

**CAPITAL STRUCTURE MANAGEMENT
AND
IT'S EFFECT ON FIRMS VALUE**

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RECOMMENDATION

This is to certify that the thesis

Submitted by:

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Entitled:

"CAPITAL STRUCTURE MANAGEMENT AND ITS EFFECT ON FIRM'S VALUE"

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

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VIVA - VOCE SHEET

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

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

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DECLARATION

I hereby declare that the work reported in this thesis entitled "**CAPITAL STRUCTURE MANAGEMENT AND ITS EFFECT ON FIRM'S VALUE**" submitted to office of the dean faculty 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 Asso. Prof. Achyut Raj Bhattarai, Shanker Dev Campus Putalisadak, Kathmandu.

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Capital structure management serves as a simple, comprehensive signal of management's interpretation of the firm's recent performance and its further prospects. The relationship of capital structure on firm is not yet clear and it is still a controversial issue in the literature of finance. This study attempts to explain the effect of capital structure on firm's value in the context of Nepalese companies.

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ABBREVIATIONS

&	:	And
(V-		
td)/T		Ratio Of Tax Adjusted Market Value
A	:	to Book Value
B.S.	:	Bikram Sambat
BA	:	Buddha Air
BNL	:	Bottlers Nepal Limited
CO.	:	Company
D/E	:	Dividend to Equity
DPR	:	Dividend Payout Ratio
DPS	:	Dividend Per Share
EBIT	:	Earning Before Interest and Tax
EPS	:	Earning Per Share
EPS	:	Earning per Share
EV	:	Earning Variability
FY	:	Fiscal Year
G	:	Growth
HMG	:	His Majesty's Government
i.e.	:	That is
Kd	:	Cost of Debt
Ke	:	Cost of Equity
Ko	:	Overall Cost of Capital
L	:	leverage
Liq.	:	Liquidity
LogS	:	Size
Ltd.	:	Limited

M-M	:	Modigliani and Miller
MPS	:	Market Price per Share
NABI		
L	:	Nepal Arab Bank Limited
NEPS		
E	:	Nepal Stock Exchange
NI	:	Net Income
NIBL	:	Nepal Investment Bank Limited
NLO		
L	:	Nepal Lube Oil Limited
NOI	:	Net Operating Income
NP	:	Net Profit
ROA	:	Return on Asset
ROE	:	Return on Equity
S.N.	:	Serial No.
SBI	:	State Bank of India
SPSS	:	Statistical Package for Social Science
TA	:	Total Asset
TL	:	Total Liabilities
V/TA	:	Ratio Of Market Value to Book Value
Yrs.	:	Years