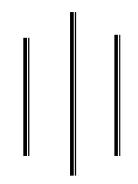
A CASE STUDY ON

PROFIT PLANNING AND CONTROLLING OF

INVESTMENTS IN BIRGUNJ FINANCE LTD.

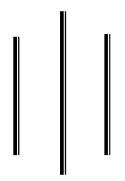


A Thesis Submitted By:

Mauje Baitha

Thakur Ram Multiple Campus Campus Roll No.: 57/063

T.U. Regd: No.: 7-2-15-1195-2002



Submitted to:

Office of the Dean Faculty of Management Tribhuvan University Nepal

In partial fulfillment of the requirements for the Degree of Masters of Business Studies (M.B.S.)

Birgunj, Parsa June, 2010

RECOMMENDATION

This is to certify that the thesis

Submitted by:

Mauje Baitha

Campus Roll No.: 57/063

T.U. Regd: No. : 7-2-15-1195-2002

Entitled

Profit Planning and Controlling of Investments in Birgunj Finance Ltd.

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

Mr. Lalan Dwibedi	Mr. Rajeshwar Prasad Acharya
(Lecturer & Thesis Supervisor)	(Head of Research Committee)
	Campus Chief
	T.R.M Campus (Birgunj)
Date :	

VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis

Submitted by:

Mauje Baitha

Campus Roll No.: 57/063

T.U. Regd: No.: 7-2-15-1195-2002

Entitled

Profit Planning and Controlling of Investments in Birgunj Finance Ltd.

and found the thesis is original work of the student and written according to the prescribed format of Faculty of Management, Tribhuvan University. We recommended the thesis to be accepted as partial fulfillment of the requirements for Master's Degree in Business Studies (M.B.S).

Viva-Voce Committee

Chairperson (Research Committee)	
Member (Thesis Supervisor)	
Member (External Expert)	
Date	

DECLERATION

I hereby declare that the work reported in the thesis entitled "PROFIT PLANNING AND CONTROLLING OF INVESTMENT: A CASE STUDY OF BIRGUNJ FINANCE LIMITDED" submitted to Thakur Ram Multiple Campus, Faculty of Management, Tribhuvan University is my original work done for the partial fulfillment of the requirements of Master of Business Studies (M.B.S.) under the Supervision of Mr. Lalan Dwibedi of Thakur Ram multiple Campus.

Researcher

Mauje Baitha

Campus Roll No. 57/063

T.U. Regd. No. 7-2-15-1195-2002

Date:

ACKNOWLEDMENT

Thesis is really an appreciable curriculum of T.U. because it helps to the students to express their theoretical concept gained during the study period into the practical field. So, being concerned to thesis, I have also got a chance to express my theoretical concept gained from class and library study into this practical field. The present study "A Case Study on Profit Planning and Controlling of Investments in Birgunj Finance Ltd." has been prepared for the partial fulfillment of the requirement for Master Degree in Business Studies.

For the completion of the thesis, at First, I would like to place my honor and respect to Mr. Rajeshwar Prasad Acharya, Reader, Thakur Ram Multiple Campus, Birgunj, I would like to express my gratitude to Mr. Lalan Dwibedi, Lecturer and thesis supervisor, Thakur Ram Multiple Campus, Birgunj, who took the responsibility of my thesis supervision and provided necessary and valuable advices. I appreciate him for his proper suggestions and guidance to carryout this research study. I am extremely grateful to Dr. Deepak Shakya, Mr. Avinash Singh, Reader of Thakur Ram Multiple Campus, Birgunj, as well as Member of Birgunj Finance Ltd. for providing me necessary reference materials, data, information and ideas.

At last, but not the least, my warm thanks go to my friends Rajeshwar Prasad Patel and Mr. Anand Kumar Yadav specially Mr. Deepak Singh for their kind co-operation, encouragement and support at the time of preparing this thesis report.

Mauje Baitha

Researcher

TABLE OF CONTENTS

Recommendation
Viva-Voce Sheet
Declaration
Acknowledgement
List of Tables
List of Figures
Table of Contents

Chapter I	Introduction	Page No.
1.1	Background of the study	1
1.2	Financial Institutions	2
1.3	Statement of the Problem	3
1.4	Objective of the Study	5
1.5	Significance of the study	5
1.6	Limitations of the Study	6
1.7	Research Methodology	7
1.8	Organization of the Study	8
Chapter II	Review of Literature	
2.1	Conceptual Review	10
2.2	Reviews on Acts and Ordinance	18
2.3	Non-performing Assets	23
2.4	Review of Previous research	24
Chapter III	Research Methodology	
3.1	Meaning and Concept	27
3.2	Research Design	27
3.3	Population and Sample	28
3.4	Source of Data	28
3.5	Variables used of the Study	29
3.6	Tools used for the analysis of data	30
3.7	Limitation of the Methodology	31
3.8	Research Gaps	31

Chapter IV	Presentation and Analysis of Data	
4.1	Presentation of Data and Analysis	32
4.2	Analysis of Deposit Pattern in BFL	33
4.3	Analysis of Investment Pattern of BFL	40
4.4	Structure of Loan and Advance in BFL	43
4.5	Structure of Investment in Financial Assets in BFL	51
4.6	Deposit-Investment Relationship in BFL	52
4.7	Financial Ratio Analysis	53
4.8	Cost-Volume-Profit (CVP) Analysis	71
4.9	Correlation Analysis	73
4.10	Trend Analysis	75
4.11	Controlling of Investment in BFL	77
4.12	Major Findings of the Study	84
Chapter V	Summary, Conclusion and Recommendations	
5.1	Summary	90
5.2	Conclusion	92
5.3	Recommendations	93
Bibliography		95
Appendices		

List of Tables

Title	Page No.
Table No.:4.1 Pattern of Deposit in BFL	33
Table No: 4.2 Comparison of Budgeted Deposit and Actual Deposit	it 36
Table No.:4.3 Comparison between budgeted and actual figures of	
saving deposit and fixed deposit	37
Table No. 4.4 Net worth to Deposit Ratio	38
Table No. 4.5 Trend of deposit pattern in BFL	39
Table No. 4.6 Loan and Advance of BFL Actual Vs Budgeted	41
Table No. 4.7 Actual Hire Purchase Loan at BFL	43
Table No. 4.8 Actual Housing Loan at BFL	44
Table No. 4.9 Actual Term Loan at BFL	45
Table No. 4.10 Allocation of Term Loan in BFL	46
Table No. 4.11 Fixed Deposit Loan at BFL	47
Table No. 4.12 Allocation of Loans and Advance in BFL	48
Table No. 4.13 Investment on Securities by BFL	52
Table No. 4.14 Proportion of Deposit and Investment Trend of BFL	53
Table No. 4.15 Calculation of EBIT and effective tax rate	56
Table No. 4.16 % change in EBIT	57
Table No 4.17 Structure of Total Debt, owner's equity and capital	
employed of BFL	58
Table No. 4.18 Calculation of ROCE	59
Table No. 4.19 ROE at BFL	60
Table No. 4.20 EPS at BFL	60
Table No. 4.21 Current Ratio of BFL	62
Table No. 4.22 Quick Ratio at BFL	63
Table No. 4.23 Cash Ratio at BFL	64
Table No. 4.24 Loan and Advance to Current Assets Ratio at BFL	64
Table No. 4.25 Cash to total Deposit Ratio at BFL	65
Table No. 4.26 LA to TD ratio at BFL.	66
Table No. 4.27 TI to TD ratio at BFL	67
Table No. 4.28 NPA to TD ratio at BFL	67
Table No. 4.29 LA to TA Ratio	68
Table No. 4.30 Capital risk ratio at BFL	69
Table No. 4.31 Growth Ratio of Deposit, Loan and Advance,	
Total Investment, NPA, and NPAT at BFL	70
Table No. 4.32 Calculation of BEP on the basis of revenue	72
Table No. 4.33 Category of Loan and Corresponding Loss	
Provision as NRB directives	78
Table No. 4.34 Analysis of NPA and Profitability of BFL.	80
Table No. 4.35: Analysis of NPA with respect to TA, LA, PA and los	
provision.	81
Table No. 4.36 Capital Adequacy Ratios	82
Table No. 4.37 Percentage of investment portfolio over primary capi	

List of Figures

Figure . No 4.1 Deposit Pattern at BFL	
Figure. No. 4.2 A Diagrammatic Presentation of Comparison	
between Budgeted and Actual	36
Figure No. 4.3 A diagrammatic Presentation of Budgeted and	
Actual amount of	38
Figure No. 4.4 Trend of Total Deposit at BFL	39
Figure No. 4.5 Trend of Deposit pattern in BFL	40
Figure No. 4.6 Loan and Advance Actual Vs Budgeted	42
Figure No. 4.7 Representation by Pie- chart to Allocation of Term	
Loan in BFL	47
Figure No. 4.8 Allocation of Loan and Advance in BFL	48
Figure No. 4.9 Pie- diagrams representing the allocation of	
Loan and advance In BFL for five fiscal years	49