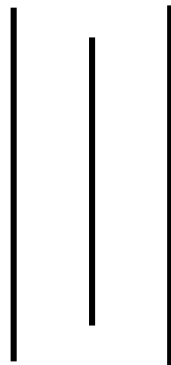


**PROTECTION OF SHAREHOLDERS' INTEREST
IN CONTEXT OF NEPAL INVESTMENT
BANK LIMITED**

**By
NIRAJ SHAKYA
Shanker Dev Campus
Campus Roll No.: 677/060
T.U. Regd. No.: 7-2-355-127-99
2nd Year Exam Symbol No.: 3391**

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



***In partial fulfillment of the requirement for the degree of
Master of Business Studies (MBS)***

**Kathmandu, Nepal
March 2011**

RECOMMENDATION

This is to certify that the thesis

Submitted by:

NIRAJ SHAKYA

Entitled:

**PROTECTION OF SHAREHOLDERS' INTEREST
IN CONTEXT OF NEPAL INVESTMENT
BANK LIMITED**

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

.....
Shashi Kanta Mainali
(Thesis Supervisor)

.....
Prof. Bishweshor Man Shrestha
(Head, Research Department)

.....
Prof. Dr. Kamal Deep Dhakal
(Campus Chief)

.....
Rabindra Bhattarai
(Thesis Supervisor)

VIVA-VOCE SHEET

We have conducted the viva –voce of the thesis presented

by:

NIRAJ SHAKYA

Entitled:

**PROTECTION OF SHAREHOLDERS' INTEREST
IN CONTEXT OF NEPAL INVESTMENT
BANK LIMITED**

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 the degree of

Master of Business Studies (MBS)

Viva-Voce Committee

Head, Research Department

Member (Thesis Supervisor)

Member (Thesis Supervisor)

Member (External Expert)

DECLARATION

I hereby declare that the work reported in this thesis entitled “**Protection of Shareholders' Interest in Context of Nepal Investment Bank Limited**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Master of Business Studies (MBS) under the supervision of **Shashi Kanta Mainali** and **Rabindra Bhattarai** of Shanker Dev Campus, T.U.

.....

Niraj Shakya

Shanker Dev Campus

Campus Roll No.: 677/060

T.U. Regd. No.: 7-2-355-127-99

2nd Year Exam Symbol No.: 3391

TABLE OF CONTENTS

Recommendation	
Viva Voce Sheet	
Declaration	
Acknowledgement	
Table of Contents	
List of Tables	
List of Figures	
Abbreviations	
	Page No.
CHAPTER – I	INTRODUCTION
1.1 Background	1
1.2 Introduction of Nepal Investment Bank Limited	9
1.2.1 Product & Services	11
1.2.2 Principal Activities	12
1.3 Focus of the Study	12
1.4 Statement of the Problem	13
1.5 Objective of the Study	14
1.6 Selection of Enterprise	15
1.7 Limitation of the Study	15
1.8 Organization of the Study	16
CHAPTER – II	LITERATURE REVIEW
2.1 Conceptual Review	17
2.1.1 Meaning of Shareholders	17
2.1.2 Features of Common Stock	24
2.1.3 Rights of Shareholders	28
2.1.4 Types of Shareholders	29
2.2 Review of Journals and Articles	29

2.3 Review of Thesis	32
----------------------	----

CHAPTER – III RESEARCH METHODOLOGY

3.1 Research Design	38
3.2 Nature and Source of Data	39
3.3 Data Collection Procedure	39
3.4 Method of Data Analysis	39
3.5.1 Financial Tools	39
3.5.1.1 Liquidity Ratio	40
3.5.1.2 Profitability Ratio	41
3.5.1.3 Leverage Ratio	44
3.5.1.4 Activity Ratio	46
3.5.2 Statistical Tools	47
3.5.2.1 Least Square Linear Trend Analysis	47
3.5.2.2 Mean Return	48
3.5.2.3 Standard Deviation	48
3.5.2.4 Coefficient of Variation	49

CHAPTER – IV DATA PRESENTATION AND ANALYSIS

4.1 Secondary Data Analysis	50
4.1.1 Financial Tools	50
4.1.1.1 Liquidity Ratio	51
4.1.1.2 Profitability Ratios	52
4.1.1.3 Leverage Ratio	56
4.1.1.4 Activity Ratio	58
4.1.2 Statistical Tools	61
4.1.2.1 Trend Analysis	62
4.2 Primary Data Analysis	67
4.2.1 Sector wise preference for Investment	67
4.2.2 Decision Making Analysis	67

4.2.3 Motive for Holding Share	68
4.2.4 Analyzing NIBL's Market	69
4.2.5 Investment Satisfaction	69
4.2.6 Analysis of Right Issue	70
4.2.7 Investors' Analysis Regarding Performance of Organization	70
4.2.8 Investors' Rationality toward AGM	71
4.2.9 Investors' Awareness toward Voting Right	71
4.2.10 Investors' Interest toward Management of Organization	72
4.2.11 Investors' View Regarding Shareholders Interest in NIBL	72
4.2.12 Investors' Perception toward Nepalese Political Environment	73
4.2.13 Investors' Rational toward Analyzing Factor Influencing Stock Price	73
4.3 Major Findings of the Study	74

CHAPTER – V SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary	76
5.2 Conclusions	77
5.3 Recommendations	80

Bibliography

Annexure

LIST OF TABLES

Table No.	Title	Page No.
4.1	Current Ratio	51
4.2	Cash and Bank Balance to Total Deposit Ratio	52
4.3	Return on Shareholder's Fund	53
4.4	Return on Assets	54
4.5	Dividend Payout Ratio	55
4.6	Price Earning Ratio	56
4.7	Debt Equity Ratio	57
4.8	Debt to Total Capital Ratio	57
4.9	Interest Coverage Ratio	58
4.10	Total Investment to Total Deposit Ratio	59
4.11	Loans and Advances to Total Deposit Ratio	60
4.12	Loan and Advances to Fixed Deposit Ratio	61
4.13	Trend Value of Net Worth	62
4.14	Trend Value of Total Deposit	63
4.15	Trend Value of Loans and Advances	64
4.16	Trend Value of Net Profit	66
4.17	Sector wise preference for Investment	67
4.18	Decision Making Analysis	67
4.19	Motive for Holding Share	68
4.20	Analyzing NIBL Market	69
4.21	Investment Satisfaction	69
4.22	Analysis of Right Issue	70
4.23	Investors' Analysis Regarding Performance of Organization	70
4.24	Investors' Rationality toward AGM	71
4.25	Investors' Awareness toward Voting Right	71
4.26	Investor's Interest toward Management of Organization	72

4.27	Investors' View Regarding Shareholders Interest in NIBL	72
4.28	Investors' Perception toward Nepalese Political Environment	73
4.29	Investors' Rational toward Analyzing Factor Influencing Stock Price	73

LIST OF FIGURES

Figure No.	Title	page	No.
.			
4.1	Least Square Linear Trend of Net Worth		63
4.2	Least Square Linear Trend of Total Deposit		64
4.3	Least Square Linear Trend of Loans and Advances		65
4.4	Least Square Linear Trend of Net Profit		66