

**PUBLIC RESPONSE TO INITIAL PUBLIC OFFERING IN
NEPALESE MARKET**

A Dissertation submitted to the Office of the Dean, Faculty of Management in
partial fulfilment of the requirements for the Master's Degree

by

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**Public Response to Initial Public Offering in Nepalese Market**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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REPORT OF RESEARCH COMMITTEE

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We, the undersigned, certify that we have carefully read the research project report submitted by **Suman Dhakal** and conducted the viva-voce examination of the candidate. We are fully satisfied with the quality and academic standard of the research project report. The candidate has defended his research work very satisfactorily. We therefore recommend that the research project entitled **Public Response To Initial Public Offering In Nepalese Market**” be accepted as partial fulfillment of the requirements for the award of the degree of **Master of Business Studies (MBS)** of Tribhuvan University.

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ABBREVIATIONS

ABBL	=	Annapurna Bikas Bank Ltd
AFCL	=	ACE Finance Co. Ltd.
BPPNL	=	Brikuti Pulp & Paper Nepal Ltd
BSL	=	Birat Shoe Ltd
BVS	=	Book Value per Share
CHCL	=	Chilime hydropower Co. Ltd
CIT	=	Citizen Investment Trust
CMFI	=	Civil Merchant Financial Institution
EFI	=	Emporial Financial Institution
EPS	=	Earning Per Share
GBL	=	Global Bank Ltd
HDL	=	Himalayan Distillery Ltd
HTIL	=	Himgiri Textile Industries Ltd
ICFC-FI	=	ICFC Financial Institution
IPO	=	Initial Public Offering
LBL	=	Laxmi Bank Ltd
MBL	=	Machhapuchhre Bank Ltd
NBICL	=	NB Insurance Co. Ltd
NCML	=	NIDC Capital Market Ltd
NEFL	=	Nepal Express Finance Ltd
NEPSE	=	Nepal Stock Exchange
NFCL	=	National Finance Co. Ltd.
NFSCL	=	Nepal Finance & Saving Co. Ltd.
NHCL	=	National Hydropower Co. Ltd
NICBL	=	Nepal Industrial and Commercial Bank Ltd
NLICL	=	Nepal Life Insurance Co. Ltd
NMB	=	Nepal Merchant Banking
NMBL	=	Nepal Merchant Banking & Finance Ltd.
NSMBL	=	Nepal Sri Lanka Merchant Bank Ltd.
NSMCL	=	Nepal Share Markets Co. Ltd.
P/E	=	Price Earning Per Share
SEBON	=	SECURITY BOARD OF NEPAL

ABSTRACT

An initial public offering (IPO) occurs when a security is sold to the general public for the first time, with the expectation that a liquid market will develop. An IPO can be of any debt or equity security. If venture capital is successful the owners will take the firm public. Initial public offering is the selling of securities to the general public for the first time. Primary market which avails fund to the issuer provides opportunity to invest to the small investors as well. The main objective of this study is to examine the investor's response to the Initial offering in Nepalese market. The descriptive and casual comparative research method has been used. Both primary and secondary data have been used. Questionnaire was used for the primary data collection. For the primary data collection 150 respondents from banks, business, university, and brokerage firm have been taken as sample. For secondary data collection annual reports of sampled companies, report of Nepal Stock Exchange and Security Board of Nepal were used for secondary data.

The study found that in spite of the long period of securities prevailing in the Nepalese market, most of the public do not know about IPO. Even in the knowledge most are interested in financial sector than non- financial sector. Even among the financial sector most are interested in commercial bank the study found that among the 9 issue managers in the year 2018/19 only 5 have the managed the issue. Among them NCML and NMBL are seems to be the dominant one as they both rank first and second respectively in terms of highest amount of issue is managed (22% and 20%) and highest amount of issue is managed by CIT and NCML (33.43% and 20.60%).most of the people (76%) prefer pro-rata basis for allotment not the lucky-draw (24) % as pro-rata basis assure the investor about getting the share.

The regression shows that all independent variable viz. performance of the company sectors, Quality of management, company goodwill, Market information have correlation($r=0.463$) with the perception of the investment decision of general investor.21.4% of the variance in the perception of the investment decision of General investor can be explained by the predictor variable: all independent variable. The standard error of the estimate of the regression line is 0.74.The ANOVA shows that all the independent variable can be predict the perception in investment decision of the investor. The significant or p - value is less than 0.01($p=0.000$).