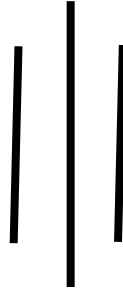


**A STUDY ON EFFECT OF FINANCIAL INFORMATION
ON MARKET PRICE OF STOCK IN NEPAL**



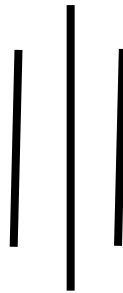
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Submitted to:

Office of the Dean

Faculty of Management

Tribhuvan University

*In partial fulfillment of the requirements for the Degree of Master
of Business Study (MBS)*

Pokhara, Nepal

January, 2009

RECOMMENDATION

This is to certify that the thesis

Submitted by

Saroj Kunwar

Entitled

A STUDY ON EFFECT OF FINANCIAL INFORMATION ON MARKET PRICE OF STOCK IN NEPAL

*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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VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis presented by

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Has found the thesis to be original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for master of Business Study (M.B.S)

Viva-Voce committee

Head of the research Department

Member (Thesis Supervisor)

Member (External Expert)

Member

Date:

DECLARATION

I here by declare that the research work entitled "A Study on Effect of Financial Information on Market Price of Stock in Nepal" is my original work done in the form of Partial fulfillment of requirement for the Master Degree in Business Study (MBS) under the supervision of Indra Prasad Sharma, Prithwi Narayan Campus.

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Date:

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This study report is prepared as dissertation for the partial fulfillment of requirement for the master's of Business study. It analyzes, Market Price of stock from the view point of financial information and signaling effect from theoretical as well as practical experience.

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January, 2009

Saroj Kunwar

TABLE OF CONTENTS

Recommendation

Viva-Voce Sheet

Declaration

Acknowledgement

CHAPTER I		<i>Page No.</i>
I.	INTRODUCTION	1-5
1.1	Background of the Study	1
1.2	Focus of the Study	2
1.3	Statement of the Problem	3
1.4	Objective of Study	3
1.5	Statement of Hypothesis	4
1.6	Significance of Study	4
1.7	Delimitation of Study	5
1.8	Organization of Study	5
CHAPTER II		
II	LITERATURE REVIEW	6-27
2.1.	Theoretical Review	6
2.2	Technical Tools	16
2.3	Security market	17
2.4	Stock exchange	18
2.5	Security Board of Nepal	18
2.6	Securities Market in Nepal	19
2.7	Event study	19
2.8	Review of Related studies	20

CHAPTER III

III	RESEARCH METHODOLOGY	28-33
3.1	Research Design	28
3.2	Population and sample size	28
3.3	Nature and Source of Data	28
3.4	Data Collection Procedure	29
3.5	Data Processing and Analysis	29
3.6	Tools for Analysis	29
3.7	Definition Key Terms	31

CHAPTER IV

IV	PRESENTATION AND ANALYSIS OF DATA	34-61
4.1	Structured of MPS, EPS, DPS and NWPS of sample companies:	34
4.2	Relationship of EPS, DPS and NWPS with MPS:	37
4.3	Event Analysis: Impact of Financial Information on the Stock Price	44
4.4	Opinion survey of investor on effect of financial information on market price of stock price in Nepal.	54
4.5	Major Finding	58

CHAPTER V

V	SUMMARY CONCLUSION AND RECOMMENDATIONS	62-64
5.1	Summary	62
5.2	Conclusion	63
5.3	Recommendations	63
	Bibliography	
	Appendix	

LIST OF TABLE

<i>Table No.</i>	<i>Name of Table</i>	<i>Page No.</i>
4.1	MPS, EPS, DPS AND NWPS OF NABIL FOR 1997/98 TO 2006/07	34
4.2	MPS, EPS, DPS and NWPS of Standard Chartered Bank for 1997/98 to 2006/07	35
4.3	MPS, EPS, DPS and NWPS of EBL for FY 1997/98 to 2006/07	36
4.4	MPS, EPS, DPS and NWPS of HBL for FY 1997/98 to 2006/07	36
4.5	MPS, EPS, DPS and NWPS of BOK for FY 1997/98 to 2006/07	37
4.6	Summarized Result from Correlation Coefficient Analysis	38
4.7	Regression of EPS, DPS, NWPS on MPS of NABIL	40
4.8	Regression equation of EPS, DPS and NWPS on MPS of Standard Chartered Bank	41
4.9	Regression equation of EPS, DPS, NWPS on MPS of EBL	42
4.10	Regression equation of EPS, DPS and NWPS on MPS of HBL	42
4.11	Regression equation of EPS, DPS, NWPS on MPS of BOK	43
4.12	Event Analysis: Result from t-Test	45
4.13	Market index: Before 30 transaction day of government increase of petroleum price	46
4.14	Market index: After 30 transaction day of government increase of petroleum price	46
4.15	Market index: Before 30 transaction days of CA Poll election	48
4.16	Market index: After 30 transaction days of CA Poll election	48
4.17	Market index before transaction days of re-establishment of democracy	50
4.18	Market index after 30 transaction days of re-establishment of democracy	50
4.19	Market index before transaction days of Nepal's entry in WTO.	52
4.20	Market index after transaction days of Nepal's entry in WTO.	52
4.21	Investor knowledge about secondary market & stock	54
4.22	Investing in Listed Company's stock.	54
4.23	Source of idea	55
4.24	Reason for buying stock	55
4.25	Basis of buying the stock	56
4.26	Knowledge about financial information signaling.	56
4.27	Response regarding sufficient and timely information Table	57
2.28	Satisfaction from investment return.	57
4.29	Level of awareness of investor regarding the stock price.	57
4.30	Calculation of Stock Price	58

LIST OF FIGURE

<i>Figure No.</i>	<i>Name of Figure</i>	<i>Page No.</i>
4.1	Trends of NEPSE index before and after 30 days of government increase the price of Petroleum	47
4.2	NEPSE index before and after 30 days transaction of CA Poll election	49
4.3	Market index before transaction days of re-establishment of democracy	51
4.4	NEPSE Index Before and After 30 Days Transactions of Nepal's Entry in WTO.	53

Some Useful Formulas used in the Study

1. Karl Pearson's Coefficient of Correlation (r)

$$r = \frac{n \sum XY - \sum X \sum Y}{\sqrt{\{n \sum X^2\} - (\sum X)^2} \sqrt{\{n \sum Y^2\} - (\sum Y)^2}}$$

Where,

n= no of observations in series X and Y

$\sum X$ = sum of observations in series X

$\sum Y$ = sum of observations in series Y

$\sum X^2$ = sum of square of observations in series X

$\sum Y^2$ = sum of square of observations in series Y

$\sum XY$ = sum of product of observations in series X and Y

The value of correlation coefficient 'r' lies between -1 to 1, i.e. $-1 \leq r \leq 1$

If $r = 1$, there is perfect positive relationship

If $r = -1$, there is perfect negative relationship

If $r = 0$, there is no correlation at all

2. Test of Significance for difference between dependent sample means (Paired T-

test) $t = \frac{\bar{d}}{s \sqrt{n}}$

Where; $\bar{d} = \frac{\sum d}{n}$

$$s = \frac{1}{n-1} \left[\sum d^2 - \frac{(\sum d)^2}{n} \right]$$

d= $X_1 - X_2$ = difference Value of two sample

n = No of Pairs of observations

Σd^2 = Sum of square of observation in d-series.

The value of t-distributed with α and degree of freedom (n - 1)

If calculated of t- is greater than tabulated value of $t\alpha$, the null hypothesis is rejected $t > t\alpha$, H_0 is rejected.

If Calculated value of t is less than tabulated value of $t\alpha$ at (n - 1) degree of freedom then null hypothesis is accepted ($t < t\alpha$ H_0 is accepted)

3. Annual Percentage Change =
$$\frac{\text{EndingValue} - \text{BeginingValue}}{\text{BeginingValue}} \times 100$$

ABBREVIATION

AGM	:	Annual General Meeting
Ann	:	Annual
Ave	:	Average
BOK	:	Bank of Kathmandu
CA	:	Constituent Assembly
DIJA	:	Dow Jones Industrial Average
DPS	:	Dividend Per Share
EBL	:	Everest Bank Limited
Ed	:	Edition
EPS	:	Earning Per Share
FY	:	Fiscal Years
HBL	:	Himalayan Bank Limited
IPO	:	Initial Public Offering
MPS	:	Market Price Per Share
NEPSE	:	Nepal Stock Exchange
NRB	:	Nepal Rastra Bank
NWPS	:	Net Worth Per Share
P. Value	:	Probability Value
RS.	:	Rupees
SEBON	:	Securities Board of Nepal
WTO	:	World Trade Organization