

IMPACT OF DIVIDEND ON EQUITY SHARE PRICING OF MANUFACTURING COMPANIES IN NEPAL

A Dissertation Submitted in Partial Fulfillment of the
Requirement for the Master of Business Studies

By

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “Impact of Dividend on Equity Share Pricing of Manufacturing Companies in Nepal”. The work of this dissertation has not been submitted previously for the purpose of completion of any degrees. It has been proposed and presented as part of requirements for the 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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TABLE OF CONTENTS

<i>CERTIFICATION OF AUTHORSHIP</i>	ii
<i>REPORT OF RESEARCH COMMITTEE</i>	iii
<i>APPROVAL SHEET</i>	iv
<i>ACKNOWLEDGEMENT</i>	v
<i>LIST OF TABLES</i>	vii
<i>ABBREVIATIONS</i>	viii
<i>ABSTRACT</i>	ix
CHAPTER I : INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Problem Statement.....	3
1.3 Objectives of the Study.....	5
1.4 Hypothesis of the Study	5
1.5 Rationale of the Study.....	6
1.6 Limitations of the Study.....	6
CHAPTER II : LITERATURE REVIEW	7
2.1 Theoretical Review	7
2.2 Empirical Review	9
2.3 Research Gap.....	25
CHAPTER III : RESEARCH METHODOLOGY	26
3.1 Research Design	26
3.2 Population and Sample	26
3.3 Nature and Sources of Data.....	26
3.4 Method of Analysis.....	27
3.5 Research Framework and Definition of Variables	30
CHAPTER IV : RESULT AND DISCUSSION.....	32
4.1 Analysis of Data	32
4.2 Major Findings	42
4.3 Discussion	44
CHAPTER V : SUMMARY AND CONCLUSION.....	46
5.1 Summary	46
5.2 Conclusion.....	47
5.3 Implications	48
REFERENCES	
APPENDICES	

LIST OF TABLES

Table 1: Review Table	15
Table 2: Dividend of the Sample Companies	32
Table 3: EPS of the Sample Companies	33
Table 4: Debt Equity Ratio of Sample Companies	34
Table 5: Return on Equity of Sample Companies.....	35
Table 6: Market Price of Sample Companies	37
Table 7: Price Earnings Ratio of Sample Companies	38
Table 8: Correlation Analysis	39
Table 9: ANOVA Table When Dependent Variable is MPS	40
Table 10: Coefficient Table When Dependent Variable is MPS	41
Table 11: Model Summary When Dependent Variable is MPS	41

ABBREVIATIONS

BNL	: Bottlers Nepal Limited
BNTL	: Bottlers Nepal Terai Limited
BSIZE	: Company Size
CSE	: Columbia Stock Exchange
DE	: Debt Equity
DPR	: Dividend Payout Ratio
DPS	: Dividend Per Share
DY	: Dividend Yield
EPS	: Earning Per Share
FCF	: Free Cash Flow
HDL	: Himalayan Distillery Limited
LEV	: Leverage
MPS	: Market Price Per Share
NEPSE	: Nepal Stock Exchange
PAT	: Profit After Tax
PE	: Price Earning Ratio
ROA	: Return on Assets
ROE	: Return on Equity
SHIVM	: Shivam Cements Limited
UNL	: Unilever Nepal Limited

ABSTRACT

In Nepal, the manufacturing sector plays a crucial role in the overall financial system as well as the Nepalese stock market. However, it has not lived up to its potential in contributing to the country's economic growth and development. The manufacturing sector has faced several changes in its price based on the various financial factors or determinants. The study's findings indicate that Earning per share significantly influences the market price of the listed stock, highlighting the substantial role that EPS plays in shaping the Nepalese economy. Additionally, the research explores the relationship between determinants of the share price of the Nepalese Manufacturing company as well as the correlations between share price and its determinants.

However, the performance of manufacturing companies has been primarily helped to increase the share price of the manufacturing companies. This study investigates the interplay between determinants of the share price of share price through correlation and regression analysis. It encompasses both descriptive and empirical analyses, with statistical data analyzed using SPSS. The research underscores the significant contribution of manufacturing companies to Stock Price. The study also observes the 5 manufacturing companies out of 6 listed in the NEPSE.

Keywords: Dividend Per Share, Earning Per Share, Leverage, Debt- Equity Ratio, Company Size, Market Price Per Share

CHAPTER I INTRODUCTION

1.1 Background of the Study

The stock market holds significant importance in any economy, acting as an indicator of its financial well-being and a source of capital for businesses. In Nepal, there has been a noticeable rise in the prominence of the stock market in recent times, marked by an increasing number of companies choosing to go public. Within this trend, manufacturing companies stand out as crucial contributors to the country's economic growth. Analyzing the factors influencing the share prices of these manufacturing companies becomes essential for investors, policymakers, and stakeholders, recognizing the pivotal role of the stock market in the nation's financial landscape (Al-Ali, 2020).

Recent years have witnessed heightened activity in Nepal's stock market, particularly with a surge in manufacturing companies opting for initial public offerings. The manufacturing sector holds substantial importance in fueling Nepal's economic growth, necessitating a comprehensive understanding of the intricate factors impacting the share prices of these companies. Nepal has undergone notable economic development, with the manufacturing sector playing a central role. Industries like textiles, cement, steel, and food processing have flourished, attracting both domestic and international investor attention. As these manufacturing entities pursue expansion and increased investment, it becomes imperative to delve into the determinants that sway their share prices (Pradhan, 2003).

When a company that traditionally distributes dividends opts for a lower-than-usual dividend or foregoes it altogether, it may be perceived as a signal that the company is facing financial difficulties. Despite the possibility that the company's profits are being utilized for purposes like expansion, the market's interpretation tends to hold sway than the actual situation. Many companies make efforts to maintain a consistent dividend payout to prevent unsettling investors, who might miss dividend as an ominous indicator (Lestari, 2019).

The evolution of the manufacturing industry has been a means of protecting people's interests from losses and uncertainties. This sector significantly contributes to the overall economic growth of society by adding stability to various processes. Manufacturing industries secure financial support through loans from financial institutions, thereby

mitigating uncertainties by enhancing financial resources. Additionally, they receive financial backing from the government, providing a safeguard against specific events. The constant fear of sudden loss is alleviated through insurance, offering coverage against unforeseen circumstances (Kanakriyah, 2021).

The research focuses on investigating how dividends impact the pricing of equity shares in the manufacturing sector of Nepal. It aims to delve into the connection between dividends and the pricing of equity shares within the Nepalese manufacturing context. The study aims to ascertain whether there exists a correlation between various determinants and the share prices, and if such a correlation is identified, to understand the nature of their association. Through this examination, the research seeks to offer insights into the factors influencing both a company's share price and its overall financial performance, with a specific focus on dividends. The findings aim to be valuable for both investors and the management of manufacturing companies in Nepal, providing information that can guide investment decisions and aid in formulating effective dividend policies. Ultimately, the research aspires to contribute knowledge that can lead to enhanced financial performance and increased share prices for Nepalese manufacturing companies.

This study holds significant importance for both investors and the management of manufacturing firms in Nepal. It offers valuable insights into the correlation between dividend policies and share prices, aiding investors in making well-informed investment decisions. Furthermore, the research outcomes can serve as a valuable resource for the management of Nepalese manufacturing companies, providing guidance for the formulation of effective policies that can result in enhanced dividends and increased share prices. The study is crucial as it illuminates the factors influencing a company's dividend policy and share prices, offering insights that can be applied for informed decision-making in both investment and management contexts.

The investigation focuses on key determinants such as Earnings per Share (EPS), Dividends per Share (DPS), Book Value per Share (BPS), Price-to-Earnings (P/E) ratio, Return on Equity (ROE), and Market Price Per Share (MPS). The study aims to elucidate the impact of these factors on the market price per share (MPS) of manufacturing companies in Nepal's stock market, represented by NEPSE. EPS, DPS, BPS, ROE, and P/E ratio are interconnected with and influence the MPS of manufacturing firms listed on NEPSE. Notably, DPS and BPS exhibit a statistically significant negative impact on stock prices in

the NEPSE market, while EPS and P/E ratios lack significant predictive power in relation to market stock prices. These findings hold substantial implications for investors seeking informed decisions in Nepal's manufacturing sector (Neupane, 2020).

The share price in Nepal's stock market is positively associated with Earnings per Share (EPS), Dividend per Share (DPS), market sentiments, and company profiles, whereas interest rate (IR) and Price to Earnings Ratio (PER) exhibit a significant negative association with share price. The sensitivity of Nepal's stock market to the country's financial system is evident, with dividend and short-term interest rate identified as major determinants. These factors are crucial predictors of stock prices in Nepal's secondary market. Additionally, Earnings per Share (EPS), Dividend per Share (DPS), effective regulatory frameworks, market sentiments, company profiles, and perceived luck all show a positive association with share price, while interest rate (IR) and Price to Earnings Ratio (PER) demonstrate a significant inverse association. Moreover, liquidity accessibility and both fundamental and technical analyses play a stimulating role in the performance of the Nepalese stock market (Thapa, 2019).

The study on the impact of dividends on equity share pricing of manufacturing companies in Nepal is being conducted to delve into the intricate relationship between dividend policies and stock valuation within this specific sector. Dividend decisions play a pivotal role in shaping investor perceptions, company valuation, and subsequent stock price movements. By undertaking this research, scholars aim to unearth insights into how dividend payouts influence the pricing of equity shares, providing valuable knowledge for investors, managers, and policymakers alike. The study seeks to evaluate the efficacy of dividend policies in enhancing shareholder value, determining whether dividend distributions are perceived positively or negatively by investors and their overall contribution to shareholder wealth.

1.2 Problem Statement

The stock market in Nepal has observed a significant increase in manufacturing companies looking to secure funds for expansion. However, there is a substantial gap in understanding the specific factors influencing the share prices of these companies. This knowledge deficiency poses a fundamental challenge for investors, policymakers, and industry leaders,

hindering their ability to make informed decisions and effectively allocate resources in Nepal's dynamic stock market (Wagle, 2021).

Research on the impact of dividend policy on market share prices is crucial due to its significant implications for investors, companies, and financial markets. Understanding how dividend policies influence stock prices can provide insights into investor behavior, company valuation, and market dynamics. Investigating various aspects of dividend policy, such as payout ratios and dividend stability, can help identify factors driving stock valuation and inform investment strategies. Ultimately, research in this area can contribute to enhancing our understanding of the relationship between dividend policy and market prices, with practical implications for stakeholders in the financial markets.

Nepal's economic, regulatory, and geopolitical conditions require a thorough exploration of the determinants affecting share prices in its manufacturing sector. The lack of clarity on these factors exposes stakeholders to market volatility and may lead to uncertainty regarding the true value and growth potential of Nepalese manufacturing companies (Bhattarai, 2018). The unique characteristics of Nepal as a small, open economy underscore the importance of this research. The country is susceptible to external economic shocks, emphasizing the need to differentiate between domestic and global factors influencing share prices. The impact of corporate governance practices, technological advancements, and adherence to environmental, social, and governance (ESG) principles on share prices within Nepal's manufacturing sector remains largely unexplored (Nepal, 2018).

In summary, this thesis seeks to expand existing knowledge by examining the determinants of share prices for Nepalese manufacturing companies. The aim is to enhance our understanding of how these financial variables interact within the context of a developing economy. Through a comprehensive analysis of quantitative data, the research endeavors to provide insights that can guide decision-making for stakeholders, investors, and regulators in Nepal's manufacturing industry (Ghimire & Mishra, 2018).

Besides the above matter following are the issue of the study;

- i. What is the current situation of price earnings ratio, earning per share, dividend per share, return on equity and book value per share and market price per share of manufacturing company of Nepal?

- ii. Is there any relationship of price earnings ratio, earning per share, dividend per share, return on equity and book value per share with market price per share of manufacturing company of Nepal?
- iii. How much impact does the price earnings ratio, earning per share, dividend per share, return on equity and book value per share creates on market price per share of manufacturing company of Nepal?

1.3 Objectives of the Study

The general objective of this study is to analyze the determinants of the share price of the Nepalese manufacturing companies.

The specific objectives are:

- i. To describe the P/E ratio, earnings per share, dividend per share, return on equity, book value per share and MPS of the selected manufacturing companies.
- ii. To examine the relationship of price earnings ratio, earning per share, dividend per share, return on equity and book value per share with market price per share of manufacturing company of Nepal.
- iii. To analyze the impact of price earnings ratio, earning per share, dividend per share, return on equity and book value per share on market price per share of manufacturing company of Nepal.

1.4 Hypothesis of the Study

In order to empirically verify the data, the following hypothesis have been formulated and verified in this study.

H1: There is significant relationship between price earnings ratio and MPS of the manufacturing companies.

H2: There is significant relationship between earnings per share and MPS of the manufacturing companies

H3: There is significant relationship between dividend per share and MPS of the manufacturing companies

H4: There is significant relationship between return on equity and MPS of the manufacturing companies

H5: There is significant relationship between book value per share and MPS of the manufacturing companies

1.5 Rationale of the Study

The Nepalese investment sector is witnessing a novel trend with the emergence of investment in financial market instruments, encompassing both money market and capital market options. This development reflects positive momentum in the growth of the Nepalese financial market. Investors in Nepal are increasingly drawn to financial market instruments for various reasons. Notably, when a new company issues shares through the capital market, there is a significant turnout of individuals applying for ownership certificates, indicating high expectations for favorable returns from stock investments. One crucial factor contributing to this trend is the dividend decision, a pivotal aspect of financial management. The decision regarding dividend distribution serves as an influential tool to attract new investors, retain existing ones, and maintain the firm's competitive position. Consequently, the study undertaken aims to address the existing gap in literature related to dividend decisions and the factors influencing dividend policies, as these factors ultimately impact the valuation of stocks. Therefore, this study on dividends holds significant importance for individuals contemplating investment in capital market instruments, especially stocks.

1.6 Limitations of the Study

The limitations of the study are:

- The findings of the study may lack generalizability as it relies on a restricted number of Nepalese manufacturing companies.
- The study's timeframe may be limited, potentially failing to accurately depict long-term trends or patterns in the correlation between share price and dividend.
- Other factors, including economic conditions, industry dynamics, and company-specific events, could also influence share prices and dividend outcomes.
- The study might employ a limited set of variables to explore the connection between share price and dividend
- The research is conducted using a sample of data spanning only fifteen years, from 2010/11 to 2022/23.

CHAPTER II

LITERATURE REVIEW

This research seeks to examine the factors influencing the share price of manufacturing companies. To achieve this objective, a thorough review of relevant literature in this specific domain has been undertaken. This literature review serves to gather insights, opinions, and various concepts articulated by other researchers. It delves into what has been said, accomplished, and documented by others in this field. The chapter focuses on scrutinizing literature pertaining to the subject, including conceptual frameworks proposed by different authors and scholars, insights from books, journals, research papers, and previous theses related to dividend policies and practices. Additionally, an examination of existing rules governing dividend policies is conducted, with an effort to present them comprehensively.

2.1 Theoretical Review

The theoretical framework is developed so that it serves as a foundation on which the entire research is based.

Cost Agency Theory

Cost Agency Theory, originating from the influential work of Jensen and Meckling (1976), posits that the dynamic between principals (owners) and agents (managers) is characterized by information asymmetry and conflicting interests. At its core, the theory suggests the presence of agency costs, which emerge from the necessity for principals to formulate contracts aligning the interests of agents with those of the firm's shareholders. These costs encompass monitoring, bonding, and residual loss expenditures, potentially affecting the efficiency and efficacy of corporate governance mechanisms as outlined by Jensen and Meckling in 1976. The ramifications of Cost Agency Theory permeate various facets of corporate finance, including aspects like executive compensation, board structure, and shareholder activism. Scholars have delved into exploring how agency costs influence firm performance and managerial conduct, offering insights into the design of governance mechanisms aimed at mitigating these costs, as articulated by Fama and Jensen in 1983.

Efficient Market Hypothesis

The Efficient Market Hypothesis (EMH), formulated by Fama in 1970, posits that financial markets efficiently assimilate all available information, making it impossible for investors to consistently achieve above-average returns through the analysis of historical prices or publicly accessible information. EMH is classified into three forms: weak, semi-strong, and strong, each representing varying degrees of information efficiency within the market (Fama, 1970).

The Efficient Market Hypothesis carries significant implications for investment strategies and the role of information in financial markets. Debates among investors and researchers have revolved around market efficiency and the potential existence of anomalies that might challenge the hypothesis. Furthermore, EMH has played a role in shaping passive investment strategies, such as index funds, with the underlying belief that attempting to outperform the market is inherently futile (Malkiel, 2003).

The Residual Theory of Dividend Policy

According to the residual theory of dividend policy, a firm should distribute dividends only from the leftover earnings, meaning dividends are only paid when funds are available after meeting the optimal level of capital expenditures, including the financing of all appropriate investment opportunities. Under a residual dividend policy, the firm places primary emphasis on its investment activities, treating dividend policy as a passive decision variable. The firm's value is directly tied to its investment decisions, rendering dividend policy insignificant (Smith, 2011).

Dividend Irrelevancy Theory

The theory of dividend irrelevancy posits that the firm's dividend policy has no impact on either its stock price or the cost of its capital. According to this theory, dividend policy does not influence the share price, as the value of the firm is determined by its earning capacity and the risk associated with its assets. Any potential impact of dividends on value is attributed solely to the informational content of dividends concerning management's earnings expectations. Additionally, the theory suggests the existence of a clientele effect,

allowing firms to attract shareholders whose dividend preferences align with the firm's historical dividend payout patterns (Miller and Modigliani, 1961).

Damodaran (2000) conducted research revealing that older investors had a higher inclination to possess stocks with substantial dividends. Simultaneously, less affluent investors were inclined to have stocks with higher dividends. Consequently, companies with a significant proportion of older investors tended to distribute higher dividends, while those with wealthier investors tended to pay lower dividends.

Signaling Effect:

An increase in dividend payments is seen as a positive signal, indicating favorable future earnings prospects for a company. Conversely, a reduction in dividend payments is considered a negative signal, suggesting a less optimistic outlook for the company's future earnings, consequently influencing fluctuations in the firm's share prices. Managers utilize dividends as a means to communicate information to the capital market, as noted by Spyridakis in 1989.

Theoretical models proposed by Bhattacharya (1979), Miller and Rock (1985), John and Williams (1985), and Williams (1988) assert that increases in dividends convey positive news, while decreases in dividends convey negative news. It is important to note that these theories are based on specific assumptions, including the existence of perfect capital markets with no personal or corporate taxes and no transaction costs. The assumptions also include the independence of the firm's investment policy from its dividend policy, rational behavior of investors, freely available information, and the absence of risk or uncertainty.

The Bird in the Hand Theory

The crux of this theory lies in the idea that stockholders, being risk-averse, have a preference for current dividends due to their lower level of risk compared to future dividends. According to Lintner in 1962, dividend payments play a role in reducing investor uncertainty, consequently enhancing the value of the stock.

The underlying logic of this theory is grounded in the belief that what is available in the present holds greater preference than what might be available in the future. Investors would rather receive a certain dividend now than a promised, potentially larger dividend in the

future. Therefore, Gordon in 1963 argues that dividend policy is relevant and does impact the share price of a firm.

2.2 Empirical Review

Kandpal and Kavidayal (2014) conducted a study to explore the influence of dividend policy on the market value of shares in thirty selected Indian banks listed on the Bombay Stock Exchange (BSE). The research spanned a decade, analyzing variables such as share price (dependent variable), dividend payout ratio, return on net worth, debt equity ratio, and total assets (independent variables). Utilizing statistical methods like multiple regression, t-tests, the coefficient of determination (R²), and F-Value, the study found a significant impact of dividend policy on the share prices of the selected Indian banks. Unique correlations were observed for individual banks, with private sector banks like ICICI, HDFC, Axis Bank, Kotak Mahindra, and Yes Bank showing statistically significant F-values, while public sector banks exhibited varied significance.

In Harshapriya's study (2016), the focus was on investigating the impact of dividend policy on share price volatility in the licensed commercial banking sector of the Colombo Stock Exchange over seven years (2008-2015). The findings indicated that dividend yield had an insignificant impact on share price volatility, despite a positive correlation. On the other hand, dividend payout showed a significant and expected negative correlation with share price volatility, consistent with evidence from various capital markets and dividend-related theories. Regression analysis revealed that price volatility, company size, EPS volatility, leverage, and growth were statistically significant in explaining share price volatility, collectively accounting for approximately 10.2% of the variability. The adjusted R-squared value, considering the number of independent variables, was 0.076658.

Zainudin et al. (2017) conducted a study analyzing the correlation between dividend policy and stock price volatility among industrial product firms in Malaysia. Covering the period from 2003 to 2012 and involving all firms listed on Bursa Malaysia, the research utilized statistical analyses such as mean, standard deviation, and regression. Notably, dividend policy was found to significantly predict stock price volatility, particularly in the post-crisis period. Key variables examined in regression analysis included Dividend Yield (DY), Payout Ratio (PR), Enterprise Value (EV), and Firm Size (FS). Statistically significant relationships were identified for DY, PR, and EV, with positive coefficients indicating that

increases in these factors correlated with higher stock prices. However, FS displayed a less significant but still statistically significant negative relationship, implying a slight decrease in stock price with increased financial stability. The combination of these variables explained around 47.4% of the variability in stock prices. The study provided insights into how dividend policy and other factors influenced stock price volatility within Malaysian industrial product firms.

In Farrukh et al.'s study (2017) on Pakistan's stock market, the impact of dividend policy on shareholders' wealth and firm performance was explored using a sample of 51 listed companies over a decade. Employing descriptive analysis, correlation, and regression, the research revealed mixed correlations between Dividends per Share (DPS) and various financial metrics. DPS showed a negligible negative correlation with Earnings per Share (EPS) but a moderate positive correlation with Return on Equity (ROE) and Share Price (SP). Interestingly, a negative correlation was observed with Dividend Yield (DY). Regression analysis indicated varying degrees of predictability, with limited explanatory power for SP (R-squared value of 0.0577) but stronger values for EPS and ROE. The F-statistics for these models were statistically significant, underscoring the overall significance of the relationships. The study shed light on the intricate connections between dividend policy, shareholders' wealth, and firm performance in the context of Pakistan's financial landscape.

Baral and Pradhan (2017) investigated the impact of dividend policy on commercial banks' share prices in Nepal, focusing on a sample of 10 A-class companies listed on the Nepal Stock Exchange over a 5-year period. Utilizing correlation and regression analyses, they found noteworthy relationships. Earnings Per Share (EPS) exhibited a moderate positive correlation with Market Price per Share (MPS), suggesting that higher EPS corresponded with higher MPS. The Price-to-Earnings ratio (PE) displayed an even stronger positive correlation with MPS, indicating a robust positive relationship. Additionally, the Dividend Payout Ratio (DPR) showed a weak positive correlation with MPS. Regression analysis aimed to predict MPS using EPS, PE, and DPR, resulting in a promising model that explained 94.6% of the variability in MPS. The F-value reinforced the model's statistical significance, with highly significant values for all three independent variables. This study provided valuable insights into the influence of dividend policy and related financial metrics on commercial banks' share prices in Nepal.

Anwar et al. (2017) focused on analyzing the impact of cash dividend announcements on stock price returns for Indian manufacturing companies listed on the Bombay Stock Exchange over a decade. Covering 228 sample companies and 605 dividend announcement events, the research revealed positive abnormal annual returns (AARs) associated with cash dividend announcements. Paired sample t-tests supported these findings, with a mean difference indicating the average effect of cash dividend announcements on stock returns. The calculated t-value suggested statistical significance, emphasizing the impact of cash dividend announcements on stock price returns for these manufacturing firms.

Khan and Shamim (2017) conducted a sector-wise analysis of dividend payment behavior among companies listed on the Karachi Stock Exchange over five years. Covering 32 industry sectors, the study employed regression models to assess predictive accuracy. Sectors like Telecommunication, Tobacco, Household Goods, and Forestry exhibited high adjusted R-squared values, indicating strong model explanatory capabilities. However, sectors such as Automobile and Electricity showed lower adjusted R-squared values, suggesting less substantial predictive accuracy. The study provided insights into varying degrees of accuracy and model significance across different industry sectors in the Karachi Stock Exchange.

Iftikhar et al. (2017) analyzed the impact of dividend policy on stock prices for five banks listed in the Karachi Stock Exchange over a decade. The study revealed that a well-devised and implemented dividend policy positively influenced a firm's stock prices. Correlation analysis indicated strong positive relationships between dividend-related variables (Dividend Payout and Dividend Per Share) and stock prices. Regression analysis confirmed the statistical significance of these relationships, with the model collectively explaining about 16.4% of the variability in stock prices.

Felimban et al. (2018) examined the stock market response to dividend announcements in Gulf Cooperation Council (GCC) countries over a five-year period. The study revealed significant trading volume reactions across various dividend announcement scenarios, indicating potential market inefficiency. Mean changes in dividends and average returns on investments during the sample period were reported. Regression analysis included t-statistics for independent variables like dividend yield, market price, and change in dividend, suggesting their potential significance. The study shed light on market responses to dividend announcements in the GCC countries.

Baral and Pradhan (2018) investigated the impact of dividend policy on commercial banks' share prices in Nepal using a sample of 10 A-class banks over five years. The study utilized mean, standard deviation, and regression techniques, revealing positive correlations between financial variables and market share prices. Regression analysis indicated that EPS and PE ratio had the most significant positive influence on the share prices of top-gaining commercial banks, while DPR had a considerable impact on the share prices of top-losing banks. The study provided insights into the complex relationship between dividend policy and share prices in the context of Nepalese commercial banks

Singh and Tandon (2019) delved into the correlation between dividend policy and stock prices within the Indian market. Over a decade, the study scrutinized data from 45 Indian companies, employing correlation and regression analyses to understand the relationships between market price per share (MPS) and financial metrics. The research highlighted significant correlations, including a robust positive correlation of 0.77 between earnings per share (EPS) and MPS, indicating that companies with higher earnings generally experienced higher market share prices. Additionally, a moderate positive correlation of 0.50 was observed between dividends per share (DPS) and MPS, suggesting that higher dividends correlated with elevated market prices. Conversely, a slight negative correlation (-0.13) between dividend yield (DY) and MPS hinted that higher dividend yields might lead to slightly lower market prices. The regression analysis, with an adjusted R-squared value of 0.65, signified that financial indicators explained approximately 65% of the variance in MPS. The F-statistic and Chi-Square value underscored the overall significance of the regression model, providing valuable insights into the intricate relationship between market prices and key financial metrics in the Indian context.

Phan and Tran (2019) investigated the impact of dividend policy and ownership structure on stock price volatility in the Vietnamese market, focusing on data from companies listed on the HOSE and HNX stock exchanges over a seven-year period (2008-2015). Noteworthy findings included a mean price volatility of 0.72, signifying a moderate level of volatility in the Vietnamese market. Dividend yield, calculated as dividends per share divided by the stock price, had a mean of 0.08, while the mean payout ratio, representing the proportion of earnings paid out as dividends, stood at 0.57. The study highlighted the role of dividend yield in mitigating stock price volatility in the emerging Vietnamese market. However, the stabilizing effect of foreign and state ownership lost significance after the global financial

crisis. The correlation analysis indicated mostly weak negative correlations between price volatility and various factors, suggesting that as certain factors increased, price volatility tended to decrease, and vice versa. The regression model, explaining only about 15.8% of the variability in price volatility, implied the presence of other unaccounted-for factors influencing market volatility in Vietnam. Nevertheless, the statistical significance of the regression model, as indicated by the p-value and F-test, emphasized the collective impact of independent variables on price volatility in the Vietnamese market.

Alajekwa and Ezeabasili's (2020) study aimed to explore the impact of dividend policy on stock price volatility in the Nigerian Stock Market over an 11-year period from 2006 to 2016. The research brought forth intriguing insights, revealing that, for financial firms, dividend payout ratio significantly contributed to stock market volatility, while dividend yield had an insignificant effect. Conversely, for non-financial firms, both dividend payout ratio and dividend yield had insignificant effects on stock market volatility. The analysis utilized diverse statistical models, including Pooled OLS, Fixed Effects, and Random Effects, each providing relevant statistics such as R-squared values, F-statistics, Durbin-Watson tests, and Hausman tests. The Fixed Effects model, with higher R-squared values and Hausman test statistics, seemed to offer a better fit for both financial and non-financial firms. This study shed light on the intricate relationship between dividend policy and stock price volatility in the Nigerian Stock Market.

Kulkarni and Hyderabad (2022) delved into the impact of dividend policy on stock prices using data from companies listed on the NSE 500 in India for the years 2019-20 to 2021-22. Their analysis incorporated descriptive statistics, correlation matrices, unit root tests, and the least square method. Notably, a robust positive correlation of 0.835 was found between Earnings Per Share (EPS) and Market Price per Share (MPS), indicating that investors highly valued companies with higher EPS. Furthermore, a moderate positive correlation of 0.286 between Dividend Per Share (DPS) and MPS suggested that dividends influenced investors but not as strongly as EPS. Return on Equity (ROE) exhibited a moderate positive correlation of 0.550 with MPS, indicating that profitability relative to equity played a role in stock valuation. However, Profit After Tax (PAT) showed a weak correlation of 0.0253 with MPS. The Retention Ratio had a weak positive correlation of 0.077 with MPS, suggesting a slight influence when companies retained more earnings. The regression analysis highlighted the high significance of EPS in explaining MPS, while

DPS, ROE, and PAT were less significant. The model explained approximately 70.2% of the variability in MPS, showcasing a reasonably good fit, with the adjusted R-Square underscoring the model's relevance. Overall, the study underscored the significance of EPS and the moderate impact of DPS and ROE on stock prices in the Indian market.

The study conducted by Lamyaa et al. (2023) delved into the relationship between dividend payout policy and financial performance in the Moroccan stock market over an 11-year period from 2006 to 2016. Utilizing panel data regression analysis, the research revealed that dividend policy significantly impacted share prices in Morocco. Companies paying dividends tended to exhibit higher financial performance compared to non-dividend-paying companies, which were shown to have higher debt levels and smaller sizes. The correlation analysis brought to light a positive relationship between Dividend Per Share and Share Price (0.6717), a negative correlation between Debt Policy (EN) and Share Price (-0.0754), and a strong positive correlation between Profit (BPA) and Share Price (0.6471). In the fixed effect model, coefficients indicated that a one-unit increase in Dividend Policy corresponded to a 0.6717 unit increase in Share Price, while a one-unit deterioration in Debt Policy corresponded to a decrease of 1.15 units in Share Price. The model explained approximately 61.87% of the variability in Share Price. The random effect model produced similar findings with slightly different coefficients and an R-Square of 0.6361, signifying that this model explained approximately 63.61% of the variability in Share Price. These results underscored the significance of dividend policy in influencing the financial performance and share prices of Moroccan companies.

Table 1

Review Table

Author's	Objectives	Variables	Methodology	Findings
Lamyaa et al. (2023)	To examine the relationship between dividend policy and financial performance in	D.V: Stock Price I.V: DPO, GR, SIZE, Volatile, EPS	Population: registered in Nigerian Stock Exchange	The study found a statistically significant positive relationship between dividend payout policy

Morocco stock market.	Financial Crisis,	Sample: 60 firms	Time: 11 Years	Method of Analysis: Panel Data Regression	<p>(DPO) and stock price (DV) in the Moroccan stock market the analysis revealed that larger firms (SIZE) tend to have higher stock prices. the relationship between dividend policy and stock price was found to be more pronounced, with dividend-paying firms experiencing less volatility in their stock prices compared to non-dividend-paying firms</p>
Kulkarni and Hyderabad, (2014)	<p>To study the impact of dividend policy on stock prices.</p> <p>To test the statistical significance of stated variables on market prices.</p> <p>To test the statistical</p>	<p>D.V: Share Price</p> <p>I.V: DPS, ROE and PAT</p>	<p>Population: Investors consider Companies listed under in India</p> <p>Sample: NSE 500</p> <p>Time: 2019-20 to 2021-22 Years</p>	<p>Investors consider dividends not only as the source of income but also a way to value the firms from the investment point of view. By having information on dividend payout ratio (DPO), an investor may</p>	

	significance of Multiple Regression Model		statistics, correlation matrix, unit root test and least square method	perform a better and more accurate analysis of the firm's financial performance and Payout ratio (POR).
Alajekwu et al. (2020)	To examine the effect of dividend policy on the volatility of stock prices of firms quoted on the Nigerian Stock Exchange	D.V: Stock Price I.V: DPO, DY, GR, LEV, SIZE, EPS Volatile, Financial Crisis,	Sample: 60 firms (19 financial and 41 Non financial) Time: 11 Years (2006 to 2016) Method of Analysis: OLS, Fixed Effects Model, Random Effects Model	Population: Dividend payout ratio has significant positive effect on stock market volatility of non-financial firms, and positive but insignificant effect for the financial firms. However, dividend yield has insignificant negative effect on stock market volatility for both financial and non-financial services firms.
Singh and Tandon (2019)	To examine and contribute to the ongoing debate regarding the relationship between dividend policy	D.V: MPS I.V: DY, RR, EPS, DPS, ROE, PAT	Sample: 45	Population: A positive correlation is found between MPS and EPS. There is a moderate positive correlation of between MPS and

and the market price of shares in the field of corporate finance.

sample companies
Time: 10 Years
Method of Analysis: Regression Analysis, Correlation Analysis
DPS. A negative correlation exists between MPS and DY. The absence of a correlation (0.00) between MPS and Retention Ratio (RR). MPS shows a weak positive correlation with Return on Equity (ROE). There is a weak negative correlation between MPS and Profit After Tax.

Phan and Tran (2019)

To examine the impacts of dividend policy and ownership structure on stock price volatility in the Vietnamese market.

D.V: Price Volatility
I.V: Dividend Payout ratio, Divided Yield, Market Capitalization, Debt Structure, Foreign Block Ownership, Presence of foreign ownership

Population: Companies listed on the two Vietnamese stock exchange (HOSE and HNX)
Sample: 2876 firms
Time: 7 Years (2008-2015)
Analysis: Mean, Std. Deviation
Correlation
The dividend yield mitigates stock price volatility in the emerging market of Vietnam. The price-stabilizing effect of foreign (and state) involvement has no longer been significant after the global financial crisis. Also, the study finds no moderating effect of ownership structure on the relation

Felimban et al. (2018)	To investigate the stock market response to dividend announcements in high growth emerging markets of Gulf countries	D.V: Share Price I.V: Dividend, Abnormal return, Abnormal Trading volume	Regression between dividend yield and price volatility during the sample period. Gulf Cooperation Council (GCC) Population: market is inefficient All the stocks significant trading listed in the volume (TV) stock exchange of three gulf countries Sample: 1092 firms Time: 5 Years Method of constant Analysis: dividend change Mean, St. Deviation, Maximum, Minimum Regression investors' preferences
Baral and Pradhan (2018)	To examine the impact of dividend policy on the share price of commercial bank in Nepal.	D.V: Market Share Price I.V: Earning Per Share, Price Earnings Ratio, Dividend Payout Ratio	Except DPR, the other factors like EPS, P/E ratio have positive relationship with stock price among them P/E is the strongest factor that affects the share price in case of top

			Time: 5 Years (2012/13-2016/17)	gainer commercial banks whereas EPS, P/E ratio and DPR
			Method of Analysis: Mean, St. Deviation, Maximum, Minimum Regression	of have positive influence on stock price among them DPR is the strongest factor that affects the share price in case of top loser bank.
				Earnings volatility
			Population: All the firms listed on Bursa Malaysia	significantly explains stock price volatility of industrial products firms during the crisis period, while dividend payout ratio predominantly influences volatility during pre- and post-crisis sub-periods. The empirical results indicate that dividend policy is a strong predictor of stock price.
Zainudin et. al. (2017)	Dividend policy and stock price volatility of industrial products firms in Malaysia	D.V: Share Price I.V: Dividend Payout, Earnings Per Share, Firm Size, Leverage, Growth of Assets	Sample: 10 Years (2003-2012) Method of Analysis: Mean, St. Deviation, Maximum, Minimum Regression	
Farrukh et al. (2017)	To examine the impact of dividend policy	D.V: Shareholders Wealth (EPS	Population: companies of the Pakistan	The correlation and regression analyses provide

	on shareholders' wealth and firm performance in Pakistan.	and Share stock Price), Firm Performance (ROE) I.V: Dividend Policy (DPS, DY)	Share stock exchange Sample: 51 sample companies Time: 10 Years Method of Analysis: Descriptive Correlation Regression	comprehensive insights into the relationships and predictive capabilities of various financial variables. DPS displays mixed correlations with other metrics: a negative correlation with EPS and DY, a moderate positive correlation with ROE, and Share Price.
Baral and Pradhan (2017)	To examine the impact of dividend of share price of commercial bank in Nepal.	DV: MPS I.V: EPS, PE and DPR	Population: All the A Class companies listed in NEPSE Sample: 10 sample companies Time: 5 Yrs Method of Analysis: Correlation	There is a positive correlation between EPS and MPS and PE. There is a positive correlation between DPR and MPS. The regression High correlation between the predicted values and the actual values of MPS.
Anwar et al. (2017)	To analyses the impact of the	D.V: Abnormal Annual	Population: Manufacturin g companies	The cash dividend announcement have positive AARs of

	<p>announcements of cash dividends on the stock price returns of the manufacturing companies listed on Bombay Stock Exchange</p>	<p>Return, Cumulative Average Abnormal Return I.V: Cash Dividend</p>	<p>listed on the Bombay stock exchange Sample: 228 sample companies and 605 dividend announcements Time 10 Years Method of Analysis: Hypotheses and paired sample T -test</p>	<p>select manufacturing companies.. The mean (average) value is 0.00170. The standard deviation is 0.00970.. The standard error is 0.00078. The t-value is 2.178. The degrees of freedom are 154. In a paired samples t-test, the degrees of freedom are typically equal to the number of pairs minus 1. The significance value is 0.031. There is a 3.1% chance of observing such a result by random chance.</p>
<p>Khan and Shamim (2017)</p>	<p>To analyze the sector-wise dividend payment behavior of companies listed on the Karachi Stock Exchange</p>	<p>D.V: EPS, FCF, I.V: 32 sectors like Oil and gas Chemicals Forestry and paper</p>	<p>Population: All the sectors of Karachi Stock Exchange Sample: 32 sectors</p>	<p>Telecommunication, Tobacco, Household Goods, and Forestry exhibit high adjusted R-squared values, signifying strong explanatory power</p>

<p>Iftikhar et al. (2017)</p> <p>To analyze the impact of dividend policy on the stock prices a firm.</p>	<p>(KSE) for the period 2009 through 2013.</p>	<p>Industrial metals and mining Construction Materials, and 26 other</p>	<p>sample of companies Time: 5 Years Method of Analysis: Regression</p>	<p>of the models, with the models. This is complemented by statistically significant F-statistics. In contrast, industries like Automobile and Electricity showcase lower adjusted R-squared values indicating less substantial explanatory capabilities.</p>
	<p>D.V: Stock Price I.V: Dividend Payout, Dividend Per Share, Retention Ratio</p>	<p>Population: Stock listed in Karachi Stock Exchange Sample: Five banks listed in Karachi Stock Exchange Time: 10 Years (2005-2014) Method of Analysis: Correlation Regression</p>	<p>Rational dividend policy plays an important role in attracting reputable investors and contributes a lot in strengthening capital structure of a firm. dividend policies of a firm might have a positive and desirable impact on stock prices of a firm if devised and implemented after in-depth study of capital structure of</p>	

Harshapriya (2016)	<p>To examine the impact of dividend policy on share price volatility through an analysis of licensed commercial banks listed in Colombo Stock Exchange in Sri Lanka</p>	<p>D.V: Price Volatility I.V: Dividend Payout ratio, Divided Yield, Company size, EPS, Leverage, Growth</p>		<p>Population: 10 Licensed Commercial Banking (LCB) stocks (CSE) Sample: 228 sample companies Time 7 Years Analysis: Mean, Std. Deviation</p> <p>The market and dividend policies of different firms.</p> <p>The impact of dividend yield on share price volatility of licensed commercial banks were found to be insignificant positive correlation, whereas dividend payout had a significant negative correlation as expected with share price.</p>
Kandpal and Kavidayal (2014)	<p>To analyze the effect of dividend policy on shareholder wealth of thirty selected Indian banks listed and traded in Bombay Stock Exchange (BSE)</p>	<p>D.V: Share Price I.V: Dividend Payout Ratio, Return on Net worth, Debt equity, Total Assets</p>		<p>Population: Banks listed in B.S.E. Sample: 30 Indian Banks Time: 10 Years Method of Analysis: multiple regression, t test, coefficient of determination (R²) and F-Value.</p> <p>There is a significant effect of dividend policy on the share price.</p> <p>In case of public sector only few banks has statistically significant as $F < 0.05$.</p>

2.3 Research Gap

The study on the factors influencing share prices of Nepalese manufacturing companies provides valuable insights into this specific sector's determinants in Nepal. However, there is a noticeable gap in the research, as it exclusively focuses on the manufacturing sector within the Nepalese economy. To enhance the analysis, future research should consider a more comprehensive approach by examining the broader economic and political context in Nepal. This could involve exploring the potential impact of macroeconomic indicators, political stability, and regulatory frameworks on share prices, as suggested by Khan (2009). Additionally, a comparative approach that includes sectors beyond manufacturing, such as services or agriculture, could reveal variations in share price determinants specific to each sector. A longitudinal analysis, considering changes in economic conditions and financial markets over time, would provide a more dynamic perspective, as recommended by Alajekwa and Ezeabasili (2020). Moreover, to gain a more nuanced understanding of share price determinants and investor behavior, future research could explore how Nepalese manufacturing companies compare with their international counterparts. Integrating qualitative research methods, such as interviews or surveys with industry experts and stakeholders, would further enrich the study. Addressing these research gaps is essential for a more comprehensive and insightful examination of share price determinants in Nepal's manufacturing sector.

CHAPTER III

RESEARCH METHODOLOGY

Research involves a series of systematic steps undertaken by a researcher to investigate a problem with specific objectives. This process includes planned and systematic activities for solving the problem, which entails collecting, analyzing, and interpreting facts and figures. The key components of research encompass the research design, studying the population and sample, identifying sources of data, outlining data processing procedures, and selecting techniques for data analysis. This chapter outlines the methodology applied in the current study, which extensively utilizes financial analysis techniques and statistical tools. The approach is predominantly analytical and empirical, relying on secondary data obtained from annual reports of the relevant organizations and other publications produced by them.

3.1 Research Design

The study employs a descriptive and casual comparative research design with the primary aim of examining the dividend practices and their impact on investors in a manufacturing company. To accomplish this research objective, a quantitative research approach has been adopted. The initial phase involves the collection of information and data, predominantly relying on secondary sources. Relevant and crucial information is then selected from the gathered data, organized in a meaningful manner. Subsequently, the data undergo analysis using suitable financial and descriptive tools, along with a causal design. The analysis phase includes interpretation, and where required, comments are provided to enhance understanding.

3.2 Population and Sample

Numerous manufacturing companies actively trade their shares in the stock market, making it impractical to comprehensively study all such companies regarding the chosen research topic. As of January 2024, Nepal Stock Exchange (NEPSE) reports indicate the presence of seven manufacturing companies listed in the market. The study employs five samples from these manufacturing companies which has most number of trading day in a year, each with a 12-year dataset, considering their recent listing on NEPSE. The chosen samples for

the study consist of Himalayan Distillery Limited, Shivam Cement, Bottlers Nepal (Terai) Limited, Bottlers Nepal (Balaju) Limited, and Unilever Nepal Limited.

3.3 Nature and Sources of Data

The research focuses on a comparative analysis of the dividend policies of Nepalese manufacturing companies and their impact on stock price dynamics. The primary reliance for this study is on secondary data. Specifically, data related to the determinants of share prices for three manufacturing companies is directly sourced from the respective companies. Additional data and information are extracted from annual reports and the websites of NEPSE (Nepal Stock Exchange), SEBON (Securities Board of Nepal), and other relevant institutions and regulatory authorities, including the Security Exchange Board, Ministry of Finance, and National Planning Commission. Various sources contribute to the data collection process, emphasizing the utilization of secondary data throughout the study.

3.4 Method of Analysis

This study employs a range of financial and statistical tools for its analysis. The examination of data will align with the available data patterns. The analysis involves the use of financial tools and straightforward regression analysis. The correlation and regression methods will be utilized to delineate the relationships between various variables relevant to the study. The outcomes derived from the financial and statistical tools are computed and presented in tables categorized under descriptive analysis and statistical analysis. A comparative assessment of these results is conducted to facilitate the interpretation of the findings.

i. Descriptive Analysis

Descriptive analysis entails a methodical examination and condensation of data to acquire a clear comprehension of primary trends, patterns, and features inherent in the dataset. In the specific context of investigating the factors influencing share prices of Nepalese manufacturing companies, descriptive analysis assumes a crucial role in furnishing a comprehensive overview of various variables. This form of analysis encompasses metrics such as mean, standard deviation, and tabular presentations, serving to offer insights into

the central tendencies and distributions present in the data. The descriptive analysis acts as a foundational step for subsequent statistical assessments, enabling researchers to identify initial trends and associations among variables before engaging in more sophisticated analytical approaches (Haneem et al., 2017).

ii. Correlation Analysis

Correlation analysis serves as a statistical tool employed to elucidate the extent of linear association between two variables. In the current investigation, both simple correlation and multiple correlations have been applied. The correlation coefficients among the specified financial variables have been computed and explained as part of the study (Liu & Xia, 2021).

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

Where,

n = number of observation in series X and Y

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

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

$\sum X^2$ = sum of squared observation in series X

$\sum Y^2$ = sum of squared observation n series y

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

The value of correlation coefficient ranges from -1 to +1.

$r = 0$ means variables are correlated lies between -1 and +1

$r = -1$ means perfect negative correlation between the variables

$r = +1$ means positive correlation between the variables

iii. Regression Analysis

Regression is a statistical method used for analyzing the connection between a dependent variable and one or more independent variables. Its purpose is to identify the most suitable

mathematical model that characterizes the relationship between variables, enabling predictions and inferences. The origin of regression dates back to the late 19th century when Francis Galton introduced the concept, subsequently formalized by Karl Pearson and Ronald Fisher (Hogg & Ledolter, 2021).

$$MPS = \alpha + \beta_1 \text{ P/E Ratio} + \beta_2 \text{ EPS} + \beta_3 \text{ DPS} + \beta_4 \text{ ROE} + \beta_5 \text{ DER} + e \dots \dots \dots$$

Where,

MPS = Market Price Per Share

P/E Ratio = Price Earnings Ratio

DPS = Dividend Per Share

EPS = Earnings Per Share

DER = Debt Equity Ratio

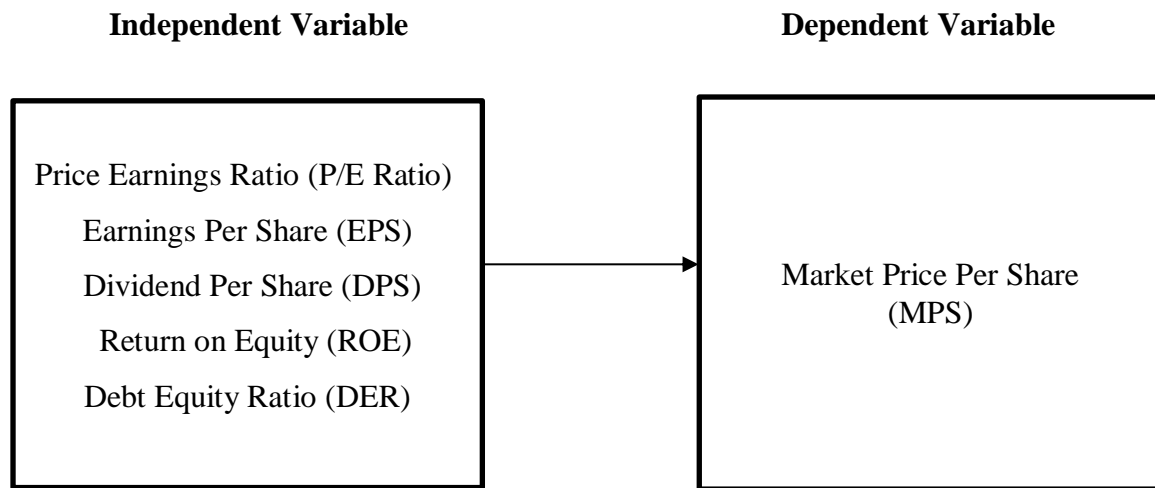
ROE = Return on Equity

iv. Test of significance (T-stat, F-Stat)

The p-value is a metric ranging from 0 to 1, and its interpretation is as follows: A small p-value, typically ≤ 0.05 , provides strong evidence against the null hypothesis, leading to the rejection of the null hypothesis. P-values very close to the cutoff (0.05) are considered inconclusive and may go either way. The t-test is utilized to determine the significance of the mean of a sample, differences between the means of two independent samples, and differences between the means of two dependent samples. In the case of dependent samples, the test is referred to as a paired t-test. The degree of freedom is defined as d.f. = Number of frequencies - Number of independent constraints on them or the number of free choices. That is, the degree of freedom equals n-1 (Khan, 2022).

The F-test is employed in conjunction to test hypotheses related to the equality of two population variances or the equality of two or more population means. It is also used to check the stability of two populations (Birnbaum, 1952).

3.5 Research Framework and Definition of Variables



Source: Lamyaa et al. (2023) & Harshapriya (2016)

i. Dividend Per Share

Dividend policy refers to the financial strategy employed by a company to determine the portion of its earnings that will be distributed to shareholders in the form of dividends. The unit of measurement for dividend policy is typically "dividend per share," which represents the amount of dividend paid to each outstanding share of stock. This metric is calculated by dividing the total dividends declared by the number of shares outstanding. Dividend per share is a crucial indicator for investors, as it reflects the cash return they receive for each share they hold. It also plays a significant role in shaping investor expectations, influencing stock prices, and assessing a company's financial health and commitment to rewarding shareholders with a portion of its profits. Companies may have varying dividend policies, including regular dividends, special dividends, or no dividends at all, depending on their financial stability, growth objectives, and cash flow considerations (Geary & Moser, 2004).

ii. Earnings Per Share

Earnings per Share (EPS) is a key financial metric that measures a company's profitability on a per-share basis. It is calculated by dividing the company's net income by the total number of outstanding common shares. EPS is crucial for investors as it helps assess a company's profitability, compare its performance to peers, and make investment decisions. Additionally, EPS is often used in valuation models like the Price-to-Earnings (P/E) ratio,

which relates a company's EPS to its market price per share, aiding in determining whether a stock is overvalued or undervalued (Stiriba, 2013).

iii. Price Earnings Ratio

The Price-Earnings Ratio (P/E Ratio) is a financial metric that compares a company's current market price per share to its earnings per share (EPS). It is a widely used valuation tool and provides investors with insights into the market's expectations for a company's future earnings growth (Lashgari & Ahmadi, 2014).

iv. Return on Equity

Return on Equity (ROE) is a financial metric that measures the profitability of a company in relation to its shareholders' equity. It is expressed as a percentage and provides insights into how effectively a company is utilizing its equity to generate profits. ROE is a key indicator for investors, analysts, and stakeholders interested in assessing a company's financial performance and management efficiency (Zakaria et al., 2012).

v. Debt Equity Ratio

Book Value Per Share (BVPS) is a financial metric that represents the per-share value of a company's equity, calculated by dividing the total shareholder's equity by the number of outstanding shares. It provides insight into the book value (net worth) that is attributable to each outstanding share of common stock (Nazir et al., 2012).

vi. Market Price Per Share (MPS)

Market Price per Share, often referred to simply as "stock price" or "share price," is the current price at which a single share of a company's stock is traded on the open market. It represents the value that investors are willing to pay for ownership in the company at a given moment. The market price per share is influenced by a variety of factors, including a company's financial performance, investor sentiment, economic conditions, and market dynamics.

CHAPTER IV

RESULT AND DISCUSSION

The presentation and analysis of data is the core of this study, which consists comparative analysis of financial performance of the companies and analysis of market price of Nepalese manufacturing company with respect to determinants in the Nepal Stock Market.

4.1 Analysis of Data

The performances of individual companies that are listed in the stock exchange have direct impact on capital market. A company having a good performance has highest market price, high volume of transaction, higher demand of stock, lower risk and low cost of capital.

4.1.1 Dividend Payment

Dividend policy is measure using the dividend distributed by the company on each share. Dividend Per Share (DPS) represents a crucial financial metric that offers insight into the distribution of profits to a company's shareholders. It signifies the portion of a company's earnings that is designated for shareholders in the form of cash dividends.

Table 2

Dividend of the Sample Companies

(In Rs.)

Year	HDL	SHIVM	BNTL (Terai)	BNL (Balaju)	UNL	Mean	S.D.
2010/11	0.00	0.00	55.00	55.00	590.00	140.00	253.06
2011/12	0.00	0.00	85.00	70.00	680.00	167.00	289.43
2012/13	0.00	0.00	0.00	60.00	760.00	164.00	334.19
2013/14	10.52	0.00	22.00	0.00	860.00	178.50	381.08
2014/15	20.00	10.53	0.00	0.00	990.00	204.11	439.41
2015/16	20.00	10.53	25.00	0.00	1020.00	215.11	450.05
2016/17	21.05	10.53	25.00	0.00	1270.00	265.32	561.72
2017/18	68.42	15.79	40.00	20.00	700.00	168.84	297.65
2018/19	102.63	15.79	40.00	0.00	770.00	185.68	328.97
2019/20	100.00	24.21	0.00	0.00	100.00	44.84	51.31
2020/21	100.00	29.00	0.00	0.00	650.00	155.80	279.27
2021/22	70.00	10.53	60.00	20.00	1215.00	275.11	526.03
2022/23	25.00	15.00	6000	0.00	1580		
Mean	42.72	10.58	29.33	18.75	800.42		
S.D.	42.18	9.66	27.73	27.15	311.12		

The data in Table 2 provides insights into the dividend per share (DPS) trends of several companies over the period spanning from 2010/11 to 2022/23. Across the years, there is considerable variation in the dividend payments made by the different companies. For instance, in 2010/11, BNTL (Terai) and BNL (Balaju) were the only companies paying dividends, with amounts of 55.00 and 55.00 respectively, while HDL and SHIVM did not pay any dividends. Over the years, there are fluctuations in dividend payments, with some companies consistently paying dividends, while others show irregular patterns. For example, UNL shows a steady increase in dividends until 2017/18, after which there is a notable decrease in 2019/20 before returning to a substantial dividend payout in 2021/22. The mean dividend per share across all companies also fluctuates over time, indicating changes in the overall dividend distribution landscape.

4.1.2 Earning Price per Share

Earnings Per Share (EPS) serves as a pivotal financial metric when it comes to evaluating a company's profitability from the perspective of its common shareholders. It provides a clear and concise measure of how much profit each shareholder can claim for each share they hold in the company.

Table 3

EPS of the Sample Companies

(In Rs.)

Year	HDL	SHIVM	BNTL (Terai)	BNL (Balaju)	UNL	Mean	S.D.
2010/11	15.56	0.00	43.23	40.00	662.50	152.26	285.79
2011/12	19.69	0.00	54.00	43.00	799.39	183.22	345.09
2012/13	13.98	0.00	58.00	49.00	874.33	199.06	378.25
2013/14	33.88	0.00	61.23	66.00	988.37	229.90	424.81
2014/15	21.06	33.23	153.82	128.00	1126.00	292.42	469.55
2015/16	64.55	38.89	228.68	223.00	1218.00	354.62	490.52
2016/17	12.67	32.45	398.86	338.00	1048.00	366.00	419.25
2017/18	76.10	29.53	612.67	499.00	1085.00	460.46	432.47
2018/19	139.00	37.95	374.83	358.00	1157.00	413.36	439.82
2019/20	81.00	26.75	4.65	-32.00	388.71	93.82	169.86
2020/21	120.00	32.11	350.18	226.00	934.72	332.60	356.97
2021/22	70.00	15.69	517.15	393.00	1674.25	534.02	671.62
2022/23	27.00	13.52	525.00	472.00	1992.00	605.90	
Mean	53.42	20.01	260.18	215.62	1072.94		
S.D.	42.18	15.69	213.80	180.90	409.79		

Table 3 presents the earnings per share (EPS) data for a selection of sample companies over a period spanning from 2010/11 to 2022/23. Throughout the years, there are noticeable variations in EPS among the different companies. For instance, BNTL (Terai) and BNL (Balaju) consistently demonstrate higher EPS figures compared to other companies, indicating stronger earnings performance. Conversely, SHIVM generally exhibits lower EPS values across the years, suggesting relatively weaker earnings performance compared to its counterparts. The mean EPS across all companies also fluctuates over time, reflecting changes in overall earnings performance within the sample group. Additionally, there is considerable variability in EPS among companies, as indicated by the standard deviation values. This data suggests differing levels of profitability and financial performance among the sampled companies over the observed period.

4.1.3 Debt Equity Ratio

The debt-to-equity ratio is a financial metric that measures the proportion of a company's financing that comes from debt compared to equity. It is calculated by dividing a company's total debt by its total equity. This ratio indicates the extent to which a company relies on debt to finance its operations.

Table 4

Debt Equity Ratio of Sample Companies (Ratio)

Year	HDL	SHIVM	BNTL (Terai)	BNL (Balaju)	UNL	Mean	S.D.
2010/11	0.13	0.00	1.20	1.40	0.54	0.65	0.63
2011/12	0.20	0.00	0.90	1.10	0.43	0.53	0.46
2012/13	0.11	0.00	0.70	0.90	0.33	0.41	0.38
2013/14	0.41	0.00	2.90	0.80	0.38	0.90	1.15
2014/15	0.46	0.00	2.10	1.00	0.43	0.80	0.81
2015/16	0.57	1.07	1.60	0.80	0.49	0.91	0.45
2016/17	0.75	3.36	2.32	0.30	0.60	1.47	1.32
2017/18	0.19	2.31	1.14	0.10	0.66	0.88	0.90
2018/19	0.14	2.31	2.31	0.50	0.66	1.18	1.05
2019/20	0.11	2.67	2.67	0.90	0.89	1.45	1.16
2020/21	0.17	1.99	1.99	0.70	0.82	1.13	0.82
2021/22	0.12	1.51	1.51	0.30	0.59	0.81	0.66
2022/23	0.11	1.32	1.34	0.45	0.55	0.75	0.55
Mean	0.27	1.27	1.74	0.71	0.57		
S.D.	0.21	1.20	0.69	0.37	0.16		

Table 4 shows the Debt Equity ratio of all sample company from the year 2010/11 to 2021/22. The table shows Debt Equity values for 5 companies. Among the five companies, BNTL has the highest average debt equity i.e. 1.78 whereas HDL has the lowest average Debt equity i.e. 0.28 over the years. Similarly, SHIVM has the highest variation of the debt equity over other sample companies, the company's debt equity is being fluctuating for different years. Similarly, the highest average debt equity is 1.45 at 2019/20 whereas lowest is 0.41 at 2012/13. There is high variation at 2016/17 i.e. 1.32 whereas lowest variation is at 2012/13 at 0.38.

4.1.4 Return on Equity

Return on Equity (ROE) is a financial metric that measures a company's profitability relative to the amount of equity shareholders have invested in the company. It is a key indicator of a company's efficiency in utilizing shareholder equity to generate profits. ROE provides insight into how effectively a company is generating profits from the capital invested by its shareholders. A higher ROE indicates that the company is using its equity efficiently to generate profits, while a lower ROE suggests less effective utilization of shareholder funds.

Table 5

Return on Equity of Sample Companies

Year	HDL	SHIVM	BNTL	BNL	UNL	Average	S.D.
2010/11	42.0%	0.0%	12.0%	8.0%	89.9%	30.4%	0.37
2011/12	61.0%	0.0%	31.0%	21.0%	92.3%	41.1%	0.36
2012/13	58.0%	0.0%	44.0%	24.0%	96.6%	44.5%	0.36
2013/14	61.0%	0.0%	51.0%	35.0%	98.8%	49.2%	0.36
2014/15	67.0%	0.0%	36.0%	19.0%	112.6%	46.9%	0.44
2015/16	78.0%	0.0%	45.0%	24.0%	121.8%	53.8%	0.48
2016/17	76.0%	0.0%	32.0%	18.0%	104.8%	46.2%	0.43
2017/18	72.0%	0.0%	38.0%	20.0%	108.5%	47.7%	0.43
2018/19	77.0%	12.0%	19.0%	18.0%	115.6%	48.3%	0.46
2019/20	52.0%	11.0%	0.2%	-2.0%	38.9%	20.0%	0.24
2020/21	71.0%	9.0%	15.7%	11.0%	93.5%	40.0%	0.39
2021/22	50.0%	13.0%	18.9%	16.0%	167.4%	53.1%	0.66
2022/23	27.0%	14.0%	16.3%	16.0%	172.3%	49.1%	0.69
Average	60.9%	4.5%	27.6%	17.5%	108.7%		
S.D.	0.15	0.06	0.15	0.08	0.32		

Table 5 presents the return on equity (ROE) data for a selection of sample companies over the years from 2010/11 to 2022/23. ROE is a financial metric that measures a company's profitability relative to the equity shareholders have invested in the company. The table showcases significant variations in ROE among the sample companies across different fiscal years. For instance, BNTL consistently demonstrates relatively higher ROE figures compared to other companies, indicating its ability to generate higher profits relative to shareholder equity. On the other hand, HDL and SHIVM generally exhibit lower ROE values, suggesting comparatively lower profitability relative to equity. The average ROE for all sample companies over the observed period stands at approximately 60.9%. This suggests that, on average, the sample companies generate a return of about 60.9% on each unit of equity invested in the company. The standard deviation values provided indicate the degree of dispersion or variability in ROE among the sample companies. A lower standard deviation suggests less variability in ROE among the companies, while a higher standard deviation indicates greater variability.

4.1.5 Market Price Per Share

Market Price per Share, often referred to simply as "stock price" or "share price," is the current price at which a single share of a company's stock is traded on the open market. It represents the value that investors are willing to pay for ownership in the company at a given moment. The market price per share is influenced by a variety of factors, including a company's financial performance, investor sentiment, economic conditions, and market dynamics. Several key elements contribute to determining the market price per share. First and foremost is a company's financial performance. Positive earnings reports, revenue growth, and other favorable financial indicators generally lead to increased investor confidence, potentially driving the stock price higher. Conversely, poor financial results or uncertainties about a company's future can have the opposite effect. Investor sentiment plays a crucial role in influencing share prices. Public perception, market speculation, and overall confidence in the company and the broader market can cause rapid and sometimes unpredictable changes in stock prices.

Table 6

Market Price of Sample Companies

(In Rs.)

Year	HDL	SHIVM	BNTL	BNL	UNL	Average	S.D.
2010/11	0.00	0.00	989.00	1729.00	4781.00	1499.80	1973.48
2011/12	100.00	0.00	1018.00	1690.00	6426.00	1846.80	2652.48
2012/13	100.00	0.00	1315.00	1680.00	9800.00	2579.00	4103.21
2013/14	171.00	0.00	1646.00	1660.00	14301.00	3555.60	6058.08
2014/15	684.00	0.00	2209.00	1660.00	18303.00	4571.20	7723.72
2015/16	495.00	0.00	5936.00	1660.00	35021.00	8622.40	14941.37
2016/17	810.00	0.00	6085.00	1660.00	29204.00	7551.80	12330.49
2017/18	1351.00	0.00	5872.00	1693.00	25000.00	6783.20	10417.69
2018/19	1670.00	608.00	6890.00	1760.00	20250.00	6235.60	8206.36
2019/20	1599.00	598.00	6200.00	1830.00	18800.00	5805.40	7576.77
2020/21	5512.00	1458.00	10262.00	1830.00	19395.00	7691.40	7442.17
2021/22	3410.00	760.00	13530.00	1942.00	18000.00	7528.40	7740.38
2022/23	2248.00	651.00	14000.00	2311.00	32998.00	10441.60	13698.09
Average	1396.15	313.46	5842.46	1777.31	19406.08		
S.D.	1589.36	463.42	4514.90	182.43	9402.33		

Table 6 provides insight into the market prices of several companies over the course of thirteen fiscal years, from 2010/11 to 2022/23. The data showcases significant variability in market prices among the different companies and across different years. For instance, BNTL consistently exhibits higher market prices compared to other companies, suggesting potentially strong investor confidence and perceived value in BNTL's shares. On the other hand, SHIVM generally demonstrates lower market prices throughout the observed period, indicating potential challenges or lower perceived value in SHIVM's shares relative to its counterparts. The average market price for each company varies, with BNTL having the highest average market price among the listed companies. This suggests that BNTL's shares have, on average, commanded higher prices in the market compared to the other companies. The standard deviation values provided in the last row of the table indicate the degree of dispersion or variability in market prices among the companies. A higher standard deviation suggests greater variability in market prices, indicating potential volatility or fluctuations in investor sentiment.

4.1.6 Price Earnings Ratio

The Price-Earnings Ratio (P/E ratio) is a widely used financial metric that compares a company's current stock price to its earnings per share (EPS). It is one of the most common

valuation ratios used by investors and analysts to assess the relative value of a company's stock. The P/E ratio is calculated by dividing the market price per share of a company's stock by its earnings per share (EPS). The P/E ratio provides investors with insights into how much they are paying for each dollar of earnings generated by the company. A higher P/E ratio generally indicates that investors are willing to pay more for each dollar of earnings, which may suggest that the company is expected to experience strong growth in the future or that it is currently overvalued. Conversely, a lower P/E ratio may indicate that the stock is undervalued relative to its earnings potential.

Table 7

Price Earnings Ratio of Sample Companies

Year	HDL	SHIVM	BNTL	BNL	UNL	Average	S.D.
2010/11	0.00	0.00	22.88	43.23	7.22	14.66	18.50
2011/12	5.08	0.00	18.85	39.30	8.04	14.25	15.61
2012/13	7.15	0.00	22.67	34.29	11.21	15.06	13.53
2013/14	5.05	0.00	26.88	25.15	14.47	14.31	11.90
2014/15	32.48	0.00	14.36	12.97	16.25	15.21	11.58
2015/16	7.67	0.00	25.96	7.44	28.75	13.96	12.65
2016/17	63.93	0.00	15.26	4.91	27.87	22.39	25.56
2017/18	17.75	0.00	9.58	3.39	23.04	10.75	9.63
2018/19	12.01	16.02	18.38	4.92	17.50	13.77	5.52
2019/20	19.74	22.36	1333.33	-57.19	48.37	273.32	593.88
2020/21	45.93	45.41	29.30	8.10	20.75	29.90	16.26
2021/22	48.71	48.44	26.16	4.94	10.75	27.80	20.49
2022/23	83.26	48.15	26.67	4.90	16.57	35.91	30.88
Average	26.83	13.87	122.33	10.49	19.29		
S.D.	26.16	20.37	363.91	24.93	11.10		

Table 7 presents the market price per share data for several companies spanning the fiscal years from 2010/11 to 2022/23. Throughout the years, notable fluctuations in market prices per share are observed across the listed companies. For instance, BNTL consistently maintains higher market prices per share compared to other companies, suggesting potentially strong investor confidence and perceived value in BNTL's shares. Conversely, companies like HDL and SHIVM exhibit lower market prices per share across most of the observed period, indicating potential challenges or lower perceived value in their shares relative to other companies. There is variability in the average market price per share across the years, with certain years showing higher averages than others. For example, the average market price per share across all listed companies is particularly high in fiscal year 2019/20,

primarily due to a significantly high market price per share for BNTL. This may indicate a unique market dynamic or event influencing prices during that period. The standard deviation values provided indicate the degree of dispersion or variability in market prices per share among the listed companies.

4.1.7 Correlation Analysis

Correlation is an analysis of the covariance between two or more variables and covariance analysis deals to determine the degree of relationship between variables. The correlation analysis refers the closeness of the relationship between the variables. The table 4.7 shows the Pearson's correlation coefficient between dependent and independent variables of Nepalese Manufacturing companies for the selected period. The dependent variables comprise the MPS whereas the independent variable consists of DPS, EPS, debt equity ratio, ROE and P/E Ratio.

Table 8

Correlation Analysis

		MPS	DPS	EPS	DER	P/E Ratio	ROE
MPS	Pearson Correlation	1		.			
	Sig (2-tailed)						
DPS	Pearson Correlation	.374	1				
	Sig (2-tailed)	.231					
EPS	Pearson Correlation	.700*	.740**	1			
	Sig (2-tailed)	0.011	.006				
DER	Pearson Correlation	.640*	-.084	.143	1		
	Sig (2-tailed)	0.025	.795	.657			
P/E Ratio	Pearson Correlation	.672*	-.058	.489	.582*	1	
	Sig (2-tailed)	.017	.858	.106	.047		
ROE	Pearson Correlation	.058	-.605*	.382	.515	.299	1
	Sig (2-tailed)	.858	.037	.220	.086	.345	

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation matrix in Table 8 reveals the relationships between various financial metrics, shedding light on how they interact with each other. Firstly, a moderate positive correlation is observed between Market Price per Share (MPS) and Earnings per Share (EPS), suggesting that as the earnings per share increase, the market price per share tends to rise as well. This implies that investors may perceive higher earnings positively and reflect it in the stock price. Additionally, MPS demonstrates a moderate positive correlation with both Debt-to-Equity Ratio (DER) and Price-Earnings (P/E) Ratio. This indicates that higher levels of debt relative to equity and higher P/E ratios may coincide with higher market prices per share. However, there's no significant correlation observed between MPS and Dividend per Share (DPS), suggesting that dividend payments may not have a direct impact on the market price per share. Conversely, a weak negative correlation is noted between MPS and Return on Equity (ROE), implying that higher returns on equity may not always translate directly to higher market prices per share. Overall, these correlations provide valuable insights into the complex interplay between various financial metrics and their influence on market prices per share.

4.1.8 Regression Analysis

Regression analysis is a mathematical method of determining which of those factors has an effect on the outcome of the experiment. It provides answers to the questions: What are the most important factors? Which of these can we afford to ignore? What is the nature of the interactions between those factors? And, perhaps most crucially, how confident are we in our understanding of all of these variables? For this study Market price per share is dependent variable and dividend policy, debt equity, EPS, ROE was used as independent variables. The result from regression analysis is presented in table.

Table 9

ANOVA Table When Dependent Variable is MPS

		Sum	of			
Model		Squares	df	Mean Square	F	Sig.
1	Regression	53.12	5	10.22	4.563	.000 ^b
	Residual	14.87	6	23.812		
	Total	67.99	11			

a. Dependent Variable: MPS

b. Predictors: (Constant), P/E Ratio, ROE, Dividend Policy, Debt Equity, EPS

The ANOVA table 9 provides valuable insights into the regression model's performance when Market Price per Share (MPS) serves as the dependent variable. The regression analysis indicates that the model as a whole significantly explains the variance in MPS, as evidenced by a high F-statistic of 4.563 with a corresponding p-value (Sig.) of .000. This p-value suggests that the observed relationship between the predictors (P/E Ratio, return on Equity (ROE), Dividend Policy, Debt Equity, EPS) and MPS is statistically significant, indicating that at least one of the predictors has a significant effect on MPS. The sum of squares for the regression model reflects the total variability in MPS that can be accounted for by the predictors included in the model. With a relatively low residual sum of squares, the model appears to adequately capture the variance in MPS beyond random fluctuations. This ANOVA analysis underscores the usefulness of the regression model in understanding and predicting the factors influencing Market Price per Share.

Table 10

Coefficient Table When Dependent Variable is MPS

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	123.736	530.817		7.233	.000
	Dividend	1.972	17.822	.027	.427	.670
	EPS	11.420	8.957	.274	4.296	.000
	Debt Equity	38.697	20.046	.156	1.886	.004
	ROE	7.456E-8	.000	.076	2.887	.031
	P/E Ratio	74.325	85.232	.123	2.166	.034

a. Dependent Variable: MPS

Table 10 presents the coefficients of the regression model with Market Price per Share (MPS) as the dependent variable. These coefficients provide insights into how changes in the independent variables impact MPS. Firstly, the constant term, representing the intercept of the regression line, is 123.736. This value indicates the estimated value of MPS when all independent variables are zero. Dividend Policy has a coefficient of 1.972, implying that a one-unit increase in Dividend Policy leads to an increase of approximately 1.972 units in MPS. However, the p-value (.670) suggests that this relationship is not statistically significant because of limited samples and the huge market capitalization it didn't created positive impact on the market. EPS (Earnings per Share) exhibits a coefficient of 11.420, suggesting that a one-unit increase in EPS results in an increase of about 11.420 units in

MPS. This relationship is statistically significant, as indicated by the low p-value of .000. Debt Equity shows a coefficient of 38.697, indicating that a one-unit increase in Debt Equity leads to an increase of approximately 38.697 units in MPS. This relationship is statistically significant with a p-value of .004. ROE (Return on Equity) has a coefficient of 7.456E-8, suggesting a very small change in MPS for a one-unit increase in ROE. However, despite the small coefficient, the relationship is statistically significant (p-value = .031). P/E Ratio (Price-Earnings Ratio) exhibits a coefficient of 74.325, indicating that a one-unit increase in P/E Ratio leads to an increase of about 74.325 units in MPS. This relationship is statistically significant with a p-value of .034.

Table 11

Model Summary When Dependent Variable is MPS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.890 ^a	.792	.618	1529.76332

a. Predictors: (Constant), P/E Ratio, ROE, Dividend Policy, Debt Equity, EPS

The Model Summary table 11 provides essential insights into the regression model's performance in predicting the dependent variable, Market Price per Share (MPS). The correlation coefficient (R) of 0.890 indicates a robust positive correlation between the independent variables—P/E Ratio, ROE, Dividend Policy, Debt Equity, and EPS—and MPS. This suggests that these independent variables collectively have a significant impact on determining the market price per share. The coefficient of determination (R Square) of 0.792 implies that approximately 79.2% of the variance in MPS can be explained by the independent variables in the model, indicating a strong level of explanatory power. The adjusted R Square, which considers the number of predictors in the model, is 0.618, suggesting that around 61.8% of the variance in MPS is effectively captured while accounting for the model's complexity. Lastly, the standard error of the estimate, with a value of 152.76332, reflects the average deviation of the observed MPS values from the predicted values by the model, providing a measure of the model's accuracy in predicting MPS.

4.2 Major Findings

The major findings of the study are:

- Significant variation in dividend payments across companies and years.
- Fluctuations observed in dividend payments, with some companies showing consistent payouts and others exhibiting irregular patterns.
- Mean dividend per share fluctuates over time, indicating changes in overall dividend distribution landscape.
- Considerable variability in dividend payments among companies, as indicated by standard deviation values.
- Noticeable variations in EPS among different companies and over years.
- BNTL and BNL consistently demonstrate higher EPS figures, indicating stronger earnings performance.
- SHIVM generally exhibits lower EPS values, suggesting relatively weaker earnings performance.
- Mean EPS fluctuates over time, reflecting changes in overall earnings performance within the sample group.
- Considerable variability in EPS among companies, as indicated by standard deviation values.
- BNTL has highest average debt equity, while HDL has lowest.
- SHIVM shows highest variation in debt equity over other sample companies.
- Considerable fluctuation in debt equity ratios observed among companies and over years.
- Significant variations in ROE among sample companies across fiscal years.
- BNTL consistently demonstrates relatively higher ROE figures, indicating its ability to generate higher profits relative to shareholder equity.
- HDL and SHIVM generally exhibit lower ROE values, suggesting comparatively lower profitability relative to equity.
- Average ROE for all sample companies over observed period is approximately 60.9%.
- Significant variability in market prices among different companies and years.
- BNTL consistently exhibits higher market prices compared to others.
- SHIVM generally demonstrates lower market prices, indicating potential challenges or lower perceived value.
- Notable fluctuations in market prices per share observed across listed companies and years.

- BNTL consistently maintains higher market prices per share.
- Considerable variability in average market price per share and standard deviation values.
- Moderate positive correlation observed between MPS and EPS, DER, and P/E Ratio.
- Weak negative correlation noted between MPS and ROE.
- No significant correlation between MPS and DPS.
- Positive relationship observed between EPS, Debt Equity, and P/E Ratio with MPS.
- Statistically significant relationship between EPS, Debt Equity, ROE, and P/E Ratio with MPS.
- No significant relationship found between Dividend Policy and MPS.

4.3 Discussion

The study explored the relationship of determinants of the share price in the context of Nepalese manufacturing companies. The findings of this study provided valuable insights into the effects of share prices.

The results of the study indicated a positive insignificant impact of dividend EPS, debt equity and P/E Ratio on share prices of Nepalese manufacturing companies. Whereas, the dividend policy and ROE has negative insignificant impact on the share price of Nepalese manufacturing companies. The analysis shows that companies with a consistent and increasing EPS, Debt equity and ROE to have higher share prices. This suggests that investors perceive a stable and growing market price as a positive debt equity of the company's financial health and future prospects, leading to an increase in share price. The beta value of EPS, Debt Equity and PE company size is positive whereas the beta value of the Dividend policy and leverage is negative.

The dividend policy has positive impact with the market price. The study aligns with the study conducted by Harshrpiya (2016) as his study with the sample of commercial bank also found the positive correlation of dividend policy with that of the market price. The study of the Zainudin et al. (2017) explains the volatility of earnings explains stock price volatility of industrial. It found that dividend policy is a strong predictor of stock price volatility. It aligns with the current study.

In case of EPS, there is a positive significant effect of EPS on MPS of the sample manufacturing companies. This study is similar with the study conducted by Khan and Shamim (2017) and the Lestari (2019). The positive and significant effect of Earnings Per Share (EPS) on the Market Price of Shares (MPS) in the study attributed to fundamental financial theory. Increased EPS signals higher profitability, which generally attracts investors and drives up share prices. This aligns with similar findings in studies by Khan and Shamim (2017) and Lestari in 2019, which can be explained by common factors like investor behavior, market sentiment, industry context, and consistent methodologies. The manufacturing industry's specific dynamics may further support the correlation between EPS and MPS in these studies.

In case of DPS, there is a positive significant effect of EPS on MPS at ten percent level of significance. This study is similar with the study conducted by Singh and Tandon (2019). It found a potential relationship between dividend distribution and investor sentiment. When companies distribute higher dividends, it signals financial stability and profitability, which can attract investors and increase share prices. The similarity with Khan and Alajekwa and Ezeabasili (2020) study may stem from shared theoretical underpinnings, consistent methodologies, or industry-specific factors. These factors, along with investor behavior and market conditions, could help explain the alignment in findings among these studies.

CHAPTER V

SUMMARY AND CONCLUSION

5.1 Summary

During the past two decades, there has been a significant shift in the financial landscape in Nepal. Research helped to assess and evaluate the trends of the dividend and determinants of the share price of manufacturing industry such as HDL, SHIVM, BNTL, BNL and UNL among others. The results of the research were used to inform the study's conclusions. It sought to comprehend some of the ideas that were used in this investigation. It reviewed and summarized the findings of previous research in order to provide information on the context in which the work was carried out by them and to avoid duplication of previous work.

To achieve this goal, a quantitative research approach was used. The researcher has used financial instruments in order to make this study more effective and educational. Data from HDL, SHIVM, BNTL, BNL and UNL were utilized in this study, which took place between 2010/11 and 2021/22. The researcher has tried to combine the findings of the impact of determinants of the share price of Nepalese manufacturing industry that were utilized in the study in this section.

The study investigated various financial metrics of five prominent manufacturing companies in Nepal and unveiled several noteworthy findings. In terms of earnings, UNL emerged as a standout performer, boasting the highest average earnings per share (EPS) throughout the studied duration, closely followed by BNTL, BNL, HDL, and UNL. When assessing market valuation, UNL consistently commanded the highest average market price per share (MPS), reflecting its strong market positioning. BNTL, BNL, HDL, and SHIVM followed suit, in that order.

The study delved into correlations between key metrics and unveiled several intriguing relationships. Positive correlations emerged between MPS and EPS, DPS, Debt Equity, ROE and P/E Ratio, suggesting that higher earnings and dividends were associated with elevated market valuation.

Further analysis involved assessing the impact of specific metrics on MPS. The study found a statistically insignificant impact of dividend policy on MPS, as evidenced by a p-value of

0.916, which is above the conventional significance threshold of 0.05 and EPS, debt equity, ROE and P/E Ratio did not exhibit significant impacts on MPS, with respective p-values of .249, .108, .848 and .934 all exceeding the threshold.

In conclusion, the study illuminates the distinct financial standings of the analyzed manufacturing companies in Nepal. UNL consistently excelled across various metrics, signaling its robust financial performance and investor appeal. The correlations and impact analyses shed light on the complex interplay between financial indicators and market valuation, offering valuable insights for investors, stakeholders, and policymakers in the Nepalese manufacturing industry.

5.2 Conclusion

The research findings offer important insights into the interplay between various financial metrics and their impact on stock prices within the context of the studied companies. One of the most noteworthy findings is that Earnings Per Share (EPS) exhibits a statistically significant and positive influence on the Market Price of Shares (MPS). This means that as EPS increases, the market price of shares tends to rise as well. This relationship underscores the pivotal role of profitability in shaping investor perceptions and the valuation of stocks. When a company reports higher earnings per share, it sends a strong signal to investors that the company is financially sound and potentially poised for growth. Consequently, investors are more willing to invest in such companies, driving up the market price of their shares.

Conversely, the study did not find a statistically significant impact of Dividend Policy on MPS. This suggests that changes in the dividend per share, or the amount of dividends distributed to shareholders on a per-share basis, may not have a significant influence on the market prices of these companies' shares. This finding implies that, in this specific context, investors may not place as much emphasis on dividend payouts as a key factor in their stock valuation decisions. Investors might prioritize other metrics or factors, such as earnings performance and growth prospects, over dividends when assessing the value of these companies' stocks.

In sum, these findings underscore the significance of consistent earnings growth in attracting investors and driving up stock prices in the studied companies. At the same time,

they highlight that the role of dividends and debt equity ratios in influencing stock prices may be relatively subdued in this context. It's essential to recognize that these conclusions are specific to the companies and the time period studied and may not necessarily apply universally to all market situations. This research contributes to our understanding of the factors that influence stock prices and provides valuable insights for investors and financial analysts when evaluating the value of shares in similar contexts.

5.3 Implications

The potential implications of this study are:

- i. This study sets the foundation for the research by highlighting the primary aim of the study: to investigate the relationship between determinants and share price volatility in the Nepalese manufacturing sector.
- ii. This study emphasizes the potential broader implications of the study's findings. If there is a relationship between the determinants and share prices, the study may delve into the mechanisms behind this influence.
- iii. This study underscores the practical application of the research. If the study reveals a significant link between dividend patterns and share price volatility, manufacturing companies in Nepal may need to reevaluate and potentially adjust their dividend distribution strategies.
- iv. It highlights another practical implication of the research. If a relationship between dividends and share prices is established, the study could provide manufacturing companies with actionable insights on how to strike a balance between paying dividends to shareholders and retaining earnings for reinvestment.
- v. Transparency and clear communication are key components of maintaining investor confidence. It highlights the importance of manufacturing companies being open and clear about their dividend policies. If investors understand how and why dividend decisions are made, they are more likely to have confidence in the company's financial management, which can, in turn, positively affect share prices.

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1 CHAPTER I INTRODUCTION 1.1 Background of the Study The stock market holds significant importance in any economy, acting as an indicator of its financial well-being and a source of capital for businesses. In Nepal, there has been a noticeable rise in the prominence of the stock market in recent times, marked by an increasing number of companies choosing to go public. Within this trend, manufacturing companies stand out as crucial contributors to the country's economic growth. Analyzing the factors influencing the share prices of these manufacturing companies becomes essential for investors, policymakers, and stakeholders, recognizing the pivotal role of the stock market in the nation's financial landscape (Al-Ali, 2020). Recent years have witnessed heightened activity in Nepal's stock market, particularly with a surge in manufacturing companies opting for initial public offerings. The manufacturing sector holds substantial importance in fueling Nepal's economic growth, necessitating a comprehensive understanding of the intricate factors impacting the share prices of these companies. Nepal has undergone notable economic development, with the manufacturing sector playing a central role.