for the degree of Master of Business Studies (M.B.S.) and entitled “Financial Signalling due to Changes in Capital Structure, this study strives to identify the financial signals emitted to the capital market by debt-financing (debenture issues) and equity-financing (rights issues) in the Nepalese context. I am grateful to my thesis guides, librarians, colleagues and all sources of knowledge whose contributions have enabled me to present the dissertation in this shape and format.

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Having put sincere efforts to minimize errors, I owe entirely as my responsibility any remaining inaccuracies in the calculation and description in this dissertation as I hope the subsequent researchers would rectify them in the future.

Hem Bahadur Chaulagai

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Shanker Dev Campus

June, 2009

## Table of Contents

*Recommendation*

*Viva-voce Sheet*

*Declaration*

*Acknowledgement*

*Table of Contents*

*List of Tables*

*List of Figures*

*List of Annex*

*Abbreviations*

<b>Chapter I: INTRODUCTION</b>	<b>1-8</b>
1.1 Background of the Study	1
1.2 Statement of Problem	3
1.3 Objectives of Study	6
1.4 Significance of Study	6
1.5 Limitations of Study	7
1.6 Organization of Study	8
<b>Chapter II: REVIEW OF LITERATURE</b>	<b>9-39</b>
2.1 Introduction	9
2.2 Conceptual framework	9
2.2.1 Capital Structure and its Components	9
2.2.2 Capital Structure Theories	11
2.2.3 Does Capital Structure Affect the Value of the Firm?	21
2.2.4 Optimal Capital Structure	22
2.2.5 Primary Factors Affecting Capital Structure Decisions	23
2.2.6 Information Asymmetry	24
2.2.7 Financial Signalling	25
2.3 Review of Empirical Studies	27
2.3.1 Review of Journals	27
2.3.2 Review of Past Theses	36
2.4 Research Gap	39

<b>Chapter III: RESEARCH METHODOLOGY</b>	<b>40-48</b>
3.1 Introduction	40
3.2 Research Design	40
3.3 Population and Sample	40
3.3.1 Rationale of Sampling	42
3.4 Sources of Data	42
3.5 Coverage of Data	43
3.6 Data Analysis Tools and Techniques	44
3.6.1 Analytical Tools used in case of Debt (Debenture) Issues	44
3.6.2 Analytical Tools used in case of Equity (Right Share) Issues	46
<b>Chapter IV: DATA PRESENTATION AND ANALYSIS</b>	<b>49-96</b>
4.1 Debt-financing and its Signals to the Capital Market	49
4.1.1 Corporate Debenture Issue practice in Nepalese Capital Market	50
4.1.2 Issue of Corporate Debenture with respect to Other Securities	52
4.1.3 Changing Trend of Debenture Issue	56
4.1.4 Comparison of Stock Price before and after Debenture Issue	58
4.1.5 Comparison of EPS before and after Debenture Issue	61
4.1.6 Testing of Hypothesis	63
4.2 Equity-financing and Its Signals to the Capital Market	66
4.2.1 Rights Share Issue Practice in Nepal and Its Trend	67
4.2.2 Rights Issue vis-à-vis Total Public Flotation	69
4.2.3 Comparison of Stock Price before and after Rights Share Issue	71
4.2.4 Comparison of Theoretical & Actual Market Price after Rights Share Issue	73
4.2.5 Comparison of EPS before and after Rights Issue	75
4.2.6 Testing of Difference between Actual MPS and Theoretical Price	77
4.3 Analysis of Primary Data	79
4.4 Major Findings	92
4.4.1 Findings from Secondary Data	92
4.4.2 Findings from Primary Data	95

**Chapter V: SUMMARY, CONCLUSION, AND RECOMMENDATION 97-102**

5.1 Summary 97

5.2 Conclusion 99

5.3 Recommendation 100

Bibliography

Annexes

## LIST OF TABLES

3.1	Names of Sample Companies	41
3.2	Collection of Responses for Primary Data	43
4.1	Amount of Debt and Equity Issue (Rs. In Million)	53
4.2	Amount of Debenture Issue in Comparison to Amount of Total Issue of Securities	55
4.3	Debenture Issue	57
4.4	MPS of Sample Companies before and after Debenture Issue	59
4.5	Comparison of EPS before and after Debenture Issue	62
4.6	Testing of Difference between MPS before and after Debenture Issue	65
4.7	Rights Issue Practices in Nepal and its Trend	68
4.8	Rights Issue vis-à-vis Total Public Flotation	70
4.9	Comparison of MPS of Sampled Companies before and after Rights Share Issue	72
4.10	Comparison of Actual Market Price and Theoretical Price after Rights Issue	74
4.11	Comparison of EPS before and after Rights Issue	76
4.12	Testing of difference between Actual MPS and Theoretical Price after Rights Issue	78
4.13	Reasons for Debt-financing in Nepal	80
4.14	Disadvantage of Issuing Debenture	81
4.15	Do Debenture Issues Send Positive Signals?	82
4.16	Source of Financing for Highly Profitable Investment Opportunity	83
4.17	Level of Information Asymmetry	84
4.18	Condition to make Debt-financing Preferable to Equity-financing	85
4.19	Non-banking Sector's Shyness on Debt-financing	86
4.20	Will Nepalese Companies Use More Debt-financing in Future?	87
4.21	Response to Debenture Issue Announcement as a Stockholder	88
4.22	Motive of Rights Issue	89
4.23	Reason for Occasional Undersubscription of Rights	90
4.24	Signals Emitted by Rights Issue	91

## LIST OF FIGURES

2.1	Net Income Approach	13
2.2	Net Income Approach	13
2.3	Net Operating Income Approach	14
2.4	Net Operating Income Approach	14
2.5	Traditional Approach	16
2.6	Traditional Approach	16
2.7	M-M Theory With Taxes	20
4.1	Issue of Debt and Equity	53
4.2	Percentage of cumulative amount of debt out of the cumulative amount of total securities	55
4.3	Changing Trend of debenture Issue	58
4.4	Trend of Rights Issue	69
4.5	Rights Issue vis-à-vis Total Public Flotation	70
4.6	Reasons for Debt-financing in Nepal	81
4.7	Disadvantage of Issuing Debenture	82
4.8	Do Debenture Issues Send Positive Signals?	83
4.9	Source of Financing for Highly Profitable Investment Opportunity	84
4.10	Condition of Information Asymmetry	85
4.11	Condition to Make Debt-financing Preferable to Equity-financing	86
4.12	Non-banking Sector's Shyness on Debt-financing	87
4.13	Will Nepalese Companies Use Debt-financing More in Future?	88
4.14	Response to Debenture Issue Announcement as a Stockholder	89
4.15	Motive of Rights Issue	90
4.16	Reason for Occasional Undersubscription of Rights	91
4.17	Signals Emitted by Rights Issue	92

## **ABBREVIATIONS**

A.D.	:	Anno Domini
AFCL	:	Annapurna Finance Company Limited
BOK	:	Bank of Kathmandu Limited
C.D.M.	:	Central Department of Management
CFG	:	Corporate Financial Governance
Co.	:	Company
EBL	:	Everest Bank Limited
EPS	:	Earning Per Share
FY	:	Fiscal Year
GDBL	:	Gorkha Development Bank Limited
H <sub>0</sub>	:	Null Hypothesis
H <sub>1</sub>	:	Alternative Hypothesis
HBL	:	Himalayan Bank Limited
KBL	:	Kumari Bank Limited
KMBFL	:	Kist Merchant Banking & Finance Limited
LBL	:	Laxmi Bank Limited
Ltd.	:	Limited
LUBL	:	Lumbini Bank Limited
m	:	million
MBL	:	Machhapuchhre Bank Limited
MPS	:	Market Price of Share
Nabil	:	Nabil Bank Limited
NEA	:	Nepal Electricity Authority
Nepal SBI	:	Nepal SBI Bank Limited
Nepse	:	Nepal Stock Exchange
NIBL	:	Nepal Investment Bank Limited
NIC Bank	:	Nepal Industrial & Commercial Bank
NMB	:	NMB Bank Limited
No.	:	Number
NRB	:	Nepal Rastra Bank
Rs.	:	Rupees
S.N.	:	Serial Number
SBL	:	Siddhartha Bank Limited
SEBON	:	Security Board of Nepal