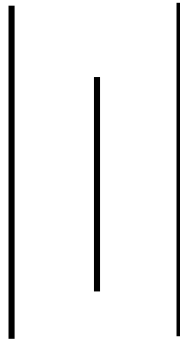


CAPITAL STRUCTURE IN NEPAL

In partial fulfillment of the requirement for the Degree of the Master of Business Studies

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



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Kathmandu, Nepal
September, 2011

RECOMMENDATION

This is to certify that the Thesis

Submitted By

Bhagawati Subedi

Entitled

CAPITAL STRUCTURE IN NEPAL

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

Prof. Dr. Radhe Shyam Pradhan
Supervisor

VIVA –VOCE SHEET

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

By

Submitted By

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Entitled

CAPITAL STRUCTURE IN NEPAL

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 requirement for

Master's Degree in Business Studies (MBS)

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DECLARATION

I hereby declare that the work reported in this thesis entitled “**CAPITAL STRUCTURE IN NEPAL**” submitted to Central Department of Management, Faculty of Management, Tribhuvan University is my original work. It is done in the form of partial fulfillment of the requirement for the Master’s Degree in Business Studies (MBS) under the supervision of Prof. Dr. Radhe Shyam Pradhan.

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I am solely responsible for any errors or omission in this research work and advices, recommendation and suggestions are welcomed.

.....

Bhagawati Subedi

Date:.....

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ABBREVIATIONS USED

BR	Business Risk
CM	Capital Market
CR	Current ratio
EBT	Earning Before Tax
FY	Fiscal Year
GDP	Gross Domestic Product
K_e	Cost of Equity
K_o	Overall Cost of Capital
LTD	Long Term Debt
Ltd.	Limited
MM	Modigliani – Miller
NEPSE	Nepal Stock Exchange Limited
NI	Net Income
NIA	Net Income Approach
NOI	Net Operating Income
r	Karl Pearson's coefficient of correlation
ROA	Return on Total Assets
ROA	Return on Assets
ROE	Return on Equity
SD	Standard Deviation