DETERMINANTS OF STOCK PRICE OF COMMERCIAL BANKS LISTED IN NEPAL STOCK EXCHANGE

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

By

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**DETERMINANTS OF STOCK PRICE OF COMMERCIAL BANKS LISTED IN NEPAL STOCK EXCHANGE"**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

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

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Roshani Paudel

June, 2024

REPORT OF RESEARCH COMMITTEE

Ms./Mr Roshani Paudel has defended research proposal entitled "**DETERMINANTS OF STOCK PRICE OF COMMERCIAL BANKS LISTED IN NEPAL STOCK EXCHANGE"** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Asso. Prof. Dr. Kapil Khanal and submit the thesis for evaluation and viva voce examination.

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APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled "**DETERMINANTS OF STOCK PRICE OF COMMERCIAL BANKS LISTED IN NEPAL STOCK EXCHANGE**" presented by Roshani Paudel, for the degree of Master of Business Studies (MBS Semester) and conducted the viva-voce examination of the candidate. We hereby certify that the dissertation is acceptable for the award of degree.

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Researcher
Roshani Paudel
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Table of Content

LIST OF TABLES

LIST OF FIGURE

LIST OF ABBREVIATIONS

ADBL	:	Agriculture Development Bank Limited
BVPS	:	Book Value per share
DPS	:	Dividend per Share
EMH	:	Efficient market hypothesis
EPS	:	Earnings per share
GIBL	:	Global IME Bank Limited
GON	:	Government of Nepal
i.e.	:	That is
KBL	:	Kumari Bank Limited
MBS	:	Master of Business Studies
MoF	:	Ministry of Finance
MPS	:	Market Price per Share
NBL	:	Nabil Bank Limited
NEPSE	:	Nepal Stock Exchange
NRB	:	Nepal Rastra Bank
PER	:	Price Earnings Ratio
ROA	:	Return on Assets
ROE	:	Return on Equity
SEBON	:	Security Board of Nepal
SPSS	:	Statistical Package for Social Science
TU	:	Tribhuvan University
WB	:	World Bank

ABSTRACTS

This research looks on the factors that affect the stock price of commercial banks that are listed on the Nepal Stock Exchange. This study's main goal is to look into, evaluate, and understand the factors that influence Nepal's commercial banks' share prices. An approach to descriptive research was used to achieve the study's goals. For the study, which covered the fiscal years 2012–13 through 2021–22, a sample of five commercial banks was selected using the convenience sampling technique. The Nepal Stock Exchange, the Security Board of Nepal's annual supervision report, and the annual reports of the several commercial banks were the sources of the data. Using M.S. Excel and SPSS version 25, the correlation and multiple regression techniques were used to analyze the data. The market price per share (MPS) was used as the dependent variable, while the independent variables were book value per share (BVPS), earnings per share (EPS), dividend per share (DPS), and price earnings ratio (P/E ratio). The EPS, DPS, P/E ratio, and BVPS all have favorable correlations with the MPS. The results of the study indicate that the dependent variable (MPS) and the independent variables (EPS and P/E Ratio) have a high positive association, while the correlation between DPS, BVPS, and MPS is positive but not very strong. Lastly, the researcher suggests that the government create and implement stringent laws and regulations in order to encourage the market's expansion based on his analysis of the Nepalese share market. We'll put in place a system for reacting quickly to bogus businesses. The Nepalese capital market may therefore be more competitive.

Key words: Price-earnings ratio, book value per share, earnings per share, dividend per share, and market price per share.

CHAPTER- I

INTRODUCTION

1.1 Background of the Study

A financial market is a place where financial assets such as bonds, shares, debentures, currencies, derivatives, and so on are created and traded. It is essential to the nation's economy's allocation of limited resources (Security Exchange Board of Nepal, 2020). One of the main parts of any economy's financial market is the capital market, where saving and users exchange long-term investible funds. One of the main investing opportunities that offer investors large profits is purchasing equity shares. However, unexpected fluctuations in stock prices cause uncertainty for them and difficulties for government officials and policymakers (Wagle, 2021).

Stock markets act as a middleman by transferring wealth, sharing risk, and pooling funds between savers and capital consumers (Almumani, 2014). Establishing a connection between users and savers of financial resources is facilitated by the financial market. The stock market structure is a widely used intermediary in the contemporary financial world to create institutional relationships between savers and financial resource users (Subedi, 2022).

The stock market is a financial marketplace where long-term securities, such as those backed by debt and equity, are purchased and sold. The most popular and frequently traded securities in financial markets are stocks, sometimes known as "shares" or "equity." It is thought considered as a long-term financial source. Stocks grant the bearer the right to own a portion of a corporation and the right to profit in the event that the entity makes a profit, or to bear the loss equivalent to that of shares (Arkan, 2016).

The stock market has a big impact on the nation's economic development (Kurihara, 2006). It makes it easier for funds to go from public savings accounts to business and industrial endeavors. It provides a platform for individuals, governments, companies, and organizations to invest their savings in lucrative industries through the purchase of shares (Uddin, Rahman & Hossain, 2013). This is necessary for the business and industrial sectors to grow and progress, which in turn significantly boosts the country's economy. Because of this, a large number of parties are involved in the stock market, including the government, the general public, investors, companies, banks, and even the central bank.

Given the dynamic nature of the stock market, investors and fund managers have often been faced with the task of accurately anticipating stock prices in order to produce returns that are commendable. Investing in shares has the advantage of liquidity, and you can outpace the market and reap large profits. But predicting share prices is a very challenging task. It has been demonstrated that both internal and external factors can have an impact on changes in stock prices, indicating that the nature of share price movement is not independent (Malhotra & Tandon, 2013).

The stock market is primarily used by institutions to deploy shares in order to raise money. Listed public organizations raise additional capital for corporate expansion by distributing shares on the stock market. Because the stock market acts as a common marketplace for buyers and sellers of these stocks, every institution that is listed on the market contributes its shares. The primary goal of the stock exchange, according to some, should be the nation's industrial and commercial development. Since the market is essential to the expansion of the country's industrial sector, it is the main force behind the development of industry and commerce (Sen & Ray, 2013). Because of this, the government, business community, and industry, along with the nation's central bank, all keep a careful eye on events in the stock market. A well-managed capital market that provides investors with long-term funding in exchange for their financial assets promotes sustainable economic growth.

The history of the Nepalese stock market began in 1937 when Biratnagar Jut Mills Ltd. and Nepal Bank Ltd. launched shares. The first government bond issue in 1964, the establishment of Securities Exchange Center Ltd. in 1976, and the enactment of the Company Act in 1964 were other significant events pertaining to the capital markets. The goal of the Securities Marketing Center (SMC)'s founding was to facilitate and assist the capital market's growth. The Securities Board of Nepal, or SEBON for short, was established on June 7, 1983, to serve as the top regulatory body managing the securities markets. Under the Securities Act, it has been in responsible of market regulation since 2006.

While NEPSE is a non-profit organization, it is governed by the Securities Act of 1983, the Securities Exchange Act of 1983 governs the Nepalese securities market. NEPSE's primary goals are to facilitate trade on its trading floor for members and market intermediaries, such as brokers and market makers, in order to give free marketability and liquidity to corporate and government assets. The company's shareholders are the Nepal

Industrial Development Corporation, Rastra Bank, and its members. The trade of financial assets is made easier by the stock market, which links buyers and sellers of securities. The stock market provides corporations with an effective way to raise funds while also allowing individuals and organizations the chance to invest. The securities market adds value and importance to financial assets. By serving as a reliable gauge of a company's success, the securities market encourages efficiency (Bhattarai, 2018).

The stock market is a window into the economy. It has evolved into a market that is essential to economic prosperity because it fosters capital development and long-term economic growth. Stock markets facilitate wealth transfer, money pooling, and risk sharing, acting as a link between capital users and savers. They're not only a place to exchange stocks, either. Stock markets are essential for economic progress because they can guarantee that resources are allocated to the most lucrative investment opportunities (Kurihara, 2006). It helps the country's industry and commerce grow, which in turn has a big effect on the economy of the country. Because of this, the government, corporations, and industry in Nepal, together with the country's central banks, keep a careful eye on developments in the stock market. Investors' little, dispersed savings can be directed toward the lucrative activities of enterprises through the stock market.

It also provides investors with access to the marketability, safety, and liquidity of assets—three critical attributes. A well-managed capital market that provides investors with long-term cash in exchange for financial assets is necessary to support sustainable economic growth. Therefore, via the implementation of various rules and regulations, every government seeks to develop and fortify the capital market.

The price of a single equity share of a business that is put up for public sale is referred to as the share price. In other words, the stock price represents the actual amount that a buyer is ready and able to pay, or the lower value at which a share of stock can be purchased (Wayne, 2021). The path of the stock market is ultimately determined by supply and demand, just like in other markets. When shares are sold, the buyer and seller exchange money in exchange for the transfer of ownership of the stock. After the stock was purchased, its acquisition price became its new market value. The price at which the next share is bought becomes the current market price when it is sold.

1.2 Problem statement

The share price of the companies is influenced by several things. Several studies have been carried out to identify the factors that influence stock price in various nations. The

conclusions drawn from such research, conducted across different time periods, differ. According to research, a number of firm-specific characteristics as well as macroeconomic variables have a major impact on a company's share price. Beyond firm-specific considerations, a variety of additional factors also contribute to stock price fluctuations in Nepal. Investors are making haphazard stock investments and are unable to recognize stocks that are valuable or irreplaceable due to a lack of sufficient information and understanding about the firms and the market (Sigdel, 2015).

Negative signals in the economy have been created by the nation's instability in politics, current economic imbalance, and inefficient application of its liberal economic policy. In recent years, there has been an unpredictable rise and fall in the price of securities, particularly common stocks. As a result, certain businesses were dissolved, and others are barely making a profit. Undiagnosed and unidentified is the issue facing the Nepalese stock market. The necessary policies for the stock market's development are not able to be made by the policy makers. The majority of state-level initiatives to grow the stock market have had little or no difference (Abdelkarim, 2014).

Most investors these days are lured to the banking sector. Several research studies have been conducted regarding the movement of stock prices. Determining the sensitivity of the stock price to these changes and their extent is the aim of this study. The stock exchange occasionally modifies the price of stocks in response to environmental shifts. The investors couldn't tell the difference between a few good and terrible stocks. Furthermore, there aren't enough organized investors in Nepal's stock market to assess the listed companies' risk and return information. In this case, no investor could reasonably make an investment choice. Important subjects for investors to comprehend include the business environment, stock price behavior, stock price sensitivity, corporate earnings, net worth, price-earnings ratio, government policy toward public investors, and the dividend policy of the company. Moreover, investors tend to rely more on explanatory materials than to show an interest in technical and statistical research. Since the public has not been given enough information on the financial performance of the listed companies, the state and dynamism of the stock market suffer from a lack of transparency (Bhattarai, 2018).

When purchasing equity shares on the secondary market, investors in underdeveloped countries like Nepal are primarily concerned with the profitability of the company. It is generally agreed upon that dividends have a major influence on the market price of

company shares since they are one of the most trustworthy indicators of profitability (Khadka, 2016).

The price of stocks is also influenced by supply and demand. Exactly which elements affect a stock's price can be a contentious and elusive topic. Stock prices move about from time to time as the stock exchange reacts to changes in the outside world. The purpose of this study was to identify the variables that affect stock price as well as the degree of connection between those variables. It is expected that this initiative will specifically address the following research questions:

i. What major factors influence the stock price of commercial banks in Nepal?
ii. Does MPS have any relationship to the four main financial indicators (BVPS, PE ratio, DPS, and EPS)?
iii. Does the commercial bank's stock price depend on its EPS, DPS, PE ratio, and BVPS?

1.3 Objectives of the Study

Basically, the main objective of the study is to investigate the relationship between the variations in the share prices of specific Nepalese commercial banks and several factors (such earnings per share, dividends per share, book value per share, and price earnings ratio). The main objectives of this article are to look into the variables that affect stock price and how these variables interact with one another. The specific objectives that we have set out are as follows:

i. To evaluate the variables that influence the share price of particular commercial banks.
ii. To investigate how MPS and the primary financial indicators—EPS, DPS, P/E ratio, and BVPS—relate to one another.
iii. To examine how the stock price is impacted by EPS, DPS, P/E ratio, and BVPS.

1.4 Rationale of the study

It's still unclear how factors and share price relate to one another. The study's conclusions will be helpful to investors in determining which asset to invest in or not. Investors will find it easier to examine the securities because the current study will also tell them about the elements that have a bigger influence on the stock prices of the commercial banking sector.

Investing in shares appeals to everyone because it allows them to make the most of their money and increase their return. As a result, it has been demonstrated that examining the

share price sensitivity in the Nepalese stock market is an effective tactic for attracting new investors. The study will be significant for individual investors who are keen to deal in securities of foreign corporations and Nepalese businesses. This study will also help in understanding the share prices of the various listed companies in Nepal. It will be helpful to policymakers, investors, managers, and all other parties involved in the Nepalese share market. This study may be helpful to investors looking to reorganize their investment portfolios. Similarly, novice investors may use the study's conclusions to guide their timely investment decisions. The findings will be important for researchers studying the Nepalese stock market in the future and for scholars in general.

Understanding the potential, problems, and future prospects of the Nepali stock market is aided by this study. It will also be helpful to learn about the chosen banks' financial situation. Therefore, this study may be useful to regular investors and businesses involved in the stock market.

It is anticipated that NEPSE investors will find the study beneficial. Future researchers interested in this area can peruse the readings provided by the study. This study adds to our knowledge of the Nepali stock market's trend. It might help the potential investor make the greatest decision when buying shares. The study helps to understand the factors influencing share price. By giving investors thorough information about the effects of MPS and other financial indicators, it streamlines investment analysis.

1.5 Limitations of the Study

Some of the study's limitations are as follows:

i. The research has concentrated on the movement of stock prices as a result of changes in EPS, DPS, BVPS, and P/E ratio as an independent variable. The topic of "determinant of stock price" (analysis of selected banks) is much more dynamic and requires enormous resources, including human and financial.

ii. The investigation's primary focus was the stock prices of five commercial banks. Considering that some banks are currently merging, while others have simply joined forces with financing companies and development banks.

iii. Five commercial banks' ten-year observation period, spanning from FY 2012/13 to 2021/22, is included in this study.

iv. The outcome will only take into account data from the company's website, SEBON, NEPSE, NRB, and so on. v.Since the data were gathered from secondary sources, the precision of the information used determined the data's legitimacy.

CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Review

Market prices are the functions of various factors, these factors affects the market prices of stock .Thus market prices fluctuate and it is not for a short period but over a century. Broadly the theories that are reviewed in this study are: Technical analysis theory, fundamental analysis theory, and theory of random walk or Efficient Market Theory, Arbitrage pricing theo.

2.1.1 Technical Analysis

Historical market data serves as the foundation for the technical analysis hypothesis of share price. Finding and taking advantage of price patterns and trends in financial markets is the goal of technical analysis. Although there are many tools and techniques used in technical analysis, price charts are the main focus. This theory predicts future price movement by utilizing the price and value dates of equities (Feldstein & Green, 2013).

The technical analysis hypothesis of share price behavior is developed using past market data. Profiting from price trends and patterns in the financial markets is the aim of technical analysis. Price chart analysis is the main tactic and tool used by technical analysts. This theory predicts future price movement by analyzing past price and value data. Technical analysis makes a number of assumptions, including the following:

I.How supply and demand are related determines market value.

ii.Many factors, both rational and irrational, affect supply and demand.

III.Long-term trends are followed by security prices, notwithstanding sporadic market swings.

IV.Supply and demand adjustments lead to changes in a trend.

v. Regardless of their origin, variations in supply and demand can result in flaws in market transaction charts.

vi.Certain chart patterns have a tendency to recur.

2.1.2 Fundamental Analysis

The process of assessing related economic and financial factors in order to ascertain a security's fundamental value is known as fundamental analysis, or FA. Fundamental analysts look into every factor that can affect a security's value, including microeconomic

factors like the leadership of the company and macroeconomic factors like the state of the economy and industry conditions.

The process of determining a security's inherent worth by taking relevant financial and economic aspects into account is known as fundamental analysis, or FA. Fundamental analysts take into account every factor that could affect a security's value, from macroeconomic variables like the health of the economy and market circumstances to microeconomic elements like management performance. The ultimate objective is to derive a number that an investor can use to assess if a product is overvalued or undervalued based on a comparison with its current price. Technical analysis, which makes price predictions by analyzing historical market data, including price and volume, is thought to be in opposition to this kind of stock analysis.

I.One way to determine the genuine or "fair market" value of a stock is through fundamental analysis.

ii.Fundamental analysts focus their attention on stocks that are currently trading at a premium or discount to their intrinsic worth.

III.A buy recommendation is given if the stock is deemed inexpensive and its fair market value exceeds its current price.

IV.Technical analysts, on the other hand, just focus on the stock's past price patterns and disregard the fundamentals.

2.1.3 Efficient Market Theory

A mathematical idea used in the stock market is known as the Random Walk Theory, or Random Walk Hypothesis. Supporters of the idea contend that the price of securities on the stock market moves like a random walk. According to the Random stroll Theory, the price of each stock fluctuates like a random stroll on the stock market. Additionally, the Random Walk Theory assumes that the price movement of one security is independent of the price movement of another.

According to the random walk hypothesis, changes in stock prices follow a normal distribution and are unrelated to one another. This is seen as being impossible since it is impossible to predict the future course of a share price or market based just on its historical movement or trend. The basic tenet of the random walk theory is that all stock price prediction strategies are ultimately bound to fail since stocks move in an unexpected and random manner (Ross, 1976). Some assumptions underlie random walks; these are

I.According to the random walk hypothesis, stock price swings should have a uniform distribution and be independent of one another.

ii.According to the random walk hypothesis, it is difficult to forecast a market's or stock price's future movement based on previous movement or trend.

III. According to the random walk principle, increasing risk would make it difficult to outperform the market.

IV.Random walk theory says that technical analysis is unreliable since chartists only purchase or sell shares after a move has happened.

v. According to the random walk hypothesis, fundamental analysis is flawed since gathered data is often of low quality and prone to misunderstanding.

2.1.4 Arbitrage Pricing Theory

The two APT variants are the factor loading model and the macro variable model. The factor loading model makes use of artificial variables made possible by the factor analysis technique, while the macro variable model uses macroeconomic variables based on their economically interpretable impact on stock prices (Erdugan, 2012). Ross (1976) developed the APT; Roll and Ross (1995) examined its advantages for portfolio management and provided a more comprehensive description of the APT. The APT is a substitute for the CAPM, which has become the main analytical tool for explaining the phenomena observed in capital markets.

The alternative asset-pricing model, or APT, differs from the CAPM in terms of its underlying assumptions and rationale for risk factors related to an asset's risk. Returns are defined by the CAPM as a linear function of systemic risk alone. Returns are defined by the APT as a linear function of many elements. By combining a linear set of parameters, it forecasts a relationship between portfolio returns and returns on a specific asset. The risk-versus-return justification of the CAPM was dropped in favor of the APT strategy's complete use of "pricing by arbitrage". As Ross (1976) notes, the basic logic and methodology of almost all finance theory is based on arbitrage-theoretic reasoning, not just his theory. Numerous multifactor asset pricing models have been documented in scholarly works. Sinclair (1984) asserts that every multifactor asset pricing model created in the literature can be thought of as a particular theoretical instance of the APT.

2.2 Conceptual Review

Before attempting to calculate a commercial bank's stock price, it is a good idea to familiarize yourself with a few technical terms that are frequently used in finance and

capital market research. Thus, a number of the technical terms related to capital are defined in this section.

2.2.1 Common Stock

The ownership interest of a corporation is represented by common stock. The term "common stock" refers to ownership capital, sometimes referred to as equity, that is made available for subscription to the general public as a divisible unit of equal value. Unlike debt, common stock typically carries no requirement for the issuing corporation to buy back the investor's shares. Generally, common stock is granted for an unlimited period of time. These stocks may be issued and traded on both the primary and secondary markets. In the primary market, where it is often issued at face value, the stock is first issued. Trading starts as soon as the stock is posted on a stock exchange, and this particular market is referred to as the secondary market. The delisted equities are traded on the over-the-counter market. According to Sindel (2015), the Nepalese Stock Market has three markets.

Shares are the ownership stake in a firm. Each share of stock represents the rights and privileges that belong to the business's owners. A stock certification attests to that fractional ownership and is the material evidence of a certificate of title to a share of the business. Common stockholders are the remaining owners of the company and have the final say over revenue and assets if creditors and preferred stockholders have been paid in full. Thus, a stockholder's return on investment is less secure than that of a lender or preferred stockholder. On the other hand, unlike other investors, the return to a common stockholder is not restricted to an upward trajectory. A share of common stock may be authorized with or without par value. The par value of stock is only a set amount stated in the corporate charter; it has no effect on the state of the economy. A firm should not issue shares at a price below par because stockholders who purchase stock for less than par value will be liable for the difference between what they paid and the par value (Van Horne, 2008).

Par Value: The face value of a share of stock represents its par value. It was first intended to serve as a safeguard to guarantee that the corporation received just compensation for the businesses that each share of stock represented. The amount decided upon when stock is initially issued is known as the par value. In the event that there is no stock split or other action by the board of directors, the par value of the shares stays the same (Cheney & Mosses, 1995).

Book Value: The book value per share can be calculated by adding par value plus paid-in surplus plus retained earnings accounts, or by multiplying the total value of the common stock in the net worth section of the balance sheet by the number of outstanding shares of common stock. While book value gives an idea of the company's assets, stock prices and book value are not directly related. Companies sometimes find that sales prices of their common stock differ from book value (Cheney & Mosses, 1995).

Market Value: The current price at which the stock is traded represents the share's market value. For companies that are actively traded, market price quotations are readily available. Finding pricing for the many equities with small markets and little active trading is challenging. The status of the economy and industry, expected earnings and dividends, corporate and market risk considerations, and other factors all have an impact on the market value (Cheney & Mosses, 1995).

2.2.2 Stock market

The collective phrase "stock market" describes the network of exchanges and markets used for the issuance and trading of bonds, publicly traded company stocks, and other securities. These exchanges may be used for these trades, as well as over-the-counter markets. Alternatively called the equity market, the stock market is an essential component of a free-market economy since it allows companies to raise capital by offering investors a stake in the business. This is where companies list in order to raise money by selling shares. A publicly traded company that is currently listed will put more shares on the market to raise more money for corporate growth.

The stock market has a big impact on the nation's economic progress (Kurihara, 2006). It makes money transfers from public deposits to business and industrial ventures easier. It provides a platform for individuals, governments, companies, and organizations to invest their savings in lucrative industries by buying shares (Uddin, Rahman, & Hossain 2013). This is necessary for the commercial and industrial sectors to grow and prosper, which in turn significantly boosts the country's economy. Because of this, the general public, corporations, financial institutions, investors, governments, and even the central bank keep a careful eye on the performance of the stock market. The primary market and the secondary market are the two primary divisions of the stock market.

Underwriting groups facilitate the issuance of new securities on the primary market. The companies sell their goods to investors directly through underwriters, which are often investment banks for the issuance of stocks and bonds. The term used when a corporation

issues shares for the first time is Initial Public Offering (IPO). New shares issued by businesses whose shares are already traded on the market are known as seasoned or secondary offerings. The issuing corporation receives the selling revenues and utilizes them to finance or expand its operations. After the initial sale, securities will be traded on the secondary market (Subedi, 2019).

Securities that have just been issued are traded on the primary market. The issuer may be a newly founded company or one that has been in operation for a while. The primary market is the market for an issuer's first public securities sales. The quantity of recently issued stock—particularly common stock—on the main market is closely tied to the market's condition. When the market is rising or high, new issues are offered to the public more often; when the market is falling or low, they are provided to the public less frequently (Cheney & Moses, 1995).

Secondary Industry

One type of capital market is the secondary market, where securities that have previously been issued in the past are traded. The secondary market, often known as the aftermarket, is the name of the financial marketplace where previously issued assets and financial instruments such as stocks, bonds, options, and futures are bought and sold. Secondary markets, to put it briefly, are sites where buyers and sellers of already-issued assets transact. It allows for liquidity and sets the price. Thus, the main focus of the secondary market is on previously issued shares that are exchanged through stock exchanges, over-the-counter marketplaces, or direct sales. For the primary market to expand effectively, secondary markets are required. Due to the securities' availability in the secondary market, investors are urged to buy assets on the primary market. The Nepal Stock Exchange (NEPSE), a regulated secondary market in Nepal, is home to thousands of securities. The New York Stock Exchange (NYSE) and the National Association of Securities Dealers Automated Quotations (NASDAQ) are the two biggest exchanges in the world.

The trading of previously issued securities occurs on the secondary market, sometimes called the aftermarket. On a secondary market, an investor buys securities from another investor rather than the issuer. The capacity of the secondary market to provide liquidity and, as a result, continuous data on the market price of the assets is essential (Bhandari, 2013).

I. coordinated the trading of stocks

The voluntary associations that come together to buy and sell the public's securities from major firms make up the organized stock markets. Only listed securities, which are bought and sold at auction, are traded on the exchange. NEPSE, NYSE, Tokyo Stock Exchange, American Stock Exchange (AMEX), and Bombay Stock Exchange are a few instances of structured stock exchanges.

ii. Market Accessible

Establishing an Over-the-Counter market is another way to build up a secondary market. In this market, dealers who have assets in stock at different locations are willing to buy and sell securities "Over the counter" to anyone who approaches them and is willing to accept their pricing. OTC dealers operate in a highly competitive market that is equivalent to one with an established exchange because they are always in computer touch with one another and know each other's rates.

The over-the-counter (OTC) market is the name given to the market for these assets that are not listed on stock exchanges. When the company initially makes the securities available for sale to the public, they are traded on the over-the-counter (OTC) market. It includes all transactions involving securities that don't take place on stock exchanges. However, in practice, the term usually refers only to the activities of brokers and dealers who specialize in unlisted securities. OTC markets have incredibly low entry barriers, allowing traders to be as tiny as a single person or a small local business. On the other hand, they could be very big companies doing business abroad.

2.2.3 Security Board of Nepal (SEBON)

On June 7, 1993, the Government of Nepal formed Securities Board Nepal as the highest authority monitoring the securities market. Under the Securities Act of 2006, it has been in charge of market regulation.

The seven members of the SEBON Governing Board are led by a full-time chairman who is selected by the government to a four-year term. Other members of the Board include the joint secretaries of the Ministry of Law, Justice, and Parliamentary Affairs, the Ministry of Finance, the Institute of Chartered Accountants of Nepal, the Federation of Nepalese Chambers of Commerce and Industries, and one member appointed by the government from among the experts regarding capital market development, securities market management, and the financial or economic sector.

SEBON has focused its efforts since its establishment on enhancing the regulatory and legislative structures that serve as the basis for the sound growth of the capital market.

The second amendment to the Securities Exchange Act of 1983 was made on January 30, 1997, as part of the ongoing endeavor to create a reliable system. By placing market intermediaries under its direct jurisdiction and requiring corporate bodies to report to SEBON on an annual and semi-annual basis regarding their performance, this amendment expanded the scope of SEBON's regulatory authority and set the groundwork for SEBON's establishment as the top entity. Although the second amendment in the act established direct relationship of SEBON with the market intermediaries and the listed companies, supremacy in its jurisdiction is yet to be established and clearly recognized (Security Board of Nepal, 2014).

2.2.4 Nepal Stock Exchange (NEPSE)

The Securities Exchange Act of 2040 is followed by the non-profit organization known as NEPSE, or the Nepal Stock Exchange. The previous Securities Exchange Center was transformed into NEPSE as a part of the capital market restructuring project. NEPSE strives to give corporate and government assets marketability and liquidity by facilitating trades on the trading floor through market intermediaries such as brokers, market makers, and others. The NEPSE's stockholders include Nepal Rastra Bank, the central bank, the Government of Nepal under His Majesty, Nepal Industrial Development Corporation, and licensed numbers (Ojha, 2020).

NEPSE is run by a board of directors that is in charge of all aspects of the organization. There are nine directors, according to the Securities Exchange Act of 2040. Institutional investors and HMG have nominated six directors, including two licensed members. One of the board's ex-officio directors is NEPSE's general manager. On NEPSE, many companies are listed and occasionally removed from the list. 149 businesses are currently listed on NEPSE. This quantity could increase or decrease over time (NEPSE, 2020–21).

2.2.5 Stock Price

The price of a single share among the many economically viable equities that make up a firm is known as its share price. A share cost or price at a given moment reflects the equilibrium reached by buyers and sellers. According to Sharma (2011), the price reflects the wisdom and collective knowledge of the market. On the other hand, a stock's price movement determines its return on investment. As a result, the share price is among the most important factors affecting an investor's choice to invest. This feature is largely

determined by the forces of supply and demand for a certain security. Stock market exchange shares might be found at a discount by experts (Zakir & Khanna, 1982).

Determining an organization's share cost is made simple by the stock trade, a component of the capital market's security segment. The most popular financial instruments are stocks, bonds, and alternatives. The securities market facilitates exchanges between asset demanders and suppliers. They also make it possible to trade at fair prices more quickly and easily (Feldstein & Green, 2013).

The price of an equity share is calculated by dividing the total number of outstanding shares by the firm's worth. Stock prices are an important consideration for manufacturers, investors, and other process participants (Hashmi et al., 2021). For many parties involved in the stock market, including market participants, the direction of the share price, which is determined by the underlying conditions, is a continual target. The capital market, which includes the stock and bond markets, is a crucial element of economic prosperity that fosters capital creation and sustains economic expansion. The exchange of wealth between capital users and savers, as well as the sharing of risk, all take place in stock markets. They serve as more than just a place to exchange stocks (Abdelkarim, 2014).

2.2.6 Share Price Determinants

Numerous studies on share price factors have been conducted in the past by researchers. Several of them have been reviewed in this study in order to narrow the gap and avoid any repetition. The price of stocks is influenced by a wide range of internal and external factors. Just a handful of the numerous factors that influence share price are as follows:

Profits per share

Earnings per share of a corporation are calculated by dividing its net revenues by the total number of outstanding shares. This gives a figure that can be used to compare the earnings of companies, since it is rare for any two to have the same amount of outstanding shares. Accounting earnings that represent a variety of revenues and costs, including those associated with non-equity funding sources (such interest on debt or dividends on preference shares), are included in the total profits available for common stock. By dividing this part of profits by the total number of outstanding shares, we can get earnings per share (Sharpe, et al., 2000).

Earnings per share is a metric used to assess a company's profitability (EPS). Growing earnings per share frequently results in a high market price. Because of the positive correlation between market price and earnings per share, more earnings per share will translate into higher market price (Almumani, 2014). That is calculated as:

EBIT= Earnings before taxes - Preferred dividend / Total number of shares in circulation

Payout amount per share (DPS)

The total of all declared dividends paid by an entity for each existing equity share is known as dividend per share, or DPS. The sum is calculated by dividing the total number of equity shares that have been issued and are still outstanding by the total dividends paid by the company for a particular fiscal year. Market price and dividend per share have a significant positive link (Michael & Benson, 2014).

The ratio of the dividend announced during a fiscal year to the market price is known as the dividend yield. It is computed by dividing the cash paid by a business to its stockholders for each share by the share's current price. The dividend payment is the only factor used to determine the expected annual return on an investment in stocks (Bhattarai, 2014). It is calculated as follows:

Dividend per share (DY) equals market price per share.

P/E ratio, or price-to-earnings ratio

One popular measure of how the market assesses a company's success is the price-to-earnings ratio (P/E). It is used to assess the company's estimate of share value. Every rupee that the company generates in revenue is used to gauge investor readiness to pay. A higher P/E ratio is indicative of more investor confidence. Greater PE ratios typically signify a company's significant growth potential. As a result, the study develops the following hypothesis: The stock price and PE ratio are positively correlated. Use the PE ratio as follows to reword it: PER is equal to stock price / earnings per share (EPS) (Constand, Freitas & Sullivan, 1991).

The P/E ratio is a tool used to compare a company's current share price to its earnings per share (Dutta et al., 2018). Investment managers utilize it extensively to back up their

suggestions, and it has also been employed to calculate the cost of equity capital (Wu, 2014).

Divided by its EPS, a stock's price-earnings ratio is calculated. This shows what other investors think about the stock. It has to do with the disparity between earnings per share and market value. The price-to-earnings ratio indicates the extent to which the price of a share covers its earnings. It shows if the share price of a company is fairly priced, overvalued, or undervalued. A high P/E frequently signifies that investors anticipate higher profits growth in the future when compared to companies with a lower P/E ratio. A corporation will have a high PE if investors buy shares of the company expecting to see an increase in earnings from the stock. This increase in demand will cause the share's market price to climb (Sharpe, et al., 2000). The formula is P/E Ratio = MPS/EPS.

Share value at book value (BVPS)

Because book value indicates the amount of assets the company possesses for each equity share, it is often referred to as net asset value per share. Book value displays the shareholder's net investment per share in the company. According to Bondt (2008), it is the amount that an asset is recorded at on a balance sheet.

The book value of the shares is the sum of the authorized capital, freshly issued shares, accumulated reserves and earnings, and any accounting adjustments. It also shows the net amount of money invested in the company by shareholders (Ghimire & Mishra, 2018). BV= (Reserve + Equity capital - Revaluation Reserve)\ Total number of shares that are outstanding is the formula used to compute it.

Value at market per share

The market value per share of the stock is the price at which it is currently traded. Prices for actively traded, thinly marketed stocks are hard to come by. Even if it is available, the data may only display a small number of stock sales rather than the document's whole market value. Businesses of this nature should carefully evaluate market pricing data (Sharpe et al., 2000).

The market price of each share determines the value of the firm and its shares. The amount that a buyer pays a seller for stock in a corporation is referred to as the market

price. Furthermore, it is the price at which shares are exchanged. Due to their ownership of the company and lowest claim priority in the event of liquidation, common stockholders are particularly vulnerable to environmental fluctuations in pricing.

2.2.7 Development of Securities (share) market in Nepal

The history of securities market in Nepal is not too long. Almost two and half decades ago, it began with the flotation of shares by Biratnagar Jute Mills Ltd. and Nepal Bank Ltd. In 1937, Introduction of company act in 1951, the first issue of government bond in 1964 and the establishment of securities exchange center Ltd. in 1978 where some significant development of capital market in Nepal.

Securities exchange center, before it is converted into Nepal stock exchange was only the capital market institution under taking the job of brokering, underwriting, managing public issue, market making government bond and other financial services. Then the securities exchange center was converted into Nepal stock exchange Ltd. in 1993. The main objective of NEPSE is to impart free marketability and liquidity to government and corporate securities by facilities transaction in its. NEPSE is started its trading floor in 13th January, 1994 through its licensed member H.M.G. NR Bank, NIDC and licensed members are the shareholders of the NEPSE. The board of director of NEPSE constitutes nine directors in the board in accordance with securities Exchange act 1983. Six directors are nominated by Nepal government from different institutional investor. Two from the licensed members and G.M of NEPSE is Ex-officio director of the board (Bhattarai, 2018).

The authorized capital of NEPSE is 940 million. The issue capital is 754.16 million and paid up capital is 816 million. NEPSE has 29 members brokers eleven sales issue manager. It has license to dealers (primary and secondary) issue manager in the secondary market. Till Bhadra 2075, 230 companies have listed their securities from different seven sectors on the stock exchange for their secondary transaction and they are from banking, manufacturing, insurance, finance, trading hotel and other sectors (Bhattarai, 2018).

Nepal stock exchange is in developing stage. Therefore, it is possible for new speculative investors to manipulate the price share involve in desirable practices. To control these deficiencies, government has established Security Board of Nepal (SEBON). It is the apex regulatory body to facilitate smooth development of a dynamic and competitive stock market and maintains its creditability, fairness, efficiency, transparency and

responsiveness. NEPSE is a market where securities are exchanged. It is Nepal's one and only security market. It formulates new policies, rule and regulations for the smooth operation of the market.

2.3 Empirical Review

From 2011 to 2020, Darami and Romli (2022) looked at the factors influencing the share prices of commercial banks that are listed for public trade on the Malaysian stock exchange, Bursa Malaysia. The study employed regression modeling to examine the data, which were extracted from the yearly reports of the sample banks. The findings demonstrated that while earnings per share, dividend payout ratio, dividend yield, and bank size all had a statistically significant positive correlation with share price, the price to earnings ratio exhibited an adverse correlation with share price. The price-earnings ratio, earnings per share, and dividend yield are the variables that have the largest effects on the share prices of commercial banks that are listed on the Malaysian stock exchange, according to the study's major finding.

Subedi (2022) looked into the variables affecting the price of NEPSE shares, paying close attention to Nepali microfinance companies. This study employed an inferential, analytical, and descriptive research design to meet its objectives. The primary objective of the research is to ascertain the extent to which the market price of microfinance firms listed on the NEPSE is influenced by the corresponding companies' fundamental attributes, including book value per share, earnings ratio, return on equity, and number of floating shares. More than 90% of the variance in market price can be explained by the independent variables in the model, according to the projected output result of the proposed regression model. The final result further demonstrates that while earnings per share, return on equity, price earnings ratio, and book value per share have favorable correlations with market price per share, the number of floating shares has an adverse link with it. A lower number of floating shares or public issues will lead to a smaller supply and a higher price, according to the inverse correlation between the number of floating shares and market price per share. Similarly, the independent variable coefficients for EPS, PE ratio, and NFS are statistically significant at 5% and 1%. ROE and BVPS, however, are not statistically significant. This implies that investors generally do not consider the BVPS and ROE while making investment decisions in the Nepalese context. This leads to the conclusion that stock market investors are mostly drawn to speculative

elements while ignoring essential features of company specifics because they lack financial literacy.

The relationship between share price and return on equity, dividend payout ratio, retention ratio, dividend per share, and earning per share was examined by Pandey and Sunar (2022). The ease of access to yearly reports was taken into consideration when choosing the samples. Totaling ten years of annual financial data from five selected institutions, there are fifty observations. Study designs that are descriptive and correlational have been employed in compliance with research methodology. The mean, standard deviation, and correlation analyses are among the statistical tools. The dependent variable, market price per share (MPS), exhibits a positive correlation with independent variables such as dividends per share, return on equity, earnings per share, and dividend payout ratio. This suggests that the variables move in tandem. Stated differently, one rises together with another, and vice versa. Furthermore, market price per share and retention ratio have a negative association.

Maskey (2022) conducted an analysis to determine the correlation between several elements that impact the market price of equities. Comparable studies have only examined Nepal's banking sector. The goal of this research, however, is to investigate the factors affecting the market share values of life insurance companies listed on the Nepal Stock Exchange (NEPSE). Using panel data from 2012/13 to 2017/18, a sample of all life insurance companies listed on the Nepal Stock Exchange was used for the study. The data in this study were assessed using descriptive and inferential statistics, and the hypothesis was tested using regression coefficients derived from the results of multiple regression models. According to the study, the price-earnings ratio, age of the company, dividend yield, earning per share, and price-earnings ratio are the primary determinants affecting share price. The study finds that when Nepalese investors make investments, dividends are a significant factor. Furthermore, it was discovered that the companies' dividend policies significantly influence investor choices in Nepal.

Wagle (2021) determined the empirical factors influencing the price of commercial banks' stock. The study analyzes 130 observations from 26 (out of 27) commercial banks in Nepal using information from annual reports and a secondary source. A combination of descriptive and causal-comparative research methods were employed. The price of the stock market was found to have a statistically significant positive link with the Market to Book (M/B), Price-earnings (P/E), and Earning Yield (E/Y) proportions. Conversely, the

Dividend Yield percentage (D/Y) has a small but beneficial effect on the price of stocks. The study's conclusions provide interested investors, nervous bankers, scholars, and government officials additional information about the potential and returns of the country's stock market, which is helpful.

Segal (2021) looked at how a glut of merchandise imports would drive down share prices. Furthermore, according to her, apathy about homegrown goods may encourage local investors to fund international businesses, which would drive down the price of local market shares. On the other hand, a decrease in exports to overseas markets will have the opposite effect as an increase in exports, which will raise the local index of the share market.

Bhattarai (2020) investigated the variables influencing commercial banks' market share prices. The bank's distinct secondary panel balance was obtained from 12 sample commercial banks using convenient sampling techniques, while information on macroeconomic variables was obtained from an economic survey released by the Nepalese Ministry of Finance. The study employed a causal comparative, correlational, and descriptive research design. Pooled OLS and Fixed Effects Models were used to examine the data as directed by the model diagnosis test. Both models yielded results that were nearly identical. The dividend payout patio showed a statistically significant decrease tendency in conjunction with market share price. Both the dividend yield and earnings per share were statistically significant and positive in connection to market share per price. The bank's size, the rate of inflation, and the GDP growth rate were not factored into the market share calculation. In order to prevent a detrimental impact on the share price, the study advised the commercial bank's management to step up efforts to effectively handle bank-specific factors.

The response of the prices of firms listed on the Nigerian Stock Exchange to the announcement of dividends was evaluated by Gbalam and Uzochukwu (2020). Price per share, dividend pay-out ratio, and dividend per share were the study's factors. The results of Ordinary Least Square Regression, which was used to study the relationship, show that there is a positive but not statistically significant correlation between dividend distribution and share price announcements of Nigerian firms.

From 2006–07 to 2015–16, Bajracharya and Sawagvudcharee (2019) examined the factors influencing the share prices of Nepalese commercial banks. The study's conclusions show that internal features like earnings per share, dividends per share, and

price earnings ratio have a positive and statistically significant relationship with the market price per share. Nonetheless, a significant inverse relationship was observed between the market price per share and the external factor referred to as the "inflation rate."

The impact of a few chosen variables on the movement of the share price of Bangladesh's financial sector was examined by Chowdhary, Divash, and Islam (2019). These variables were dividends, Price Earnings Ratio (P/E), Net Asset Value (NAV), Earnings per Share (EPS), Dividend Payout Ratio, and size. Bank and non-bank financial enterprises make up the financial industry. 30 banks and 18 non-bank financial companies make up the sample, which is listed on the Dhaka Stock Exchange (DSE) of Bangladesh. These companies supplied secondary data for collecting between 2011 and 2015. SPSS 20 is utilized in this work to do multiple regression analysis. The findings demonstrate how the same variables have varying effects on various organizations. The primary factors that significantly affect the stock prices of Bangladesh's banking sectors for banks are size, EPS, dividend payout ratio, P/E, dividend, and NAV; on the other hand, the only factors that affect non-bank financial institutions are dividend, P/E, dividend payout ratio, and NAV.

The impact of dividend policy on the stock price volatility of companies listed on the Amman Stock Exchange was investigated by Ahamad et al. (2018). The research employed information from 228 firms that were listed on the Amman Stock Exchange between 2010 and 2016, resulting in a total of 1596 firm year observations. Descriptive statistics, Pearson correlation, and panel GMM estimation were utilized to investigate the relationship. The findings show a substantial and negative correlation between the two main components of dividend policy—dividend yield and dividend payout—and stock price volatility. This implies that if a company has a higher dividend yield and distribution, its stock price will be less erratic and more stable. It is recommended that Amman Stock Exchange-listed companies stick to dividend policies that are attractive to both present and prospective investors.

The impact of dividend policy on the share prices of Nepal's commercial banks was investigated by Pradhan and Baral (2018). The study analyzes the effect of these factors on stock price using P/E ratios, DPR, ANOVA, correlation and regression, and Wilcoxon Signed Rank Test. The articles conclude that EPS and P/E ratio exhibit positive connections with stock price, apart from DPR. P/E is the factor that affects share price the

most for commercial banks that perform well; among other factors, EPS, P/E ratio, and DPR have a positive effect on stock price. DPR is the main element affecting share price in the case of a bank that has a major loss.

The main variables affecting the P/E ratios of manufacturing businesses listed on the Dhaka stock exchange were identified by Dutta, Saha, and Das (2018). Regression analysis, correlation matrices, and descriptive statistics were employed in the study to meet its objectives. The results demonstrated that dividend yield, size, leverage, and net asset value per share all had a substantial impact on the P/E ratio; dividend yield and size had a negative impact, while leverage and net asset value per share had a positive influence. This study offers data that fundamental analysts and decision-makers can use to evaluate the variables that explain price-to-earnings ratio changes in Bangladeshi manufacturing companies.

Ghimire and Mishra (2018) sought to ascertain, for the years 2012 to 2017, the correlation between stock price and explanatory variables DPS, EPS, P-E ratio, BV, and Market to BV. In this study, basic and multiple regression analysis together with descriptive statistics are used to investigate the factor impacting the stock price. Eleven financial and nonfinancial enterprises in Nepal were included in the sample size. The results demonstrate that the variables Market to BV and P-E ratio are significant determinants of stock price. DPS and BV have a substantial positive impact on stock price, much like EPS does, while EPS has the least. The study's key findings seem to be particularly beneficial for fund managers, investors, and the economy overall, since they may watch out for these crucial traits when predicting share prices and assessing stock returns.

Aveh and Awunyo-Vitor (2017) investigated, with a focus on companies listed on the Ghana Stock Exchange, the effects of firm-specific determinants on stock prices in a developing market. The study uses a dataset that includes all companies listed between 2008 and 2014 on the Ghana Stock Exchange. The study used panel regression analysis to look at the data. After Ghana implemented International Financial Reporting Standards (IFRS), the study found that, generally speaking, accounting data—more specifically, earnings per share, return on equity, book value, and market capitalization of the companies—is significant in explaining stock prices. This study adds to the ongoing conversation on the firm-specific factors—specific to the Ghana Stock Exchange—that influence the share price of an emerging market. In order to significantly increase the value of their stocks, directors of companies listed on the Ghana Stock Exchange are

recommended to take actions that would increase their earnings per share and return on equity.

Al Qaisi et al. (2016) looked into how market stock price was affected by a number of factors, such as debt ratio, age, size, return on equity (ROE), and return on asset (ROA). To do this, the study uses twenty insurance companies that were listed on the Amman Stock Exchange between 2011 and 2015. The data analysis employed both simple and multiple liner regression, and the findings indicated that the following variables had an impact on the market stock price of insurance businesses listed on the Amman Stock Exchange: ROA, debt ratio, company age, and company size. Moreover, the results showed that ROE and the market stock price of these insurance companies are uncorrelated.

Pradhan and Dahal (2016) looked into what factors affected the share prices of Nepalese commercial banks. The dependent variable in this study was the market price per share, while the independent factors that were specific to each organization were earnings per share, dividend per share, P/E ratio, BVPS, return on assets, and size. Using data from 14 banks registered in the NEPSE during 2002–2003 and 2013–2014, multiple regression models were generated to investigate the impact of company specific characteristics on the share price of Nepalese commercial banks. The results showed that size—which is 21—is the most important factor determining share price. It suggests that when a firm grows in size, its stock price would also rise.

The importance of financial ratios derived from financial statements for predicting trends in the values of stocks in emerging markets was studied by Arkan (2016). Data from fifteen businesses located in three different sectors of the Kuwaiti financial industry were used to analyze twelve financial indicators between 2005 and 2014. To estimate the stock price in each sector, an equation based on multiple regression models was created after ineffective factors were eliminated using the STEPWISE approach. The result showed that several ratios might offer strong, positive, and statistically significant correlations to the behavior and trends of stock prices; ROA, ROE, and net profit ratio are the three most helpful ratios for the stock price of the industrial sector.

Nathani et al. (2015) looked into the factors affecting the stock prices of the NSE. The analysis includes quarterly time series data on GDP, exchange rate, money supply, price-earnings ratio, dividend yield ratio, and price book value from 2003–04 to 2013–14. Using multiple regression analysis, the factors influencing stock prices were examined.

The results demonstrated that although there is a negative correlation between exchange rates and the prices of NSE 100 stocks, there is a significant and positive correlation between price, earnings ratio, book value, and price. Furthermore, the data demonstrates that stock prices are not much impacted by the dividend yield ratio. It was found that stock prices were not much impacted by the GDP.

Geetha and Swaaminathan (2015) examined the driving forces behind the upward or downward trend in stock price movement. Four company-specific metrics—book value, P/E ratio, dividend yield, and earnings per share (EPS)—have been selected to compare the market performances of stock price fluctuations.

The factors influencing the share prices of commercial banks listed on the Karachi Stock Exchange from 2007 to 2013 were studied by Arshad et al. (2015). The impact of the selected independent factors on share price was determined by the investigator using Linear Multiple Regression Analysis. The results demonstrated that, in comparison to other variables, profits per share had a bigger and more significant impact on share prices. While the gross domestic product, price-earnings ratio, dividend per share, and leverage have no effect on share prices, the book-to-market value ratio and interest rate do have a strong, albeit negative, association with share prices.

Table 1

Summary of Literature Review

Authors	Article	Objectives	Methodology	Findings
1. Darami & Romli (2022)	The Determinants of Share Price on Commercial Bank in Bursa Malaysia	To examine elements that influence the share price of commercial banks listed in Malaysia, and to be effective in identifying the most important factors that influence commercial bank share prices.	Regression Model	The results showed that the price to earnings ratio has a statistically significant inverse association with share price, while EPS, DPR, DY, and bank size all had a statistically significant positive link with share price.

2. Subedi (2022)	Quest on Determinants of Stock Price Traded in Secondary Market of Nepal	The objective of the study is to examine the determinants of stock price in NEPSE, with special focus to microfinance companies of Nepal.	Descriptive analytical and inferential research	The result shows that MPS is positively correlated with EPS, ROE, PE Ratio and BVPS and inversely correlated with number of floating shares. The inverse correlation between MPS and number of floating shares implies that lower the size of floating share or public issues lower the supply size and higher the price.
3. Pandey & Sunar (2022)	The Relationship between the Determinants of Equity Prices in Nepal	The major objective of this study is to investigate the relationship of share price with DPR, retention ratio, DPS, EPS and ROE	Descriptive and correlational research design	The dependent variable market price per share (MPS) is positively correlated with independent variables such as EPS, DPS and ROE and DPR which implies that they move in the same direction.
4. Maskey (2022)	Specific Determinants of Share Prices: A Case Study of Listed Life Insurance Companies in Nepal Stock Exchange	Trying to understand and establish relationship between various factors influencing the market price of stocks.	Descriptive and inferential statistics	The study revealed that EPS, DPS, PE ratio, age of the company and DY are the major determinants of share price. The study concludes that dividends play a major role when Nepalese investors

				make investment.
5. Wagle (2021)	Determinant of Stock Market Prices in Nepal: A Case of Commercial Banks	This study aims to identify the empirical variables that influence the stock market price in commercial banks.	descriptive and causal-comparative research design	The results revealed that Market to Book proportion (M/B), Price-earnings proportion (P/E) and Earning Yield proportion (E/Y) have a significant positive association with the stock market price. In contrast, the Dividend Yield proportion (D/Y) has a positive but insignificant impact on the stock market price.
6. Bhattarai (2020)	The Firm Specific and Macroeconomic Variables Effects on Share Prices of Nepalese Commercial Banks and Insurance Companies.	The main purpose of this study is to examine the firm specific and macroeconomic variables effects on Share Prices of Nepalese commercial banks and insurance companies	descriptive, correlation and causal comparative research design	The DPR showed negative and statistically significant with MPS. The DY, EPS were positive and statistically significant with MPS. The bank size, GDP growth rate and inflation rate were not part of the market share price.
7. Gbalam & Uzochukwu (2020)	Moderating effect of dividend policy and share prices of quoted firms in Nigeria	To examine the effect of dividend policy and share prices of quoted firms in Nigeria	Ordinary least Square Regression	The finding shows that there is a positive but insignificant relationship between dividend payout and share price announcement

				of firms in Nigeria.
8. Bajracharya & Sawagvudchar (2019)	Internal and external factors influencing share prices of Nepalese commercial banks	This study examines the factors that influenced the share prices of Nepalese commercial banks	Causal comparative research design	The finding shows that internal factors such as EPS, DPS and PE ratio had positive significant relationship with the MPPS. However, the external factor 'inflation rate' had negative significant relationship with the MPS
9. Chowdhary, Divash & Islam (2019)	Determinants of Stock Price of Financial Sector - A Study on Banks and Non-Bank Financial Institutions in Bangladesh	Investigates the impact of some selected variables like dividend, PE Ratio, (NAV), (EPS), Dividend Payout Ratio, and the size on the movement of the share price of the financial sector in Bangladesh.	Multiple regression analysis	For the banks, factors comprise of dividend, P/E, NAV, EPS, DPR and size are primary factors that have significant effects on stock prices of financial sectors in Bangladesh. Whereas the non-bank financial institutions are only affected by dividend, P/E, DPR and NAV.
10. Ahamad et, al. (2018)	The effect of dividend policy on stock price volatility	To examine the effect of dividend policy on the stock price volatility of firms listed in the Amman Stock Exchange.	Descriptive statistics, Pearson correlation and panel GMM	The findings show that both main variables of dividend policy dividend yield and dividend payout have negative significant relationship with

				stock price volatility. This implies that the higher the dividend yield and dividend payout of the firms, the lower the stock price volatility which lead to more stability of the stock price.
11. Dutta, Saha, & Das (2018)	Determinants of P/E Ratio: An Empirical Study on Listed Manufacturing Companies in DSE	To identify the major determinants for P/E ratio of manufacturing companies listed in Dhaka stock exchange	Descriptive statistics, correlation matrix and regression analysis	Results revealed that dividend yield, leverage, size and net assets value per share are significant determinants of P/E ratio where dividend yield and size have negative influence but leverage and net assets value per share have positive influence on P/E ratio.
12. Ghimire & Mishra (2018)	Determinants of Stock Price in Nepalese Market	To determine the relationship between stock price and explanatory variables like: DPS, EPS, P-E ratio, BV, Market to BV.	simple and multiple regression analysis and descriptive statistic	The result indicates that the variables Market to BV, P-E ratio are the significant determinants of stock price which directly affect the stock price. Likewise, DPS, BV also have significance positive influence on stock price whereas EPS has minimum influence

				on the stock price.
13. Aveh & Awunyo-Vitor (2017)	Firm-specific determinants of stock prices in an emerging capital market: Evidence from Ghana Stock Exchange	To examine the influence of firm-specific determinants of stock prices in an emerging market with particular reference to firms listed on the Ghana Stock Exchange	panel regression analysis	The study found that accounting information, specifically EPS, ROE, BVPS and market capitalization of the firms, is relevant in explaining stock prices after the adoption of International Financial Reporting Standards (IFRS) in Ghana.
14. Al Qaisi, Tahtamouni, & AL-Qudah (2016)	Factors Affecting the Market Stock Price - The Case of the Insurance Companies Listed in Amman Stock Exchange	To investigate the effect of some factors on market stock price such as Return on Asset (ROA), Return on Equity (ROE), Debt Ratio, the Age of the Company, and the Size of the Company.	simple and multiple liner regression	The results found that there is an effect between (ROA, Debt Ratio, and Age of the Company, and the Size of the Company) and market stock price in insurance companies listed in Amman stock exchange. Moreover, the results found that there is no effect between ROE and market stock price in these insurance companies.
15. Pradhan & Dahal (2016)	Factors affecting the share price: evidence from Nepalese commercial	Examines the factors affecting the share price of Nepalese commercial	Causal comparative research design	The result showed that size is found to be the most important determining variable that affects

	banks	banks.		the share price. It means larger the firm size, higher would be the stock price.
16. Arkan (2016)	The Importance of Financial Ratios in Predicting Stock Price Trends: A Case Study in Emerging Markets	To investigate the importance of financial ratios derived from financial statements to predict stock price trends in emerging markets.	Statistical analysis and hypothesis	The result showed that some ratios could give strong positive and significant relationships to stock price behavior and trends, the most effective ratios on the stock price for the industrial sector are ROA, ROE and net profit ratio.
17. Geetha & Swaaminathan (2015)	A study on the factors influencing stock price in India	To analyses the influencing factors which affects the movement of stock price either upward or down trend	Using Secondary data and financial analysis techniques.	This study examines about the influence of BVPS, EPS and PE ratio towards the MPS and it shows a significant effect but the DPS doesn't have positive or negative effect towards the market price.
18. Arshad, et, al. (2015)	The effect of dividend policy on stock price volatility: empirical evidence from Amman stock exchange	To examine the effect of dividend policy on the stock price volatility of firms listed in the Amman Stock Exchange.	Linear multiple regression analysis	The results indicated that EPS has more influence on share prices and it has positive and significant relationship with share prices, book to market value ratio and interest rate have also significant but

	negative relation with share prices whilst other variables that i.e. DPS, PE ratio, DPS, leverage have no relationship with share prices.

2.4 Research Gap

A review of earlier research revealed that most of the studies conducted by Bhattarai (2020), Silwal and Napit (2019), Baral and Pradhan (2018), Ghimire and Mishra (2018), and Adhikari (2015) examined the factors influencing the stock price of commercial banks listed on Nepal's NEPSE. Additionally, no study had been conducted using the sample banks and data found in the preceding thesis. The data used in this investigation came from five different commercial banks.

The Nepalese stock market has entered a new stage as of today. Its market value and size are growing daily. There are plans to pass new bylaws that will cap stock market pricing. However, it's clear that share values are fluctuating erratically. Share prices grow even in the absence of increases in profits per share, dividends per share, book value, and price earnings ratio—all of which are seen to be the main drivers of price volatility. Because of this, appropriate research on the factors causing share price volatility in Nepal's stock market is currently lacking.

This study thus looks into the several causes of stock price volatility as well as the connections between various signaling elements and stock price. It was necessary to update and validate earlier research on share price factors in light of the numerous changes taking place in the Nepalese stock market.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Research Design

A research design is a framework, approach, and plan for achieving the study's goals. This study used a descriptive and causal comparative research design. The impact of EPS, DPS, BVPS, and P/E ratio on stock price is described utilizing a descriptive study design, tables, graphs, and figures in addition to simple computations of the currently gathered data. Analyzing sampled banks' standard deviation, correlation coefficient, and regression analysis also makes use of causal comparative research approaches. The techniques for gathering data, the tools to be used for research, and the sample plan are the main concerns of the study design. It presents the true, exact, and real circumstances, events, and facts. This research will examine how the internal workings of commercial banks impact stock prices. In light of the study's objectives, secondary data are used to achieve its goals.

3.2 Population, Sample and Sampling Design

The entire group of people, things, or subjects the researcher wants to study is referred to as the population or universe. The stock market is segmented into multiple industries, including as banking, insurance, manufacturing, processing, hotels, trading, hydropower, and more. Twenty commercial banks that are listed on NEPSE are the study's population. A selection of objects or components drawn from a population or universe is called a sample. Consequently, a sample only serves as a representative portion of the population or universe. It contains some observations made by the general public. Since Nepal has twenty commercial banks, this number reflects the country's population. Studying them all is not feasible due to time and budget constraints. Five commercial banks that are active in Nepal were thus selected as samples. A conveyance sample design was used to select the five commercial banks from a list of commercial banks. The following five commercial banks were the subject of the study.

i) Agriculture Development Bank Limited

ii) Kumari Bank Limited

iii) Global IME Bank Limited

iv) Nepal Investment Mega Bank Limited

v) Nabil Bank Limited

3.3 Nature and Data Sources

Secondary data was gathered as a source of information for the successful and efficient conclusions. Secondary data were obtained from multiple sources, such as the Ministry of Finance's Economic Survey, NEPSE reports, and SEBON annual reports. The annual reports from SEBON and sample banks serve as the main source of information. In addition to the annual report, the analysis takes into account a variety of useful and accessible bulletins. Secondary data forms the bulk of the research's foundation. Ten years, from the fiscal year 2012/13 to 2021/22, were covered by the study.

3.3 Instrument of Data Collection Procedure

It describes the sources and techniques for gathering the data. Secondary sources provide the majority of the data required for the study. Information regarding stock market prices, the NEPSE index, and other subjects is included in the trade report that NEPSE produces. Annual reports and the financial accounts of commercial banks are assembled. The following summarizes the collection process:

Financial records available on their website from the associated banks.

I.Published by Nepal Stock Exchange Limited, the Trading Report.

ii.Financial websites that are related.

iii.publications found in periodicals and newspapers.

iv.Additional relevant publications and pamphlets.

3.4 Data Processing Procedure

First, information collected from different sources was checked and condensed for analysis. After that, it will be presented and organized in a methodical manner. In addition, it was adjusted, revised, and tabulated in a way that makes computation and interpretation in the future simple. Tables that were easy to read contained all of the pertinent facts. Superfluous data was eliminated to systematically explain the tabulated data, leaving only the pertinent data for the study in an understandable tabular format. A variety of statistical and financial techniques were used in an effort to extrapolate inferences from the available data. Excel and SPSS were used to calculate statistical values such as mean, standard deviation, coefficient of variance, correlation, and so forth.

3.5 Method of Data Analysis Tools and Techniques

In order to make inferences, secondary data gathered from many sources is examined using a number of techniques and approaches. The data from this study were examined

utilizing a range of financial and statistical techniques. Earnings per share (EPS), dividend per share (DPS), market price per share (MPS), book value per share (BVPS), and price earnings ratio (P/E ratio) are the financial indicators that are employed. The average/arithmetic mean, standard deviation, coefficient of variation, and correlation coefficient are among the statistical techniques applied. A list of the instruments utilized is shown below.

3.5.1 Financial Tools

The performance of the bank is analyzed using financial instruments. The strengths and weaknesses of a bank for investment are ascertained by analyzing and contrasting a wide range of characteristics using financial data.

3.5.1.1 Earnings Per Share (EPS)

The percentage of a company's earnings allocated to each outstanding share of common stock is known as earnings per share, or EPS. An indication of a company's profitability is its earnings per share. This ratio gauges net income per outstanding share of stock and is based on market potential. A high market price is generally the result of rising earnings per share. It is calculated by dividing the total number of outstanding shares by the net profit after taxes. The company's market share is reinforced by its earnings per share.

It is calculated as:

$$\text{EPS} = \frac{\text{Net profit after tax}}{\text{No. of share outstanding}}$$

3.5.1.2 Dividend Per Share (DPS)

It is the amount of profits left over after taxes that is given to shareholders in return for their willingness to assume risk on behalf of the business. They added that it significantly affects the market price of the share. It significantly affects the share price. The amount of dividends paid out by the corporation is shown by DPS. It alludes to the actual dividend amount declared per share, also referred to as the gross dividend. The amount of earnings distributed and paid as cash dividends is what shareholders really receive as income, not the net profit after taxes (Geetha & Swaaminathan, 2015). The following formula is used to compute it:

$$\text{DPS} = \frac{\text{Total dividend proposed}}{\text{No. of ordinary share}}$$

3.5.1.3 Market Price Per Share (MPS)

The price at which an item would be sold on the open market is known as the market price. The market capitalization of a publicly traded company, which is determined by multiplying the number of outstanding shares by the current share price, is also commonly referred to as market value. Market value is very sensitive to changes in the business cycle and is subject to large fluctuations over time. Market values decrease in bear markets and increase in bull markets. The genuine value of the company's stock is reflected in the market price per share. It is the sum of money that the buyer and seller have agreed upon. It displays the organization's real performance.

It is calculated as follows:

$$\text{Market price per share} = \frac{\text{Market capitalization}}{\text{No. of shares outstanding}}$$

3.5.1.4 Price Earnings Ratio (P/E Ratio)

It is the most significant measure that most investors utilize when choosing stocks. It is the market price divided by the current earnings per share of the company. A valuation statistic called the price-to-earnings ratio (P/E) compares the current share price of a firm to its earnings per share. It is also known as the earnings multiple or the price multiple. According to the P/E ratio, an investor must pay a company one rupee in order to obtain one rupee of its earnings. By dividing the current market price by the earnings per share, it is calculated. A lower P/E ratio indicates a reduced level of risk associated with firm investments. Shares of the company may be more risky if the P/E ratio is higher. It indicates if the share price of the company is overpriced or undervalued. The following formula is used to compute it:

$$\text{P/E ratio} = \frac{\text{Market price per share}}{\text{Current earning per share}}$$

3.5.1.5 Book Value per Share (BVPS)

The true worth of the stock as stated in the company's records is known as the book value per share. A measure of a company's financial success, book value per share determines the lowest price per share of its stock. A financial measure called the BVPS gives an evaluation of a company's equity minimum on a per-share basis. More precisely, this figure is computed after deducting any inflow modifiers (retained earnings) and outflow modifiers (dividends and stock buybacks) from the original value of a company's common stock. The computation looks like this:

$$\text{Book value per share} = \frac{\text{Total paid up capital + reserve and surplus}}{\text{No. of shares outstanding}}$$

3.5.2 Statistical Tools

Logical data analysis is made possible by statistical instruments that quantify data and produce numerical outputs. In this study, the following statistical techniques were applied.

3.5.2.1 Average/ Mean

Generally speaking, calculating the average involves adding up all of the numbers from each observation and dividing the result by the total number of observations. As is typical of all the values in the group, it is actually portrayed as representing the full group of which it is a part.

$$\overline{X} = \frac{\sum x}{N}$$

Where, $\overline{X}$ = Arithmetic means, $\sum x$ = Sum of data, N = Number of value

3.5.2.2 Standard Deviation

An additional measure of investing risk is the standard deviation (σ). It is a dispersion metric that is absolute. The lower the standard deviation, the lesser the risk associated with the stock. Stated differently, a low standard deviation suggests a high level of series homogeneity and observational regularity, and vice versa. The following formula is used to compute the standard deviation:

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (X - \overline{X})^2}{n}}$$

Where,

(σ) = Standard Deviation, X = Number in X-series $\overline{X}$ = Mean

n = Number of Observations in a sample

3.5.2.3 Coefficient of Variation

An additional pertinent risk measure is the coefficient variation (CV). Risk per unit of return is computed by dividing the standard deviation by the expected return. In cases where the expected returns on two choices are different, it provides a more meaningful basis for comparison. A quick evaluation of the relative trade-off between expected return

and risk can be obtained quickly using the coefficient of variation, if investors believe that the rate of return should rise as risk rises.

Coefficient of Variation (C.V.) = $\frac{\sigma}{\overline{X}}$

Where,

CV = Coefficient of Variation $\overline{X}$ = Mean, (σ) = Standard Deviation

3.5.2.4 Correlation Coefficient

The degree of linear relationship between two or more variables is known as correlation. One variable changes when there is a correlation between two others. A positive association is established when there is a correlation between an increase (decrease) in the average value of one variable and an increase (decrease) in the value of another variable. There is a negative correlation when the values of two variables rise or fall in tandem with one another. Nonetheless, the correlation coefficient consistently falls between +1 and -1.

In practical application, Karl Pearson's correlation coefficient is often utilized. According to Karl Pearson, the following represents the simple correlation coefficient (between, say, X and Y):

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

Where,

r : Correlation between X and Y

N : Number of observations in series X and Y

$\sum X$: Sum of observations in series X

$\sum Y$: Sum of observations in series Y

$\sum X^2$: Sum of square observations in series X

$\sum Y^2$: Sum of squared observations in series Y

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

3.5.2.5 Regression Analysis

The next step up from basic linear regression analysis is multiple regression analysis. Instead of using just one independent variable, two or more are used to estimate the unknown values of a dependent variable. That being said, the study's fundamental hypothesis remains unaltered. Using known values for two or more independent variables, multiple regression is a statistical method to estimate (or forecast) the most likely value of a dependent variable. We examine the multiple regression equation that follows.

Multiple Regression Model

$$MPS_{it} = \beta_0 + \beta_1 EPSX_1 + \beta_2 DPSX_2 + \beta_3 PEX_3 + \beta_4 BVPSX_4 + e_{it}$$

Where,

MPS_{it} = Market price of the share of firms i in year t,

EPS_{it} = Earnings per share of firms i in year t,

DPS_{it} = Dividend per share of firms i in year t,

PE_{it} = Price Earnings Ratio of firms i in year t,

$BVPS_{it}$ = Book Value per Share of firms i in year t,

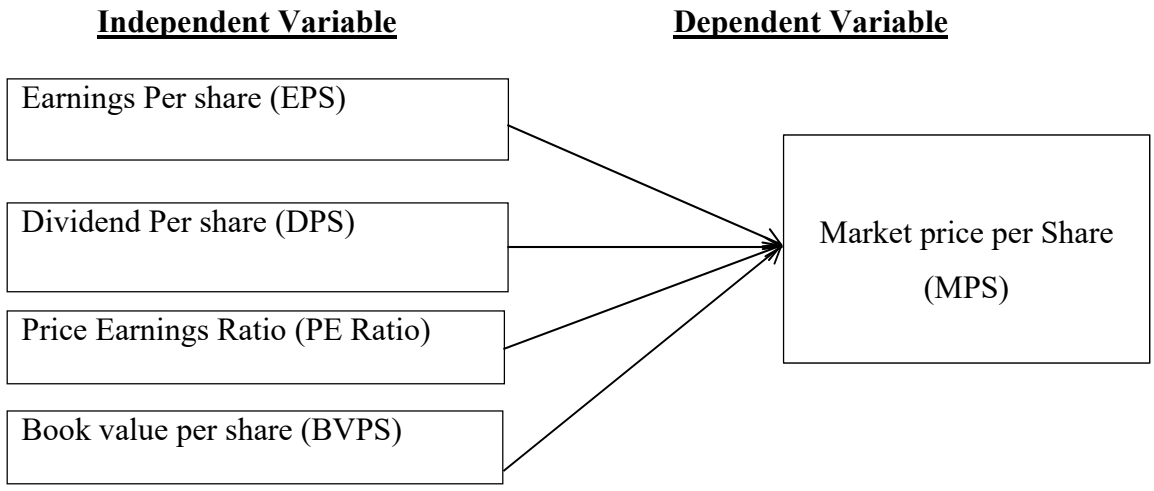
β_0 = the intercept (Constant term)

$\beta_1, \beta_2, \beta 3$ and $\beta 4$ = Beta Coefficient of slope of regression model and

e_{it} = Error terms

3.6 Research framework and Definition of Variables

The purpose of the study framework was to determine the variables that could affect market price per share. The assumption that firm-specific factors affect changes in stock prices is strongly supported by the literature that is currently available. Profits per share, dividends per share, price earnings ratio, and book value per share are all theoretically and empirically supported as potential determinants of the market price per share of commercial banks. The conceptual framework used for this study's investigation of these variables' impact on the market price per share of Nepal's listed commercial banks is shown in Figure 1.



Source: Karki, (2018)

Figure 1 Conceptual Framework

Definition of Research Variable

Data are collected for analysis. The data can be analyzed by using financial and statistical tools. A brief description of the terms used in this study is as follows:

Market price per share (MPS)

The buying and selling pressure on stocks can fluctuate minute by minute. Selecting which market price to regress as a measure of independent variables becomes challenging as a result of these changes. The current study has utilized the closing stock price at the end of the bank's fiscal year as a proxy for market pricing. In this study, the dependent variable is the market price. According to Malhotra (1987), changes in buying and selling pressure can cause share prices to change minute by minute. It is challenging to decide which market price should be utilized as a measure of the dependent variable because of these changes. The study employed market pricing, which was represented by the closing price of the bank's shares at the end of its fiscal year. In this study, the dependent variable is the market price.

The current study attempts to look at the variables that affect commercial banks' stock prices on the Nepali stock exchange. Researchers Piotroski and Roulstone (2004) and Zakir and Khanna (1982) have noted that variations in buying and selling pressure can cause stock values to change minute by minute. It is challenging to decide which market price should be utilized as a measure of the dependent variable because of these changes. The study employed market pricing, which was represented by the closing price of the

bank's stock at the end of the fiscal year. In this study, the dependent variable is the market price.

Per share earnings (EPS)

It is the ratio of the business's after-tax earnings for any given fiscal year that comes after a preference dividend is paid out. The exclusive claim to the corporation's net earnings comes from equity owners after dividend payments to preference shareholders. The significance of this ratio comes from the fact that higher earnings per share can lead to larger dividend and retained earnings rates, which strengthen the company's internal structure.

An indication of a company's profitability is its earnings per share. The amount of net income earned per share of outstanding stock is determined by a market prospect ratio called earnings per share, also referred to as net income per share. Sharma (2011) discovered that the market price of shares is significantly influenced by earnings per share. In the Indian context, Bhatt and JK (2012) found a positive correlation between EPS and the market value of equity shares. Earnings per share and market price are positively correlated, meaning that the more the earnings per share, the higher the market price, according to Baskin (1989) and Almumani (2014).

Per Share Dividend (DPS):

In their research on how share prices are determined, Zahir and Khanna (1982) found that dividends per share significantly affect share prices. Sharma (2011) found that dividends per share are a positive predictor of share prices on the Bombay Stock Exchange using a linear multiple regression model. The total of a company's declared dividends divided by the number of outstanding equity shares is known as dividend per share, or DPS. A company's total dividends paid over a specific time period are divided by the total number of outstanding equity shares issued to arrive at this amount. According to Michael and Benson (2014), there is a significant positive association between market price and dividend per share.

the total dividends paid on each issued common share. The entire dividends paid out for a given year, including interim dividends but excluding special dividends, are divided by the total number of outstanding ordinary shares issued to determine the dividend per share, or DPS. According to Modigliani and Miller (1958), a company's value is independent of its dividend policy and is instead based on its earnings. Zakaria et al.

(2012) and Rashid and Rahman (2008) found a significant positive correlation between dividends and share prices.

Ratio of price to earnings (P/E ratio)

An investor can precisely determine how long it will take to recoup an investment in a company's stock by using this ratio. The relationship between a company's market price and earnings per share is depicted by the P/E ratio. It shows the extent to which the price of each share covers its earnings.

One common metric used to assess a company's performance in the market is the PE ratio. It is employed to assess the share value estimate made by the corporation. It determines the price that investors are willing to pay for every rupee that the business makes. An increased P/E ratio indicates greater investor confidence. Higher P/E ratios are occasionally seen as signs of the company's promising future growth (Constand, Freitas, & Sullivan, 1991).

Its focus is on evaluating market value in relation to earnings per share. The price-to-earnings ratio shows how much of the earnings on each share are covered by the price. It establishes whether the share price of a company is overvalued, undervalued, or adequately valued. Generally speaking, investors anticipate higher future profit growth for companies with a high P/E ratio than for those with a lower P/E. Almumani (2014) and Malhotra and Tandon (2013) also discovered a strong positive correlation between the firm's stock price and the price-earnings ratio.

Share value at book value (BVPS)

Since it determines the amount of assets the company has for each equity share, it is also known as net asset value per share. The net investment made by each shareholder in the company is represented by the BV. On a balance sheet, it represents the asset's recorded value.

The ratio of equity accessible to common shareholders divided by the total number of existing shares is known as the book value per share, or BVPS. By comparing the total equity available to common shareholders to the total number of outstanding shares, BVPS is a metric that is used. A company's stock valuation can be ascertained by comparing the book value per share to the current market value per share. Market price (AL) and book value are positively and significantly correlated (Almumani, 2014). The stock of the company may be undervalued if the BVPS is higher than the market value per share

CHAPTER IV

RESULTS AND DISCUSSIONS

The data analysis and discussion of the factors influencing the stock prices of Nepalese commercial banks are presented in this study's section. Using financial analysis, descriptive statistics, regression analysis, and correlation analysis, this section would empirically interpret and discuss the data analysis results. SPSS and MS Excel have been used in the data analysis and interpretation processes. A number of tables were made with SPSS in order to get comprehensive information about the results.

4.1 Results

The primary conclusions of the study are highlighted by the interpretation of the data analysis, which gives a summary of the information that was acquired. This chapter includes data analysis and presentation in order to reach a conclusion. The main focus of this chapter is on data gathering, display, and analysis. This chapter, which offers a thorough analysis and interpretation of the data utilized to obtain the particular commercial bank results, is the most significant one in the study.

4.1.1 Presentation of statistical analysis

Statistical tools are computer methods for analyzing and interpreting performance. It is used to comprehend the result and to clarify how variables connect to one another.

4.1.1.1 Descriptive Statistics Analysis

The descriptive statistics used in this study are the mean, standard deviation, minimum and maximum values pertaining to the variables being studied.

Table 2

Descriptive statistic

Variables	N	Minimum	Maximum	Mean	S.D.
MPS	50	186.12	2535.24	683.82	56.46
EPS	50	11.07	91.05	32.36	18.68
DPS	50	0.00	65.06	24.14	14.55
P/E Ratio	50	0.00	40.48	20.11	9.17
BVPS	50	82.00	3773.9	507.57	79.08

Source: Appendix

Descriptive statistics are displayed in Table 2. The mean values and standard deviation of the various variables employed in this study from 2012/13 to 2021/22, which relate to five sample banks, are summarized in this table. Market price per share is the dependent variable, whereas earning per share, dividend per share, price earnings ratio, and book value per share are the independent variables. N denotes the quantity of observations.

This table, which has a minimum MPS value of 186.12, a maximum MPS value of 2535.24, a mean value of 683.82, and a standard deviation of 56.46, demonstrates how quickly banks' MPS in Nepal rise to a maximum value of 2535.24. It explains how extremely volatile the capital market is in Nepal. Regarding this, the EPS has a minimum value of 11.07, a maximum value of 91.05, a mean value of 32.36, and a standard deviation of 18.68. The smallest dividend per share of Nepalese commercial banks is 0.00 percent, while the greatest dividend per share is 65.06 percent, with a mean of 24.14 percent. Similar to this, the bank's PE ratio has a minimum value of 0.00, a maximum value of 40.48, and an average value of 20.11. Additionally, the book value per share has a minimum of 82.00, a high of 3773.90, S.D. of 790.89, and a means value of 507.57.

4.1.1.2 Correlations Analysis

The relationship between a variety of relevant independent and dependent variables is ascertained using Pearson Correlation analysis. Any two variables can have their linear correlation calculated. When two variables increase in reaction to each other's increase, there is a positive correlation, indicating that the relationship is positive. The inverse of the above is shown by a negative correlation, which shows a rise in one as the other falls. One statistical method for looking at the link between six variables is correlation analysis. Correlation analysis is used to ascertain the significance of the association and the link between MPS, EPS, DPS, P/E ratio, and BVPS.

Table 3

Correlation Analysis

	MPS	**EPS**	**DPS**	**P/E Ratio**	**BVPS**
MPS	1				
Sig. (2-tailed)					
EPS	.658**	1			
Sig. (2-tailed)	0.00				
DPS	.821**	.679**	1		
Sig. (2-tailed)	0.00	0.00			
P/E Ratio	.628**	-0.027	.461**	1	
Sig. (2-tailed)	0.00	0.853	0.001		
BVPS	-0.214	-0.206	-0.182	-0.136	1
Sig. (2-tailed)	0.139	0.152	0.206	0.346	

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

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

(Source: SPSS version 25)

Table 3 displays the results of a substantial correlation analysis between book value per share, earnings per share (EPS), dividend per share (DPS), market price per share (MPS), and price earnings ratio (P/E ratio). The correlations between MPS and EPS, DPS, P/E ratio, and BVPS are 0.658, 0.821, 0.628, and -0.214, respectively.

The market price per share (MPS), the dependent variable, and EPS, DPS, and the P/E ratio all exhibit a positive and substantial correlation, suggesting that they all move in the same direction. Consequently, raising the market price per share increases the EPS, DPS, and P/E ratio, and vice versa. Put otherwise, the findings indicate that a greater market price per share corresponds with higher EPS, DPS, and P/E ratios.

The market price per share (MPS) and book value per share (BVPS) have a negative and negligible relationship, suggesting that their relationships are inverse. As a result, a decrease over MPS follows an increase over BVPS.

4.1.1.3 Regression analysis

To find out more about the link between a group of independent or predictor factors and a dependent or criterion variable, multiple regression analysis is utilized. Regression analysis is a statistical method used in statistical modeling to assess the relationships between variables. With an emphasis on the link between a dependent variable and one or more independent variables, it offers a range of techniques for modeling and assessing multiple variables. The results of a correlation analysis can only indicate whether two variables are strongly correlated. The exact nature of the relationship between two variables cannot be determined, even when a correlation coefficient shows that they are strongly correlated.

Multiple linear regression analysis is used to predict how independent variables would affect the market price per share of Nepalese commercial banks. The following tables present the results of the model summary, analysis of variance (ANOVA), and beta coefficients pertaining to the influence of independent variables on market price per share, namely EPS, DPS, DPR, PER, and BVPS:

i) Regression analysis between MPS and EPS, DPS, PE Ratio and BVPS

Table 4

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.934a	0.872	0.86	211.27

a Predictors: (Constant), EPS, DPS, P/E ratio and BVPS

b. Dependent Variable: MPS

(Source: SPSS version 25)

This takes into consideration the entire change in MPS brought about by EPS, DPS, P/E ratio, and BVPS, as shown in table 3 of the model summary. How much of the variance in the dependent variable can be accounted for by the independent variables is indicated by the R2 value. R squared, or the coefficient of multiple determinations, is 0.872. This

indicates that, at a 95% confidence level, independent variables (EPS, DPS, P/E ratio, and BVPS) can account for 87.20% of the variation in MPS. The estimate has a 211.27 percent chance of being incorrect.

Put differently, the coefficient of multiple determinations R Square indicates that changes in EPS, DPS, P/E ratio, and BVPS account for 87.20% of variations in MPS of Nepalese commercial banks, with other factors accounting for the remaining 12.80%. The correlation coefficient, or R, shows how the research variables are related to one another. As evidenced by 0.934, there was a highly significant positive link between the research variables based on the data in the above table. An adjusted R-square of roughly 87.20%, or the percentage of total variance explained by the model, supports this conclusion. The analysis of variance is shown in Table 5 below (ANOVA).

Table 5

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13338681	4	3334670	74.71	.000b
	Residual	1963933	44	44634.83		
	Total	15302613	48			

a Dependent Variable: Market price

b Predictors: (Constant), EPS, DPS, P/E ratio and BVPS

(Source: SPSS version 25)

The processed data, which represents the parameters of the population, had a significance level of 0.00%, according to the ANOVA statistics in Table 5. This means that the data is appropriate for making decisions about the parameters of the population because the value of significance (p-value) is less than the standard (5%). As can be seen in the table, the Fisher's ratio, sometimes referred to as the F-statistics, is used to confirm the correctness of the calculated model. With a P-value or F (sig) of 0.00 and a F value of about 74.71, as indicated by 5, the explanatory factors are significantly associated with the dependent variable concurrently. In other words, they significantly affect how market

share prices behave. Table 5 displays the regression results for the independent effects of EPS, DPS, P/E ratio, and BVPS on MPS.

Table 6

Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-818.21	115.284		-7.097	0.00
	Earnings per share	17.77	2.728	0.593	6.515	0.00
	Dividend per share	5.502	3.906	0.143	1.409	0.10
	P/E Ratio	37.972	4.872	0.591	7.793	0.00
	Book value per share	0.024	0.04	0.034	0.61	0.55

Dependent Variable: Market price

(Source: SPSS version 25)

Based on the coefficients, the regression equation for the stock price determinants of commercial banks in Nepal can be written as:

$MPS_{it} = -818.21 + 17.77X_1 + 5.50X_2 + 37.972X_3 + 0.024X_4 + e_{it}$

Regression coefficient based on EPS, DPS, P/E ratio and BVPS are 17.77, 5.50, 37.97 and 0.024 respectively.

It is established that a unit increase in EPS would result in an MPS increase of 17.77, a unit increase in DPS ratio would result in an MPS increase of 5.50 units, and a unit increase in P/E ratio. These findings come from the Table 6 regression model, which sets Earning per share (EPS), Dividend per share (DPS), Price Earnings ratio (P/E ratio), and Book Value per Share (BVPS) of Nepalese commercial banks to a constant zero. According to the aforementioned research, MPS and EPS, DPS, P/E ratio, and BVP are positively correlated. Additionally, the P/E ratio, which shows that there are two independent variables, is statistically significant at the 95% confidence level, and the P-value was less than 5% EPS, according to the analysis. This indicates , MPS is significantly impacted by EPS and the P/E ratio. At the 95% confidence level, the P-value for DPS and BVPS is larger than 5%, suggesting the presence of two independent variables. It is also statistically insignificant for this investigation. This suggests that MPS is not much impacted by DPS or BVPS.

Table 6 yields the following outcome.

I.MPS and EPS have a substantial positive connection (p-value 0.000< 0.05).

ii.A further result of the regression analysis indicates that MPS and DPS have a positive but negligible connection (p-value 0.100>0.05).

III.An additional outcome of the regression analysis indicates a statistically significant positive correlation (p-value 0.000<0.05) between MPS and P/E ratio.

IV.An further outcome of the regression analysis indicates that MPS and BVPS have a positive but not statistically significant association (p-value 0.550>0.05).

4.1.2 Major Findings of the study

Owing to the disparate types and sources of data, the primary conclusions of the research are examined via secondary data analysis in isolation as follows:

I.The descriptive analysis indicates that the MPS has a minimum value of 186.12, a maximum value of 2535.24, a mean value of 683.82, and a S.D. value of 564.63 indicates that bank MPS in the Nepalese environment increased quickly, reaching a maximum value of 2535.24. It states that the capital market in Nepal is extremely erratic.

ii.The EPS has a minimum of 11.07, a maximum of 91.05, a mean, and a standard deviation. values are, respectively, 32.36 and 1868.

III.The smallest dividend per share of Nepalese commercial banks is 0.00 percent, while the greatest dividend per share is 65.06 percent, with a mean of 24.14 percent. The bank's PE ratio has a minimum of 0.00, a maximum of 40.48, and an average of 20.11. Additionally, the book value per share has a minimum of 82.00 and a maximum of 3773.90, S.D. is 790.89, whereas 507.57 is the mean value.

IV.The market price per share (MPS) of the tested banks is favorably connected with EPS, DPS, and P/E ratio, according to the correlation matrix study. It suggests that while market price per share (MPS) of sample banks is adversely insignificantly connected with BVPS, increases non the EPS, DPS, and P/E ratio of commercial banks result in increases in MPS of these banks. It suggests that a rise in commercial banks' BVPS causes a fall in MPS.

v. The MPS and EPS of commercial banks have a positive connection (i.e., 0.658), meaning that the MPS would increase as the EPS did. The commercial banks' MPS and DPS have a positive correlation (i.e., 0.821), indicating that DPS is a major determinant of stock price in Nepal. The MPS and P/E ratio of commercial banks have a positive association (i.e., 0.628), meaning that the MPS would increase as the P/E ratio increased. Finally, there is a negligible negative correlation (i.e., -0.215) between MPS and BVPS

of commercial banks, indicating that BVPS is a major determinant of stock price in Nepal.

vi.The equation's coefficient of multiple determination is 0.934. This indicates that 87.20% of the stock price is determined by the factors EPS, DPS, P/E ratio, and BVPS, with the remaining 12.80% remaining unexplained.

VII.The price-earnings ratio, book value per share, earning per share, and dividend per share all have positive regression coefficients, according to multiple regression analysis.

viii.The P-value tests clarify that, at the 5% level, there is a substantial association between MPS and the bank's EPS, DPS, P/E ratio, and BVPS. The market prices are strongly impacted by EPS, DPS, P/E ratio, and BVPS, as indicated by their P-values of less than 0.01 and larger than 0.05, respectively, whereas DPS and BVPS have an insignificantly beneficial impact on market prices.

4.2 Discussion

Descriptive and multiple regression analysis were used in this study to look into the variables affecting Nepalese commercial banks' market share pricing. The right research methodology was used. A number of commercial banks' annual reports required secondary data to be collected. Numerous financial and statistical tools are used to obtain the study's findings.

Other research, like Atchyuthan (2017), Geetha & Swaaminanthan (2015), and Almumani (2014), which found a substantial positive link between market stock prices and the companies' EPS, DPS, and P/E ratios, further corroborate the findings. According to Nalurita (2016), EPS is one of the most crucial variables taken into account by investors when choosing what to buy since it demonstrates a company's capacity to provide returns to its owners. Bhattarai (2014) found that EPS, DPS, and P/E ratio all shown a significant positive correlation with market stock prices in a research of Nepalese commercial banks. The price that investors are ready to pay for each unit of profit that the firm makes is shown by the P/E ratio, which is calculated using EPS. A rising P/E ratio suggests that investors anticipate more profits from the business, which affects share values. The results of Bhattarai (2020), Silwal & Napit (2019), Pradhan & Dahal (2016), Almumani (2014), and Arshad, Arshaad, Yousaf, & Jamil (2015), which suggest that EPS is a determining factor that influences the MPS, are consistent with the finding that EPS has a positive significant association with the MPS. This may be the case due to the fact that EPS serves as a gauge of a business's profitability; rising EPS

signifies rising earnings as well as higher returns for investors. Investors select stocks with increasing earnings per share as a result.

The results on Dividend per Share (DPS) are in opposition to those of Ghauri (2014), who discovered a positive correlation. However, other research suggests that dividend per share (DPS) and market stock prices are inversely related. Examples of these studies are those conducted by Bhattarai (2014), Malhotra & Tondon (2013), and Ahmad et al. (2018). The findings of Bhattarai (2020) and Pradhan & Dahal (2016), who found that the P/E ratio is a determining factor that impacts MPS, are similar to the observation that PE has a positive and substantial link with MPS. This may be the result of investors viewing a rising PE ratio as indicative of a bright future.

Generally speaking, investors are more likely to be optimistic about future earnings growth for a company with a high PE ratio than for one with a lower one (Bhattarai, 2014). The goal of share investment for investors is to generate profits both now and in the future. Consequently, the rise in PE suggests that investors are anticipating greater returns. Customers want more of these stocks as a result, which drives up the price of the stock. The results of Tandon & Malhotra (2013), Bhattarai (2020), and Silwal & Napit (2019) all support the notion that BVPS and MPS have a positive and significant relationship (2013). Which suggests that when it comes to deciding stock price, BVPS is the most important factor? This can be the case because the company's great financial success is reflected in BVPS. A high book value typically means that the company has performed well in the past.

The P/E ratio, BVPS, and MPS are positively correlated, according to another empirical finding from the regression analysis. An increase in the P/E ratio and BVPS is one way to characterize the results, which will raise the share price. This outcome is in line with the research conducted by Sharma (2011), Aalmumani (2014), Ghimire & Mishra (2018), and Malhotra & Tandon (2013), who found that the BVPS and P/E ratio significantly boosted share prices. The performance of NEPSE and SEBON has disappointed investors, who point to their inability to safeguard their interests. Even though most investors think they are wise and aware, they rarely complete their homework before making an investment. Most investors purchase common stock in commercial banks due to its sound management and reliable dividend payments. The stock market's regulatory body, SEBON, is unable to put in place a methodical and effective trading system to encourage the growth of the capital market.

Lastly, the results of the regression analysis point to a favorable relationship between EPS and MPS. The findings make sense as follows: a rise in earnings per share always causes the market price of equity shares to rise significantly. Crucially, the outcomes of Malhotra & Tandon (2013), Almumani (2014), Paudel (2016), Thapa (2019), and Velankar, Chandani, & Ahuj (2017), who discovered that earnings per share are a major determinant of stock prices, are all in line with this result. In the same way, market prices and dividends per share have an inverse relationship. This finding basically implies that the firm's dividend will have a negative effect on market price, assuming all other factors stay the same. This conclusion is supported by the research conducted by Almuman (2014), Geeta & Swaaminathan (2015), and Malhotra & Tandon (2013). This conclusion basically means that the MPS of listed banks in Nepal is significantly impacted negatively by the DPS of banks.

CHAPTER-V

SUMMARY AND CONCLUSION

The study's implications, conclusion, and research summary are covered in this last chapter. The chapter is summed up in three pieces. The study and a broad synopsis of the research findings are presented in the first section. The study's conclusion is drawn in the second section, and some recommendations are made in the third.

5.1 Summary

This study's primary goal is to look into how internal factors EPS, DPS, P/E ratio, and BVPS relate to one another and how it affects the stock price of commercial banks in Nepal. This study's specific goals are to: (1) determine the factors that affect the share prices of commercial banks; (2) examine the relationship between MPS and major financial indicators (EPS, DPS, P/E ratio, and BVPS); and (3) examine the impact of these indicators on the stock price of commercial banks in Nepal. Analyzing the link between internal variables and commercial bank market pricing is the main goal of the study.

The main objective of this study was to identify and evaluate the variables influencing the stock market. Numerous scholarly works were examined to ascertain the factors impacting the stock market. Nepal's stock market is still in its early stages of development. Generally speaking, most locals still know very little about the stock market. Despite the fact that share markets are essential for raising capital for a nation's economy, Nepal's share market is still having difficulty expanding. Using the primary and secondary markets, investors allocate their capital to common stock of publicly traded companies. Generally speaking, investors sought to optimize their return on capital. However, because to a lack of knowledge and subpar regulatory performance in Nepal's capital market, investors might not realize the anticipated returns. Everyone, with the exception of the most intelligent urbanites, is ignorant about share markets and its regulatory framework. Moreover, the government has not made the expansion of the capital market a priority.

This chapter summarizes the main conclusions of the study and gives a quick rundown of the entire work. The goal of the study was to examine the internal variables that affect

Nepalese commercial banks' stock values. Therefore, the study has the potential to significantly add to the scant body of knowledge on corporate finance in Nepal. A thorough overview of market prices and the objectives of the study was given in the first chapter. Additionally, the chapter is talked about. The chapter also covered the study's limitations, importance, and organizational structure.

An overview of the theoretical literature on share prices and the stock market was provided in Chapter 2. This chapter also covers a variety of stock valuation models. Many stock price theories are also covered in this section. A review of several international theses and publications on the variables affecting the price of shares in commercial banks is also included in this section. In addition, a critical evaluation of significant challenges and an overview of the study's shortcomings were included in this chapter. The goal of the study is to look into the many elements that affect Nepalese commercial banks' market share pricing.

The third chapter included the following topics: target population, sample design, methods and tools for collecting data, data analysis, and data presentation. Using an appropriate sampling technique that met the qualifying requirements, five commercial banks ADBL, Kumari Bank, Global IME Bank, Nepal Investment Megha Bank Limited, and Nabil Bank were chosen from a population of twenty commercial banks to make up the sample. The information was obtained from a range of secondary sources, including sample bank annual reports, websites for different organizations including Nepal Rastra Bank, SEBON, and NEPSE, among others. A descriptive research design was used to achieve the study's goals.

The results of empirical research on the variables affecting the price of shares of commercial banks were presented and discussed in the fourth chapter. The appropriate analytical, descriptive, and financial tools are used to analyze the data. When necessary, interpretation and remarks are given in the analysis section. A few of the study's most important conclusions were also covered in this chapter.

The following can be used to explain the study's main findings: The market price per share, the dependent variable, and the EPS, DPS, and P/E ratio are positively and significantly correlated. Furthermore, market price per share and book value per share have a positive and negligible relationship that suggests they move in opposite directions

from one another. For this inquiry, fifty observations were made in total. The range of the market price per share is 186.12 to 2535.24. As a result, the firm size range is 2349.12. The market price per share has a mean of 683.82 and a standard deviation of 564.63. In a similar vein, the maximum ranges for EPS, DPS, P/E ratio, and BVPS are 3773.9, 40.58, 0.00, and 11.07, respectively, and the minimum ranges are 0.00, 0.00, 0.00, and 82.00. The variables EPS, DPS, P/E ratio, and BVPS have average values of 32.36, 24.14, 20.11, and 507.57, respectively. Moreover, the EPS, DPS, P/E ratio, and BVPS variables have standard deviations of 18.68, 14.55, 9.17, and 790.89, respectively.

5.2 Conclusion

The study's results from 2012/13 to 2021/22 showed that while book value per share of banks had no ability to explain changes in stock prices, earning per share, dividend per share, and price earnings ratio all had a substantial positive link with share price. It implies that the share price will rise in tandem with improvements in price earnings ratio, dividend per share, and earnings per share, and vice versa. However, the book value per share of the bank has no bearing on the price of its shares. It suggests that an increase in the bank's book value per share does not always translate into a rise in share price, and vice versa. The study comes to the conclusion that the key variables affecting the share price of Nepalese commercial banks are earnings per share, dividends per share, and price earnings ratio. Ultimately, the results show that the market price per share performance of Nepalese commercial banks is steadily getting better. To improve their performance in the market, commercial banks need to increase their earnings per share and dividends per share.

These days, there's a lot of interest in analyzing the factors that affect commercial banks' share prices. Moreover, there is a lot of interest in figuring out what factors influence share prices, especially in the banking sector. Commercial bank shares offer investment opportunities to investors from Nepal because they are traded at a greater rate on the market than other shares in that country. This study especially looked into the effects of earnings per share, dividends per share, price earnings ratio, and book value per share on the share price of commercial banks listed on Nepal Stock Exchange Limited.

Market stock prices are influenced by several variables both inside and outside the company. The market prices of stocks are also affected by socioeconomic and political

factors. The inquiry also discovered that while choosing investments, Nepalese investors in commercial banks placed a premium on revenues and dividends. It is evident from this that implementing a dividend policy that is appropriate might help investors gain confidence and focus. Since dividends are discovered to have greater influence than retained earnings, more research into how Nepalese investors perceive EPS, DPS, P/E ratio, and BVPS can help to understand the reasoning behind their investment decisions and what investors rely on when making such judgments. Ultimately, the analysis discovered that the market stock price of Nepalese commercial banks listed on the Nepal stock exchange is influenced by EPS, DPS, P/E ratio, and BVPS.

5.3 Implications

The research's implications deal with how interested parties use the recommendations made by the study in their day-to-day activities. The following implications are put up as a guide for future research in other sectors based on the study's research findings. The following section examines some implications and suggests more research.

5.3.1 General implication

i. The results of the study can help portfolio analysts and investors predict stock market values and make wise investment selections. The study's findings suggest that before deciding whether to buy stocks in commercial banks, investors should consider the BVPS, EPS, and P/E ratio.

ii. When making investment decisions and establishing dividend policies, investors, the board of directors, and the heads of the finance departments of Nepalese commercial banks are advised by this study to review dividend announcements, EPS, P/E ratios, and DPRs. This will help determine the most economical, practical, and appropriate way to distribute dividends to shareholders, as well as whether businesses should maintain retained earnings for debt settlement, future initiatives, or dividend selections.

iii. To encourage the expansion of the share market, the government should set strict laws and guidelines. We'll put in place a system for reacting quickly to bogus businesses.

iv. Before making an investment, prospective investors in Nepal might use this study as a guide to weigh the aforementioned factors. Nepal's economy has a lot of

potential, thus research must be done to help investors make wise financial decisions.

v. Bank managers, boards of directors, legislators, and regulators can assess the benefits and drawbacks of share price prediction with the use of the study's conclusions. its expected effect on stock prices and the future course of the banking and insurance industries.

5.3.2 Implication for future studies

Many important data have been provided by this study, and one direction for future research is to extend the analysis to other developing markets.

i. Nepal's "A" class banking institutions are to blame for this. Therefore, additional financial sectors like development banks, insurance financing companies, and microfinance enterprises may be included in future research.

ii. The analysis ignores the desires of different investors and other stakeholders and is solely dependent on secondary data. Future research can therefore make use of primary or secondary data.

iii. Because the study's sample size and time frame were constrained, bigger sample sizes and longer time frames may be used in further research. Multiple linear regression is the only model used in this investigation. In order to create a model and look into how corporate governance affects the capital structure of Nepalese commercial banks, many models can be used.

iv. Advanced statistical tools may be used in future research. Bidirectional causality and non-linear statistical techniques, for instance, might be used in future research.

v. Only commercial banks in Nepal are included in the study. As a result, the study's conclusions could only be applied to businesses that were comparable to those that were examined.

vi. Despite the fact that many parties have a direct impact on the Nepalese stock market, only a small number of variables have been studied. By extending its scope, the proposed new study can cover most of the elements that directly affect the share market.

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APPENDIX

Appendix no. 1

1. Annual Report of ADBL from 2012/13 to 2021/22

Fiscal Year	MPS (in Rs)	EPS (in Rs)	DPS (in %)	P/E Ratio (Times)	BVPS (in Rs)
2012-13	212	59.03	31.58	2.96	243.32
2013-14	756	35.19	15.79	16.03	204.63
2014-15	432	78.83	15.79	5.48	245.69
2015-16	768	52.79	21.05	14.55	296.89
2016-17	435	31.59	20.00	13.77	230.88
2017-18	314	36.91	6.00	8.51	305.31
2018-19	409	42.88	6.00	9.54	314.49
2019-20	385	31.45	15.00	12.24	297.92
2020-21	479	29.13	20.00	16.44	286.67
2021-22	331	14.41	13.00	22.98	252.94

Appendix no. 2

2. Annual Report of Kumari Bank Limited (KBL) from 2012/13 to 2021/22

Fiscal Year	MPS (in Rs)	EPS (in Rs)	DPS (in %)	P/E Ratio (Times)	BVPS (in Rs)
2012-13	260	18.17	14.00	14.31	166
2013-14	536	18.69	33.00	28.68	162
2014-15	380	16.24	11.00	23.41	138
2015-16	-	26.53	21.00	0.00	149
2016-17	327	11.07	12.75	29.54	135
2017-18	199	14.54	8.50	13.68	82
2018-19	220	14.81	10.00	14.85	117
2019-20	186	12.08	10.85	15.39	172
2020-21	371	14.20	6.00	26.13	188
2021/22	191	17.54	0.00	10.89	210

Appendix no. 3

3. Annual Report of Global IME Bank Limited (GIBL) from 2012/13 to 2021/22

Fiscal Year	MPS (in Rs)	EPS (in Rs)	DPS (in %)	P/E Ratio (Times)	BVPS (in Rs)
2012-13	432	16.15	15	26.74	3231
2013-14	640	19.57	25	32.7	6126
2014-15	479	15.58	23	30.74	7323
2015-16	515	19.33	16	26.64	8706
2016-17	388	25.51	20	15.21	12376
2017-18	290	23.64	16	12.27	13579
2018-19	293	23.47	25.5	12.48	16335
2019-20	239	17.99	16.00	13.29	28834
2020-21	441	19.25	13.50	22.90	33439
2021-22	251.40	20.84	13.60	12.06	37739

Appendix no. 4

4. Annual Report of NIMBL from 2012/13 to 2021/22

Fiscal Year	MPS (in Rs)	EPS (in Rs)	DPS (in %)	P/E Ratio (Times)	BVPS (in Rs)
2012-13	784	46.2	35	17	169
2013-14	960	40.7	40	23.6	166
2014-15	704	30.9	34.7	22.8	155
2015-16	1040	29.3	41	35.5	187
2016-17	770	29.3	40	26.3	176
2017-18	621	35.7	40	17.4	236
2018-19	519	26.4	19	19.6	199
2019-20	431	17.0	18.5	25.3	191
2020-21	460	22.00	16	20.9	198
2021-22	265	20.7	11	12.8	186

Appendix no. 5

5. Annual Report of Nabil Bank Limited (NBL) from 2012/13 to 2021/22

Fiscal Year	MPS (in Rs)	EPS (in Rs)	DPS (In %)	P/E Ratio (Times)	BVPS (in Rs)
2012-13	1815	91.05	65	19.08	275
2013-14	2535	76.12	65	33.38	251
2014-15	1910	57.24	36.84	33.37	259
2015-16	2344	59.27	45	39.55	244
2016-17	1523	59.86	48	25.44	270
2017-18	921	51.84	34	18.60	256
2018-19	800	50.57	34	15.82	257
2019-20	765	36.16	35.26	21.15	256
2020-21	1359	33.57	38	40.48	251
2021-22	1822	26.80	36	32.91	230

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