DETERMINANT OF STOCK PRICE OF NON-LIFE INSURANCE COMPANIES

A dissertation submitted to the Office of the Dean, Faculty of Management in partial

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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 non-life insurance companies". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has 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.

Bimala Karki

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Report of Research Committee

Miss. Bimala Karki has defended research proposal entitled "Determinants of stock price of non-life insurance companies" 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 Dr. Kapil Khanal and submit the thesis for evaluation and viva voce examination.

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Approval Sheet

We have examined the dissertation entitled "Determinants of stock price of non-life insurance companies" presented by Bimala Karki for the degree of Master of Business Studies (MBS). We hereby certify that the dissertation is acceptable for the award of degree.

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ABBREVIATIONS

ADF Test	Augmented Dickey Fuller Test
AGM	Annual General Meeting
ANOVA	Analysis of Variance
ARDL	Auto Regressive Distributive Lag
BVPS	Book Value per Share
DF	Degree of Freedom
DPR	Dividend Payout Ratio
DPS	Dividend per Share
DSE	Dhaka Stock Exchange
DY	Dividend Yield
EPS	Earning s per Share
EY	Earning Yield
FPO	Further Public Offerings
GDP	Gross Domestic Product
IPO	Initial Public Offerings
IR	Interest Rate
MPS	Market Price per Share
NATS	NEPSE Automated Trading System
NAV	Net Asset Value
NEPSE	Nepal Stock Exchange
NICL	Nepal insurance company ltd
NIL	Neco insurance company ltd.
NRB	Nepal Rastra Bank
NSE	National Stock Exchange
NWPS	Net Worth per Share
P/E Ratio	Price Earnings Ratio
ROE	Return on Equity
SAARC	South Asian Association Regional Corporation
SALICO	Sagarmatha lumbini insurance company ltd.

SD	Standard Deviation
SEBON	Security Board of Nepal
SEC	Securities Exchange Centre
SICL	Shikhar insurance company ltd.
SPIL	Siddhartha premier insurance company ltd.

ABSTRACTS

This study investigates the determinants of stock price of non-life insurance companies. The study is based on the relationship between the Financial Performance Indicators and Stock Price Behavior of Listed Companies in NEPSE. It examines the relationship between the financial performance indicators (EPS, DPS, BVPS and P/E Ratio) and common stock price (MPS). The main purpose of this study is to investigates, analysis and interpret the Determinants of stock price of non-life insurance companies in Nepal. To meet the purpose of the study descriptive research design was used. Five non-life insurance companies (SICL, NICL, NIL, SAKICO and SPIL) were selected as a sample for the study between the fiscal year 2069/70 to fiscal year 2078/79. Data were obtained from respective insurance company's annual report, Nepal Stock Exchange and Security Board of Nepal. Data were analyzed through correlation and multiple regression technique by using SPSS version 25. The variables were used Market price per Share (MPS) as dependent variable and Earnings per Share (EPS), Dividend per Share (DPS), Book Value per Share (BVPS), and Price Earnings Ratio (P/E Ratio) as independent variables. The MPS has a significant positive correlation with EPS, DPS and P/E ratio. The findings of the study also show that coefficients for EPS and P/E Ratio are all significant at $p < 0.01$ level, suggesting that they are important predictors of MPS. Finally, the analysis of Nepalese stock market, researcher recommends that, investors should analyze all the aspects and factors that may affect the price of share before investing in any non-life insurance companies. Also, government should formulate and implement a strict rules and regulations for the further development of stock market. Governments need to make mechanism to take immediate action against insider trading. As a result, Nepalese capital market could be more competitive.

Keywords: Stock Price, Insurance companies, NEPSE, Financial Performance

CHAPTER-I

INTRODUCTION

1.1   Background of Study

Nepal's economy is in the development phase. Due to political instability, economic activity, and geographical location, economic growth is very weak. However, after having appropriate financial policies and adapting to economic liberalization financial institutions and economic activities have multiplied in urban and urban areas, Ministry of Finance (2006). The vitality of a nation's economy hinges predominantly on resource utilization and the effective mobilization of capital. This serves as a ubiquitous gauge for assessing the judicious gathering and mobilization of savings within the production sector, thereby fostering income generation. An economic yardstick often acknowledged is the stock market index. The ascent of this index is commonly deemed significant, as investors place their trust in the prospective growth of the economy. Nonetheless, a swift surge or decline in the stock index raises apprehensions. When the fluctuation in the index lacks justification based on fundamentals, it becomes imperative for decision-makers to vigilantly monitor stock market dynamics and be prepared to enact suitable measures, if required, to avert the formation of bubbles and potential market crashes. Thus, comprehending the intricate interplay between the stock market index and the variables influencing it becomes indispensable. (Shrestha & Subedi, 2014).

Financial markets serve as hubs that facilitate the exchange of financial instruments and services, providing avenues for the purchase and sale of financial receivables. These markets can be categorized into the money market and the capital market. The money market primarily handles short-term financial instruments, whereas the capital market is concerned with long-term financial instruments. The capital market comprises two key components: the primary market and the secondary market. The primary market is the arena where organizations and governments release new securities to the public. On the other hand, the secondary market is the platform where the trading of previously issued shares by companies and governments takes place (Shrestha & Subedi, 2014).

After the establishment of SEBON and NEPSE in 1993 under the provision of securities exchange act 1983, there is progressive development of capital market in Nepal. The SEBON functions as a primary regulatory authority, actively championing and safeguarding the interests of investors through the implementation of various acts and bylaws. Beyond its regulatory responsibilities, the Securities Board plays a crucial role in policy development, legal and regulatory reforms, and the standardization of disclosure practices. The enforcement of regulations is paramount to ensure compliance, and fostering a board-based market structure is identified as a key priority for SEBON's reform efforts (SEBON Journal, 2017). As the sole organized stock exchange in the region, NEPSE stands out as the platform where stocks are traded exclusively through registered brokers adhering to a set of predefined rules and regulations (Pandak, 2017).

CDS and Clearings operate in the realm of electronic securities management, established under the Companies Act with backing from NEPSE. The ebb and flow of stock prices is a complex interplay of supply and demand, where market forecasts serve as crucial indicators. Market dynamics experience fluctuations mainly influenced by both economic and non-economic factors. Noteable among these factors are governmental policies, regulatory frameworks, fixed dividend declarations, interest rates, and the disclosure of financial statements.

The listed stock price is susceptible to shifts influenced by economic stimulus measures. While no single software or tool can definitively predict stock price trends, various tools provide insights in different ways. The stock market assumes a pivotal role in mobilizing savings and directing them towards productive investments, thereby contributing to the trade and economic growth of the country. However, the Nepalese market is undergoing a period of growth, emphasizing the need for a secure and stable security market.

A thriving security market is indispensable for sustained development, as it not only furnishes companies with long-term, stable capital but also serves as an effective avenue for public savings. In essence, it functions as a resource-efficient tool for the allocation of financial resources in the economy (Pandak, 2017).

The stock market plays a pivotal role in fostering economic growth by providing a cost-effective avenue for growing companies to raise capital. While companies often resort to borrowing money from banks for short-term cash needs, the issuance of common and preferred stock becomes a viable option when long-term financing is required. The stock

exchange serves as a crucial link, connecting companies seeking funds for new ventures or expansion with investors having surplus funds to invest. Additionally, it establishes a regulated market for shares, where prices are determined by the interplay of demand and supply forces.

The stock price, as economists assert, is influenced by the dynamics of demand and supply in a free-market economy. In the securities market, both the primary and secondary markets are subject to the influence of macroeconomic and microeconomic factors. Macroeconomic factors encompass political climate and general economic conditions, while microeconomic factors include metrics such as earnings per share, return on assets, dividend per share, dividend payout ratio, dividend yield, investor reaction to government policies, and declarations of dividends and right shares.

Stock prices in the market are dynamic and undergo daily fluctuations, differing from face value and book value. It's crucial to recognize that stock price movements are not inherently independent; a combination of extrinsic and intrinsic factors distinctly influences these fluctuations (Tandon & Malhotra, 2013). That it was hoped that the results of this study would provide meaningful insights Understand the determinants behind Nepalese stock market performance, politicians and investors.

The determinants of stock prices encompass a variety of factors that collectively shape the value of a company's shares in the stock market. Foremost among these is the financial performance of the company, with metrics such as revenue, profits, growth prospects, and overall financial health playing a pivotal role. Investors scrutinize financial statements and key performance indicators to assess a company's viability. Additionally, the broader economic conditions exert a significant influence; periods of growth tend to elevate stock prices, while economic downturns may prompt a decline as investors adopt a more risk-averse stance. The performance of the industry further contributes to these fluctuations, as growth and demand within an industry can uplift stock prices, while challenges like heightened competition or reduced demand may lead to depreciation. The undulating nature of interest rates also plays a role, with low rates potentially steering investors toward stocks for enhanced returns, and high rates favoring fixed-income investments. Political and geopolitical events, such as shifts in government policies or international trade agreements, introduce an additional layer of complexity by impacting specific industries and companies. Lastly, the intangible yet potent force of investor

sentiment is crucial; optimism can propel higher stock prices, whereas pessimism may result in selling pressure and diminished valuations.

There are several current problems related to stock price determination that investors and analysts are currently facing. One of the biggest problems related to stock price determination is volatility. Stock prices can be highly volatile and subject to sudden swings based on a variety of factors such as changes in the company's performance, economic conditions, geopolitical events, and other factors. This makes it difficult for investors to predict future movements in stock prices and can lead to significant losses for investors who are not properly diversified. The determination of stock prices faces challenges related to various factors, one being the lack of transparency in financial reporting by certain companies. When companies are not forthcoming about their financial health and performance, it can result in overvaluation or undervaluation in the stock market, contributing to distorted stock prices. The rise of algorithmic trading, employing computer programs to execute trades based on preset rules, has become prevalent, but it can introduce market volatility and unpredictable swings in stock prices. Market manipulation poses another concern, involving illegal activities such as insider trading or market rigging, capable of distorting stock prices and harming investors. Additionally, external shocks like pandemics, natural disasters, and unforeseen events can impact stock prices, leading to sudden drops and market instability, challenging investors to anticipate and prepare for such occurrences.

1.2 Problem Statement

The stock market is inefficient due to incomplete and inadequate supervision and oversight of relevant authorities, the unprofessional nature of market participants, unfavorable attitudes of market authorities, and the slow movement of funds. Existing economic imbalances, political instability, and inefficient implementation of the country's liberal economic policies are having a negative impact on the economy. In recent years, the prices of securities, especially common stocks, have been randomly fluctuating and declining. Policymakers are unable to formulate appropriate policies for stock market development. The government's contribution to stock market development is weak.

The determination of stock prices relies on the interplay of demand and supply for securities. Qualitative and quantitative factors contribute to this determination, encompassing changes in both internal and external factors. Identifying the precise factors that determine stock prices remains a contentious and unpredictable issue. Share prices

are influenced by various elements, and they fluctuate over time, with stock exchanges responding to environmental changes. Nevertheless, certain environmental changes may have no impact on stock exchanges. The dynamic nature of stock prices reflects the complex and multifaceted nature of the factors influencing them.

Comparing Nepal's stock market to other developed and effective worldwide markets, it is comparatively small. A reduced volume of transactions can be attributed to the restricted number of brokerage firms that are listed. In this case, supply and demand—two fundamental economic factors—largely dictate stock prices. In contrast to bigger, more active foreign markets, where characteristics like liquidity and participant diversity frequently play a more significant role in price determination, the smaller scale of the Nepali market suggests a distinct dynamic.

A multitude of qualitative and quantitative factors influence stock values, making it difficult to pinpoint the exact causes that influence them. Stock price dynamics are thought to be contentious and erratic. Stock price fluctuations happen all the time, demonstrating how dynamic the market is. The way the stock market reacts to environmental changes shows how sensitive it is to outside events. In actuality, the issue with the Nepalese stock market has not been effectively searched for The decision-makers are unable to create policies that are appropriate for the growth of the stock market. Only in the early 1990s, following economic reform and liberalization, did the majority of government efforts toward the development of the stock market since 1976 make a significant contribution; however, the government's reforms to the capital market under the Extended Structural Adjustment Program (ESAP) have had some positive effects on the growth of the stock market. However, the improper application of the policy has also rendered this endeavor unsustainable.

A few studies have been carried out in the Nepalese environment to examine the stock price behavior of listed companies. However, these studies do not fully examine all of the qualitative and quantitative elements that play a large role in determining stock price. Because of symmetrical information, the study's findings may vary, and given the significant volatility of stock prices, it is inappropriate to generalize the findings. As a result, the goal of this study is to address the following problems in the Nepali context:

i. What are the major determinants of stock price in NEPSE?

ii.   Does any relationship of EPS, P/E, BVPS and DPS with market price of share of non-life insurance companies in Nepal?

iii.   What is the effect of EPS, P/E ratio, BVPS and DPS to the market price of share of non-life insurance companies in Nepal?

1.3   Objective of the Study

The major objective of this study will be to measure the relationship between financial factors (like: dividend per share, earning per share, price earnings ratio and book value per share) and stock price of non-life insurance companies listed in NEPSE. The specific objective of the study will be as follows:

i.   To identify the determinants of stock price in Nepal Stock Exchange.

ii.   To determine the relationship of EPS, DPS, BVPS, P/E Ratio on market price of Nepalese non-life insurance companies.

iii.   To analyze the effect of EPS, DPS, BVPS and P/E ratio on market price of non-life insurance companies in Nepal.

1.4   Rationale of the Study

The study undertakes a focused examination of the evolving stock prices of companies listed in NEPSE, thereby holding significance for a diverse array of stakeholders. This research is particularly pertinent for investors, managers, bankers, stock analysts, brokers, academics, government officials, students, and other interested parties aiming to comprehend the intricate behavior of stock prices. For investors engaging in capital markets, the hope is to garner favorable returns on their investments, making an analysis of the financial condition and trading performance of sampled companies imperative. The study not only presents an overview of NEPSE's financial status and capitalization but also equips management with insights to undertake necessary steps for improvement.

Moreover, the research extends its utility beyond the financial realm. It serves as a valuable resource for government officials and policymakers, offering a comprehensive portrayal of the current stock market landscape. This insight is crucial for timely policy formulation or revision to ensure the effective operation, growth, and development of the stock market. The study's relevance is further underscored for stock analysts, bankers, academicians, and students who aspire to comprehend the nuanced dynamics of NEPSE's stock price behavior. Aspiring individuals seeking careers in banking or the share

business also stand to benefit from the insights provided by this study. In essence, the research contributes to a broader understanding of the stock market, fostering informed decision-making across various sectors and professions.

1.5 Limitation of the Study

This study tries to explore the factors determining the stock price in Nepal Stock Exchange. Both primary and secondary data are analyzed. However, this study may face the following limitations during the course of research.

i. The focus of this study is limited to five sampled listed non-life insurance businesses; therefore, the conclusions drawn from it cannot be applied to the entire capital market. Only the impact of internal factors (EPS, P/E, DPS, and BVPS) is examined in this study.

ii. The study doesn't look at external factors like interest rates, inflation, macroeconomic conditions, etc. that can have an impact on share price behavior.

iii. The subject of listed firms' stock price behavior is far more dynamic, and it requires significant financial and human resources to cover all facets of this research.

iv. While there may be many approaches and methods for studying the behavior of stock prices, this study focuses on regression analysis and correlation coefficients.

CHAPTER-II
LITERATURE REVIEW

Review of literatures means reviewing research studies and other relevant propositions into the centered areas of study so that all the past studies, their conclusion and deficiencies may be known and further research can be conducted. In the past, insufficient research on the share market has been done in the context of the Nepalese financial system. The second section of this chapter includes the studies of related literature carried out previously in the foreign as well as Nepalese context.

2.1 Theoretical Review

Financial market is that market where financial instruments are traded like: share, debenture, bonds, treasury bills etc. Funds are transferred in financial market when one party purchase financial assets and another party sell the financial assets. Financial market transferred fund from those who have available funds to those who need funds. Financial market helps to channelize the fund surplus unit to deficit unit. Household sector, business sector, government sector involve the financial market.

2.1.1 Common Stock

Common stock is the recipient of the company's remaining income. Voting rights give the holder of common stock legal control over the company. Due to the low priority of claims in liquidation, the investment involves a high-risk element. When investors purchase common stock, they receive a title deed evidencing their affiliation with the company. The certificate states the number of shares purchased and the value of each of his shares (Bhalla, 1997).

Common stock serves as a long-term source of funding and represents a tangible ownership stake in a business. The certificate associated with common stock functions both as a legal document organizing the business structure and as a tradable financial instrument in the market. Shareholders holding common stock are the residual owners of the corporation, entitled to receive income and assets after the full satisfaction of

obligations to creditors and preferred stockholders. However, the return on investment for common stockholders is less predictable compared to lenders or preferred shareholders.

Common stock can be issued with or without a nominal value, also known as par value. The nominal value, though a fixed aspect of the company's character, holds minimal economic significance. It is crucial for a company not to issue shares at a price below par, as this would make shareholders who purchased shares at a lower value than the par value accountable to creditors for the difference between the lower upfront price paid and the par value. This precautionary measure ensures financial transparency and accountability within the company's capital structure (Van Horne, 1997).

In Nepal, according to the provisions outlined in the Nepal Company Act of 2000 A.D., the issuance of common stocks without a par value is not permitted. The specified par value must be either Rs. 10 or Rs. 100. Common stocks exhibit crucial investment characteristics and hold significant speculative attributes. Over time, their investment value and average market price generally show a steady increase as their net worth grows through the reinvestment of undistributed earnings. However, common stocks often experience irrational and excessive price fluctuations in both upward and downward directions, driven by speculative behavior influenced by emotions such as hope, fear, and greed.

2.1.2 Stock Price

The stock price is the amount you have to pay to buy/receive the stock company. If 'A' employs her 10 shares in 'B' Kathmandu Bank, he/she pays her Rs.4000 For these 10 shares, the price of the shares is 400 rupees (i.e. 4000/10). Therefore, the stock price is the amount a buyer pays to buy shares or the amount a seller receives to sell shares share. Stock prices are determined on the stock exchange by market forces demand (buyer power), and supply (seller power). Demand and supply depend on each other environmental impacts and individual expectations/assumptions about the future. Stocks (market) price deviates from the nominal and book value. No stock price movement inherently independent, both extrinsic and intrinsic factors identified influencing stock price movements (Tandon & Malhotra 2013).

2.1.3   Par Value

When a company is chartered for the first time, it has the right to charter up to a specified number common stock. Each often has a specific face value. In this case, the company may be prohibited from making payments to ordinary shareholders reduce the carrying amount of equity expressed in par value of shares outstanding. Therefore, the face value is usually low compared to the price at which the stock was originally sold. Some legal entities issue shares with no par value in which case the declared price should be recorded instead of the par value (Sharp, Alexander & Bailey, 2000). Initial issue price of shares may vary pay value stocks are issued at a premium or at a discount.

2.1.4   Book Value

Book value represents the cost of carrying an asset on a company's balance sheet, determined by subtracting accumulated depreciation from the asset's original cost. Essentially, it serves as the net asset value (NAV) of a company, calculated by deducting intangible assets (such as patents and goodwill) and liabilities from its total assets. The calculation of book value for an investment may include or exclude expenses like trading costs, sales taxes, and service charges. In essence, a company's book value is the net contrast between its total assets and total liabilities, portraying the overall worth of a company's assets that shareholders would receive in the event of liquidation.

2.1.5   Market value

Common stock shares can be authorized with or without a par value, with the par value being the designated amount specified in the corporate charter. Typically, par values for most stocks are set at relatively low figures compared to their market values. The market value per share, on the other hand, is the prevailing price at which the stock is currently traded. This market value is influenced by factors such as the current and anticipated future dividends of the company and the perceived risk associated with the stock by investors, as discussed by Van Horme and Wachowicz (2000).

The market price of a stock serves as an indicator of its value and the organization's standing. It is the price at which the stock trades, representing the amount a buyer pays a seller to acquire shares in a company. This market price varies among companies, reflecting the ownership structure and priority in claims during liquidations. Given that

common shareholders have the lowest priority in claims during liquidation, stock prices are highly volatile and sensitive to external influences.

Organizations operate within two distinct environments: internal and external. The internal environment, under organizational control, is shaped to create an optimal setting for the organization. This internal environment aims to maximize stock prices in the stock market. Conversely, external environmental forces, beyond organizational control, significantly impact stock prices. Companies must adapt to these external influences, aiming to maximize the company's overall price or value through strategic adjustments. In essence, the interplay between internal and external environments influences the dynamic nature of stock prices in the market.

The market price of shares is highly responsive to environmental forces, fluctuating based on favorable or unfavorable conditions. This price volatility is driven by market mechanisms or forces, primarily the dynamics of supply and demand. If an organization experiences an increase in earnings and dividends, investors tend to develop a positive perception, fostering a desire to purchase shares. Consequently, demand rises. Conversely, suppliers may choose to retain shares, leading to a decrease in supply. The resulting disparity between demand and supply contributes to an upswing in the market price of shares.

Investors play a crucial role in determining the price they are willing to pay for shares, influenced by their perceptions of the organization and future expectations. Similarly, sellers establish the price at which they are willing to sell shares, guided by their assumptions and outlook for the organization. These assumptions and expectations are inherently subjective and vary among individuals. Different people analyze the same situation differently based on their limited knowledge, contributing to the diversity of perspectives in the market. This diversity in interpretation highlights the complexity of the stock market, where the interplay of individual assessments shapes the ever-changing landscape of share prices.

The index of stock gives the surrogate of market price of share. The surrogate for every listed company in NEPSE is the NEPSE index. Thus, it serves as one of the NEPSE stock price indicators. The global capital market's stock activity can be examined using a variety of indices. "The 'pure numbers' that are used to compare index numbers within the same series or with other index numbers are stock market indexes. Typically, an index is

a ratio calculated using the average of several securities. To make time directly comparable, a time series of index numbers is typically generated from the same base date and base value, which is typically set at 100, 10, or 1. To give the index a temporal perspective, a previous year is chosen as the base year from which the index's base value is computed (Francis, 1991).

The worth of the organization and the shares are determined by the market price of each share. The price at which shares are exchanged or the sum that a buyer must pay a seller in order to acquire firm stock is known as the market price of shares. The market value of a company's shares differs from another. Given that common stockholders own the majority of the company and have the lowest claim priority in the event of a liquidation, the share price is extremely erratic and highly susceptible to outside influences (Bhattarai, 2014).

2.1.6   Stock Price Behavior Theories

In the current environment, the investment industry has grown recently along with other economic sectors. With the help of the investment sector, the majority of emerging nations today are accelerating their economic growth. Business cycle theorists believed that tracking the changes in a number of economic factors over time would shed light on and enable predictions about how the economy would develop during a boom. The classical theory and the efficient market theory are the two theories that explain the behavior of stock prices. Technical analysis theory and basic analysis theory are examples of classical or convectional theory. There are various types of efficient market hypothesis under theories of efficient markets. While the efficient market theory contends that the market is efficient, the classical approach views the market as inefficient. Investors were typically split into two categories before the efficient market theory was developed: fundamentalists and technicians (Alexander, Sharpe, & Bailey, 2000).

i. Fundamental Analysis

Fundamental analysis theory claims that a single stock is always valuable intrinsic value is the present value of future cash flows. Risk appropriately discounted securities at adjusted discount rates. The value of the common stock is simply the present value of all future earnings shared by the owner received.

In simplest form, fundamental analysis begins with the assertion that the true value of any financial assets equals the present value of all cash the owner of the asset aspects to forecast the timing and size of these cash flows and then converts the cash flows to their equivalent present value using as appropriate discount rate.

The primary objective of fundamental analysis is to evaluate the intrinsic value of a security, representing its true economic worth in the realm of financial investment. Fundamental analysts aim to uncover new information ahead of other investors, enabling them to seize opportunities arising from anticipated price fluctuations. Fundamental analysis utilizes various models, including probabilistic forecasting for both top-down and bottom-up approaches, econometric models for estimating collateral values, and balance sheet analysis. This method follows a rational approach to investment decision-making, considering financial and economic statistics and information. Financial institutions employ partial records and current data to enhance decision-making, anticipating future outcomes. The fundamental analysis theory operates on the premise that each stock has an intrinsic value, defined as the present value of future income for a financial entity. Stocks are evaluated based on whether their market price is below or above their intrinsic value, providing insights into investment decisions.

The basic approach is primarily focused on securities analysts or potential investors interested in analyzing factors such as economic impact, industry factors, and patients company information such as product demand, dividends, and management Calculate the intrinsic value of the securities of an investee company determine this value by comparing it to the security's current market price of Fundamental analysis tends to be forward-looking fundamental deal with future earnings and dividend issues. The traditional fundamental analysis is designed to answer questions (Sharpe, Alexander & Bailey, 1999).

Fundamentalists forecast stock price on the basis of economy industry and company statistics. The principle design variable ultimately takes form of earning and value with a risk return framework based upon earning power and economic environment. Fundamental analysis deal in to company's earnings, it management, economic outlook competitors market condition and many other factors (Clark & Francis, 1997).

Basic examination seek to identify stocks that are overvalued or undervalued by examining basic data such as earning asset valuations, etc. In an attempt to predict future

information, they look ahead in hopes of finding as-yet-undiscovered knowledge about a business's future (Will, 1999).

The basic theory assumes that knowledge about the future of a company is not perfect some stocks are undervalued and some stocks are overvalued. study investor job certain fundamental factors that allow you to select and buy undervalued stocks and sell overpriced stocks. The basis of these is the company's historical profitability Charge companies with industry economic outlook for industry profitability industry-wide outlook and general economic outlook potential investors then, estimate the value of a single company by comparing its history with its expected future companies that compete with this company. Such companies are based on many goals and information.

ii. Technical analysis

Technical analysis theory is related to past trading volume and stock price dates predict future price movements. This approach explores a variety of graphs and charts. From past stock prices and analysis, we derive future price movements by trying to interpret past patterns based on the assumption that history tends to repeat them. Technical analysis is based on the widely accepted assumption that security prices are determined by supply Request for securities. Therefore, technical analysis tools are designed for this purpose. Measure certain aspects of demand and supply. Usually a record of technical analysis Historical financial data on charts, study these charts for patterns they find it make sense and uses patterns to predict future prices. Use partial chart it is used to forecast the movements of other securities to forecast the movements of individual securities. Individual securities, others are used to predict the movement of market indices, and still others are used it is used to forecast the movement of both individual assets and markets. Basically technical this analysis assumes that past patterns of market behavior are, and therefore possible, to recur in the future. Used for forecasting purposes (Clark & Francis 1997).

Technical analysts attempt to find pattern in security price movement and trade accordingly. Their trading tends to quickly offset any price trend and keep the market efficient. Technical analysts are studying past price working for predictable patterns (Will, 1999).

Technical analysis theory involves the study of historical volume and price data A security for predicting future price movements. Stock price technical analysis theory

Actions based on past market information. Assuming that history tends to again, we believe knowledge of historical stock price patterns will be helpful. Predict future prices in similar situations. It involves studying past markets need to predict behavior related to various financial and economic variables future. Changes occur in financial and economic variables and must be adjusted in light of the current situation. Technical analysts, or chartists as they are commonly called, believe in being able to spot and follow patterns in price and volume movements. Observe and study the historical behavioral patterns of specific strains. You can use accumulated historical information for predicting future price movements of securities. A technical analyst involves a variety of subjective approaches, but they all have one thing in common. A common belief is that these past movements are very useful in predicting the future movement. Technical analysts adhere to the theory based on chart information and patterns, similar to how ancient astrologers interpreted the stars by observing their formations. They view stock charts as a reflection of buying and selling patterns, accumulation, sales, and market psychology. Technical analysis is an evaluation method for securities that involves analyzing statistics derived from market activity, historical prices, and volumes. Rather than attempting to measure the intrinsic value of a security, technical analysts focus on interpreting stock charts for patterns and indicators that can forecast future stock performance. In recent years, technical analysis has gained popularity, with more individuals relying on a stock's past performance as a guide for future outcomes. Technical analysts believe in the predictability of stock trends, asserting that these trends will persist until a significant event alters the pattern. They use historical price movements recorded on graph paper, looking for recurring patterns to predict future stock price movements. Technical analysts play a role in making buying and selling decisions based on the charts they prepare, utilizing historical data to inform predictions about future stock performance (Francis, 1996)

2.2 Empirical Review

This section of the literature study is devoted to a detailed review of significant earlier research on stock price.

The factors influencing market stock price were investigated by Abdallah et al. (2022) using fresh data from an emerging market. Using panel data analysis of 57 industrial enterprises used during a nine-year period (2010-2018), All of the companies in the

population make up the study sample, yielding 513 observations in total. The study's primary variables that significantly impacted market stock price were assets turnover, earnings per share, return on assets, inventory-to-total current assets ratio, total current assets-to-total assets ratio, and long-term debt-to-total assets ratio. The market stock price of Jordanian industrial companies is significantly influenced by the ratios of assets turnover, long-term debt-to-total assets, earnings per share, return on assets, inventory-to-total current assets, total current assets-to-total assets, and total assets; working capital and equity-to-total assets have no discernible effects.

Prowanta and Siswanti (2021) examined the determinant of stock price insurance company in Indonesia. In order to better understand the impact of insurance firms' solvency ratio as an intervening variable on the IDX, this study will examine the relationship between the Technical Reserve Ratio and the Claim Expense Ratio and the Stock Price. The 12 insurance companies operating in Indonesia in 2017 and 2018 were the research's populations. Path analysis was employed by the researcher. According to the findings, the ratio of claim expenses to stock prices has a significant positive effect on the solvency ratio; on the other hand, the ratio of technical reserves to stock prices has no effect on the solvency ratio; on the other hand, the ratio of claim expenses to stock prices has a significant positive effect on stock prices; and on the other hand, the solvency ratio can mediate the effect of the ratio of technical reserves to stock prices while the ratio of claim expenses to stock prices cannot be mediated by the solvency ratio

The macroeconomic factors influencing stock price changes on the Amman Stock Exchange were investigated by Ghazo et al. in 2021. Finding the major macroeconomic factors that influenced changes in Amman Stock Exchange stock prices between 1980 and 2018 is the aim of this study. employing the ADF (augmented dickeyfuller) test. The analysis in this study was conducted using the generalized autoregressive conditional heteroskedasticity (GARCH) methodology. The price index in this study was one of the main variables that Real effective exchange rate, real interest rate, Brent crude oil prices, and Amman Stock Exchange. According to this analysis, changes in the industrial production index and portfolio investments are statistically significant predictors of changes in the stock price index. Real effective exchange rate, real interest rate, and Brent crude oil prices were statistically significant to lead variations in the stock price index but

in the opposite direction. In contrast, they follow the same direction in the Amman Stock Exchange.

Henny and Muhamad (2020) looked at Indonesian data to investigate the factors influencing stock price manufacturing companies. Eleven sample companies' financial data from 2012 to 2018 are included in the research study. Panel data regression was employed as the estimation technique in this study. Debt to Equity Ratio (DER), Earnings per share (EPS), Price to Book Value (PBV), and Return on Equity (ROE) were the study's factors. The outcome of the investigation demonstrates The analysis demonstrates that the most suitable model for this study is the Random Effect Model. According to the concept, price to book value and earnings per share are variables that impact stock prices.

Tabassum et al. (2019) studied Bangladeshi banks and non-bank financial institutions to determine what influences the stock price of the financial industry. The dividend, Price-Earnings Ratio (P/E), Net Asset Value (NAV), Earnings per Share (EPS), Dividend Payout Ratio, and the size of the share price movement of Bangladesh's banking industry are all examined in this study. Thirty banks and eighteen non-bank financial institutions listed on Bangladesh's Dhaka Stock Exchange (DSE) make up the sample size used by the researchers in this study. From 2011 to 2015, secondary data was gathered from these businesses. Multiple regression analysis is used in this study using SPSS 20. The findings demonstrate that the impact of the variables varies among companies. For the banks, factors comprise of dividend, P/E, NAV, EPS, Dividend Payout Ratio and size are primary factors that have significant effects on stock prices of financial sectors in Bangladesh. But the non-banking institutions are only affected by dividend, P/E, Dividend Payout Ratio and NAV.

Chris et al. (2018) examined how macroeconomic factors affected changes in Nigerian stock prices. The study included the gross domestic product, interest rate, inflation, exchange rate, and absolute stock price as factors. The macroeconomic drivers of Nigerian stock market movement were examined using the autoregressive distributive lag (ARDL) model. The results of the ARDL analysis showed that there was no long-term link between the dependent variable, ASTP, and the determinants variables, GDP, EXCHR, INTR, and INFL, because they were not cooperatively co-integrated. In conclusion, there was no sustained correlation found between macroeconomic factors and changes in Nigerian stock prices

In their 2017 study, Golam et al. investigated the impact of macroeconomic variables on the stock market performance of SAARC countries. The study aimed to assess the significance of these macroeconomic variables in influencing the stock market performance of SAARC countries, employing the Ordinary Least Squares (OLS) multiple regression model. The researchers utilized annual data spanning the period from 2005 to 2015. This study contributes to our understanding of the relationship between macroeconomic factors and stock market performance within the SAARC region.

The research conducted by Golam et al. (2017), which utilized annual data from 2005 to 2015, revealed noteworthy findings regarding the influence of macroeconomic variables on the stock market performance of SAARC countries. The study demonstrated that certain macroeconomic factors, specifically the exchange rate, foreign currency reserves, and interest rate, exhibited statistical significance in affecting the stock market performance of SAARC countries. Conversely, the variables of inflation and money supply were found to lack a significant relationship in influencing stock market performance. These findings provide valuable insights into the nuanced connections between specific macroeconomic indicators and the dynamics of stock markets within the SAARC region during the specified time period.

Qaisi et al. (2016) investigate market determinants influencing stock prices, specifically as they relate to insurance businesses listed on the Amman Stock Exchange. The independent factors in this study were the company's age, size, return on assets (ROA), and debt ratio (ROE). Twenty insurance businesses that were listed between 2011 and 2015 on the Amman Stock Exchange were considered in the study. Simple and multiple regression methods were used in the data analysis, and the results showed that the market stock price of insurance companies listed on the Amman Stock Exchange is influenced by the following factors: ROA, debt ratio, age of the company, and size of the company. Moreover, the results found that there is no effect between ROE and market stock price in these insurance companies.

Narayan and Singh (2015) examined the determinants of stock prices in Indian Banking Sector. They examine the determinants of stock prices for thirteen major Indian banks. They use a panel Granger causality test that reveals the direction and sign of causality. They findings reveal that industrial production and real exchange rate have statistically

significant positive effects on stock prices of the thirteen major Indian commercial banks, whereas the short-term interest rate has a statistically significant negative effect on stock prices.

In a study conducted by Islam (2015), the researcher delved into the determinants of stock price movements with a focus on evidence from the Chittagong Stock Exchange in Bangladesh, particularly during the incidents of the 2010-2011 stock market crash. The study aimed to reexamine the relationship between stock price, dividends, and retained earnings of 29 listed banks on the Chittagong Stock Exchange during the post-crash period.

Utilizing cross-sectional data gathered from secondary sources, the researcher employed the linear regression method to analyze the data. The findings of the study indicated that both dividends and retained earnings of the sampled banks exerted a strong influence on stock prices. However, it was noted that there was a moderate explanatory power associated with these variables. Consequently, the study concluded that both dividend and retained earnings are robust determinants of stock prices at a significant level within the context of the Chittagong Stock Exchange in Bangladesh during the post-crash period.

Analysis of the variables influencing stock prices was conducted by Malhotra and Tandon (2013) within the framework of the National Stock Exchange (NSE) 100 Companies. Using a linear regression model, the results demonstrate that the price-earnings ratio, earnings per share, and book value of the company have a substantial positive link with the stock price of the company. The sample selection procedure includes 95 companies from the time the company from 2007 to 2012. whereas there is a notable inverse link between the dividend and the share price at market.

Hussein et al. (2011) analyzed the factors affecting stock price in the UAE financial market. The objective of this study is investigates the main determinants of stock price in UAE. The data of the study covers the period of 1990 to 2005 also the sample consists 17 companies. The methods used by the authors was regression model, the variables are used by the authors was DPS, GDP, money supply, consumer price index and interest rate. The finding of this study was strong and positive impacts of EPS, GDP and money supply on UAE stock price but customer price index and interest rate were negative relationship with stock price in UAE financial market.

Bokpin and Abor (2010) conducted research on emerging market data related to dividend distribution policies, corporate finance, and investment prospects. This research sought to examine how dividend distribution policy is impacted by investment possibilities and company finance. A sample of 34 emerging market nations spanning a 17-year period, 1990-2016, is used to test this issue. The panel model with fixed effects is used for estimation. The study's primary conclusions are as follows: there is a notably unfavorable correlation between the dividend distribution policy and the investment opportunity set. However, the different corporate finance metrics—financial leverage, external financing, and debt maturity—have negligible effects on the policy of dividend payout. The identification of profitability and stock market capitalization as significant factors that impact dividend payment policy is also noted. Profitable firms are more likely to support high dividend payments to shareholders. However, firms in relatively well-developed markets tend to exhibit low dividend payout policy.

Table 1
Summary of Empirical Review

SN	Author/Date	Title	Objective	Methodology	Findings
1	Abdallah Ahmed, Abu Afifa, Hamed Saleh, Isam and Alsufy Fares (2022)	Determinants of market stock price: new evidence from an emerging market	To look into the factors that influence Jordan's market stock price financially	Panel data Analysis	The market stock price of Jordanian industrial companies is heavily influenced by the assets turnover ratio, long-term debt-to-total assets ratio, EPS, ROA, inventory-to-total current assets ratio, total current assets-to-total assets ratio, and total assets; working capital and equity ratios have no discernible impact.
2	Abdallah Ghazoa, Ziad Abu-Lila and Sameh Ajlouni (2021)	The macroeconomic determinants of stock price fluctuations in Amman Stock Exchange	To determine the main macroeconomic factors influencing changes in Amman Stock Exchange stock prices	Generalizgd Autoregressive Conditional Heteroskedasticity (GARCH) methodology.	There is a positive correlation between the stock price index and portfolio investments, whereas there is a negative correlation between stock prices and the exchange rate, interest rate, and crude oil price.

3	Embun Prowanta and Indra Siswanti (2021)	Determinants of stock price insurance company in Indonesia	To use the solvency ratio to examine the impact of the claim expense ratio and the technical reserve ratio on the stock price.	Path analysis model.	The findings indicate that while the technical reserve ratio has no impact on the solvency ratio, the claim expense ratio significantly increases it.
4	Henny Medyawati, Muhamad Yunanto (2020)	Determinants of stock price manufacturing company: evidence from Indonesia	To find the right model to analyze the listed variables.	Panel data regression model.	The analysis shows that the most appropriate model in this research is the Random Effect Model.
5	Tabassum Chowdhury , Rabiul Hossain Dovash and Sharul Islam (2019)	Determinants of Stock Price of Financial Sector - A Study on Banks and Non-Bank Financial Institutions in Bangladesh	This study looks on the banking sector's share price and effect factors in Bangladesh.	Multiple regression analysis through SPSS 20	To determine the primary macroeconomic Size, P/E, NAV, EPS, Dividend Payout Ratio, and banks' sector composition are the main variables that significantly affect the stock prices of Bangladesh's financial industries. factors influencing changes in

					Amman Stock Exchange stock prices
6	Chris O. Udoka, Mfon Joseph Nya and James Godwin Bassey (2018)	The effect of macroeconomic determinants of stock price movements	To investigate how macroeconomic factors affect changes in Nigerian stock prices.	The autoregressive distributive lag (ARDL) model	In Nigeria, there was no sustained correlation observed between the macroeconomic variables of GDP, interest rates, currency rates, and stock price fluctuations.
7	Golam Mohammad, Wali Ullah, Ashraful Islam, Md. Sohan Alam and Md. Kanon Khan (2017)	Effect of macroeconomic variables on stock market performance of SAARC countries	To investigate the impact of macroeconomic factors on the stock market performance of SAARC nations	OLS multiple regression Model	The study's conclusions demonstrated that the foreign currency reserve, interest rate, and exchange rate all statistically significantly affect how well SAARC nations' stock markets perform. On the other hand, there is no discernible correlation between the money supply and inflation and how the stock market performs.
8	Dr. Fouzan Al Qaisi, Dr. Asem	Factors Affecting the Market Stock Price -	To examine how several elements, including debt	Simple and multiple	The findings indicated that, for insurance businesses listed on the

	Tahtamouni, Dr. Mustafa AL-Qudah (2016)	The Case of the Insurance Companies Listed in Amman Stock Exchange	ratio, age, size, and return on equity (ROE) and asset (ROA) of the company, affect market stock price.	liner regression	Amman Stock Exchange, there is a relationship between market stock price and (ROA, Debt Ratio, Age of the Company, and Size of the Company). Nevertheless, the analysis revealed that there is no correlation between these insurance businesses' market stock price and ROE.
9	Paresh Kumar Narayan, Seema Narayan, and Harminder Singh. (2015)	The Determinants of Stock Prices: New Evidence from the Indian Banking Sector.	Examine the determinants of stock prices for major Indian banks. Look at what influences the stock prices of the biggest Indian banks.	Panel data modeling techniques.	Exchange rates, interest rates, and industrial production all have statistically significant effects on stock prices.
10	Mohammed Syedul Islam, Dooty Evana Nusrat	Determinants of stock price movements: evidence from	To reevaluate how stock price, dividend, and retained earnings are	Linier regression model.	The sample banks' retained earnings, dividends, and accurate financial statements all have a significant

(2015)	chittagong stock exchange, Bangladesh	related		impact on stock price.
11	Nidhi Malhotra and kamini tandan (2013)	Determinants of stock prices: Empirical evidence from NSE 100 companies	To determine the variables impacting stock prices across various stock markets	Linear regression model	While dividend yield has a large inverse relationship with the market price of the firm's stock, book value, earnings per share, and price-earnings ratio all significantly positively correlate with the firm's stock price.
12	Hussen A. Hassan Al-Tamami and A.A. Abdil Rahaman (2011)	Factors affecting stock prices in the UAE financial markets	To identify the factors that influence stock prices in the financial markets of the United Arab Emirates	Linier regression model	GDP, money supply, and EPS all have a positive effect on UAE stock values. Additionally, the computed coefficients for interest rates and the consumer price index showed a negative influence, as predicted.

| 13 | Joshua Aborand Godfred A. Bokpin (2010) | Investment opportunity, corporate finance and dividend payout policy. | This article aims to examine how dividend distribution policy is impacted by investment possibilities and corporate financing. | Fixed effects panel model | It is discovered that the dividend distribution policy and the investment opportunity set have a considerably unfavorable relationship. The dividend payout policy is not significantly impacted by financial leverage, external funding, or debt maturity. |

Review of Nepalese journal and articles

Subedi (2022) used data from 41 non-life insurance policies to investigate the factors that influence stock price trading in Nepal's secondary market. Earnings per share, return on equity, book value per share, price-earnings ratio, and the quantity of floating shares were the main study factors. To ascertain the relationship between the independent and dependent variables, the researcher uses regression (Table 5) and an ANOVA table correlation matrix. The market price per share is inversely connected with the number of floating shares and positively correlated with earnings per share, return on equity, price earnings ratio, and book value per share, according to the researcher's findings. The number of floating shares and market price per share are inversely correlated, which suggests that a smaller number of floating shares or public issues will result in a smaller supply and a higher price.

Maskey (2022) examined the determinants of share prices a case study of listed life insurance companies in Nepal stock exchange. For study sample was taken from data of 19 life insurance companies listed in NEPSE with panel data for the period 2012/13-2017/18.Following the collection of data, it underwent examination through inferential and descriptive statistics using a multiple regression model. The results demonstrated that earnings per share, dividend per share, price-earnings ratio, company age, and dividend yield stood out as the principal determinants influencing share prices. It concludes that dividends play a major role when Nepalese investors make investment. Furthermore, it indicated the impact of dividend policy of the companies on shaping investor decisions in Nepal.

Gyawali (2022) used data from eighteen banks for the years 2017–2021 to study the factors influencing the stock price of Nepalese commercial banks. The study's primary variables were size, DY, EPS, P/E ratio, BVPS, and ROA. In addition to using multiple linear regression models to demonstrate the influence of independent factors on the dependent variable, the convenience sampling approach is also applied. The study's main finding is that the stock price is positively and statistically significantly impacted by DPS, EPS, and P/E ratio. The inflation rate has a negative and negligible impact on the stock price, while ROA and GDP have a positive but not statistically significant effect

In order to study the stock price behavior of commercial banks in Nepal, Niraula (2021) looked into the country's commercial banks' stock price behavior. Only eighteen of the 27

commercial banks that are listed on NEPSE were included in the study's total population. The method of convenience sampling is applied. For this study, only secondary data from 2015–16 to 2019–20 were gathered. A descriptive study design was employed. Analysis and statistical interpretation were done in order to interpret the research results.

Multiple regression analysis was used to demonstrate the influence of independent variables on dependent variables as well as the relationship between the dependent and independent variables using the correlation coefficient. Independent variables include size, BVPS, ROA, DY, EPS, and P/E ratio. The outcome demonstrates that whereas other factors have a negligible impact on MPS, EPS, P/E ratio, and size have a positive and significant impact on MPS.

The macroeconomic factors influencing Nepal's stock market prices were examined by Panta (2020).In order to explain the behavior of the Nepal Stock Exchange Index, this study looks at the relationship between stock market prices (NEPSE index) and five macroeconomic variables: real GDP, broad money supply, interest rate, inflation, and exchange rate. It does this by using an autoregressive distributed lag (ARDL) model and an error correction model (ECM). 25 years of annual data, from 1994 to 2019, were used in the analysis. The outcome shows that the broad money supply, interest rates, inflation, and exchange rates are all highly correlated with the long-term fluctuations of the NEPSE. In the short term, the GDP, money supply, and exchange rate can all be positively defined; however, in the long term, only the money supply can be positively defined.

The factors influencing the share price of Nepal's commercial banks were examined by Bhattrai (2020). This study looked at the variables that affected Nepal's commercial banks' market share pricing over the course of five years, from 2013–14 to 2017–18. Twelve commercial banks in Nepal provided the data. Bank size, GDP growth rate, dividend yield, inflation rate, dividend payout ratio, and earnings per share were the variables used in this study. Researchers in this study used a fixed effects model and pooled OLS. With MPS, the DPR displays a statistically significant negative relationship. Together with MPS, the DY, EPS, and P/E Ratio were all positive and statistically significant. The MPS was not determined by the size of the bank, the GDP growth rate, or the inflation rate. The report has advised commercial bank management to step up efforts

to effectively manage the issues unique to their bank in order to prevent a negative impact on share prices

Silwal and Napit (2019) analyzed and identified the determinants of the stock price in Nepalese Non-life insurance. Based on aggregated cross-sectional data from ten banks with equities listed on the Nepal Stock Exchange, the study was conducted. The results of the study, which used a causal comparative research methodology and correlation analysis, showed that return on equity, price earnings ratio, and book value per share all had positive relationships with stock price. While size has a negative link and is statistically insignificant with company price, dividend yield had a small but beneficial impact on the price of the stock. It was discovered that the most important factor influencing Nepali stock prices is book value per share. examines the effect of the dividend policy on the Nepali bank's share price. Using descriptive statistics, correlation and regression, ANOVA, Wilcoxon Signed Rank Test, and P/E ratios and DPR, the study examines the impact of these factors on stock price. The papers come to the conclusion that, with the exception of DPR, EPS and P/E ratio show favorable relationships with stock price. In the case of top gainer banks, P/E is the component that has the biggest impact on share price; among them, EP S, P/E ratio, and DPR have favorable effects on stock price. In the event of the top loss bank, DPR is the aspect that influences the share price the most.

Thapa (2019) looked at the variables that affect Nepali stock prices. The study's goal was to investigate the variables that affected Nepalese stock prices between 2008 and 2018 AD, specifically pertaining to Nepalese commercial banks that were listed on the Nepal Stock Exchange Ltd. The study employed many variables, including interest rate (IR), price to earnings ratio (PER), market whims and rumors, effective rules and regulations, earning per share (EPS), dividend per share (DPS), and corporate profiles. In this investigation, the researcher employed a basic linear regression model. The work's conclusions demonstrated that success, market whims and rumors, corporate profiles, earning per share (EPS), dividend per share (DPS), and effective laws and regulations all depend upon While interest rates (IR) and the price to earnings ratio (PER) demonstrated a significant inverse association with share price, luck had a significant positive association with share price.

Pradhan and Paudel (2017) analyzed the impact of fundamental factors on stock price of Nepalese commercial banks. Based on 13 Nepalese commercial banks between 2007 and 2014, 104 observations in total were made for the study. Return on assets, return on equity, net profit margin, earnings per share, and dividend per share were the independent variables considered in this study. The dependent variables are the market price per share and the change in the market price per share. In this study, regression models are employed. The findings indicate a positive relationship between the stock price (market price per share and change in market price per share) and dividend per share (DPS), return on assets (ROA), and earnings per share (EPS). This suggests that a greater stock price would correspond with better DPS, ROA, and EPS. However, net profit margin is negatively related to stock price. The beta coefficients for DPS and EPS are positively significant with market price per share, according to the regression's findings.

The papers "Determinants of Stock Price in Nepalese Market" were published by Ghimire and Mishra (2018). This study looks into the factors influencing the stock price using multiple regression analysis and descriptive statistics. DPS, EPS, P-E ratio, BV, and market to BV have been selected by the study as the primary stock price variables, and a sample size of financial and nonfinancial enterprises is involved. The findings show that the variables Market to BV and P-E ratio are significant factors influencing stock price and have a direct impact on it. Similarly, the stock price is significantly positively impacted by DPS and BV, but minimally by EPS.

Poudel (2016) analyze the determinant of stock price of selected banks in Nepal this study is to explore the determinants of stock price in NEPSE. Variables DPS, BVPS and EPS jointly have significant effect on the share price, individually they do not have consistent relationship with MPS. It means there are some other factors that have been influencing and determining the share price significantly. Company performance, information disclosed, change in management, timely AGM, other political and economic factors such as political stability, national economy, peace, strikes, demand and supply situation of the share are some factor they have direct impact on share prices. MPS is significantly affected by company's performance such as earnings, interest rate, cash dividends payment, book value, risk associated with the company and growth.

Shrestha and Subedi (2014) used monthly data from mid-August 2000 to mid-July 2014 to investigate the factors influencing Nepal's stock market performance. Utilizing the

Augmented Dickey Fuller (ADF) test, the researcher followed the accepted protocol for unit root testing. The findings showed that the broad money expansion and inflation had a favorable impact on stock market performance, whereas interest rates had a negative impact. This implies that stock is viewed as an alternative financial instrument and that share investors in Nepal appear to view equity as a hedge against inflation. Moreover, low interest rates and the availability of liquidity support the Nepalese stock market's performance. More importantly, it has been discovered that the stock market reacts strongly to changes in the political climate and Nepal Rastra Bank policies.

Table 2

Summary of Empirical Review

S.N.	Author/Date	Title	Objective	Methodology	Findings
1	Khem Raj Subedi (2022)	Quest on determinants of stock price traded in secondary market of Nepal.	To examine the factors that affect the NEPSE stock price, paying particular attention to Nepal's non-life insurance providers.	ANOVA, Multiple Regression, correlation matrix.	According to the results, MPS has an inverse relationship with the quantity of floating shares and a positive correlation with EPS, ROE, P/E ratio, and BVPS.
2	Sanam maskey (2022)	Determinants of Share Prices: A Case Study of Listed Life Insurance Companies in Nepal Stock Exchange	To comprehend and determine the connections between different elements impacting the stock market pricing	The study has used descriptive and inferential statistics for the analysis using SPSS. Multiple regression model	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.
3	Bindu Gyawali (2022)	Factors influencing the stock price of Nepalese commercial banks.	To examine the effects of variables affecting Nepalese commercial banks' stock prices.	Multiple linear regression model.	The result demonstrates that DPS, EPS, and P/E ratio have a positive and statistically significant impact on stock price. The inflation rate has a negative and negligible impact on the stock price, while ROA and GDP have a positive but not statistically significant effect.
4	Ballav Niroula (2021)	Stock price behavior of commercial banks	To examine the movement of Nepalese commercial	Multiple linear regression model.	The outcome demonstrates that MPS is positively and statistically

					significantly impacted by bank size, the PE ratio, and EPS. Other factors barely make a difference.
		of Nepal.	banks' stock prices.		
5	Bishnu Prasad Bhattarai (2020)	Determinants of share price of commercial banks in Nepal.	To examine the elements influencing the pricing of commercial banks' market shares.	Pooled OLS and Fixed Effects model.	With MPS, the DPR displays a statistically significant negative relationship. Together with MPS, the DY, EPS, and P/E Ratio were all positive and statistically significant. The MPS was not determined by the size of the bank, the GDP growth rate, or the inflation rate.
6	Bhim Prasad Panta (2020)	Macroeconomic determinants of stock market prices in Nepal.	To examine the linkage between stock market prices (NEPSE index) and five macro-economic variables.	Autoregressive distributed lag (ARDL) model.	The result indicates that the fluctuation of NEPSE Index in long run is strongly associated with broad money supply, interest rate, inflation and exchange rate.
7	Prem Prasad Silwal and Samrina Napit (2019)	Fundamentals of Stock Price in Nepalese commercial banks.	To determine the elements influencing the stock market values of Nepalese commercial banks.	Correlation Analysis, Regression analysis	The findings show that there is a positive correlation between stock price and BVPS, P/E ratio, and ROE. The stock price is negatively correlated with bank size. Moreover, one of the key determinants of stock price in Nepal is BVPS.
8	Krishna Bahadur	Influencing factors of stock price in Nepal	To investigates the variables that affect the price of	Simple linear regression model.	Interest rate and P/E have a large negative correlation with share

	Thapa (2019)		stocks listed on the Nepal Stock Exchange Ltd.		price, whereas EPS, DPS, effective rules and regulations, market whims and rumors, corporate profiles, and success depends on luck have a significant positive correlation. Ratio and share price have a clear inverse relationship.
9	Ramesh raj ghimire & deepashree mishra (2018)	Determinants of Stock Price in Nepalese Market	To determine relationship between stock price and explanatory variables like: DPS,EPS, PV Ratio, BV and market to BV ratio.	descriptive and pooled cross-sectional research design	The findings show that the variables P-E ratio and market to BV are important factors that directly influence stock price.
10	Radhe shyam pradhan and laxmi paudel (2017)	Impact of fundamental factors on stock price of Nepalese commercial banks	To find out how fundamental elements affect Nepalese commercial banks' stock prices	Regression models	The stock price and DPS, ROA, and EPS are favorably correlated. This implies that higher DPS, ROA, and EPS would be correlated with higher stock prices. Nonetheless, there is a negative correlation between net profit margin and stock price.
11	Resham lal paudel (2016)	Determinant of Stock Price of Selected Banks in Nepal	To explore the determinants of stock price in NEPSE, with special focus to private commercial banks to investigate the factors that	Descriptive, analytical, inferential and explanatory research design has been used.	The market price per share rises in parallel with increases in earnings, dividends, and book value per share. However, this theory does not appear to be entirely accurate

			affect NEPSE stock price, paying particular attention to private commercial banks		in the instance of NEPSE.
12	Prakash Kumar Shrestha, Biggyan Raj Subedi (2014)	Determinants of Stock Market Performance in Nepal	To examines the determinants of the stock market performance in Nepal.	Unit root test with Augmented Dickey Fuller (ADF) test.	The stock market has been found to respond significantly to changes in political environment and the policy of Nepal Rastra Bank

2.3 Research Gap

The difference between earlier and present research is known as the research gap. Numerous scholars and students have undertaken numerous investigations on the factors that influence stock prices in Nepal. Additional research on the Nepalese securities market has been found; some of these studies deal with the factors that influence the stock prices of commercial banks and insurance companies in Nepal; however, these five insurance company researchers have not yet been obtained. We limited our search to a few insurance providers. This study uses five insurance companies to investigate how changes in stock prices affect other stock prices. Ratio analysis was the primary financial and statistical instrument utilized by most researchers and regression analysis. This research includes correlation analysis of financial and statistical tools as a specific tool. Most researchers use 2-3 companies to determine stock prices, but this study uses his 5 insurance companies with 10 years of data. There are also gaps in sample selection, life insurers, non-life insurers, and reinsurers operating in Nepal. Researchers use only non-life insurance companies in Nepal. In addition, the study measures earnings per share (EPS), dividend per share (DPS), market value per share (MVPS), dividend payout ratio (DPR), dividend yield, and insurance size are investigating the relationship between Therefore, the research study "Determinants of Share Price in Insurance Companies in Nepal" is an attempt to assess the market price of shares using various relevant financial and statistical tools and techniques.

CHAPTER-III
RESEARCH METHODOLOGY

3.1 Research Design

Research design is the specification of method and procedures for acquiring the information needed. It deals with what information is to be collected from which sources and by what procedures. If research design is good, it ensures that the information obtained is relevant to the research question and objective and economic procedures. To achieve the specific objective of the study, descriptive and casual comparative research designs are employed. Descriptive research design includes the prediction and explanation of facts related to stock price in Nepal and casual comparative research design used to measure the impact of financial performance on stock market in Nepal.

3.2 Population and Sample

This study has examined the determinants of share price of non-life insurance company in Nepal. This study adopted descriptive and casual comparative research design. The listed 15 non-life insurance companies (Baisakh 2080) were population and five non-life insurances companies were selected as sample using random sampling method for study. The sample non-life insurance are Shikhar insurance company ltd., Nepal insurance company ltd., Neco insurance company ltd., Sagarmatha lumbini insurance company ltd. And Siddhartha premier insurance company ltd.

3.3 Nature and Sources of Data

This study is based on secondary data. The quantitative data have been extracted from secondary sources. Company's annual financial statements have served the data required to capture the stock price of the firm. Company's balance sheet, income statement, financial ratio providing, information like dividend, earning, book value and market price etc. have been excessively employed as a secondary source of data. Secondary data were collected from annual reports of the selected insurance companies for the years 2012/13 to 2021/22.

3.4   Method of Analysis

The secondary data collected from various sources leads to the logical conclusion-only if the appropriate tools and techniques are adapted. To analyses the data, the following statistical and financial tools have been use.

3.4.1   Statistical tools

Statistical tools are the measures or the instruments to analyses the collected data from different sources. In statistics, there are numerous statistical tools of various natures to analyze the data. In this study following statistical tools have been used to analyses the data.

a. Mean

An average (mean) is a single value drawn from a group of values to represent them in some way, a value that is intended to reflect the entire group of which it is a member, as representative of all the values in the group. The most common types of averages include geometric mean, harmonic mean, median, mode, and arithmetic mean (AM, simple and weighted). The AM is the most popular and extensively used metric that represents all of the data by a single value. By adding up each item and dividing the result by the total number of things, the value of AM may be found. It is calculated by

$$\text{Mean } (\bar{X}) = \frac{\sum X}{N}$$

Where,

$\bar{X}$ = Arithmetic Mean

$\sum x$ = Sum of all the valued of the variable x.

n = Number of observations.

b.   Standard deviation

A statistic for measuring the absolute dispersion within a dataset is the standard deviation (σ). Greater variability is indicated by a higher standard deviation, which denotes a larger magnitude of deviation of individual values from their mean. Conversely, a low standard

deviation denotes a high level of homogeneity and uniformity among a series' observations, which reflects less variability. To determine the precise amount of dispersion within the dataset, a procedure requiring multiple mathematical operations and steps is used to calculate the standard deviation

$$\text{Standard deviation } (\sigma) = \sqrt{\frac{\sum(X-\bar{x})^2}{n-1}}$$

Where,

σ = Standard deviation

$\sum(X - \bar{x})^2$ = Sum of squares of the deviations measured from arithmetic average.

n = Number of items

c. Coefficient of variation

The standard deviation is an absolute measure of dispersion, while the coefficient of variation (CV) is a relative measure. To compare the variability of two or more series, CV is a better statistical instrument. The coefficient of variation is presented as follows:

$$CV = \frac{\sigma}{\bar{X}} \times 100$$

Where,

CV = Coefficient of Variation

σ = Standard Deviation

$\bar{X}$ = Arithmetic Mean

d. Correlation coefficient

Correlation can be defined as the degree of linear relationship among two or more variables. When two variables are correlated, another variable changes. If an increase (decrease) in the average value of one variable is connected with an increase (decrease) in the value of another variable, a positive relationship has been established. If the value of

one variable increases (decreases) while the value of another variable decreases (increases), the connection is negative. However, the correlation coefficient always falls within the range of +1 to -1.The formula for calculating the correlation coefficient between X and Y is provided below.

$$r = \frac{\sum x_1 x_2}{\sqrt{\sum x_1^2 \sum x_2^2}}$$

Where,

r = Correlation coefficient

$$\sum x_1 = X_1 - \bar{X}_1$$

$$\sum x_2 = X_2 - \bar{X}_2$$

e. Coefficient of determination

The coefficient of determination expresses the percentage variance in the dependent variable that is explained by the independent variables. In other words, the coefficient of determination is the ratio of predicted variation to total variance. The correlation coefficient is squared to calculate the coefficient of determination.

f. Regression Analysis

Regression is a statistical method that determines the statistical relationship between two or more variables and estimates or predicts one variable based on the other variables. In other terms, regression is a statistical method that estimates or predicts the unknown value of one variable using the known value of another variable. Thus, regression computes the average probable change in one variable based on a specific amount of change in another. This study used the regression equation as follows:

$$MPS = A + B_1 DPS + B_2 EPS + B_3 BVPS + B_4 PE + E$$

Where,

E = Error term

A, B_1 B_2, B_3, B_4 are regression coefficient.

3.4.2 Financial Tools

Aside from statistical methods, financial tools were also used in this investigation. The major financial tools used in this study are:

a) Earnings Per Share (EPS)

Earnings per Share provide information about the income per common share. The earnings per share (EPS) is computed to determine earnings potential and to compare non-life insurance companies. The earnings per share (EPS) tells investors how profitable a company is. Earnings per share are an indicator of a company's profitability. Earnings per share, often known as net income per share, is a market prospect ratio that calculates the amount of net income earned per share of outstanding stock.

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

b) Dividend per Share (DPS)

DPS indicates the part of earning distributed to the shareholders on per share basis. DPS calculated by dividing the total dividend paid to equity shareholders by the total no. of equity shares.

$$\text{DPS} = \frac{Total\ dividend}{No\ of\ common\ share\ outstanding}$$

c) Price Earnings Ratio (P/E Ratio)

PE Ratio reflects the price currently paid by the market for each rupee of currently reported earnings per share. It is calculated dividing the market value per share by earning per share.

$$\text{P/E Ratio} = \frac{Market\ value\ per\ share\ (MPS)}{Earning\ per\ share\ (EPS)}$$

3.5 Research Framework and definitions of variables

The research framework is an analytical tools and several variations and contexts. It is used to make research distinctions and organize ideas. It contained dependent variables and independents variables. Independent variables are those variables which affect other variables to change and researcher had control them. The dependent variables show the effect of manipulating the independent variables. The research framework which describes the dependent variables and independent variables used in the study are given in Figure 1.

Independent Variables   **Dependent Variables**

| Earning Per Share(EPS) |

| Book Value Per Share(BVPS) |

| Price Earning Ratio(P/E Ratio) | | Market Price of Share(MPS) |

| Dividend Per Share(DPS) |
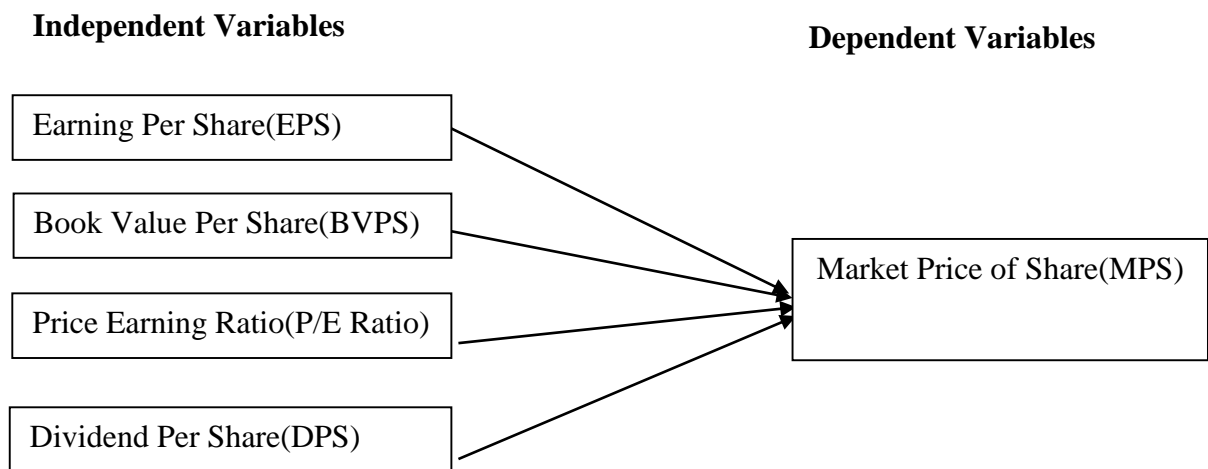
Sources: Ballav Niroula (2021)

Figure 1: *Conceptual Framework.*

The Variables:

Market Price per Share (MPS)

Stock prices can fluctuate minute to minute owing to buying and selling pressure. As a result, it is difficult to determine which market price should be used as a measure of independent variables. The market price represents the price at which shares are exchanged. Previous research, such as Rashid and Rahman (2008) and Nazir, Nawaz, Anwar, and Ahmed (2010), employed price volatility as a dependent variable to determine the effect on stock market price. In this study, the closing price of stock at the conclusion of the non-life insurance company's fiscal year was used to reflect market pricing. The market price was used as a dependent variable in the current investigation.

Earnings Per Share (EPS)

Earnings per share are an indicator of a company's profitability. Earnings per share, often known as net income per share, is a market prospect ratio that calculates the amount of net income earned per share of outstanding stock. According to Sharma (2011), the study found that earnings per share had a considerable impact on the market price of shares. Bhatt and JK (2012) discovered a positive relationship between EPS and the market value of equity shares in the Indian setting. In this study end of the financial year basis EPS has been taken to represent the data of EPS. Earnings per share has used as independent variables in this study.

Book Value Per Share (BVPS)

Aiyabei, Tobias, and Macharia (2019) defined the concept as the accounting value of a publicly traded share. The amount per share of common stock that would be obtained if all of the firm's assets were sold for their accounting value, with the proceeds remaining after paying all liabilities. According to Sharma (2006), book value per share has a considerable impact on the stock price. In the current study, the book value per share at the conclusion of the fiscal year of non-life insurance was used to represent data.

Price Earnings Ratio (P/E ratio)

Constand, Freitas, and Sullivan (1991) defined the P/E ratio as a standard measure used to illustrate the market's evaluation of a company's share worth. It calculates how much investors are ready to pay for each rupee of the company's revenue. The lower the P/E

ratio, the higher the investor confidence. The price earnings ratio was extracted from the company's financial report.

Dividend Per Share (DPS)

Dividend per share is the amount of money a firm pays to its shareholders for each share of stock they own. It is normally handed out quarterly or annually and is determined by the company's profits and earnings. DPS can have an impact on MPS levels. When a corporation pays a dividend to its shareholders, it reduces the amount of cash on hand, which can have an impact on the firm's overall financial performance. However, if the company has a strong financial situation and routinely pays dividends, this might be a good sign for investors, increasing demand for the stock and driving up the MPS. Similarly, if a corporation reduces or removes dividend payments, this might be interpreted negatively by investors, resulting in fewer demand for the stock and a lower MPS.

CHAPTER-IV
RESULT AND DISCUSSION

4.1 Descriptive Analysis

Descriptive analysis refers to the process of summarizing and describing key characteristics or features of a dataset or a sample. It involves organizing, analyzing, and presenting data in a meaningful way to gain insights and understand patterns or trends. The primary goal of descriptive analysis is to provide a concise and comprehensive summary of the data, without making any inferences or generalizations beyond the specific dataset being analyzed. It helps to explore and understand the data's main characteristics, such as mean, dispersion, maximum, and minimum between variables.

Table 3
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
EPS	50	7.41	69.30	34.3032	13.95208
MPS	50	113.00	3249.00	976.6600	634.48776
P/E	50	4.13	110.22	31.2184	20.25535
DPS	50	0.00	86.00	16.8548	18.44905
BVPS	50	140.78	298.45	207.4666	33.40097

Source: Annual Report of Insurance 2069/70-2078/79

The dataset consists of five financial variables associated with different companies: Earnings Per Share (EPS), Market Price per Share (MPS), Price/Earnings Ratio (P/E), Dividends Per Share (DPS), and Book Value Per Share (BVPS). Each of these variables contains 50 data points, providing a comprehensive set of information for analysis and evaluation across the companies in the dataset.

Earnings Per Share (EPS) stands as a financial metric that shows a company's earnings divided by the number of outstanding shares. Within the dataset, EPS values fluctuate between 7.41 and 69.30. With a mean EPS of 34.3032, there is an indication of an average earnings value per share across the represented companies. However, the standard deviation of 13.95208 points towards notable variability in EPS, signifying that certain companies are more profitable than others. This substantial diversity in EPS underscores the variance in profitability among the companies, emphasizing the

importance for investors to consider the profitability landscape when contemplating investments in these firms.

 MPS refers to the current market price of a single share of a company's stock. The dataset contains MPS values ranging from 113.00 to 3249.00. The mean MPS is 976.6600, showing the average market price per share for the companies. The large standard deviation of 634.48776 implies significant variability in stock prices, with some companies having higher or lower market values. The wide range of MPS indicates significant variations in stock prices across the companies. Investors should consider this while making investment decisions, as some companies' stocks may be priced higher or lower than others.

The Price/Earnings Ratio (P/E ratio) serves as a valuation metric that compares a company's stock price against its earnings per share. Within the dataset, the P/E values span a range from 4.13 to 110.22. The mean P/E ratio, calculated at 31.2184, implies an average level of valuation across the companies. However, the standard deviation of 20.25535 signifies a considerable diversity in P/E ratios, indicating that some companies are more highly valued by investors compared to others. This variability in P/E ratios suggests differing investor perceptions regarding the growth potential and earnings prospects of these companies. Higher P/E ratios may signal that certain companies are perceived as growth-oriented or are expected to have robust future prospects.

 DPS is the amount of money a company pays out to its shareholders for each share owned. The DPS values range from 0.00 to 86.00 in the dataset. The mean DPS is 16.8548, indicating an average dividend payout per share. The standard deviation of 18.44905 suggests variability in dividend payments, with some companies offering higher dividends while others may not pay dividends at all. The variability in DPS highlights that some companies pay dividends to shareholders, while others do not. For income-seeking investors, companies with higher DPS might be more attractive.

 BVPS represents the net asset value per share of a company. The dataset contains BVPS values ranging from 140.78 to 298.45. The mean BVPS is 207.4666, indicating an average book value per share. The standard deviation of 33.40097 suggests variability in book values, with some companies having higher net asset values compared to others. The range of BVPS values suggests that some companies have more substantial net asset values per share, indicating potentially stronger financial stability and lower risk.

The dataset consists of financial metrics for multiple companies with substantial variability in key indicators. Those indicators include Earnings Per Share (EPS), Market Price per Share (MPS), Price/Earnings Ratio (P/E), Dividends Per Share (DPS), and Book Value Per Share (BVPS). The wide range in EPS reflects differences in profitability among the companies, while the wide values of MPS indicate varying stock prices. Differences in P/E ratios suggest distinct market valuations for the companies. The variability in DPS showcases differences in dividend payouts, and the fluctuations in BVPS signify variations in net asset values. These observations underscore the heterogeneous financial performance and market valuations present across the companies represented in the dataset.

4.2 Correlation Analysis

Relationship between Earnings Per Share (EPS), Dividends Per Share (DPS), Price-to-Earnings Ratio (P/E), and Book Value Per Share (BVPS) with respect to Market Value Per Share (MPS) is determined in this section. The analysis focuses on the assumption that the volatility observed in EPS, DPS, P/E ratio, and BVPS influences MPS. Consequently, MPS is designated as the dependent variable, while EPS, DPS, P/E ratio, and BVPS are regarded as independent variables. To ascertain the nature of the relationship, a correlation analysis is undertaken, shedding light on the connections between EPS, DPS, P/E Ratio, BVPS, and MPS.

Correlation signifies the extent to which two variables are interconnected or associated. It quantifies the relationship between them. In a positive correlation, an increase in one variable corresponds to an increase in the other, while in a negative correlation, an increase in one variable corresponds to a decrease in the other. Pearson's correlation coefficient is a widely used measure, ranging from -1 to +1. A coefficient of +1 indicates a perfect positive correlation, 0 indicates no correlation, and -1 indicates a perfect negative correlation. The correlation analysis conducted on the overall data to unveil the relationships between various independent variables and the dependent variable, MPS.

Table 4
Pearson's Correlation Matrix Analysis

	EPS	MPS	P/E	DPS	BVPS
EPS	1				
MPS	.369**	1			
P/E	-.340*	.638**	1		
DPS	.406**	.373**	0.155	1	
BVPS	.505**	.424**	0.080	.599**	1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
Source: Annual Report of Insurance 2069/70-2078/79

Based on the correlation matrix provided, the correlation coefficients among variables (EPS, MPS, P/E, DPS, and BVPS), the following conclusions can be drawn Earnings Per Share (EPS) and Market Price per Share (MPS) exhibit a positive correlation, with a correlation coefficient of 0.369. This implies that, in general, as EPS increases, there is a tendency for the market price per share to also increase. However, it's important to note that the correlation is moderate, suggesting that stock prices are influenced by factors beyond EPS alone.

There is a negative correlation between EPS and Price/Earnings Ratio (P/E) with a correlation coefficient of -0.340. This suggests that as EPS increases, the P/E ratio tends to decrease. In other words, companies with higher earnings relative to their stock price tend to have lower P/E ratios.

There is a positive correlation between EPS and Dividends Per Share (DPS) with a correlation coefficient of 0.406. This indicates that companies with higher earnings per share are more likely to pay higher dividends per share. There is a positive correlation between EPS and Book Value Per Share (BVPS) with a correlation coefficient of 0.505. This suggests that companies with higher earnings per share also tend to have higher book values per share, indicating stronger financial positions.

There is a positive correlation between Market Price per Share (MPS) and Price/Earnings Ratio (P/E) with a correlation coefficient of 0.638. This indicates that companies with

higher stock prices tend to have higher P/E ratios, which may imply higher investor confidence or growth expectations. There is a positive correlation between MPS and DPS with a correlation coefficient of 0.373. This suggests that companies with higher stock prices are more likely to pay higher dividends per share. There is a positive correlation between MPS and BVPS with a correlation coefficient of 0.424. This indicates that companies with higher stock prices also tend to have higher book values per share.

There is a positive, but weak correlation between P/E and DPS with a correlation coefficient of 0.155. This suggests that the P/E ratio and dividends per share have a slight positive association. There is a weak positive correlation between P/E and BVPS with a correlation coefficient of 0.080. This indicates that companies with higher P/E ratios may also have slightly higher book values per share. There is a positive correlation between DPS and BVPS with a correlation coefficient of 0.599. This suggests that companies with higher dividends per share tend to have higher book values per share, indicating a link between profitability and dividend payouts.

The correlation analysis provides valuable insights into the relationships between the financial metrics in the dataset. It is evident that Earnings Per Share (EPS) is positively correlated with Market Price per Share (MPS) and Book Value Per Share (BVPS), indicating that higher earnings are associated with higher stock prices and stronger financial positions. Additionally, EPS has a negative correlation with the Price/Earnings Ratio (P/E), suggesting that companies with higher earnings relative to their stock prices have lower P/E ratios.

Furthermore, MPS is positively correlated with P/E, DPS, and BVPS, implying that companies with higher stock prices tend to have higher P/E ratios, pay higher dividends per share, and have stronger financial positions. DPS also shows positive correlations with EPS, MPS, and BVPS, indicating that companies with higher earnings, higher stock prices, and stronger financial positions are more likely to pay higher dividends per share.

In essence, correlation analysis enables us to understand the relationships between financial metrics and their potential impact on investors and businesses. It is crucial to emphasize, however, that correlation does not imply causation. Establishing causative relationships between variables requires additional analysis and consideration.

4.3 Regression Analysis

To determine the relationship between a dependent variable and one or more independent variables regression analysis is used. The dependent variable is the response or outcome variable while the independent variables is predictor or explanatory variables. In regression analysis, the connection between the dependent variable and independent variables is expressed through a mathematical equation known as a regression model.

Table 5
ANOVAa

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	15740586.460	4	3935146.615	44.431	.000[b]
Residual	3985574.760	45	88568.328		
Total	19726161.220	49			

a. Dependent Variable: mps
b. Predictors: (Constant), bvps, p/e, dps, eps
Source: Annual Report of Insurance 2069/70-2078/79

The provided ANOVA table highlights the outcomes of a regression analysis where "mps" (Market Price per Share) is the dependent variable, and four predictors, namely "bvps" (Book Value Per Share), "p/e" (Price/Earnings Ratio), "dps" (Dividends Per Share), and "eps" (Earnings Per Share), are considered. The total sum of squares is 19726161.220, and the regression model explaining for a substantial portion of the variability, as evident from the regression sum of squares (15740586.460). The residual sum of squares (3985574.760) represents the unexplained variability in the data. The model has 4 degrees of freedom, the residuals have 45 degrees of freedom, and the total degrees of freedom amount to 49. This configuration is fundamental for assessing the significance of the predictors and understanding the overall fit of the regression model.

The F-statistic, which measures the ratio of the variability explained by the regression model to the unexplained variability, is 44.431. This indicates that the regression model is statistically significant and has strong explanatory power in predicting "mps" based on the given predictors. The significance (p-value) associated with the F-statistic is .000, which is less than the conventional significance level of 0.05, further confirming the model's significance. The F-statistic of 44.431 with a significance (p-value) of .000 (which is less than the conventional significance level of 0.05) suggests that the model has strong explanatory power.

The regression model's significant F-statistic implies that at least one of the predictors in the model is associated with changes in the "mps" variable. However, to understand the specific impact of each predictor, it is necessary to analyze the individual coefficients (slope) and their significance.

In conclusion, the regression model provides valuable insights into the relationship between "mps" and its predictors. Further analysis, such as examining the coefficients and conducting hypothesis tests on individual predictors, can help identify which predictors have the most significant impact on "mps." Additionally, assessing the model's goodness-of-fit and checking for assumptions will ensure the model's validity and accuracy in predicting "mps" based on the given predictors.

Table 6
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893[a]	0.798	0.780	297.60431

a. Predictors: (Constant), bvps, p/e, dps, eps
Source: Annual Report of Insurance 2069/70-2078/79

The multiple correlation coefficient (R) is a measure of the strength and direction of the linear relationship between the dependent variable (mps - Market Price per Share) and the combination of all the predictors (bvps, p/e, dps, eps). In this case, R is 0.893, indicating a strong positive linear relationship between the variables.

The coefficient of determination (R Square) represents the proportion of variance in the dependent variable (mps) that can be explained by the predictors (bvps, p/e, dps, eps). An R Square of 0.798 (or 79.8%) means that approximately 79.8% of the variation in the market price per share can be explained by the combined influence of the predictors.

The adjusted R Square serves as a modified version of R Square, accounting for both the number of predictors and the sample size. It adjusts the R Square value by removing the inclusion of predictors that do not significantly contribute to the explanatory power of the model. In this instance, the adjusted R Square stands at 0.780, slightly below the R Square. This suggests that, with all predictors considered, the model explains 78% of the variance.

The standard error of the estimate gauges the accuracy of the regression predictions, reflecting the average gap between observed values and those predicted by the regression model. A lower standard error indicates higher model accuracy. In this case, the standard error is 297.60431, implying an average prediction error of approximately 297.6 units for the market price per share.

The regression model with predictors "bvps," "p/e," "dps," and "eps" shows a strong positive linear relationship (R = 0.893) with the market price per share (mps). Approximately 79.8% of the variation in mps can be explained by the combination of these predictors (R Square = 0.798). The model's adjusted R Square (0.780) suggests that the included predictors significantly contribute to the model's explanation power. The standard error of the estimate (297.60431) indicates the average prediction error, and lower values suggest a more accurate model. Overall, the regression model appears to be a reasonable fit for predicting the market price per share based on the provided predictors.

Table 7
Coefficients of regression

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	-1101.244	313.662		-3.511	0.001
Eps	30.008	4.052	0.660	7.405	0.000
p/e	27.182	2.411	0.868	11.276	0.000
Dps	-2.240	2.987	-0.065	-0.750	0.457
Bvps	1.146	1.727	0.060	0.663	0.510

a. Dependent Variable: mps
Source: Annual Report of Insurance 2069/70-2078/79

The regression analysis reveals valuable insights into the relationship between the market price per share (mps) and its predictors: Earnings Per Share (eps), Price/Earnings Ratio (p/e), Dividends Per Share (dps), and Book Value Per Share (bvps). Both earnings per share and price/earnings ratio show statistically significant positive effects on the market price per share. For each unit increase in earnings per share, the market price per share is expected to increase by 30.008 units, and for each unit increase in the price/earnings ratio, the market price per share is expected to increase by 27.182 units. The t-values measure the significance of the coefficients, indicating the number of standard deviations the coefficient is away from zero. Smaller t-values suggest a higher level of significance.

 The significance value (p-value) indicates the probability of obtaining a coefficient estimate as extreme as the observed one, assuming that the null hypothesis (no relationship between the predictor and the dependent variable) is true. Smaller p-values (typically less than 0.05) suggest that the predictor is significantly related to the dependent variable.

The variable "Earnings per share" is characterized by a positive unstandardized coefficient of 30.008 and a standardized coefficient (Beta) of 0.660. This signifies that with each unit increase in earnings per share, there is an expected rise of 30.008 units in the market price per share. The standardized coefficient of 0.660 further indicates a moderate positive influence of earnings per share on the market price per share.

Price/earnings ratio has a positive unstandardized coefficient of 27.182 and a standardized coefficient (Beta) of 0.868. This suggests that for each unit increase in the price/earnings

ratio, the market price per share is expected to increase by 27.182 units. The standardized coefficient of 0.868 indicates that the price/earnings ratio has a strong positive effect on market price per share.

The variable "Dividends per share" exhibits a negative unstandardized coefficient of -2.240 and a standardized coefficient (Beta) of -0.065. This implies that there is a marginal negative impact of dividends per share on the market price per share. However, the non-statistically significant p-value of 0.457 indicates that the observed relationship between dividends per share and market price per share lacks statistical significance.

Book value per share has a positive unstandardized coefficient of 1.146 and a standardized coefficient (Beta) of 0.060. This indicates that book value per share has a minor positive effect on market price per share. Similar to dividends per share, the p-value (0.510) suggests that the relationship between book value per share and market price per share is not statistically significant.

The variables EPS and P/E Ratio are both statistically significant predictors of MPS with a positive impact and the variables DPS and BVPS do not appear to have a statistically significant impact on MPS.

These findings suggest that companies with higher earnings per share and higher price/earnings ratios tend to have higher market prices per share. On the other hand, dividends per share and book value per share do not demonstrate statistically significant relationships with market price per share. The analysis provides valuable insights for investors and financial analysts to understand the impact of key financial metrics on a company's market valuation. However, further analysis and consideration of other relevant factors are recommended to make informed investment decisions and gain a comprehensive understanding of market price variations.

4.4 Discussion

The first objective of the research is to identify the determinants of stock price in Nepal Stock Exchange. Here the researcher found Earnings Per Share (EPS), Dividend Per Share (DPS), Book value per share (BVPS) and Price Earnings Ratio (P/E Ratio) are the determinants of stock price in NEPSE (Gyawali, 2022). In Non-Life insurance companies the major determinants of stock price are Earning per share and Price Earnings Ratio

(Bhattarai, 2020). The results also show that dividends per share and book value per share are not demonstrating statistically significant result.

The second objective of research is to determine the relationship of EPS, DPS, BVPS and P/E Ratio on market price of Nepalese Non-Life insurance companies. Empirical finding from the regression analysis show's a positive relationship between EPS and MPS. This result can be explained as that an increase in earnings per share will invariably bring about a significant increase in the market price of share. Similarly, the result of PE having a positive significant relationship with MPS is consistent with the findings of (Bhattarai 2020), and (Ghimire and Mishra, 2018) which reveals that P/E ratio is a factor of determinants that affect the MPS. Also the correlation analysis shows that there is negative relationship between DPS with MPS. The results can be explained as increase in DPS will decrease in the share prices. BVPS have negative relationship with MPS. This result is consisting with (Malhotra and Tandon, 2013).

The last objective of the research is analyze the effect of financial performance on stock price of non-life insurance company. A higher EPS is seen as a positive sign by investors, which can lead to an increase in the market price per share. Investors may be willing to pay more for shares of a company and vice-verse. Companies that pay regular and increasing dividends can attract income-seeking investors. The expectation of consistent dividend payments can positively impact the MPS of the company's stock. BVPS represents the net asset value per share of a company. Investors may view a higher BVPS favorably, as it suggests that the company has strong assets to support the stock's value. This can contribute to an increase in the MPS. A higher P/E ratio typically suggests that investors are willing to pay more for each unit of earnings, indicating positive market sentiment. This result is consist with (Bhattarai,2020).

CHAPTER-V
SUMMARY AND CONCLUSION

This chapter summarizes the findings of the study and recommendations from the study for the further study to make more extensive study in the same topic.

5.1   Summary

The stock market is a collection of buyers and sellers of stocks. The stock market is one of the most a necessity means for businesses to raise funds. This allows companies to be listed on the stock exchange or raise additional financial capital to expand by selling shares of the company and ownerships of the company in the public market. Common shares are legal documents that provide ownership of a company. It is part of ownership in a company. A capital market is a market that provides a mechanism for transferring existing savings into investments in means of production, that is, for allocating the country's capital to other uses. The value of a common stock is either expressed at par, book value, or market value. All business ventures require short, medium, and long-term capital to function properly and expand the activities of the organization.

Stock prices are determined by a combination of qualitative and quantitative factors, driven by the principles of supply and demand. This examination helps to identify the key determinants influencing stock prices and determine the extent of their impact.The overall objective of the study is to determine the stock prices of non-life insurance companies in Nepal. The study focuses on analyzing the relationship of MVPS with EPS, DPS, BVPS and P/E of insurance and assessing the impact of EPS, DPS, BVPS and P/E to MPS and the current status of determinants of stock price in non-life insurance companies in Nepal.

Literature review presented the theoretical review and empirical review on securities market and share prices. Different stock valuation models are also discussed in this chapter. Different theories of stock price are also discussed in this part. So many international articles and theses related to factors affecting the share prices of non-life insurance sector are also reviewed in this section. The chapter also included a critical analysis of important difficulties, as well as a summary of the study's findings and gaps.

The study attempts to explore the various factors affecting the market price of non-life insurance companies in Nepal.

Research methodology describes the methods and process, which has been applied in the entire aspects of the study. It refers to various sequential steps to adopt by a researcher in studying a problem with certain objectives in view. So, in this study a focus is given to the research design, sources of data, population and sample, method of analysis, tools define about certain financial indicators and statistical tools used. For this purpose, secondary data and information are obtained from different reliable sources. To achieve the objectives of the study, descriptive research design has been employed.

Result and discussion presented the results of empirical testing of factors affecting the share prices of non-life insurance companies in Nepal. Data are analyzed by using appropriate financial, descriptive and analytical tools. In the analysis part, interpretation and comments are also made wherever necessary. This chapter also highlighted some of the study's major findings.

5.2   Conclusion

Studying the factors that influence the share price of Nepalese non-life insurance companies is a very interesting topic these days. Moreover, it is very interesting to identify the factors that affect the stock price, especially in the insurance sector. Insurance stocks offer investment opportunities for Nepalese investors because these shares are more frequently traded in the market than as compared to others in Nepalese context. The study specifically examines the impact of earnings per share, dividend per share, price-earnings ratio and book value per share on the share price of insurance companies listed on the Nepal Stock Exchange Limited.

The findings of the study over the period of 2012/13 to 2021/22 revealed that earning per share, price earnings ratio have the significant positive association with share price while book value per share and dividends per share have no explanatory power toward stock price movement. It means if earnings per share and price earnings ratio increases, the price of share will also increase and vice-versa. But BVPS and DPS of the non-life insurance does not affect the share price. It means if BVPS and DPS of the non-life insurance increases there is no guarantee that the prices of share will also increase and

vice-versa. The study concludes that earnings per share, price earnings ratio are the major determinants of share price of non-life insurance companies in Nepal.

The results of this study uncovered external forces and new evidence in Nepalese perspective, which are considered to be valuable to the market participants. Thus, findings of this study seem to be particularly useful for equity investors and fund managers as they can watch out for these significant factors while estimating stock returns and predicting share prices.

5.3   Implications

This study also has some implications that point to interesting avenues for future research. Here we discuss some implications and suggestions for future research.

- Based on our findings, investors and portfolio analysts can use the information when making an investment decision and stock market price prediction. Results of this study suggest investors should pay precaution to EPS, DPS, And P/E to make decisions regarding investments in shares of Nepalese non-life insurance companies.

- This study examined the internal factors that influence the stock prices of non-life insurance companies listed on NEPSE. The variables selected are company-specific-variables. It may not be the only variable that affects stock prices. This is still recommended research can be done to determine if macroeconomic variables are having an impact of stock prices in NEPSE listed companies.

- It is found that most respondents/investors rely upon knowing the ratio of EPS, DPS, BVPS, and P/E of a company. Sometimes EPS and only DPS may not cover interest depending on the risk associated with it. We recommend investors not accumulate EPS, DPS, P/E and BVPS only as a measure of business performance. Other basic factors such as the cost of capital, corporate governance company, and the bad debt ratio must also be taken into account consider. Investors are recommended to invest in shares of the company only after proper fundamental and technical analysis and also accept only calculated risks.

- During the study, it was found that investors have a limited choice of investment sectors. The Nepal stock market is dominated by banks and financial institutions. There are other large companies operating in Nepal. NEPSE and SEBON should come up with policies to promote other areas such as production and processing,

trade, and real estate to undertake NEPSE list. This will increase the size of the market and investors will select fields of investment.

- The study considered some of the specific independent variables; we cannot consider other macroeconomic factors such as interest rates, political factors, economic policy, bank credit, money supply, exchange rate etc. for more reliable conclusion.

- Future investigations could be conducted by taking the consumer price index, return on equity, net asset value per share, return on assets, and profitability into consideration. Taking longer time period additional reasearches could be also conducted.

- Future researcher can conduct study using primary survey in order to know the more about information about Non-life insurance sectors in Nepal. And similar study can be done in other sectors like service sector, manufacturing sector, trading sector, hotel sector and hydro and other sector etcetera.

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APPENDIXES-I

MPS of selected insurance companies

Fiscal Year	SICL	SALICO	NIL	NICL	SPIL
78/79	807	870	694	445	576
77/78	1952	1344	1348	1022	1170
76/77	1019	700	607	504	616
75/76	771	566	489	345	490
74/75	985	1340	981	658	1125
73/74	1941	1640	981	1430	1690
72/73	3249	2401	1990	1235	2205
71/72	690	1060	462	389	450
70/71	940	1260	770	250	892
69/70	406	591	113	250	124

EPS of selected insurance companies

Fiscal Year	SICL	SALICO	NIL	NICL	SPIL
78/79	12	27.81	31.13	26.4	28.54
77/78	17.71	33.55	33.16	24.66	32.38
76/77	38.55	34.56	35.53	23.44	32.13
75/76	38.35	19.5	30.16	32.74	24.74
74/75	37.76	62.26	25.71	21.44	15.63
73/74	44.03	51.31	29.25	40.03	34.75
72/73	60.13	46.86	37.52	19.43	49.42
71/72	61.4	21.05	32.72	7.41	45.63
70/71	44.04	65.54	27.14	10.86	39.05
69/70	47.11	69.3	27.35	34.81	29.18

DPS of Selected Insurance Companies

Fiscal Year	SICL	SALICO	NIL	NICL	SPIL
78/79	16.84	13.05	15.79	8.42	15
77/78	0	21.05	15.79	11.58	15
76/77	29.23	11.58	16.32	10	11.05
75/76	0	0	8.16	7.89	0
74/75	0	86	12.63	7.5	84
73/74	30.53	0	10.52	2.26	14.23
72/73	63.16	23.16	21.05	5.26	21.05
71/72	25.26	25	15.79	0	31.02
70/71	21.05	15.79	13.38	9.47	14.73
69/70	21.05	42.1	0	0	0

BVPS of Selected Insurance Companies

Fiscal Year	SICL	SALICO	NIL	NICL	SPIL
78/79	205	226.57	210.8	183.77	218.83
77/78	209.55	236.12	207.53	177.76	218.34
76/77	298.45	217.52	202.31	174.74	186.74
75/76	243.78	173.1	187.7	164.02	165.75
74/75	205.42	286.69	166.68	170.82	259.62
73/74	216.75	239.9	172.37	202.76	200.38
72/73	279.14	230.74	189.82	163.9	199.81
71/72	223.23	228.98	176.35	140.78	197.1
70/71	196.51	241.75	255.02	174.42	229.03
69/70	206.97	212.48	177.46	228.19	191.88

P/E Ratio of Selected Insurance Companies

Fiscal Year	SICL	SALICO	NIL	NICL	SPIL
78/79	67.25	31.28	22.29	16.86	20.18
77/78	110.22	40.06	40.65	41.44	36.13
76/77	26.43	20.25	17.08	21.50	19.17
75/76	20.10	29.03	16.21	10.54	19.81
74/75	26.09	21.52	38.16	30.69	71.98
73/74	44.08	31.96	33.54	35.72	48.63
72/73	54.03	51.24	53.04	63.56	44.62
71/72	11.24	50.36	14.12	52.50	9.86
70/71	21.34	19.22	28.37	23.02	22.84
69/70	8.62	8.53	4.13	7.18	4.25

APPENDIXES-II

Estimated MPS based on regression coefficient

EPS	BVPS	P/E	DPS	MPS	ESTIMATED.MPS
12	205	67.25	16.84	807	1283.996
17.71	209.55	110.22	0	1952	2666.271
38.55	298.45	26.43	29.23	1019	1050.565
38.35	243.78	20.10	0	771	875.359
37.76	205.42	26.09	0	985	976.285
44.03	216.75	44.08	30.53	1941	1598.242
60.13	279.14	54.03	63.16	3249	2350.210
61.4	223.23	11.24	25.26	690	1245.903
44.04	196.51	21.34	21.05	940	978.492
47.11	206.97	8.62	21.05	406	736.685
27.81	226.57	31.28	13.05	870	814.002
33.55	236.12	40.06	21.05	1344	1217.813
34.56	217.52	20.25	11.58	700	709.688
19.5	173.1	29.03	0	566	471.220
62.26	286.69	21.52	86	1340	1487.939
51.31	239.9	31.96	0	1640	1582.139
46.86	230.74	51.24	23.16	2401	1910.163
21.05	228.98	50.36	25	1060	1105.569
65.54	241.75	19.22	15.79	1260	1629.670
69.3	212.48	8.53	42.1	591	1359.274
31.13	210.8	22.29	15.79	694	645.054
33.16	207.53	40.65	15.79	1348	1201.216
35.53	202.31	17.08	16.32	607	624.571
30.16	187.7	16.21	8.16	489	441.301
25.71	166.68	38.16	12.63	981	870.109
29.25	172.37	33.54	10.52	981	862.061
37.52	189.82	53.04	21.05	1990	1636.673
32.72	176.35	14.12	15.79	462	431.114
27.14	255.02	28.37	13.38	770	746.597
27.35	177.46	4.13	0	113	35.117
26.4	183.77	16.86	8.42	445	340.851
24.66	177.76	41.44	11.58	1022	943.003
23.44	174.74	21.50	10	504	364.419
32.74	164.02	10.54	7.89	345	337.909
21.44	170.82	30.69	7.5	658	555.272
40.03	202.76	35.72	2.26	1430	1298.252
19.43	163.9	63.56	5.26	1235	1385.536
7.41	140.78	52.50	0	389	709.371

10.86	174.42	23.02	9.47	250	29.019
34.81	228.19	7.18	0	250	400.015
28.54	218.83	20.18	15	576	520.914
32.38	218.34	36.13	15	1170	1069.161
32.13	186.74	19.17	11.05	616	573.262
24.74	165.75	19.81	0	490	369.433
15.63	259.62	71.98	84	1125	1433.571
34.75	200.38	48.63	14.23	1690	1461.185
49.42	199.81	44.62	21.05	2205	1776.320
45.63	197.1	9.86	31.02	450	692.441
39.05	229.03	22.84	14.73	892	920.899
29.18	191.88	4.25	0	124	109.758