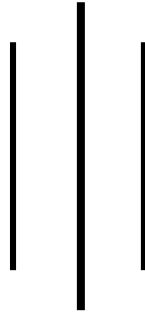


**A STUDY ON CAPITAL STRUCTURE MANAGEMENT  
OF SELECTED COMMERCIAL BANKS**

(WITH SPECIAL REFERENCE TO HIMALAYAN BANK LTD., NEPAL SBI  
BANK, EVEREST BANK AND NEPAL INVESTMENT BANK LTD.)



*By:*

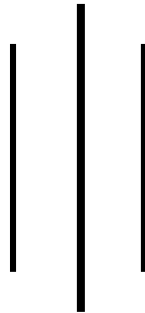
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**Shanker Dev Campus**

**Tribhuvan University**



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

*In partial fulfillment of the requirements for the degree of*  
**Masters of Business Studies (M.B.S.)**  
**Kathmandu, Nepal**  
**Dec, 2008**

## RECOMMENDATION

This is to certify that the thesis

*Submitted by:*

**Rajendra Dhakal**

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Entitled

**"A Study on Capital Structure Management of Selected Commercial Banks** (With Special Reference to Himalayan Bank Ltd., Nepal SBI Bank Ltd., Everest Bank Ltd. and Nepal Investment Bank Ltd.)"

has been prepared as approved by this Campus 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 by:

**Rajendra Dhakal**

Entitled

**"A Study of Capital Structure Management of Selected  
Commercial Banks (With Special Reference to Himalayan Bank Ltd.,  
Nepal SBI Bank Ltd., Everest Bank Ltd. and Nepal Investment Bank  
Ltd.)"**

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 (M.B.S.)

### **Viva-voce Committee**

Head of Research Department: .....

Member (Thesis supervisor): .....

Member (Thesis supervisor): .....

Member (External expert): .....

Date:

## DECLARATION

I hereby declare that the work reported in this thesis entitled "**A Study of Capital Structure Management of Selected Commercial Banks** (With Special Reference to Himalayan Bank Ltd., Nepal SBI Bank Ltd., Everest Bank Ltd. and Nepal Investment Bank Ltd.)" submitted to Office of the Dean, Faculty of Management, Tribhuvan University, Kirtipur, is my original work done in the form of partial fulfillment of the requirement for the Master's Degree in Business Studies. Which is prepared under the guide and supervision of **Mr. Shree Bhadra Neupane** and **Mr. Rishi Raj Gautam** lecturers of Shanker Dev Campus.

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Date: -December, 2008

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Needless to say, I am alone responsible for any deficiencies that may have remained in this work

December, 2008

Rajendra Dhakal  
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## **List of Abbreviation and Symbols**

Co.	:	Company
CV	:	Coefficient of Variation
D/E	:	Debt to Equity
DOL	:	Degree of Financial Leverage s
DOL	:	Degree of Operating Leverage
DPR	:	Dividend Payout Ratio
EBIT	:	Earning Before Interest and Taxes
EBL	:	Everest Bank Ltd.
Ed	:	Edition
EPS	:	Earning Per Share
EQ	:	Equity Capital
FY	:	Fiscal Year
HBL	:	Himalayan Bank Ltd.
HMG	:	His Majesty's Government
I	:	Interest
IM	:	Interest Margin
i.e.	:	that is
Kd	:	Cost of Debt
Ke	:	Cost of Equity
Ko	:	Average Cost of Capital
Ltd.	:	Limited
MBS	:	Masters of Business Studies

MM	:	Modigliani and Miller
NEPSE	:	Nepal Stock Exchange
NI	:	Net Income
NIBL	:	Nepal Investment Bank Ltd.
NOI	:	Net Operating Income
NP	:	Net Profit
NRB	:	Nepal Rastra Bank
P.E.	:	Probable Error
P/E	:	Price Earning Ratio
"r"	:	Correlation Coefficient
ROA	:	Return on Assets
ROE	:	Return on Equity
RBB	:	Rastriya Banijya Bank
RBB	:	Rastriya Beema Sasthan
RS	:	Rupees
SBIL	:	Nepal SBI Bank Ltd.
S.D.	:	Standard Deviation
SEBO/N	:	Security Board of Nepal
SPSS	:	Soft wear program for social science
T.U.	:	Tribhuvan University
V	:	Value of the Firm
$V_L$	:	Value of Levered Firm
Vol.	:	Volume
$V_U$	:	Value of Unlevered Firm