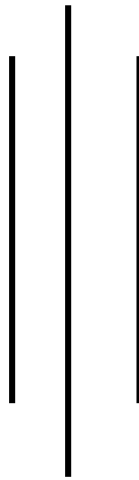


DIVIDEND POLICY AND ITS IMPACT ON STOCK PRICE



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June, 2009

RECOMMENDATION

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

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and found the thesis to be the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for

Master's Degree in Business Studies (MBS)

Viva-Voce Committee

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DECLARATION

I hereby declare that the work reported in this thesis entitled “Dividend policy and its impact on stock price” submitted to Shanker Dev Campus, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master of Business Studies under the joint supervision of Mr. Indra Prasad Sharma and Snhelata Kafle of Shanker Dev Campus.

.....

Prem Bahadur Basaula

Researcher

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This research work entitled “Dividend policy and its impact on stock price” is for the partial fulfillment of Masters of Business Studies (MBS) prescribed by the faculty of management, Tribhuvan University. It is one of the practical assignments by the department of management where a management student begins his research career. It is really interesting and practical in nature. But due to various bottlenecks viz. difficulties in data access, non-responsive behavior from concerned authorities make quite hazardous. So, bringing real matter on eyes is not a joke and much difficulties and labor along with resources are required to be committed.

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Prem Bahadur Basaula
Researcher

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ABBREVIATIONS

| | | |
|---------------|---|---------------------------------|
| D/P ratio | : | Dividend Payout Ratio |
| MPS | : | Market Price per Share |
| EPS | : | Earning per Share |
| DPS | : | Dividend per Share |
| NWPS | : | Net Worth per Share |
| SCBL | : | Standard Chartered Bank Limited |
| NIBL | : | Nepal Investment Bank Limited |
| SIBL | : | State Bank of India Limited |
| EBL | : | Everest Bank Limited |
| HBL | : | Himalaya Bank Limited |
| P/E ratio | : | Price Earning Ratio |
| R/E ratio | : | Retained Earning Ratio |
| SEE | : | Standard Error of Estimate |
| PE | : | Probable Error |
| S.D | : | Standard Deviation |
| C.V | : | Coefficient of Variation |
| a | : | Regression Coefficients |
| $b_1 b_2 b_3$ | : | Regression Coefficients |
| R | : | Correlation Coefficient |
| R^2 | : | Coefficient of Detraction |
| t_{cal} | : | t value Calculated |
| t_{tab} | : | t value Tabulated |
| T.U. | : | Tribhuvan University |
| Vol. | : | Volume |
| p. | : | Page no. |

| | | |
|-------|---|----------------------------------|
| p.p | : | From Page no.....to Page no..... |
| Ltd | : | Limited |
| i.e. | : | That is |
| No. | : | Number |
| Ed. | : | Edition |
| M.B.S | : | Master in Business Studies |
| GDP | : | Gross Domestic Product |
| MM | : | Modigliani and Miller |
| CDPS | : | Cash Dividend per Share |
| % | : | Percentage |
| Rs. | : | Rupees |
| Re. | : | Rupee |