

Factors Disturbing Stock worth Variability of Sugar Segment of Pakistan

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Abstract

Stock assumption is always a unreliable proposal. Investors are cautious to put in Stock Market. If investors come to make out concerning the precise factors persuade the stock price, they will spend in dribs and drabs in stocks confidently. This thesis looked at the rational association among the stock price and company's fundamental factors of Karachi Stock Exchange. The objective of this study is to investigate the factors that effect on share price variability of sugar sector of Pakistan.

Ten companies of sugar sector of Karachi Stock Exchange used Panel analysis approach over the period of time from Jan 2011 to Dec 2015, the inspection endeavor to attain proficient factor evaluation as well as to endorse the reliability of the relationship among stock price activities and firm essentials. Data information is scrutinized via four methods: through descriptive statistics method, correlation analysis, regression analysis method and random and fixed effect model. To find out the research objective, fixed effect model and random effect model has been evaluated. The study has ROA (return on assets), ROE (return on equity), EPS (earning per share) and DPS (dividend per share) as illustrative variables and share prices as explained variable. Relationship among variables is determined by correlation; furthermore the alteration in explained variable as a result of explanatory variables is enlightened by means of regression analysis. Conclusion gives an initiative about that 54.09% deviation in explained variable is explain through ROA, EPS and DPS.

The study reveal that return on asset is negative and noteworthy determinant of stock price in sugar sector at the same time as earning per share and dividend per share are positive and significant factors of stock price of sugar segment. The study reveals that in broad-spectrum the model is significant and moreover, a specification investigation is carry out to make a assessment either a random consequence or else fixed consequence model is used and according to it random consequence model is appropriate in sugar segment of Karachi Stock Exchange.

Investors within Pakistan are obligatory to make a judgment about which stock be believed to purchase. The conclusion of this paper provides training to the investors in stock assortment. At the same time of taking decisions they must take into deliberation about firm information. The companies know how to put their guidelines as well as approach by captivating into account somewhat essential factors, meant for corporation

sustained survival and success.

Keywords: Stock Price; Earning per Share; Dividend per Share; Return on Assets; Return on Equity

1. Introduction

1.1. Background of the Study

From 1990 onwards principles has been personalized for fiscal privatization and monetary liberalization and particularly grant the hold and expansion to stock market for intercontinental investors (Nishat, 2011). Stock market also known as share market or equity market, is a amalgamate set of connections of fruitful operation where purchaser and vendor meet. The purpose of stock market is to record the information about the listed and registered companies which have specified average, which are available for community in the form of shares or stock. In rising profitable power of a country stock market plays a most important role as it promotes the capital development and economic progression. The person who being as the hoarder and the user of stock market make possible by adding together finance to make a puddle of money, contribute the warning and relocating the capital.

In reality the market price is a compilation of the compound combination of numerous determinants. Stock exchanges are measured to be the most important component of the monetary and financial system of a nation. By means of stock exchange corporation not only gets a plate structure where they increase their capital but also its function as an average of socialize saving of the general public (Javaid, 2010). And political and general economic conditions cover up in macroeconomic determinants (Somoye, Akintoye, & Oseni, 2009).

For the financial expansion and development, stock market will smooth the transmit of finance. The stream of prolific investment can enhance economic activities. Investing assessment of a stock foundation on the price of a stock. In a stock market, the swing of share prices observes on a day to day basis. In some stock, alterations take place many times on a same day (Nishat, 2011). The presentation of stock market can be shown by index of stock which signifies the whole market or sector of market.

It is accommodating for a miniature investor also, as he can boost his minor sum of money into substantial amount and enhance his capital. The supreme thing is that it does not have drawback that a person faces when he starts a new industry to get a return (gain) in earnings.

In free-market economy, stock market is a major component because it profits both the company and the investor. Investor gets a little possession by trading of stock of a company and companies increase their capital by selling their shares.

Stock market is estranged in two segments, the primary market and the secondary market. In a stock market listed companies exchange shares openly, to boost capital. Companies float shares for public in primary market which is called Initial Public Offering (IPO). As soon as security sold, it swaps in secondary market. Secondary market also known as stock exchanges, proscribed by regulatory bodies. In secondary market buyer and seller acquire and sell off their shares at pronounce market price or on their decided upon price. The stock which are consistent and set according to the market are traded in exchanges, but the stocks which are modified and set according to the term and condition of buyer and seller are traded in Over the Counter (OTC) market. The brokers are amenities in stock exchange where they trade stocks and securities. A listed stock can be bought or sold in stock exchange market.

Stock market sanctions investor to gets financial achievement of a corporation whose shares they hold. The lucrative corporation gives dividend as the payout to the investor of a stock market. And investor drop money in a share if companies are in losses or in a case when stock lose money. The price of stock is higher of beneficial companies than the companies which are unbeneficial.

Stock prices vary each day of the week seeing that an end effect of market potential. By means of that price of share modernize as a consequence of supply and demand. If large number of people needs to pay money for a stock (or in other word demand of stock) than put up for sale it (or supply of stock), in that case the price shift positive. On the other hand, if large number of people mandatory putting on the market a stock than obtain it, then there will feasible better supply than demand, and the price would shift negative.

To considerate supply and demand is simple. What is not easy to seize is what communal plan to be pleased about a particular stock and have hatred to a substitute stock. This comes up to summarize which information is positive for a corporation and which information is unenthusiastic. There are a lot of act in response to this complexity; moreover just with situation to either investor you inquire their personal thoughts and approach. So as to being consideration, the prime hypothesis is that the price deviation of a stock point toward what investors are responsive of the value of a corporation. Do not contrast a firm's importance by means of the stock value. The significance of a firm is the market capitalization, which is the stock value proliferating through the number of shares outstanding. For case in point, a company that buy and sell at \$10 for each share and have 10 million shares outstanding has a less important worth than a company that buy and sell at \$5 for each share and that has 50 million shares outstanding ($\$10 \times 10 \text{ million} = \100 million at the same time as $\$5 \times 50 \text{ million} = \250 million). On the way to make more troubles or make riddle the public, the price of a stock do not just be a sign of a company's up to date value, it furthermore disclose the expansion that investors look ahead to in the upcoming.

In Karachi, Pakistan a stock exchange is located, named as Karachi Stock Exchange (KSE). Sugar industry is

most beneficial and favorable for investor as it is second largest agriculture industry of Pakistan, so which issue have an effect on the price of a stock of this industry can be cooperative for an investor. Long term investors want more price of a stock than the worth of a stock. Stock worth is couched for expansion and dividend of a particular company. The price of a share specifies investor that at what price buyer and seller settled ahead throughout regular buying and selling of a stock (Khurshid, Omar, & Noreen, 2015).

Some group operates stock persistently and frequently buying and selling of a stock, results in income as the transform in price occur. Long term investor paying attention on demand and supply stability, as stock price are determined by supply and demand services (Javaid, 2010). There is no procedure that helps to recognize the prospect deviation in stock price. Investors acquire that stock which has utmost return and he get it in the shape of dividend if price of stock raise.

The distressing issues may proceed or refuse in the command along with supply of specified stock should be fascinated in these three classifications: market sentiments, financial fundamental factors and technical factors (Nishat, 2011). A market sentiment is the investor overall attitude and thoughts about a meticulous security, it illustrate the price variation of securities exchange in market. The progressing price indicates optimistic market sentiments, and the declining price indicates pessimistic market sentiments. Financial factors are the firm's particular factors which include: Dividend, Earnings, Book Value, Cash Flow and Sales.

In stock market the daily-trading guide is tentative in nature. Investors believe both kinds of factors to capitalize on the profit. The two kinds of factors are financial fundamentals factors and technical factors. Fundamental factor represents earnings per share and dividend but peripheral condition is incorporated in technical factors which affect the demand and supply of a scrupulous firm's stock. Some technical factors influence elementary factors, like earning growth (fundamental factor) get exaggerated by economic growth (technical factor). The projected growth of a stock based on the risk of the stock, dividend and earnings per share.

Stock market in up-and-coming fiscal system is uncreative. Stock do business in this marketplace is cautious in nature because investors think over the basics of a company that put the prices of stock in a long run. In the absence of sufficient information on the issue of these determinants they will be ineffective to estimate the precise price of stock, substantial small profits as of doing business. The consequence of chosen determinants is being evaluated in this paper.

Investors anticipate the presentation of every business based on different factors. Corporation recommend sophisticated dividends would have prestige for those investors who have a preference on in progress earnings moreover they choose present salary more than subsequently profit for the rationale that he think about that money go down its rate when get ahead of time. Investors analyze the forthcoming movements of share price

on the source of miscellaneous factors.

The factors of market stock price can be recognized by different opinions. Several researchers commence the link among market stock price and favored factors that could be domestic, peripheral or a mixture of both. The results of their conclusion were different depending on the duration of study. Some recommended that fundamental factors of company like dividend and earnings per share are main determinants that have an effect on share price; some specified that liquidity, economic condition of the country and inflation are the controlling factors of market stock price. This study deals with company fundamental factors. By keeping stable the international influence, the study is being done in closed economy.

The topic “factors affecting stock price variability of sugar sector of Pakistan” has been chosen on the view of researcher’s interest and its significance in the society. Topic is practicable enough and researcher is quite obsessive to know about the factors which affect the stock price variability of sugar sector of Pakistan. Researcher recognizes that the topic is research-worthy for planned audience. Researcher also found the topic of high interest as it particularly target the demanding sector of a country i.e. sugar sector of Pakistan.

1.2. Problem Statement

The presentation of the stock market in any state is a physically powerful pointer of general economic presentation and is an essential part of the economy of any state. With the introduction of open economic policies and highly developed technologies, investors are finding effortless access to stock markets around the globe. The piece of information that stock market indices have become a suggestion of the strength of the economy of a state indicates the significance of stock markets. This escalating significance of the stock market has aggravated the formulation of many theories to portray the working of the stock markets.

Numerous prior empirical studies (e.g. Javaid (2010), Sharma (2011), Srinivasan (2012), Almumani (2014) and Khurshid, Omar, and Noreen (2015)) have shed light on the consequence of a variety of factors on the share price of firms but few of these have focused on rising markets. In addition, conclusion from these studies specified that share price fortitude is very diverse and contradictory. From the basic philosophy (share prices determined by market forces of demand and supply) to the econometric models (share prices determined by a number of economic factors), there are diverse schools of thought.

1.3. Research Gap

A variety of factors have been acknowledged that may perhaps have an effect on share price in the framework of different industries. Still these studies have granted mixed results. It shows that there is a requirement of investigative factors in diverse contexts. It would help creating a better perceptive of the interchange of these issues on stock prices. It would also help indulgent what could be potential reasons behind diverse impact of these factors in different contexts. The current study fills this comprehension gap by exploration the impact of formerly identified factors on stock prices in sugar sector of KSE. Earlier studies in Pakistani framework have analyzed all industries cooperatively. An individual scrutiny of issues affecting stock prices in the sugar sector has not been done. This investigation is important for few reasons. First, it would help determine the impact of deferent factors distressing stock prices in only developing country

viewpoint. Another reason is that the Sugar industry in Pakistan is the second largest agro based industry after Textiles. Pakistan is an imperative cane producing country and is ranked fifth in world cane acreage and 9th in sugar production. The share of sugar industry in worth added of agriculture and GDP are 3.2 percent and 0.7 percent, respectively. The sugar sector comprises 4.2 per cent of industrialized. It employs over 1.5 million people, including managing experts, technologists, engineers, and financial experts, skilled, semiskilled and unskilled workers.

Investing in a stock is for all time risky and investors are constantly looking for ways to make the most of their returns while diminish their risks. If they investors are able to recognize the distressing factors which manipulate price of a stock they will invest assertively. Karachi stock exchange in Pakistan is incompetent and in weak form. Market incompetence is the main dilemma of developing countries like Pakistan where regulatory system and information precision is not competent enough to get the assurance of the investors. Making an allowance for this vital significance of sugar industry, it is urgent to better comprehend the factors that could influence stock price progress so that investors could be fascinated to invest in this imperative industry.

1.4. Research Objective

The endeavor of this study is to create a difference among the relationship between stock price and its determinants of sugar division of Pakistan, and to assess the boost and decline of share price in sugar segment of Pakistan. All the way throughout this study we moreover make out that whether these independent variables which are dividend per share, earning per share, and return on assets and return on equity contain either optimistic or pessimistic impact on the value of a stock. This study scrutinizes that factor which brings alteration in the price of a stock, and this will help an investor to know about the upcoming movement of share price. Following are the research objectives.

- To understand which factor (s) influence the stock market price movement?
- To examine the influence of factor (s) influence stock market price movement.

1.5. Research Questions

The following are the research questions that shall be of importance in gratifying the objective of the study:

- What are the leading factors distressing sugar sector stock price instability?
- Do changes in earning per share affect stock prices in KSE?
- Is there a relationship between the changes in dividend per share and stock price changes?
- Do the instability of return on assets and return on equity influence changes of stock prices?
- How Stockholders thinks about factors that affect stock price movement?

1.6. Value of Study

The findings will help out firms and individuals (investors) in considerations the factors that affect share prices and they will be better knowledgeable on how to determine their investment alternatives while banks and other financial organizations will be able to tender enhanced financial guidance and products to investors who seek funding to finance share purchases. This study would be beneficial in errand of those corporations who would like to come across the impact of dividend per share, earning per share, and return on asset and return on equity proceeding to stock price. This study in accumulation provides the direction to its stakeholders on the way to find out whether to put in into the company's stock or not.

This study will offer allegation to portfolio managers, investors and academic researchers. This study highlights the four factors that are dividend per share, earning per share, and return on assets and return on equity as well as shows its collision and effect on stock price of sugar segment. In addition, scholars and researchers will find this study useful if they wish to use the findings as a foundation for existing and further research on the subject.

1.7. Definition of Terms

Share price: is used as explained variable in this study. It is the price of scrupulous share of frequent money-making stocks of a corporation, derivative or else additional financial asset. Market price or share price has been deliberate by the mean value of the share resultant from the high and low price of financial year. It is that existing cost during which a service or an asset might a possibility to be acquired or sold. The formula has been taken from the study (Tandon & Malhotra, 2013)

$$MP = (\text{Max Price} + \text{Min Price}) / 2$$

Where, Max Price = maximum price of the market throughout the monetary year,

Min Price = minimum price of the market throughout the monetary year

Return on Asset: The return on assets ratio furthermore acknowledged as the profitability ratio. Return on total assets expose the net profit formed by total assets for the interval of a period by putting side by side net profit to the average total assets. Or we say that, the return on assets ratio or ROA deals how competently a corporation can manage its assets to turn out profits throughout a period. ROA is calculated as follow and the formula has been taken from the study (Haque & Faruquee, 2013).

$$ROA = NI / TA$$

Where, NI = Net Income, TA = Total Assets

Earnings per share: Earnings per share also documented the same as net profit each share, is a market prospect ratio that shows the amount of net profit construct each share of stock outstanding. On a shareholder stand EPS specify how valuable a company is. It is the fraction of the firm's earnings after tax for every monetary year once making payment of dividend to the preference shareholders. The one who have a right to claim the net profit of the company are the equity shareholders once dividend has been paid to the preference shareholders. This ratio hold the significance of flow to develop the inside force of the organization as of the authenticity that larger the earnings per share the supplementary is the expansion for a superior price of dividend as well as in addition of retained earnings. EPS can be obtaining as under and its formula has been taken from the study (Tandon & Malhotra, 2013).

$$EPS = \frac{\text{Net Profit after Tax} - \text{Preferred Dividend}}{\text{Weighted average common shares outstanding}}$$

Weighted average common shares outstanding

In this equation preferred dividend is detached from net profit after tax because EPS just measures the income obtainable to common share holder. Preferred dividends are only for preferred shareholders. Here in denominator weighted average common share outstanding has been taken, it just because that companies generally issues new shares or occasionally they buy back their shares so instead of using outstanding shares, the formula contains weighted average common share outstanding. The weighted average common share outstanding is calculated by adding the beginning and ending outstanding shares and dividing by two.

Higher the EPS, the more lucrative the company is. As the lucrative company can gives profits to its shareholders.

Dividend per share: It is a price of dividend that shareholder gets on each share. It is considered on total dividend payout to numbers of share outstanding. Dividend has been paid later than earnings after tax (EAT) as it is the part of EAT. Company makes payment of dividend to the shareholders as they spend their asset

which posture the risk in the corporation. The dividend contains a substantial control on the share price of the market. To which coverage a firm can paid as the dividend can be point out as DPS. Each share the affirmed actual rate of dividend can be referred by DPS. The actual amount received by the shareholder is the total amount of earnings dispersed as well as satisfied in form of cash dividend, instead of the net earnings after taxes which could be owned by the shareholders. It can be calculated as follow and the formula has been taken from the study (Tandon & Malhotra, 2013)

DPS = Cash Dividend.

No. of outstanding shares

Return on equity: as well renowned as return on net worth. It is measured as net profit divided by shareholder's equity. It dealings profitability that calculates how much dollar a company produce profit against each dollar of shareholder's equity. More often than not, ROE is work out for common shareholders. In the calculation we not included preferred dividends for the motive that these earnings are not offered to common stockholders. Then for the calculation we had taken out the preferred dividends from net income. ROE is calculated as under and the formula has been taken from the study (Haque & Faruquee, 2013).

ROE = $\frac{\text{Net Profit}}{\text{Average Shareholder's equity}}$

Average Shareholder's equity

ROE and ROA are different calculations of management efficiency. ROA is included in ROE formula as:

ROE = $\frac{\text{Net Income}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Share Holder's Equity}}$

First half of the formula is ROA (i.e. Net Income / Total Assets) while the remaining half is known as equity multiplier (i.e. Total Assets / Share Holder's Equity). From ROE investors approximate that how their investments or savings are producing profit, although from ROA investors conclude how management is producing income by means of its assets. As both calculations are connected with net income that's why their nominators are same as in both formulae the main thing of focal point is net profit of the company.

Above discussion shows that the investors are more concerned with the progress shows in price of a stock. This study is based on internal factors that show discrepancy in the price of a share. This study has four exploratory variables which are Dividend per Share (DPS), Earning per Share (EPS), Return on Asset (ROA) and Return on Equity (ROE) and stock price as explained variable.

2. Literature Review

Different findings have diverse determinants of stock value. Many studies have endeavored to scrutinize different relationship between few factors that have an effect on share price. Some studies incorporate internal (micro) factors, some incorporate external (macro) factors, and some researchers have made an attempt to give enlightenment about the discrepancy of both macro and micro factors on stock price. A number of researchers' studies are summarizing here to offer a strong hold to the variables of this study.

Al-shubiri (2010) effort on the article named "analysis the determinants of market stock price movements: an empirical study of Jordanian commercial banks". The study consists of the 14 profitable banks of Amman Stock Exchange for the time phase from 2005 to 2008. Simple as well as multiple regression study is conceded out to come across the link involving internal economic factors by the stock price. The explanatory variables of this study were net asset per value, dividend percentage, gross domestic product, inflation and lending interest rate and the explained variable was stock price of market. The study bring into being enormously optimistic significant connection amid market value of stock with net asset value per share, dividend percentage and gross domestic product. While on the other hand negative significant connection bring into being on inflation as well as lending interest rate even though not for all time significant on a number of years of Amman Stock Exchange within Jordan.

Srinivasan (2012) glances at the essential aspect of share price in India. The study take up panel approach be collected of yearly time series statistics from the time phase of 2006 to 2011 as well as cross-section statistics appropriate to six most significant segments of the Indian financial system, that is, Energy, Infrastructure and Banking, Heavy and Manufacturing, Pharmaceutical, IT and ITES. The panel statistics approach, in other words, fixed Effects model and Random Effects model have been used to look into the purpose. The experimental consequences reveal that the dividend per share has a negatively significant cause on the share price of energy, pharmaceutical, manufacturing and infrastructure divisions. These consequences are responsible by means of result of (Malhotra & Prakash, 2001), (Zahir & Khanna, 1982), as well as (Sharma, 2011) that dividend has prejudiced to market share price noticeably in inverse trend. The data disclose that earning per share as well as price-earnings ratio are the elementary factors of share prices of, energy, infrastructure, manufacturing, commercial banking and pharmaceutical division. The ending point toward that size is an imperative determinant in discovering the share prices of each and every allotment being considered not including manufacturing sector. In addition, the book value per share confidently controls the share prices of energy, IT & ITES and Infrastructure pharmaceutical sectors. The current paper proves that presentation of the fundamental ratios of the industry will be essential in accumulation to massive sympathetic to investors and market analyst in appraising the superior stocks that be owned by diverse industry grouping.

Hartono (2004) investigated and found the significance of earnings as well as dividend on the unpredictability of market price of share. This study ensures the collective effect of earning as well as dividend information. A research of collective effects is adequate for the consequent basis. Initially earnings as well as dividends are measured as two of the essential pointer that shareholder make use of in approximation stock prices. Consequently, dividends as well as earnings are confused information, (Ohlson, 1990) argue that simply one theory of "pure" earnings originate financial logic. Dividends along with earnings may include demonstrate or disconfirming information. The theory forecasts that order as well as timing of dividend along with earnings revelation has varied cause on the return of stock. As soon as earnings plus dividend astonish contain reverse indications, the supposition calculates that second variable enclose a superior effect on the return of stock than accomplish on prior variable (it is the hypothesis of the decency effect theory). The proof for the decency effect hypothesis is comparatively powerful. The decency effect hypothesis is supported, in most cases of opposite sign variables like optimistic earnings, pessimistic earnings and optimistic dividend surprise.

Al-Deeehani (2005) used former earnings per share (Pre EPS), cash dividend per share (CDPS), prior cash dividend per share (Pre CDPS), return on equity (ROE), price to book value ratio (P/BV), prior cash flow per share (Pre CF/S), cash flow per share (CF/S) as explanatory variables. The result demonstrates that variables are interrelated with explained variable.

Khurshid, Omar, & Noreen (2015) studied the dynamic that influence share price inconsistency of sugar division of Pakistan is resolute. They composed the data of each and every listed company in sugar division of Pakistan for the extent of the time segment from 2005 to 2010. Consequences originate with the help of three techniques by regression analysis, descriptive statistics and correlation analysis in this study. The same as in few studies, in this study controlled variables are earning per share (EPS), dividend, return on capital employed (ROCE) and return on assets (ROA) and predicted variable is share prices. Relation among variables is dogged all the way through association and how to a great extent improvement in predicted variable as a result of proscribed variables is determined by means of regression method. End result reveal that 13.25% variability in predicted variable is clarify by EPS, ROCE, ROA and dividend.

Vijayakumar (2010) studied that in the preceding two decades, up-and-coming investment markets have knowledge extreme modernizing by means of market micro symphony alteration, predominantly in exchange markets. The main approach deals with the determinants examine equity worth in markets. This paper

analyzed the extent to which a number of fiscal presentation gauge have an effect on the stock price. He used, dividend per share, book value, price earnings ratio, dividend cover, growth rate, dividend yield, and earnings per share as explanatory variable and market price of share as an explained variable. Correlation study, multiple linear regression and factor analysis were used to examine the data. Stock price was absolutely linked with Earning per share, book value, growth rate, dividend yield and dividend covers. And stock price was negatively correlated with price earnings ratio and Dividend per share.

Nazir, Nawaz, & Anwar (2010) scrutinize the impact of dividend policy of the company on market stock price volatility. From Karachi stock exchange (KSE-100 index) 73 companies were selected from the period 2003 to 2008. Results showed that dividend strongly connected with share price.

Martani (2009) used liquidity ratio, profitability ratio, leverage ratio, market ratio, size and cash flow as explanatory variables in their study. The reason of this article is to examine the significance of the price of stock in next of kin for accounting information. Market accustomed return and collective anomalous return has been used as return of the stock variable. The data has been composed from 2003 to 2006 of listed companies in manufacturing industries of Indonesia stock market. The study discloses that stock price is extensively effect by profitability turnover and market ratio. This study is concordant with earlier studies as (Höbarth, 2006), (Restraningtyas, 2007) and (Utama, Santosa, & Budi, 1998, january).

Midani worked on “Determinants of Kuwaiti stock prices: A pragmatic examination of industrial, services and food company share”. He accessed the impact of seven explanatory variables on market share prices, by multiple regression models. He worked on 19 Kuwaiti companies running in 6 services, 8 industrial and 5 food sectors. This study is favorable for academicians and stock market players. For academicians, this study give a way to research on prices of a security while market contributors like investors, corporate financial managers, stock brokers and security analyst get assistance by these factors which produce stock price variability. The seven independent variables are divided in two sections: the micro and macro factors, the previous bond with the presentation of organization, it consist of four variables, earning per share, dividend per share, ratio of fixed assets to total assets and debt to total assets. The concluding section consist of three variables that are stock market index, currency exchange rate and interest rate on 3 month US \$ deposits. First the model run in the study by as well as all the seven explanatory variables in which the result disclose that only three are significant. In the result earning per share shows the peak level of consequence. The other four variables of the study become visible insignificant in which dividend per share is closest of being significant. Though, later the model is condensed to four explanatory variables which include those three variables which are significant and the fourth one is dividend as it is closest of being significant. The latter model result discloses best elucidation. The conclusion of the study shows that stock prices of Kuwait are very enthusiastic to make over in company earnings measured by earning per share.

Dadrasmoghadam (2015) examined that stock prices in the industry of stock market are taking as an indispensable argument. The foundation subject in this study is the significance of financial ratios of the stocks in the food industry, machinery and equipment, sugar, agricultural and related services chronicle in a panel method. For that reason, the data over the period of 1999 to 2009 of agricultural division is connected through a stock in chosen firms. The study has asset turnover, current ratio, return on equity, return on assets, and financial leverage (debt) as explanatory variables and stock prices of agriculture-related industries as explained variable. The consequences of the financial ratio and stock prices rely on agriculture denote that the debt ratio, current ratio and return on assets ratio restrain a momentous effect on the price of stock. In contrast, the profitability ratio (only return on equity) has optimistically significant impact on stock exchange of agriculture related industry.

Iqbal (2015) studied that the plan of this paper is to realize and scrutinize the factors which have a cause on share price of oil & gas and cement segment of Karachi Stock Exchange. The data has been gathered for the time phase from 2008 to 2013 of listed companies in oil and gas industries and cement segment of Karachi

stock exchange. This study has occupied a panel statistics practice on both segments. Research objective has been examined by the fixed effect model and random effect model. This thesis point out that book value per share and earnings per share are positively significant factors that have a construct on the price of share in equally both segments at the same time as dividend yield is negative and significant in cement sector. Taken as a whole, the end result reveal that random effect model is suitable in each of the two mentioned segments of Karachi Stock Exchange (KSE) and the overall model is significant.

Placido M. Menaje (2012) found that fritter in shares is constantly a menace and investors endeavor to locate those financial actions that have significant impact on share price. Instance empirical studies used a number of financial and economic variables to scrutinize their impact on share price even though a number of the consequences were not very persuasive along with there were a few latest conclusions that materialize to counter previous studies. This study desires to investigate whether return on assets (ROA) as well as earnings per share (EPS) enclose momentous control on the price of share of openly registered companies in the Philippines. End result of the Correlation analysis reveals strong positive correlation of earning per share by price of share. ROA shows a weak negative correlation among share price. Multiple regression outcomes reveal that the selected model was capable to clarify 73% of the average amendments in share price.

Dr. Phushpa Bhatt (2012) studied that equity estimation is an indispensable issue which the academicians as well as investigators in the research of money markets are challenging to concentrate on all the way through miscellaneous point of view. Concurrently, the researchers in the stock doing business have been efficient all the way through assorted confirmation. Make use of accounting information in support of equity valuation to do inspect which has make out a number of actions. In the earlier period this ground completed formative donation by the journal of (Ball & Brown, 1968). Several accounting variables have been used to give clarification about the equity price as well as equity return. Earning is a vital variable that displeasing the market worth of equity share. Just the once a thriving business commence intensification capital it will in accumulation tried to growing its scope of function and as a result extend its earnings. The share of equity will demand increasingly as a firm ascertain earning smart computation, will result in improve effect of market equity worth. Lots of studies in this part have taken place worldwide principally with the statistics of United State of America. An effort is evaluated in this study to scrutinize the effect of Earnings per share on the market worth of an equity share in the Indian circumstance. This paper is consequential from the collection of data of 50 companies for the time frame of five years. The fifty firms that have been chosen are the primary fifty firms in the directory of India's mainly significant companies. From the study they wrap up that earning per share effects the market price of an equity share in the Indian circumstance.

Dehuan (2008) observed relationship amongst stock price of the peak performing stocks registered on Shanghai Stock Exchange and firm performance. In terms of yearly stock returns they utilize the sample which contains 10% peak performers registered in the Shanghai Stock Exchange from the time period of 1996 to 2000. To substitute they utilize a number of measures for the operating performance of the firm. At the corporate level, Simple as well as multiple regressions methods are conceded out to find out, to what level as well as whether the mentioned explanatory variables of this study are interrelated with stock price changes, along with that to what segment the presentation of the firm variables can elucidated the movement of the stock price. The study has six explanatory variables which are; earning per share, return on equity, and return on asset, profit margin, total asset turnover and changes in sales while explained variable is market price of the stock. In the year before crisis, the two preceding year of the time period of research, their study illustrate that every variable is significantly correlated with stock price. On the other hand, the firm presentation has no expounding power toward stock price inconsistency, in the catastrophe period. Their most imperative result is that in general firm's performance inversely proportional when the price of stock rises. The results of the study advocated that from 1998 to 2000 the momentous increase in the association of the stock price were resolute by copious non-performance factors and not dogged by operating performance of firms'.

It can be observed that either cross-section or time-series data have been used by the mainstream of the papers, for the assessment of prior thesis on the determinants of share price. The determinants of share price can also being categorizing as a result of various efforts by means of panel data. The movement of stock price supports robustly by the reachable present reviews of literature as an end result of the detailed factors of the company like earnings per share, dividend per share, return on equity etc.

3. Data and Methodology

3.1. Research Design and Target Population

The research design of the study is decisive research as the research intention of the study is precise, the data sources are well defined and the data analysis of the thesis is formal and quantitative. The study is particularly decisive causal research for the reason that it shows the cause and effect relationship among variables in the study (Pride et al., 2007). Many scholars have been discussing earlier about the proposed topic. Researcher has an idea about a relation between variables but be lacking in knowledge of the course and potential of the relation among selected variables. By judging anticipated audience, previously many researchers have been done in this area. Here, in this study researcher would additionally test the results of four independent variables on dependent one. The target population is Pakistan agro-based sugar industries. The research is based on deductive approach as the thesis is based on hypothesis, as the research is quantitative in nature and as it based on causality (i.e. explained variable is dependent on explanatory variables).

3.2. Data Collection

In this study quantitative approach has been used by the researcher to study the factors that affect stock price inconsistency in sugar sector. Panel data has been assemble in the study. Data has been collected of 10sugar sector companies of Pakistan from the January 2011 to December 2015. The sample consists of following companies: Adam sugar mills ltd, Al-Abbas sugar mills ltd, Al-Noor sugar mills ltd, Habib sugar mills ltd, J.D.W. sugar mills ltd, Mehran sugar mills ltd, Mirpurkhas sugar mills ltd, Noon sugar mills ltd, Shahmurad sugar mills ltd, Shahtaj sugar mills ltd. The remaining sugar sector companies have some omitted data so availability of complete five year data of these 10 companies is the reason to select or favored these companies of sugar sector of Pakistan. Data used in the thesis is secondary as gathered from the company's financial statement from particular annual reports. Descriptive statistics has been used with the purpose of summarize the data.

3.3. Data Integration

The collected data first transformed into Excel then arranged in an approach to import in eviews. The collected data from the websites was statistically analyzed through eviews software.

3.4. Dependent Variable

In this thesis the dependent variable is "market price of the ordinary share (SP)" in Pakistani rupee. The data of 10 companies of sugar sector has been collected of average share price of the market over the time period from Jan 2011 to Dec 2015.

3.5. Independent Variable

Four independent variables are selected in this study next to with it, moreover make out how share price of the market can be get affected by these explanatory variables.

Variables are:

- (1) Dividend per share (DPS);
- (2) Earnings per share (EPS);
- (3) Return on assets (ROA);
- (4) Return on equity (ROE).

3.6. Research Hypothesis

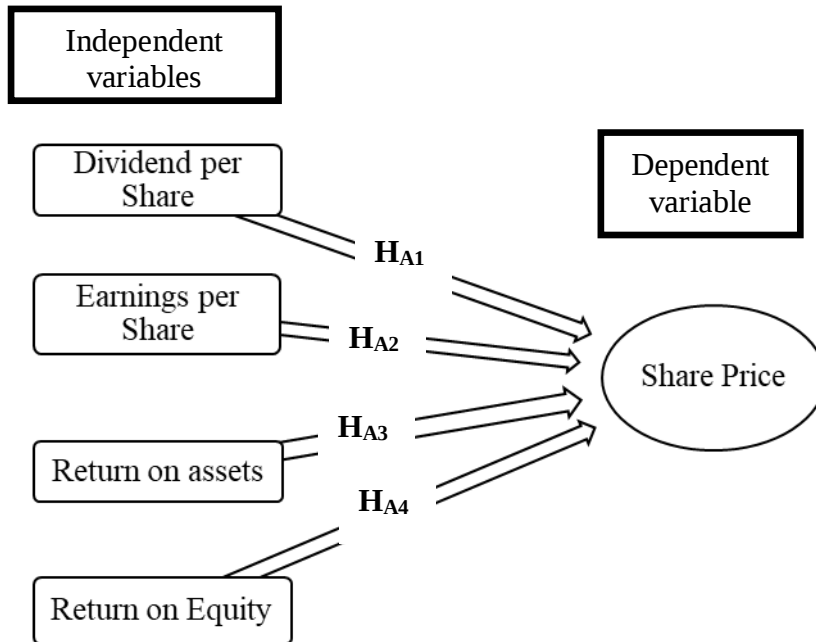
Subsequent be the assumption of the study are stated as:

- H01: There is no significant impact of Dividend per share on Stock Price variability.
 H02: There is no significant impact of Earnings per Share on Stock Price variability.
 H03: There is no significant impact of Return on Asset on Stock Price variability.
 H04: There is no significant impact of Return on Equity on Stock Price variability.
 HA1: There is significant impact of Dividend per share on Stock Price variability.
 HA2: There is significant impact of Earnings per Share on Stock Price variability.
 HA3: There is significant impact of Return on Asset on Stock Price variability.
 HA4: There is significant impact of Return on Equity on Stock Price variability.

3.7. Identification of Variable

Category	Variables	Measurement	Definition	Reference
Dependent variable	Market share price	Share price of sugar sector in KSE	It is the price of scrupulous share of abundant money-making stocks of a corporation, derivative or else further financial asset.	(Tandon&Mal hotra, 2013)
Independent variable	EPS	EPS of 10 sugar sector companies of Pakistan	It shows the amount of net profit produce each share of stock outstanding.	(Tandon&Mal hotra, 2013)
	DPS	DPS of 10 sugar sector companies of Pakistan	It is a price of dividend that shareholder gets on each share.	(Tandon&Mal hotra, 2013)
	ROA	ROA of 10 sugar sector companies of Pakistan	It deals how competently a corporation can manage its assets to turn out profits throughout a period.	(Haque&Faru quee, 2013)
	ROE	ROE of 10 sugar sector companies of Pakistan	It is considered as net profit divided by shareholder's equity.	(Haque&Faru quee, 2013)

3.8. Conceptual Framework



3.9. Formulation of Hypothesis

Category	Hypotheses	Expected sign	References
Company fundamental factor	H _{A1} : Significant impact of Dividend per share on Stock Price variability	Positive	Javaid, 2010), (Sharma, 2011), (Srinivasan, 2012), (Almumani, 2014) and (Khurshid, Omar, & Noreen, 2015)
	H _{A2} : significant impact of Earnings per Share on Stock Price variability	Positive	(Sharma, 2011), (Pushpa Bhatt & Sumangala, 2012), (Tandon & Malhotra, 2013), (Almumani, 2014) and (Iqbal, Ahmed, Zaidi, & Raza, 2015)
Company financial ratio	H _{A3} : significant impact of Return on Asset on Stock Price variability	Negative	(Menaje, 2012) and (Dadrasmoghadam & Akbari, 2015)
	H _{A4} : significant impact of Return on Equity on Stock Price variability	Negative	(Dehuan & Jin, 2008) and (Haque & Faruquee, 2013)

3.10. Model

In this thesis, for data analysis regression model has been used. Generally the multiple linear models can be explained as:

$$Y = \alpha + \beta_1(X_1) + \beta_2(X_2) + \beta_3(X_3) + \beta_4(X_4) + \epsilon$$

Where, Y represents explained variable

X1, X2, X3 and X4 represents explanatory variables

α represents constant term

$\beta_1, \beta_2, \beta_3, \beta_4$ represents models coefficient of explanatory variables.

Following model has been used in this study:

$$SP = \alpha + \beta_1(DPS) + \beta_2(EPS) + \beta_3(ROA) + \beta_4(ROE) + \epsilon \dots \dots \dots (1)$$

SP represents share price of the market.

DPS represents dividend per share.

EPS represents earning per share.

ROA represents return on assets.

ROE represents return on equity.

ϵ = Error terms.

4. Results and Discussion

Table 2 Regression Model

Dependent Variable: SHARE_PRICE				
Cross-sections included: 10				
Total panel (balanced) observations: 50				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	-3.560189	1.558112	-2.284938	0.0271
ROE	-0.355950	0.992711	-0.358563	0.7216
EPS	4.470144	1.232811	3.625976	0.0007
DPS	46.66614	16.16113	2.887553	0.0059
C	29.42339	7.894526	3.727063	0.0005
R-squared	0.542226	Mean dependent var		62.65980
Adjusted R-squared	0.501535	S.D. dependent var		54.37782
S.E. of regression	38.39185	Akaike info criterion		10.22821

Sum squared resid	66327.05	Schwarz criterion	10.41941
Log likelihood	-250.7052	Hannan-Quinn criter.	10.30102
F-statistic	13.32545	Durbin-Watson stat	0.701907
Prob(F-statistic)	0.000000		

The collective effect of independent variables on the dependent variable can be calculated by a linear multiple regression model. To find out the coefficients of explanatory variables, regression model must be used. ANOVA (analysis of variance) test signifies the hypothesis testing as well as from their dissimilar characteristics it verify the comparison along with its differentiation among the sample.

To test as well as to figure the regression coefficients we used t-test and with it also determine the statistical significance of the model. Coefficient of determination analyzes the percentage deviations in the explained variable explain by explanatory variable. The regression model can also assess the modify statistics values and adjusted R- square. At five percent level of significance the regression model tests the significance of R- square by means of F distribution to calculate the value of “F”.

Results of the regression analysis for the preferred companies of sugar segment of Karachi stock exchange as represent in table 2 which shows that in the regression model, the R² that is also known as coefficient of determination of the variable is found as 0.5422. The overall model appropriateness can be measured by R-square, which shows that 54.22% of the variation in the explained variable can be explained by explanatory variables. It indicate that generally model evaluate about 54.22% of the efficient variability in the market share price of the company. It means that 45.78% of the difference in the variation on the price of a stock of the selected companies of sugar sector is answerable by some another determinants which have not incorporate in this model. The adjusted R- square of the model is 50.15% which contemplate the percentage of total variance which is resolute by the model. Fitness ratio (that is the F- statistics) reveals the legitimacy confirmation of the anticipated model. The P- value indicate the apparent habitually suggestion that whether the independent variable are connected significantly through explained variable. If P- value is not as much of 0.05, it is significant and if it is more than 0.05 than it is insignificant. The P- value sturdily shows the performance of market share price progress

(i) Effect of Return on Assets (ROA) on Stock Price Movement:

The result from the investigation demonstrate that there is a negative and significant relation among company's return on assets and the market value of share prices of the sugar sector companies listed in KSE. It is obvious from the t- statistics value that is |2.285| and p- value 0.02 which is less than level of significance that is 0.05 (at 95% confidence level). This result basically means that a boost or a modify in the company's return on asset, when all the other variables held constant, means on average one percent result in a 3.56% decrease in the market value of share price. This means that decrease in return on asset will lead to an increase in the market share price in the selected firms. Manifestly, the result of current paper is associated with the studies of (Martani, Mulyono, & Khairurizka, 2009), (Kohansal, Dadrasmoghaddam, Karmozdi, & Mohseni, 2013), (Placido M. Menaje, 2012), (Dadrasmoghadam & Akbari, 2015) and (Dehuan, 2008) where are result shows that return on asset significantly have a consequence on the share price of market. Although, (Placido M. Menaje, 2012) and (Dadrasmoghadam & Akbari, 2015) designate that return on asset is negatively significant on market value of share price. According to the grapevine, it might be astonishing since arise in return on asset seems more sensation and efficiency in the company, and hence the result is totally opposite. It is generally said if company is fruitful so its price of share boost. But according to (Cooper M, 2009) studied

in past, there is a sturdy inverse relation among companies stock return and asset growth. These principally involve that asset growth will not basically bring about a boost in net profit of the company. And if asset increase in spite of the fact that net profit remain unaffected return on the asset decreases. For this reason HA3 is accepted and Ho3 is rejected.

(ii) Effect of Earnings per Share (EPS) on Stock Price Movement:

The outcome from the investigation indicates that there is a positive significant relation found among market share price and earnings per share of the company. It is obvious from t- statistics value that is [3.625] and p-value 0.0007 (at 95% confidence level). It is habitually clear that market value of share price raise if earnings per share have a significant enrichment. This result of the study is responsible on the result presented in (Uddin, 2009), (Somoye, 2009), (Javaid, 2010), (Srinivasan, 2012), (Sharma, 2011), (Vijayakumar, 2010), (Midani), (Iqbal, Ahmed, Zaidi, & Raza, 2015), (Almumani, 2014), (Placido M. Menaje, 2012), (Dr. Phushpa Bhatt, 2012) and (Malhotra & Tandon, 2013) where the result reveals that EPS have a significant collision on the market value of share price. The result of the investigation shows that with all the variables other than EPS held constant, an increase or change in EPS of a company, on average one percent result in 4.47% increase in the market share price. According to (Sharma, 2011) EPS is a strongest determinant and (Swary, 1980) point out that EPS is the most important signaling device. For this reason HA2 is accepted and Ho2 is rejected.

(iii) Effect of Dividend per Share (DPS) on Stock Price Movement:

The significance of the psycho analysis discloses that there is a positive and significant relation among market value of share price and dividend per share of the firm. It is apparent from t- statistics value that is [2.887] and p- value 0.005 (at 95% confidence level). According to (Swary, 1980) DPS is the imperative signaling device. This outcome basically involve that an increase or a change in company's DPS, with all the variables other than DPS held constant, means on average one percent change in a 46.66% increase in the market value of share price. This means the increase in DPS get about the increase in the market share price. Obviously, the conclusion of the current study is associated with the studies of (Javaid, 2010), (Srinivasan, 2012), (Khurshid, Omar, & Noreen, 2015), (Sharma, 2011), (Nazir, Nawaz, & Anwar, 2010) and (Almumani, 2014) where the consequences shows that DPS have a significant cause on market value of share price. DPS is the strongest determinant among all variables (Sharma, 2011). For this reason HA1 is accepted and Ho1 is rejected.

(iv) Effect of Return on Equity (ROE) on Stock Price Movement:

The remaining determinant in the present study to be specific return on equity found negative and insignificant factor as point out by the regression analysis without having much impact on the market value of stock price. But according to some past studies like (Haque & Faruquee, 2013) and (Dehuan, 2008) they have also bring about that return on equity is insignificant. According to (Haque & Faruquee, 2013) the ROE is negative and insignificant and she affirmed that at Dhaka stock exchange the stock price not having much pressure of the company's essential and they are more exaggerated by other factor. And she also extracted that price is sturdily maneuver by market gossip and by market regulator, as mainstream are uneducated or have little familiarity about the company and market fundamentals. ROE found to be significant before the catastrophe period but in catastrophe ROE ends in insignificant factor. For this reason Ho4 is accepted and HA4 is rejected.

Table 3 Correlation Matrix

	SP	ROA	ROE	EPS	DPS
SP	1.000000				
ROA	0.138001	1.000000			
ROE	0.294323	0.837615	1.000000		
EPS	0.567196	0.691505	0.827960	1.000000	
DPS	0.577146	0.346127	0.346483	0.537005	1.000000

Degree of association can be revealed by correlation matrix between two variables shown in table 3.

(i) Effect of market value of share price on independent variables:

Correlation among market value of share price with ROA and ROE is less than 30% means it indicates that the both variables are not affected each other. Market value of share price is correlated with EPS and DPS is less than 0.58 it also indicate that there is no issue of multi-collinearity among these all variables.

(ii) Effect of return on asset (ROA) on EPS, DPS and ROE:

Correlation among return on asset with ROE and EPS is highly correlated as it is more than 0.65, means there is multi-collinearity among these three variables which indicate that they have an effect on each other. While ROA is correlated with DPS is less than 0.4 which mean ROA have no influence on DPS.

(iii) Effect of Return on Equity (ROE) on EPS and DPS:

Correlation among return on equity with EPS is strongly correlated as it is more than 0.80, which mean that there is an issue of multi-collinearity among these two variables which shows that they have an impact on each other, while ROE is correlated with DPS is less than 0.4 which reveal ROE have less or no impact on DPS.

(iv) Effect of Dividend per Share (DPS) on EPS:

Correlation among EPS with DPS is 0.53 which indicate that there is no high multi-co linearity between these variables.

If there is an existence of high correlation between two independent variables, problem of multi-co linearity arises. Multi-co linearity problem makes a significant value insignificant by increasing its standard error. If the standard error goes up, t- statistics value goes down and hence comes up with high p- value. So that particular variable becomes insignificant but in reality it is not.

The relation is in reverse direction of t- statistic value and p- value. Overall the multi-collinearity of this study is miniature among market value of share price, ROA, EPS and DPS, while ROE have an persuade on ROA and EPS in sugar sector so regression model can be run again by disregarding the ROE determinant, as in the regression model the ROE exposed insignificance so there is no reason to embrace this factor in the model as it has no power in the market value of share price.

Table 4 Regression Model Excluding ROE

Dependent Variable: SHARE_PRICE				
Cross-sections included: 10				
Total panel (balanced) observations: 50				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	-3.929308	1.158470	-3.391807	0.0014
EPS	4.182070	0.926168	4.515452	0.0000
DPS	48.04953	15.54448	3.091098	0.0034
C	29.41679	7.819369	3.762041	0.0005
R-squared	0.540918	Mean dependent var		62.65980
Adjusted R-squared	0.510978	S.D. dependent var		54.37782
S.E. of regression	38.02646	Akaike info criterion		10.19106
Sum squared resid	66516.55	Schwarz criterion		10.34402
Log likelihood	-250.7765	Hannan-Quinn criter.		10.24931
F-statistic	18.06667	Durbin-Watson stat		0.710627
Prob(F-statistic)	0.000000			

After finding the results of correlation matrix, the need to run the regression analysis for the second time has been come across. So in this model market value of share price, ROA, EPS and DPS has been incorporated as they all materialize significant in former regression analysis while ROE is insignificant and after deliberating the results of correlation it having some control on ROA and EPS so to evademulti-collinearity issue ROE has been disqualified. ROE is insignificant so there is having no much change in the final regression analysis. R-Square value is found as 0.5409. The adjusted R- square of the model is 0.5109.

In regression model, when 50 observations (as in this study) puddle together, so it disregard the cross section and time series nature of data. The main issue with this model is that it does not make a division among the several sugar segment companies that we have in table 10. On the other hand, by pooling ten companies we challenge the heterogeneity or distinctiveness that may exists among ten sugar companies. The problem is that pooled regression model presume that all the ten companies are same but it is not possible.

Table 5 Correlation Matrix Excluding ROE

	SHARE_PRICE	ROA	EPS	DPS
SHARE_PRICE	1.000000			
ROA	0.138001	1.000000		
EPS	0.567196	0.691505	1.000000	
DPS	0.577146	0.346127	0.537005	1.000000

Table 5 describes the correlation matrix in which ROE has been excluded, as it is very highly correlated with other two variables (i.e. EPS and ROA) in the former correlation table (i.e. in table 3). This table discloses that there is no strongest correlation found among variables, so the concern of multicollinearity has been removed.

Table 6 Descriptive Statistics

Descriptive Statistics				
	SP	ROA	EPS	DPS
Mean	62.65980	5.024000	8.739600	0.342027
Median	45.69000	3.800000	8.130000	0.205000
Maximum	298.1300	26.66000	29.87000	2.420000
Minimum	9.960000	-9.100000	-9.680000	0.000000
Std. Dev.	54.37782	6.497018	9.038015	0.414627
Skewness	2.423956	0.625936	0.309134	2.833462
Kurtosis	9.979778	4.503574	3.126451	13.93749
Jarque-Bera	150.4574	7.974833	0.829679	316.1305
Probability	0.000000	0.018548	0.660446	0.000000
Sum	3132.990	251.2000	436.9800	17.10135
Sum Sq. Dev.	144890.4	2068.351	4002.600	8.423877
Observations	50	50	50	50

Table 6 demonstrate the descriptive statistics of the preferred companies of sugar segment of KSE with reference to their standard deviation, maximum, minimum, mean and median of the firms. All the descriptive statistics are the measure of central tendency or measure of variability. The mean of share price, ROA, EPS and DPS is 62.65, 5.02, 8.73 and 0.34 respectively. Standard deviation of share price, ROA, EPS and DPS is 54.37, 6.49, 9.03 and 0.41 respectively.

5. Conclusion, Limitations, Recommendations and Future Research Areas

5.1. Conclusion

This study is moving out to look into the pressure of earning per share, dividend per share and return on equity and return on assets on stock price instability of sugar sector of Pakistan. The study has four independent variables but after correlation analysis, multi co-linearity found between ROE and ROA so the latter model drops ROE as it also shows insignificance in regression model. A sample of 10 firms from sugar sector of Karachi Stock Exchange is designated to look over for the segment of 5 years starting from January 2011 to December 2015. The pragmatic estimation is sustained by directing a regression and correlation study among the explained variable share price and explanatory variables earning per share, return on assets and dividend per share. Consequences suggested that these variables considerably persuade share price inconsistency. The study exposes that earning per share, dividend per share and return on assets contain a significant effect on market price of stock instability. But the thesis discloses that dividend per share and earnings per share are optimistic and significant factors of share price in sugar division whereas return on asset is unenthusiastically significant in sugar division.

The outcome exposed over are in close reliability by means of the results of prior papers (Placido M. Menaje, 2012), (Dadrasmoghadam & Akbari, 2015), (Haque & Faruquee, 2013), (Uddin, 2009), (Sharma, 2011), (Somoye, 2009), (Javaid, 2010), (Srinivasan, 2012), (Vijayakumar, 2010), (Midani), (Almumani, 2014), (Dr. Phushpa Bhatt, 2012), (Iqbal, Ahmed, Zaidi, & Raza, 2015), (Khurshid, Omar, & Noreen, 2015) and (Malhotra & Tandon, 2013). On the other hand difference explained in dependent variable is 54.22% that is the value of R square. All the explanatory variables show significance in regression analysis, fixed and random effect model.

The thesis suggested forecasters and market analysts for appropriate investment decisions and for ideal portfolio. Also there are some recommendations for investors and researchers to diminish the gap among demand and supply in KSE and researcher also give some proposition to government to take some actions for sugar industry as it has a potential to conquer heights in Pakistan.

5.2. Limitations

The study has some limitations. The main limitation of the study is the number of firms selected (ten) for analysis and limited variables. The daily data for the firms and variables is abundant and from compound sources hence the need to limit the variables and firms. The study has only selected the sugar sector of KSE and for that reason the result cannot be inclusive. The thesis is based on the study of only five year data. Furthermore, the data has been taken from 2011 but to make sweeping statement of reliance, the sample should be collected over about 20 to 25 years. Also given the varied results of the regressions the variables

selected could be limitations in themselves. The researcher advocates that a study cover up supplementary variables along with statistics that must be clutch out in future to work in detail on this area.

5.3. Recommendations

On the results of study, following proposition have been given. The determinants of this study that is earnings per share, dividend per share and return on asset are the elementary crucial factors which are principally helpful and useful for fund manager and predictor as they can look out these considerable factors as investigative stock return and forecasting future prices.

For forecasters, financiers, shareholders and those in the intellectual world (that is lecturers and scholars) the investigator advocate the determined consumption of earnings per share, dividend per share and return on asset as an interpreter of the market value of share price.

The following suggestions are significant for market analysts, investors and interpreter to recognize with their scrupulous mistake and endeavor on it, as an alternative of putting charge on anyone. Hence, some recommendations have been accessible in this study.

To reduce the liberty between demand and supply, the concentration and size of Karachi stock exchange market obliged becoming wider. Karachi stock exchange entails grasping strong and consequent events against counterfeit market anecdotes. The probability of irrationally increasing in prices can be condensed by their sturdy actions. Stock market involves making new alteration to evade risk in investment in the stock. Practitioners and analysts ought to attempt the forecast about the future stock prices. They ought to discern the stock market progress. Investors ought to approximate how fiscal market changes.

Apposite investment assessment as how to assess and scrutinize the firms in order and as how to accumulate ideal portfolio of stocks entail to propose widespread analysis services to the micro investors by investment bankers, institutional investors and brokerage firms. According to Generally Accepted Investment Principles the investment should be selected. By taking into consideration the annual presentation of the company, the portfolio manager should be the main center of attention area by the investors. Moreover the investor ought to think about the country's economic conditions, as the stock market is the accompaniment, than substitute of the economics' real and financial sector. They ought to witness the real and financial sector information.

The annual data ought to be used if financial statements are used in the research, to a certain extent than monthly or quarterly data. More than ten year data ought to be authenticating adequate. Yearly data is beneficial as in yearly data the risk of inaccuracy has been diminish after auditing and it make the data more dependable and consistent instead of less explosive.

Looking at the current scenario and recital of KSE, reduction the fiscal policy is suggested. Easing monetary policy means inferior interest rate and increase money supply. Falling interest rates also influence the decision-making of visibly listed companies. Lower rates mean lower borrowing costs. Companies have greater inducement to inflate operations and become more leveraged. Business expansion is a sign of vigorous operations and a positive attitude on future demand, which could cause stock prices to rise.

The investors should follow the common regulations which are given below:

a) The investor should know the company that where he is going to invest by being approved with: Financial performance of the company, Company's track record, Business Cost, Risk Factors, Dividend History, Leadership.

b) To condense the risk in stock business the investor's should regard as these recommendation like: Holding of diversified stock portfolio, invest for the long term, don't try to time the market, after aim pulsate

time price can fall so fast, get warning if the investor is not a conversant investor, be careful about buying private stock, be attentive of the menace of investing offshore.

c) Investor should observe constantly the stock presentation by review your explanation statements, check stock tables, contrast against point of reference and get existing news on the companies you're invested in, use pointer to re-asses investment decisions, confer with advisor, follow stock market news, keep up with general economic news.

5.4. Future Research Areas

Future work in this area ought to make an attempt to appreciate the factors answerable for fluctuations in the taken as a whole stock market, and not just a scrupulous sector or two. In fastidious, the sway of political events and macro-economic factors on the Karachi Stock Exchange should be quantitatively analyzed and explained in the future study.

The present research can be comprehensive to cover up longer time periods, more firms and more macroeconomic variables. This study paying attention on the linear relationships and could be extensive to comprise non-linear relationships between the variables. Also, other multivariate statistical forecasting models could be engaged to authenticate the results.

Table 11: Data

COMPANIES	YEAR	SHARE PRICE	ROA	EPS	DPS ²⁴
ADAM SUGAR MILLS Ltd	2011	16.57	3.44	8.14	0.25
ADAM SUGAR MILLS Ltd	2012	19.44	1.63	7.41	0.25
ADAM SUGAR MILLS Ltd	2013	32.18	2.36	13.5	0.22
ADAM SUGAR MILLS Ltd	2014	27.91	0.88	2.64	0.08
ADAM SUGAR MILLS Ltd	2015	20.5	-2.76	-4.08	0
AL ABBAS SUGAR MILLS Ltd	2011	94.63	4.26	13.07	0.5
AL ABBAS SUGAR MILLS Ltd	2012	87.53	10.23	28.25	0.9
AL ABBAS SUGAR MILLS Ltd	2013	100.84	6.83	16.56	0.4
AL ABBAS SUGAR MILLS Ltd	2014	108.19	6.78	17.17	0.5
AL ABBAS SUGAR MILLS Ltd	2015	178.82	14.04	28.51	2.42
AL NOOR SUGAR MILLS Ltd	2011	46.75	1.77	5.63	0.5
AL NOOR SUGAR MILLS Ltd	2012	44.63	-0.72	-2.32	0.3
AL NOOR SUGAR MILLS Ltd	2013	41.9	0.39	1.18	0.05
AL NOOR SUGAR MILLS Ltd	2014	39.28	0.48	1.53	0.05
AL NOOR SUGAR MILLS Ltd	2015	49.57	2.33	8.12	0.1
HABIB SUGAR MILLS Ltd	2011	25.45	18.8	5.03	0.2
HABIB SUGAR MILLS Ltd	2012	23.29	14.8	5.21	0.49
HABIB SUGAR MILLS Ltd	2013	25.54	13.21	5.18	0.49
HABIB SUGAR MILLS Ltd	2014	36.7	11.42	5.31	0.49
HABIB SUGAR MILLS Ltd	2015	38.7	10.36	5.43	0.49
J.D.W. SUGAR MILLS Ltd	2011	78.58	9.48	22.47	0.58
J.D.W. SUGAR MILLS Ltd	2012	97.59	4.79	11.5	0.89
J.D.W. SUGAR MILLS Ltd	2013	117.44	3.89	15.47	0.59
J.D.W. SUGAR MILLS Ltd	2014	233.62	2.91	16.39	0.79
J.D.W. SUGAR MILLS Ltd	2015	298.13	4.34	25.38	0.78
MEHRAN SUGAR MILLS Ltd	2011	55.27	10.35	16.97	0.29
MEHRAN SUGAR MILLS Ltd	2012	43.62	7.7	13.02	0.21
MEHRAN SUGAR MILLS Ltd	2013	60.71	11.99	13.65	0.23
MEHRAN SUGAR MILLS Ltd	2014	96.87	7.88	8.4	0.2
MEHRAN SUGAR MILLS Ltd	2015	111.22	8.99	13.43	0.45
MIRPURKHAS SUGAR MILLS Ltd	2011	48.5	5.61	11.23	0.12
MIRPURKHAS SUGAR MILLS Ltd	2012	37.59	3.71	8.24	0.09
MIRPURKHAS SUGAR MILLS Ltd	2013	40.72	5.64	11.37	0.0001
MIRPURKHAS SUGAR MILLS Ltd	2014	63.02	2.54	6.7	0.00002
MIRPURKHAS SUGAR MILLS Ltd	2015	69.06	2.45	8.47	0.01
NOON SUGAR MILLS Ltd	2011	14.34	1.52	2.11	0.00003
NOON SUGAR MILLS Ltd	2012	19.63	5.82	6.44	0.15

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