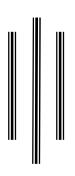
# AN EFFECT OF CAPITAL STUCTURE ON COST OF CAPITAL IN NEPALESE BANKING SECTOR



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A Thesis Submitted to:
Office of the Dean
The Faculty of Management
Tribhuvan University

In partial fulfillment of the requirement for the Degree of Masters in Business Studies (M.B.S.)

Kathmandu, Nepal September, 2008

### RECOMMENDATION

This is to certify that the thesis

**Submitted by:** Chanda Pandey

## Entitled: AN EFFECT OF CAPITAL STUCTURE ON COST OF CAPITAL IN NEPALESE BANKING SECTOR

has been prepared as approved by this Shankar Dev Campus in the prescribed format of the 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

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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 the degree of

**Masters of Business Studies (M.B.S)** 

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I here by declare that the work reported in this thesis entitled "An effect of Capital

Structure on Cost of Capital in Nepalese Banking Sectors" submitted to Shankar Dev

Campus, Faculty of Management, Tribhuvan University is my original work done in the

form of partial fulfillment of the requirement of the degree of Masters In Business Studies

(M. B. S.) prepared under the supervision of Dr. Geeta Pradhan, Associate Proffessor and

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#### LIST OF ABBREVIATION AND SYMBOLS

CE Capital Employed

Co Company

DPR Dividend Payout Ratio

EBIT Earning Before Interest and Tax

EV Earning Variability

FY Fiscal Year

G Growth in Total Assets

i. e. That is

Kd Cost of Debt

Ke Cost of Equity

Ko Average Cost of Capital

Liq Liquidity

Los S Natural logarithm of Size of the Firm i.e. Total Assets

LTD Limited

MM Modigliani and Miller

NEPSE Nepal Stock Exchange

NI Net Income

NOI Net Operating Income

PVT Private

SEBO/N Security Board of Nepal

SEE Standard Error of Estimate

TD Total Debt

USA United States of America

V Value of the Firm

VL Value of Levered Firm

Vu Value of Un-levered Firm

WACC Weighted Average Cost of Capital

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