

Debt Financing Costs and its Effective Management -  
A Case Study of Gharibwal Cement

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## **ABSTRACT**

How to finance a company has been a debatable question since many decades and at the same time it is one of the important factors which influence the shareholder's wealth. Our study contributes to the analysis of capital structure. In our study we have picked a company by the name Gharibwal Cement Limited from the cement industry because it has high levels of debt. By studying the company's debt situation alongside the affects high levels of debt has had on the company, we have provided suggestions for debt management and future control mechanisms. The variables used to indicate capital structure are Debt/Equity Ratio which includes ratios for long, short and total debt. Other ratios used for analysis are Current Debt Ratio, Net profit margin, Interest coverage ratio etc. In our research project we have performed statistical tests to show the negativity of high debt on the company and as a result drawing immediate attention to this matter of debt management and future control.

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